



Broward County, Florida
PHASE 1: Room Tax Policy 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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SECTION I

TRANSMITTAL LETTER

June 8, 2015

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

Re: Broward County, Florida Room Tax Policy Analysis

Dear Ms. Boutros:

Johnson Consulting is pleased to present this report regarding room tax policy in Broward County, Florida. Pursuant to our engagement, this Phase I report documents our independent research and impartial findings from various analyses related to tourism trends and Tourist Development Tax (TDT) collections and use policies in Broward County, Florida. Our report is intended as a tool to provide stimulus for debate. Phase II of our study, submitted as a separate report, provides an analysis of economic and fiscal impacts and TDT investment in the County.

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 bed tax policy analysis related to tourism trends and Tourist Development Tax (TDT) collections and use policies in Broward County, Florida. Specifically, our assignments include 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. Our scope of work focuses on reviewing general policies.

METHODOLOGY

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

- Interviewed various Client representatives and many other stakeholders and information sources, in order to gather information about Tourist Development Tax in Broward County.
- Examined the existing situation with regards to Tourist Development Tax in Broward County.
- Interviewed those active in the tourist, hospitality, and government administration areas of Broward County to gain first-hand knowledge of the market, issues it faces, perspectives and insights.
- Performed comparable analysis of Broward County with a selected set of Florida counties and markets outside Florida, of bed tax vs. food and beverage tax, and of tourism grant application's.
- Examined and provided commentary and recommendations to address issues and dilemma currently present in TDT allocations and other relevant matters.

REPORT OUTLINE

Section 1 – Transmittal Letter

Section 2 – Introduction

Section 3 – Existing Situation

Section 4 – Interviews and Observations

Section 5 – Bed Tax in Comparable Markets

Section 6 – Recommendations and General Conclusions

EXECUTIVE SUMMARY

Room tax is a powerful funding tool in Florida. Legislation that enables it in Florida at the State level is fairly proscriptive on how room tax can be used. However, there is still flexibility on how dollars are administered locally. Broward County has enacted five cents per dollar spent on hotels. Big picture, three cents of the five cents can be spent broadly for “Tourism” related investments. In Broward County, these funds are spent on four principal areas:

- Convention Center Debt and Operations
- To fund the Convention and Visitors Bureau
- Beach re-nourishment
- Discretionary investments, for areas like Cultural and Art events and facilities, sports venues and events and festivals.

The other two cents are also proscribed by legislation and are dedicated to professional sports venues. In Broward County, these full two cents largely pay for the BB&T Arena, located in Sunrise, Florida in the Western Part of the County.

KEY OBSERVATIONS

1. Based upon our research and analysis, it is apparent that the County staff and Commission have control of substantial funds, without ordinance or industry input on spending. The TDC is not being used as a tool to advise the County sufficiently and return on investment is not always used as a guide. While Arena and Convention Center debt amount are largely set by bond covenants, there is still quite a bit of flexibility for the other funds. Two examples of this flexibility include:
 - There was no real vetting of the Panthers’ request for \$80 million for improvements to the Arena, to be funded from the three cent tax. It could have been approved by the County Commission unilaterally, but was put on hold. Would this have been a good use of room tax, particular given that while the Arena is a County asset, it is admitted by all that it does not generate a lot of hotel tax? How hard did the County and the Panthers look for alternatives for funding? Is there an ordinance that specifies dollars going to arena upgrades? Did the TDC counsel on the request?
 - The CVB budget is large and among the cities included in our analysis, more is spent on a per room basis by the CVB than in any other community. Johnson Consulting does not judge the merits of the budget and has not heard any complaints on staff or performance. However, the CVB does not have a Board of Directors or a membership structure. Hence, in a way, it is a direct report to the County Commission. Even with the MAC Committee, the fiduciary questions are not necessarily being asked. This year, do all of these dollars need to be spent or

can some be reallocated? Are more funds needed? There is no real filter, open to industry input, which is asking such questions.

2. Beach re-nourishment is an ever-increasing piece of the room tax and great thought does go into its investment by a lot of hard working County, municipal and industry people. But it could continue to consume more and more room tax. There is hope Amendment 1 can address this need, but it won't because there are a lot of options on which to spend this money state-wide, and it will be allocated annually. It will help in some years, but is not a dedicated, predictable resource. In our judgment supplemental funds in addition to or in lieu of room tax will be needed.
3. Reserve build up consumes almost a full penny of the five cents. These perhaps are wise reserves, but who helps counsel on amounts? Staff? Past Practices? The TDC? It is suggested that ordinance be used to define reserves or that staff recommendations be vetted by the TDC.

BEST PRACTICES AND RECOMMENDATIONS

Best practices observed in comparable markets and key recommendations relating to Broward County are summarized as follows:

- **ROOM TAX RATE:** A sixth cent approval seems to make sense, if it is used wisely. Tourism is extremely important to Broward County's economy, and an increase would have no impact on demand for hotels. Further, when compared to the state of Florida and national averages, total tax charged per dollar in the County is low and will remain relatively low even with the increase. A thorough and informed decision-making process that gives consideration to the allocation of all six cents, not just the additional penny, will be critical to ensuring a wise and fair allocation. From our perspective, the priorities seem to be: funding the Convention Center; beach renourishment; and arts, culture and special events. The Panthers Arena could also be a consideration, only after exploiting the adjacent real estate and other sources of revenue, and upon independent review of needs by the TDC.
- **BEACH RENOURISHMENT:** The local match program recognizes that both local residents and tourists utilize the beaches. It is recommended that a percentage of collections be dedicated to beach renourishment, as is observed in Pinellas County (one half cent), as a means of improving stability and consistency of available funding. The sixth cent TDT will reduce current allocations to beach renourishment, and as such, a broader, dedicated tax such as a food and beverage or local option sales tax is recommended to provide a predictable revenue source for this important expenditure category.
- **CVB EXPENSES:** Notwithstanding the observations discussed above, the Greater Ft. Lauderdale CVB is well organized and effective. As a single CVB, it has a competitive advantage over Miami-Dade County or Volusia County which have several facets to their tourism promotional efforts.

- **CULTURAL SPENDING:** Broward County spends less on culture from room tax collections than Palm Beach and Miami-Dade Counties. While the matching program that Broward County has is among the best of all programs reviewed, its application process is one of the weakest of those analyzed. The application process should be improved and continued. If the arts community seeks substantial increases in revenue, funding would be better derived from a more locally based resource, such as a food and beverage tax or general fund sources. Cultural arts are instrumental in the beautification of the community but they typically do not attract overnight visitors.
- **MARKETING/ADVERTISING PROMOTIONS:** Broward County is well branded and its growth in international market penetration has been outstanding.
- **CENTENNIAL AND SIGNATURE EVENTS:** Palm Springs, Miami Beach and Chicago, among other destinations, have created special event strategies that have been effective. Johnson Consulting neither encourages nor discourages development of special events, but in our Phase II report, we analyze the economics of the Tortuga Festival and its role as a valuable activity in the County.
- **ARENA AND PERFORMING ARTS EXPENSES:** Best practice indicates that a local based funding source (such as food and beverage, local option sales tax, or general fund) is more appropriate to fund arenas and sports facilities. Given the geography of the region, spending does shift from Palm Beach and Miami-Dade County to Broward County for cultural and sporting events. Any use of the three cent room tax, such as for the Panthers' request described above, should follow an improved application process and match concept used for other grant applications.
- **CONVENTION CENTER EXPENSES:** Broward County needs to make a policy decision regarding its role as a convention center destination. Continued debate regarding the Convention Center is causing increasing soft costs and escalation. Either the County accepts its current size and just deals with events that outgrow the venue and reloads with new events, or it expands. South Florida is underserved as a convention center location and evidence supports expansion.
- **RESERVES:** There are no good examples in Florida, or elsewhere, of policy on reserve accounts. The current approach in Broward County effectively banks one full penny annually, which takes dollars out of productivity for current year purposes. We agree with ceasing collections to most accounts for FY 2016 and that there should be continued reserves for the Convention Center and other categories of spending. This reserve fund should be a set fraction of the collections, as in Monroe County. Once a target level of reserves is reached, its fund should be replenished as used with a dedicated portion of a penny.

SECTION III

EXISTING SITUATION

EXISTING SITUATION

This subsection discusses the existing situation with regards to bed tax in Broward County.

BED TAX IN BROWARD COUNTY

Local option tax on transient rentals in Broward County, and all other counties in Florida, is authorized by Florida Statute 125.0104, which states that revenues from such tax may be used for the following purposes:

- Construct, repair, maintain, operate, and promote convention centers, stadiums, arenas, auditoriums, museums,
- Promote and advertise tourism,
- Fund convention and visitors bureaus, and
- Finance beach facilities, maintenance, and renourishment.

In Broward County, Tourist Development Tax (TDT) was first authorized by Broward County Ordinance #80-70, enacted in September 1980, which authorized the Board of County Commissioners to levy and impose a two percent TDT throughout Broward County beginning December 1, 1980; established the Broward County Tourist Development Council to oversee the disbursements of TDT collections; and provided for a referendum election to be held at the next regular election and placing the question of the approval or disapproval on the ballot. Today, the rate is 5 percent. Chronologically, it has evolved as follows:

- Three pennies (or 3 percent tax) of TDT were approved in 1980. Two pennies (or 2-percent tax) were implemented and allocated as follows:
 - Half penny (or 25 percent of two pennies) for arts and culture,
 - One penny (or 50 percent of the two pennies) for Convention Visitors Bureau and advertising and promotion of tourism,
 - Half penny (or 25 percent of two pennies) for facilities.
- The third penny (from the 1980-approved rate) was implemented in 1987, resulting in a total of three pennies. Allocation was changed to be as follows:
 - Fifty percent of the third penny for Convention Visitors Bureau and advertising and promotion of tourism,
 - Fifty percent of the third penny for Greater Ft. Lauderdale/ Broward County Convention Center debt and operations.

- Two pennies (or 2 percent of tax) of Professional Sports Franchise Facility Tax (PSFFT) were added in 1996 for arena and specific purposes, specifically for professional sports facility and/or convention center and for promotion and advertising, bringing the total tax rate to 5 percent.
- Today, the rate remains at 5 percent, which includes 3 percent TDT and 2 percent PSFFT. One penny remains available (per Florida Statute) for similar purpose as the first two pennies, but it is not currently enacted locally.
- The law also defines tourists as both overnight lodgers as well as day-trippers from outside Broward County.
- In April 1987, State law created the Professional Sports Franchise Facilities Tax (PSFFT).

TOURISM DEVELOPMENT COUNCIL

Every year, revenues from TDT are disbursed based on recommendations by the Tourist Development Council, which also oversees the process. The Council was first created by Broward County Resolution, adopted in November 1977, indicating the County's intention to consider the enactment of an ordinance to levy and impose a tourist development tax. The Council was finally established in September 1980 with the enactment of Broward County Ordinance #80-70.

The purpose to the Council is two-fold:

- To make recommendations to the Board of County Commissioners for the effective operation of the special projects or uses of the tourist development tax revenue; and
- To continuously review all expenditures of revenue from the Tourist Development Trust Fund to insure compliance with Section 125.0104, Florida Statutes, which prescribe that that no ordinance enacted by any county levying the tax authorized thereunder shall take effect until approval of the referendum by the majority of the electors.

Through subsequent Broward County Ordinances over the years, the Council has evolved to its present structure with 11 members, as follows:

- The Mayor of the Board of County Commissioners of Broward County or any other member of the board as designated by the Mayor, shall serve on the Council.
- The remaining ten members shall be appointed by the Board of County Commissioners and shall have the following representative classification:

- Two members who are elected municipal officials, one of whom shall be appointed from the most populous municipality in the County.
- Six members who are involved in the tourist industry and who have demonstrated an interest in tourist development, of which not less than three nor more than four members, shall be owners or operators of motels, hotels, recreational vehicle parks, or other tourist accommodations in the county and subject to the tourist development tax.
- One member who is a minority person involved in the tourist industry who has demonstrated an interest in tourist development.
- One member who shall be from an area with a multi-purpose county regional park capable of hosting local, national and international sports championship events.

All members shall be electors of Broward County and appointed by Broward County Board of County Commissioners. The members serve four-year terms and may be reappointed, provided they continue to meet the qualifications of membership.

Today, consistent with the present allocated uses of the TDT, the Council advises the County Commission on matters related to the tourism industry and oversees the Greater Fort Lauderdale Convention and Visitors Bureau's annual budget.

The Council may establish such advisory committees or subcommittees as it deems necessary and may consult with such advisors and experts as it deems appropriate for carrying out its duties and responsibilities. One of such committees is the Marketing Advisory Committee.

MARKETING ADVISORY COMMITTEE

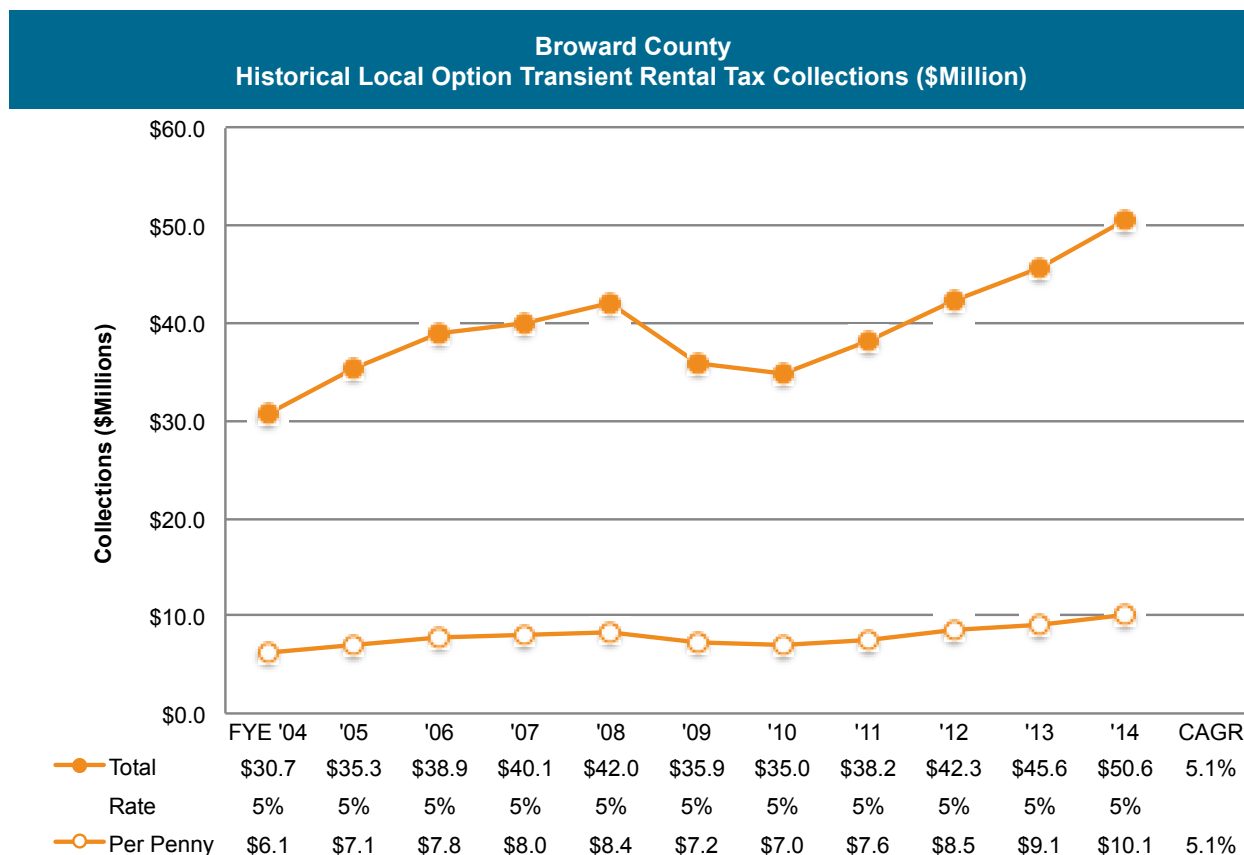
The Marketing Advisory Committee (MAC, or Committee) has been created and established by the Tourist Development Council. The Committee consists of twenty-five members, who are community industry leaders knowledgeable and involved in tourism, advertising and/or marketing. Each member of the Council appoints one member of the MAC. One member of the Council is appointed and serves as chair of the MAC. The remaining members of the MAC are appointed by the full Council. The members serve without compensation.

The Committee reviews and recommends to the Council an annual marketing plan, reviews such marketing plan periodically, and monitors marketing programs and activities – essentially assisting in the development of the marketing and advertising strategies for the Greater Fort Lauderdale Convention & Visitors Bureau and the destination. Such marketing plan includes media advertising campaigns, public relations, convention sales programs, and leisure sales programs.

BED TAX HISTORICAL COLLECTIONS

Figure 3-1 shows historical collections of bed tax in Broward County from Fiscal Year Ending 2004 through FYE 2014.

Figure 3-1



CAGR = Compounded Annual Growth Rate, from FYE 2004 through FYE 2014. Fiscal Year runs from July 1 thru Jun 30.

Source: Florida Department of Revenue

As shown on the chart, bed tax collections reached \$50.6 million for five pennies, or \$10.1 million per penny. Compounded annual growth rate from FYE 2004 level is 5.1 percent.

COLLECTIONS BY MUNICIPALITY

Table 3-1 shows the percentage of bed tax collection by Broward County municipality.

Table 3-1

Broward County Tourist Tax Collections by Municipality (FYE 2013)	
	%
Fort Lauderdale	49.0%
Hollywood	15.0%
Dania Beach	7.7%
Plantation	4.8%
Deerfield Beach	4.6%
Pompano Beach	3.5%
Weston	2.7%
Miramar	2.0%
Sunrise	2.0%
Lauderdale By The Sea	1.8%
Coral Springs	1.5%
Hallandale Beach	1.3%
Tamarac	1.1%
Hillsboro Beach	0.7%
Pembroke Pines	0.6%
Davie	0.5%
Oakland Park	0.4%
Pembroke Park	0.3%
Wilton Manors	0.2%
North Lauderdale	0.1%
Margate	0.1%
Lauderhill	0.03%
West Park	0.02%
Coconut Creek	0.02%
Lighthouse Point	0.004%
Unincorporated Areas	0.003%
Lauderdale Lakes	0.001%
Cooper City, Lazy Lakes, Parkland, Sea Ranch Lakes, Southwest Ranches	0.0%
Total	100.0%

Source: Broward County Revenue Collection Division

Table 3-2 groups the municipalities into three: Fort Lauderdale, western parts of County, and rest of County.

Table 3-2

Broward County Tourist Tax Collections (FYE 2013)	
	%
Fort Lauderdale	49.0%
Western parts of County*	10.0%
Rest of County	41.0%
Total	100.0%
*Including Weston, Miramar, Sunrise, Coral Springs, Tamarac, Pembroke Pines, Parkland, and Southwest Ranches	
Source: Broward County Revenue Collection Division	

As shown on the table, Fort Lauderdale generates nearly 50 percent of bed tax collections. Other cities with ocean shoreline within their boundaries generate another approximately 30 percent of bed tax collections. Western parts of the County generate 10 percent of collections.

CURRENT USES OF BROWARD COUNTY BED TAX

Table 3-3 shows the allocated uses of the five pennies, based on exact line items present in the County's FYE 2014 budget, and shown in four main use groups as indicated earlier, i.e., for public assembly facilities, tourism promotion, CVB, and beach maintenance and renourishment.

Table 3-3

Broward County Uses of 5% Local Option Transient Rental Tax (Based on Proposed Budget for FY 2014)	
	%
Civic Arena Debt Service	21%
Civic Arena Operations/Reserve	0%
Greater Fort Lauderdale CVB Operations/ Reserves	42%
Convention Center Operations/ Reserves	11%
Beach Renourishment Capital Projects*	14%
Convention Center Capital Projects/ Reserves	10%
Broward Cultural Council Fund	1%
Administrative Costs	1%
Total	100%
↓	
Uses by Group Categories	
Public Assembly Facilities	42%
Tourism Promotion	2%
CVB	42%
Beach Maintenance and Renourishment	14%
Total	100%
<i>*Segment II construction and all segments' annual on-going design/ construction. Source: City of Fort Lauderdale</i>	

As shown on the table, public assembly facilities and CVB use an equal share of 42 percent of collections, each. Beach maintenance and renourishment uses 14 percent, and tourism promotion, 2 percent.

DILEMMA

Broward County is facing a dilemma found in several other counties in Florida:

- The legislation that created room taxes in Florida permits uses that perhaps enhance the fabric of the community, but do not directly create significant amounts of room nights and resulting additional or recurring room tax directly. Sports facilities and cultural expansion projects fall into this category of uses. Other markets throughout the U.S. use more locally earned funding sources, such as sales tax, food and beverage taxes, Tax Increment Financing and property taxes.
- There are un-programmed room tax dollars that are allocated by the County Commission, without a vetting process based on return on investment.
- In Broward County, a relatively high proportion of the use of room tax collections is allocated to beach renourishment (14 percent). By way of comparison, Pinellas County allocated 9.5 percent of

room tax collections to beach renourishment, while Miami-Dade County does not make any allocations.

- Desires for room tax use exceed available funding. Based on interviews for this assignment, the following initiatives were mentioned as target uses (listed in order of amount needed):
 - Beach Re-nourishment,
 - Expansion and upgrades to the Broward County Convention Center,
 - Attraction of a headquarters hotel; in part via expansion of the Convention Center,
 - Increased marketing by the Greater Ft. Lauderdale Convention and Visitors Bureau,
 - Upgrades and improvement to the BB&T Center and Arena,
 - More spending on cultural amenities, facilities, and events,
 - Reimbursement for services spent on supporting tourist activities by cities,
 - A myriad of other projects and programs.

