



Broward County, Florida
PHASE 2: Impact and Tourist Development Tax Investment Analysis

SUBMITTED TO
Broward Workshop

SUBMITTED BY
C.H. Johnson Consulting, Incorporated

June 2015



**JOHNSON
CONSULTING**

Experts in Convention, Hospitality,
Sport and Real Estate Consulting.

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TRANSMITTAL LETTER

June 23, 2015

Ms. Kareen Boutros
Executive Director
Broward Workshop
150 E. Davie Blvd., #200
Fort Lauderdale, Florida 33316

Re: Broward County, Florida Impact and Tourist Development Tax Investment Analysis

Dear Ms. Boutros:

Johnson Consulting is pleased to present submit this report regarding economic and fiscal impact analysis and Tourist Development Tax (TDT) investment analysis in Broward County, Florida. Pursuant to our engagement, this report serves as Phase II of our Room Tax Policy Analysis, submitted in April, 2015, and documents our research for and findings from analyses on the aforementioned subjects.

Johnson Consulting has no responsibility to update this report for events and circumstances occurring after the date of this report. The findings presented herein reflect analyses of primary and secondary sources of information. Johnson Consulting used sources deemed to be reliable, but cannot guarantee their accuracy. Moreover, some of the estimates and analyses presented in this study are based on trends and assumptions, which can result in differences between the projected results and the actual results. Because events and circumstances frequently do not occur as expected, those differences may be material. This report is intended for the clients' internal use and cannot be used for project underwriting purposes without Johnson Consulting's written consent.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely,

C.H. Johnson Consulting, Inc.

C.H. JOHNSON CONSULTING, INC.

SECTION II
INTRODUCTION

INTRODUCTION

Johnson Consulting was retained by Broward Workshop to undertake a two-phase room tax policy analysis related to tourism trends and Tourist Development Tax (TDT) collections and use policies in Broward County, Florida. In Phase I, our assignments included a review of Broward County's TDT current fund governance and administration process as well as current and proposed uses of TDT; interviews with various stakeholders, key representatives, and key decision makers; research of TDT fund governance, administration, and disbursements in other markets; comparison with Broward County's existing practices; and commentary and recommendations on relevant issues. This Phase II focuses on economic and fiscal impact analysis, TDT investment analysis, and descriptions of best practices.

METHODOLOGY

In order to complete the analysis required for this Phase II of the project, Johnson Consulting performed the following tasks:

- Profiled how Tourist Development Councils (TDCs) work in a set of Florida Counties.
- Worked with client group to identify representative events to be analyzed,
- Performed an economic and fiscal impact analysis of National Hockey League (NHL) Florida Panthers games at BB&T Center; (The County recently retained a consultant to research, analyze and report upon arena operations and the agreement with the Panthers organization). This instant report is limited in scope in this regard to consideration of attendance at Panthers games as it relates to impact on TDT and only for the purpose of providing an example of an application of a potential formulaic method.
- Consistent with the above item, prepared examples of Cultural Tourism Arts-based initiatives/ events, a major signature event, and the planned Broward County Convention Center expansion, and
- Described how the model could be applied in Broward County, and

REPORT OUTLINE

Section 1 – Transmittal Letter

Section 2 – Introduction

Section 3 – Economic and Fiscal Impact Analysis

SECTION III

ECONOMIC AND FISCAL IMPACT OF TDT INVESTMENTS

ECONOMIC AND FISCAL IMPACT ANALYSIS OF TDT INVESTMENTS

This section discusses two aspects in relation to Broward County Tourist Development Tax (TDT) investments - firstly, it considers how Tourist Development Councils (TDCs) in other Florida counties analyze and support recommendations to their County Commissions; and secondly, it provides quantitative analyses of current TDT investments by the County, measuring economic impact and fiscal benefit generated by selected projects that are currently receiving funding from TDT revenues. Through the research, we have provided a quantitative model for Broward County, which can serve as a measuring tool as the County considers various types of TDT investments. In Phase 1 of this report, recommendations were made regarding grant application review. In each of the case study examples, quantitative analysis was only one factor in the decision to grant funds and spend resources. Many other factors were recommended to be included in the consideration process. The key point of that analysis was to emphasize the need to add structure to the current process in Broward County.

This analysis is solely a recommendation and implementation of the TDT will require concurrence of the County and staff support to continually analyze investment options. This recommended model is outlined in the balance of this report.

OVERSIGHT OF TOURISM EXPENDITURES

Florida statutes define how the TDT is to be used by counties. While proscriptive in broad terms, how execution occurs in individual counties is less formalized. We have investigated how the defined advisory boards, called the Tourism Development Councils (TDCs), work in the top tourism counties in Florida. We interviewed hospitality representatives, reviewed TDC Board reports and looked at products prepared by TDCs in nine counties across Florida. Counties analyzed in this evaluation include:

- Broward County,
- Dade County,
- Hillsborough County,
- Monroe County,
- Orange County,
- Osceola County,
- Palm Beach County,
- Pinellas County, and
- Volusia County.

Each of these TDCs operates in serves an advisory role to their County Commission. The services and support provided by the TDCs is outlined below:

- **Advisory** – In some cases (Dade County, Hillsborough County, Orange County, Volusia County) the County’s TDC and other committees or County Departments) meet monthly or quarterly and hold occasional retreats to discuss performance in the market, review and comment on how funds are spent by category, and provide a voice of the hospitality and tourism industry as a “conscience” to the County, to support in general, the County’s decisions.

- **CVB staff** – The CVB serves as the “staff” of the TDC, with or without its Board of Directors that support the CVB. The CVB prepares a marketing plan for the County, which the County utilizes, but the County still directs the ultimate expenditures of funds - Broward County, with support of the MAC Committee; Pinellas County, Osceola County fall into this category.
- **Independently staffed TDC** – A small, independent staff conducts research and analysis of how to best use room tax dollars, with data and research going to the TDC Board, the Board then advises the County on how to use the tax dollars. This is the case in Palm Beach County and Monroe County.

The approaches employed in Palm Beach and Monroe Counties are the most impartial and sound models. These models provide fair, impartial and a structured basis for decision-making. The TDC model used in Palm Beach is described in more detail below.

The TDC staff in Palm Beach County spends, about \$1 million per year. One quarter of this spending goes towards salaries, conducting analysis and research on categories of expenditures deemed important to their County’s economy. This research supports the TDC in its advisory role to the County, which still makes the final determination of spending allocations. The TDC’s input has weight however, as it comes from a base of analysis and research. Categories are analyzed annually and discussed at monthly TDC Board meetings. The following figure (Figure 3-1) is the Palm Beach County’s budget message, which outlines the categories of expenditures.

Figure 3- 1

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The following figure presents examples of the research conducted and results found by TDC staff.

