

Leon County Board of County Commissioners Budget Workshop Item #11

July 8, 2013

To: Honorable Chairman and Members of the Board

From: Vincent S. Long, County Administrator

Title: Approval of \$234,500 in Expenditures from the Tourism Development Unallocated Fund Balance; Creation of a Signature Community Event Fund, and; Scheduling of a Workshop on the Repurposing of Funds Dedicated to the Florida Center for Performing Arts and Education

County Administrator Review and Approval:	Vincent S. Long, County Administrator
Department/ Division Review:	Alan Rosenzweig, Deputy County Administrator Scott Ross, Office of Financial Stewardship Ken, Morris, Economic Development & Business Partnerships
Lead Staff/ Project Team:	Lee Daniel, Division of Tourism Development

Fiscal Impact:

This budget discussion item seeks Board approval of several new expenditures from the Division of Tourism Development's unallocated fund balance, attempts to address some of the long-term community needs identified by the Cultural Plan Review Committee with ongoing operating revenue, and the scheduling of a future workshop on the consideration of funds dedicated to the Florida Center for Performing Arts and Education. This item has a fiscal impact of \$234,500 for FY 2014 and possible implications for an additional \$50,000 in FY 2015 from the unallocated fund balance of the Tourism Development account.

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Staff Recommendation:

- Option #1: Approve the \$234,500 from the Tourism unallocated fund balance to support the Red Hills International Horse Trials, the development of the Word of South Festival, and additional marketing activities related to several new area amenities.
- Option #2: Direct staff to set aside \$125,000 in grant funds to support a signature community event fund and to bring back an agenda item detailing the process and criteria to access these grant funds.
- Option #3: Direct staff to increase the sports grants funding by \$25,000 and remove any maximum restrictions for an individual award.
- Option #4: Direct staff to remove any maximum restrictions for an individual grant awarded from the special events grant program.
- Option #5: Schedule a workshop on the consideration of funds dedicated to the Florida Center for Performing Arts and Education for October 22, 2013, from 12 – 3 p.m.

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Report and Discussion

Background:

Over the past several months, the Board has directed staff to provide budget discussion items for consideration as part of the current budget cycle to address a number of funding requests. The following provides a summary of this direction and additional policy guidance that will be addressed in the item:

- On January 29, 2013, the Board approved a funding request in the amount of \$36,350 for the 2013 Red Hills Horse Trials (RHHT) event and directed the Tourist Development Council (TDC) to consider a three-year funding commitment to the RHHT that would be brought back to the Board as a budget discussion item (Attachment #1).
- Following an extensive discussion on a separate issue at the May 28, 2013 Commission Meeting, the Board directed staff to bring back the funding request for the Word of South Festival as a budget discussion item (Attachment #2).
- In addition to the RHHT and Word of South funding requests for the County's FY 2014 budget, the TDC made several recommendations at its June 13th meeting for one-time expenditures from the Division of Tourism Development's unallocated fund balance. These one-time expenditures are designed to further capitalize on a number of new products within our destination to enhance visitor awareness such as the improvements to the cross country course at the Apalachee Regional Park, the launching of the Trailahassee.com website, and the opening of the Capital Cascades Amphitheater at Cascades Park.
- As discussed with the Board at the June 18, 2013 meeting, the Board and the TDC continue to receive a number of requests for funding of significant community events outside of the traditional grant cycles. This item provides an approach to establish a signature event fund to formerly address these types of requests.
- This item provides a remedy to the concerns raised by the Board at the May 28, 2013 meeting regarding the current sports grant process.
- In light of recent activity related to the Performing Arts Center, this item seeks the Board's approval to schedule a future workshop on the repurposing of funds dedicated to the Florida Center for Performing Arts and Education that would address some of the long-term community needs identified by the Cultural Plan Review Committee and provide consistent funding for the cultural grant program.