With the above issues at hand, there are insufficient funds in TDT alone to satisfy the breadth and depth of the desired/ needed/ required uses. The balance of this report outlines how dollars are spent and allocated in Broward County versus peer markets in Florida and the U.S. With this information, the County, its stakeholders and strategic partners can reflect on current policies, requirements, needs and resources and perhaps have a better frame of reference for decisions made for processes related to allocation of room and other taxes and use of current bed taxes.

SECTION IV

INTERVIEWS AND OBSERVATIONS

INTERVIEWS AND OBSERVATIONS

Over the course of three days on two trips, Johnson Consulting interviewed over 25 people active in the tourist, hospitality and government administration areas of Broward County. The intent of the interviews was to provide Johnson Consulting first hand knowledge of the market, issues the market faces, and perspectives the interviewees have seen in other markets they may have worked in or been exposed to. Also, many ideas were discussed regarding opportunities for improvement on how the Tourist Development Tax (TDT) could be used more effectively, and how the Tourist Development Council (TDC) and County Commission could ensure that the greatest impact results from the room tax.

In addition to the interviews, over 50 reports and documents were shared and reviewed, demonstrating facts and figures on how and why the room tax is used certain ways in the County. Data was also provided regarding the values of certain product and promotional strategies used in other markets in Florida.

All interviewees were promised confidentiality. Hence, the points below are grouped by category of comments, ordered by frequency of discussion and mention, without attribution to the individual.

Perhaps the most effective way to get at the discussion topics is to present a summary of dollars collected and spent by the County from TDT and earned revenues from TDT operations. This data was presented by the Broward Chapter of the Florida Restaurant and Lodging Association.

Table 4- 1

FY14-18 TDT Program Forecast Based on Adopted Capital Program Broward Chapter, Florida Restaurant & Lodging Association								
	FY13 Adopted Budget	FY13 Modified Budget*	FY14 Adopted Budget	FY14 Modified Budget as of 2/1/14*	FY15 Forecast	FY16 Forecast	FY17 Forecast	FY18 Forecast
Recurring Revenue								
Convention Center Revenues	\$5,600,000	\$5,600,000	\$5,500,000	\$5,500,000	\$5,600,000	\$5,800,000	\$5,900,000	\$6,100,000
Arena Operator Annual Rent	4,003,590	4,003,590	3,997,300	3,997,300	4,000,000	4,000,000	4,000,000	4,000,000
Sales Tax Rebate	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Other revenues	293,590	281,490	181,250	181,250	181,000	181,000	181,000	181,000
5 cent TDT	45,150,000	45,150,000	48,670,670	48,670,670	50,130,790	51,634,710	53,183,750	54,779,260
Less 5%	(2,852,360)	(2,851,750)	(3,252,470)	(3,252,470)	(3,350,250)	(3,435,450)	(3,517,900)	(3,553,010)
Recurring Revenue Subtotal	\$54,194,820	\$54,183,330	\$57,096,750	\$57,096,750	\$58,561,540	\$60,180,260	\$61,746,850	\$63,507,250
Non-recurring Revenue								
State Grant for Segment II Beach	-	-	\$4,700,000	\$4,700,000	-	-	-	-
City Reimbursements for Segment II Beach	-	-	-	-	5,093,300	5,093,300	5,093,300	-
City Reimbursements for Segment III Beach	-	-	-	-	-	-	-	4,000,000
Loan Repayment From Arena Operator	4,680,000	4,680,000	4,550,000	4,550,000	3,525,000	2,000,000	734,000	-
Port Everglades Sand Bypass Contribution	-	-	-	-	-	3,420,000	-	-
Fund Balance	21,907,830	57,376,000	17,532,700	64,422,002	-	-	-	-
Non-recurring Revenue Subtotal	\$26,587,830	\$62,056,000	\$26,782,700	\$73,672,002	\$8,618,300	\$10,513,300	\$5,827,300	\$4,000,000
Total Revenue	\$80,782,650	\$116,239,330	\$83,879,450	\$130,768,752	\$67,179,840	\$70,693,560	\$67,574,150	\$67,507,250
Recurring Expenses								
Operating Budget								
CVB Personal Services	\$3,695,050	\$3,695,050	\$4,022,880	\$4,022,880	\$4,143,570	\$4,267,880	\$4,395,920	\$4,527,800
Cultural	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Marketing/Advertising/Promotions	14,654,520	16,990,509	13,656,820	16,856,820	14,048,870	14,452,670	14,868,600	15,296,990
CVB Operating Expenses	1,305,490	1,333,100	1,427,370	1,427,370	1,470,190	1,514,300	1,559,730	1,606,520
Centennial Event	-	-	430,000	430,000	-	-	-	-
Convention Center Personal Services	217,290	217,290	227,430	227,430	234,250	241,280	248,520	255,980
SMG Operating Expenses	7,796,000	7,796,000	7,796,000	7,796,000	8,029,880	8,270,780	8,518,900	8,774,470
Convention Center Operating Expenses	3,082,160	3,086,171	2,655,840	2,720,527	2,735,520	2,817,590	2,902,120	2,989,180
Misc Expenses	165,060	165,060	445,250	445,250	458,610	472,370	486,540	501,140
Debt Service								
Arena Debt Service Expenses	14,003,590	14,003,590	14,001,300	14,001,300	14,000,000	14,000,000	14,000,000	14,000,000
Convention Center Debt Service Expenses	2,532,780	2,532,780	2,504,700	2,504,700	-	-	-	-
Recurring Expenses Subtotal	\$48,051,940	\$50,419,550	\$47,767,590	\$51,032,277	\$45,720,890	\$46,636,870	\$47,580,330	\$48,552,080
Non-recurring Expenses								
Capital Program/Other Projects								
Segment III - All Segments	\$1,300,000	\$3,286,323	\$793,550	\$4,071,749	\$906,450	\$4,300,000	\$7,000,000	\$7,000,000
Segment II	12,349,510	26,819,770	17,035,800	41,520,630	-	500,000	500,000	-
Inlet Sand Bypass	-	3,019,354	-	2,939,736	8,875,620	8,875,630	500,000	500,000
Other Beach Items	222,960	228,823	466,510	605,073	466,510	466,510	466,510	466,510
Convention Center Maintenance and Improvement Projects	725,000	893,850	1,416,000	2,368,006	850,000	1,000,000	1,000,000	1,000,000
Convention Center Hotel/Expansion Legal, Pre-Development, Consultant Services	-	-	1,000,000	1,000,000	1,000,000	-	-	-
Spangler Access Rd	-	7,200,510	-	7,200,510	-	-	-	-
Capital Grant Program	-	-	1,000,000	1,000,000	-	-	-	-
Performing Arts Center	3,000,000	3,000,000	2,000,000	2,000,000	2,000,000	-	-	-
Museum Science & Discovery	-	2,000,000	-	2,000,000	-	-	-	-
Legal Settlement	-	1,600,000	-	-	-	-	-	-
Arena Scoreboard	-	4,200,000	-	1,730,771	-	-	-	-
Reserves								
Arena Reserve for Trustee Release of Surplus Taxes	\$4,158,000	\$4,158,000	\$4,000,000	\$4,000,000	-	-	-	-
Convention Center Capital Maintenance Reserve	1,000,000	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Convention Center Debt Service Reserve	2,508,780	2,674,900	-	-	-	-	-	-
Convention & Visitor's Bureau Revenue Stabilization Reserve	3,612,670	2,785,110	3,900,000	3,900,000	-	-	-	-
Convention Center Revenue Stabilization and Operations Reserve	3,853,790	3,053,140	3,500,000	3,500,000	-	-	-	-
Convention & Visitor's Bureau/Convention Center Reserve for ERP	-	900,000	-	900,000	-	-	-	-
Reserve for Additional Projects/Programs - (Convention Center Expansion/Hotel, Challenge Grants, Marketing, Signature Event)	-	-	-	-	6,360,370	7,914,550	9,527,310	8,988,660
Non-recurring Expenses Subtotal	\$32,730,710	\$65,819,780	\$36,111,860	\$79,736,475	\$21,458,950	\$24,056,690	\$19,993,820	\$18,955,170
Total Expenses	\$80,782,650	\$116,239,330	\$83,879,450	\$130,768,752	\$67,179,840	\$70,693,560	\$67,574,150	\$67,507,250

*Modified budgets include reappropriation of remaining balances on prior year capital projects and marketing programs into the new fiscal year. All budgeted FY14 fund balances will be reconciled with audited fund balances at a supplemental budget scheduled for March 11, 2014 public hearing agenda.

Source: Broward Chapter, Florida Restaurant & Lodging Association

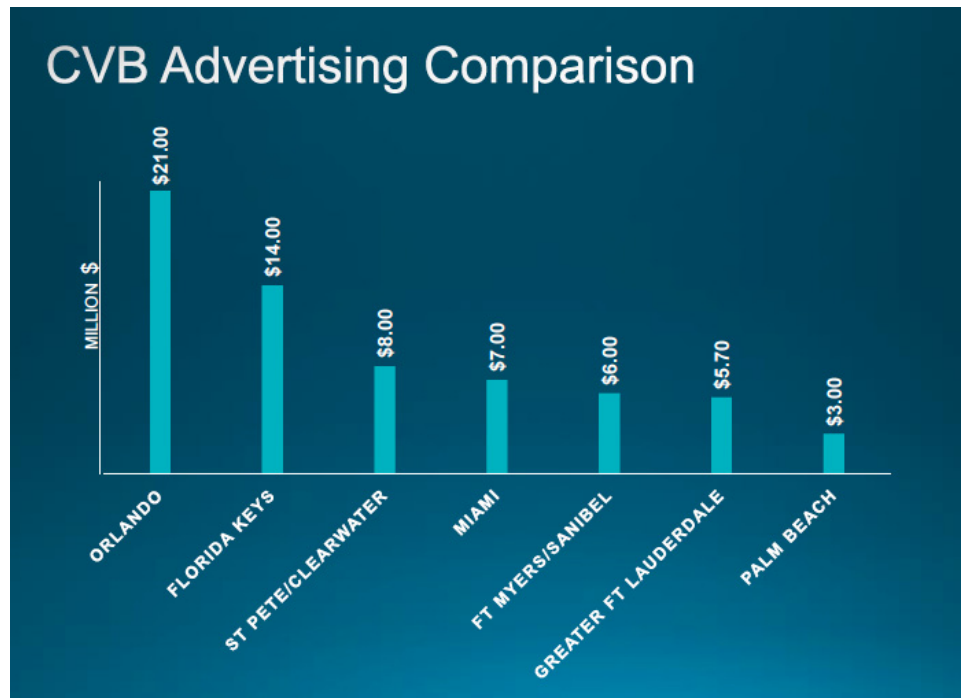
The predominant discussion points related to the spending categories:

- There are more demands for funds than can be funded by the resource base provided. This was a generally unanimous observation, and most interviewees espoused their views (and self interests) on how funds should be allocated.
- As stated previously in this report (Section 3, Page 6), two pennies (or 2 percent of tax) of Professional Sports Franchise Facility Tax (PSFFT) were added in 1996 for arena and specific purposes, specifically for professional sports facility and/ or convention center and for promotion and advertising. Collections are primarily used for the Broward County Civic Arena's (now named BB&T Center) debt service and the County has also granted additional allocations for Arena improvements. Although the allocation language suggests that the 2 percent is intended as a designated source, it is noted that the County Commission can legally use these collections for other purposes.

The Arena, the Florida Panthers, and other Arena events enhance the image of the market and bring some overnight visitation. However, the room night and TDT taxes generated by the Arena pale in comparison to amounts paid to the Arena. Further, it was felt that the team owners/ Arena management see room tax as an easy mark, and have not used their resources, creativity, business acumen, and efforts to source alternative revenues or affect cost reductions. Additionally, there is an equitability issue seen, as over 81 percent of room tax in the County is collected from beachfront communities, but the Arena is located well west of I-95.

The Panthers requested over \$80 million for improvements to the arena, and funds were allocated to the Arena for scoreboard improvements. These funds were requested out of the three percent tax. The Arena is a County asset, but as admitted by all, the Arena does not generate a lot of hotel tax. There was no real vetting of the \$80 million request; it could have been approved by the County Commission unilaterally, but was put on hold.

- Substantial discussion related to the marketing budget adopted by the County, and that too little is being spent on destination marketing. The Marketing Advisory Committee does advise the TDC, which in turn advises the County on how much and how the CVB should orient its efforts and marketing dollars should be invested. It is the County's belief that given the overall dollar base it has, and other calls for revenue, it allocates what it can in areas it should be investing in, including the CVB and in destination marketing. Estimates of underspend in destination marketing was discussed at length by the interviewees. A shortfall of \$8 million annually in the area of leisure branding and marketing was mentioned several times. The data below illustrates a comparison among Counties in Florida, generally supporting this observation, but not necessarily the amount.



- The film industry, promoted through the Office of Film and Entertainment, is a key industry in Broward County, with a focus on music, arts, and fashion. As stated in the CVB’s 2015 Marketing Plan, the objective of the Office of Film and Entertainment is to “promote all areas of Broward County as a one-stop location for film, music and entertainment productions and events”.
- Beach renourishment was seen as an ongoing, ever growing need. State law allows part of the 3 cents to be used to fund beach renourishment. DK Shifflett estimates that over 58 percent of visitors come to the County for beach and sun being their purpose of trip. This, in addition to the fact that the beaches are used by County residents as well, make beaches essential for the overall wellbeing of the County. The issue seen is that the proportion of room tax (and local shares) allocated for these purposes is ever increasing. The pressure is on the funding base because the Federal Government is no longer participating and the state budget contribution has been reduced. A series of statutes have passed and the most recent one, title ‘Amendment 1’, required one-third of the current stamp tax to be dedicated to beach renourishment. The funds are deposited into the Land Acquisitions Trust Fund. How funds are disbursed still remains at the budget allocation process, but the text is clear. The funds will “be used to finance, or refinance, the acquisition and improvement of land, water areas, and related property interests, including beaches and shores.” Hence, there will be a lot of competition for these funds and their use is not just for beaches by any means. Local government will still have to fund a large local share.

This one-third allocation is based on a collection total of \$757 million in FY 2015-16. Historically, Florida law only required up to \$10 million be allocated by the State, but requires a local match often funded by 'TDT' collections. The amount and frequency of the amounts from the State is not dedicated to markets or programs, and will vary. This matter is very serious, as evidenced in the storm impact photos below.



As shown in the following table, the amounts are also staggering, in some years almost equaling or exceeding the Arena debt service (2 pennies), but the share paid by the State has been generally declining, or inconsistent.

STATE FUNDING SUPPORT FOR FLORIDA'S BEACHES (10-Year Profile: FY2004-05 thru 2013-14)

FY 2004-05	\$30M
2004 Special Legislative Session Appropriation [Hurricane Recovery]	\$68.4M
FY2005-06	\$70.3M
FY2006-07	\$50M
FY2007-08	\$47.4M
FY2008-09	\$21.9M
FY2009-10	\$15M
FY2010-11	\$15.54M
FY2011-12	\$16.25M
FY2012-13	\$21.9M
FY2013-14	\$37.5M



The figure below illustrates the magnitude, the range and uncertainty of funds needed just for Segment II of the Port Everglades bypass project. It is clear that municipal and County governments participate in the local share paid by the local component of funding. The question raised by interviewees: In light of significant cost, why are tourists funding the County share, rather than a combination of tourists, the general fund, or other locally derived sources?

ESTIMATED COST			
	No Federal Funds/\$4.7m State Funds	No Federal Funds/State Pays 22.5%	Feds Pay 55 % /State Pays 22.5% of non-federal share
Federal	0.0m	0.0m	28.05m
State	4.7m	11.475m	11.475m
County	31.02m	26.48m	7.69m
Ft. Laud.	11.06m	9.44m	2.74m
Pompano	3.41m	2.91m	0.85m
LBTS	0.81m	0.69m	0.20m
TOTAL	51m	51m	51m
*Contribution amounts are estimates.			

- There was general consensus that expansion of the Convention Center is appropriate and beneficial. It is too small given the stature of the County and the importance of trade and tourism in the County. While the site has complications due to the Port and the Cruise ship operations, it was deemed better to expand there rather than move. Not only is there resistance to public subsidy for the hotel from room tax but rush funding may not be legal anyway. In any event, the hotel funding gap is about \$5 million, annually, as per HVS.

The annual cost to support the convention center expansion is \$10.8 million annually. The debt on the current convention center expires in Fiscal Year 2015.

(\$ in Thousands)	
Construction Costs of Convention Center Expansion, Parking and Public Space options with Contingency	\$179,000
<u>Financing Assumptions¹:</u>	
Total Debt Required	\$174,400
Annual Debt Service	\$11,800
Pro Forma Convention Center NOI (with expansion)²	\$1,000
Funding Gap between Debt Service & CC NOI³	<\$10,800>
<p>1) Assumes 20yr Bonds are issued, secured by TDT dollars. Costs from preliminary Public Works estimates, Revenues from HVS Study. Total debt required includes Project Costs less contributions plus cost of issuance.</p> <p>2) Parking revenues not included</p> <p>3) Note the Value of 1¢ generated in TDT dollars for FY2015 is equal to \$10,200,000</p>	

- The 6th cent was discussed. The County in the past has prided itself on the fact that its room tax is among the lowest in the state. It was generally felt that while this lower rate may seem attractive to visitors, visitors do not look at their bill while checking out and say: “That was great, my tax was lower than other places.” A one-cent increase was thought to have no influence whatever on decision making on visitation. There was reservation to increase any tax until policy making/ordinances were clear and consistent regarding using incremental funds most effectively.



- Reserves were discussed. As summarized in the table below, the County policy is to dedicate reserves for certain categories of uses.

FY14-18 TDT Program Forecast Based on Adopted Capital Program Broward Chapter, Florida Restaurant & Lodging Association								
	FY13 Adopted Budget	FY13 Modified Budget*	FY14 Adopted Budget	FY14 Modified Budget as of 2/1/14*	FY15 Forecast	FY16 Forecast	FY17 Forecast	FY18 Forecast
Reserves	-	-	-	-	-	-	-	-
Arena Reserve for Trustee Release of Surplus Taxes	\$4,158,000	\$4,158,000	\$4,000,000	\$4,000,000	-	-	-	-
Convention Center Capital Maintenance Reserve	1,000,000	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Convention Center Debt Service Reserve	2,508,780	2,674,900	-	-	-	-	-	-
Convention & Visitor's Bureau Revenue Stabilization Reserve	3,612,670	2,785,110	3,900,000	3,900,000	-	-	-	-
Convention Center Revenue Stabilization and Operations Reserve	3,853,790	3,053,140	3,500,000	3,500,000	-	-	-	-
Convention & Visitor's Bureau/Convention Center Reserve for ERP	-	900,000	-	900,000	-	-	-	-
Reserve for Additional Projects/Programs - (Convention Center Expansion/Hotel, Challenge Grants, Marketing, Signature Event)	-	-	-	-	6,360,370	7,914,550	9,527,310	8,988,660
	\$15,133,240	\$13,571,150	\$12,400,000	\$13,300,000	\$7,360,370	\$8,914,550	\$10,527,310	\$9,988,660
Cumulative Reserves	\$15,133,240	\$28,704,390	\$41,104,390	\$54,404,390	\$61,764,760	\$70,679,310	\$81,206,620	\$91,195,280

*Modified budgets include reappropriation of remaining balances on prior year capital projects and marketing programs into the new fiscal year. All budgeted FY14 fund balances will be reconciled with audited fund balances at a supplemental budget scheduled for March 11, 2014 public hearing agenda.

Source: Broward Chapter, Florida Restaurant & Lodging Association

The discussion centered on the size of reserve. At the end of the day, effectively, more than one of the five pennies is being placed in reserve each year, inhibiting the spending on tourism today, when it may be needed now to support visitation growth. It is felt that the reserve levels have gone beyond

a prudent reserve. Some of these funds are also subject to directives of the County, and could fall prey to their choices, without the advice of the TDC or the MAC Committee. The County also has the right to reallocate these reserves for permitted uses, at their discretion, which also causes concern.

- As with the Arena, dollars are invested in cultural activities. No one debates the worthiness of the cultural arts, and spending on culture and arts is certainly a permitted use of room tax. The question centers on the productivity of the investment from a room night and room tax perspective. It is clear that arts are viewed as a “fabric of the community investment”, however the preponderance of attendance at events is local residents or visitors that go to cultural events because they are in the market. Hence, some argue that the lion’s share of funding should arise from locally engendered sources, which in fact it does. The table below summarizes spend on cultural activities. Note that of the last category, only a small fraction of the spending may be on cultural categories.

FY14-18 TDT Program Forecast Based on Adopted Capital Program Broward Chapter, Florida Restaurant & Lodging Association								
	FY13 Adopted Budget	FY13 Modified Budget*	FY14 Adopted Budget	FY14 Modified Budget as of 2/1/14*	FY15 Forecast	FY16 Forecast	FY17 Forecast	FY18 Forecast
Cultural	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Centennial Event	-	-	430,000	430,000	-	-	-	-
Performing Arts Center	3,000,000	3,000,000	2,000,000	2,000,000	2,000,000	-	-	-
Museum Science & Discovery	-	2,000,000	-	2,000,000	-	-	-	-
Reserve for Additional Projects/Programs - (Convention Center Expansion/Hotel, Challenge Grants, Marketing, Signature Event)	-	-	-	-	6,360,370	7,914,550	9,527,310	8,988,660

Source: Broward Chapter, Florida Restaurant & Lodging Association

- Some funds are allocated on a case-by-case basis, via a grant process. There are basically two types of grants: direct grants and challenge grants. A nine member Broward Cultural Council review panel composed of three Broward Cultural Council members, one of whom has served on the Broward Cultural Council for at least five years, and one of whom is the TDC liaison to the Broward Cultural Council, three hoteliers, and three cultural experts. The application requires the applicant to generate commentary on the contribution the event or activity has on tourism, but there is no wording in the application process that relates to facts regarding number of room nights or amount of room tax that will be generated by the event. Other applications do have a more rigorous Return on Investment on Room Tax criteria. The Table below summarizes Johnson Consulting’s assessment of items that have entered the spending chain without a comprehensive vetting process based on ROI. While the amounts listed relative to the overall budget are less than substantial, the growth in future reserves allocated to more discretionary areas is of concern.