Figure 3- 2

Travel & Tourism Spending: Palm Beach County	
Expenditure Category	2004 Total Spending (million \$)
Air Transportation	64.94
Other Transportation	248.47
Lodging	931.04
Food & Beverage	673.45
Shopping	439.53
Entertainment	473.79
Total	2,831.22

While the data above may not be current (2004), it is interesting to note the relative spending categories, which may help justify alternative sources of funding in Broward County.

The following figure discusses the County's Equestrian industry and is an example of the data which is yielded from the research that the county contracts.

Figure 3- 3

2011 EQUESTRIAN SEASON ECONOMIC IMPACT REPORT



Lodging (in Palm Beach County)

Lodging Used	Total n=390	Exhibitors (A) n=223	Vendors (B) n=46	Others (C) n=121
Hotel/Motel				
% Stayed At (someone in party)	10%	10%	9%	12%
Average Persons	2.3	3.2 C	2.0	1.2
Average Rooms	1.5	1.8	1.3	1.1
Average Nights	52.2	62.9	34.3	46.1
Average \$ Spent on Lodging*	\$10,364	\$13,560	\$6,885	\$7,529
Rented Condo/Apartment/House/Farm				
% Stayed At (someone in party)	15%	22%BC	11%	4%
Average Persons	3.1	3.3	2.2	2.0
Average Nights	89.4	89.3	84.0	120.0
Timeshare				
% Stayed At (someone in party)	3%	4%B	0%	3%
Average Persons	1.0	1.0	0.0	n/a
Average Nights	90.0	90.0	0.0	n/a
Campground/RV Park				
% Stayed At (someone in party)	3%	5%B	0%	3%
Average Persons	2.5	2.5	0.0	n/a
Average Nights	105.0	105.0	0.0	n/a
Friends/Family				
% Stayed At (someone in party)	19%	24%C	20%	9%
Average Persons	1.5	1.5	1.6	1.5
Average Nights	65.0	70.1	35.4	68.4
Owned or Borrowed Condo/Apartment				
% Stayed At (someone in party)	14%	19%BC	9%	8%
Average Persons	2.6	2.8 C	2.3	1.6
Average Nights	81.4	85.2	97.5 C	45.2

Capital letters indicate a significant difference among subgroups

*Average \$ Spent on total lodging among those parties who stayed in a hotel/motel

The approach being used in Palm Beach County is deemed superior to that being used in Broward County. In Broward County, research is prepared by disparate groups including County staff, the CVB and interest groups that may or may not have certain levels of political influence or power bases to influence the County regarding allocations. Some groups may not prepare any research at all, shortchanging what could be wise options for investment.

Monroe County has a local ordinance that describes how the TDC operates. One aspect of the local ordinance defines the independent support function proscribed to support the TDC:

“There is hereby created an executive office for the tourist development council. The governing board of the county shall employ by contract, or establish a county department and employ an executive director and such other personnel as may be required to operate the executive office. Any contract for employment entered into by and between the executive director or other personnel authorized by this article shall provide that such director and personnel will be responsible and answerable directly to the tourist development council and indirectly to the board of county

commissioners. If contracted, such persons shall serve at the pleasure of and be subject to removal by the board of county commissioners. The tourist development council may make recommendations concerning the contracts. The executive director shall carry out the policies and programs established by the council and shall be in charge of the day-to-day operations of those policies and programs. The executive director and the staff of the executive office of the tourist development council shall be compensated, and the costs and expense of the operation of the executive office shall be paid from the proceeds of the tourist development tax prior to any other use or distribution thereof. In the furtherance of the provision of this section, the amount to be expended shall not exceed seven percent of the annual two-cent budget and three percent of the annual third-cent budget.”

It is recommended that an ordinance like this be passed in Broward County, creating an independent analytical arm for the TDC, and then the TDC be used more effectively to advise on TDT expenditures.

IMPACT ANALYSIS OF TDT INVESTMENTS

The scope of work for this task requires that tools be created to allow the TDC and County to analyze individual event types. This is an objective analysis, and does not consider the intangible merits of cultural and recreational enhancements and broader depth of experience in the County overall. These factors must be considered in the overall decisions regarding allocations as well.

Recently, the County has used TDT revenues to support various types of projects. This analysis examines the potential economic and fiscal benefits of selected set of projects currently receiving funding from TDT revenues. The benefits can be viewed as the quantifiable returns of the TDT investments made by the County.

Four types of projects have been selected to be analyzed:

- The National Hockey League (NHL) Florida Panthers games at BB&T Center, or commonly known as Broward County Civic Arena,
- Representative Cultural Tourism Arts-based initiatives/ events,
- A representative Major Signature Event, and
- The expansion of Broward County Convention Center.

DEFINITIONS

Economic impact is defined as incremental new spending in an economy that is the direct result of certain activities, facilities, or events. For the purpose of this analysis, impact totals are discussed in terms of the Broward County economy. The levels of impacts are described as follows:

- **Direct Spending** – is an expression of the spending that occurs as a direct result of the games and activities in a subject facility or subject event. (e.g. a hockey game attendee’s expenditures on hotel rooms, shopping, and meals are direct spending).
- **Indirect Spending** – consists of re-spending of the initial or direct expenditures, or, the supply of goods and services resulting from the initial direct spending in the subject facility or subject event. (e.g. a hockey game patron’s direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that are within the local, regional, or state economies is counted as an indirect spending).
- **Induced Spending** – represent changes in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. (e.g. a waiter at the restaurant may have more personal income as a result of the hockey game attendee’s visit. The amount of the increased income the waiter spends in the local economy is called an induced spending).
- **Increased Earnings** – measures increased employee and worker compensation related to the facility/ event/ project being analyzed. This figure represents increased payroll expenditures, including benefits paid to workers locally. It also expresses how the employees of local businesses share in the increased outputs.
- **Employment** – measures the number of jobs supported in the study area related to the spending generated as a result of the game and events being analyzed. Employment impact is noted as the number of full-time equivalent jobs.

Indirect and induced spending, increased earnings, and employment are estimated using a set of multiplier rates shown on Table 3-1 below. The multipliers are based on the IMPLAN, input-output model, which was recently used for the impact analysis of a project in Broward County. IMPLAN is a nationally recognized model commonly used to estimate economic impacts. The input-output model analyzes the commodities and income that normally flow through the various sectors of the economy.

Table 3-1

Broward County, Florida Economic Impact Multipliers		
Impact	Multiplier	Base
Indirect Spending	0.279	of direct spending
Induced Spending	0.298	of direct spending
Increased Earnings	0.386	of direct spending
Increased Employment (FTE)	13.68	per \$1 million of direct spending

Source: Implan, Johnson Consulting

The multiplier rates can be interpreted as an additional \$0.96 of value to the economy for every \$1.00 spent by people in Broward County. Broward County's FTE employment is calculated at 13.68 and can be interpreted as an increase in 13.68 jobs per each \$1 million of direct spending.

