

## **EXECUTIVE SUMMARY**

Review input from the Joint Workshop of the Tourist Development Council (TDC) and Board of County Commissioners (BCC) on November 1, 2010 concerning funding year-round destination marketing of Collier County

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**OBJECTIVE:** Review and discuss the input from the BCC-TDC joint workshop on Nov. 1, 2010.

**CONSIDERATIONS:** The Board of County Commissioners directed County staff to meet with area tourism and business community groups and committees to discuss possible reallocation of the current tourist development tax allocations. Those findings were presented at the Joint Workshop on November 1 along with a staff presentation on an alternate funding solution. Staff was directed by the Joint Workshop participants to bring the alternate staff recommendation back to the TDC at the November 22, 2010 meeting and any TDC recommendation to the Board of County Commissioners on December 14, 2010.

**FISCAL IMPACT:** Will be determined once a recommendation is formulated by the TDC.

**GROWTH MANAGEMENT IMPACT:** There is no impact on the Growth Management plan with this action.

**RECOMMENDATION:** Review and discuss input from the Joint Workshop held on November 1, 2010 and make a recommendation to move forward to the Board of County Commissioners on December 14, 2010.

**SUBMITTED BY:** Jack Wert, Tourism Director

# **Collier County FY 2011**

## **Expanded Tourism Destination Promotion and Marketing Dollars**

# Current Environment

November 22, 2010  
New Business VI - 1  
3 of 21



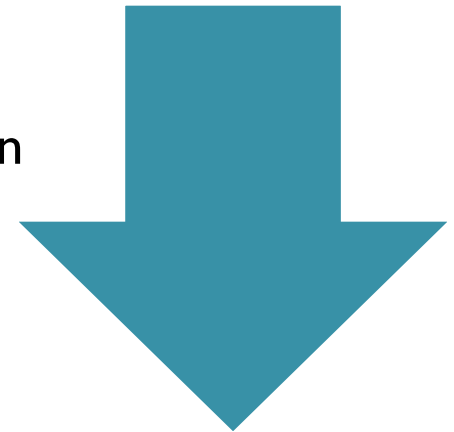
Stakeholders agree that promoting and marketing the destination is important



Current \$2,000,000 appropriation dedicated for promotion is not adequate to cover the desired year round marketing program

Stakeholders not interested in changing or altering the current distribution percentages as contained in controlling ordinance 2005-43 to support promotion