FY14-18 TDT Program Forecast Based on Adopted Capital Program Broward Chapter, Florida Restaurant & Lodging Association								
Centennial Event	-	-	430,000	430,000	-	-	-	-
Capital Grant Program	-	-	1,000,000	1,000,000	-	-	-	-
Museum Science & Discovery	-	2,000,000	-	2,000,000	-	-	-	-
Arena Scoreboard	-	4,200,000	-	1,730,771	-	-	-	-
Reserve for Additional Projects/Programs - (Convention Center Expansion/Hotel, Challenge Grants, Marketing, Signature Event)	-	-	-	-	6,360,370	7,914,550	9,527,310	8,988,660

Source: Broward Chapter, Florida Restaurant & Lodging Association

- Alternative sources of funding were discussed. Restaurants and retail, a large part of visitor spending, is taxed at the state level for sales tax, with no overlay or direct allocation to Tourism. Some of this tax is returned to the County and local jurisdictions, but there is no doubt that Broward County is a net donor County to other areas of the State. Locally oriented venues such as the Arena, cultural arts facilities and beach renourishment could be funded by more locally based taxes such as a food and beverage tax at restaurants, or a local option sales tax.

The balance of this report investigates these areas and provides comparative data on how other markets operate their room tax use and allocation process. These issues and this data will provide a framework for means and methods by which the County could enhance its effectiveness in the critical area of tourism economic development.

SECTION V

BED TAX IN COMPARABLE MARKETS

COMPARABLE ANALYSIS

This sections presents three comparisons and observations: (i) comparison of bed tax in Broward County and a set of comparable Florida and national markets, (ii) comparison of bed tax vs. food and beverage tax, and (iii) comparison of grant applications in a selected set of markets.

BED TAX IN COMPARABLE MARKETS

This subsection discusses local option tax on transient rentals, or commonly referred to as “bed tax,” in comparable markets in Florida: Miami-Dade, Monroe, Orange, Palm Beach, Pinellas, and Volusia Counties. These Counties were selected because they are the top tourism counties in the state. Also, interviewees stated that some of the counties could provide insights for Broward County.

MIAMI-DADE COUNTY

Miami-Dade County levies several tourism-related taxes. The combined tax on lodging is 6 percent, which includes 3-percent Convention Development Tax (CDT), 2-percent Tourist Development Tax (TDT), and 1-percent Professional Sports Franchise Facility Tax (PSFFT). This has been the rate since 1991. The CDT is collected county-wide while TDT and PSFFT are collected county-wide except Miami Beach, Surfside, and Bal Harbour. The City of Miami Beach collects a 3-percent Resort Tax in lieu of the 2-percent TDT and 1-percent PSFFT. Surfside and Bal Harbour collect their own Transient Rentals taxes completely.

Figure 5-1 shows historical collections of bed tax in Miami-Dade County from FYE 2004 through FYE 2014, in which its collections reached \$35.1 million for six pennies for the areas that collect it, or \$5.9 million per penny. Compounded annual growth rate from FYE 2004 level is 6.6 percent.

Figure 5-1

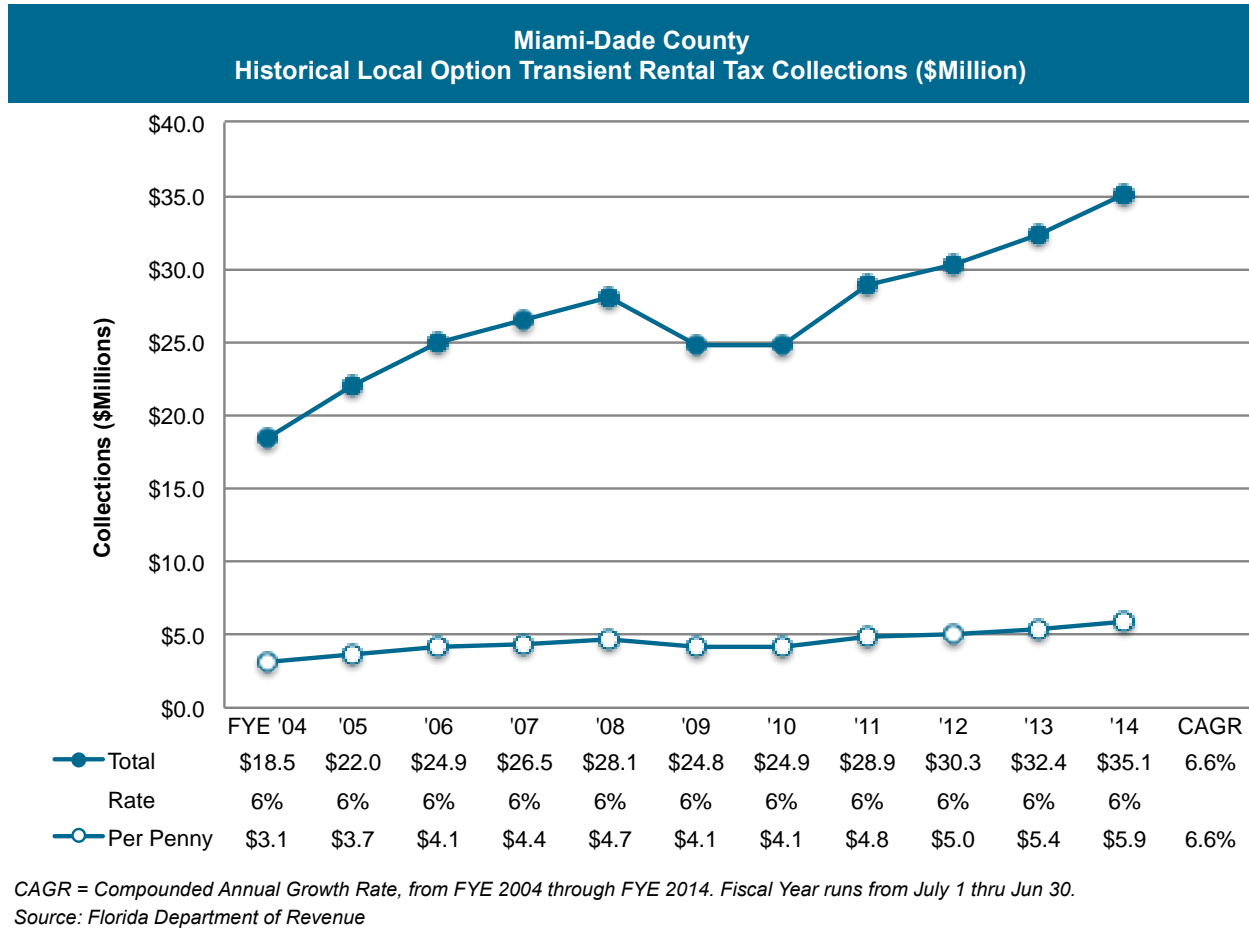


Table 5-1 shows the allocated uses of the six pennies, based on exact line items present in the County's FYE 2014 budget, and shown in four main use groups as indicated earlier, i.e., for public assembly facilities, tourism promotion, CVB, and beach maintenance and renourishment.

Table 5-1

Miami-Dade County Uses of 6% Local Option Transient Rental Tax (Based on Proposed Budget for FY 2014)	
	%
Advertising and Promotion (CVB)	16%
Cultural Affairs Council	4%
Tourist Development Council Grants	1%
Administrative Support for TDC	0%
Administrative Support for Finance	0%
General Fund Administrative Reimbursement	1%
Professional Sports Franchise Facility Tax Bonds	13%
Payment to Miami Beach	4%
Cultural Affairs Council Grants	1%
Performing Arts Center Trust Subsidy	7%
South Miami-Dade Cultural Arts Center	3%
American Airlines Arena Operations	6%
Arena Management	3%
Parks, Recreation and Open Spaces - Tennis Center	1%
Vizcaya Museum and Gardens Operations	2%
Miami Art Museum Operating Grants	2%
Miami Science Museum Operating Grant	2%
History of Miami Operating Grant	2%
Performing Arts Center Trust Operations Subsidy	1%
New World Symphony	1%
Cultural Affairs for Community-based cultural facilities	1%
Capital Reserve	1%
Miami-Dade County Auditorium, Joseph Caleb	
Auditorium, African Heritage Cultural Arts Center	6%
Parks, Recreation and Open Spaces - Tropical Park	
Equestrian Center, Deering Estate Tennis center	6%
Parks, Recreation and Open Spaces - Miami Zoo	17%
South Florida Cultural Consortium Projects	0%
Total	100%
↓	
Uses by Group Categories	
Public Assembly Facilities	73%
Tourism Promotion	11%
CVB	16%
Beach Maintenance and Renourishment	0%
Total	100%
<i>Source: 2013 Local Option Tourist Taxes White Paper by City of Fort Lauderdale</i>	

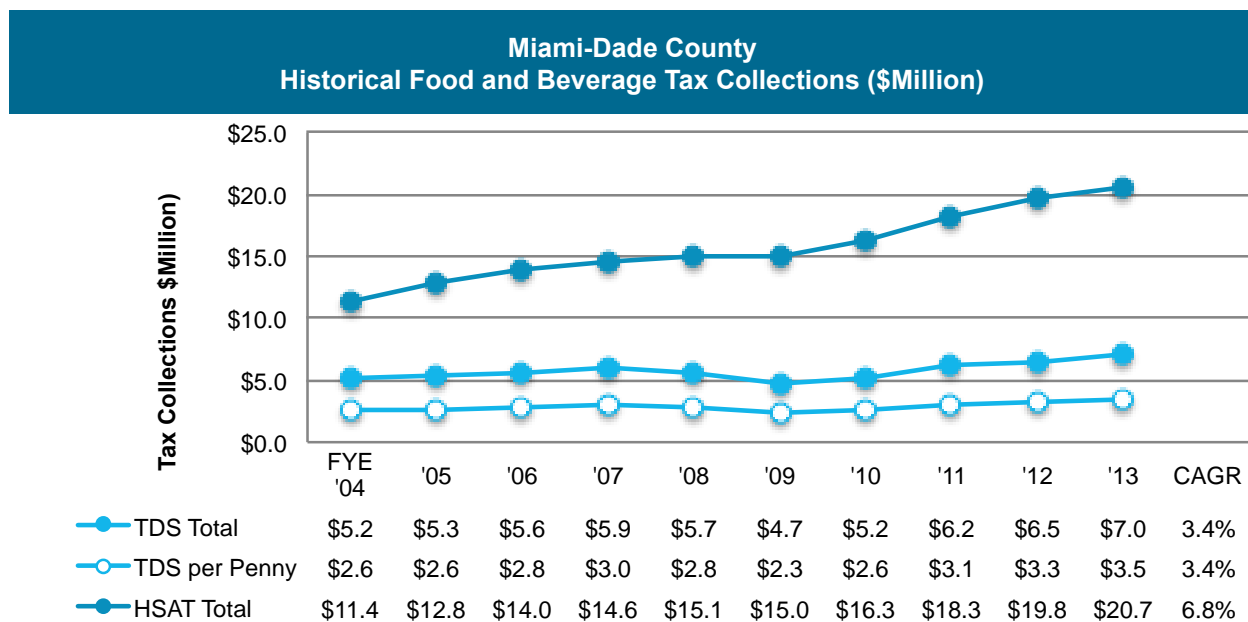
As shown on the table, public assembly facilities use 73 percent of collections. CVB and tourism promotion use 16 percent and 11 percent, respectively. There is no allocation for beach maintenance and renourishment.

ADDITIONAL RESOURCE: FOOD AND BEVERAGE TAX

In Miami-Dade County there are also two taxes on food and beverage: Tourist Development Surtax (TDS) and Homeless and Spouse Abuse Tax (HSAT). Tourist Development Surtax is a 2-percent tax on food and beverage sold in hotels and motels, excluding those located in Miami Beach, Surfside, and Bal Harbour, effective July 1990. Homeless and Spouse Abuse Tax is a 1-percent tax on food and beverage sold in establishments except hotels and motels, having gross annual revenues greater than \$400,000 and licensed to sell alcoholic beverages for consumption on premises, excluding those in Miami Beach, Surfside, and Bal Harbour, effective October 1993.

Figure 5-2 shows historical collections of food and beverage tax in Miami-Dade County from FYE 2004 through FYE 2013, in which its collections reached \$7 million for 2-penny TDS, or \$3.5 million per penny, and \$20.7 million for 1-penny HSAT. Compounded annual growth rate from FYE 2004 level is 3.4 percent and 6.8 percent for TDS and HSAT, respectively.

Figure 5-2



CAGR = Compounded Annual Growth Rate from FYE 2004 thru FYE 2013.

TDS = Tourist Development Surtax, on food and beverages sold at lodging establishments (2%)

HSAT = Homeless and Spouse Abuse Tax, on food and beverages sold at establishments except hotels/ motels (1%)

HSAT Total = HSAT per Penny.

Source: Miami-Dade County, Florida Comprehensive Annual Financial Report FYE 2013 (Page 240)

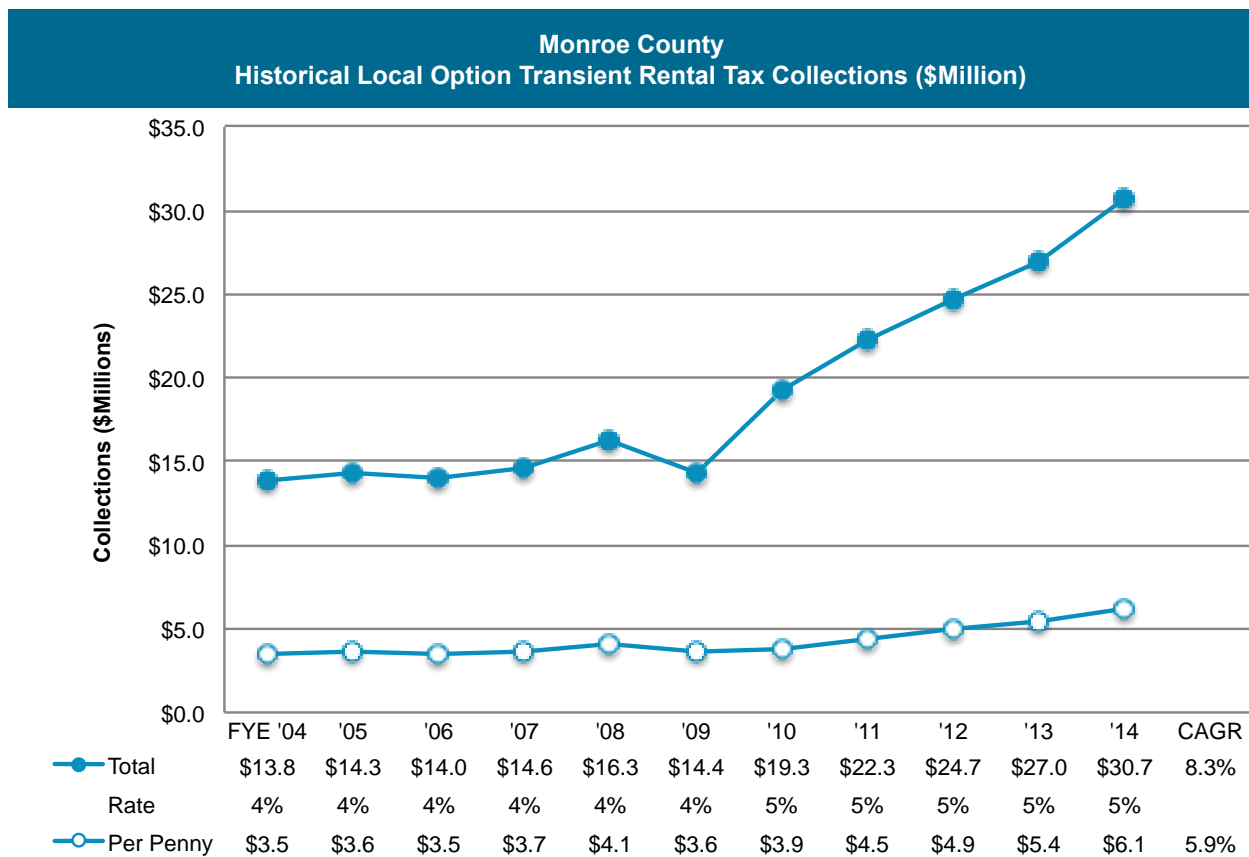
The weakness of the TDS is it is only collected on hotel/motel establishments. The HSAT is more largely applied (levied on food and beverages sold in establishments except hotels/motels) and shows a better measure of a broad-based food and beverage tax collection potential.

MONROE COUNTY

Monroe County first had a 3-percent Tourist Development Tax (TDT) and a 1-percent High Tourism Impact Tax (Impact Tax) since 1988. Then in June 2009, the TDT increased to 4 percent while the Impact Tax remained at 1 percent. These rates have remained the same through today at 5 percent total.

Figure 5-3 shows historical collections of bed tax in Monroe County from FYE 2004 through FYE 2014, in which its collections reached \$30.7 million for six pennies, or \$6.1 million per penny. Compounded annual growth rate from FYE 2004 level is 8.3 percent, or 5.9 percent on per-penny basis. The variance in growth rates relates to a rate increase in 2009.

Figure 5-3



CAGR = Compounded Annual Growth Rate, from FYE 2004 through FYE 2014. Fiscal Year runs from July 1 thru Jun 30.

Tax rate increased from 4 percent to 5 percent in June 2009. First full-year of increased tax rate collections is FYE 2010.

Source: Florida Department of Revenue

The following table shows the allocated uses of the Hotel Occupancy Tax Revenue based on the county's Annual Report for FY 2013 (Expenditures).

Table 5-2

Monroe County, Florida Uses of 5% Hotel Occupancy Tax (Based on Annual Report for FY 2013 - Expenditures)	
	%
Administrative	3.55%
Visitor Information Services	6.54%
Capital Projects	17.52%
Special Events	7.52%
Promotion & Advertising	64.83%
Beaches	0.04%
Reserves	0.00%
Total	100.00%
↓	
Uses by Group Categories	
Public Assembly Facilities	17.5%
Tourism Promotion	78.9%
CVB	3.5%
Beach Maintenance and Renourishment	0.04%
Total	100.0%
<i>Source: 2013 Annual Report of the Monroe County Tourist Development Council</i>	

As shown in the table, 64.8 percent of revenues from the bed tax went to promotion and advertising throughout the county. 17.5 percent went to capital projects, while 7.5 percent went to special events. 6.5 percent went to visitor information services, 3.5 percent went to administrative purposes, and the remaining 0.04 percent went to beaches. The bed tax was not used for reserves in FY 2013.

ORANGE COUNTY

In Orange County, the current bed tax rate is 6 percent, effective as of September 2006. The six percent includes 3 percent TDT, 1-percent Impact Tax, and 2-percent PSFFT.

Figure 5-4 shows historical collections of bed tax in Orange County from FYE 2004 through FYE 2014, in which its collections reached \$195.9 million for six pennies, or \$32.7 million per penny. Compounded annual growth rate from FYE 2004 level is 6.4 percent, or 4.5 percent on per-penny basis, which adjusts for tax rate increases.

