

## EXECUTIVE SUMMARY

**Recommend approval of an amendment to the Tourist Development Tax Ordinance to change the TDC Disaster Recovery-Fund 196 to clarify the title, uses of funds and to obtain direction from the BCC to proceed with the necessary advertising to amend the Ordinance with a finding that this action promotes tourism.**

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**OBJECTIVE:** Review and recommend staff suggested changes to “TDC Disaster Recovery- Fund 196”.

**CONSIDERATIONS:** The historically high tourist development tax collections over the past three fiscal years have provided an opportunity to enhance the uses of Fund 196. Traditionally the purpose of this fund has been to assist the Tourism Division in overcoming emergency situations such as Hurricanes, an economic recession and the Gulf Oil Spill with additional funds for destination advertising. As part of the BCC approved reallocation of the TDT allocations in 2013, the maximum amount set aside for these emergencies was reduced from \$1,000, 000 to \$500,000 and that \$500,000 was transferred from Fund 196 to Fund 184 for destination marketing. A provision was also added in the Ordinance that if the balance in Fund 196 dropped below \$500,000, the General Fund could be used to replenish Fund 196.

During the FY 16 budget process, Staff worked with the Budget Office to include a transfer of some of the unallocated carry forward from Fund 184 to Fund 196. One of the goals was to return the emergency advertising line in Fund 196 back to the \$1,500,000 level that was originally intended in Ordinance No. 2005-40. This amount could fund up to three emergency advertising situations in a single fiscal year. Additionally, the dependence on the General Fund to replenish amounts below \$500,000 was eliminated. Tourism staff feels they would prefer to depend solely on TDT revenue to replenish the emergency advertising fund.

Staff also added a new line item in Fund 196 entitled “Reserve for Capital Projects that Promote Tourism” in the amount of \$1,764,200. The initial amount in this line is solely funded from the unallocated carry forward funds in Fund 184. In future fiscal years, additional funds would also come from unallocated funds in Fund 184 in an amount of up to 50% of those unallocated funds.

Staff further suggested that the title of Fund 196 be changed to “Tourism Reserve Fund” to better reflect the expanded purpose of the use of that Fund.

These changes in Fund 196 were a part of the BCC approved FY 16 budget for the Tourism Division. Staff would now like to begin the process to amend the tourist development tax ordinance to reflect these changes. The County Attorney has prepared a draft Ordinance Amendment to reflect the above changes.

**FISCAL IMPACT:** Cost of advertising the ordinance amendment is approximately \$400. There is no additional fiscal impact from this action other than to execute the intent of the changes made in the FY 16 budget for Fund 196.

**LEGAL CONSIDERATIONS:** This item requires an amendment to the tourist development tax plan within the County’s Tourist Development Tax Ordinance. Pursuant to Ord. No. 92-60, as amended, and Section 125.0104, Fla. Stat., a supermajority vote of the Board of County Commissioners is required. This item has been approved as to form and legality and requires a supermajority vote of the Board for approval. – CMG

**RECOMMENDATION:** Recommend approval of an amendment to the Tourist Development Tax Ordinance to change the TDC Disaster Recovery-Fund 196 to clarify the title, uses of funds and to obtain direction from the BCC to proceed with the necessary advertising to amend the Ordinance with a finding that this action promotes tourism.

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

**ORDINANCE NO. 2015 - \_\_\_\_\_**

**AN ORDINANCE OF THE BOARD OF COUNTY COMMISSIONERS OF COLLIER COUNTY, FLORIDA, AMENDING ORDINANCE NO. 92-60, AS AMENDED, ALSO CITED AS SECTION 126-83 OF THE COLLIER COUNTY CODE OF LAWS AND ORDINANCES, RELATING TO THE LEVY OF A 2% TOURIST DEVELOPMENT TAX, AN ADDITIONAL 1% TAX (3<sup>RD</sup> PERCENT), AND AN ADDITIONAL 1% TAX (4<sup>TH</sup> PERCENT) THROUGHOUT COLLIER COUNTY PURSUANT TO THE LOCAL OPTION TOURIST DEVELOPMENT ACT, SECTION 125.0104, FLORIDA STATUTES, AS AMENDED; BY AMENDING SECTION THREE, "USES OF TAX REVENUES," AS IT RELATES TO THE FUNDING LEVELS FOR THE TOURIST PROMOTION RESERVE FUND AND THE CAPITAL PROJECTS RESERVE FUND; PROVIDING FOR CONFLICT AND SEVERABILITY; PROVIDING FOR INCLUSION IN THE CODE OF LAWS AND ORDINANCES; AND PROVIDING FOR AN EFFECTIVE DATE.**

