

Warren County Tourism White Paper

**Prepared by:
ConsultEcon, Inc.**

**Prepared for:
Economic Development Corporation, Warren County**

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INTRODUCTION—WARREN COUNTY TOURISM WHITE PAPER

The following white paper on tourism in Warren County was commissioned by the Economic Development Corporation, Warren County. The purpose of the work is to review the current situation and future outlook with tourism as a key component in the economy of Warren County. Tourism has increasingly become a major economic generator for the County over the last half century. The health and competitiveness of the industry is crucial for the continued well being of the County and its residents. *Tourism in Warren County generates \$450 million in annual visitor spending and generates 8,138 total jobs.*¹ This annual economic activity provides significant taxes to the County thru the occupancy and sales taxes that are paid by visitors to the County. *A recent study indicated that an estimated \$60 million in local and state taxes were generated by tourism in Warren County.*²

The following white paper was prepared during the period from April to August 2010. During this period the consultants had nearly 50 confidential face to face meetings with individuals representing all components of the tourism industry in Warren County as well as telephone interviews with additional individuals. The consultants also reviewed a large amount of information about the current characteristics of visitation to the County, organization and infrastructure for tourism development and promotion, and best practices for tourism development and promotion at the County/regional level.

The following white paper is organized in 5 sections as follows:

1. Tourism Background
2. Tourism Development Framework
3. Competitive Environment
4. Tourism Issues and Challenges
5. Summary

¹ Tourism Economics, *The Economic Impact of Tourism in New York State: Adirondack Focus*, May 2010.

² IBID, the split between local and state was \$30.7 million in local taxes and \$29.3 million in state taxes. Another interesting statistic is that per capita sales tax receipts in Warren County are almost twice what they are statewide, indicating the importance of visitor spending in Warren County.

1. TOURISM BACKGROUND

Tourism activity in Warren County has been an important part of the County's economic base for well over a hundred years. The resort area around Lake George was initially developed in the early 19th century. By the late 19th century Lake George was a magnet for high-end tourists.

The first part of the 20th Century brought many changes to the tourism economy in the State and around the country, and by the early 1950's the automobile and the airplane became the primary modes of transportation for tourists. Air travel made it much easier for the wealthy to vacation at longer distances and the automobile and highway developments opened up tourist destinations such as Lake George to much broader geographic and socio-economic markets. Albany Airport, 44 miles to the south, is the oldest municipal airport in the U.S., having been established in 1908, and provides good access for air travelers to the Adirondacks and to Warren County.

In the 1950's, amusement developments targeted toward a broad socioeconomic market opened throughout the Adirondacks and were subsequently expanded over the next decades. In Warren County, Gaslight Village and Storytown (now the Six Flags Great Escape) is an example of these early amusement developments. The Six Flags Great Escape theme park, which opened in 1954 has been operating for over half a century. Gore Mountain was first developed as a ski area in 1964 and both West Mountain and Hickory Ski Center also have been operating for many decades. The Ski Bowl in North Creek opened in the 1930s and is currently being connected to Gore Mountain to form one of the biggest ski areas in the East. Significant investments have been made during the last decade in existing attractions such as Gore Mountain and Six Flags Great Escape, and new attraction elements have been developed including the Aerial Adventure Course in Bolton Landing and New York's first indoor water park at the Six Flags Great Escape Lodge (across the street from their outdoor water park Splashwater Kingdom). The Outlet Malls were also developed in more recent decades, adding another attraction for visitors.

Events have also played a key role in the tourist economy during the last decades with the Americade and Winter Carnival events being among the most prominent. Likewise, the City of Glens Falls itself has emerged as an urban destination with the Civic Center and the development of restaurants and other supporting retail activity. In addition to the development of tourist attractions,

there has also been the development of new and renovated hotel/motel projects that have added to the supply of available rooms in the County.

During all this change there has been some continuity. For instance, the Lake George Steamboat Company has been operating since 1817. Despite the changes in the marketplace, and a growing number of tourists, the basic beauty of the lakes and mountains has been preserved, due in large measure to the creation of the Adirondack Park in 1892 and the Lake George Park Commission in 1961. The residents of the County take great pride in the natural beauty of Warren County and it is in fact, the County's greatest tourism asset.

The historic locus of tourism activity in the County has been in the summer and has been centered on the lakes, (most notably Lake George), the Village and Town of Lake George, and Bolton Landing. Winter tourism has been developed only in the last four decades, and this has been focused around the three ski areas in the County and most notably at Gore Mountain. Gore Mountain was added to ORDA (Olympic Regional Development Authority) in 1984 and this has resulted in significant and continuing new investments to create one of the larger ski areas in the east, with over 230,000 skier visits in the 08/09 season.³

Warren County has a significant and mature tourist infrastructure located in a preserved and conserved physical environment. Tourism will continue to be a primary economic driver for the County.

2. TOURISM DEVELOPMENT FRAMEWORK

The framework for tourism development is generally focused around six core components:

- ◆ transportation and accessibility;
- ◆ organization;
- ◆ accommodations;
- ◆ hospitality;
- ◆ attractions' base;

³ There has been a long tradition of winter activities in many of the communities of Warren County, but it has tended to be oriented to local/regional residents.

- ◆ marketing and funding.

The following reviews the current context in Warren County by component of the tourism economy.

2.1. Transportation/Accessibility

Warren County has a good roadway transportation infrastructure to support tourism development. The New York Northway (I-87) provides direct access north and south and intersects with I-90 (a major east/west route), 50 miles south at Albany. These interstate highways provide direct access to major urban centers in the northeastern U.S. and Canada. Information in **Table 1** illustrates this accessibility profile, along with population data by 2 hour drive time from each of four locations: Lake George, North Creek, Hague and Glens Falls. Depending on the location in Warren County there are large numbers of potential day trip tourists available to support a healthy tourist economy in Warren County.

Table 1
2010 Drive Time Populations

	Glens Falls	Lake George	North Creek	Hague
0-30 Min	172,379	136,829	10,696	10,747
30-60 Min	671,565	590,386	120,893	132,078
60-120 Min	951,117	998,081	1,135,871	1,301,648
Total	1,795,061	1,725,296	1,267,460	1,444,473

Source: ESRI and ConsultEcon, Inc.

Data in **Table 2** provide annual average daily traffic (AADT) counts on I-87, South of Warren County and through Warren County. Data in this table shows the average change per year from the earliest year for which data were available (1995) compared to 2008 AADT. The traffic volumes have been generally flat in the southern part of the County and increasing in the northern part of the County. The biggest increases have been on that part of I-87 between Interchange 20 and Interchange 22, where I-87 represents a faster by-pass option between Glen Falls and Lake George.

Table 2
Annual Average Daily Traffic Counts on I-87 and
Average Change Per Year

I-87 Traffic Between Exits	Location	2008 AADT	Average Change Per Year ^{1/}
13-14	Saratoga Springs	65,781	4.0%
14-15	Saratoga Springs (Route 9 Crossing)	50,105	1.2%
15-16	Wilton	46,637	0.8%
16-17	Wilton	50,353	2.4%
17-Warren Cty Line	Moreau	40,723	-0.3%
Warren Cty Line - 18	Queensbury	45,799	1.6%
18-19	Queensbury	40,971	-1.4%
19-20	Queensbury Route 254	34,934	-0.4%
20-21	Lake George	46,738	7.6%
21-22	Downtown Lake George	30,962	4.2%
22-23	Lake George	22,298	-1.6%
23-24	Bolton	14,623	3.7%
24-25	Chester	14,152	3.5%
25-26	Chester	14,389	4.1%
26S-26N	Chester	9,763	-0.4%
26N -Essex Cty line	Chester	13,828	3.9%

1/ Average change per year from earliest year for which data were available (1995) between exits compared to 2008 AADT.

Source: New York State Department of Transportation and ConsultEcon, Inc.

Also not to be overlooked is that Warren County is part of the third largest consolidated metro area in New York State⁴ and that much visitation to Warren County will be internally generated from the metropolitan market. This impact will be much more likely to be reflected in sales tax collections than in occupancy tax collections.

⁴ This is the Albany-Schenectady-Amsterdam Combined Statistical Area which includes the Capital Region MSA, the Glens Falls MSA, plus Fulton, Montgomery, and Columbia Counties. The media market is the 56th largest in the U.S.

Warren County is also readily accessible to millions of potential visitors from the major metropolitan areas and small cities in New York, New Jersey, Pennsylvania and New England. The County is also within easy reach of the Canadian market, and regularly hosts many Canadian visitors.⁵

Warren County also has good air passenger accessibility via scheduled air service available to/from the Albany International Airport, located 44 miles south of Glens Falls and 76 miles south of North Creek. Currently there is non-stop service from Albany to Atlanta, Baltimore, Birmingham, Boston, Charlotte, Chicago, Cincinnati, Cleveland, Detroit, Ft. Lauderdale, Las Vegas, Minneapolis/St. Paul, New York (Newark, JFK and LaGuardia), Orlando, Philadelphia, Tampa/St. Petersburg, Toronto, and Washington, DC. At least half of these cities are major gateway/hub cities connecting to all parts of the world. Additionally there is direct service (one stop) to Dallas/Ft. Worth, Denver, Houston, St. Louis, San Antonio, and Seattle/Tacoma. Six carriers, Air Canada, Continental, Delta, Southwest, United and US Air serve the Albany airport. The Floyd Bennett Memorial Airport is a general aviation airport that also serves Warren County.

Warren County is also served by Amtrak (at Fort Edward/Ticonderoga) by the NYC-Montreal Adirondack rail line. In addition, Warren County has scheduled intercity bus service.

Warren County has excellent transportation infrastructure and accessibility to support the continued growth of the tourism industry.

2.2. Attraction Base

Warren County offers a wide range of existing attractions, recreational activities and events that have great appeal to a broad range of visitors with varying interests and socioeconomic characteristics. In addition, there has also been a consistent flow of new attractions, events, and programs that will keep the attractions base fresh for the visitor. The backbone for these attractions is the excellent transportation network, as well as the natural beauty of the mountains and lakes of Warren County. The attractions mix includes major destination sites like Six Flags Great Escape,

⁵ Canadian and other international visitation is more often dependant on the fluctuation of currency exchange rates, than on accessibility.

the Outlet Malls, the winter recreation areas including Gore Mountain, as well as major events like Americade, and events at the Glens Falls Civic Center. In addition, the County offers a wide variety of both passive and active recreational pursuits such as hiking, biking, boating, wildlife watching, and golf. In our discussions with the operators of many of the attractions (many of whom continue to make improvements to their sites), the major issues for Warren County attractions seemed to be related to area branding and marketing support.

Warren County has a solid base of attractions located throughout the County to support the continued development of the tourism industry.