Figure 5-4

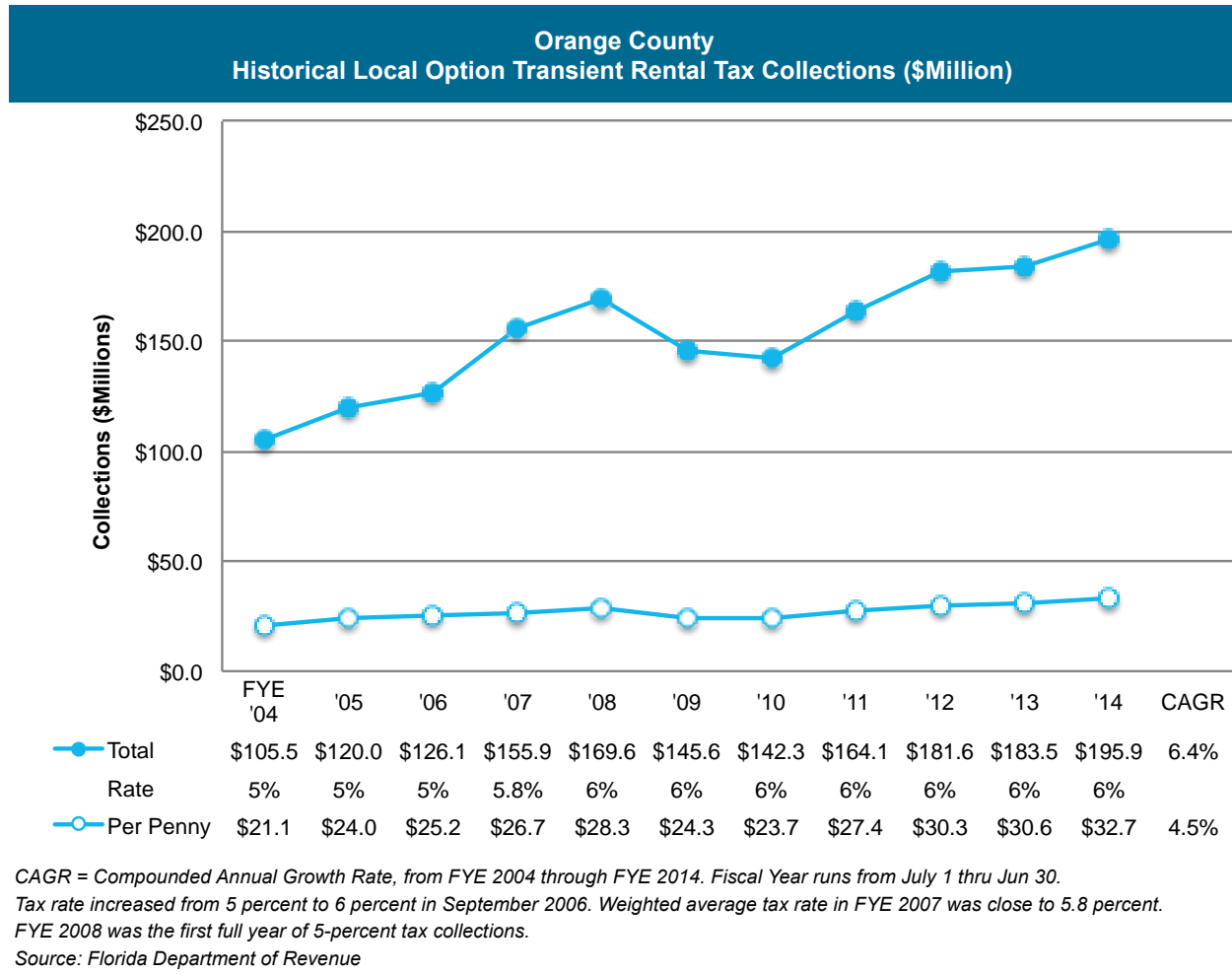


Table 5-3 shows the allocated uses of the six pennies, based on exact line items present in the County's FYE 2014 budget, and shown in four main use groups as indicated earlier, i.e., for public assembly facilities, tourism promotion, CVB, and beach maintenance and renourishment.

Table 5-3

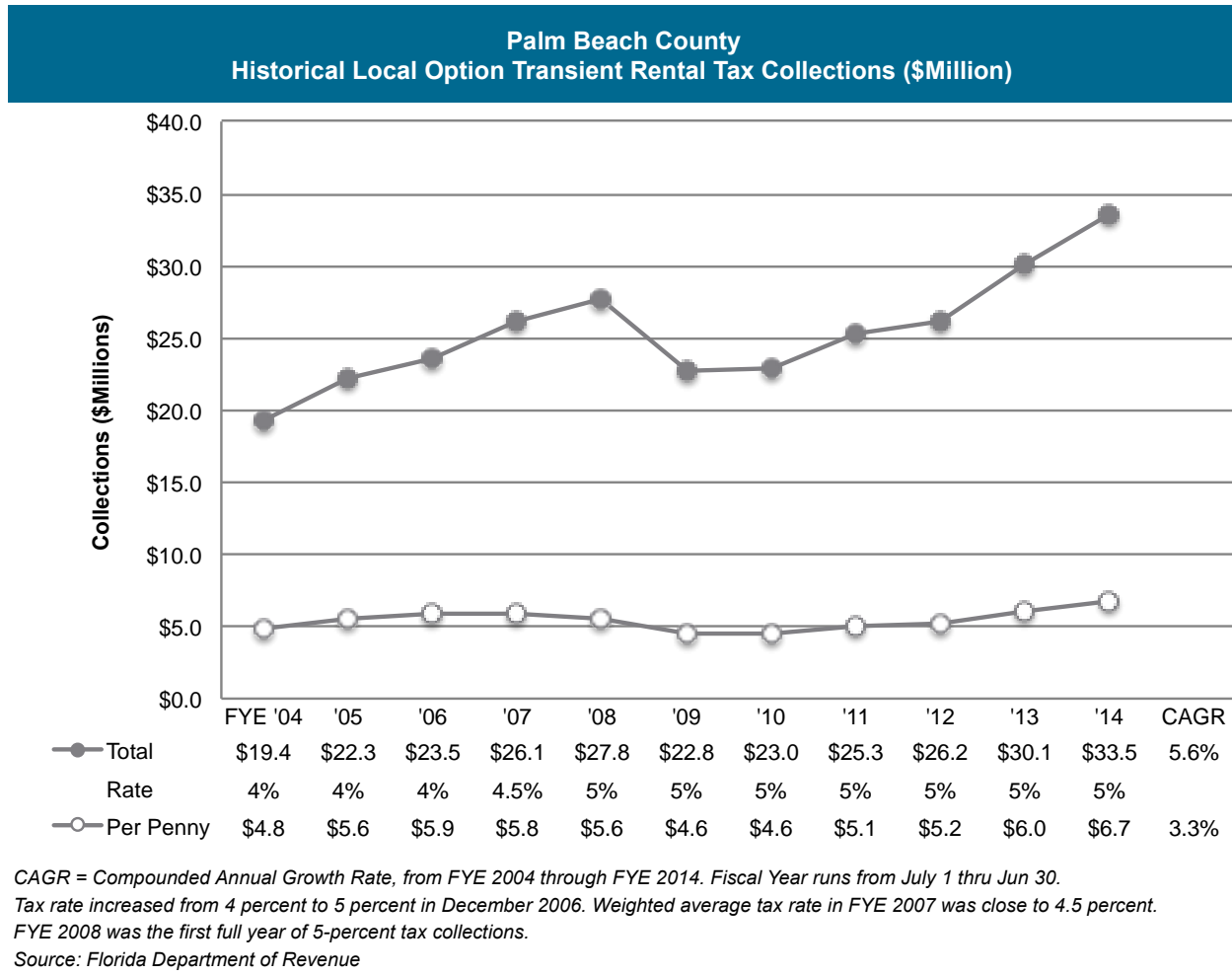
Orange County Uses of 6% Local Option Transient Rental Tax (Based on Proposed Budget for FY 2014)	
	%
Convention Center Debt Service	36%
Convention Center Capital Improvements	23%
Convention Center Operations	5%
Convention Center Grants	2%
Visit Orlando	18%
City of Orlando Community Venues	13%
Orange County Regional History Center	1%
Arts	2%
Total	100%
↓	
Uses by Group Categories	
Public Assembly Facilities	66%
Tourism Promotion	16%
CVB	18%
Beach Maintenance and Renourishment	0%
Total	100%
<i>Source: 2013 Local Option Tourist Taxes White Paper by City of Fort Lauderdale</i>	

As shown on the table, public assembly facilities use 66 percent of collections. CVB and tourism promotion use 18 percent and 16 percent, respectively. There is no allocation for beach maintenance and renourishment.

PALM BEACH COUNTY

In Palm Beach County, bed tax started at 1-percent in September 1982 and increased to 2 percent in January 1984, to 3 percent in February 1989, to 4 percent in January 1994, to 5 percent on December 2006, and to 6 percent on February 1, 2015. All six percent is TDT.

Figure 5-5 shows historical collections of bed tax in Palm Beach County from FYE 2004 through FYE 2014, in which its collections reached \$33.5 million for five pennies then, or \$6.7 million per penny. Compounded annual growth rate from FYE 2004 level is 5.6 percent, or 3.3 percent on per-penny basis.

Figure 5-5

PINELLAS COUNTY

In Pinellas County, bed tax started at 3-percent in October 1990 and increased to 4 percent in January 1996, and to 5 percent in December 2005, through now. The 5-percent bed tax breakdowns to 3-percent TDT and 2-percent PSFFT.

Figure 5-6 shows historical collections of bed tax in Pinellas County from FYE 2004 through FYE 2014, in which its collections reached \$33.8 million for five pennies then, or \$6.8 million per penny. Compounded annual growth rate from FYE 2004 level is 7.0 percent, or 4.7 percent on per-penny basis.

Figure 5-6

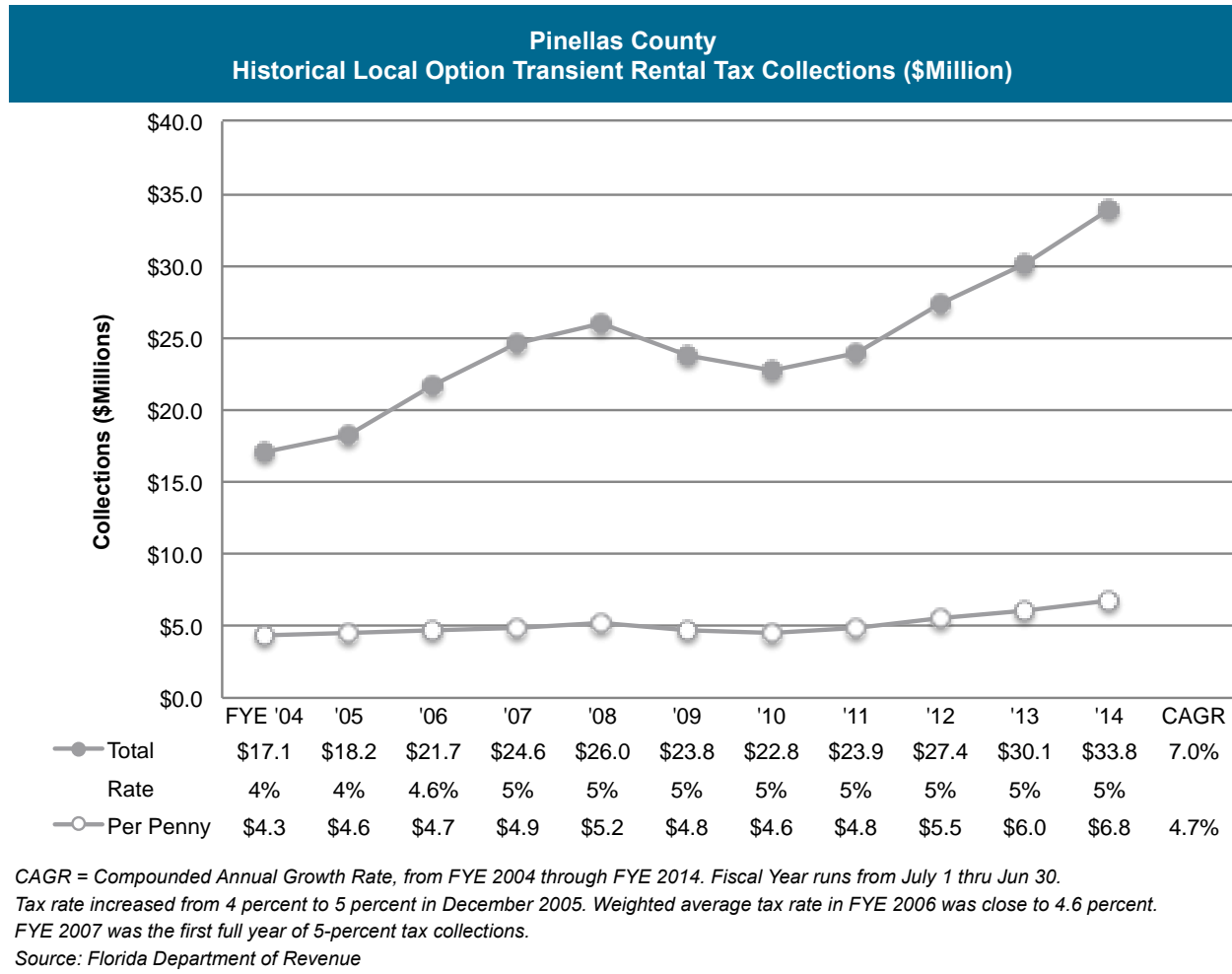


Table 5-4 shows the allocated uses of the five pennies, based on exact line items present in the County's FYE 2014 budget, and shown in four main use groups as indicated earlier, i.e., for public assembly facilities, tourism promotion, CVB, and beach maintenance and renourishment.

Table 5-4

Pinellas County Uses of 5% Local Option Transient Rental Tax (Based on Proposed Budget for FY 2014)	
	%
Sports Facilities' Debt Service	20.3%
Beach Renourishment Capital Improvement Projects	9.5%
Operations & Promotional Activities	55.0%
Reserves	15.2%
Total	100.0%
↓	
Uses by Group Categories	
Public Assembly Facilities	20.3%
Tourism Promotion	15.2%
CVB	55.0%
Beach Maintenance and Renourishment	9.5%
Total	100.0%
<i>Source: 2013 Local Option Tourist Taxes White Paper by City of Fort Lauderdale</i>	

As shown on the table, the CVBs in the county use 55 percent of collections. Public assembly facilities use 20.3 percent, followed by tourism promotion using 15.2 percent. Beach maintenance and renourishment uses 9.5 percent.

VOLUSIA COUNTY

Bed tax-wise, Volusia County is divided into three sub-areas: Halifax, Southeast, and Southwest Volusia. Table 5-5 shows the changes of bed tax rates in the County and its sub-areas.

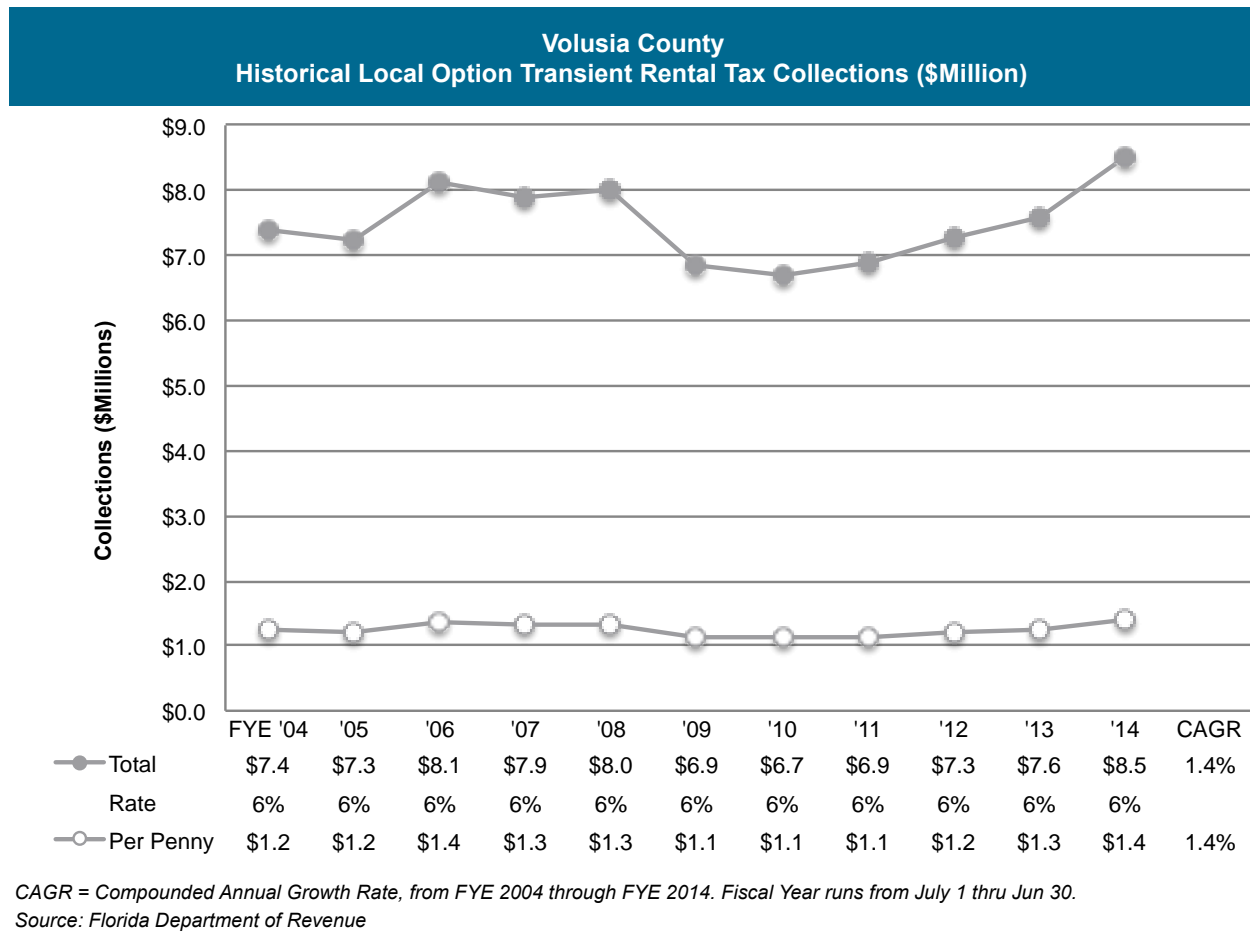
Table 5-5

District	Description	Ordinance	Date Adopted	Effective Date
TDT	tax imposed 2%	78-2	1/19/78	5/1/78
	County to collect tax	89-54	12/7/89	4/1/90
	*changed to 3%	2003-07	4/24/03	7/1/03
Halifax	tax imposed 1%	84-11	7/19/84	10/1/84
	County to collect tax	89-55	12/7/89	4/1/90
	changed to 2%	91-18	6/13/91	9/1/91
	changed to 3%	95-29	7/27/95	10/1/95
Southeast	tax imposed 1%	87-23	7/23/87	10/1/87
	County to collect tax	89-56	12/7/89	4/1/90
	changed to 2%	91-41	12/5/91	4/1/92
	changed to 3%	2000-22	6/15/00	10/1/00
West Volusia	tax imposed 1%	87-21	1/23/87	10/1/87
	County to collect tax	89-57	12/7/89	4/1/90
	changed to 2%	91-19	6/13/91	9/1/91
	changed to 3%	95-29	7/27/95	10/1/95

Today, total bed tax rate in all sectors of the Volusia County remains at 6 percent, which includes 3-percent TDT and 3-percent Convention Development Tax (CDT).

Figure 5-7 shows historical collections of bed tax in Volusia County from FYE 2004 through FYE 2014, in which its collections reached \$8.5 million for six pennies, or \$1.4 million per penny. Compounded annual growth rate from FYE 2004 level is 1.4 percent.

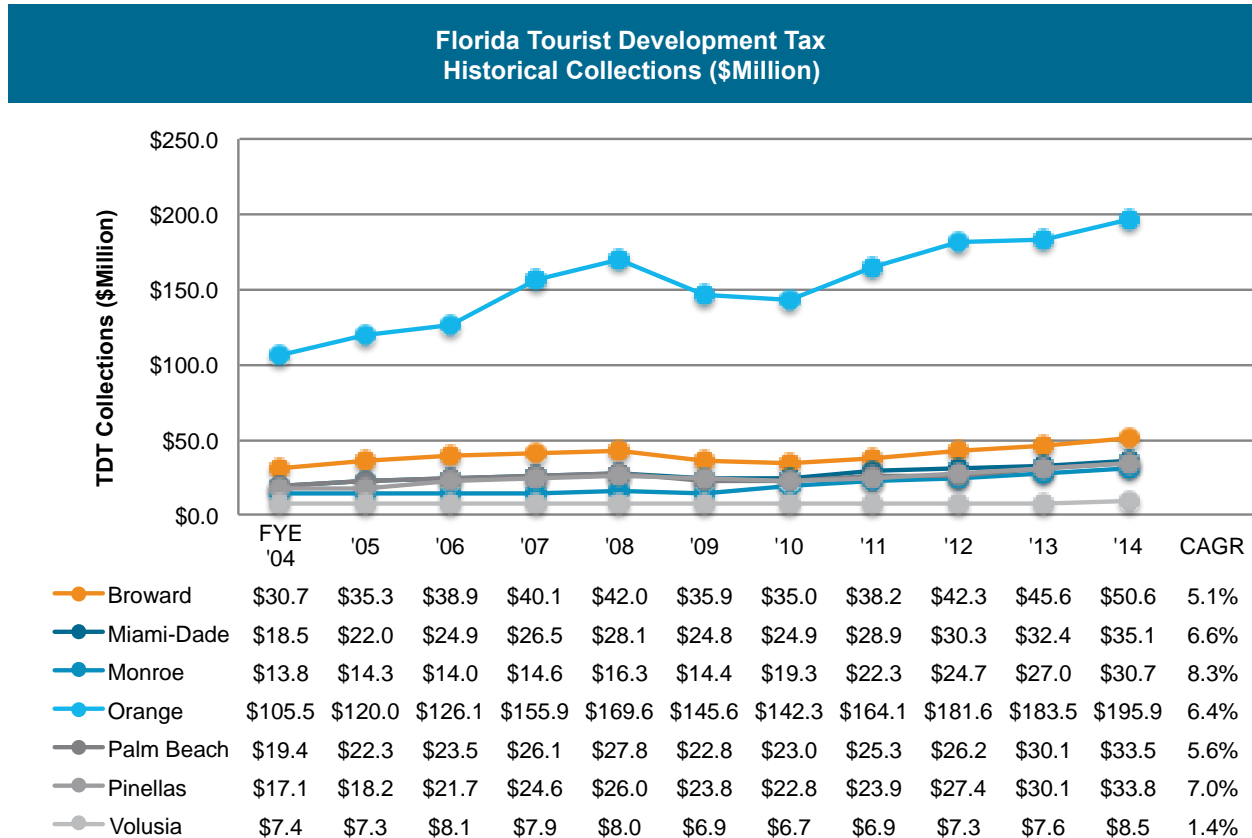
Figure 5-7



COMPARISON AND SUMMARIZATION

Figure 5-8 compares total bed tax collections in Broward County with those in comparable counties.

