BOARD OF COUNTY COMMISSIONERS
LEON COUNTY, FLORIDA
WORKSHOP ON PERFORMING ARTS CENTER
February 13, 2007
12:00 - 1:30 p.m.

The Board of County Commissioners of Leon County, Florida met for a Workshop on a Performing Arts Center on February 13, 2007 at noon.

Chairman DePuy called the Workshop to order at 12:00 p.m.

Present were Commissioners Thaell; Dailey; Rackleff; and Desloge. Also present were County Attorney Herb Thiele; County Administrator Parwez Alam; Director of Finance David Reid and Secretary Diane Norvell.
Absent: Commissioner Proctor
Commissioner Sauls (due to illness)

Facilitator: Alan Rosenzweig, Assistant County Administrator

Mr. Rosenzweig gave a background of the actions taken to date by the Board as it relates to the Performing Arts Center. He then gave an overview of staff's analysis of this subject.

Analysis:
Theatre Projects Consultants projected the overall cost of the facility to be $113.7 million (Attachment #10). The amount does not include site cost. As reflected in Attachment #7, there are a variety of different funding sources that can and will need to be pursued in order to complete this project. At this point in time, it appears the following constitutes the most significant components of a financing plan:

1. Private Fund Raising: In discussions with the 501(c)3, they will be setting a preliminary goal of raising $20 million. The members have stated that this will be the single largest private funding raising effort undertaken in our community.

2. State, Federal and Other Grant Sources: There are currently annual grants available of $500,000 through the State Division of Cultural Resources. These grants are often awarded for on-going operating expenditures as well as construction. The City, County, and School Board will need to coordinate their legislative priorities to include the Performing Arts Center in order to seek appropriation from the State. A preliminary level of funding that could be pursued has not been established, however, a final amount will need to be coordinated by all the governments. Between FY06 and FY07, the Legislature appropriated over $10 million directly

towards Mission San Luis; though not a Performing Arts Center, this was a direct support of a local cultural activity. Attachment #11 provides a more detailed review of previous state support for these types of activity.

3. Tourist Development Tax: The existing one cent generates approximately $800,000 annually. If the Board imposes the additional 5th cent, the Tourist Tax would generate a total of $1.6 million annually. These funds can be used for capital or operating expenses. The levying of the 5th cent tourist tax will provide the cash flow necessary for site acquisition, site preparation and additional consultant services. In addition, the funds accumulated over the next several years will available to provide funding for preliminary operating costs, including the hiring of a director or can be used towards construction. Once the facility is operational, Theatre Project Consultants projects that the facility would run an annual deficit of approximately $1.7 million (Attachment #12). The 2 cents of tourist tax revenue could be utilized to offset this deficit. Alternatively, the 2 cents could be utilized to support a bond issue between $25 to $30 million.

4. Downtown CRA: Funds from both the City and County Tax Increment Financing (TIF) contributions made to the Downtown CRA can be utilized for the Performing Arts Center, subject to approval of the Project Review Committee. Actual funds available will be dependent on the timing of the Performing Arts Center construction and other projects being considered for funding by the CRA.

5. General Obligation Bond: Upon approval of the voters, a General Obligation Bond could be issued to generate significant funds to support the construction of the Performing Arts Center. In structuring a bond issue, it is anticipated that the initial millage rate would be set at no more than 1/3 of a mill. 1/3 of a mill could support between approximately $80 to $100 million in bond proceeds. The bond could be structured with level debt service; meaning the annual principal and interest payment would be the same over the life of the bonds. Over time, as property values increase on an annual basis, the annual millage rate needed to support the debt service would decrease. Using historic growth rates, it is anticipated that by the last year of debt service the millage rate could be as low as 0.07 mils. The 501(03 is supportive of a bond issue supported by no more 1/3 of a mills. The impact to a house with a taxable value of $200,000 is $66 annually.

6. General Property Taxes: The County's current millage rate is 7.99. Based upon the statutory limit of 10 mills, the Board can levy an additional 2.1 mills annually. The Board could levy

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this additional millage rate on an annual basis and set aside the revenue generated. The 2.1 mils would generate approximately $30 million annually. A levy of this amount for three years would generate approximately $100 million.