2.3. Accommodations

Warren County has a wide range of accommodations at varying price points and levels of service available to the tourist (and Business, Visiting Friends and Relatives(VFR) visitors). These range from the luxury Sagamore Resort to a range of quality mid size and small motels. There are branded motels including Best Western, Holiday Inn, and Clarion as well as independent B&Bs, cottages for rent and campgrounds. There are also a significant number of second homes that also provide accommodations opportunities.⁶

The issues related to accommodations are related to the distribution of properties/rooms in the County as well as the seasonality characteristics of the marketplace and accommodations operations. This seasonality has reportedly led to high relative room rates. While the County is becoming more of a four season destination, the location of the bulk of the accommodations in the southern part of the County has made it hard to generate overnight opportunities for the ski areas to the west and north in the County.

Data in **Table 3** shows the distribution of properties by size based on the inventory available from the Warren County Tourism Department.

⁶ US Census reports an estimated 7,200 seasonal homes in Warren County.

Table 3
Accommodations by Property Size¹

Property Size	Number	% to Total	Cumulative %
5 rooms or less	37	14.6	
6-25 rooms	124	48.8	63.4
26-50 rooms	53	20.9	84.3
51-100 rooms	27	10.6	94.9
101-200 rooms	10	3.9	98.8
201-300 rooms	2	0.8	99.6
301-400 rooms	1	0.4	100.0
Total	254		

¹ Does not include RVs and campgrounds. A few properties did not show the number of rooms.
Source: County web site listing and ConsultEcon, Inc.

Nearly 85 percent of the 254 properties have 50 or fewer rooms.⁷ In addition, only about a third of the properties are open (or available) year round. Those that are open year round are some of the smallest and the largest, with the exception of the Sagamore, the largest, which is seasonal. Another factor which is illustrated by data in **Table 4** is the change in the supply/demand relationship during the last six years.

Table 4
**Total Supply and Demand and Occupancy Percentage of
Warren County Lodging Facilities, 2003-2009**

	Supply	Percent Change from Prior Year	Demand	Percent Change from Prior Year	Occupancy Percentage
2003	1,647,921		927,857		56.3
2004	1,656,921	0.5%	924,747	-0.3%	55.8
2005	1,661,999	0.3%	925,508	0.1%	55.7
2006	1,744,740	5.0%	935,696	1.1%	53.6
2007	1,871,811	7.3%	987,312	5.5%	52.7
2008	1,891,719	1.1%	997,694	1.1%	52.7
2009	1,876,571	-0.8%	926,338	-7.2%	49.4
<i>Average</i>	<i>1,764,526</i>		<i>946,450</i>		<i>53.7</i>

Source: Smith Travel Research and ConsultEcon, Inc.

⁷ The Lake George Regional Chamber of Commerce/ CVB lists 174 properties in their on-line accommodations list, and LakeGeorge.com lists 133 hotels and motels in their online list.

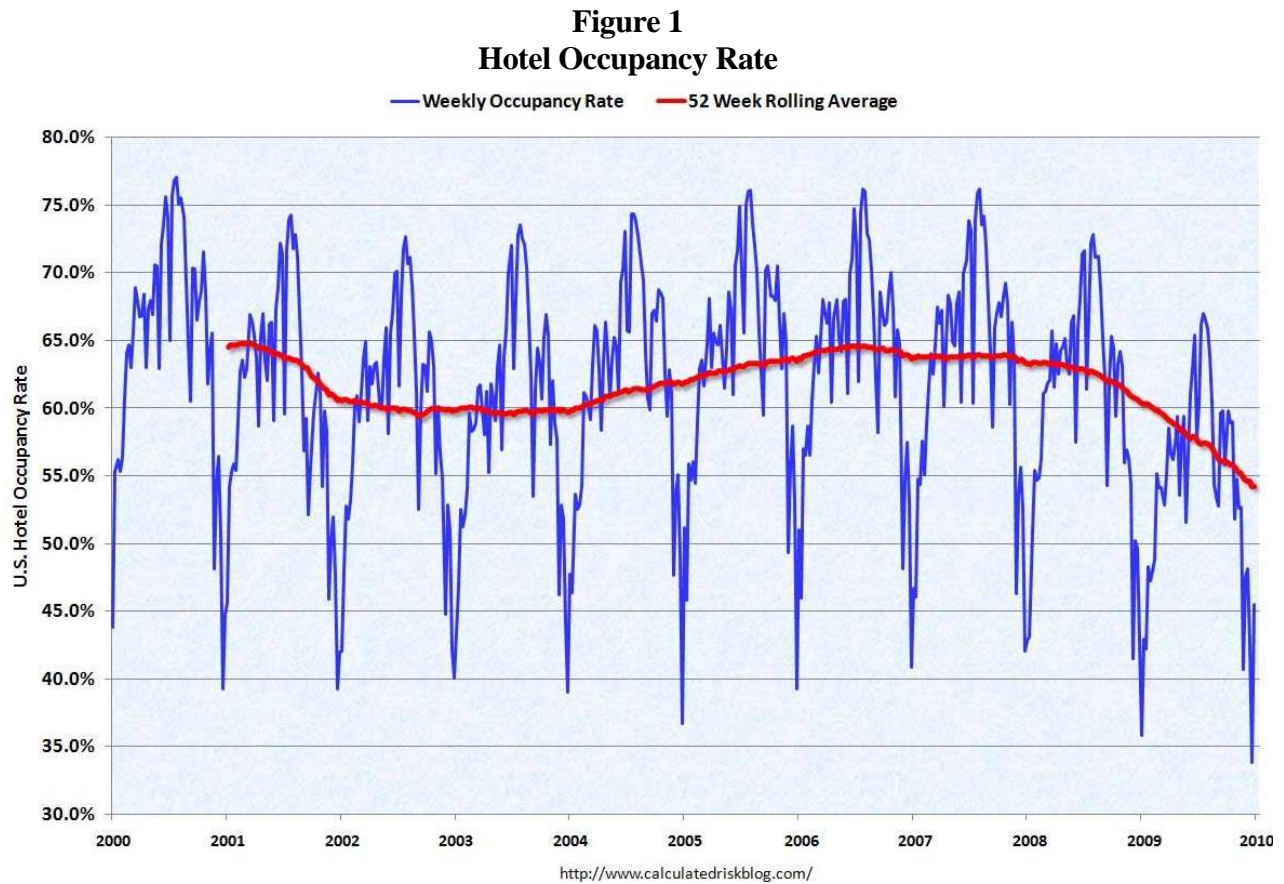
From 2003 to 2009, the supply of available rooms has grown by nearly 14%, while the demand has stayed relatively flat. This has resulted in lower occupancy rates, put downward pressure on average daily rates (ADR) and created financial distress for some operators, particularly in the last two years. A number of properties have closed and/or are for sale. Multiple Listing sites currently show 26 properties for sale, most in Lake George, representing 740 rooms/units, or about 10% of the inventory in the County. There are industry rumors that some accommodations operators may be in serious financial trouble. This imbalance in supply and demand also makes it more risky for current owners to make improvements to their properties which can also lead to a deterioration in the quality of existing accommodations in the County. An additional challenge in the market is that reportedly a large number of operators close for the winter and seasonally relocate to other areas of the country (this is also a factor for some retailers, particularly in Lake George). Data in **Table 5** shows the change in lodging demand by month over the same 7 year period, indicating a small increase in demand during the winter season (the months of December and January), and a small decrease in demand in the summer and fall seasons.

Table 5
Percent Change in Lodging Demand by Month, 2003-2009
Warren County

	Percent Change
January	3%
February	-2%
March	-2%
April	2%
May	2%
June	0%
July	-4%
August	1%
September	8%
October	-8%
November	-2%
December	7%

Source: Smith Travel Research
and ConsultEcon, Inc

The last decade has been a volatile time for the accommodations industry nationwide. Data in **Figure 1** shows the weekly U.S. hotels occupancy rate starting in 2000 and the 52 week moving average, which at the end of 2009 was at an all time low. The current season has shown some improvement but the industry will still face challenges going forward as the economy remains weak.



Source: Calculated Risk Blog.

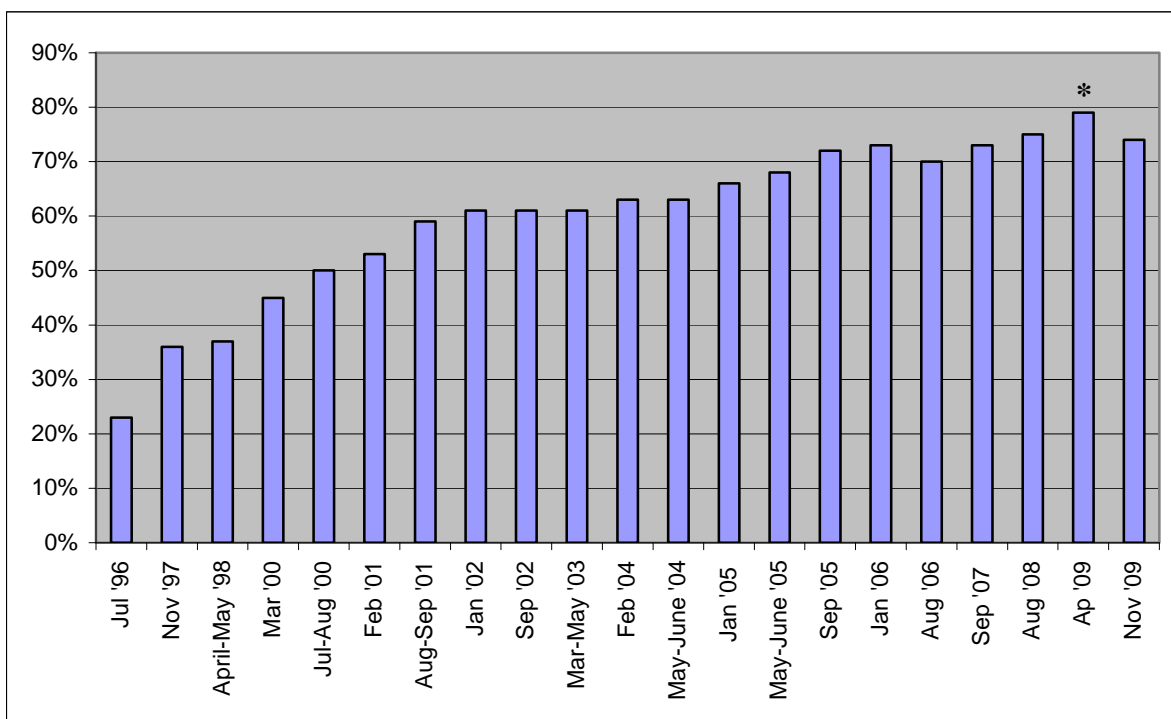
Warren County has a good array of accommodations to support the continued development of tourism, but there are structural issues in the accommodations sector that may constrict continued growth.

