



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.



Administration
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 Bunnell, FL 32110
 Phone: 386-313-4001



TO: Board of County Commissioners

FROM: Craig Coffey, County Administrator CMC
 Matt Dunn, Executive Director, Tourism Development Office

SUBJECT: Temporary Tourism Fund Distribution for Year 1

DATE: March 16, 2017

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.

Charles Ericksen, Jr.
 District 1

Greg Hansen
 District 2

David Sullivan
 District 3

Nate McLaughlin
 District 4

Donald O'Brien Jr.
 District 5

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 been 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.