Some expressed a desire for expanded revenue streams



# Ordinance 2005-43 Categories

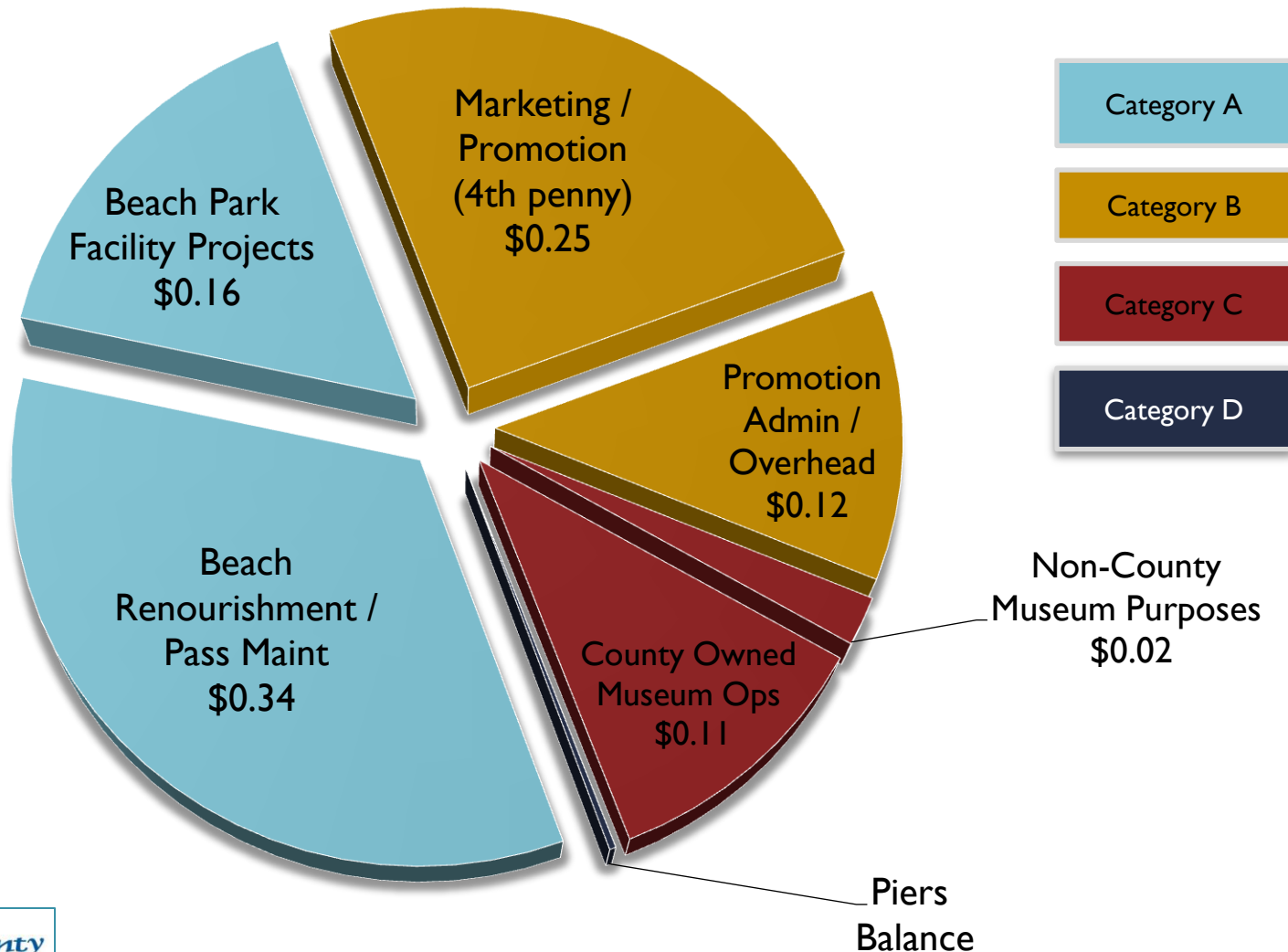
November 22, 2010  
New Business VI - 1  
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- Category A – To finance beach park facilities, beach improvement, maintenance, renourishment, restoration and erosion control including pass and inlet maintenance, shoreline protection, etc...
- Category B - To promote and advertise county tourism statewide, nationally and internationally.

# Ordinance 2005-43 Categories (continued)

- Category C – To acquire, construct, extend, enlarge, remodel, repair, improve, maintain operate or promote one or more County owned or operated museums or municipal owned museums or museums that are owned and operated by not for profit organizations and open to the public.
- Category D – To acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate or promote one or more fishing piers which are publically owned and operated.

# Distribution of Tourist Tax Revenue Based on every one dollar received



What can be done within the confines of ordinance 2005-43 to free up tourist tax dollars for promotion without impacting the current allocation percentages?

Here is one possibility for consideration.....!

# Ordinance 2005-43

## Section 2 paragraph (3)

- Places a limit on the amount of expenses devoted to tourism administration and overhead and that amount is 32% of the total amount of Category B tourist tax dollars.
- The section further states that the Disaster Recovery Advertising Fund (196) shall be replenished from excess unobligated fund balance within the Administrative and Overhead Fund (194).



# Ordinance 2005-43

## Section 2 paragraph (3) (continued)

- Replenishment of the Disaster Recovery Advertising Fund occurs up to a ceiling of \$1,500,000 and thereafter, the remaining unobligated fund balance is sent to Beach Renourishment Fund (195) and Beach Park Facility Fund (183) in the percentage of 2/3<sup>rd</sup>'s and 1/3<sup>rd</sup> respectively.

