



Saratoga County Economic Development Committee
Presented December 9, 2020, Amended December 11, 2020

To: John Lawler, Chairman and Economic Development Committee Members
From: Shelby Schneider, President, Saratoga County Prosperity Partnership
Re: 2020 and 2021 Saratoga County Prosperity Partnership Economic Development Services and Marketing Agreement

PAYMENT REQUEST – 4th QUARTER 2020

The Saratoga County Prosperity Partnership's 4th quarter voucher of \$125,000 was due on October 15, 2020, per the Fifth Amendment to and Renewal of Economic Development Services and Marketing agreement (see attached).

The Saratoga County budget Resolution 275-2019 (See attached) passed on December 16, 2019 restricted funding for the Saratoga Partnership to the amount allocated by Tax Law Section 1202-g(9), which is 50% of Saratoga County's occupancy tax receipts for 2020.

COUNTY CONTRACT WITH SARATOGA PARTNERSHIP

In light of the County not receiving its first-quarter occupancy tax receipts until April 2020, and the need of the Saratoga Partnership to meet its payroll and other administrative expenses in January, February and March, the agreement drafted by our counsel, Justin Miller, and approved by the Saratoga County Attorney, provided for quarterly disbursements \$125,000 commencing January 15, 2020. These 4 payments were based on projected occupancy tax revenues of at least \$1,000,000 in 2020, and consistent with the approximately \$1,000,000 in occupancy tax revenues received in 2019.

- In prior years, funding wasn't restricted to 50% of Saratoga County's occupancy tax receipts and payment was made in a lump sum at the beginning of the year.
- Our County Revenue went from \$775,000 in 2019 to \$500,000 in 2020.
- There is no provision in the Fifth Amendment to and Renewal of Economic Development Services and Marketing agreement to recapture funds from the Saratoga Partnership.
- No one ever anticipated that we would be hit by a global pandemic in 2020 that would effectively close most of our arts and cultural venues, nearly eliminate business conventions and meetings, and have such a severe impact on our hospitality and tourism sector, which impacted bed tax receipts and collections.

ROOM OCCUPANCY COLLECTION 2020

After requesting the status of our 4th quarter payment, we were told that Saratoga County Occupancy Tax revenue collected in 2020 through November (see attached) is only \$307,039.03, 50% of which is roughly \$222,000 less than the \$375,000 allocated to the Saratoga Partnership for the first three quarters of the year.



AUSTERITY BUDGET AND OUTSIDE SOURCES OF REVENUE

After I assumed a leadership role in January of 2020, the Saratoga Partnership team began recasting our budget. In 2019, the Partnership received \$775,000 in County Revenue versus the \$375,000 the Partnership received thus far this year. As such, we have significantly cut expenses and sought outside sources of revenue to make up the difference. We have adjusted to the \$400,000 difference accordingly without compromising our ability to fulfill our mission. We have been operating on an austerity budget, we have cut expenses and sought outside sources of revenue to make up for the shortfall. The Saratoga Partnership applied for numerous grants to help us fulfill our mission. (See attached budget)

GRANTS RECEIVED

- **PPP Forgivable Loan \$81,803.61** - After COVID hit in March, and as a qualified 501(c)3 anticipating that our source of revenue would be impacted, we applied for and received a Cares Act PPP forgivable loan in the amount of \$81,803.61.
- **USDA Grant \$95,000** - We applied for and were awarded a \$95,000 grant from the USDA Rural Business Development Program for our Next Wave Communities economic development planning initiative. This is a matching grant based on funds received from Saratoga County. The use is restricted to communities that meet certain population thresholds. We anticipate this funding to be spread out over the 2020 – 2021 budget years.

REQUEST

Based on current revenue and expenses, the Saratoga Partnership anticipates finishing the year with \$40,000 left to cover expenses for January. In 2019, the carry-over into January was \$53,500. The Saratoga Partnership agrees not to pursue the 4th quarter payment of \$125,000 as stated in the signed 2020 Saratoga County Prosperity Partnership Economic Development Services and Marketing Agreement.

1. SCPP appreciates the County's willingness to consider and approve amending the 2020 budget resolution to allow the payment of \$375,000 to the Partnership without recapture of amounts paid to SCPP above the 50% distribution of 2020 bed tax receipts. Through significant belt tightening and the receipt of grants and PPP funding, SCPP can continue operations and programming for the County and its communities through January 2021 without need to request the additional \$125,000.

We understand that this consideration will entail an amendment to the 2020 budget legislation adopted in December 2019. We will ask our counsel to work with the County Attorney on any necessary contract amendment or perhaps a simple letter agreement between the County and SCPP to memorialize this approval.

2. SCPP also appreciates the County's willingness to consider and approve a 2021 budget allocation of \$450,000 to the Partnership to allow continued delivery of services to support the County's efforts to sustain businesses and grow the local economy as we look to rebound from the COVID-19 pandemic. SCPP is requesting a minimum contract amount of \$450,000 to be



paid either in a lump sum or even quarterly payments in 2021 through a 6th Amendment to our marketing agreement. In recognition of the County's willingness to provide this predictable and stable funding stream, and for the County's willingness to reconcile the 2020 budget and contract without recapture, the Partnership is willing and able to waive any bed tax distribution amounts above \$900,000 in total collections for 2021. This waiver could be contained in the 6th Amendment to the allow the County to simply retain those receipts if and once realized.

We understand that this proposal would be adopted as part of the 2021 budget legislation, which could include an approval for a marketing services contract amount of \$450,000, subject to the contract containing a waiver of bed tax distribution amounts above \$900,000 in total collections for 2021.

The Saratoga County Prosperity Partnership is committed to leading a host of critical economic and workforce development initiatives, driving economic success for residents, businesses and government in Saratoga County, New York. We provide a seamless delivery of programs and services for businesses seeking in Saratoga County, we provide community economic development planning services, facilitate grants for various programs, spearhead semiconductor industry marketing and attraction, global trade assistance, and data collection and planning. These services are especially critical during a global pandemic where many of our businesses are suffering and need additional support and guidance. The crisis highlights the need for urgent action to cushion the pandemic's economic consequences, retain our small business community and set the stage for a lasting recovery. We can't do this without the continued financial support and partnership of the Saratoga County Board of Supervisors.