Figure 5-8



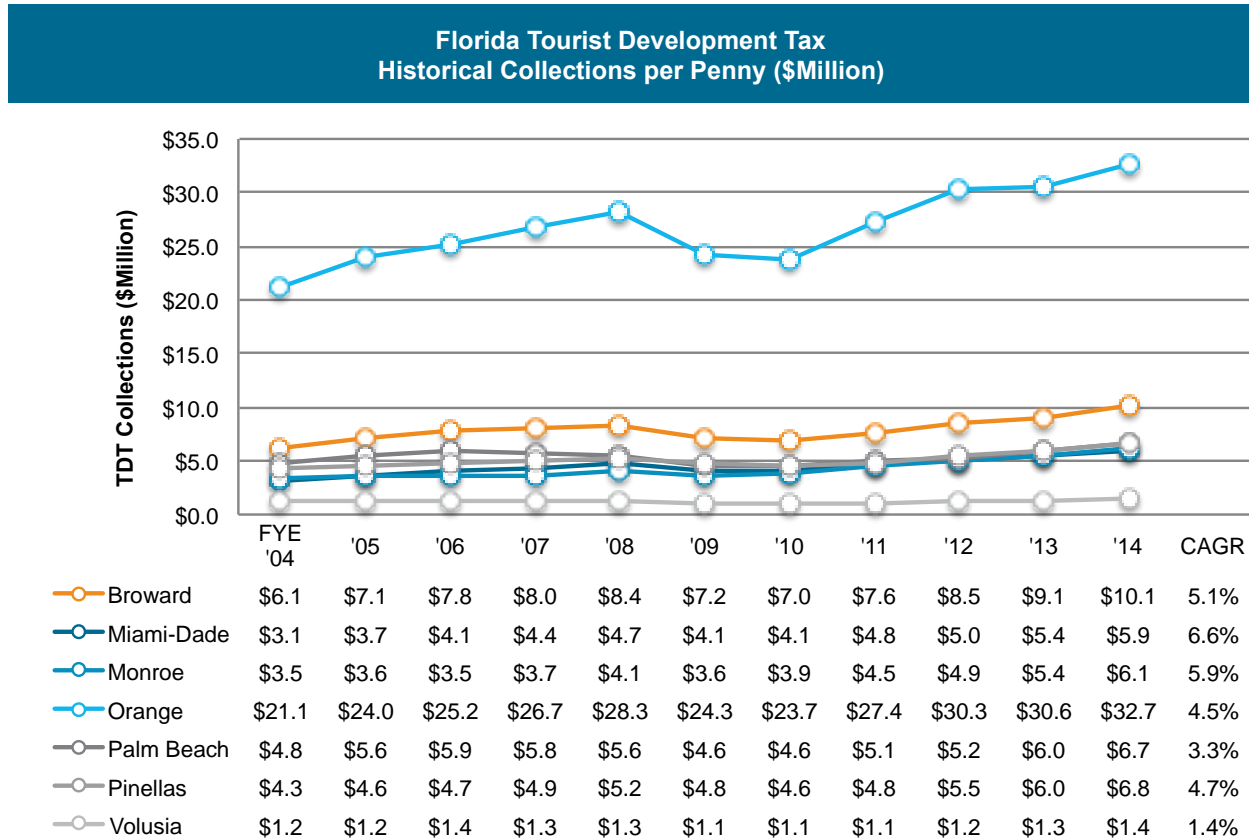
CAGR = Compounded Annual Growth Rate, from FYE 2004 through FYE 2014. Fiscal Year runs from July 1 thru Jun 30.

Source: Florida Department of Revenue

As shown on the chart, Broward County has the second largest bed tax collections after Orange County. However, its compounded annual growth rate is second from last (after Volusia County).

Figure 5-9 compares total bed tax collections in Broward County with those in comparable counties, on a per-penny basis.

Figure 5-9



CAGR = Compounded Annual Growth Rate, from FYE 2004 through FYE 2014. Fiscal Year runs from July 1 thru Jun 30.

Source: Florida Department of Revenue

As shown on the chart, on a per-penny amount, basis, Broward County performs well among comparable markets – only second to Orange County. On a per-penny basis, compounded annual growth rate in Broward County is third among the comparable markets.

Table 5-6 compares the breakdown of how bed tax is used in counties for which fund disbursement info is available: Broward, Miami-Dade, Monroe, Orange, and Pinellas County.

Table 5-6

Bed Tax in Florida Counties Uses of Bed Tax by Groups						
	Broward County	Miami-Dade County	Monroe County	Orange County	Pinellas County	Average
A) Construct, repair, maintain, operate, and promote convention centers, stadiums, arenas, auditoriums, museums	42%	73%	18%	66%	20.3%	44%
B) Promote and advertise tourism	2%	11%	79%	16%	15.2%	25%
C) Fund convention and visitors bureaus	42%	16%	4%	18%	55.0%	27%
D) Finance beach facilities, maintenance, renourishment	14%	0%	0.04%	0%	9.5%	5%
Total	100%	100%	100%	100%	100%	100%

Source: Florida Department of Revenue

As shown on the table, the share of Broward County TDT Fund allocated to CVB and beach-related expenditures are greater than the average of the five counties compared. The share allocated to public-assembly and/or cultural facilities is close to average, while the portion allocated to promote and advertise tourism is significantly low compared to the other four counties.

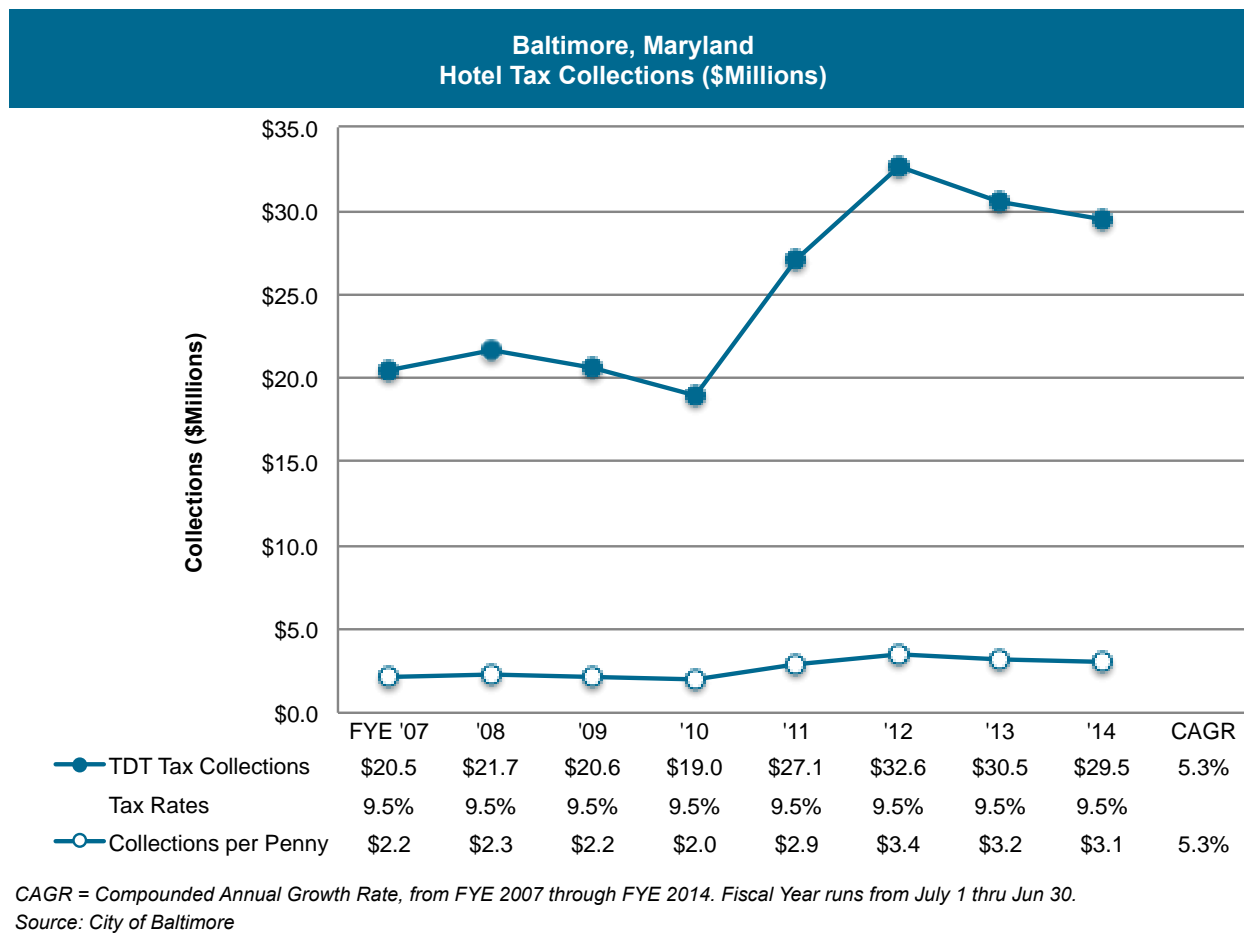
COMPARISON OF BED TAX IN OTHER MARKETS

This subsection presents bed tax in comparable markets outside Florida: Baltimore, Maryland; Austin, Texas; San Antonio, Texas; and Myrtle Beach, South Carolina. Baltimore, Maryland

Baltimore is a waterfront community with a high tourism volume, supported by a relatively strong downtown area and convention center. The City of Baltimore, Maryland, has a hotel occupancy tax rate of 9.5 percent. There is no state hotel tax in Maryland. The 9.5 percent rate in the city has remained steady since 1996.

The following figure shows historical collections of the hotel occupancy (bed) tax in the City of Baltimore from FYE 2007 through FYE 2014, in which its collections dropped from a peak in 2012, and again from 2013, to \$29.5 million for six pennies for the areas that collect it, or \$3.1 million per penny. Compounded annual growth rate from FYE 2007 level is a strong 5.3 percent.

Figure 5-10



The following table shows the allocated uses of the Hotel Occupancy Tax Revenue based on the City's FY 2015 budget.

Table 5-7

Baltimore, Maryland Uses of 9.5% Hotel Occupancy Tax (FYE 2015 Budget - City of Baltimore)		
	\$	%
Convention Center Debt Service	\$4,580,088	14.3%
Visit Baltimore Appropriation	14,286,415	44.6%
1/3 of Convention Center Deficit	2,814,314	8.8%
General Fund	10,320,182	32.2%
Total	\$32,000,999	100.0%

Source: FYE 2015 Budget - City of Baltimore

As shown in the table, 44.6 percent of the hotel tax's revenue goes to the Visit Baltimore Appropriation, 32.3 percent of the revenue goes to the General Fund, 14.3 percent goes to the Convention Center Debt Service, and the remaining 8.8 percent goes towards one third of the Convention Center Deficit.

The fact that the General Fund absorbs almost a third of the room tax has inhibited expansion of the convention center; however the City has used general fund revenue to support two headquarters hotel developments.

AUSTIN, TEXAS

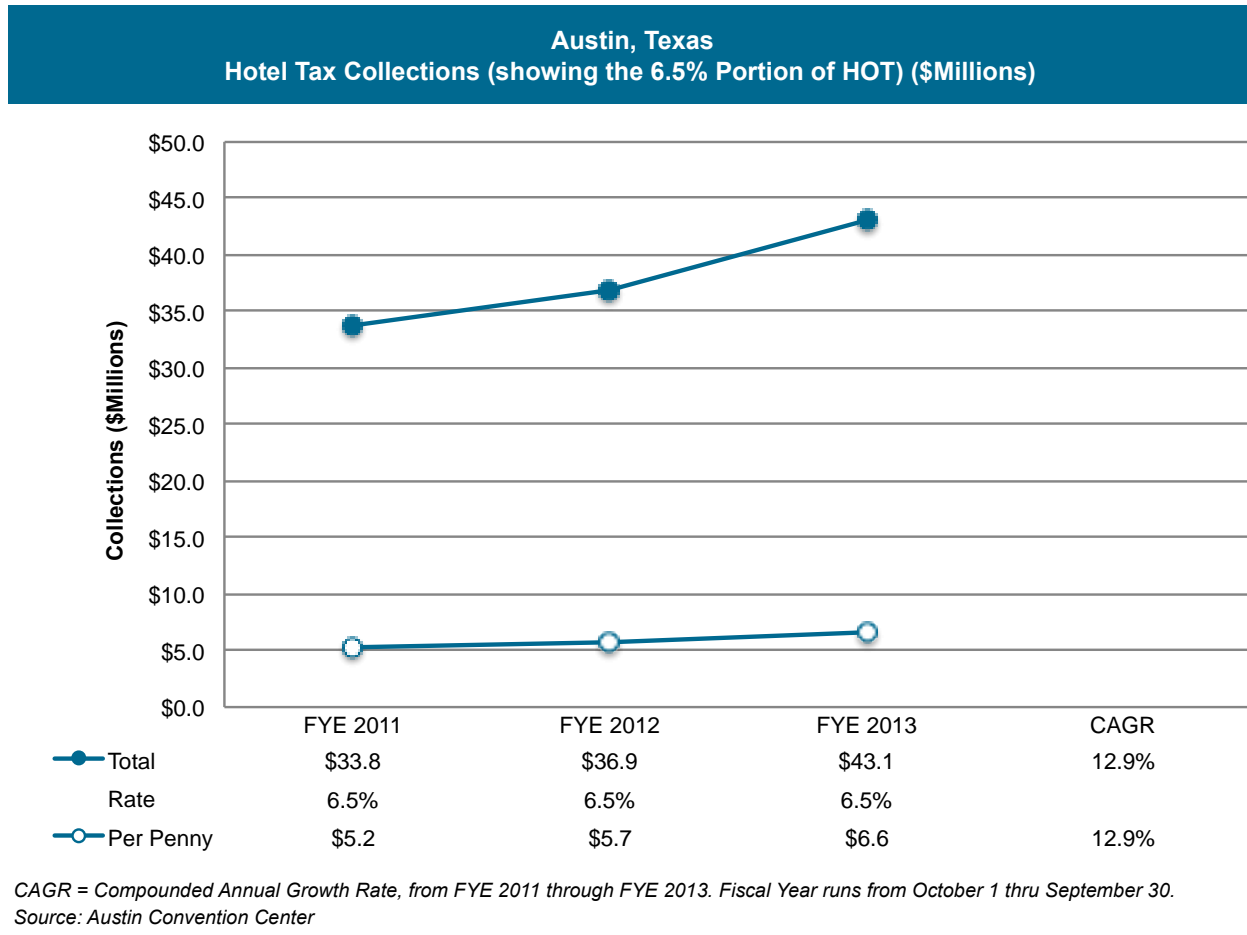
Austin, Texas is one of the highest hotel and car rental tax jurisdictions in the nation. The City of Austin, Texas, has a hotel occupancy tax rate of 9 percent. This is comprised of 4.5 percent dedicated for Austin Convention Center, 2.0 percent for voter-approved Convention Center/ Waller Creek Venue Project (Venue), 1.45 percent for Austin CVB, and 1.05 percent for cultural arts. This rate is in addition to the State of Texas hotel occupancy tax rate, which sits at 6 percent, resulting in a total tax paid on rooms being 15 percent.

Auto rental tax is also high. For rental contracts of 30 days or less, the tax rate is 10 percent. An additional 5 percent fee is also charged and sales tax is also charged. With sales tax and other fees, tax on rentals in Austin exceeds 27 percent.

Hotel Occupancy Tax will be the key funding source for a future ACC expansion. Per City Ordinance 900830-L, Austin Convention Center receives 4.5 cents of the 9.0 cents per dollar of room occupancy fees collected by the City (\$29.8 million in FYE 2013). The Convention Center also receives 2.0 cents of the 9.0 cents collected by the City, but this 2.0 cent tax is devoted to the Venue Project Fund and therefore is not available to cover expansion cost. The 2.0 cent tax, along with funds from the auto rental tax fund a second convention center, is oriented towards consumer shows in the City of Austin.

Figure 5-11 shows historical collections of HOT, showing the 4.5 cents and 2.0 cents only (totaling 6.5 cents), from FYE 2011 through FYE 2013. Compounded annual growth rate during the period is 12.9 percent.

Figure 5-11



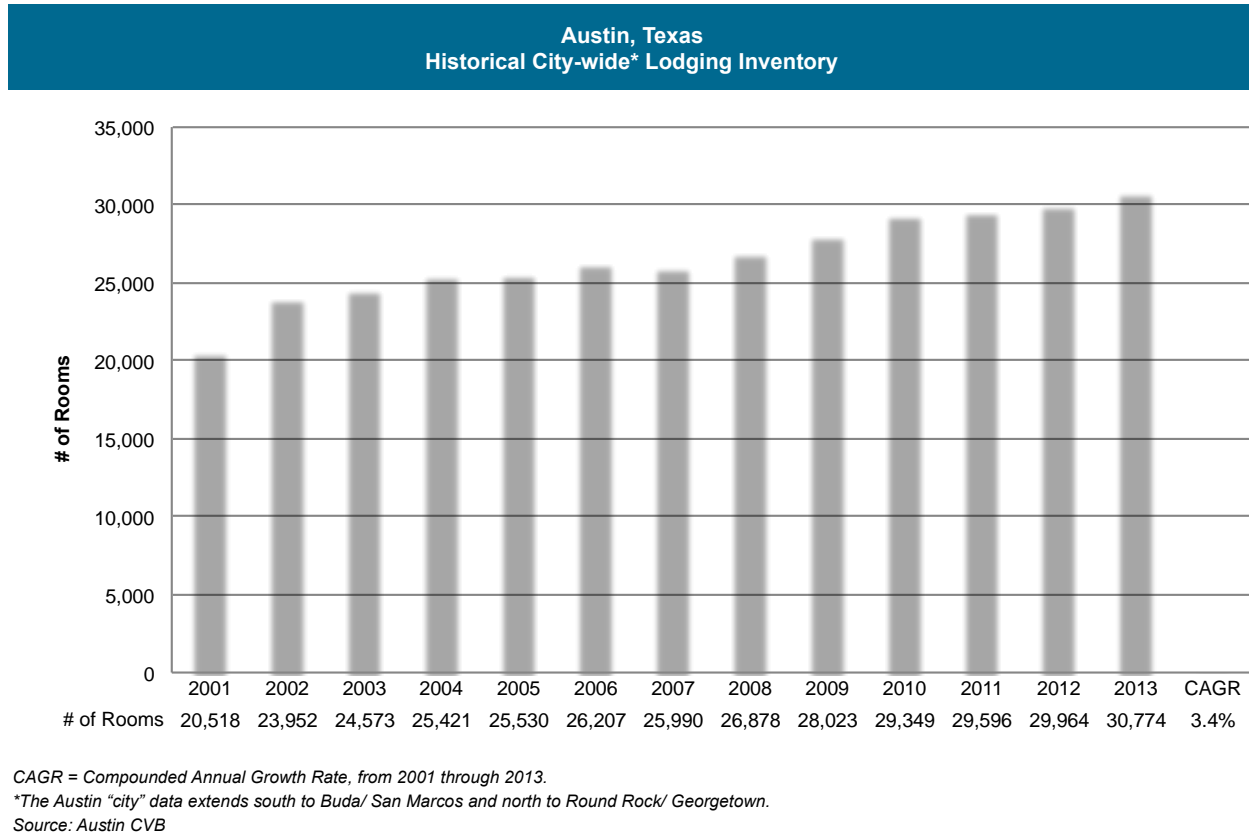
The convention and visitors bureau operates with a budget of approximately \$11.5 million in 2014. Eighty five percent of this amount comes from the room tax fund, with the balance being earned revenue. Use of the CVB's budget is summarized below.

Table 5-8

Austin, Texas Uses of Austin CVB Budget (FYE 2013)	
	%
Convention Sales	33%
Convention Services	4%
Convention Services - Housing	2%
Tourism Sales	6%
Marketing/ Advertising	27%
Music and Film	4%
Visitor Center	11%
Finance/ Administrative/ IT	13%
Total	100%

Source: The City of Austin

Results in Austin have been impressive. There are over 5,000 hotel rooms that have evolved around the convention center, over 30,000 hotel rooms City-wide, and the City owns and operates the 800-room Hilton Hotel. Figure xx shows the growth of hotel room inventory in Austin, which has experienced a 3.4 percent annual growth from 2001 through 2013.

