Joint Special Meeting  
Flagler County  
Board of County Commissioners and Tourism Development Council  
Agenda  
Monday, March 20, 2017 • 1:00 p.m.  
Emergency Operations Center, Building 3, 1769 E. Moody Blvd., Bunnell, FL 32110  

1. Pledge to the Flag and Moment of Silence  
2. Chair Call To Order  
3. Presentation from Executive Director on Tourist Development Tax Fifth Cent Levy  
4. Joint Meeting Discussion on Fifth Cent Levy and the Tourism Tax Distribution  
5. Discussion of Capital Improvement (Fund 109) Project  
6. Public Comment  
7. Adjournment by the BOCC  
8. Additional or Amended Tourism Development Council Recommendations, if Necessary  
9. Adjournment  

Section 286.0105, Florida Statutes states that if a person decides to appeal any decision made by a board agency, or commission with respect to any matter considered at a meeting or hearing, he or she will need a record of the proceedings, and that, for such purpose, he may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.
Welcome to Palm Coast and the Flagler Beaches

Beverly Beach • Bunnell • Flagler Beach
The Hammock • Marineland

Tourist Development Tax
F.S. 125.0104

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RECAP OF 5TH PENNY DISCUSSION

- Thank you to both the TDC and BOCC for your support on the 5th penny in general and specifically beach funding
- The Staff, TDC, County and Municipalities have all agreed the beach is our #1 asset and priority
- Two proposals are on the table for discussion
- Both proposals include % breakdowns that adhere to the authorized uses of proceeds in F.S. 125.0104
- Both proposals accomplish the “end game” of far more than doubling the Beach Restoration Fund
- After front loading Fund 111, both proposals dedicate one full penny to the County’s beaches in Year 3 and moving forward:
  
  20% - Capital Projects
  60% - Promotions
  20% - Beach Restoration
FUND 111 BEACH RESTORATION RECAP

EARLY TDC DISCUSSIONS OF 5th PENNY and BEACH RESTORATION FUNDING (FUND 111)

- Raise TDT from 4% to 5% to double Fund 111
- Change Fund 111 from 11.25% ($235,000+/-) of 4% to 20% of 5% ($500,000+/-)
- Proposed to apply one penny ($500K) to Fund 111
  - Year 1: Fund 111 – 20% ($500,000)
  - Year 2: Fund 111 – 20% ($500,000)
  - Year 3: Fund 111 – 20% ($500,000)
    $1,500,000 TOTAL
- 3 year Increase in FUND 111 of approximately $800,000
FUND 111 BEACH RESTORATION RECAP

ORIGINAL PROPOSAL OF 5th PENNY and BEACH RESTORATION FUNDING (FUND 111)

FEBRUARY 20TH JOINT TDC/BOCC SPECIAL MEETING

• Same as Early Discussion with an added front loaded approach designed to increase Beach Funding by $750K in Years 1 & 2

• Three year proposal:
  - Year 1: Fund 111 – 40% ($1,000,000)
  - Year 2: Fund 111 – 30% ($750,000)
  - Year 3: Fund 111 – 20% ($500,000)

$2,250,000 TOTAL

• 3 Year Increase in FUND 111 of $1,550,000
FUND 111 BEACH RESTORATION RECAP

ALTERNATE PROPOSAL OF 5th PENNY and BEACH RESTORATION FUNDING (FUND 111)

MARCH 6 BOCC REGULAR MEETING

• Same as original proposal with even more front loaded approach designed to increase beach funding by $500K

• New proposal:
  - Year 1: Fund 111 – 60% ($1,500,000)
  - Year 2: Fund 111 – 30% ($750,000)
  - Year 3: Fund 111 – 20% ($500,000)

$2,750,000 TOTAL

• 3 Year Increase in FUND 111 of $2,050,000
FUND 111 BEACH RESTORATION

• Flagler County is facing $7.5 million+/- in Beach Restoration Matching Funds

• Staff supports both proposals and will make adjustments as necessary

• It’s critical that we maintain our current budget level at a minimum to sustain our tourism effort long term

• Significant economic downturns will likely require percentage re-adjustment to maintain marketing/advertising efforts

