



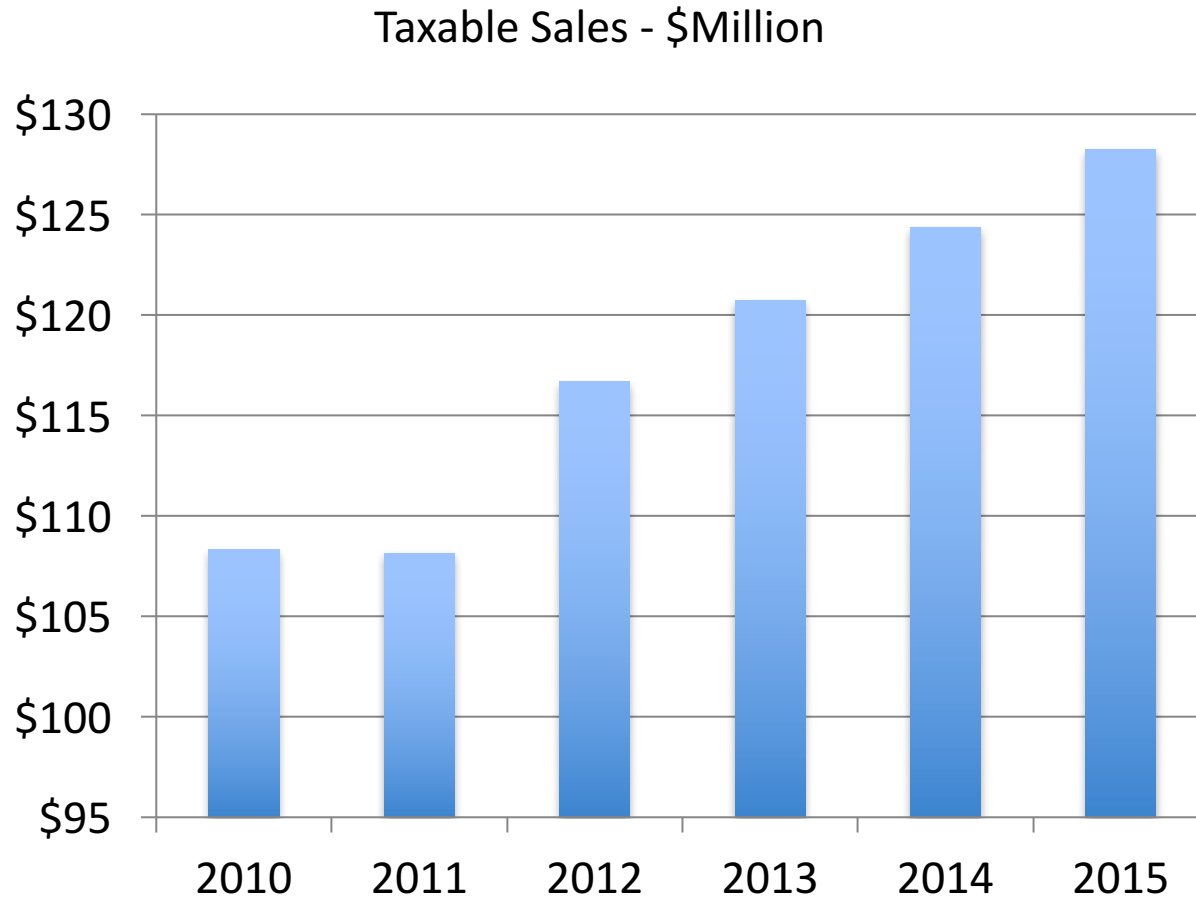
“Cost of Tourism”
ORA Finance Team
February 23, 2017

Preface

Ogunquit is a tourist economy, and the goal of this presentation and draft model is to start a discussion on measuring and managing the costs and revenue of the tourism business over time. This model is very conservative as it assigns costs to tourism by comparing the base Town budget in the winter months to other months of the year. A percent of each capital improvement project is assigned as well.

Previous models considered that the very fabric of our services would be changed without tourism, such as using county or regional police. We went in this new direction because of simplicity, and the fact that we are here to stay as a thriving tourist economy – meaning our visitors, businesses and residents all need to prosper and enjoy our beautiful place by the sea.