SPENDING PER VISITOR

Ideally, the estimate of direct spending associated with each project comes primarily from the event promoter(s) and/ or organizer(s), who shall be most familiar with the subject event. In most cases however, for practical and objectivity reasons, the values of direct spending impacts were based on unbiased, generic, publicly available average day-visitor spending estimates. The main source of these generic spending estimates used to be a spending survey done by Destination Marketing Association International (DMAI), formerly known as International Association of Convention & Visitor Bureaus (IACVB). However, DMAI has not done such surveys for sometime – the most recent one was completed in 2004. Today, two main sources of spending estimates are recommended:

- Per diem by U.S. General Services Administration, which provides breakdown of spending on lodging, meals, and incidentals for nearly every location in the U.S., and
- Corporate Travel Index by Business Travel News, which publishes the daily costs of business travel (i.e. hotel, meals, and car rentals) in 200 major U.S. cities.

If additional spending data is available for a specific event, the generic spending estimate can be fine-tuned accordingly.

ESTIMATES FOR INDIRECT AND INDUCED SPENDING, INCREASED EARNINGS, AND EMPLOYMENT

Indirect and induced impacts are often referred to as the multiplier effect. The multiplier effect includes the indirect and induced spending that the infusion of direct spending in the economy generates. Indirect and induced impacts vary depending upon the size and composition of the region's economy.

The methodology for estimating the indirect and induced spending generated by the direct spending involves the use of industry multipliers that reflect the relationship between various sectors of an economy. These industry multipliers estimate the impact that an increase in spending on particular sectors of the economy has upon the overall economy, based on IMPLAN input-output model. An input-output model analyzes the commodities and income that normally flow through the various sectors of the economy. The multipliers utilized for Broward County are as shown in Table 3-1.

FISCAL IMPACT ANALYSIS

Fiscal impact analysis measures the estimated tax revenues resulting from direct spending occurring in certain activities, facilities, or events. For this analysis, fiscal impact estimates focus on major categories of tax revenues that are directly affected by a visitor's activity (i.e. general sales tax, hotel/motel occupancy tax, and corporate income tax (there is no individual income tax in Florida).

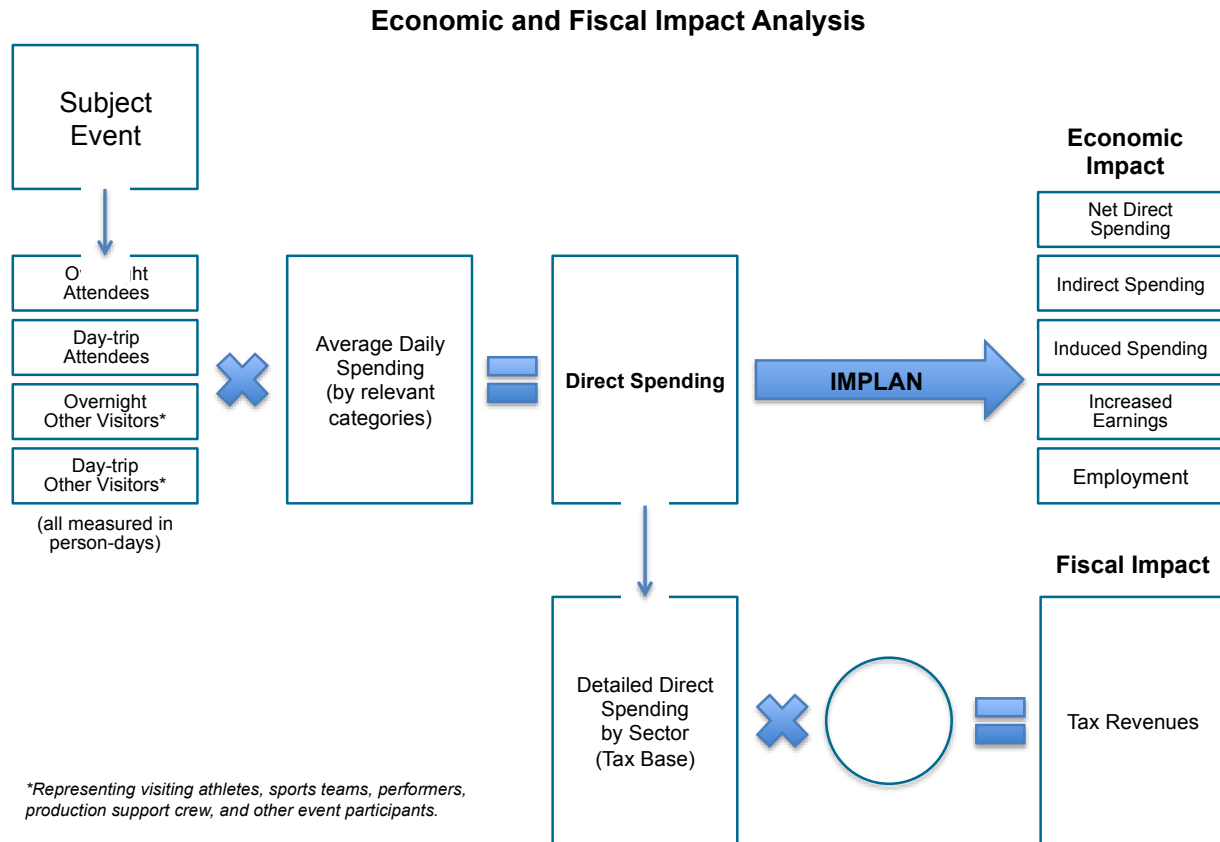
- Sales Tax – is 6.00 percent in Florida.
- Local-Option Tourist Development Tax (Bed Tax) – is 5.00 percent on spending on lodging.
- Corporate Income Tax – is 5.50 percent in Florida.

As a rule, every dollar that circulates in an economy is subjected to a wide array of fees and taxes imposed at various levels of government. For practicality purposes, and since the main objective of the analysis is to measure the impact of TDT investment, it is recommended that the analysis focuses major categories of tax revenues that are directly affected by a visitor's activity: general sales tax, hotel/ motel occupancy tax, and corporate income tax.

CONCEPTUAL CHART

The following figure illustrates conceptually the calculation of economic and fiscal impact of a subject event.

Figure 3- 4



Using the method illustrated in the chart above, the following subsections describe economic and fiscal impact analysis for the four types of representative projects.

IMPACT OF NHL EVENTS AT BB&T CENTER

Impact analysis of NHL Florida Panthers events at the BB&T Center is based on the hockey game visitation volume. According to Broward County Civic Arena Report prepared by the Office of Broward County Administrator in February 2014, the Arena hosted over 700,000 attendees annually, including approximately 350,000 spectators to the Panthers games, as shown in Table 3-2.