2.4. Hospitality

Hospitality covers a number of activities, including visitor interface (generally thru visitor information systems, visitor centers; data requests and fulfillment); staff training; booking systems

and local resident involvement programs to help local residents appreciate the economic role of tourism. Over the last decade there has been a revolution in how potential visitors access information on tourist sites and regions. In 1996, just over 20 percent of Americans planning to make travel reservations used the internet. By 2009, nearly 70 percent were using the internet. Data in **Figure 2** show internet usage from July 1996 through November 2009.

Figure 2
Percentage of U.S. Adults Using the Internet



Source: U.S. Travel Association 2010 Traveler's Use of the Internet Report and ConsultEcon, Inc.
* This year data included Spanish language questions, which resulted in lack of comparability with other years.

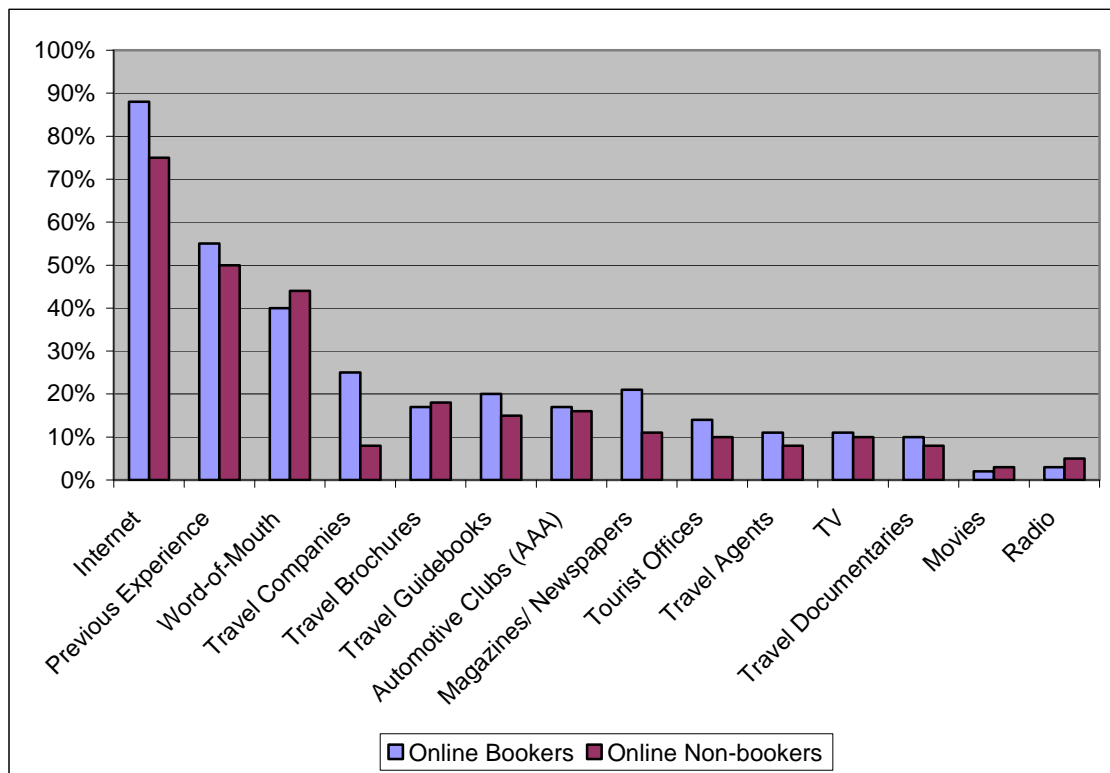
Data in **Figure 3** display information sources and booking patterns typically used for trip planning by online travel planners in 2009. Approximately 85 percent of these travelers use the internet as an information source in planning their trip.

For on-line bookers in 2010, the 5 most important sources are:

- ◆ Online travel agency (Expedia, Orbitz, etc.), 66%
- ◆ Company web sites (hotel, airline, etc.), 61%
- ◆ Search engine (Google, Yahoo, etc.), 53%

- ◆ Destination organization sites, 38%
- ◆ General Sites offering free brochures, 13%

Figure 3
Information Sources Typically Used for Trip Planning
Among Online Travel Planners, 2009



Source: U.S. Travel Association 2010 Traveler's Use of the Internet Report and ConsultEcon, Inc.

The role of the internet has increased dramatically and visitors are much more likely to use the internet and social media, at least as a first line of finding information about a destination, attraction and/or accommodations. This context has put increased pressure on the travel industry, operators as well as DMO's (Destination Marketing Organizations), to be technologically current.

ConsultEcon reviewed information sources from the perspective of someone shopping the area by going online, making phone calls and visiting visitor/information centers. The following are some of our findings:

- ◆ Online, we were not sure about the “official” Lake George site, or what that meant. We tried to book hotel online through one of the tourist websites for County and Lake George but could not do it – and ultimately had to use an outside site to make the reservation.
- ◆ The visitor center on I-87 serves an important function as a Gateway to Warren County and the Adirondacks but does not give a good “first” impression of the region. When we visited the one staff person at the center was very unhelpful.
- ◆ Another challenge for the visitor is that the area code for visitor services and facilities was not typically included with the telephone numbers listed in resource guides. Therefore, we could not easily book something like a boat cruise while driving through Warren County, and using a resource guide. When there was cell phone reception, we tried to go online with our mobile device to look up the area code but we were not driving through an area that was able to handle data transfer/ internet.
- ◆ Overall, it was challenging and cumbersome as a visitor to navigate through all of the various websites and information sources for the County. From a competitive point of view, the experience was not user friendly.

Another important source of contact/visitor information is provided by walk in visitor centers. Currently there are 11 visitor/interpretive centers in the County as noted in the *Warren County 2010 Year-Round Travel and Fun Guide*. Information and visitor centers are sought out by visitors to a region either before or during their stay at a destination. We researched available information centers in Warren County. The following summarizes our findings.

2.4.1. Information Centers and Interpretive Centers

Data in **Table 6** show the characteristics of the 11 information and interpretive centers that are listed under “Information Centers and Interpretive Sites” within the *Warren County 2010 Year-Round Travel and Fun Guide* published by the Warren County Tourism department. These centers are located throughout the County and vary in scale, materials presented, content, governance and operating hours. The primary visitor information center in Warren County is the Lake George Visitor’s Center in the Village of Lake George. It is open seasonally, while the others listed that are smaller venues, are open year round.⁸ Most of the facilities are run by either local government authority or chamber of commerce, with the exception of the Adirondack Information Center on I-87 which is run by a private contractor/operator.

⁸ In the July 28, 2010 meeting of the Tourism Committee regarding discussions about the Visitor Center funding for 2011, Ms. Kate Johnson indicated that the Visitor Center was open year round.

Table 6
Information Centers / Interpretive Sites in Warren County, NY
as Listed in 2010 Lake George Area Vacation Guide by Warren County Tourism

Information Center / Interpretive Sites	Address	City	State	Content	Hours	Season	Governance
Adirondack Information Center	I-87 N Btwn Exits 17 & 18	Glens Falls	NY	info center on highway	May 15-Nov 1, Saturdays through Thursdays, from 9 am to 5 pm, and Fridays 9 am to 7 pm; Nov 1-May 15, Fri-Sat. from 9 am to 5 pm.	Year-round	Private operator
Macionis Family Center for Conservation	4905 Lake Shore Drive	Bolton Landing	NY	preserve - 11 miles of trails	Mondays through Fridays, 10 am to 4 pm.	Year-round	Lake George Land Conservancy
North Warren Chamber of Commerce at Dynamite Hill (Town of Chester Recreation Area)	Rt. 8	Chestertown	NY	information, recreation area (ski & sledding), baseball & other	Hours tied to school season - September to June (or end of classes), open only on Fri.-Sat. 10 am to 4 pm; summer holidays open Mondays through Saturdays 10 am to 4 PM and Sundays 10 am to 2 PM.	Year-round	North Warren Chamber of Commerce
City of Glens Falls Tourism Office	65 Ridge St.	Glens Falls	NY	rack cards in City Hall lobby but can go see Alice Grether for more info.	Mondays through Fridays, 8:30 AM to 4:30 PM, or City Hall hours.	Year-round	City of Glens Falls
Lake George Visitor's Center	1 Beach Rd.	Lake George	NY	information & displays about Lake George and region	Nov-Feb: Closed. Feb 6-28: Sat. & Sun. 10 am to 4 pm Mar 1-Apr 29: Closed. Apr 30-May 30: Fridays 12 pm to 5 pm, and Sat. & Sun. 10 am to 5 pm May 31-Sep 6: 7 days from 10 am to 8 pm Sep 7-Oct 31: 7 days from 10 am to 5 pm	Seasonal	Owned by Village of Lake George. Lake George Regional Chamber of Commerce contracts with Village to staff information part of center. Village maintains restrooms, grounds, etc.
Visitor Center at Town Beach	Lake Shore Drive	Hague	NY	At Robert E. Henry Memorial Park (beach, boating, park)	7 days per week 8 am - 4 pm.	Year-round	Town of Hague?
Rockwell Harmon Cottage Tourism Center	37 Main St.	Lake Luzerne	NY	Restored cottage built in 1852.	Unknown - when called number received automated options and hours not one of them.	?	Town of Lake Luzerne?
Adirondack Community Information Center	228 Main St.	North Creek	NY	Exhibits and displays highlighting historical influence of the Hudson River on North Creek.	Tues.-Fri. 9 am to 5 pm, and Sat. 9 am to 4 pm.	?	Gore Mountain Regional Chamber of Commerce
Heritage Center at the Oneida-Warren County Historical Society	195 Sunnyside Rd.	Queensbury	NY	library, research, long-range museum plan.	Unknown - when called number received answering machine of Historical Society.	?	Oneida-Warren County Historical Society
Chamber of Commerce Lean-to at the Four Corners		Stony Creek	NY	lean-to / box with postings	NA	?	Stony Creek Chamber of Commerce
Warren County Tourism Department	1340 Rt. 9, Warren County Municipal Center	Lake George	NY	general information at offices	Mondays through Fridays 9 am to 5 pm	Year-round	Warren County Tourism Department

Source: Warren County Tourism Department, facilities listed and ConsultEcon, Inc.

From the perspective of the consumer, we were able to reach 6 of the 11 centers by telephone listed in the Guide. The responses were not consistent and in some cases the information shown was not accurate. As previously mentioned, the visitor center on I-87, which is in a “gateway” location for the region serves an important function but does not give a good “first” impression of the region. In calling the Lake George Visitor Center, we received a “gruff” response and were given the phone number of the Chamber to obtain more detailed information. In some cases the “information center

/ interpretive sites” listed were not answering their phones, nor was there helpful information on the answering machines. What is listed as “information center / interpretive sites” was not always representational of what the facility actually was, such as is the case of Dynamite Hill, which was really the North Warren Chamber of Commerce.