# Sweep History from Fund 194 Based Upon Ordinance #2005-43

	<u>Fund</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>Totals</u>
0.67 of Bal	195	885,492	309,418	253,707	0	0	1,448,617
0.33 of Bal	183	436,138	152,400	126,854	0	0	715,392
Ist (\$1.5M)	196	500,000	500,000	500,000	587,021	630,730	2,717,751
		<b>1,821,630</b>	<b>961,818</b>	<b>880,561</b>	<b>587,021</b>	<b>630,730</b>	<b>4,881,760</b>

# Disaster Recovery Fund

- Over the past three years, dollars used from the Disaster Recovery Fund totals \$1.9 million.
- These dollars were authorized by the Board to combat the economic recession and related impact on visitation to the destination.

# Proposal

1. Lower the ceiling governing the first priority transfer from swept dollars from \$1,500,000 to \$1,000,000 in Disaster Recovery Fund (196)
2. Amend language within Ordinance 2005-43 calling for secondary sweep of dollars for Beach Renourishment and Beach Park Facilities and instead sweep these dollars for the benefit of promotion and advertising budgeted in Fund (184).

# Impact of Proposal

- The amount of swept dollars out of Administration and Overhead Fund (194) is a product of revenue received and annual expenses.
- By lowering the Fund balance requirement in Disaster Recovery Fund (196) by \$500,000, it is likely that most if not all of the swept dollars can be diverted for Promotion and Advertising. If you add the movement of interest dollars this could equate to between \$600,000 and \$800,000 annually.
- Interest income will fluctuate on a cyclical basis with the depletion of reserves to fund the cycle of major beach renourishment.

# Impact of Proposal (continued)

Annual Promotion and Marketing expense from 4th percent	\$2,000,000
Estimated value of proposed amendment to 2005-43 as outlined above	\$700,000
Anticipated value of interest income transfer (depending upon fund balance)	<u>\$150,000</u>
<b>Total Revised Promotion Budget</b>	<b>\$2,850,000</b>
Desired Year Round Promotion Budget	\$3,200,000
<b>Promotion Budget Gap</b>	<b>\$350,000</b>

# Impact of Proposal (continued)

- The promotion budget gap would likely vary from year to year depending upon :
  - Tourist Tax Revenue
  - Tourism Administration and Overhead Expenses
- In addition, the transfer of interest income is a wild card knowing that this revenue source is temporary (three years) and that two funds (beach renourishment and beach park facilities) provide the majority of interest dollars.