Table 3-2

BB&T Center, Broward County FYE 2013 Attendance	
	# of Event Spectators
Hockey Events	350,000
Non-Hockey Events	365,742
Total	715,742
<i>Source: Broward County</i>	

These 350,000 visitors are the basis for this analysis. They will spend money in Broward County and many will originate from out of the County, and by legislation are defined as “tourists”. Average daily spending used in this analysis is derived from several sources. The estimates for lodging, meals, and incidental expenses are based on per person, per diem rates for Broward County per U.S. General Services Administration for an October 2014-September 2015 period, which can be viewed as an average amount of spending across various hotels, restaurants, retail and other establishments. The estimate for spending on tickets is based on the County Administrator’s February 2014 Arena Report. The following table (Table 3-3) displays the average daily spending per visitor, based on the given DMAI ratios.

Table 3-3

Impact Analysis for Broward County Average Daily Spending per Visitor	
	NHL Florida Panthers Events
1 Lodging	\$140
2 Meals and Incidental Expenses	71
3 Tickets	56
4 Retail	25
5 Total	\$292
<i>Notes:</i>	
<i>Lines 1 and 2 - Based on GSA Per Diem rate for Broward County.</i>	
<i>Line 3 - Page 33 of the Broward County Civic Arena Report</i>	
<i>by Broward County Administrator, Feb 2014.</i>	
<i>Line 4 - Estimates.</i>	
<i>Source: U.S. General Services Administration, Broward County,</i>	
<i>Johnson Consulting</i>	

Conceptually, multiplying number of total visitors with average daily spending will result in total direct spending. However, not all visitors will spend money on lodging. Therefore, assumptions about visitors who do and do not require lodging need to be developed first. Such estimates are shown in the table below (Table 3-4).

Table 3-4

**NHL Florida Panthers Events at BB&T Center, Broward County
Estimated Day and Overnight Attendees**

	# of Person-Days	% Out of Tri-County Region (1)	% Staying Overnight (2)	# of Room Nights
1 Hockey Events Spectators (3)	350,000	68%	5%	11,900
2 NHL Teams (4)	3,750	100%	100%	2,500
3 Total	353,750			14,400

Notes:

1) Reflecting visitors from outside of Broward, Miami-Dade, and Palm Beach counties.

2) Indicating visitors who stay overnight in hotels and thus generate room nights, largely those from northern parts of Florida, outside Florida, or overseas.

3) Page 30 of Feb 2014 Broward County Civic Arena Report by Broward County Administrator says that 68% of single game revenues are from individuals that reside outside of Miami-Dade, Broward or Palm Beach counties. Only a small fraction of those would stay overnight. Such overnight visitors include those from northern counties in Florida, other states in the U.S., or overseas.

4) Page 31 of Feb 2014 Broward County Civic Arena Report by Broward County Administrator says that more than 2,500 hotel nights per hockey season are generated by visiting teams in hotels located in Broward County. It is assumed that, on average, each person of the visiting teams stays in Broward County for 1.5 days per visit.

Source: Broward County, Johnson Consulting

Approximately 68 percent of single-game spectators are from outside of Miami-Dade, Broward, or Palm Beach County. Meanwhile, in absence of specific data on season ticket holders, it has been assumed that a greater proportion of them are from the nearby area. Therefore, the overnight factor for overall out-of-market visitors (non-season and season ticket holders, combined) has been reduced from the typically used 8 percent to 5 percent. The Panthers did not participate in this analysis, notwithstanding several requests. As previously mentioned, the County has retained a consultant to research and analyze the County's agreement with the Panthers organization.

As shown on the table, spectators to the hockey games and the teams playing at BB&T Center are estimated to generate 353,750 person-days and 14,400 room nights, annually.

Based on the assumptions shown in Table 3-3 and Table 3-4, total direct spending by all visitors, hockey players, and team operations is estimated in the table below (Table 3-5).

Table 3-5

NHL Florida Panthers Events at BB&T Center, Broward County Estimated Direct Spending						
Calculations					Estimated Amount	
1 On Lodging	\$140	x	14,400	room nights	=	\$2,016,000
2 Meals and Incidental Expenses	\$71	x	353,750	total person-days	=	25,116,250
3 On Tickets	\$56	x	350,000	ticketed attendees	=	19,512,500
4 Retail	\$25	x	353,750	total person-days	=	8,843,750
5 Sub-Total						\$55,488,500
6 Team Operations (Florida Panthers)				annual operation (1)		\$2,200,000
7 Total						\$57,688,500

Notes:

1) Page 26 of the Broward County Civic Arena Report by Broward County Administrator, Feb 2014.

Source: Broward County, Johnson Consulting

Based on FYE 2013 visitation volume, all NHL games-related visitors to the Arena are projected to spend \$57.7 million, combined, annually during their visits.

ECONOMIC IMPACT

Based on the calculations and assumptions described thus far, the following table (Table 3-6) summarizes the total estimated economic impacts of hockey events at the Arena.

Table 3-6

NHL Florida Panthers Events at BB&T Center, Broward County Estimated Annual Economic Impact		
	Multiplier*	Impact (\$Millions)
Direct Spending		\$57.69
Indirect Spending	0.28	16.09
Induced Spending	0.30	17.19
Total Spending		\$90.97
Increased Earnings	0.39	\$22.26
Employment (FTE Jobs)	13.68**	789

*Reflects the impact for each \$1 million of direct spending.
 **Meaning, each \$1 million of direct spending supports 13.68 FTE jobs in the County.
 Source: Johnson Consulting

NHL Florida Panthers events at the Arena are estimated to generate \$91 million of total spending, \$22.3 million of increased earnings, and support 789 full-time equivalent jobs in the County, annually.

FISCAL IMPACT

Table 3-7) displays the estimated annual fiscal impact of NHL Florida Panthers events at the Arena.

Table 3-7

NHL Florida Panthers Events at BB&T Center, Broward County Estimated Annual Fiscal Impact				
	Tax Rate	Taxable Spending		Tax Revenues
Sales Tax - State	6.00%	\$57,688,500	of direct spending	\$3,461,000
Local-Option Tourist Development Tax (Bed Tax)	5.00%	\$2,016,000	of spending on lodging	101,000
Corporate Income Tax	5.50%	\$14,422,125	or 25% of direct spending*	793,000
Total				<u>\$4,355,000</u>

**Assuming that 25% of direct spending goes to taxable corporate income of vendors.
Source: Johnson Consulting*

NHL events at the Arena are estimated to generate approximately \$4.4 million of tax revenues annually.