Another issue that was discussed in our stakeholder meetings was employee training. Because of the seasonal nature of much of the tourism industry, many of the workers in the industry are seasonal and often have minimal training in the tourism business. This need for worker training was noted by a number of our interviewees.

Another important component of hospitality is the way that the local population views the travel and tourism industry. Often local residents in destinations like Warren County view the tourism industry as a nuisance, and this is often conveyed to visitors in various ways which reduce visitor satisfaction with a destination. Information and education for the local population is often a key component of a tourism development plan to assure that residents who interface with visitors provide a positive experience for the visitors. Some destinations even organize local resident FAM (Familiarization) Tours for local residents to acquaint them with the industry and key attractions and services that their communities provide.

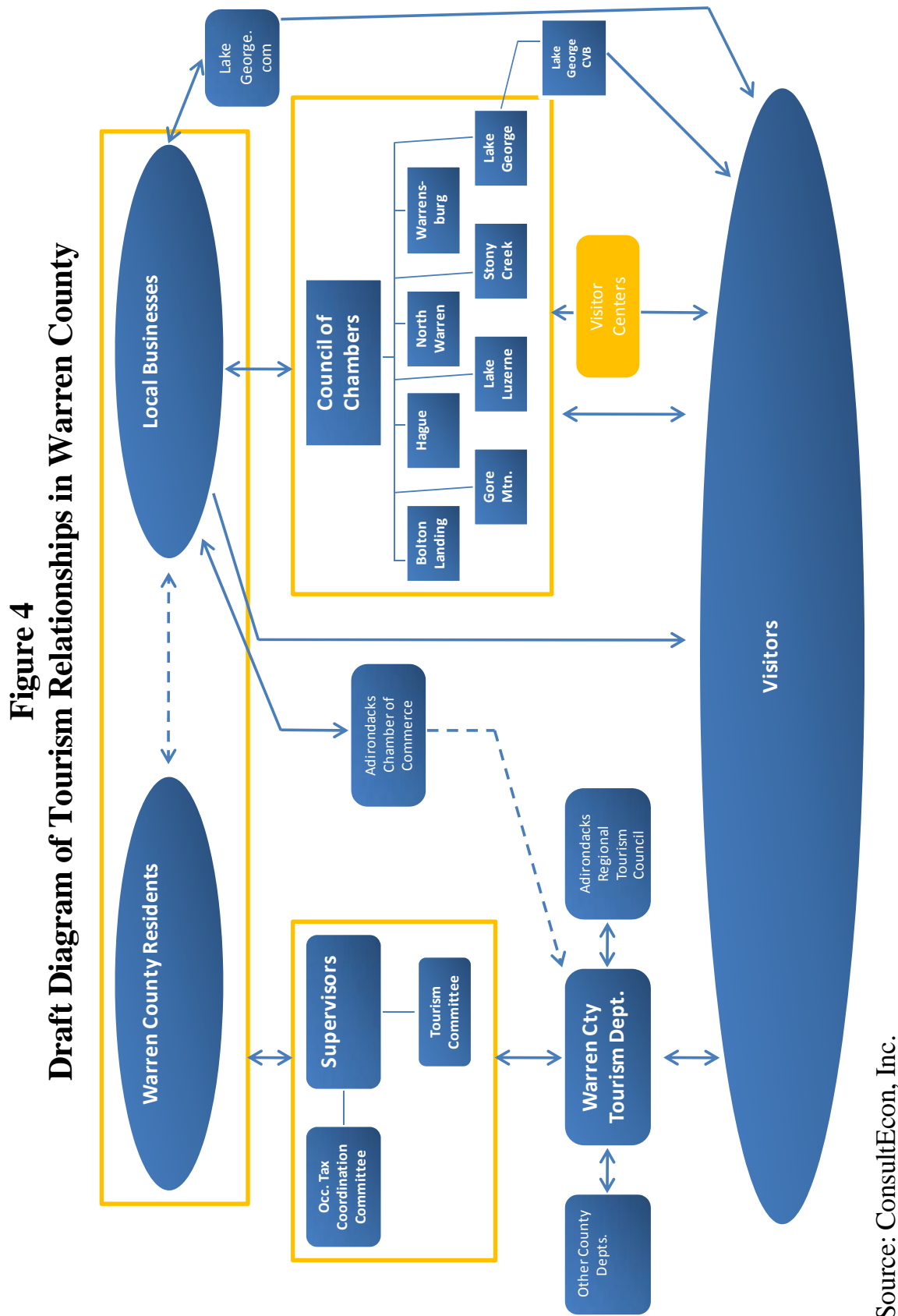
2.5. Organization

The organization for tourism promotion and support in a destination area is often crucial to the overall competitive success of the area. It was interesting in our interviews that those operators who were relatively new to the area were confounded on how things worked and how their properties could best work with the industry. Some new operators had come from areas with strong DMO's with a strong brand and organizational capability. The apparently fractured nature of the tourist organizations in Warren County, with its perceived politicization, has reportedly made it difficult for them to effectively work with their peers. The diagram in **Figure 4** is an attempt to show the current relationships of the major stakeholders in tourism promotion and development. What is striking about the current situation is that the County has a wide range of stakeholders and participants in the tourism economy. In the general promotion area there is the Warren County Tourism Department, the Chambers of Commerce and the Lake George CVB as well as a private

group, LakeGeorge.com that tend to cover the whole County. The largest of the Chambers is the Lake George Regional Chamber of Commerce. There is also an umbrella organization, The Council of Chambers as well as the Adirondack Chamber of Commerce, that deals tangentially with tourism. In addition there are also large tourism industry players who do their own marketing and have access to corporate support systems. As illustrated in the diagram (**Figure 4**) there is no central coordinating group or organization that can fully represent the industry and its concerns. There also appear to be limited forums to bring the industry together and forge a common agenda. The Council of Chambers has sponsored a series of industry dinners and programs to support the industry. The Lake George Regional Chamber of Commerce, in a survey of its members, found that a large number were interested in substantive programs and information to support their business.

The Warren County Tourism Department issues a quarterly newsletter but it consists mostly of promotion oriented material. There is very little on trend data, industry best practices and research, strategic planning or training for industry managers and workers.

There was a Tourism Promotion Citizens Advisory Committee that could have been a bridge between local businesses and residents and the Warren County Tourism Department, but that was disbanded in late 2006.



Source: ConsultEcon, Inc.

As part of our work we reviewed and contacted nine destination areas considered competitive with Warren County. Those reviewed include:

1. Essex County, NY
2. Saratoga County, NY
3. Finger Lakes Region, NY
4. Berkshires, MA
5. Cape Cod, MA
6. Lakes Region (Belknap County), NH
7. Lancaster County, PA
8. Poconos, PA
9. Long Island, NY

We recorded a great deal of information about the organizations that are responsible for promotion and tourism development in these regions. Some of our key findings are as follows:

- ◆ All of the organizations responsible for the destination's marketing are private, not-for-profit organizations.
- ◆ One of the 9 destinations reviewed shares DMO responsibilities with two entities – this is the Saratoga CVB, which is responsible for meetings and group travel, and the Saratoga Chamber of Commerce, which is responsible for the individual visitors.
- ◆ Operating budgets range from approximately \$580,000 for the Lakes Region Association (DMO for Lakes Region in NH) to \$6.3 million for the Poconos Mountains Visitors Bureau (DMO for Poconos, PA).
- ◆ Primary source of funding for 5 of the 9 DMOs reviewed is from occupancy tax appropriations. The other 4 rely on funding from programs, sales, advertising, memberships, other sources, and/or local and state governments.
- ◆ Five of the 9 DMOs offer on-line reservations on the DMO's web site.
- ◆ Four out of the 8 DMOs fully outsource fulfillment; 3 do both in-house and outsourced fulfillment; and 1 does it in-house.
- ◆ One of the agencies is planning on eliminating most printed materials and doing their fulfillment digitally.

Within its competitive set, Warren County is the only destination that relies on a government entity (Warren County Tourism Department) to be the lead agency in tourism promotion and does not have a clear DMO.

2.6. Marketing/Funding

Marketing and funding for tourism development and promotion is central to the success of an area. The hotel tax (and rental car tax in some locations) is often a key source of funding to support tourism marketing and development, as it is in Warren County.

Tourism marketing in Warren County is financed largely by its occupancy tax. Initiated January 1, 2004⁹, the occupancy tax requires any facility providing lodging on an overnight basis to impose a tax of 4 percent for every occupied room within its facility. From 1988 to 2003 all public sources of tourism revenue were funded through the Warren County General Fund Budget. The Tourism Department was fully funded by the occupancy tax for the first time in 2007.

The occupancy tax has developed into the preferred way to promote tourism in many jurisdictions throughout the United States. According to a Destination Marketing Study, 53 percent of the funds generated by the tax are typically allocated to a Destination Marketing Organization (DMO)¹⁰. Occupancy tax revenues are used by slightly more than a third of destinations for convention center purposes, and nearly one quarter of destinations allocate the revenue to arenas and sport facilities.

In Warren County, the Board of Supervisors Occupancy Tax Coordination Committee distributes ten percent of the money collected by the tax to applicants whose events will increase tourism in the County. To determine the amount of funding an event will receive, supervisors use a point system that analyzes the potential economic impact the event will have on the community. In 2009 the committee received 36 applicants seeking \$635,000. Over \$330,000 was distributed, and all but one of the applicants received at least some funding.