Ogunquit's Taxable Sales Have Increased 18% Over The Last Six Years



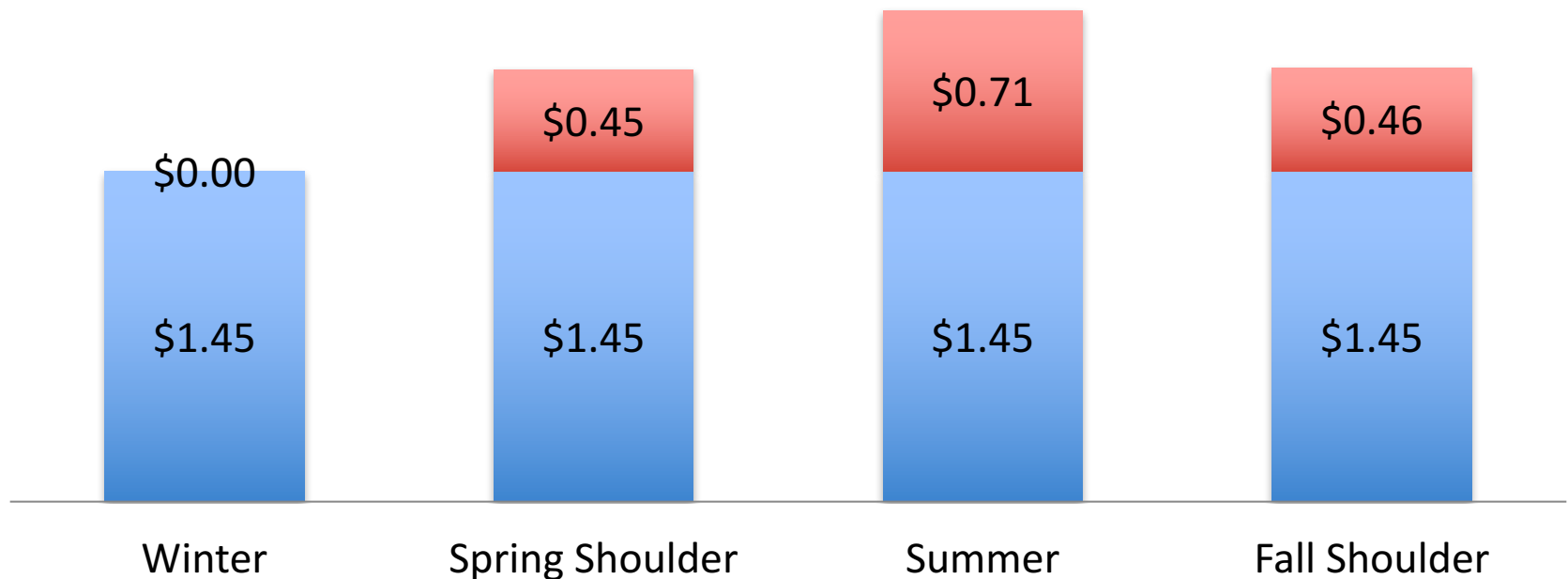
Starting point for look at C.O.T. was a quick analysis done in 2015

- This took a “zero-based” look at what costs would be without tourism (e.g., we wouldn’t have a police department, but rather have the York County Sheriff patrol at no cost; the fire department would be half its size)
- Our group rejected this because Ogunquit has always been about tourism and that won’t change. We sought different approach and decided that the winter months represented base spending and tourist season was spending above the base spending.
- We did allocate CIP spending to non-tourist and tourist similar to the 2015 study.