RETURN OF TDT FUNDING RECEIVED

Currently, the Florida Panthers' County-owned arena receives \$8 million in funding from TDT revenues each year. In return, Broward County collects approximately \$4.4 million of tax revenues from NHL games-related spending from all sources, of which an estimated \$101,000 relates to lodging tax. This results in a relationship of 1.3 percent of invested money being returned to the TDT coffers. With all taxes considered, the return is 54 percent. This \$8 million TDT investment helps generate \$57.7 million of direct spending in the County's economy, a lot of which does come from visitors from outside the County. The hockey games are only a fraction of the events held at the arena, and they too would contribute to the value of visitation to the county. These templates provide a framework for other events to be evaluated.

It is our belief that suburban arenas will always have less impact than arenas near hotels and shopping, and in downtown settings. Nevertheless, it is incumbent upon the team and the County to continue to attract higher impact events, put a better product in the arena, package all events with hotel stays and enticements to visit other assets in the County. It is also deemed essential that the surrounding real estate be developed to both create other tax revenue that could be used to fund the arena, and to create an environment that encourages an improved environment around the arena.

IMPACT OF CULTURAL TOURISM ARTS-BASED INITIATIVES/ EVENTS

The impact analysis of Cultural Tourism Arts-based initiatives/events uses the same methodology utilized in the analysis of the NHL events. Two shows at the Au-Rene Theater, Broward Center for the Performing Arts were selected as representative events: Phantom of the Opera and Ron White’s Stand-Up Comedy Show. Phantom of the Opera was an off-Broadway production that ran for multiple days, while Ron White Stand-Up Comedy was a one-time show. The table below (Table 3-8) summarizes selected event statistics of these two events, as provided by the Broward Center for the Performing Arts.

Table 3-8

Representative Cultural Tourism Arts-based Initiatives/ Events in Broward County Selected Event Statistics		
	Phantom of the Opera (Broadway)	Ron White (Stand-up Comedy)
Location	Au-Rene Theater, Broward Center for the Performing Arts	Au-Rene Theater, Broward Center for the Performing Arts
# of Performances	32	1
# of Tickets Sold (# of Spectators)	37,000	2,042
# of Performers and Support	60	2
Ticket Sales	\$2,500,000	\$96,000
Patron Origin		
Broward County	55%	68%
Miami-Dade County	19%	11%
Palm Beach County	12%	12%
Other counties in Florida	6%	5%
Outside Florida	6%	3%
Overseas	2%	1%
Total	100%	100%

Source: Broward Center for the Performing Arts, Johnson Consulting

The table below (Table 3-9) translates these event statistics (seen in Table 3-8) into the number of person-days and room nights that are generated. This number includes the show patrons, the performers and their production staff. Generally, based on our experience, patrons from within the Tri-County region and other immediately surrounding areas will travel, and while they may be considered, statutorily, as “tourists” they do not create the same rate of overnight hotel occupancy as those who travel from greater distances. Therefore, the core category of visitors that would require lodging are those primarily from more distant counties in Florida, other states in the U.S., and foreign countries. In lieu of available source data but in order to establish

a reasonable basis for calculations and discussion of a plausible formula, we estimate "non-Tri-County" tourism influx to total 14 percent for the Broadway event and 9 percent for the comedy event.

Table 3-9

Representative Cultural Tourism Arts-based Initiatives/ Events in Broward County Estimated Day and Overnight Attendees				
	# of Person-Days	% Out of Tri-County Region (1)	% Staying Overnight (2)	# of Room Nights
Phantom of the Opera (Broadway)				
1 Spectators	37,000	14%	8%	2,960
2 # of Performers and Support (3)	1,320	100%	100%	1,260
3 Total	38,320			4,220
Ron White (Stand-up Comedy)				
4 Spectators	2,042	9%	4%	82
5 # of Performers and Support (4)	2	100%	100%	2
6 Total	2,044			84

Notes:

1) Reflecting visitors from outside of Broward, Miami-Dade, and Palm Beach counties.

2) Indicating visitors who stay overnight in hotels and thus generate room nights, largely those from northern parts of Florida, outside Florida, or overseas.

3) Assuming that the production runs for 21 days.

4) Representing the comedian and an assistant.

Source: Broward Center for the Performing Arts, Johnson Consulting

The table below (Table 3-10) shows the average daily spending assumptions for visitors attending each profiled event.

Table 3-10

Impact Analysis for Broward County Average Daily Spending per Visitor		
	Phantom of the Opera (Broadway)	Ron White (Stand-up Comedy)
1 Lodging	\$140	\$140
2 Meals and Incidental Expenses	71	71
3 Tickets	68	47
4 Retail	25	25
5 Total	\$304	\$283

Notes:
 Lines 1 and 2 - Based on GSA Per Diem rate for Broward County.
 Line 3 - Based on average sales per ticket.
 Line 4 - Estimates.
 Source: U.S. General Services Administration, Broward County,
 Johnson Consulting

Based on the assumptions shown in Table 3-9 and Table 3-10, total direct spending by all visitors, performers, and members of the production staff is estimated in the table below (Table 3-11).

Table 3-11

Representative Cultural Tourism Arts-based Initiatives/ Events in Broward County Estimated Direct Spending						
Calculations					Estimated Amount	
Phantom of the Opera (Broadway)						
1	On Lodging	\$140	x	4,220	room nights	= \$590,800
2	Meals and Incidental Expenses	\$71	x	38,320	total person-days	= 2,720,720
3	On Tickets	\$68	x	37,000	ticketed attendees	= 2,500,000
4	Retail	\$25	x	38,320	total person-days	= 958,000
5	Total					<u>\$6,769,520</u>
Ron White (Stand-up Comedy)						
6	On Lodging	\$140	x	84	room nights	= \$11,720
7	Meals and Incidental Expenses	\$71	x	2,044	total person-days	= 145,120
8	On Tickets	\$47	x	2,042	ticketed attendees	= 96,000
9	Retail	\$25	x	2,044	total person-days	= 51,100
10	Total					<u>\$303,940</u>
Source: Johnson Consulting						

As shown in the table, Phantom of the Opera-related visitors are estimated to have spent \$6.8 million, while the Ron White-related visitors are estimated to have spent over \$303,000.

IT IS EXPECTED WHEN ALL THE VARIOUS ARTS ARE CONSIDERED (MUSEUMS, ART GALLERIES, FESTIVALS AND CONCERTS AND PERFORMING ARTS EVENTS) SUBSTANTIALLY MORE ROOM NIGHTS ARE GENERATED ANNUALLY. HOWEVER, THIS MODEL PROVIDES A FAIR BASIS FOR CULTURAL EVENTS TO BE EVALUATED, BEING MINDFUL THAT WE WERE PROVIDED DATA ON JUST THESE TWO EVENTS. AS WITH THE PANTHERS, IT WOULD BE PRUDENT FOR THE VARIOUS ARTS GROUPS TO MAINTAIN A HIGHER LEVEL OF CONSUMER RESEARCH SO THIS SECTOR CAN BETTER POSITION ITSELF FOR FUNDING SUPPORT FROM THE TDC SPECIFICALLY AND THE COUNTY IN GENERAL. ECONOMIC IMPACT

Based on the calculations and assumptions described thus far, the following table (Table 3-12) summarizes the total estimated economic impacts of the two events.