WHEREAS, Section 125.0104, Florida Statutes, provides for the levy of a local option tourist development tax by any county; and

WHEREAS, on August 18, 1992, the Board of County Commissioners (Board) adopted Ordinance No. 92-60, which levied and imposed a 2% tourist and development tax throughout Collier County for the purposes permitted in Section 125.0104, Florida Statutes, as amended; and

WHEREAS, through its adoption of Ordinance No. 95-56 and Ordinance No. 2005-43, the Board levied an additional 3<sup>rd</sup> and 4<sup>th</sup> percent tourist development tax; and

WHEREAS, the Board, by an extraordinary vote, desires to amend the uses of tax revenue and the tourist development plan in order to rename the Disaster Recover Advertising Fund to the Tourism Promotion Reserve Fund, establish the Capital Projects Reserve Fund, and establish the funding levels for each fund; and

WHEREAS, the proposed amendments were presented to and approved by the Collier County Tourist Development Council.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF COLLIER COUNTY, FLORIDA, that:

**SECTION ONE: AMENDMENT TO SECTION THREE OF ORDINANCE NO. 92-60, AS AMENDED.**

Section Three is hereby amended to read as follows:

SECTION THREE - USES OF TAX REVENUES.

(a) The tax revenues received pursuant to this division shall be used to fund the County Tourist Development Plan, which is hereby amended as follows:

*Tourist Development Plan*

The two percent tourist development tax was levied throughout Collier County beginning the first day of the second month following approval of this Ordinance by referendum. The tax district includes the entire geographic area of Collier County, Florida. The anticipated revenue for a two percent tourist development tax for all of Collier County over a 24-month period was \$7,000,000.00, less costs of administration.

The additional one percent tourist development tax (3rd percent) was levied throughout the county beginning the first day of January, 1996. A majority of the electors of Collier County voting in a straw referendum election approved the continuation of the additional one percent tourist development tax prior to June 30, 2000, therefore the additional one percent tourist development tax shall continue until terminated by an amendment to this Ordinance. The tax district shall include the entire geographic area of Collier County, Florida.

The additional tourist development tax (4th percent) shall be used to finance tourism promotion as provided herein. The tax district shall include the entire geographic area of Collier County, Florida.

(1) The categories of use of the two percent, one percent (3rd percent) and additional one percent (4th percent) tax revenues by specific project or special use are hereby listed in the order of priority:

*CATEGORY A* To finance beach park facilities or beach improvement, maintenance, renourishment, restoration and erosion control, including pass and inlet maintenance shoreline protection, enhancement, cleanup or restoration of inland lakes and rivers to which there is public access as these uses relate to the physical preservation of the beach, shoreline or inland lake or river.

*Percentage of Net Revenue*

32.584 percent of the two percent tax and 100 percent of the one percent tax (3rd percent), reduced by the amount required for Category D.

*CATEGORY B* To promote and advertise county tourism within the State of Florida, nationally and internationally, which encourages tourism

to Collier County and to fund convention bureaus, tourist bureaus, tourist information centers and news bureaus as county agencies. If tax revenues are expended for an activity, service, venue or event, the activity, service, venue or event shall have as one of its main purposes the attraction of tourists as evidenced by the promotion of the activity, service, venue or event to tourists.

*Percentage of Net Revenue*

43.438 percent of the two percent tax and 100 percent of the additional one percent tax (4th percent)

*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 that are owned and operated by not for profit organizations and open to the public.

*Percentage of Net Revenue*

23.978 percent of the two percent tax.

Sub-categories:

*C(1):* County owned or operated museums: 19.214 percent

*C(2):* Municipal owned museums and museums owned and operated by not for profit organizations open to the public: 4.764 percent

*CATEGORY D*

To acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate or promote one or more fishing piers which are publicly owned and operated.

*Percentage of Net Revenue*

Amount budgeted for this category by the Board of County Commissioners each fiscal year, but not to exceed \$200,000.00. This amount may be amended upwardly or downwardly prospectively from the date of the budget amendment approval, provided that the amount of the aggregate allocation per fiscal year does not exceed \$200,000.00.

It is the intent of this division that the above uses shall be funded separately, but simultaneously in the above percentages regardless of the actual amount of net revenues collected.

(2) The additional one percent tax revenues (3rd percent) collected pursuant to Section TWO (F) shall be used to finance beach park facilities, beach improvement, maintenance, renourishment, restoration and erosion control including pass and inlet maintenance shoreline protection, enhancement, cleanup or restoration of inland lakes and rivers to which there is public access as these uses relate to the physical preservation of the beach, shoreline or inland lake or river.