Our Study Determines the Total Cost of Tourism is \$1.6 Million

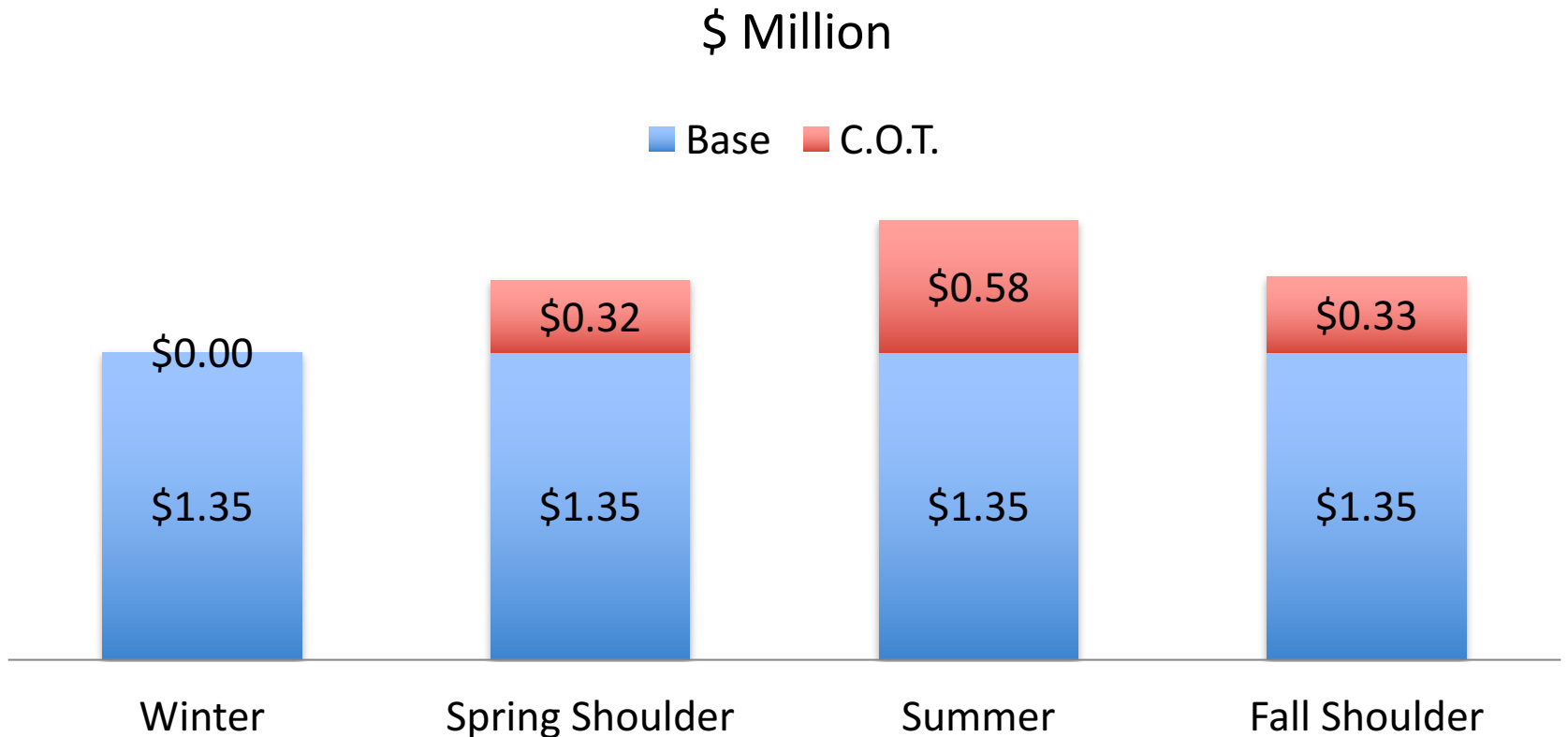
Shown in \$ Million

■ Base ■ C.O.T.



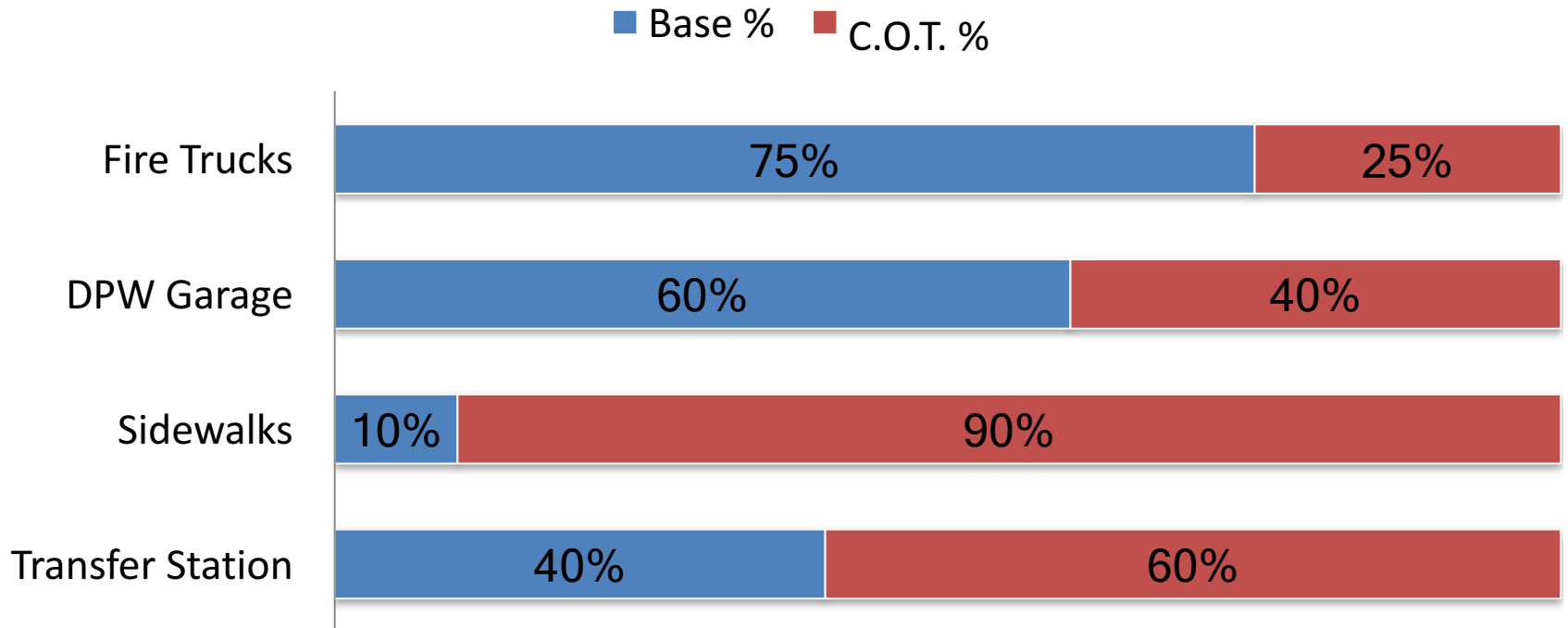
Does not include miscellaneous items, or school tax