Data in **Table 7** show the annual occupancy tax revenue by Warren County community from 2004 to 2009. While the occupancy tax revenue in the Village of Lake George decreased 4.8 percent from 2004 to 2009, the Town of Lake George's occupancy tax revenue increased 12.7 percent in that same period, resulting in an overall increase of 3.8 percent for both areas. Warren County occupancy tax revenues increased 12.4 percent overall from 2004 to 2009. This can be attributed

⁹ Warren County

¹⁰ Destination Marketing Association International 2007 Organizational and Financial Profile

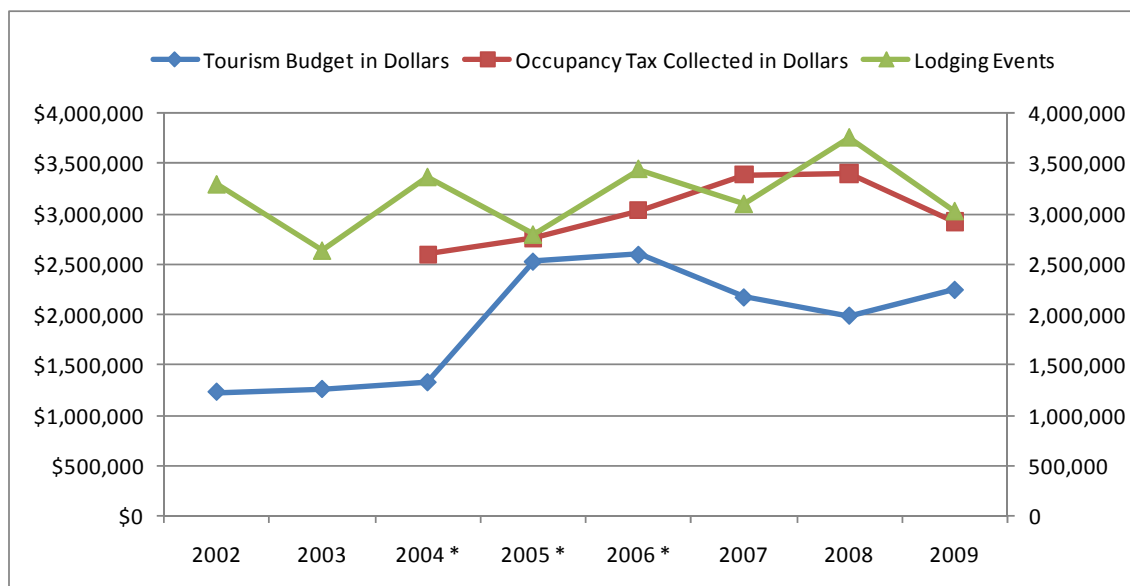
largely to Queensbury, which increased its revenues from the occupancy tax 203 percent from 2004 to 2009. The decrease in Bolton was likely attributable to some properties closing and being redeveloped as residences.

Table 7
Annual Occupancy Tax Revenue by Warren County Community, 2004-2009

Community	2004	2005	2006	2007	2008	2009	Percent Change, 2004-2009	2009 Percent to Total	2009 Cumulative Percent to Total
Queensbury	\$257,712	\$334,647	\$664,425	\$844,044	\$907,660	\$780,932	203.0%	26.8%	26.8%
Town of Lake George	605,231	651,895	624,094	746,775	744,093	681,887	12.7%	23.4%	50.1%
Bolton	839,447	830,533	828,515	850,734	820,706	614,936	-26.7%	21.1%	71.2%
Village of Lake George	627,086	653,117	615,426	652,014	629,657	596,913	-4.8%	20.4%	91.6%
City of Glens Falls	80,957	79,591	72,827	70,484	71,865	62,602	-22.7%	2.1%	93.8%
Johnsburg	59,349	44,460	81,978	59,884	59,673	56,653	-4.5%	1.9%	95.7%
Chester	33,563	35,574	35,899	45,415	43,300	34,702	3.4%	1.2%	96.9%
Lake Luzerne	29,968	34,007	31,199	33,324	30,086	26,154	-12.7%	0.9%	97.8%
Horicon	20,208	29,459	21,076	21,928	21,457	20,921	3.5%	0.7%	98.5%
Hague	15,749	16,442	17,591	19,411	19,179	17,996	14.3%	0.6%	99.1%
Warrensburg	20,807	20,965	18,340	18,142	17,076	17,412	-16.3%	0.6%	99.7%
Stony Creek	7,793	23,979	19,949	23,053	27,776	4,174	-46.4%	0.1%	99.9%
Thurman	0	2,360	2,412	2,860	4,648	3,972	NA	0.1%	100.0%
Total Warren County	\$2,597,871	\$2,757,029	\$3,033,734	\$3,388,067	\$3,397,174	\$2,919,253	12.4%	100.0%	

Source: Warren County and ConsultEcon, Inc.

Figure 5
Warren County Tourism Indicators



Source: Warren County and ConsultEcon, Inc.

Note: Years that include an asterisk (*) include budget/payments to Paul Kaza Assoc.

Data in **Figure 5** shows the recent pattern for three indicators; lodging “events” as reported by the Tourism Department; occupancy tax collected; and the Tourism Department budget. While the Tourism Department has grown substantially since the introduction of the occupancy tax as a revenue source, lodging “events” and occupancy tax collections have declined.

3. COMPETITIVE ENVIRONMENT

3.1. Warren County Tourism Trends

Data in **Table 8** shows the number of “visitor events” to Warren County from 1994 thru 2009, based on calculations by the Warren County Departments of Planning and Tourism.¹¹ These calculations are based on surveys of the accommodations industry, information provided by D.K. Shifflet and Associates regarding the number of day trip visitors to the Adirondack region and other factors. Survey data was not collected for 2001, therefore this data set is not available. As noted in the data, there have been significant changes in the data from year to year. The biggest negative swings in lodging occurred in 2000, 2003, 2005, 2007 and 2009. These swings suggest either some important intervening events, or bring into question the nature of the visitor tracking system. Most destinations show a less volatile change in visitation from year to year. There have been significant events, however, including, the recent recession impacting travel patterns nationwide, as well as the stories about the pollution of Lake George and the boating disaster which claimed 20 lives (in October 2005) that have resulted in negative publicity for Lake George.

¹¹ Accurately counting visitors to a destination (unless an island) is extremely difficult. While there are standard definitions that are generally agreed upon (for instance a “tourist” is someone who takes a trip at least 50 miles from home to a destination, attraction, etc.), actually being able to understand the number of annual individual travelers is key to any effective planning. The derivation of “visitor events” seems to be a particular Warren County definition, which makes it hard to use for comparison purposes, or for business planning.

Table 8
Number of “Visitor Events” to Warren County 1994 to 2009

	Percent Change from Campers Prior Year	Percent Change from Lodging Prior Year	Percent Change from Day Trip Prior Year	Percent Change from Total Visitor Events Prior Year				
1994	1,185,654	2,480,180		3,665,834				
1995	1,127,440	-4.9%	2,609,947	5.2%	3,889,933	7,627,320	108.1%	
1996	956,219	-15.2%	2,651,760	1.6%	4,010,220	3.1%	7,618,199	-0.1%
1997	884,278	-7.5%	2,656,103	0.2%	5,461,350	36.2%	9,001,731	18.2%
1998	1,137,997	28.7%	3,164,184	19.1%	4,660,696	-14.7%	8,962,877	-0.4%
1999	1,192,782	4.8%	3,747,280	18.4%	4,559,781	-2.2%	9,499,843	6.0%
2000	1,242,613	4.2%	3,222,751	-14.0%	4,465,364	-2.1%	8,930,728	-6.0%
2001								
2002	1,246,051		3,286,045		5,491,223		10,023,319	
2003	1,543,187	23.8%	2,634,106	-19.8%	4,664,474	-15.1%	8,841,767	-11.8%
2004	1,703,632	10.4%	3,358,713	27.5%	5,652,746	21.2%	10,715,091	21.2%
2005	941,769	-44.7%	2,792,351	-16.9%	3,734,120	-33.9%	7,468,239	-30.3%
2006	833,617	-11.5%	3,439,306	23.2%	4,272,923	14.4%	8,545,846	14.4%
2007	781,757	-6.2%	3,093,630	-10.1%	3,875,387	-9.3%	7,750,774	-9.3%
2008	582,898	-25.4%	3,749,205	21.2%	4,332,103	11.8%	8,664,206	11.8%
2009	640,038	9.8%	3,023,622	-19.4%	3,663,660	-15.4%	7,327,320	-15.4%
Total	15,999,932		45,909,183		62,733,980		124,643,095	
Average	1,066,662		3,060,612		4,182,265		8,309,540	

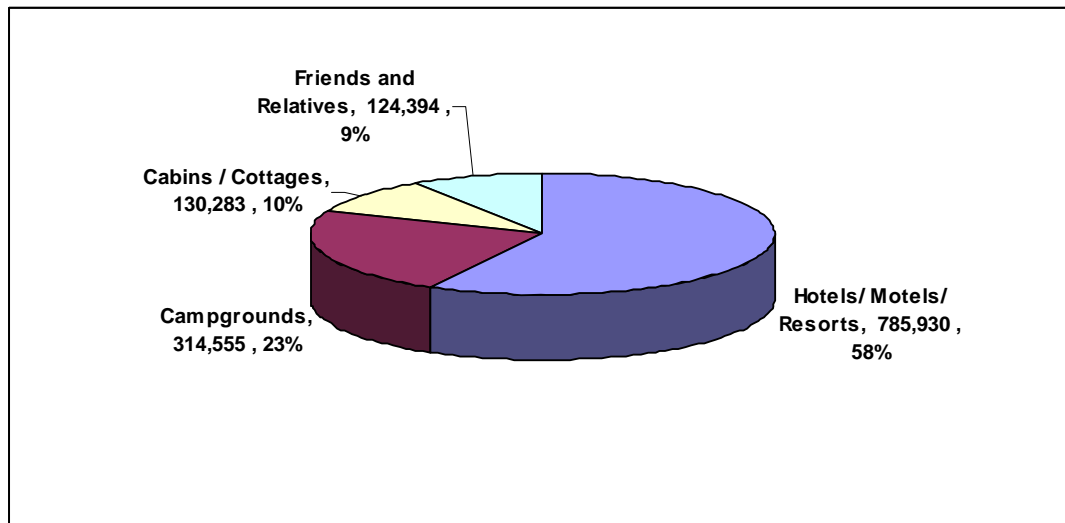
Source: Warren County.

However, these visitor calculations are not useful for business planning as this analysis likely overstates the actual number of individual visitors to the County.

The Northern New York Travel and Tourism Research Center at the State University of New York in Potsdam sponsored a 2006 economic impact study by Davidson Peterson Associates (DPA) of ten counties in the Adirondack and Thousand Island/Seaway regions of New York. The study estimated the overall impact of tourism on these regions as well as the impact for each of the counties with the regions. For Warren County, it estimated that there were 1.36 million overnight person visits (one person making one stay in one accommodation) in 2006. Approximately 58 percent (or 786,000) stayed in a hotel, motel or resort, 23 percent (or 315,000) in campgrounds, 10

percent (or 130,000) in cabins or cottages, and 9 percent (or 124,000) with friends and relatives, as shown in **Figure 6**.¹²

Figure 6
Warren County Overnight Person Visits in 2006



NOTE: Person visit is equal to one person making one stay in one accommodation.
Source: Davidson Peterson Associates.

DPA had conducted a similar study in 2003 and the differences between 2003 and 2006 were slight. For Warren County in 2003, it was estimated that there were 1.37 million overnight person visits (one person making one stay in one accommodation), a number slightly higher than the 2006 estimate. The accommodations proportion was slightly different as well: less people stayed in commercial accommodations and more in campgrounds. Approximately 55 percent stayed in a hotel, motel or resort, 25 percent in campgrounds, 10 percent in cabins or cottages, and 10 percent with friends and relatives. However, in 2003 the number of available hotels/motels/resorts' rooms was 5,909, compared to 6,553 in 2006 representing an increase of 10.9 percent. There is no accurate count of day-trippers to the County. Based on the attraction survey methodology used by the County there is likely double counting of actual visitors to the County.