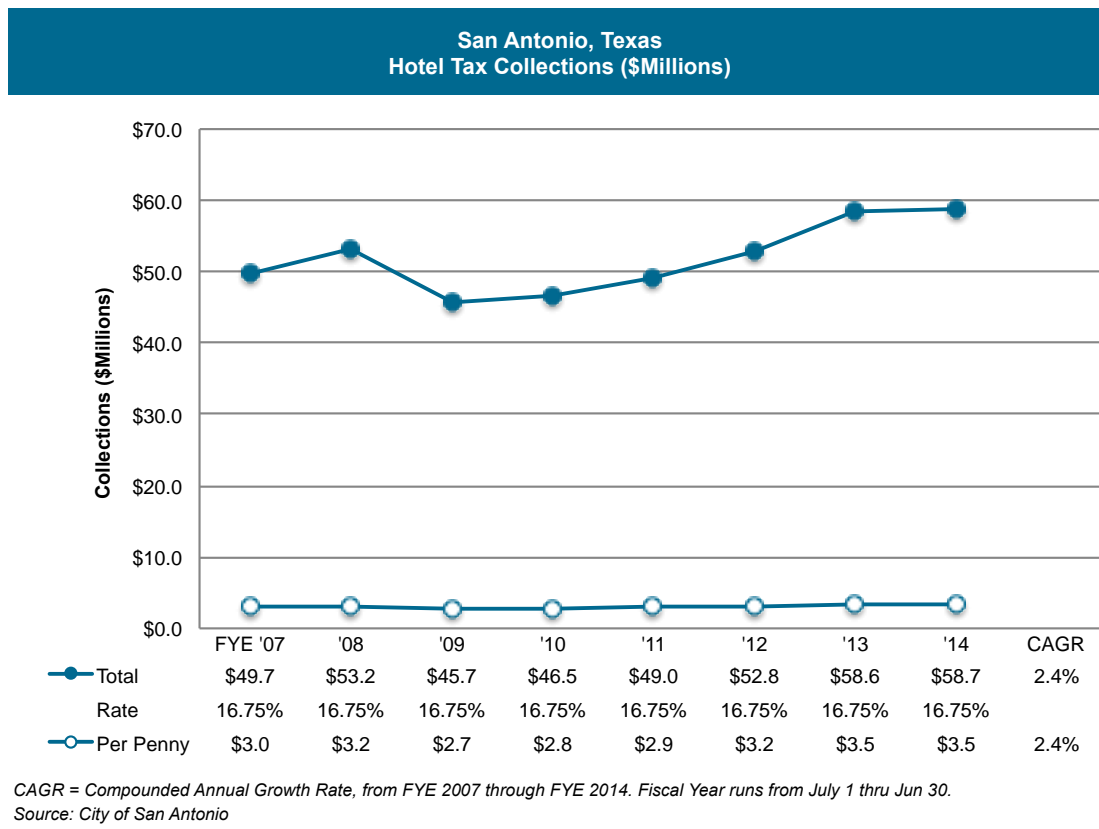
Figure 5-12

SAN ANTONIO, TEXAS

San Antonio has strong tourism appeal. The City has implemented systematic upgrades to the area surrounding the convention center and adjacent Alamodome, which was home to the NBA's San Antonio Spurs until they vacated in 2002. The City of San Antonio, Texas, currently has a hotel occupancy tax rate of 7 percent. This rate is in addition to the state of Texas hotel occupancy tax rate (6 percent), as well as the 1.75 percent rate from Bexar County, and the 2 percent rate for the City of San Antonio Convention Center Expansion. Added all together the total hotel occupancy tax rate is 16.75 percent and is among the highest in the nation.

The following figure shows historical collections for the hotel occupancy (bed) tax in the City of San Antonio from FY 2007 through FY 2014, in which its collections peaked at \$53.2 million in 2008, saw a slight decline to 2009 (45.7 million in collections), and then a steady rise to a new peak of \$58.7 million in 2014. Compounded annual growth rate (CAGR) from the FYE 2007 level is 2.8 percent.

Figure 5-13



The following table shows the allocated uses of the Hotel Occupancy Tax Revenue based on the City's FY 2015 budget.

Table 5-9

San Antonio, Texas Uses of 16.75% Hotel Occupancy Tax (Based on Budget for FY 2015)	
	%
Convention and Visitors Bureau	34.0%
Convention and Sports Facilities	36.0%
Department of Culture and Creative Development	15.0%
General Fund under History & Preservation	15.0%
Total	100.0%

Source: 2015 Budget City of San Antonio

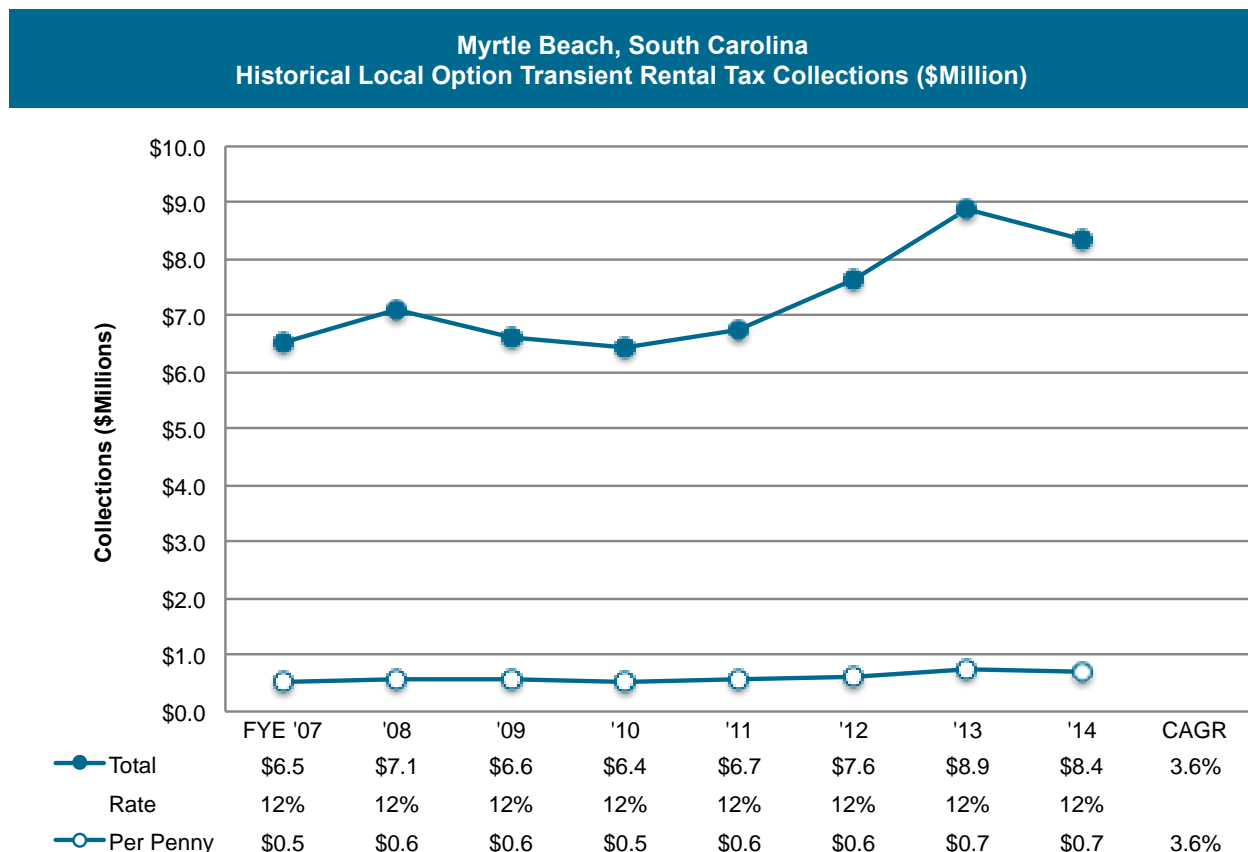
As shown in the table, the Convention and Visitors Bureau uses 34.0 percent of the tax revenue, with 36.0 percent going to Convention and Sports facilities, and 15.0 percent goes to the arts. The final 15.0 percent goes to History and Preservation.

MYRTLE BEACH, SOUTH CAROLINA

The City of Myrtle Beach, South Carolina's hotel occupancy tax rate is currently 12 percent. This is an all-inclusive tax rate that includes the 5 percent State Sales Tax, the 2.5 percent Hospitality Fee, the 2 percent State Accommodations Tax, the .5 percent Local Accommodations Tax, the 1 percent Local Education Capital Improvements Sales Tax, and the 1 percent Tourism Development Fee.

Figure 5-14 shows historical collections for the hotel occupancy (bed) tax in the city of Myrtle Beach from FYE 2007 through FYE 2014, in which its collections peaked at \$7 million in 2008, saw a slight decline to 2010, and then a steady rise to a new peak of close to \$9 million in 2013. There was another slight decline for fiscal year 2014. Compounded annual growth rate from the FYE 2007 level is 5.3 percent.

Figure 5-14



CAGR = Compounded Annual Growth Rate, from FYE 2007 through FYE 2014. Fiscal Year runs from July 1 thru Jun 30.

Source: South Carolina Department of Revenue

In FYE 2014, \$3,296,652 of the total revenues from the bed tax went to Community and Economic Development. The remaining \$5,059,204 transferred out of the accommodations tax fund.

COMPARISON OF LODGING TAX VS. MEALS TAX

This subsection examines the correlation between tax on lodging and tax on food and beverage services. Two markets that have such taxes serve as examples: Marion County, Indiana and Miami-Dade County, Florida. It illustrates the power of collections of a meals versus a lodging tax, because it is so broad based.

MARION COUNTY, INDIANA

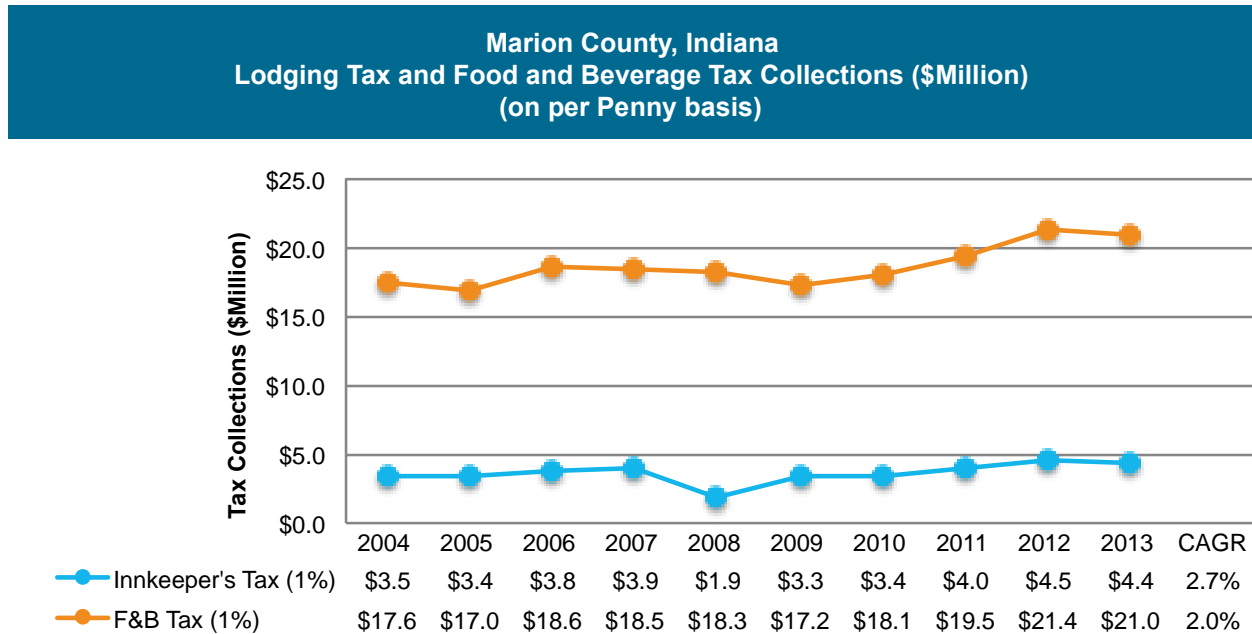
The state capital of Indianapolis is located in Marion County. The County levies several tourism-related taxes, as shown below, which has largely contributed, and continues to support, the overall success of the City (source: Page 81-82 of Comprehensive Annual Financial Report FYE 2013, Capital Improvement Board of Managers of Marion County, Indiana).

Capital Improvement Board of Managers State and Local Taxes and Other Assistance Last Ten Fiscal Years					
	2004	2005 ¹	2006	2007	
Innkeeper's Tax (5%)	\$ 17,483,328	\$ 17,176,553	\$ 19,164,522	\$ 19,716,399	
Innkeeper's Tax (1%)	3,496,666	3,435,311	3,832,904	3,943,280	
Food and Beverage Tax (1%)	17,567,107	16,959,958	18,649,983	18,499,125	
Admissions Tax (5%)	4,968,613	5,434,476	5,015,698	5,689,486	
Auto Rental Excise Tax (2%)	1,739,924	1,850,410	2,066,784	2,163,710	
Cigarette Tax	350,000	350,000	350,000	350,000	
PSDA Allocation	5,696,189	5,257,272	7,351,193	6,562,676	
Total Original Excise Taxes and Original PSDA Revenues	51,301,827	50,463,980	56,431,084	56,924,676	

2008	2009	2010	2011	2012	2013
\$ 19,345,115	\$ 16,586,647	\$ 16,897,910	\$ 20,058,708	\$ 22,594,512	\$ 22,146,073
3,869,023	3,317,330	3,379,581	4,011,742	4,518,902	4,429,215
18,302,507	17,245,791	18,114,074	19,456,828	21,363,190	21,003,275
5,572,962	6,045,410	6,196,366	4,944,580	6,537,019	6,893,128
2,137,402	1,890,765	2,000,674	2,051,253	2,349,515	2,143,664
350,000	350,000	350,000	350,000	350,000	350,000
7,273,513	8,150,302	11,053,696	7,691,826	7,212,774	7,456,830
56,850,522	53,586,245	57,992,301	58,564,937	64,925,912	64,422,185

Among the various taxes are County Innkeeper's Tax and Food and Beverage Tax. Figure 5-15 compares those tax revenues on a one-percent basis.

Figure 5-15

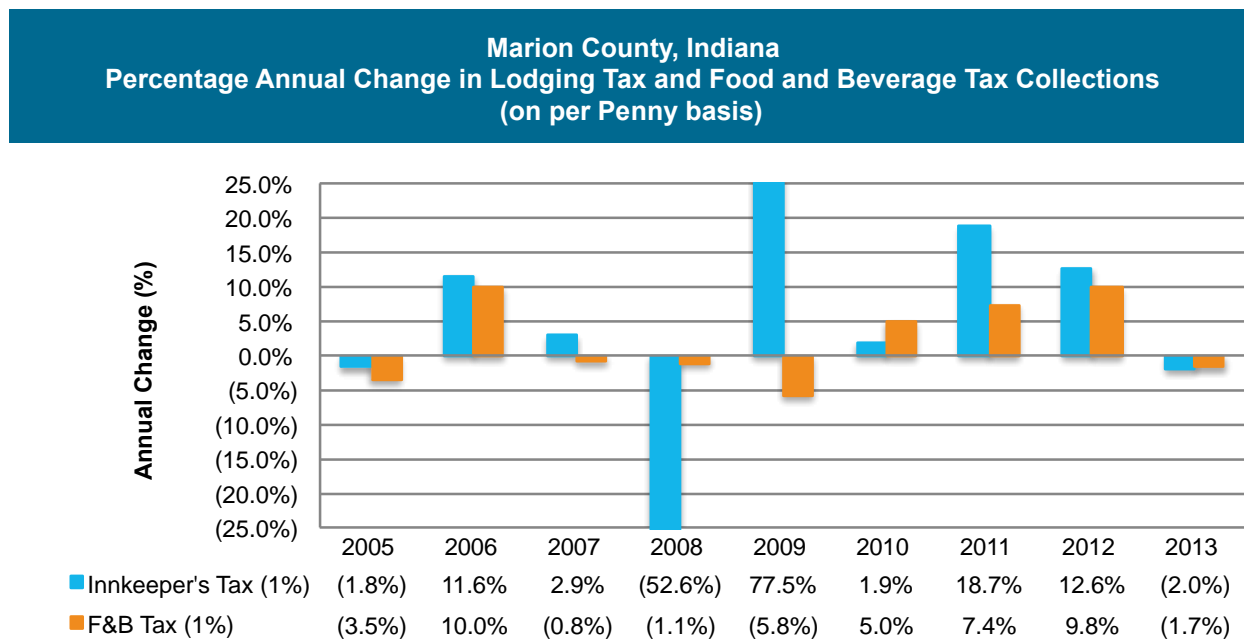


CAGR = Compounded Annual Growth Rate from FYE 2004 thru FYE 2013.

Source: Capital Improvement Board of Managers of Marion County, Indiana Comprehensive Annual Financial Report FYE 2013 (Page 81-82)

While one percent tax on food and beverage generates about five times one percent tax on lodging, from collections, both taxes seem to fluctuate similarly, however the room tax is more volatile. Figure 5-16 compares the percentage change of collections, annually.

Figure 5-16

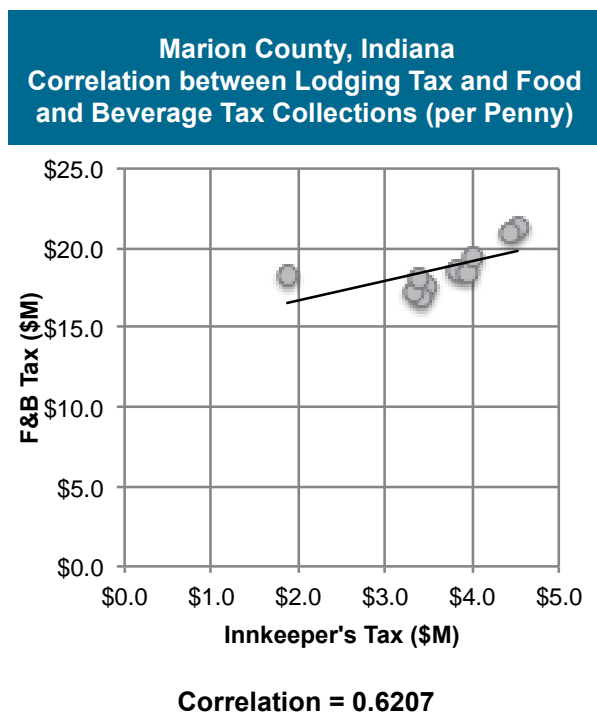


Source: Capital Improvement Board of Managers of Marion County, Indiana Comprehensive Annual Financial Report FYE 2013 (Page 81-82); Johnson Consulting

As shown on the table, outside of 2008-2009 period (which was affected by the recession), the percentage annual change has been fairly consistent between both taxes.

Figure 5-17 plots the tax collections in a scatter chart.

Figure 5-17



Source: Capital Improvement Board of Managers of Marion County, Indiana Comprehensive Annual Financial Report FYE 2013 (Page 81-82); Johnson Consulting

Based upon ten years of data, the chart shows the correlation between taxes on lodging and food and beverage is 62.07 percent.

MIAMI-DADE COUNTY, FLORIDA

As previously discussed, Miami-Dade County levies several tourism-related taxes. Page 240 of Comprehensive Annual Financial Report FYE 2013, Miami-Dade County, Florida lists those taxes, shown below.

MIAMI-DADE COUNTY TOURISM TAX COLLECTION (Unaudited)
LAST TEN CALENDAR YEARS
(in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Tourist Development Tax	\$12,851	\$15,097	\$16,703	\$18,390	\$17,844	\$14,388	\$16,526	\$19,493	\$20,327	\$22,463
Convention Development Tax	30,045	39,813	42,741	47,249	47,225	40,946	47,766	55,682	60,424	66,879
Tourist Development Surtax	5,150	5,294	5,594	5,924	5,663	4,651	5,247	6,161	6,505	6,988
Professional Sports Facility Tax	6,425	7,549	8,352	9,195	8,922	7,194	8,263	9,746	10,164	11,231
Homeless and Spouse Abuse Tax	11,440	12,796	14,005	14,602	15,098	14,969	16,348	18,307	19,776	20,674

Note: Actual year tax collected by facilities as follows:

Tourist Development Tax - 2% on living rentals for six months or less; excludes Miami Beach, Surfside and Bal Harbour.

Convention Development Tax - 3% on living rentals for six months or less; excludes Surfside and Bal Harbour.

Tourist Development Surtax - 2% on food and beverage sold in hotels and motels; excludes Miami Beach, Surfside and Bal Harbour, effective July 1, 1990.

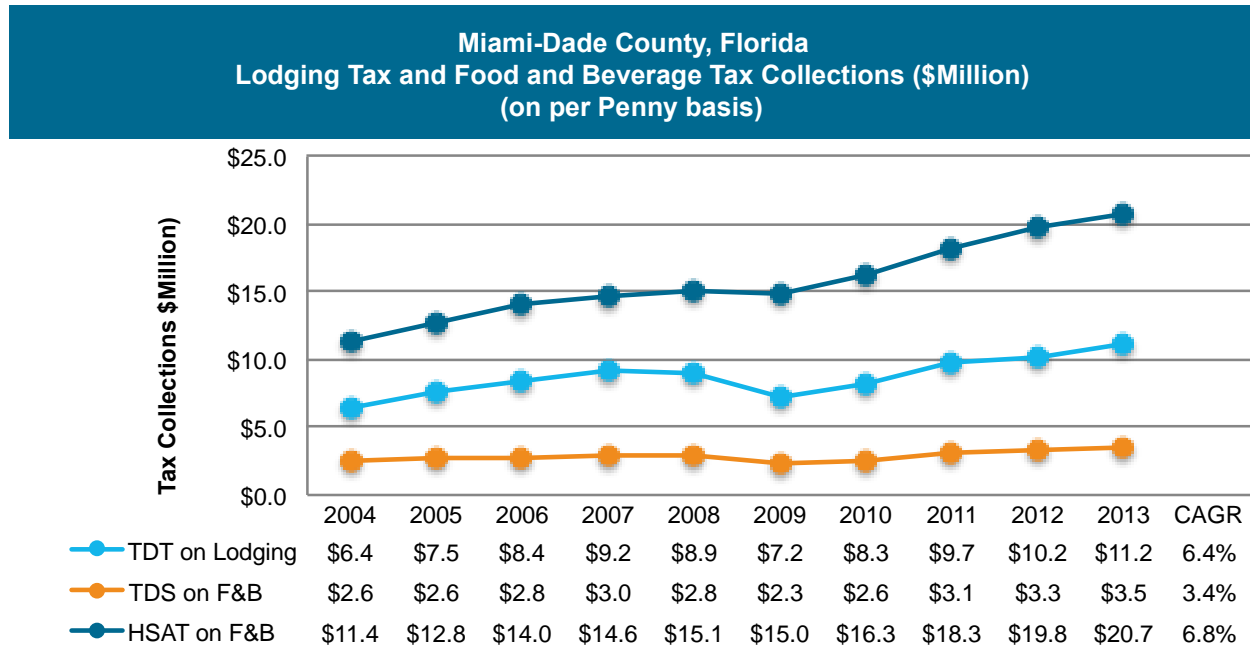
Professional Sports Facility Tax - 1% on living rentals for six months or less; excludes Miami Beach, Surfside and Bal Harbour, effective January 1, 1991.