Analysis:

Over the past year, there have been a number of requests seeking funds from the Division of Tourism Development's unallocated fund balance. This analysis provides an update on the Tourism Division's unallocated fund balance, seeks Board approval of several new expenditures

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from the Tourism Division's unallocated fund balance, attempts to address some of the long-term community needs identified by the Cultural Plan Review Committee with ongoing operating revenue, and the scheduling of a future workshop on the repurposing of funds dedicated to the Florida Center for Performing Arts and Education. This item has a fiscal impact of \$234,500 for FY 2014 and possible implications for an additional \$50,000 in FY 2015 from the Tourism Division's unallocated fund balance account.

The unallocated fund balance in the Tourism Division's account is \$1,246,349. This includes recent adjustments and appropriations approved by the Board including the \$125,000 for improvements to the cross country course at the Apalachee Regional Park, \$150,000 to support the hiring of a private management firm and related promotional expenses for the first year of County-sponsored events at the Capital Cascades Amphitheater, \$36,350 to support the 2013 RHHT, and \$35,000 to build a new web site for Trailhassee.com.

Based on the success of recent marketing efforts, the opening of the amphitheater, and the rollout of Trailhassee.com, the TDC would like to invest an additional \$234,500 of resources into the County's FY 2014 marketing efforts to further capitalize on a number of new products within our destination to enhance visitor awareness. The TDC recommends the following expenditures to enhance economic development through tourism:

1. Provide \$84,500 to RHHT to assist with the relocation and rebuilding of the cross country course in time for the group to host the spring 2014 event that continues to draw participants from across the United States and internationally. The Board previously approved \$36,350 for the 2013 RHHT event and RHHT does not anticipate a need for additional funds for the 2014 event beyond the recommended \$84,500 in relocation and rebuilding assistance. RHHT is unable to determine its needs for the spring 2015 event at this time so the TDC was reluctant to make a recommendation for the third year of the County's financial commitment.
2. Provide \$50,000 during FY 2014 to support the development of the Word of South Festival that would commence in the spring of 2015. At the June 13, 2013 meeting of the TDC, staff shared some of the concerns raised at the May 28th Commission meeting including the need for multi-year funding support, the level of financial commitment from the City of Tallahassee, and a review of the process by which such large funding requests are sought through the TDC. The City anticipates providing some unspecified in-kind services through its management and operation of Cascades Park. Mr. Mustian and the KCCI group working to develop the Boca Chuba Music Festival have been meeting and are discussing opportunities to possibly merge these events or work in close collaboration. Board approval would be required to allocate the remaining \$50,000 being sought for this festival. Finally, the next section of this analysis may address some of the Board's concerns about the process in which such large funding requests are made through the TDC and the ongoing need for dedicated funds to satisfy these requests.
3. \$100,000 to be utilized for additional marketing during FY 2014 in a combination of uses by both staff and the advertising/public relations agency to include:

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A. Increase the number of trade shows attended; enhancing the number of media and tour operator familiarization tours; increasing and updating the destination photography and video libraries; and improving signage for the Visitor Information Center.

B. Develop a signature promotion with *Garden & Gun Magazine* or a similar publication; or develop a native application for iPhone users for Trailhassee.com or the new VisitTallahassee.com websites.

If all of the aforementioned budget issues are approved by the Board, the unallocated fund balance for the Tourism Division would be reduced by \$234,500 to \$1,011,849. The remaining unallocated fund balance would be 24% of the Tourism budget, well above the Board's minimum requirement of 15%.

Proposed Signature Event Funding and Adjustments to the Sports and Special Event Grant Process

To address some of the Board's concerns articulated at the May 28th Commission meeting during the Word of South discussion in which such large funding requests are made through the TDC, staff is proposing a remedy to the volume of funding requests for events that occur outside of the current grant program cycle and/or that seek funding beyond the current program thresholds. These requests often target the Division of Tourism Development's unallocated fund balance on a case by case basis rather than allowing for a more deliberative process. During the presentation of the Cultural Plan Review Committee' Interim Report on June 18, 2013, the Board reiterated the need for a dedicated revenue source to satisfy the funding requests for these large events that have the potential to draw visitors to the community.