¹² In 2006, this assumes 6,553 total hotel/motel/resort rooms at an average total annual occupancy rate of 52%; 1,467 cabin/cottage/condominium units at an average total annual occupancy rate of 51%; and 4,753 campground sites at an average seasonal occupancy of 46%.

3.2. Competitive Context

The competitive context for Warren County tourism is fairly complex. While the County has large markets to draw visitors from, there is also a large amount of competition for those visitors. In our interview process we asked informants what they considered the major competition for Warren County tourism. We recorded nearly 20 different areas in the northeastern part of the country.¹³ These ranged from nearby locations such as Saratoga and Essex counties to destination areas in New England, New York and New Jersey and Pennsylvania. In terms of individual Warren County businesses, the competition might also be internal to Warren County. The tourism business is very competitive nationwide with individual businesses in the same location often competing against each other. In this type of business environment, the destination areas also compete against each other so the destination marketing organization must be highly focused to deliver prospects, so that individual business can thrive.

Data in **Table 9** show the competitive context in Warren County versus other areas of the country. The data in Table 9 suggests that Warren County has performed less well than the Country and the State over this most recent period. While visitor volume and spending has been down across the board, the declines in Warren County have been greater compared to the U.S. and New York State as a whole. In addition, the occupancy tax collections during this period were also down. **This may suggest that Warren County may be losing market share to other destinations.** The travel and tourism business is an incredibly competitive business, and consumers have a broad choice of destinations to choose from, so there is a constant need to keep a destination competitive.

When we shopped the various destinations we were struck by the ease of access, via the internet to some destinations, which allowed us to book rooms seamlessly, access information and make transactions via social media. The current fragmented systems in Warren County made it more difficult to do many of these types of transactions. When we inquired why this was the case, we were told that because the County is involved, it is difficult and there are often legal barriers to doing certain types of things that are commonly done by competitor destinations.

¹³ Some informants actually included competitive areas outside of this geography.

Table 9
Comparative Tourism Trends
2008-2009

	US ²	NY State ¹	Warren County ³
Visitor Volume	(3.3%) ²	(3.4%)	(15.4%)
Visitor Spending	(7.3%) ⁴	(13.8%)	(14.1%) ⁵

Source:

¹ Tourism Economics, *The Economic Impact of Tourism in New York State*, May 2010

² US Travel Association, *Travel and Tourism Works for America*, June 2010

³ Warren County Tourist Office data tabulation – total visitors – comprised of three components: campers (8.7% of total); lodging (41.3% of total); and daytrip (50% of total). Campers were up 9.8%; lodging was down 19.4%; and daytrippers were down 15.4%.

⁴ Traveler leisure spending, US Travel Association

⁵ Based on Warren County occupancy tax collections. Delinquent taxes may account for some of this decline.

3.3. Conclusions About the Competitive Context

The issues and challenges that are currently in focus, and confirmed by our interviews of key tourism industry informants in the County can be described as follows:

Lake George is a mature tourist destination. A recent note in the New York Travel section captures the sentiment of many observers: “avoid Lake George Village, a tacky lakeside strip mall” (NYT, April 25, 2010). There is a sense that Lake George Village is “past its prime”, losing market share, that property owners and others have not kept their properties current, and that the community may be living on its storied past. While there are those who would and have vigorously disagreed with this characterization with some reason, there is enough truth in the assertion to raise concern and for the tourism community to address this potential negative brand image.¹⁴ There is a need for every tourist attraction and destination to be continually responding to changing market and consumer demand in order to maintain and grow market share. The potential negative brand image for Lake George points to a need to develop a clear brand identity for Lake George and the County that draws on its prime assets and responds to the needs and interests of today’s tourists.

¹⁴ The Lake George Regional Chamber of Commerce has been working to initiate a Main Street type program in the Village to help address some of these issues.

Lake George is a highly seasonal destination. Like many recreational destinations the tourist season in Lake George is highly seasonal, with most lodging properties only open in the summer and fall seasons. The Lake George Visitor and Interpretive Center, in the heart of Lake George Village for instance, is only open full time from June to October.¹⁵ Some properties, particularly the branded hotels stay open all year, but the business is still heavily concentrated in the summer/fall season. The Sagamore, in Bolton Landing experimented with a full year season, but after poor business, went back to a seasonal operation. Many of the industry people that we interviewed felt that it was a chicken and egg situation and that it would be extremely difficult to extend the season significantly in Lake George, because too many of the businesses closed in the off season.

Warren County is becoming a four season destination, but tourism marketing is still focused on Lake George.¹⁶ While Lake George has been the historic driver of tourism in Warren County, during the last decades there have been significant investments in other areas of the County that have shifted the mix of tourist attractions, and the seasonality of touristic activity. North Creek, the home of Gore Mountain, for instance has taken on a four season quality with investments in a number of venues and accommodations. The Great Escape in Queensbury has continued to make significant investments that have extended their market and they have experimented with a lengthened season. West Mountain Ski Center operates all year round, not just for the winter ski season. The Glen Falls Civic Center hosts events year round that bring visitors into the County. Warren County is a large and diverse geographic area, and is becoming more of a four season's destination and tourism marketing should reflect this diversity.

There is a duplication of marketing effort. One of the issues that emerged in our interviews and research was that there is a duplication of effort in terms of marketing materials and sources of information. The Warren County Tourism Department as well as the Lake George Regional Chamber of Commerce and CVB and a private group (Lake George.com) publish (and/or maintain online) similar marketing materials as well as separate guides to convention and meeting space.

¹⁵ In the July 28, 2010 meeting of the Tourism Committee regarding discussions about the Visitor Center funding for 2011, Ms. Kate Johnson indicated that the Visitor Center was open year round.

¹⁶ This may not be reflected in the occupancy tax, because many visitors are regional residents.

The County tourism office web site is branded as the “Official Guide” to the Lake George Area, but it is unclear what that really means. LakeGeorge.com appears to be the digital alternative.

There is no one or no organization to take the lead on coordinating new tourist initiatives and strategic planning for the County. There does not appear to be a lead organization to interface with internal and external tourism industry stakeholders. The Warren County Tourism Department focuses much of its attention on producing marketing material, internal communication with County businesses, research, fulfillment and interfacing with the wholesale tourist industry providers. Each of the other Chambers of Commerce and the Lake George CVB are focused on their own more localized geography. There is not an overall County tourist advocacy organization, and as one of our interviewees said, “The business community does not speak with a unified voice.” The County Tourism Department might be expected to fill the advocacy role, but as civil servants reporting to the County Supervisors it may be inappropriate for them to be advocates for the industry to the Supervisors. In many comparable destinations the DMO –Destination Marketing Organization, which is often a private non- profit organization- plays this role. An example of the current situation is the Ad Hoc Committee that was assembled by EDC to work with the promoter of the Centurion bicycle racing event to try and land this important event for the County.

Lack of consensus within the tourist industry. An important finding of our work is that there appears to be a lack of consensus in the tourist industry about key issues facing the industry. The dispute around the Gaslight Village site may be indicative of this inability to come to a consensus over issues related to supporting and developing tourism in the County.¹⁷ In our interviews we heard many ideas and opinions, and in some cases heard opinions that were attributed to someone who we then subsequently interviewed and discovered that the conveyed opinion was not as portrayed. There also seemed to be a lack of a forum for people in the industry to come together. The closest might be the Council of Chambers, bringing together the local chambers in the County. There are

¹⁷ The Council of Chambers reportedly did vote to support the rehabilitation of the Cavalcade of Cars building at Gaslight Village.

many sophisticated industry players in the community who have access to proprietary market research and other important information to help them make business decisions, and then there are others who do not have access to this type of information. There are some we interviewed who felt that the County Tourism Department is doing a good job supporting the industry and there are others who felt that the County Tourism Department is not particularly effective in supporting the industry.

Mixed Messages About County “Brand” / Position. Warren County web site promotes/brands Warren County as Lake George. The rationale is that Lake George is the primary generator of tourist visits and generates substantial bed tax. It is also the recognizable image for the County. Warren County, however, is a large and diverse area (nearly as large as our smallest state) with a wide range of attractions and seasonal activities. Many people that we interviewed had mixed feeling about this branding. If we look at the branding for Essex County/Lake Placid we note that Essex County is branded as four regions—much like a state might brand different regions. This branding of Warren County as Lake George should be carefully reviewed. In addition to reviewing the regionality of the brand in terms of what geographic areas in the County that are being promoted, it is important to establish a key identity for the County overall in terms of what it offers potential visitors.

Increasing Competition. As noted throughout this paper there is increasing competition for visitation in the northeast market. This will be expected to continue and intensify over the next years. The competition will be manifested in increasing use of the internet and social media to engage potential visitors, a need to continually refresh a destination with new offerings of attractions and accommodations. Also important will be the need to move quickly to respond to this competitive context. In work that we have been doing in a gulf coast Florida destination, the DMO was able to respond within a few days to the oil spill with new messaging and offers to their market.

Economic Outlook. The economic outlook remains challenging. The most recent communication from the US Travel Association on current industry trends describes the current situation “as one of suspended animation. That is, every glint of recovery is met by a worrisome trend. The economic

recovery has, unfortunately slowed.”¹⁸ The bright spot has been the emergence of business travel, but leisure travel still is in the doldrums. It is likely that this situation will be persistent and bring with it a share of business failures. It is also likely to blunt the efforts of many seasonal destinations to expand their shoulder seasons.

4. TOURISM ISSUES AND CHALLENGES

There are a number of issues and challenges related to the continued growth of the tourism sector in Warren County. These include:

- ◆ Future of the Gaslight Village site
- ◆ Organization and Coordination for Tourism Development
- ◆ Visitor Tracking / Data Collection
- ◆ Lack of Strategic Plan
- ◆ Lack of a Clear Brand Identity/Potentially Negative Brand Image

4.1. Gaslight Village

The issues that have developed around the Gaslight Village site and the reuse of the Cavalcade of Cars building is in some ways indicative of the current issues related to tourism development in Warren County. The Gaslight Village site is a key site in Lake George that housed a project that was emblematic of tourism development after World War II with the advent of mass auto oriented travel and the development/ resurgence of the amusement park industry. Gaslight Village was a key part of the entertainment offerings in Lake George thru a number of decades. When the project closed in 1989 there was an attempt to redevelop the site for a convention center to take full advantage of the rapidly developing convention business during the last two decades. At least two feasibility studies were conducted (in 1999 and 2006) which suggested that there was a market for a convention center in the range of 30,000 square feet (SF) of open flat space in a building of approximately 70,000 SF.