# Impact of suggested amendments to Ordinance 2005-43 transfer language

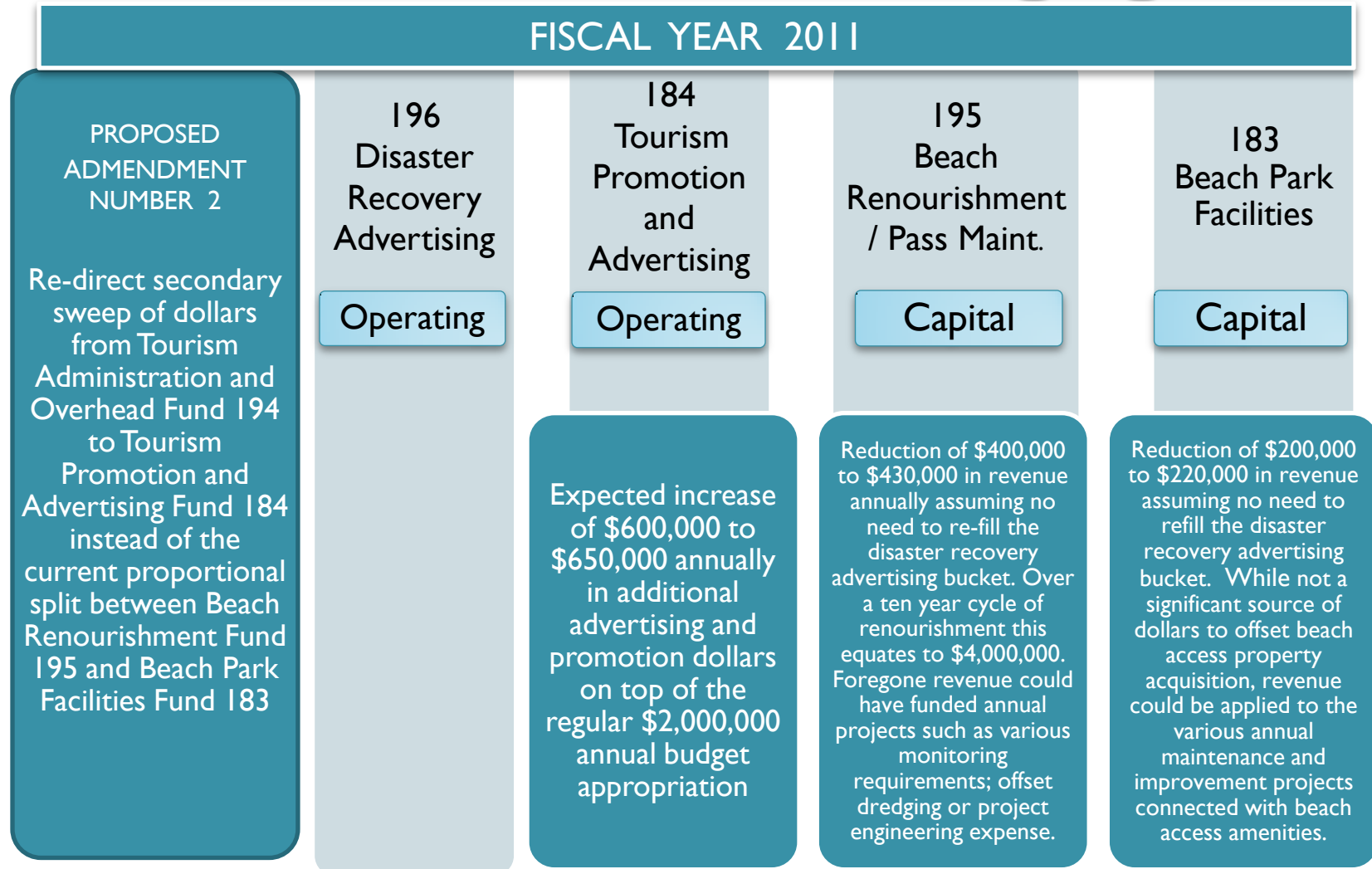
FISCAL YEAR 2011				
Fund	196 Disaster Recovery Advertising	184 Tourism Promotion and Advertising	195 Beach Renourishment / Pass Maint.	183 Beach Park Facilities
Fund Type	Operating	Operating	Capital	Capital
Beginning Unaudited Actual Fund Balance at 10/1/10	\$1,076,500	\$657,300	\$26,576,800	\$10,148,300
Unobligated Fund Balance Variance over Budget	\$204,000	\$218,600	\$9,427,800	\$(10,200)