Table 3-12

Representative Cultural Tourism Arts-based Initiatives/ Events in Broward County Estimated Economic Impact			
	Multiplier*	Impact (\$Millions)	
		Phantom of the Opera (Broadway)	Ron White (Stand-up Comedy)
Direct Spending		\$6.77	\$0.30
Indirect Spending	0.28	1.89	0.08
Induced Spending	0.30	2.02	0.09
Total Spending		\$10.67	\$0.48
Increased Earnings	0.39	\$2.61	\$0.12
Employment (FTE Jobs)	13.68**	93	4

**Reflects the impact for each \$1 million of direct spending.*
***Meaning, each \$1 million of direct spending supports 13.68 FTE jobs in the County.*
Source: Johnson Consulting

The running of the Phantom of the Opera at the Au-Rene Theater is estimated to have generated \$10.7 million of total spending, \$2.6 million of increased earnings, and support 93 full-time equivalent jobs in the economy for a year at an average salary of just over \$28,000. Ron White's Stand-Up Comedy Show is estimated to have generated \$48,000 of total spending, \$120,000 of increased earnings, and support 4 full-time equivalent jobs from a single show.

FISCAL IMPACT

The table below (Table 3-13) shows the estimated annual fiscal impact of the two Cultural Tourism Arts-based events.

Table 3-13

Representative Cultural Tourism Arts-based Initiatives/ Events in Broward County Estimated Fiscal Impact				
	Tax Rate	Taxable Spending		Tax Revenues
Phantom of the Opera (Broadway)				
Sales Tax - State	6.00%	\$6,769,520	of direct spending	\$406,171
Local-Option Tourist Development Tax (Bed Tax)	5.00%	\$590,800	of spending on lodging	29,540
Corporate Income Tax	5.50%	\$1,692,380	or 25% of direct spending*	93,081
Total				<u>\$528,792</u>
Ron White (Stand-up Comedy)				
Sales Tax - State	6.00%	\$303,940	of direct spending	\$18,236
Local-Option Tourist Development Tax (Bed Tax)	5.00%	\$11,720	of spending on lodging	586
Corporate Income Tax	5.50%	\$75,985	or 25% of direct spending*	4,179
Total				<u>\$23,002</u>
<i>*Assuming that 25% of direct spending goes to taxable corporate income of vendors.</i>				
<i>Source: Johnson Consulting</i>				

Phantom of the Opera shows are estimated to have generated over \$528,000 of total tax revenues from its run, and almost \$30,000 in TDT revenues. Ron White's Stand-Up Comedy Show is estimated to have generated over \$23,000 of tax revenues from a single show, and about \$600 in TDT revenue. These templates are a fair tool to use to judge the economics of the myriad cultural events held in the County.

RETURN OF TDT FUNDING RECEIVED

At the time of the writing of this report, information on the exact amounts of funding from TDT revenues that were received by each of the two representative Cultural Tourism Arts-based initiatives/ events – i.e., the Phantom of the Opera and Ron White Stand-up Comedy show – were unavailable (i.e. it is not specifically and separately listed out in the TDT Fund statements.)

IMPACT OF A MAJOR SIGNATURE EVENT

Impact analysis of a representative major signature event uses the same methodology utilized in the analysis of the NHL events. The annual Tortuga Music Festival is selected as the representative major signature event to be analyzed. The event is a two-day, multi-stage music festival on Fort Lauderdale Beach Park. The event most recently was held on April 11-12th of 2015, with 26 bands performing on three stages, generating a total of 75,000 attendees. The festival aims to raise awareness for marine conservation, working with Rock The

Ocean Foundation to increase public awareness about the issues impacting the world's oceans and to support scientific research, education, and ocean conservation initiatives. The table below (Table 3-14) summarizes selected event statistics of the festival.

Table 3-14

Representative Major Signature Event in Broward County Selected Event Statistics	
	Tortuga Music Festival
Location	Fort Lauderdale Beach Park
Dates (of Most Recent Event)	Apr 11-12, '15
# of Performances	26*
# of Tickets Sold (# of Spectators)	75,000
# of Performers and Crew	650**
Ticket Sales	\$6,675,000***
<i>Notes:</i>	
<i>*There were 26 bands performing during the two-day event</i>	
<i>**Assuming that an average performance band consists of 25 persons, including support staff.</i>	
<i>***Based on a typical single-day ticket price of \$89.</i>	
<i>Source: Broward County, Johnson Consulting</i>	

The following table (Table 3-15) translates those event statistics into the number of person-days and room nights that are generated by the show patrons, the music performers and their production staff. Assumptions on the origin of patrons and percentage of overnights are derived from those of the representative Cultural Tourism Arts-based events, however they could be slightly better in terms of out of county and overnight visitation. Management of the Tortuga Festival did not share this data with us.

Table 3-15

Representative Major Signature Event in Broward County Estimated Day and Overnight Attendees

	# of Person-Days	% Out of Tri-County Region (1)	% Staying Overnight (2)	# of Room Nights
Tortuga Music Festival				
1 Spectators	75,000	12%	6%	4,500
2 Performers and Crew (3)	2,600	100%	100%	1,950
3 Total	77,600			6,450

Notes:

1) Reflecting visitors from outside of Broward, Miami-Dade, and Palm Beach counties.

2) Indicating visitors who stay overnight in hotels and thus generate room nights, largely those from northern parts of Florida, outside Florida, or overseas.

3) Assuming that each of the performers and production crew stays for 4 days, 3 nights for the Festival.

Source: Broward County, Johnson Consulting

Table 3-16 shows the average daily spending assumptions for visitors to the Tortuga Festival.

Table 3-16

Impact Analysis for Broward County Average Daily Spending per Visitor

	Tortuga Music Festival
1 Lodging	\$140
2 Meals and Incidental Expenses	71
3 Tickets	89
4 Retail	25
5 Total	\$325

Notes:

Lines 1 and 2 - Based on GSA Per Diem rate for Broward County.

Line 3 - Based on single-day ticket price.

Line 4 - Estimates.

Source: U.S. General Services Administration, Broward County,
Johnson Consulting

Based on the assumptions shown in Table 3-15 and Table 3-16, total direct spending by all visitors, performers, and production crew is estimated in the table below (Table 3-17).