¹⁸ Travel Industry Association, US Travel Outlook, August, 2010

The competitive environment in nearby Lake Placid (Essex County) and Saratoga Springs (Saratoga County) where modern convention centers had been developed¹⁹, made it essential for Warren County to consider developing a convention center to be able to compete for this important convention business. The recommended site for a Lake George convention center in the 2006 feasibility study was the Gaslight Village site. Subsequent events resulted in part of the Gaslight Village site being required for environmental mitigation and plans were developed to create a park like environment and to reserve part of the site for development of a community scale project, described as the West Brook Conservation Initiative and festival space. As the debate over the nature of the community project developed basically two different ideas emerged; try to reuse the existing buildings on the site (theatre and Cavalcade of Cars Building) or demolish the current structures and develop either as a new event building and/or an open event space/structure that might include the potential for temporary tent structures. Because of the tripartite control of the site (County, Town and Village as tenants in common) in order to proceed with either approach, some consensus needs to be developed. In our stakeholder interviews conducted for the overall tourism white paper review, we did ask respondents to comment on the Gaslight Village site. Many did not comment and considered the issue a local Lake George issue with little relevance to developing tourism in Warren County. For those who did comment the following points/issues emerged. These points may or may not be factually grounded.

In support of retaining the Cavalcade of Cars building (not in order of importance) the following points were recorded in our interviews and research:

- ◆ The building shell is of a size (estimated net 10,000 +/- SF for public use) that it would be marketable for a wide range of uses.
- ◆ There is a sunk cost in the existing building infrastructure that would be lost if the building were demolished - the building is a simple steel frame structure.
- ◆ If the building is demolished there is no guarantee that anything would replace it - this is possibly due to environmental restrictions, and available funding.
- ◆ There is a need for a common event space to be used by the community and to supplement the smaller hotel's need for event space.

¹⁹ Olympic Center in Lake Placid is 92,000 SF and a new, 90,000 SF Conference Center connecting the 1932 and 1980 Olympic Center is slated to open in 2011. In Saratoga Springs, the 32,000 SF Saratoga Springs City Center, which opened in 1984, is undergoing renovations slated to be completed by autumn 2010.

- ◆ There is a need for a year-round event space to help develop business in the shoulder and winter season - such a facility could help to fill this need.
- ◆ There is still the need for a much larger convention center in Warren County and this space might be the core of that development for the future.
- ◆ The Lake George Regional Chamber of Commerce & CVB needs a public venue to “sell”.
- ◆ Concern that if Cavalcade is demolished, no other event space will be built as there is a need to create sedimentation treatment area on the site as part of park.
- ◆ Concern that if State money is used on the site (for demolition) then the site can’t be used for paid parking.

In support of demolishing the Cavalcade of Cars building (not in order of importance) and proceeding with the alternative plan the following points were recorded in our interviews and research:

- ◆ The building is obsolete and basically unusable for contemporary activities, without completely rebuilding it, and bringing it up to current building code standards.
- ◆ Cost too much money to save, and rehabilitate it and the source of funds is unsure.

If we rebuild it, why not start with a new project that could take advantage of the most current building and code requirements, meet market demands and have broader appeal. Examples of such smaller scaled, community oriented event projects that were noted are the Emerson Park Pavilion in Cayuga County (shown in **Figure 7**) and the Canfield Casino in Saratoga County (shown in **Figure 8**).

Figure 7
Emerson Pavilion in Cayuga County



Source: <http://www.co.cayuga.ny.us/parks/emerson/info.html>

Figure 8
Canfield Casino in Saratoga Springs



Source: <http://www.saratoga-springs.org>

- ◆ There is currently money available to demolish the building and provide modern infrastructure to the site, but there is no identified funding to save and redo the current building.
- ◆ Grant funds are available to cover the cost of demolition of the buildings, and site development.
- ◆ There is already enough conference/event space in the County in the 10,000 SF and lower range - what is needed is a bigger conference/convention space to help expand the market.
- ◆ The Lake George area is seasonal and reusing the Cavalcade building will not change the basic seasonality characteristics of the market place.
- ◆ It is unclear who would provide governance, operation and on-going maintenance for the project. It would operate at a loss and would require an annual operating subsidy.
- ◆ There has been no coherent business plan presented for saving the building.
- ◆ Neither the County, Town or Village has a good track record in building and managing projects.
- ◆ Gaslight site is “great entry” to Lake George - would benefit from open air pavilion and gathering/festival area “like on South St. in Glens Falls”.
- ◆ Need large festival area in Lake George for events like Americade and car shows.
- ◆ Need to address sedimentation (and its treatment) next to Lake so as not to ruin beach experience and affect visitation to beach park in Lake George.
- ◆ Need to determine if building is in flood plain.

The issues related to the Gaslight Village issue can be characterized as the following:

1. **Technical (physical) reuse of existing building.** A number of experts and others have reviewed the Cavalcade building and there does not seem to be a consensus on what would be needed to restore the building for a contemporary conference/convention/event use. Some of those we interviewed felt that the building had no residual value while others felt that there was value in the current structure, which was built well over twenty years ago. The building is a very light weight, steel frame, shed type, open, high ceiling one-storey, three season building with un-insulated walls, limited wind bracing and a concrete slab floor. **Figure 9** shows the building.

Figure 9
Recent Images of Cavalcade of Cars Building



Source of images: ConsultEcon, Inc.

There is much “opinion” on what would be involved in restoring the building. Capital cost estimates range from \$675,000 to upwards of \$2,000,000 to rehabilitate the building.²⁰ Some have estimated what it might take to redevelop the building at a low level or fixer-upper but it is unlikely that anything less than a complete redevelopment would generate any significant revenue and be competitive in the marketplace. It might in fact confirm a down market trajectory for Lake George if the project was done in less than a first class

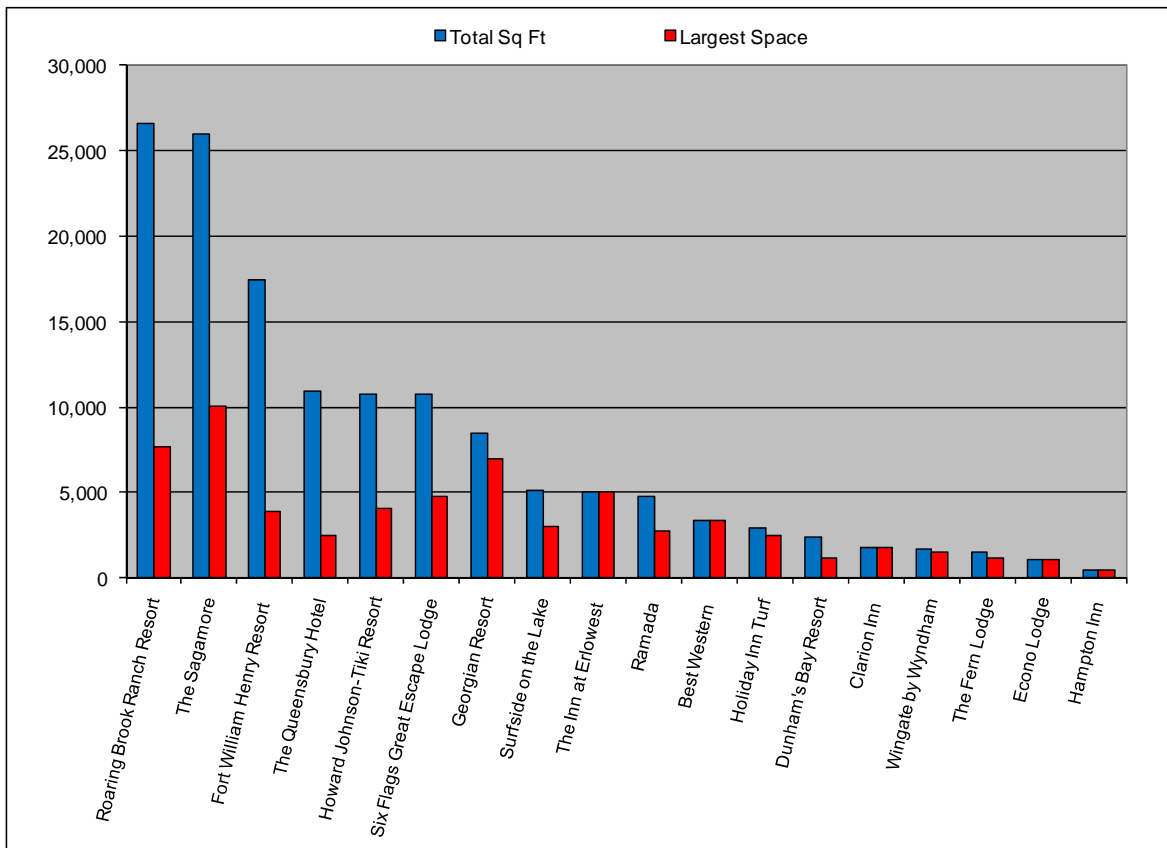
²⁰ A series of studies evaluating the buildings was undertaken by the firm of Clark, Patterson, Lee (January 16, 2009); the Phinney Design Group (February 10, 2010); and Charles C. Barrow, P.C. Consulting Engineer (August 2008); some of our interviewees also did back of the envelope reuse estimates based on their experience in the area and this range of costs was confirmed.

way. Gaslight Village closed over 20 years ago and the site has been in a dilapidated state for many years, which certainly has not helped the overall image of the community. ***The rule of thumb for those in the building reuse business is that it is likely to cost as much to retrofit and rehabilitate a building as it will cost to build new. Any savings that might occur should be considered windfalls.***

2. **The Reuse Vision.** There does not appear to be a consistent vision for the reuse of the existing building. This is reflected in the various estimates of cost to rehabilitate the building. These reuse visions seem to range from a sort of clubhouse for the community to a modern, four season convention/event facility. There seems to be a feeling that if the building is saved (based on the recent petition in Lake George among business persons as well of some of the individuals interviewed for the tourism white paper) it can make a significant impact on the tourism market in Lake George, particularly in the winter season. The difficulty with this is that the inherent demand profile of the events market is also highly seasonal, with only about 13% of annual events occurring in the months of November, December, January and February according to the Pinnacle Convention Center feasibility study of 2006²¹. The addition of branded year round lodging facilities in the area will help to support this goal of increasing winter visitation, but each of these facilities also has associated convention/event spaces. The nearby Fort William Henry Hotel and Conference Center is open year round for instance. ***This lack of a consensus vision for the project makes it difficult to put together a business plan that responds to questions about cost and market viability on which to base public investment decisions regarding the project.***
3. **The Market.** The current supply of meeting and conference space in Warren County ranges from over 25,000 SF at the Sagamore and Roaring Brook to a few thousand SF at some of the properties in Lake George. The single largest space in the available properties is characterized by smaller (the average size of the largest meeting space of 18 facilities reviewed was 3,500 SF from range of 420 SF to 10,080 SF) facilities. These meeting and conference facilities are most often associated with hotels or other accommodations as shown by data from our review of facilities in **Figure 10**. Because these meeting and convention spaces are often loss leaders, the economic return is in the room rentals that support the convention/meeting space.