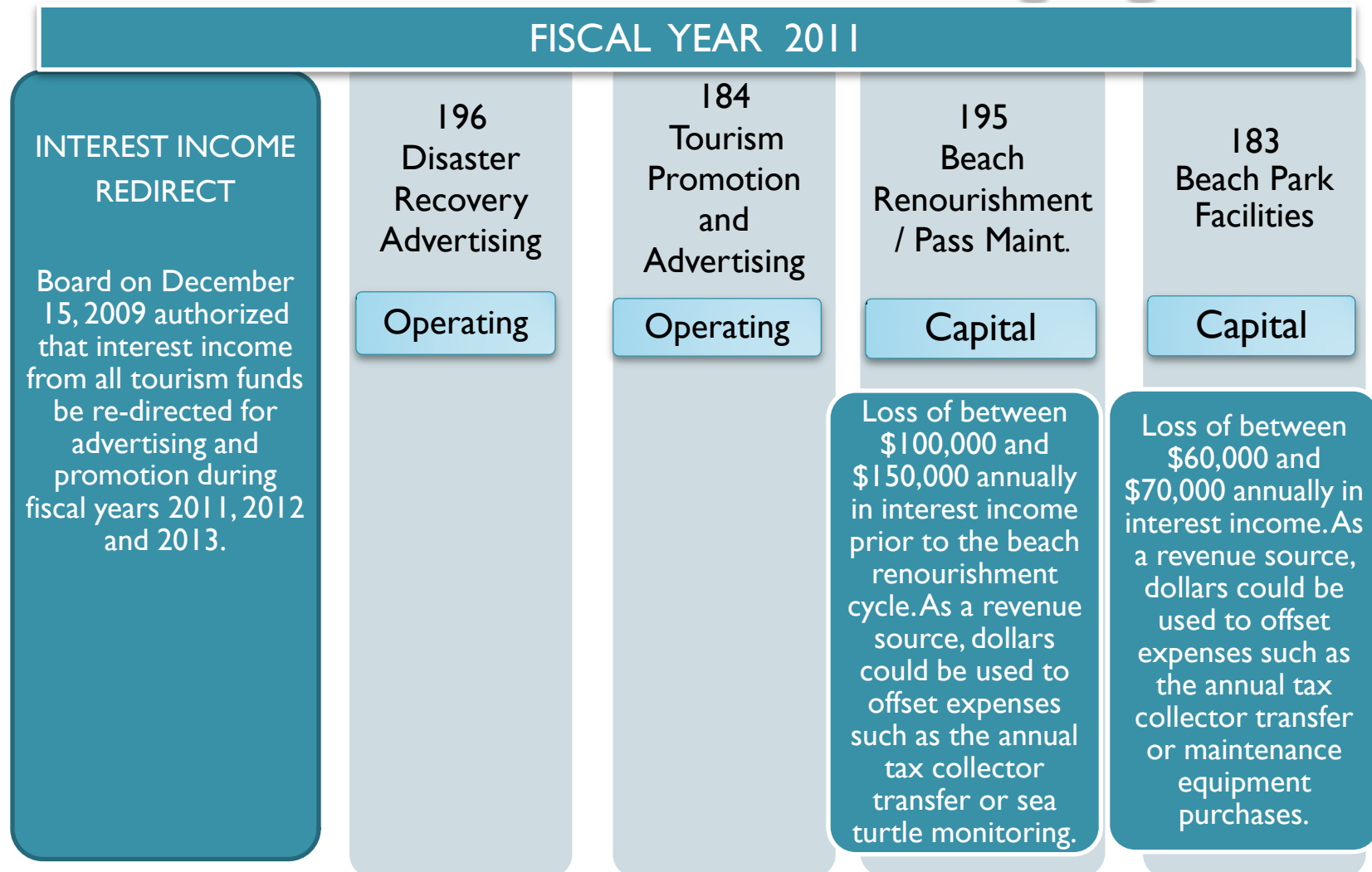
# Impact of suggested amendments to Ordinance 2005-43 transfer language

FISCAL YEAR 2011				
<b>PROPOSED ADMENDMENT NUMBER I</b>	<b>196</b>	<b>184</b>	<b>195</b>	<b>183</b>
	<b>Disaster Recovery Advertising</b>	<b>Tourism Promotion and Advertising</b>	<b>Beach Renourishment / Pass Maint.</b>	<b>Beach Park Facilities</b>
	<b>Operating</b>	<b>Operating</b>	<b>Capital</b>	<b>Capital</b>
Lower trigger on first priority transfer sweeping dollars from Tourism Administration and Overhead Fund 194 from a ceiling of \$1,500,000 to \$1,000,000 within the Disaster Recovery Advertising Fund 196	Proposal will reduce advertising reserve from six months of advertising expenses to three months in the event of a declared emergency			
	In theory, advertising dollars would not be lost by reducing the trigger - simply re-directed to Promotion and Advertising Fund 184			

# Impact of suggested amendments to Ordinance 2005-43 transfer language



# Impact of suggested amendments to Ordinance 2005-43 transfer language



# Booked Interest

<b>TDC Fund</b>	<b>FY10 Total Booked Interest (9/30/10)</b>
183	\$66,225.02
184	\$12,603.29
193	\$2,391.92
194	\$3,469.12
195	\$111,090.21
196	\$4,453.60
198	\$970.21
<b>Total</b>	<b>\$201,203.37</b>

# STAFF RECOMMENDATION

1. Lower the Disaster Recovery Fund (196) ceiling to \$1,000,000
2. Amend Fund 194 Year End sweep and transfer to Beach Renourishment Fund 195 and Beach Park Facilities Fund 183 to instead sweep to Fund 184 for destination marketing
3. Continue the transfer of all interest earned on tourist tax funds to Fun 184 for destination marketing