Table 3-17

Representative Cultural Tourism Arts-based Initiatives/ Events in Broward County Estimated Direct Spending

	Calculations				Estimated Amount
Tortuga Music Festival					
1 On Lodging	\$140	x	6,450	room nights	= \$903,000
2 Meals and Incidental Expenses	\$71	x	77,600	total person-days	= 5,509,600
3 On Tickets	\$89	x	75,000	ticketed attendees	= 6,675,000
4 Retail	\$25	x	77,600	total person-days	= 1,940,000
5 Total					<u>\$15,027,600</u>

Source: Johnson Consulting

All Tortuga Festival-related visitors are estimated to have spent \$15 million during their visits.

ECONOMIC IMPACT

Based on the calculations and assumptions described thus far, the table below (Table 3-18) summarizes the total estimated economic impacts of Tortuga Festival.

Table 3-18

Representative Major Signature Event in Broward County: Tortuga Music Festival Estimated Economic Impact

	Multiplier*	Impact (\$Millions)
Direct Spending		\$15.03
Indirect Spending	0.28	4.19
Induced Spending	0.30	<u>4.48</u>
Total Spending		\$23.70
Increased Earnings	0.39	\$5.80
Employment (FTE Jobs)	13.68**	206

*Reflects the impact for each \$1 million of direct spending.

**Meaning, each \$1 million of direct spending supports 13.68 FTE jobs in the County.

Source: Johnson Consulting

Tortuga Music Festival is estimated to have generated \$23.7 million of total spending, \$5.8 million of increased earnings, and supports 206 full-time equivalent jobs during its two-day event.

FISCAL IMPACT

The table below (Table 3-19) displays the estimated annual fiscal impact of the Tortuga Festival.

Table 3-19

Representative Major Signature Event in Broward County Estimated Fiscal Impact				
	Tax Rate		Taxable Spending	Tax Revenues
Tortuga Music Festival				
Sales Tax - State	6.00%	\$15,027,600	of direct spending	\$901,656
Local-Option Tourist Development Tax (Bed Tax)	5.00%	\$903,000	of spending on lodging	45,150
Corporate Income Tax	5.50%	\$3,756,900	or 25% of direct spending*	206,630
Total				<u>\$1,153,436</u>
<i>*Assuming that 25% of direct spending goes to taxable corporate income of vendors.</i>				
<i>Source: Johnson Consulting</i>				

Tortuga Music Festival is estimated to have generated approximately \$1.2 million of tax revenues and just over \$45,000 in TDT funding.

RETURN OF TDT FUNDING RECEIVED

At the time of the writing of this report, information on the amount of funding from TDT revenues that was received by Tortuga Music Festival was not available (i.e. it is not specifically and separately listed out in the TDT Fund statements).

IMPACT OF CONVENTION CENTER EXPANSION

An impact analysis of Convention Center expansion was completed by HVS Convention, Sports and Entertainment Facilities Consulting in March 2014, based on the recommended expansion including 70,000 square feet of additional multi-purpose space, 20,000 square feet of additional ballroom space, and 27,000 square feet of additional meeting space. The HVS' analysis is not repeated in this study, however its findings are summarized below. The table below (Table 3-20) shows the incremental number of events and total attendance due to expansion.

Table 3-20

Broward County Convention Center Incremental Events and Attendance due to Expansion			
	No Expansion	Expansion	Incremental
# of Events			
Conventions/ Trade Shows	26	43	17
Consumer Shows	13	18	5
Meetings and Conferences	64	85	21
Banquets	31	35	4
Sports	9	9	0
Other	26	26	26
Total	169	216	73
# of Attendees			
Conventions/ Trade Shows	35,200	69,300	34,100
Consumer Shows	58,370	81,000	22,630
Meetings and Conferences	19,840	31,150	11,310
Banquets	15,190	19,600	4,410
Sports	19,800	19,800	0
Other	26,000	26,000	0
Total	174,400	246,850	72,450

Source: HVS' Impact Analysis of the Broward County CC (March 2014)

The expansion is expected to generate 73 additional events and 72,450 additional attendees.

ECONOMIC IMPACT

The following table (Table 3-21) summarizes the total estimated economic impacts of the Convention Center expansion.

Table 3-21

Broward County Convention Center Expansion Estimated Annual Economic Impact		
	Multiplier*	Impact (\$Millions)
Direct Spending		\$52.70
Indirect Spending	0.28	14.70
Induced Spending	0.30	15.70
Total Spending		\$83.10
Increased Earnings	0.39	\$20.34
Employment (FTE Jobs)	13.68	721

**Reflects the impact for each \$1 million of direct spending.
Source: HVS' Impact Analysis of the Broward County CC (March 2014)*

The table displays that the Convention Center expansion is projected to generate an estimated \$83.1 million of total spending, \$20.34 million of increased earnings, and support 721 full-time equivalent jobs, annually.

FISCAL IMPACT

The following table (Table 3-22) shows the estimated annual fiscal impact of the Convention Center expansion.

Table 3-22

Broward County Convention Center Expansion Estimated Annual Fiscal Impact				
	Tax Rate	Taxable Spending		Tax Revenues
Sales Tax - State	6.00%	\$52,700,000	of direct spending	\$3,162,000
Local-Option Tourist Development Tax (Bed Tax)	5.00%	\$23,215,720	of spending on lodging	1,160,786
Corporate Income Tax	5.50%	\$13,175,000	or 25% of direct spending*	724,625
Total				\$5,047,411

**Assuming that 25% of direct spending goes to taxable corporate income of vendors.
Source: HVS' Impact Analysis of the Broward County CC (March 2014), Johnson Consulting*

The table shows that the recommended Convention Center expansion is projected to generate approximately \$5 million of tax revenues annually, and \$1.2 million in incremental TDT tax annually.

IMPACT OF A HYPOTHETICAL CONVENTION EVENT

This additional subsection provides an impact analysis focused on one incremental, average convention event. The templates developed for the sports, cultural and signature events can be used to measure consumer show, sporting events and other events held at the Convention Center. The analysis for a typical convention event uses the same methodology utilized in the analysis of the NHL events and the other representative events.

The following tables (Table 3-23 through 3-27) show the assumed event statistics, the resulting person-days and room nights, direct spending, economic impact, and fiscal impact of the hypothetical convention.

Table 3-23

Hypothetical Convention Event at the Broward County Convention Center Selected Event Statistics			
		Hypothetical Event	
# of Attendees		2,000	
# of Exhibitors		800	
Length of Event (Days)		4	
Visitor Origin	<u>Attendees</u>	<u>Exhibitors</u>	
Broward County	10%	5%	
Miami-Dade County	10%	5%	
Palm Beach County	10%	5%	
Other counties in Florida	10%	10%	
Outside Florida	45%	70%	
Overseas	15%	5%	
Total	100%	100%	

Source: Johnson Consulting

Table 3-24

Hypothetical Convention Event at the Broward County Convention Center Estimated Day and Overnight Attendees

	# of Person-Days	% Out of Tri-County Region (1)	% Staying Overnight (2)	# of Room Nights
1 Attendees (3)	6,000	70%	60%	3,600
2 Exhibitors (4)	4,000	85%	75%	3,000
3 Total	10,000			6,600

Notes:

1) Reflecting visitors from outside of Broward, Miami-Dade, and Palm Beach counties.