• Additional proposal…
FUND 109 CAPITAL PROJECTS PROPOSAL

ADDITIONAL FUNDING PROPOSAL

MOVE CAPITAL PROJECTS FUNDING (FUND 109) TO BEACH RESTORATION (FUND 111)

• Move $500,000 from Fund 109 Capital Projects to dune construction
• Current Fund 109 Balance over $2.3 Million
• Would provide immediate beach funding non-loan
• Ability to transfer by Resolution
FUND 109 CAPITAL PROJECTS PROPOSAL

BEACH RESTORATION MATCHING FUNDS ESTIMATE:

$7,500,000+/-

- Current Fund 111 Balance: $1,500,000
- Fund 109 Capital Projects: $500,000
- Next three years of TDC: $2,750,000
- 3 Year TDC Total: $4,750,000

Current funding thereafter $500,000 per year

Loan and Financing up to 7-10 years
THANK YOU!

WWW.VISITFLAGLER.COM
First and foremost, we would like to thank both the Tourist Development Council and the County Commission for their overall understanding of the need for this additional revenue and everyone's support of staff's efforts. These additional funds will help all areas of tourism, but most of all our beach restoration efforts.

What is before you are essentially identical options with the exception of a difference in the proposed distribution of the tourist tax for the first year after the ordinance adoption. Both are good proposals, with the difference being where 20% of the funding (1 penny) is going the first year and potentially a one-time impact on promotion reserves assuming that annual budget stays the same.

**Option 1 – Originally presented (60% Fund 110 Promotional $1.5 Million and 40% Fund 111 Beach Re-nourishment $1 Million)**. This would significantly increase beach funding in the first year and better sustain the current promotion and advertising efforts. This would be an increase in monies going into Fund 110 but because the yearly promotion plan exceeds the current revenues coming in, it would not necessarily result in a budget increase. Current Fund 110 revenues are conservatively shown at $1,325,000 annually, while the current adjusted annual budget is $1,607,000 (The budget shown is slightly larger because it includes some carryover funds and carryover projects). This proposal is estimated to increase the Fund 110 annual funding up to $1,500,000 making the current Promotions Budget level more sustainable.

In the past, we have utilized excess reserves in Fund 110 reserves to try new promotion/advertising initiatives adding to what was already being done, for acquisition of TDC equipment purchases, and as a hedge against any down-turns in tourism collections in order to ensure a consistent annual advertising approach.
Option 2 – Presented Post Joint Workshop – 40% Fund 110 Promotional $1 Million and 60% Fund 111 Beach Re-nourishment $1.5 Million). This would increase beach funding even further and give approximately $325,000 less in funding to the Promotions Fund (110) below the current funding level for one year. To sustain to current promotion and advertising efforts at current levels it will be necessary to draw on more reserves that first year. After that, if tourism holds at current levels the reserves will hold likely steady and recover over time, if not another adjustment in the distribution may be necessary.

Current reserves with rollover monies is at approximately $1.7 million dollars for Fund 110. With the original proposal (Option 1) the fund balance after one year would have be approximately $1,300,000, compared to this proposal (Option 2) which is estimated to end up at around $850,000.

For the most part, this argument is largely academic unless there is a sizable downturn, in the near future. If there is a 10% reduction in overall revenues the reserve could sustain itself without major adjustments for up three years. If a larger downturn occurred (-20%) this would reduce to two years. This would also deviate from a long held, unwritten practice of the Board of primarily trying to budget the revenues from the year before.

This year we are experiencing another relatively good year with overall collections year-to-date up approximately 2-3%. While that could easily change before the end of year the trend is overall positive. However, we do have a lot of uncertainty that we will face in the immediate future that could negatively impact our numbers. Here are the major uncertainties:

1) Visit Florida Elimination/Reductions
2) Beach Restoration/Construction for next 18-24 months.
3) Damage to some resort lodging facilities.
4) Upcoming hurricane season with compromised dune system.

Because of the lower reserves, if a sizeable tourism downturn were to occur past a single year/event we would need to reevaluate our resources and potentially adjust distribution percentages again to make up shortfalls in our marketing advertising efforts. Typically, during a downturn you would want to maintain advertising levels and in some cases you would want to shift to closer markets and actually increase advertising levels as the fight for limited expendable consumer dollars heats up.