(3) The additional one percent tax (4th percent) collected pursuant to Section TWO (G) shall be used entirely to finance tourism promotion including advertising, public relations, promotion, research and fulfillment. It is the intent of the Board of County Commissioners to maintain this new level of tourism promotion dollars in the future.

(4) ~~The Disaster Recover Advertising Fund~~ Tourism Promotion Reserve Fund will maintain a maximum level of ~~\$500,000.00~~ \$1.5 million for emergency advertising funded entirely from Category B. ~~Should the fund fall below \$500,000.00, the fund shall be replenished up to a maximum of \$500,000.00 per fiscal year from the General Fund.~~

(5) A Capital Projects Reserve shall be established in the Tourism Promotion Reserve Fund for future capital projects that promote tourism in compliance with Section 125.0104, Fla. Stat. The funding shall be accomplished through a transfer at the end of each fiscal year of up to 50% of the unallocated carry forward in Fund 184 to Fund 196.

~~(5)~~ (6) Administrative costs.

- a. Tourism promotion administrative costs (Fund 194) shall not exceed 32% of the total amount collected each fiscal year for Category "B" revenue. This amount may be amended upwardly or downwardly each budget year provided that the amount of the budget does not exceed 32% of the total Category "B" revenue.
- b. Project Management (Fund 185), Indirect Overhead, and Program Administration in support of Fund 195 (Beaches) and Fund 183 (Beach Park Facilities) shall not exceed 15% of Category "A" revenues. This amount may be amended upwardly or downwardly each budget year provided that the amount of the budget does not exceed 15% of Category "A" revenues.

~~(6)~~ (7) The revenues to be derived from the tourist development tax may be pledged to secure and liquidate revenue bonds in accordance with the provisions of Section 125.0104, Florida Statutes. Such revenue bonds and revenue refunding

bonds may be authorized and issued in such principal amounts, with such interest rates and maturity dates, and subject to such other terms, conditions and covenants as the governing board of Collier County shall provide. This paragraph shall be full and complete authority for accomplishing such purposes, but such authority shall be supplemental and additional to, and not in derogation of, any powers now existing or later conferred under law.

~~(7)~~ (8) The event bonds are issued by Collier County for any of the purposes enumerated by the Tourist Development Plan, the amount of tourist development tax receipts used to pay debt service on such bonds may exceed the percentages provided for the purpose for which such bonds were issued; provided, however, the maximum annual debt service on such bonds, together with any other obligations of Collier County which were issued to finance improvements for the same purpose and which are secured by the tourist development tax, must not exceed the stated percentage of tourist development tax receipts provided in the Tourist Development Plan for such purposes, as calculated as of the date of sale of such bonds. For purposes of performing the calculations described in this paragraph, the amount of tourist development tax receipts shall be assumed to be the amount provided as such in Collier County's immediately preceding annual audit, plus, if the levy of such tax was imposed or increased subsequent to the beginning of the period which was audited, an amount equal to the estimate by the County Manager of the moneys the County would have received if the tax imposition or increase had been in effect during the entire audit period. At or prior to the issuance of bonds the County Manager shall provide a certificate as to the findings required in this paragraph, which certificate shall be conclusive as to all matters provided herein.

~~(8)~~ (9) Notwithstanding anything to contrary herein, the Board of County Commissioner may reallocate funds between the above defined Categories (A-D) with an affirmative vote of a majority plus one additional member of the Board of County Commissioners.

~~(9)~~ (10) The above and foregoing tourist development plan may not be substantially amended except by ordinance enacted by an affirmative vote of a majority plus one additional member of the Board of County Commissioners.

## **SECTION TWO: CONFLICT AND SEVERABILITY.**

In the event this Ordinance conflicts with any other ordinance of Collier County or other applicable law, the more restrictive shall apply. If any phrase or portion of the Ordinance is held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portion.



Collier County Government  
 Fiscal Year 2016 Amended Tentative Budget

Office of the County Manager

Tourist Development Council (TDC) Division  
 TDC Disaster Recovery - Fund (196)

**Mission Statement**

To provide funding for emergency promotional campaigns or other efforts designed to assist economic recovery of the tourism industry in the event of natural or economic disaster.