Homeless and Spouse Abuse Tax - 1% on food and beverages sold in establishments except motels and hotels, having gross annual revenues greater than \$400,000, licensed to sell alcoholic beverages for consumption on premises, excluding Miami Beach, Surfside and Bal Harbour, effective October 1, 1993.

Source: Miami-Dade County Finance Department, Tax Collector's Division.

Among the various taxes is 2-percent Tourist Development Tax (TDT) on lodging. There are also two taxes on food and beverage: Tourist Development Surtax (TDS) and Homeless and Spouse Abuse Tax (HSAT). Figure 5-18 compares TDT, TDS, and HSAT revenues on a one-percent basis. The weakness of the TDS food and beverage tax in Dade County is it is only collected on hotel/ motel establishments. The HSAT meals tax is more largely applied (levied on food and beverages sold in establishments except hotels/ motels) and shows a better measure of a broad-based food and beverage tax.

Figure 5-18



CAGR = Compounded Annual Growth Rate from FYE 2004 thru FYE 2013.

TDT = Tourist Development Tax.

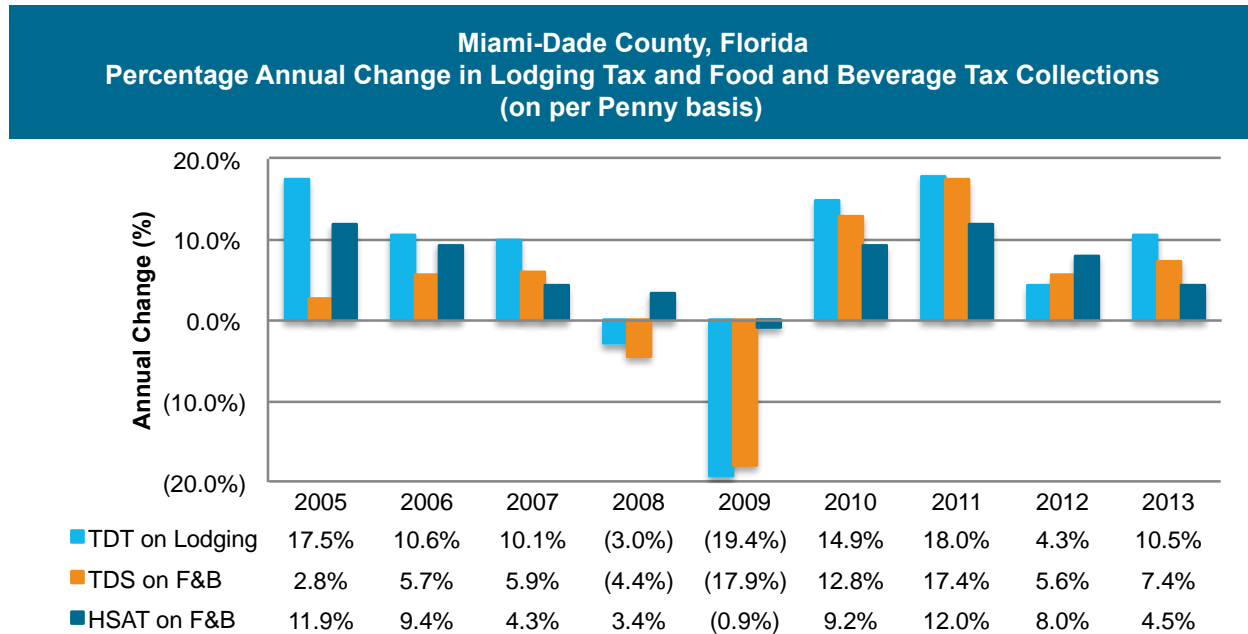
TDS = Tourist Development Surtax, on food and beverages sold at lodging establishments.

HSAT = Homeless and Spouse Abuse Tax, on food and beverages sold at establishments except hotels/ motels.

Source: Miami-Dade County, Florida Comprehensive Annual Financial Report FYE 2013 (Page 240)

In Miami-Dade County, again while the two sources generate different revenue volumes, collections from both taxes also seem to fluctuate similarly. Figure 5-19 compares the percentage change of collections, annually.

Figure 5-19



TDT = Tourist Development Tax.

TDS = Tourist Development Surtax, on food and beverages sold at lodging establishments.

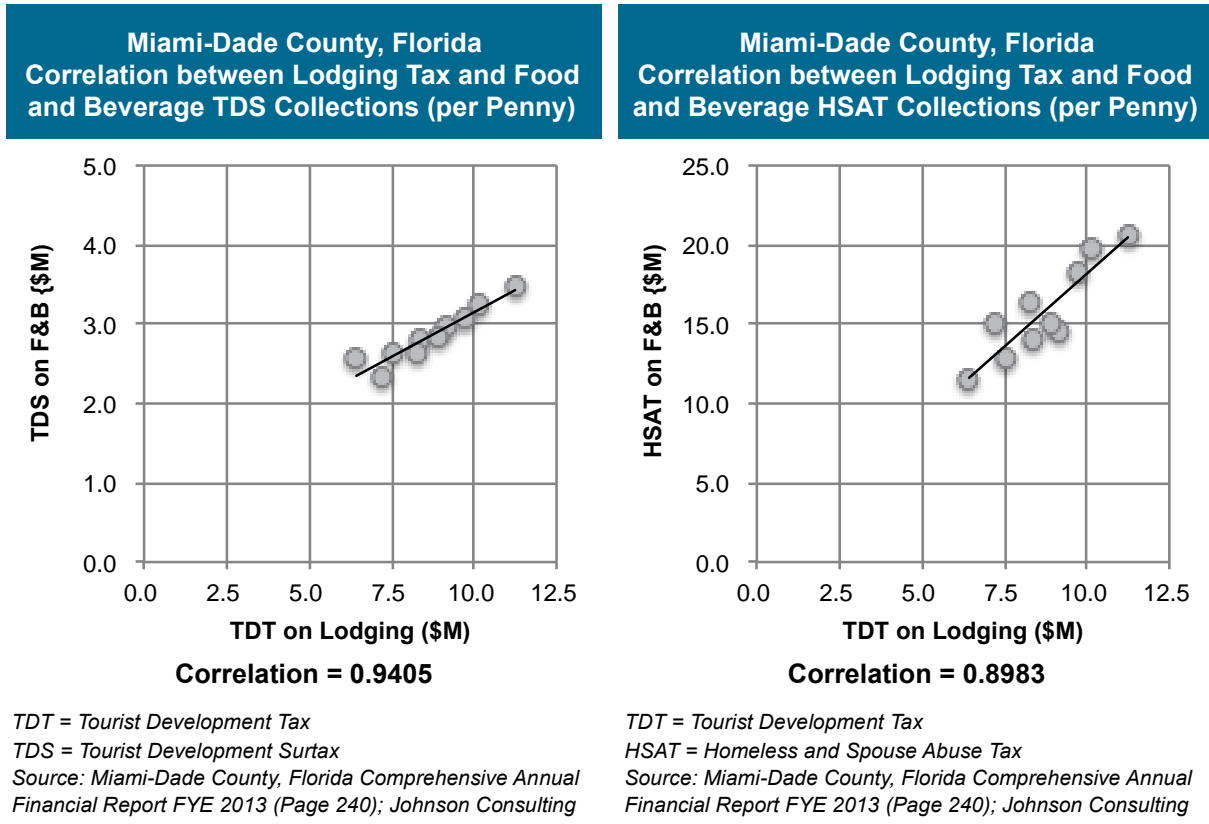
HSAT = Homeless and Spouse Abuse Tax, on food and beverages sold at establishments except hotels/ motels.

Source: Miami-Dade County, Florida Comprehensive Annual Financial Report FYE 2013 (Page 240); Johnson Consulting

As shown on the table, the percentage annual change has been fairly consistent between all three taxes.

Figure 5-20 plots the 'TDT' vs. 'TDS' collections and 'TDT' vs. 'HSAT' collections in two side-by-side scatter charts.

Figure 5-20



The charts show that the correlation between lodging tax and meals' TDS collections is 94.05 percent, while between lodging tax and meals' HSAT collections is 89.83 percent. Both charts show much higher correlations when compared to that in Marion County.

CONCLUSION

FUNDING MODELS IN OTHER MARKETS

The programs and laws listed below are provided to show examples of ways markets generate funds to strengthen their tourism destinations. The Tourism Development Zone (TDZ) in downtown Nashville, Tennessee and the Metropolitan Area Projects (MAPS) programs in Oklahoma City provide insights into tools that could be used to address funding strategies in Broward County and elsewhere, especially to address large funding needs, such as beach renourishment or locally oriented assets such as arenas and cultural amenities.

DOWNTOWN NASHVILLE TOURISM DEVELOPMENT ZONE

The Downtown Nashville Tourism Development Zone (TDZ) is defined as a 1,700-acre (26.5-square mile) zone created by the State of Tennessee that uses TIF to leverage funds for municipal improvement projects at the State and City level. The TIF mechanism is very powerful as it is based upon increment sales taxes rather than the more typical property taxes. Taxes collected from the TDZ strengthen the cultural destinations of the City, which has an established identity based up on the country music scene, and help spur private development.

The Tennessee Code Annotated § 7-88-103 (2008) was enacted to assist in the increase of tourism and economic development in the State through a tax-based financing mechanism. The financing can be used to pay for government backed bonds that can be used to fund the cost of construction of a tourism related project. The debt service or payment required to repay the bonds is covered, in a portion, through the incremental taxes that are generated from the visitors/tourists visiting the District. An increase in tourism in the TDZ from the convention center has increased the demand for hotels, retail, entertainment, and other businesses to cater to visitors/tourists. Since creation of the TDZ, room tax collections have exceeded \$20 million over prior years because creation of this zone has stimulated a boom in hotel construction in the TDZ.

The incremental taxes are calculated based on a comparison of the growth rate of sales and uses taxes in Davidson County to that of the TDZ. For example, if in one fiscal year the Davidson County's sales and use taxes grew at 3 percent and the TDZ taxes grew at 8 percent, the difference or increment of 5 percent would be quantified and allocated to cover a portion of the debt service payments for the convention center. Hotels developed next to the convention center have a separate right to keep sales and room tax for their development, like with the TIF law in the Virgin Islands.

OKLAHOMA MAPS PROGRAM

MAPS, or Metropolitan Area Projects Plan, is a multi-year, municipal capital improvement program, consisting of a number of projects, originally conceived in the 1990s in Oklahoma City. A MAPS program features several interrelated and defined capital projects, funded by a temporary sales tax (allowing projects to

be paid for in cash, without incurring debt), administered by a separate dedicated city staff funded by the sales tax, and supervised by a volunteer citizens oversight committee.

In some ways, a MAPS program is similar to a Local option sales tax. However, taxes collected by a MAPS program do not go to a city's general fund, but are instead deposited into a trust dedicated to the specific projects identified in the taxes' enabling ordinance. Additionally, MAPS programs are only indirectly controlled by a city's elected governance body; a citizens oversight committee provides direct oversight, which is also established by the enabling ordinance.

The original Metropolitan Area Projects Plan, or MAPS, was a \$350 million public works and redevelopment project in Oklahoma City, Oklahoma during the middle to late 1990s, funded by a temporary, five year, voter-approved sales tax increase. The original MAPS program comprised nine projects that took 10 years to complete, and were chosen to appeal to a wide variety of city residents and also revitalize the city's downtown.

The second MAPS program, called MAPS for Kids, was a \$700 million initiative to improve schools in the various school districts whose boundaries coincided with the City of Oklahoma City. Oklahoma has school districts whose boundaries have nothing to do with the boundaries of any other political subdivision. At the time the original MAPS tax was expiring, the Oklahoma City Public Schools system was struggling with little political capital. With the addition of a \$180-million bond issue and an eye on addressing childhood obesity issues, new gymnasiums were added to all of the Oklahoma City District's elementary schools. The program was approved by voters in 2001. This temporary sales tax was collected for seven years, with 70 percent disbursed to the Oklahoma City School District and 30 percent to 23 Suburban School Districts.

MAPS 3 is a \$777 million program, approved by voters in 2009 with 54 percent of the vote (the same percentage as the Original MAPS.) The one-cent sales tax initiative began in April 2010 and ends in December 2017. After a year of public meetings organized by Mayor Mick Cornett, there developed a consensus that a future MAPS program should focus on projects that improved the Quality of Life in Oklahoma City. Hundreds of citizens suggested projects to be considered; through a series of public meetings eight projects were eventually selected to be included in MAPS 3.

- New Downtown Convention Center,
- New Downtown Public Park – 70 acres, including festival areas,
- New Modern Streetcar/ Transit system and an inter-modal transit hub,
- New Senior Health and Wellness Centers; multiple structures in various parts of the city designed to encourage healthy lifestyles and serve as a gathering place for active seniors,

- Improvements to the Oklahoma River including a whitewater training facility and various upgrades to the world-class rowing racecourse,
- Improvements to the Oklahoma State Fair Grounds including replacing public event buildings,
- Expansion of Trails system that interconnects the city’s major parks for walking and biking, and
- Expansion of neighborhood sidewalks to create a more walkable community.

COMPARISON OF GRANT APPLICATIONS

This subsection presents a comparison of tourism grant application in Broward, Monroe, Palm Beach and Pinellas Counties in Florida; and two examples from the State of Illinois.

Table 5-10

Comparison of Tourism Grant Applications						
	Broward County, Florida CTP	Monroe County, Florida Destination/ Turnkey Event Funding	Palm Beach County, Florida Cultural Tourism Development Fund	Pinellas County, Florida Elite Event Funding Program	Illinois MPP	Illinois TAP
Full Name	Cultural Tourism Program	Destination/ Turnkey Event Funding	Cultural Tourism Development Fund: Major Institutions Palm Beach County	Elite Event Funding Program	Tourism Marketing Partnership Program	Tourism Attraction Development Grant Program
By	Broward County Board of County Commissioners	Monroe County Tourist Development Council		Pinellas County Board of County Commissioners	IL Department of Commerce and Economic Opportunity	IL Department of Commerce and Economic Opportunity
Purpose	To assist in the promotion and advertisement of Broward County tourism, using the arts as a means.	To assist in the promotion of the Florida Keys as a tourist destination.	To expand and promote cultural programs which directly develop Palm Beach County tourism and improve the quality of life in Palm Beach County for all residents.	To assist in the promotion of events that generate a significant positive economic impact for Pinellas County.	To assist in the promotion of tourism attractions, tourism destinations, and tourism events in Illinois	To assist in the development or improvement of tourism attractions.
Intent	To provide matching funds to help promote and advertise Broward County tourism through arts, e.g., exhibitions, performances, or other cultural activities.	To provide funds for organized special annual event that generates overnight visitors.	To provide funds supporting major cultural institutions that provide programs of excellence which attract visitors and satisfy guests and residents.	To assist in the marketing of major events referred to as "Elite Events," generally generating at least 25,000 attendees and substantial room nights.	To provide matching grants to help fund promotional projects that increase the economic impact of tourism	To provide matching grants to assist in the development or improvement of projects that increase the economic impact of tourism
Funding Limitations	- Grant amount \$10,000 to \$65,000. - Fund ≤ 25% of anticipated project revenues.	Vary by districts (max. up to \$120,000 for Turnkey Event in District I)	- Vary based on operating revenues reported in last completed financial audit. - Maximum is \$300,000.	- For Category 1: \$250,000 or 20% of budget, whichever is less, - For Category 2: \$100,000 or 10% of budget, whichever is less.	- Project cost ≥ \$20,000. - Fund ≤ 50% of cost. - Grant ≤ \$100,000 annually.	- Grant amount ≤ \$1 million. - Fund ≤ 50% of actual expenditures.
Applicants	Municipalities, agencies or political subdivisions of state government and sovereign Native American Nations located in Broward County, not-for- profit organizations; AAM-accredited museum: a consortium of organizations or entities (all meeting general eligibility requirements).	Public entity governed by a county or municipality; or a profit or not-for-profit; or a private business in good standing with the Division of Florida Corporations	Non-profit organization, part of organization, or unit of government which produces and/or presents a cultural program or festival	Not-for-profit organizations or municipalities.	IL-based not-for-profit corporations/ organizations, or local government units	IL-based not-for-profit corporations/ organizations, or local government units, or for-profit businesses developing new tourism attractions.
Eligible Projects/ Activities	- Exhibitions, - Performances, - Festivals, - Cultural activities, - etc.	- Festivals, - Concerts, - Sporting events, - etc.	- A regular series of performances or exhibitions planned, produced, or presented, and promoted on a continuous basis, including arts, literary, historical, zoological, and scientific exhibitions and events.	- Sporting events, - Concerts, - Exhibitions, - Festivals, - Fairs, - Celebrations, etc. that are generally less than 7 days in duration, and marketed to tourists from outside Pinellas County.	- Travel brochures, - Media, - Billboards, - Websites, - Market research, - Travel/ Trade Shows, - Visitor inquiries (phone expenses), - Mail promotions, - Promotional publications, - Ad campaigns, - Maps.	- Capital projects, - Equipment, - Training, - Studies, - Interpretive programs (e.g., withing historic/ cultural sites).
Scoring/ Evaluation Criteria:	Among others: - Estimated # of visitors to be served - Evidenced support from tourism industry, e.g., hotels, airlines, etc - Off-season timing Bonus Points from: - Documented hotel room nights from most recently completed project/ festival.	Expressedly , fund award is based on the projected number of room nights to be generated from the events, to be estimated from # of out-of-town visitors, average # of guests per room, length of stay.	Among others: Needs to show whether past and projected attendance exceeding, meeting, or failing to meet goal of 25,000 visitors annually.	Among others: Needs to show to have: - Min. 25,000 attendees and/or 10,000 room nights for Category 1 Elite Events, - Min. 15,000 attendees and/or 5,000 room nights for Category 2 Events.	Among others: - Estimated increased visitation, length of stay, and/or tourism expenditures from visitors outside a 50-mile area [translating into # of room nights].	Among others: - Estimated increased visitation, length of stay, and/or tourism expenditures from visitors outside a 50-mile area [translating into # of room nights].

Source: Broward County FL; Monroe County FL; State of Illinois

BROWARD COUNTY CULTURAL TOURISM PROGRAM

Broward County Cultural Tourism Program request 13 groups of information, including about the sponsoring organization, project/ festival to be funded, financial, details of project/ festival, details of budget, marketing strategy, compliance with review criteria, demographic, ADA compliance, and technical assistance program (if any). There are implicit expectations that such funds will generate room nights and room taxes, but there is no quantification of these factors required and hence, judgment rather than objective measures are used to award funds. The applications are scored in two-stage scoring process against three groups of criteria:

- Cultural Merit – offering 40 points,
- Tourism Impact/ Marketing Strategy – offers a maximum of 40 points for the fulfillment of seven criteria, including:
 - Estimated number of visitors to be served by project/festival based upon marketing strategy to reach targeted tourist population(s) or an evaluation report of visitor impact based upon target marketing research or tourist survey (for 3 points),
 - Evidence of support from tourism industry (e.g., hotels, airlines, etc.) (for 2 points), and
 - Project takes place during the off-season commencing on the Monday immediately following the Easter Holiday through December 24 (for 9 points).
- Organizational Merit – offering 20 points.
- Bonus points – offering up to three points based upon documented hotel room nights generated during the most recently completed Cultural Tourism Program project/ festival.
 - 500 room nights: 1 point,
 - 1,000 room nights: 2 points,
 - 1,500 room nights: 3 point.

Based on the established scoring structure, visitation volume contributes three points and quantifiable room nights contribute another three points – or 6 points combined out of a possible total of 103 points.

MONROE COUNTY DESTINATION/ TURNKEY EVENT FUNDING

The application for Monroe County Destination/ Turnkey Event Funding expressly states that the fund amount that can be requested, and thus awarded, is based on the projected number of room nights to be

generated from the events, to be estimated from the number of out-of-town visitors, average number of guests per room, and length of stay, as shown in parts of the forms, below.

DISTRICT I APPLICANTS ONLY
(Encompasses the City Limits of Key West)

When applying for funding, it is important to understand the number of lodging units available within this District as it is the maximum number of room nights which may be sold per day – review table 1 below.

Table 1:

District I: Key West	Units (Max. daily room nights)
Hotel/Motel/B&B/Guest House/Inn	5,399
Vacation Rental	714
RV Park & Campground	0
Total	6,113

Source: Florida Department of Business and Professional Regulation, TDC

When evaluating funding allocations (return on investment), it is important to understand how the revenue was derived. In other words, how much effort did it take for this District to earn the funds being applied for? Table 2 below, demonstrates, given its average lodging rates for the past two years, how many room nights this District had to sell to raise enough two-penny bed tax revenue for each level of event funding. Please note: It is necessary for an event to project room night sales near the numbers approximated in this chart for the funding level requested. The chart is provided to give a clearer context to the value of each funding level.

Table 2:

District I: Key West	
Funding Level	Room Nights
\$10,000	2,390
\$17,000	4,070
\$25,000	5,980
\$35,000	8,370
\$50,000	11,960
\$75,000	17,940
\$100,000	23,920
\$120,000	28,710

EXHIBIT A-1

Check the box below that best describes the primary purpose of your event:

- ☐ To draw out-of-county visitors to the destination and put "Heads in Beds".
- ☐ To provide something to do for the visitor who is already here and enhance their experience while visiting the destination.