7. Extension to the existing local option sales tax: The existing local option infrastructure sales tax was approved by the voters to be levied through December 2019. Pursuant to the existing interlocal agreement with the City of Tallahassee, the funds are split 80% to Blueprint 2000, and the balance evenly between the City and County. The tax generates approximately $40 million annually. Given the length of time before the extension could be imposed, this option should not be considered further at this time.

Based on the preceding, it is anticipated that a General Obligation Bond referendum could be conducted in March, September or November 2008; all of these dates occur in conjunction with existing countywide elections. If the Board desired to conduct the referendum sooner, a special election could be conducted. The 501(3)c has committed to proceeding with an aggressive community education campaign in conjunction with the Board taking final action to schedule the referendum. In addition, this window of time will allow the private fund raising effort to begin in earnest. If once the final total funding level is established, adequate funds are not available to support the current preliminary design for the center, then the facility can be redesigned and sized accordingly to fit the revenues available.

According to Theatre Project Consultants report p. VI-6, the Performing Arts Center will have the following economic and fiscal impact on the Tallahassee/Leon County area:

> *The total on-going economic impact of the project, the sum of managing organization expenditures and new audience expenditures, will generate annual impacts of $10.6 million in new output (sales), $3.3 million in new earnings and 149 new jobs in the market area.*

It is assumed that approximately 25% of the impact will be generated from non-county residents.

After giving an overview of the above information, staff provided several funding options for Board consideration.

1) Private Fund Raising
2) State Federal and Other Grant Sources
3) Tourist Development Tax

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4) Downtown CRA
5) General Obligation Bond
6) General Property Taxes
7) Extension to the existing local option sales tax

Staff recommended Options 1 through 3.

1) Direct staff to continue to work with the newly formed 501(c)3 in moving towards the construction of the facility.
2) Direct staff to continue to pursue the development of a Performing Arts Center utilizing the following revenue sources: Private Fund Raising; State, Federal and Other Grant Sources; Levying the Additional Cent of Tourist Development Tax; and the Downtown CRA.
3) Direct staff to continue to pursue the development of a Performing Arts Center utilizing a Property Tax Supported Bond Referendum.

Commissioner Rackleff moved, seconded by Commissioner Dailey to approve Options 1, 2 and 3: 1) Direct staff to continue to work with the newly formed 501(c)3 in moving towards the construction of the facility; 2) Direct staff to continue to pursue the development of a Performing Arts Center utilizing the following revenue sources: Private Fund Raising; State, Federal and Other Grant Sources; Levying the Additional Cent of Tourist Development Tax; and the Downtown CRA; and 3) Direct staff to continue to pursue the development of a Performing Arts Center utilizing a Property Tax Supported Bond Referendum.

Commissioner Dailey stated he had a number of questions and concerns about how we would get the funding for this issue, but does want to move forward with it. There are a lot of aspects that need to be addressed yet; however he thinks Tallahassee needs a Performing Arts Center.

Commissioner Dailey offered a friendly amendment to move option 1 only.

The Board discussed various options.

After discussion Commissioner Rackleff decided to eliminate Option 3 from his original motion.

Commissioner Rackleff made an amended motion to move Options 1 and 2 only.

Commissioner Thaell discussed the need for a supermajority vote to pass the imposition of a 5th cent on the 'bed tax'. He also asked about the City supporting the Center and stepping up.

The Board discussed funding including, reaching out to the universities, cultural groups, the City's need to step up, private citizens' need to step up.

The Board discussed the need for a Performing Arts Center in Tallahassee; but the need to address funding especially in consideration of upcoming revenue restrictions.

Commissioner DePuy stated he agreed that we need a Performing Arts Center; however, we should let the people decide if they want to expend 113 million toward building one at this time.

Chairman DePuy passed the gavel to Commissioner Desloge.

Commissioner DePuy made a substitute motion to direct staff to continue working with the newly formed 501(c) 3 after the public votes in a referendum informing the Board this is the action they want the Board to take.

Motion failed for lack of a second.

Commissioner Desloge passed the gavel back to Chairman DePuy.

Substitute motion carried 4-1, with Commissioner DePuy opposed, and Commissioners Proctor and Sauls absent.

Chariman DePuy adjourned the Workshop at 12:30 p.m.

C.E. DePuy, Jr.
Chairman

ATTEST:

Bob Inzer
Clerk of the Court