General Fund Cost of Tourism is \$1.2 Million



Does not include miscellaneous items, debt service or school tax.
Based on an average of FY14-15 and FY15-16

Each CIP Project Was Assigned a % to “Base” and “C.O.T.”



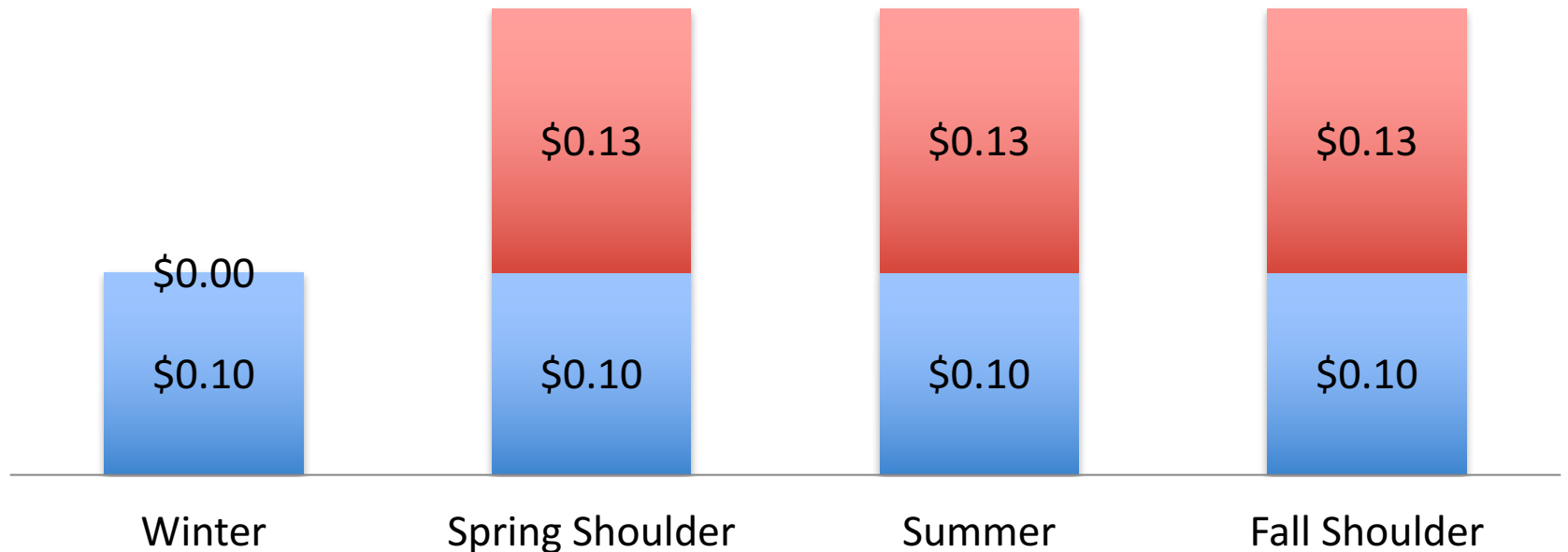
Base is project requirement to serve the town without tourism