Staff is seeking Board approval to create a community signature event program fund from recurring Tourism revenue in the amount of \$125,000 previously set aside for the Mary Brogan Museum through the Council on Culture and Arts (COCA) budget. This fund would be available for large cultural, athletic, or heritage themed events that have the potential to draw visitors to the community without regard to the grant cycles. Should the Board approve this option, staff will bring back an item for the Board's consideration outlining the process and strict criteria to access these funds.

Another modification to the allocation process relates to the existing Sports Grant program. Currently, the Sports Grant process has a maximum award of up to \$6,500. Unless otherwise directed by the Board, staff intends to revamp the grant program by removing the maximum award. This will allow the County to not impose artificial caps, but rather award grants based on the overall return on investment an individual event has on the community. Staff, in utilizing the existing grant application process, would further develop specific criteria possibly including such factors as:

- Room nights generated in Leon County commercial lodging establishments
- Tourist Development Tax and Sales Tax generated
- The number of expected participants
- The number of anticipated total visitors (family and friends)

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- Timing of the event to coincide with lower hotel occupancy periods
- Potential for future event growth
- Potential for positive media exposure for Leon County
- Total economic impact as calculated by the Florida Sports Foundation or the Destination Marketing Association International economic impact models

To ensure the sports grant has adequate funding, it is recommending that an additional \$25,000 be added to the existing appropriation of \$90,000 for a total of \$115,000. This allocation is in addition to the existing sports “bid pool” funding which is used by the County to proactively seek sporting events to come to our community.

Similar to the sporting events grant fund, there is a special event grant fund with a \$6,500 cap. Staff recommends lifting this cap as well and establishing similar criteria to determine grant awards.

This action will bring the FY 14 COCA funding to \$354,500 for re-granting purposes and provide for \$125,000 to be utilized by the County for large signature events and \$25,000 more for sports grants.

Existing 1 Cent Allocation for the Performing Arts Center

Based on the recent direction of the Leon County Sales Tax Committee to not fund the Florida Center for Performing Arts and Education project by a 12-2 vote and the ongoing cultural needs identified in the Cultural Plan Review Committee’ Interim Report, the Board may want to identify a process for staff to start evaluating the future use of the one-cent bed tax dedicated to the performing arts center and the \$3.5 million currently set aside for its construction. While the final report of the Sales Tax Committee is not anticipated until February 2014, staff is recommending that the Board schedule a workshop for October 22, 2013, from 12 – 3 p.m. to review the existing agreements and obligations with the City and CRA regarding the performing arts center and to provide guidance on the use of these funds for future cultural or other needs.

Based on the needs identified in the Cultural Plan Review Committee’ Interim Report, staff anticipates including for the Board’s consideration, at minimum, the inclusion of grant funding for capital projects, ongoing support of the COCA re-granting process and the possible support for the proposed signature event series. Staff will develop a proposed process by which capital projects would be eligible to apply for and receive capital grant funding. A detailed analysis will be provided examining the statutory uses and limitations of tourism funds for capital improvements and cultural activities.

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Options:

1. Approve the \$234,500 from the Tourism unallocated fund balance to support the Red Hills International Horse Trials, the development of the Word of South Festival, and additional marketing activities related to several new area amenities.
2. Direct staff to set aside \$125,000 in grant funds to support a signature community event fund and to bring back an agenda item detailing the process and criteria to access these grant funds.
3. Direct staff to increase the sports grants funding by \$25,000 and remove any maximum restrictions for an individual award.
4. Direct staff to remove any maximum restrictions for an individual grant awarded from the special events grant program.
5. Schedule a workshop on the repurposing of funds dedicated to the Florida Center for Performing Arts and Education for October 22, 2013, from 12 – 3 p.m.
6. Board direction.

Recommendation:

Options 1, 2, 3, 4 and 5 are included in the preliminary budget.

Attachment:

1. January 29, 2013, agenda item requesting \$36,350 for the 2013 Red Hills Horse Trials.
2. May 28, 2013 agenda item requesting \$100,000 for the Word of South Festival