Staff is comfortable with either option and recommends option 2.
RESOLUTION NO. 2017- _____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF FLAGLER COUNTY, FLORIDA, TO EXPEND $500,000 OF FLAGLER COUNTY TOURIST DEVELOPMENT TAX REVENUE IN RESERVES FROM THE CAPITAL PROJECTS FUND (FUND 109) FOR EMERGENCY BEACH DUNE CONSTRUCTION PROJECT NECESSITATED BY DAMAGE FROM HURRICANE MATTHEW

WHEREAS, Hurricane Matthew struck the County in October 2016, severely damaging and eroding the dune system along the entire coastline of the County and causing extensive damage to public and private facilities along and adjacent to the beaches; and

WHEREAS, the beaches of the County are extremely vulnerable to damage, washouts, breeches and flooding from another storm event which may result in catastrophic injury to persons and damage to properties adjoining the beach and adversely impact surrounding neighborhoods, roadways and other public facilities; and

WHEREAS, the eroded dune system and other damaged infrastructure along and adjacent to the beaches of the County are the primary reason the Board of County Commissioners continues to declare, to this date, a State of Local Emergency; and

WHEREAS, the Board has proceeded on an expedited basis to contract with a coastal engineering firm and to collaborate with state and federal agencies on design, permitting and construction to repair the vulnerable dune areas along the beach; and

WHEREAS, the ensuing hurricane and turtle nesting seasons make the dune beach construction extremely urgent; and

WHEREAS, the County will realize a beneficial impact on the local economy by construction which will stabilize the dunes and for the repair of public facilities along and adjacent to the beaches; and

WHEREAS, the beaches of the County are a primary attraction for tourists and residents and a prime generator of economic activity; and

WHEREAS, repair and restoration of the dunes will encourage visitation by tourists and maintain the County’s reputation of safe and pleasant beaches for its visitors and residents; and

WHEREAS, there is a paramount public purpose in pursuing the emergency beach dune construction project; and

WHEREAS, the Board is seeking funding from all sources to accomplish its emergency beach dune construction project and for repairing other public facilities on the beach; and
WHEREAS, readily available funds are not adequate to complete the project without the Board actively seeking other sources of revenue and funding; and

WHEREAS, the Board is seeking grant funds which require matching County funds and pursuing alternative financing which requires having available revenue sources; and

WHEREAS, the Board also is seeking reimbursements for its expenditures already made in recovering from Hurricane Matthew from the Federal Emergency Management Agency but such reimbursements will not be as timely as the Board would have preferred; and

WHEREAS, the Board of County Commissioners levied the Tourism Development Tax pursuant to Chapter 19 of the Flagler County Code, as authorized by Section 125.0104, Florida Statutes, and such funds may be used for beach restoration and for tourism construction and infrastructure projects among other purposes; and

WHEREAS, Section 5.D of Board of County Commissioners Resolution 2016-28 authorizes the Board, in its discretion, to award large County tourism infrastructure projects supporting the enhancement of tourism infrastructure from the Flagler County Tourist Development Tax Capital Projects Fund (Fund 109);

WHEREAS, assessing the unique conditions of tourism in Flagler County, the Board hereby determines that the emergency beach dune construction project will promote tourism in Flagler County.

NOW, THEREFORE, BE IT RESOLVED, by the Board of County Commissioners of Flagler County, Florida as follows:

SECTION I: The above Recitals are incorporated herein as Findings of Fact.

SECTION II: Five hundred thousand ($500,000) dollars of Fund 109 shall be allocated for expenditure first for the emergency beach dune restoration project with any remaining or uncommitted funds to be applied to repairing associated beach infrastructure facilities. The County Administrator is to apply this funding in the most judicious and expeditious manner to accomplish the Board’s objectives as expressed herein.

SECTION III: This Resolution shall take effect immediately upon its adoption.
PASSED AND ADOPTED this 20th day of March, 2017.

Board of County Commissioners
Flagler County, Florida

ATTEST:

__________________________________________
Nate McLaughlin, Chair

Tom Bexley, Clerk of the Court
And Comptroller

Approved as to Form:

__________________________________________
Al Hadeed, County Attorney