C.O.T. is project requirement to serve tourism

CIP Cost of Tourism is \$.39 Million

Shown in \$ Million

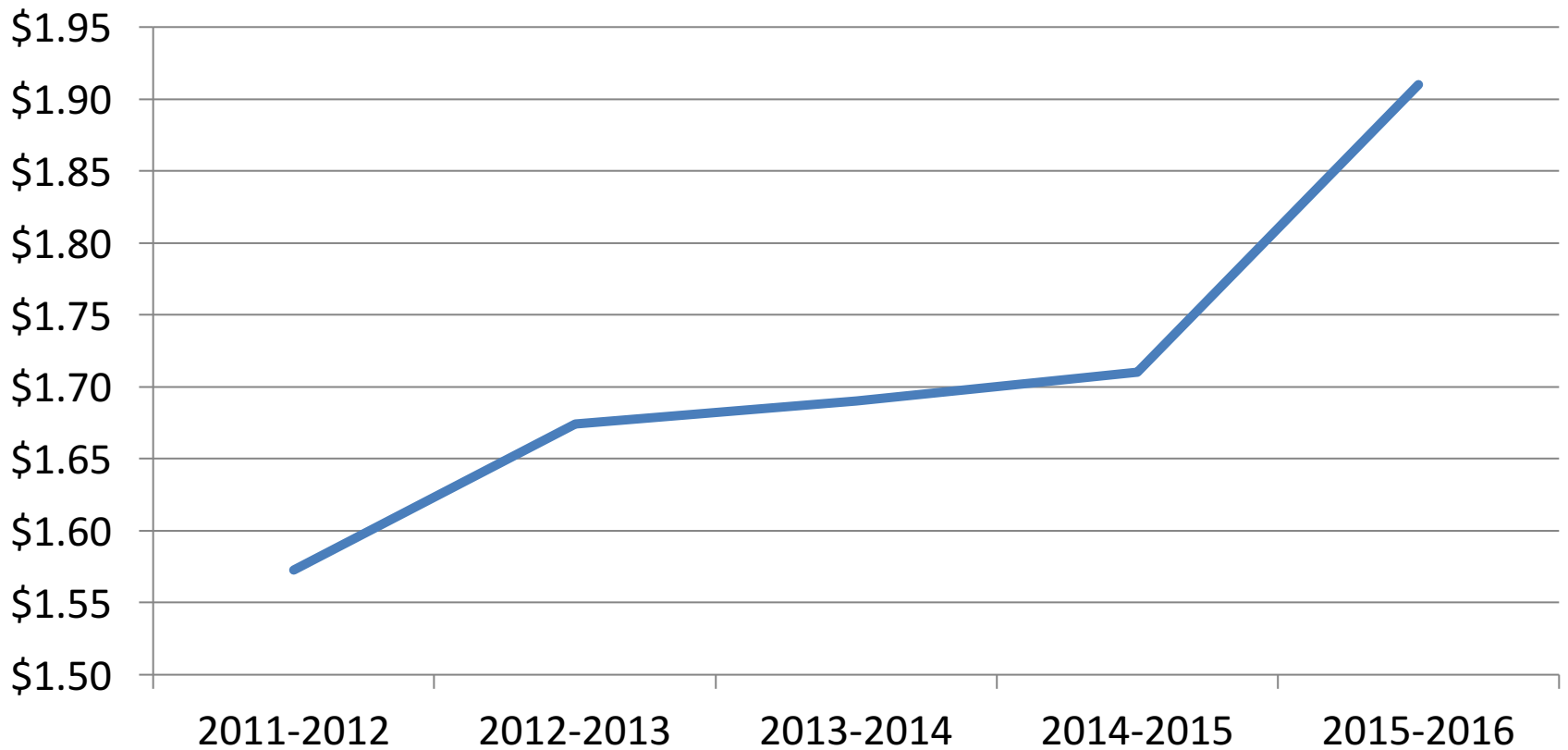
■ Base ■ C.O.T.



Includes principal and interest on outstanding capital spending
Base is applied equally over 12 months and cost of tourism is applied equally over 9 months.

Parking Lot Revenue Was 22% Higher in 2015-2016 than 2011-2012

Parking Lot Revenue - \$ Million



Conclusion - Parking Lot Revenue is Offsetting the Cost of Tourism

- Residents do pay more in taxes than businesses, but we didn't analyze what residential property owners contribute to the "C.O.T." vs. what businesses contribute (e.g, bed analysis).
- Property valuation methodology is determined by the state and there are limited options to shift tax burden from residents to businesses.

Next Steps

- Presentation to S.B. and Chamber
- Use model to track the C.O.T. going forward.
- ORA to build a coalition in support of LR 933 a bill introduced in the current session of the Maine Legislature by our Representative Patty Hymanson.
- LR 933 would return to each municipality 5% of the sales tax revenue remitted to Augusta. For Ogunquit that would mean \$500,000 to be used for property tax relief.