2) Indicating visitors who stay overnight in hotels and thus generate room nights, largely those from northern parts of Florida, outside Florida, or overseas.

3) Assuming that on average, an attendee stays for 3 days during the 4-day event.

4) Assuming that on average, an exhibitor stays for 5 days during the 4-day event.

Source: Johnson Consulting

Table 3-25

Hypothetical Convention Event at the Broward County Convention Center Estimated Direct Spending

	Calculations				Estimated Amount
1 On Lodging	\$140	x	6,600	room nights	= \$924,000
2 Meals and Incidental Expenses	\$71	x	10,000	total person-days	= 710,000
3 On Tickets	\$89	x	6,000	attendee-days	= 534,000
4 Retail	\$25	x	10,000	total person-days	= 250,000
5 Total					<u>\$2,418,000</u>

Source: Johnson Consulting

Table 3-26

Hypothetical Convention Event at the Broward County Convention Center Estimated Economic Impact

	Multiplier*	Impact (\$Millions)
Direct Spending		\$2.42
Indirect Spending	0.28	0.67
Induced Spending	0.30	0.72
Total Spending		\$3.81
Increased Earnings	0.39	\$0.93
Employment (FTE Jobs)	13.68**	33

*Reflects the impact for each \$1 million of direct spending.

**Meaning, each \$1 million of direct spending supports 13.68 FTE jobs in the County.

Source: Johnson Consulting

Table 3-27

Hypothetical Convention Event at the Broward County Convention Center Estimated Fiscal Impact

	Tax Rate	Taxable Spending	Tax Revenues
Sales Tax - State	6.00%	\$2,418,000 of direct spending	\$145,080
Local-Option Tourist Development Tax (Bed Tax)	5.00%	\$924,000 of spending on lodging	46,200
Corporate Income Tax	5.50%	\$604,500 or 25% of direct spending*	33,248
Total			\$224,528

*Assuming that 25% of direct spending goes to taxable corporate income of vendors.

Source: Johnson Consulting

The tables demonstrate that a hypothetical four-day convention has the potential to generate 2,000 attendees and 800 exhibitors, the majority of whom are from outside tri-county region and is expected to result in \$2.4 million in direct spending, \$3.8 million of total spending, \$930,000 of increased earnings, and support 33 full-time equivalent jobs. Additionally, it is expected to result in \$224,500 of tax revenue and \$46,200 in TDT funding.

APPROACH FOR USING THE IMPACT ANALYSIS MODEL

As demonstrated by the selection of representative events, they can range from a single-day stand-up comedy show, to a multi-day, multi-stage music performance, to a full season of professional sports events, and et

cetera – each type with its own specifics, attributes, and characteristics – that a single model that comprehensively addresses all the specifics, attributes, and characteristics of any event is almost non-existing. Great caution should be used not to present inflated or untested information, as the credibility of the impact estimates would be jeopardized. These concepts are employed in each of the analyses of four representative events described earlier, which can provide a guideline for Broward County and serve as a measuring tool as the County considers various types of TDT investments.

The quality of information and integrity in developing an economic and fiscal impact analysis of a project is critical if the analysis is to be credible. However, the types and character of events can vary so widely. Hence, it is strongly recommended that a single research group- TDC staff or CVB staff or County staff, obtain accurate and fair event data from event management staff. This research group then considers the nature of the event and applies the right template, or a modified template as better data arises, to help judge the TDT returned by each event type. This impartial analysis, prepared by a TDC or County staff, protects the integrity of the analytical process. Subjective variables should then be considered by the TDC as well.

VISITATION VOLUME

Conceptually, visitation volume is the basis of the economic and fiscal impact analysis. The table below (Table 3-28) displays the inputs required for a subject event to calculate the visitation volume.

Table 3-28

Impact Model for Broward County TDT Investment Required Input			
Name of Event	<u>Event A</u>		
Length of Events (# of Days)			<u>0</u>
Visitation			
# of Attendees or Spectators			<u>0</u>
# of Event Performers, Participants, Support Crew			<u>0</u>
Total			<u>0</u>
	<u>Attendees or Spectators</u>	<u>Event Performers or Participants</u>	
Estimated Place of Origin			
Broward County	0%	0%	
Miami-Dade County	0%	0%	
Palm Beach County	0%	0%	
Other counties in Florida	0%	0%	
Outside Florida	0%	0%	
Overseas	0%	0%	
Total (100%)	0%	0%	
Est. % Staying Overnight	0%	0%	
Additional Specific Spending			<u>\$0</u>
TDT Funding Requested			<u>\$0</u>

The inputs feed into the estimates of the number of person-days and the number of room nights, which are the basis of an economic and fiscal impact analysis.

CONCLUSION

This section of the report provides the basis for key recommendations.

- Of the three ways to support the TDC in its efforts- County directed, CVB staffed, or independent research staff, Broward County's approach is among the weakest. The CVB directly reports to the County and the County staff vet spending options of TDC funds. This does not provide for a myriad of voices to be heard and is not analytically based. The interest groups in the County with larger budgets and more political sway have more capability to argue for funds, occluding an impartial view of return on investment for TDT funds. The County and CVB staff do assess and analyze things, and must address contractual obligations dictated by bond issues. But the TDC is not supported by research, and the County and CVB have direct pipelines to the County Commission. A more functional TDC, with an independent staff/ analytics arm could be constantly seeking and reviewing proposals, and helping guide TDT investments, making the TDC a much more effective and transparent advisor to the County. This seems to have been the intent of the State Statute that created the TDC in the first place, to have representation from stakeholders that advise the County. Like in Monroe County, an ordinance should be passed that creates such a policy in Broward County.

This section of the report also lays out tools to assess the value of TDT investment for major categories of events. These templates can be used in the application process for funds. They can also be refined to allow other investments, like a sports complex, a signature event or arena improvements. Once this objective information, prepared by a central impartial entity, is prepared, intangible factors, such as shifting spending from adjacent counties to Broward County, redevelopment efforts around cultural and recreational assets and community fabric, all more subjective and less objective can be weighed. Further, the County and TDC must have boundaries and limits on how funds are used. The arena, the convention center beach renovation, and the CVB are the big users of funds today. It is our belief that supplemental funds could and should be used for some of these investments. This analytical arm could also provide research into supplemental funding.