DISTRICT I CONTINUED

EXHIBIT A-2
EVENT ITINERARY

Specifically outline the activities/events that will take place during your event. If your event encompasses several days, breakout each day, including the venue.

Example: Day 1: Opening Party/Registration (include venue and time)
Day 2: Food and Wine Tasting (venues and times)
Day 3: Art Festival (include venue/times and possible street closings)

DISTRICT I EXHIBIT A CONTINUED**EXHIBIT A-3****NUMBER OF ROOM NIGHTS ANTICIPATED FOR EVENT**

Events are scored based on ability to attract out-of-town visitors to the district in which funding is applied. For the event year in which this application refers, provide the room nights your event is anticipated to generate for **this district only** according to your selection in A-1. In other words, if you indicated your event's primary purpose is to "draw out-of-county visitors", how many room nights do you anticipate you will draw? If you indicated your event is "to enhance the experience for visitors already here", how many room nights would be influenced by visitors who attend your event? Next, indicate how you arrived at that figure.

Room Nights

1. Formula to calculate **room nights to this district**:

a. How many out of town visitors to this district?	a. ____
b. How many visitors to a room? (Note: avg. is 3)	b. ____
c. How many nights will the visitors stay?	c. ____
d. Calculate: Room Nights = (a/b) * c Divide line a by line b. Then multiple by line c	Room Nights: ____

Method used to estimate out-of-county visitors entered above (a):

Check all that apply.

- | | |
|--|--|
| <input type="checkbox"/> Capacity of venue(s) | <input type="checkbox"/> Ticket Sales from last event |
| <input type="checkbox"/> Registrations from last event | <input type="checkbox"/> Crowd photos from last event |
| <input type="checkbox"/> Police crowd estimate from last event | <input type="checkbox"/> Survey of attendees from last event |
| <input type="checkbox"/> Other, please specify _____ | |

Method used to estimate number of nights out-of-town visitors will stay (c):

Check one.

- ☐ Based on length of event
- ☐ Based on survey from last event
- ☐ Use annual average length of stay (average 7 nights)
- ☐ Other, please specify _____

Applicant shall be scored on the combination of Exhibits A-1 (Primary Purpose of event); A-2 (Event Itinerary), and A-3 (Number of Room Nights).

1 2 3 4 5 6 7 8 9 10

Quantifiable room nights matter more significantly in Monroe County Destination/ Turnkey Event Funding application.

PALM BEACH COUNTY CULTURAL TOURISM DEVELOPMENT FUND

Among others, applications for Palm Beach County Cultural Tourism Development Fund need to show whether past and projected attendance exceeds, meets, or fails to meet goal of 25,000 visitors annually. This criterion can contribute 25 points out of possible 100. However, past and projected number of room nights is not specifically requested.

PINELLAS COUNTY ELITE EVENT FUNDING PROGRAM

“Elite Event” refers to an event that generates at least 25,000 attendees and substantial room nights. There are two categories of Elite Events: Category 1 and Category 2. Category 1 applicants need to show ability to generate at least 25,000 attendees and/or 10,000 room nights. Category 2 applicants need to show ability to generate at least 15,000 attendees and/or 5,000 room nights. This criterion can contribute 400 points out of possible 1,000.

STATE OF ILLINOIS GRANT PROGRAMS

Two examples of tourism funding programs from the State Illinois require the applicants to provide estimates of increased visitation, length of stay, and/or tourism expenditures from visitors outside a 50-mile area. For example, Question #7 in Section 8, shown below.

SECTION 8: PROGRAM SPECIFIC INFORMATION		
8.1	U.S. Congressional Districts:	
8.2	Illinois Senate Districts:	
8.3	Illinois House Districts:	
8.4	Organization's Legal Status: <input type="checkbox"/> Government Entity or <input type="checkbox"/> Not-For-Profit	Type of NFP
<p>Evaluation Questions</p> <ol style="list-style-type: none"> How does your Project(s) promote a viable Tourism Attraction, Tourism Destination, or Tourism Event located within 30 miles of an area with Supporting Visitor Services? Describe the proposed project clearly and concisely including dates of your event if applicable. Briefly describe the visitor services that are available within 30 miles of the location of the destination, attraction, and/or event being promoted (such as accommodations, restaurants, shopping, recreational, and cultural activities). State the top three objectives of your marketing plan, and explain how this proposed project will assist in meeting these objectives. Please indicate if this is a new project or a repeat project. If this is a repeat project, describe the results by explaining how the results from those efforts justify repeat funding? If this is a new project describe the results you are expecting to receive. Why were the specific geographic advertising markets chosen? Were the choices based upon research? How will a majority of the marketing be targeted to attract visitors from outside 50 miles? Describe the fulfillment procedures and materials you will use when responding to inquiries (if applicable). If you are requesting grant funds for collateral materials (i.e., brochures, guides, publications), please provide your distribution plan. Explain how this project demonstrates partnerships between multiple attractions, municipalities, or counties. List the source(s) and amount(s) of local match funding for this project. Describe how this project will increase visitation, length of stay, and/or tourism expenditures of visitors traveling to your area from outside of a 50-mile radius. Describe the methods you will use to monitor and measure the effectiveness of the proposed marketing promotion. Explain how this Project will have a significant impact on the area's overall tourism efforts? Explain how this Project will have a significant impact on the State's overall tourism efforts? Using a Budget Grid Format for each project category, provide a detailed project budget that lists the requested eligible budget items pertaining to your project documented with supporting vendor attachments. If the proposed project includes multiple marketing/promotional categories (e.g., advertising, brochures, billboards, video production, etc.), please provide the budget information for each project category. 		

While the question does not ask specifically, those variables typically translate to number of room nights.

RECOMMENDATION FOR BROWARD COUNTY

Broward County has comparatively soft ROI criteria in its grant funding award process. Awards are not based on levels of room nights or room tax generated. It is recommended that scoring criteria in Broward County specifically require room night and room tax calculations as a basis to make a grant decision. Further, other application for funds, say from the BB&T Arena or other entities is based on room night and room tax productivity as the main criteria for award. The matching approach used in Broward County is good and leverages the TDT investment to the anticipated room nights as criteria to make grant decision.

SECTION VI

RECOMMENDATIONS AND GENERAL CONCLUSIONS: BEST PRACTICES

RECOMMENDATIONS AND GENERAL CONCLUSIONS: BEST PRACTICES

The Port/Airport, Marine Industries, Real Estate and Tourism represent major sectors of the economy and interestingly, they are all interrelated, as is the case in Broward County. The port and airport bring and serve cruise and air customers by the millions annually. The Ft. Lauderdale International Boat Show is internationally acclaimed, as perhaps the best in the world. It is the County's largest convention by far. On a per penny basis, the County is second only to Orange County in terms of TDT collected. Miami-Dade County would exceed Broward County, if it had collection procedures similar to other counties, but it does not. Broward County has excellent and growing penetration of the international market.

As an illustration, October marked the 11th consecutive month of double-digit growth in international passenger traffic. Seven out of the last eleven months showed international growth exceeding 20 percent. October's 37.9 percent increase in international traffic was the highest month-over-month increase on record. International traffic now accounts for 19 percent of total passenger traffic compared to 15 percent five years ago. The most recent Airports Council International (ACI) data indicates that from January through September 2014, FLL was the fastest growing, large airport in terms of international passenger traffic. During the same period, MIA ranked 26th with international traffic down -0.6 percent.

Similarly, on a per penny basis the County achieved the third highest compound growth rate in room tax collections over the last 10 years.

So something good is going on in the County. But it could be better. The number one issue relates to the lack of counsel actually received by the County Commission regarding how to spend funds. The TDC could be used more effectively. Using the interviews and analysis contained in the preceding Sections of this report, Johnson Consulting used the Table 4-1 (from Section 4; page 14) again as a basis for Table 6-1, removing dollar amounts, but adding comments related to areas that would seem to have the greatest impact on the County's tourism growth. The paragraphs that follow comment on policies and procedures in Broward County, compares them to best practices elsewhere, and makes certain recommendations.

Table 6-1

FY14-18 TDT Program Best Practices Review		
	Comments	Broward County Rating
5 cent TDT	Given needs of market, importance of tourism to economy, no impact on visitor decisions, and low rate nationally, 6th cent is more than justified	Satisfactory; 6th cent justified
Beach Renourishment	Aggressively lobby for annual allocation from state and federal governments; Continue to obtain local shares, as residents use beaches too; Seek alternative funding such as local option sales tax or food and beverage tax as this provides more balance and larger collection	Above average approach; Lack of dedicated % causes instability
CVB Personal Services	Generally continue with MAC Approach	Above average- one of the best marketing plans in the nation
CVB Operating Expenses	Generally continue with MAC Approach	Highest among peer cities; Could be superior if funding is used wisely
Cultural	Seek more locally based funding; This is fair to low, but reasonable; Needs better ROI justification; Request TDC review and recommendations	Satisfactory; Other allocation formats are superior; Needs TDC review process before advancing to Commission
Marketing/Advertising/Promotions	Generally continue with MAC Approach; increase destination brand building effort	Above average- one of the best marketing plans in the nation
Centennial Event	Seek more locally based funding; This is fair to low, but reasonable; Needs better ROI justification; Request TDC review and recommendations	Satisfactory; Other allocation formats are superior; Needs TDC review process before advancing to Commission
Arena Debt Service Expenses	Require greater effort to attract room tax generating events; Any incremental funding request must be highly scrutinized and should be vetted based on ROI for room tax productivity; TDC should review; Future investments supplemented by more locally derived funding source	Inferior- Room tax is used for locally oriented venue; State cites ROI at less than 1%; Legislatively established PSFFT at 2%. Allocations from other 3% needs to be judged on merits; Needs TDC review process before advancing to Commission
Convention Center Debt Service Expenses	Finalize debate on convention enter expansion; Either accept the fact that size will remain and refill events that outgrow the venue, or expand to position Broward County as a larger player in the sector	Satisfactory; Soft cost are mounting due to indecision
Convention Center Hotel/Expansion Legal, Pre-Development, Consultant Services	These increase as project is delayed; Move reserved funds to this account	Satisfactory
Capital Grant Program	Needs better ROI justification; Request application process and TDC review and recommendations	Inferior
Performing Arts Center	Require greater effort to attract room tax generating events; Any incremental funding request must be highly scrutinized and should be vetted based on ROI for room tax productivity; TDC should review; Future investments supplemented by more locally derived funding source	Inferior- Room tax is used for locally oriented venue; Allocations from 3% needs to be judged on merits; Needs TDC review
Museum Science & Discovery	Require greater effort to attract room tax generating events; Any incremental funding request must be highly scrutinized and should be vetted based on ROI for room tax productivity; TDC should review; Future investments supplemented by a more locally derived funding source	Inferior- Room tax is used for locally oriented venue; Allocations from 3% needs to be judged on merits; Needs TDC review
Arena Scoreboard	Apply improved capital grant process, as per capital grant program recommendations, above	Inferior- Room tax is used for locally oriented venue; Allocations from 3% needs to be judged on merits; Needs TDC review
Reserves		
Convention Center Capital Maintenance Reserve	Safety net of 2 years then replenish; continue funding CapX as currently done	Satisfactory; no set policy or ordinance
Convention Center Debt Service Reserve	As per bond covenants	Satisfactory; no set policy or ordinance
Convention & Visitor's Bureau Revenue Stabilization Reserve	Accumulate half year annual budget; invest and replenish as depleted	Satisfactory; no set policy or ordinance
Convention Center Revenue Stabilization and Operations Reserve	Safety net of \$2 million, invest and fund other reserves and CapX, as noted	Satisfactory; no set policy or ordinance
Convention & Visitor's Bureau/Convention Center Reserve for ERP	Safety net of \$2 million, invest and fund other reserves and CapX, as noted	Satisfactory; no set policy or ordinance
Reserve for Additional Projects/Programs - (Convention Center Expansion/Hotel, Challenge Grants, Marketing, Signature Event)	Much smaller amount; Break down line items; Carry convention center and hotel items in established line items, above; Any funding request must be highly scrutinized and should be vetted based on ROI for room tax productivity; TDC should review	Satisfactory; no set policy or ordinance

Source: Johnson Consulting

BEST PRACTICES AND RECOMMENDATIONS

The best practices observed in each of categories identified in Table 6-1 are discussed in greater detail below, focusing on specific recommendations for Broward County.

ROOM TAX RATE

A sixth cent is justified in Broward County if it is used wisely. The total tax paid (TDT plus sales tax) is currently 11 percent, which is relatively low within the state of Florida, and particularly low throughout the U.S. An increase to six cents on lodging would bring the tax rate up to a total of 12 percent and would have no impact on demand for hotels. Broward County also has potential to add up to 3.5 percent local option sales tax. Even if a one or two cents local option sales tax was added, the tax paid on lodging would still be lower than the national average of 13.73 percent (based upon 2010 data from the National Business Travel Association). Given the importance of tourism in Broward County (measured based upon collections per normalized penny, which are second only to Orange County) it makes sense to invest in the industry. A thorough and informed decision-making process that gives consideration to the allocation of all six cents, not just the additional penny, will be critical to ensuring a wise and fair allocation. From our perspective, the priorities seem to be: funding the Convention Center; beach renourishment; and arts, culture and special events. The Panthers Arena could also be a consideration, only after exploiting the adjacent real estate and other sources of revenue, and upon independent review of needs by the TDC.

BEACH RENOURISHMENT

The procedures in place in Broward County consume a substantial amount of the TDT. The local match process is good because it recognizes local and tourist use of beaches. It is, however, recommended that a percentage of collections be dedicated to beach renourishment, like Pinellas County does (one half cent), as a means of improving the stability and consistency of available funding. Broward County allocates the highest percentage of collections to beach renourishment (14 percent) among comparable Florida counties, however this rate will decline if a sixth cent is added. A broader, dedicated tax source, such as a food and beverage tax or a local option sales tax would provide substantially more, and predictable, revenue for this important expenditure category. This will also help to minimize the risk that beach renourishment will consume greater amounts of room tax revenues. While there is hope that Amendment 1 will address this need, it is not a dedicated, predictable resource. In our opinion, supplemental funds in addition to, and/or in lieu of, room tax will be needed.

CVB EXPENSES

The Greater Ft. Lauderdale CVB is well organized and effective. It reports to the TDC, which is appointed by the County Commission. It is supported by the Marketing Advisory Committee, which helps to devise the annual business plan and theming efforts for the County, via the CVB. The plan that the Greater Ft. Lauderdale CVB develops is judged by Johnson Consulting to be one of the best in the nation. The fact that there is a single CVB is a competitive advantage over Miami-Dade County, which has several facets to its

tourism promotional efforts. Broward County's CVB spending is approximate to Orange County's (\$43 million), excluding Osceola County, which also promotes the destination. Spending for the CVB substantially exceeds that of the national comparables. Johnson Consulting does not judge the CVB budget and whether it is sufficient or insufficient, but rather we report that it is comparatively large. Based upon the total hotel inventory in Broward County, the CVB budget equates to around \$1,300 per room. By way of comparison, in San Antonio, the CVB budget is equivalent to \$370 per room. In Orlando, depending on how the rooms and TDC budget is accounted for in Osceola County, spending per room ranges from \$350 to \$500 per room. The recommendation is to evaluate the merits of spending such a high amount per room and this ought to be done independently of the CVB by the TDC. While Johnson Consulting is not questioning the expenditure but since it is such an outlier the question should be asked as to whether it is appropriate.

It is noted that the Greater Ft. Lauderdale CVB does not have a Board of Directors nor a membership structure. Hence, in a way, it is a direct report to the County Commission, and its budget is a large fraction of total dollars collected by the County. It is quite easy to take last year's budget and approve the same for next year, but even with the MAC Committee, fiduciary questions are not necessarily being asked.

CULTURAL SPENDING

Broward County spends less on culture from room tax collections than Palm Beach and Miami-Dade Counties. While the matching program that Broward County has is among the best of all programs reviewed, its application process is one of the weakest of those analyzed. The application process should be improved and continued. There is no question that more stringent rooms night and room tax metrics should be used as a basis of award of grants. County staff handle grant applications and the grant amounts are not a material amount relative to the overall tax collection budget.

Cultural arts are instrumental in the fabric of a mature community and contribute to economic development. If the arts community seeks substantial increases in revenue, funding would be better derived from a more locally based resource, such as a food and beverage tax or general fund sources, as cultural arts typically do not attract substantial TDT-producing visitors (notwithstanding, note that by Florida Statute, "tourists" include "day-trippers"). Although it is not inconsistent for a portion of room tax collections to be used for arts and culture, such as in Miami-Dade County where a specific percentage of room tax collections are allocated to its Cultural Arts Department, this is not an encouraged strategy for Broward County. Room taxes are intended to generate revenues for the hotel industry, to allow it to continue to attract business. In a similar light, food and beverage taxes can also be viewed as an incremental tax that supports the restaurant industry and encourages repeat visitation, and hence additional revenues. To better justify the use of room tax collections to support cultural arts, these activities could be packages with other events that directly generate overnight visitation, such as weekend getaways.

MARKETING/ADVERTISING PROMOTIONS

Broward County is well branded and its growth in international market penetration has been outstanding. Reaching international visitors is expensive. The CVB budget combined with funds allocated to this category of promotion should be sufficient.

CENTENNIAL AND SIGNATURE EVENTS

Such events take significant time and promotional risk to develop. Palm Springs, Miami Beach and Chicago, among other destinations, have created special event strategies that have been effective. Johnson Consulting neither encourages nor discourages development of special events. There should be rigor, discipline and metric review by the TDC and the Marketing Advisory Committee in development of this event strategy.

ARENA AND PERFORMING ARTS EXPENSES

Best practice indicates that a local based funding source (such as food and beverage, local option sales tax, or general fund) is more appropriate to fund arenas and sports facilities. Similarly to cultural arts, the preponderance of visitors are local, with less than 10 percent of visitors to arena and performing arts venues being out-of-town residents. Given the geography of the region, spending does shift from Palm Beach and Miami-Dade County to Broward County for cultural and sporting events. Any use of the three cent room tax should follow an improved application process and match concept used for other grant applications. In Broward County, the two cents of room tax proscribed by legislation and dedicated to professional sports venues largely pay for the BB&T Arena, located in Sunrise, Florida in the Western Part of the County, although it is noted that these collections can legally be used by the County Commission for other purposes.

Other markets have used room tax collections for higher impact sports tournament venues, in both downtown and suburban locations. For example, Rockford, IL has two tournament-oriented sports venues – one is located downtown and focuses on indoor sports and the other is located on the Interstate and is geared towards baseball and soccer, and also has a small indoor venue. If well conceived, these venues can bring substantial Return on Investment (ROI) to the market and would be more germane than investing in, for example, suburban performing arts centers.

CONVENTION CENTER EXPENSES

Broward County needs to make a policy decision regarding its role as a convention center destination. South Florida is underserved by convention centers, reflected in the fact that a market of the size of Palm Beach, Broward and Miami-Dade Counties would typically have four or five major venues. If the County does not advance the expansion, the CVB should be prepared to be an interim venue for mid-sized events. Small events will grow, move to the Convention Center, further expand and then move elsewhere. This is fine, but it is more work to reload, rather than build a base of business.

Best practices indicate dedicated amounts for capital, operations, and capital improvements. The City of Irving has combined the CVB's and Convention Center's operating budget, capital improvements and resources. This puts the onus on the CVB to sell and asset manage the Convention Center, putting at risk a portion of the CVB budget for non-performance. Capital expansion is paid for by other room tax accounts.

McCormick Place (Chicago) receives revenues from lodging tax, a distinct two-cent food and beverage tax, and airport taxi fees dedicated to its capital, operations, and resources. The same Authority owns one hotel and is building a second. Debt service is paid out of the Authority's dedicated funds, and all operating cash flow helps fund McCormick Place operations and provides transfers back into the capital fund.

RESERVES

There are no good examples in Florida, or elsewhere, of policy on reserve accounts. The current approach in Broward County effectively banks one full penny annually (slightly higher in 2014 and earlier years). This level of reserves takes dollars out of productivity for current year purposes. Johnson Consulting has no issue with current reserve levels, and agrees with ceasing collections to most accounts for FY 2016. We agree with continued reserves for maintenance for the Convention Center.

What is disconcerting is the broad category of future year reserves. The absolute amount annually is substantial (three-quarters of one cent) and the level of specificity is low. Policy should be developed for building a rainy day fund, currently at \$54 million as of FY 2014 (modified budget). This amount is excessive. Once the right amount of reserve is established this reserve should be replenished, as used, with a dedicated portion of a penny. The TDC should advise the County Commission on the amount to be reserved and use of these resources. Monroe County provides a benchmark for establishing reserves:

- Five percent of the first two cents gross revenue shall be held outside of the receipts division of the budget as per F.S. § 129.01.
- Five percent of the third- and fourth-cent gross revenue shall be held outside of the receipts division of the budget as per F.S. § 129.01.

CONCLUSION

When we step back and take a broader view of a maturing County, the impact of Federal, State, County, Regional and Municipal political, policy and funding issues; and consider the ratings from Table 6-1, along with the best practices and recommendations that follow; it is apparent that there is a need to work to revise local policies and procedures and enhance funding sources to establish an overall system that sets a new standard regarding all of these interrelated and critically important components of the fabric of Broward County, FL.



The next Phase of this report discusses and recommends an economic and fiscal impact model that could be used by the applicable stakeholders to develop a calibrated formula as a means of measuring the economic validity of a given expenditure.