Program Summary	FY 2016 Total FTE	FY 2016 Budget	FY 2016 Revenues	FY 2016 Net Cost
<b>Post Disaster Stimulus Reserves &amp; Transfers</b>	-	1,512,100	1,512,100	-
Funds maintained in reserve for stimulus advertising to be used in wake of a disaster.				
<b>Reserve for Capital Projects that Promote Tourism</b>	-	2,696,700	2,696,700	-
Promotion funding reserved for investment in capital improvement projects that promote tourism.				
Current Level of Service Budget	-	4,208,800	4,208,800	-

Program Budgetary Cost Summary	FY 2014 Actual	FY 2015 Adopted	FY 2015 Forecast	FY 2016 Current	FY 2016 Expanded	FY 2016 Tentative	FY 2016 Change
Indirect Cost Reimburs	2,100	2,600	2,600	100	-	100	(96.2%)
<b>Net Operating Budget</b>	<b>2,100</b>	<b>2,600</b>	<b>2,600</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>(96.2%)</b>
Trans to 184 TDC Promo	95,800	3,300	3,300	12,000	-	12,000	263.6%
Reserves for Capital	-	500,000	-	2,696,700	-	2,696,700	439.3%
Restricted for Unfunded Requests	-	268,100	-	1,500,000	-	1,500,000	459.5%
<b>Total Budget</b>	<b>97,900</b>	<b>774,000</b>	<b>5,900</b>	<b>4,208,800</b>	<b>-</b>	<b>4,208,800</b>	<b>443.8%</b>

Program Funding Sources	FY 2014 Actual	FY 2015 Adopted	FY 2015 Forecast	FY 2016 Current	FY 2016 Expanded	FY 2016 Tentative	FY 2016 Change
Interest/Misc	4,247	3,300	3,300	12,000	-	12,000	263.6%
Trans fm 184 TDC Promo	-	-	-	3,432,500	-	3,432,500	na
Carry Forward	865,500	770,900	767,600	765,000	-	765,000	(0.8%)
Less 5% Required By Law	-	(200)	-	(700)	-	(700)	250.0%
<b>Total Funding</b>	<b>869,747</b>	<b>774,000</b>	<b>770,900</b>	<b>4,208,800</b>	<b>-</b>	<b>4,208,800</b>	<b>443.8%</b>

Notes:

Reserves within this fund are available to provide funding for emergency promotional campaigns or other efforts to promptly respond to any disaster - natural or economic - which adversely impact tourism in Collier County. Pursuant to Ordinance 2005-43, Tourism Disaster Recovery Fund (196) received \$500,000 per year as a transfer from Tourism Administration and Overhead Fund (194) beginning in FY 06 and this transfer amount (or some lesser amount) continued for three (3) years until reserves in Fund (196) reached \$1,500,000. Reserves reached \$1,500,000 at fiscal year ending 2008. With passage of Ordinance 2011-02, the required fund balance ceiling within the disaster recovery fund was dropped to \$1,000,000. Consistent with Ordinance changes approved on April 23, 2013, the required balance in the Disaster Recovery Fund (196) was reduced to \$500,000 with the County General Fund (001) becoming responsible for maintaining the balance in the future.

Expenditure History: In March 2005, the Board of County Commissioners approved - based on an emergency designation - the expenditure of up to an additional \$500,000 for use in promoting Collier County as a tourist destination in the wake of four (4) hurricanes during the 2004. Similarly, the BCC during FY 09 approved an emergency advertising stimulus package responding to the economic recession and its negative effects upon tourism travel and leisure spending. The use of emergency advertising dollars totaling \$1,066,000 continued in FY 10 under Board authorization recognizing the global economic slowdown. In FY 11, \$500,000 of emergency reserves was once again dedicated to marketing the destination in anticipation of building tourism visitation in the wake of a stagnate economy. These funds were designated to promote the Group Meeting Market.

**Collier County Government  
Fiscal Year 2016 Amended Tentative Budget**

**Office of the County Manager**

**Tourist Development Council (TDC) Division  
TDC Disaster Recovery - Fund (196)**

Historically high Tourist Tax collections permit returning the post disaster stimulus reserve to the intended level of \$1,500,000. Additionally, a new reserve has been established to assist in funding future capital projects that promote tourism. Funding is sourced from Tourism Promotion Fund (184) in FY 16 and is planned to continue for the future capital projects line in future fiscal years. In accordance with the way this fund is being used it is proposed that the Fund's name be changed to Tourism Promotion Reserve Fund (196).

Forecast FY 2015:

Forecast expenditures are consistent with the adopted budget.

Current FY 2016:

FY 15 fund balance carried forward into FY 15 was \$767,600.

The reserve for disaster stimulus advertising has been established at the intended level of \$1,500,000 which should be sufficient to cover three emergency situations in a Fiscal Year. Additionally, a new reserve has been established to assist in funding capital projects that promote tourism. The initial amount is \$2,696,700 and is sourced from Tourism Promotion Fund (184).