²¹ Pinnacle Advisory Group, *Market Financial and Economic Impact Analysis, Proposed Warren County Exhibition/Trade Center*, prepared for Warren County Board of Supervisors, June 19, 2006

Figure 10
Scale of Existing Event Rental Facilities in Warren County



Source: Lake George Regional Chamber of Commerce, Warren County Tourism Department, sites listed, and Consult Econ, Inc.

The Pinnacle feasibility study conducted in 2006 concluded that what was really needed to allow Warren County to generate significant new business was a much larger convention center space than would be made available by the rehabilitation of the Cavalcade of Cars building. A review by McGilluray Consulting Group (December 23, 2009) concluded in their letter report that the Opera House should be demolished and that the Cavalcade of Cars building *might* be saved, but that the following steps should be undertaken:

- ◆ Engage a Project Manager to oversee the project's preliminary phases
- ◆ Commission a study to determine the Market Conditions and the Warranted Level of Investment
- ◆ Utilize the Market Study to establish a Project Budget and create a Project Timeline
- ◆ Find As-built drawings of the existing facility and/or commission an engineering study of the buildings

- ◆ Commission a Conceptual Design of the new Warren County – Lake George Multi-Use Facility
- ◆ Utilize the Market Study and Conceptual Design to prepare a Cost Estimate and a Pro forma to facilitate financing of the project
- ◆ Evaluate the future phases (Design/Construction) of the project

The rehabilitation of the Cavalcade building will likely do little to help reposition Warren County as a significant player in generating new convention and event business.

4. **Governance, operations and funding.** Because of the tripartite ownership/control of the site (County, Town and Village) how the Cavalcade of Cars building would be governed, funded and operated needs to be considered in any reuse plan. Through our interviews it was suggested that the Lake George Regional Chamber of Commerce / CVB could operate the facility and attract users to the site and building. Suggestions were also put forward to utilize occupancy tax receipts to support the rehabilitation of the building by loan guarantees for capital costs and potentially also for operating subsidies. *Because this is a relatively modest project in terms of developing additional tourism for the County there is certainly a question as to what would be a reasonable contribution of occupancy tax receipts to the project, if the project was deemed eligible for receiving such funds.*

4.2. Organization for Tourism Development

As noted previously in this paper the current organization for tourism promotion and development is not responsive to the tourism industry. There is a lack of formal lines of communication between the County Tourism Department and the industry. There was some years ago a Tourism Promotion Citizens Advisory Committee but that was disbanded by the Supervisors Tourism(?) Committee in late 2006. There also appears to be no formal line of communication between the Occupancy Tax Coordination Committee and the Tourism Committee, other than overlapping membership by some Supervisors, who are members of both Committees. In reviewing the minutes of both committees over the last roughly five years, there were only two joint meeting of these two committees (2006, 2009). It is clear from these minutes that the Tourism Department is viewed primarily as a fulfillment and marketing agency. The Occupancy Tax Coordination Committee is the de facto strategic funding arm for industry funding requests.

4.3. Visitor Tracking / Data Collection

Visitor tracking, market research and data collection is generally a key function of a destination marketing organization. This research forms the background for competitive analysis, marketing campaigns, effectiveness evaluation and strategic planning. For Warren County, this research is largely done by the Warren County Department of Planning (in association with the Tourism Department) via an annual occupancy survey²². This data is the basis for information, previously reviewed in **Table 8** in section 3.1 of this paper. This is published as an Inter-Departmental Working paper. Because of methodological issues and survey size the results of the survey are, as the report states, “..not meant to obviate the need for a detailed market study necessary for business planning.”²³. We did hear in our interviews that some of the information in the proprietary databases of individual businesses were often at odds with the data from the Tourism Department in terms of visitation trends, competitive areas and character of visitor parties. Because of this, there was a lack of confidence in the effectiveness of the work that the Tourism office is doing to promote tourism to the County.

4.4. Promotion and Development Funding

The occupancy tax, as well as chamber of commerce income and private business marketing dollars provide the source of funding for tourism promotion in Warren County. The county’s approach to the use of the occupancy tax is fairly unique. In most jurisdictions the occupancy tax goes to a destination marketing organization which is charged with promoting and developing tourism in the jurisdiction, and/or into the general fund. The county’s approach to return some dollars to each community as well as fund competitive initiatives to develop additional tourism spending allows for flexibility and a spreading of the dollars around the County, as well as providing seed money for new programs. The application form for this funding is administered by the Tourism Department, but the Supervisors Occupancy Tax Coordination Committee makes the determination for awarding the funding. This process has appeared to work well, but because one of the key criteria is increasing room nights and occupancy tax it may be missing an important component of visitor

²² The County Tourism Department does receive reports from Smith Travel Research (STR) that track the performance of the hotel industry by month.

²³ Interdepartmental Working Paper, 2009 Warren County Occupancy Survey and Report, 24 May 2010. p. 1

economic impact. This is the impact of sales tax collections from visitors outside of the County, who may be day trippers. Warren County has among the highest per capita collection of sales taxes of any County in New York state, which further supports the role of both day trip and overnight visitation to the County.

4.5. Lack of Strategic Plan

In our work, interviews and review of documentation, we were surprised to see very little in the way of strategic planning for tourism development and promotion in the County. There were however some interesting projects that have been proposed, such as the First Wilderness Heritage Corridor, and the redevelopment of the Gore Mountain/North Creek area to create one of the largest ski areas in the east. As noted previously in this paper, many individual property owners have invested significant funds to improve and expand their properties. In our review of competitive destinations we noted the inclusion of strategic plans developed by these destination marketing organizations as important foundation documents for outlining and guiding opportunities for growth; project funding and feasibility testing; and development. For Warren County, the development of a strategic tourism plan will be important, as will be defining an identity for the County based on its strengths, market trends nationally and regionally and the needs and interests of current and potential visitors. See **Table 10** for Destination Marketing Association International's (DMAI) Super-trends excerpt from the Poconos Mountain Visitor Bureau Strategic Vision plan.

Table 10
Destination Marketing Association's Super-Trends

Destination Marketing Association's Super-Trends²⁴

DMAI has categorized eight "Super-Trends" that are shaping the tourism promotion business of today and which will have an important impact in the foreseeable future. These trends served as a framework for discussion from which the PMVB established an action plan to conduct its business on behalf of our region's tourism industry.

- ◆ **Customer Sector: "Proliferating Preferences"** - Travelers and travel providers are seeking and responding to an ever growing range of choices in places to visit and experiences they buy. Destinations and their stakeholders will have to develop even more targeted and responsive value programs to capture and retain this business.
- ◆ **Competitor Sector: "The Battle for Attractions"** - Destinations will have to work even harder to be heard through the noise of an increasingly crowded and complex marketplace, particularly as the travel buying experience continues its migration to the Internet.
- ◆ **Economic Sector: "Dodging Asteroids"** - The travel, tourism, hospitality and meeting sector is increasingly vulnerable to various economic shocks such as energy prices, natural disasters, terrorism and threats of cataclysmic effects such as health pandemics.
- ◆ **Technological Sector: "Smart and Friendly Websites"** - The website is now an absolute necessity for doing business. In knowledge intensive business environments such as travel, the most successful competitors tend to be those that continue to exploit the latest technological and information strategies.
- ◆ **Social Sector: "The Electronic Society"** - The traditional concept of community is increasingly being extended, and in some cases replaced, by virtual, electronically mediated relationships. Social networking and user generated web content will be increasingly important as a competitive strength.
- ◆ **Political Sector: "The Quest for Relevance"** - The increasing disintermediation of the visitor services marketplace; the rise of new business entities contesting for the attention of visitors and meeting organizers; the wealth of free information made available online, and increasing local competition for funds formerly earmarked for destination marketing all conspire to erode or marginalize the traditional role of destination marketing organizations as the marketing entity of a particular locality.
- ◆ **Legal Sector: "Mixed Signals From Government"** - The travel industry has never been more affected by the policies, practices, legislative agendas and economic strategies of governments, some of which are contradictory or conflicting and which sometimes pit regions, destinations and interest groups against one another.
- ◆ **Geophysical Sector: "Places and Spaces"** - Increasingly, travel customers are becoming more segmented in their interests. This includes not only the things they want to see and do, but also ecosystems and natural resources of the area.

Source: Poconos Mountains Visitor Bureau

²⁴ Excerpted from Pocono Mountains Visitors Bureau *Strategic Vision 2008-2010*.

5. SUMMARY

Tourism is an important part of the Warren County economy. Tourism in Warren County generates \$450 million in annual visitor spending and generates 8,138 total jobs. The basis for the tourism economy is the natural beauty of the lakes and mountains and the access to many millions of potential visitors that live within a day's drive of the County in both the northeastern U.S. and Canada. Supporting this tourism development is an excellent transportation system, a rich array of accommodations type and price point and a wide range of attractions, events and other activities. Venues in the County range from the urban amenities of Glens Falls to the more rural and rustic mountain and lake communities. The County also has an array of four season attractions that cater to both day trippers and overnight visitors.

While the county has a substantial tourism infrastructure there are also some structural issues which may impact on the continued health of the tourism economy. Not the least of these is the weakness in the national and international economies. In addition the travel and tourism industry is incredibly competitive. The County may compete directly with up to 20 different destination areas in the northeastern U.S. (not to mention areas outside the northeast). This competitive context is very complex and the need for the County to be organized to compete in this environment will be critical to its continued health and ability to generate jobs and income for its residents and businesses and taxes to support the county and local governments.

The competitive issues facing the County and its tourism industry include the context of Lake George, the historic center for tourism in the County being a mature and highly seasonal destination and becoming less important to the overall tourism economy as other parts of the county are developed. The lack of consensus within the tourism industry as well as the duplication of marketing efforts make it difficult to achieve the most cost effective and strategic approach to growing the overall visitor base to the County. As a mature destination the challenge to maintain hospitality is often also difficult and a challenge that needs to be addressed as part of a strategic approach to tourism development.

The County has all the requisites to increase market share and economic impact and be a leading destination in the Northeast. This potential, however, may be hampered by the current organization

for tourism development, the lack of a strategic plan, poor tracking data on the performance of the industry, and the lack of consensus on how the industry resources are used to increase visitation and attendant economic impact.