

Leon County Board of County Commissioners Budget Workshop Item #11

June 23, 2015

To: Honorable Chairman and Members of the Board

From: Vincent S. Long, County Administrator

Title: Consideration of a Funding Request by the Red Hills Horse Trials

County Administrator Review and Approval:	Vincent S. Long, County Administrator
Department/ Division Review:	Alan Rosenzweig, Deputy County Administrator Ken Morris, Assistant County Administrator Cristina Paredes, Director, Office of Economic Vitality Scott Ross, Director, Office of Financial Stewardship
Lead Staff/ Project Team:	Lee Daniel, Director of Tourism Development Chris Holley, Assistant to the Director Brian Hickey, Sr. Sports Manager

Fiscal Impact:

Tourism funds are available to support RHHT up to \$50,000 through the Tourism Development Signature Event Grant Program and a \$10,000 line item in Tourism's tentative budget for an EMS sponsorship. Any additional support for capital requests (\$90,000) would need to come from the Tourism Development Fund Balance or General Revenue.

Staff Recommendation:

Option #1: Accept the status report and direct RHHT to apply for a Signature Event to support its operating costs for the 2016 event.

Option #2: Direct the TDC to review RHHT's future capital improvement needs and sustainability, and bring recommendations back to the Board.

Report and Discussion

Background:

During the December 9, 2014 regular Commission meeting, the Board requested a workshop to discuss the long-term vision, sustainability, and future funding needs of RHHT. The workshop was originally scheduled for May 12 but was incorporated into this Budget Workshop due to its funding significance to the FY 2016 County budget.

RHHT is a United States Eventing Association annual event held at Elinor Klapp Phipps Park in Tallahassee, Florida. Established in 1997, RHHT is a 501(C)3 nonprofit organization with a mission to “educate the public regarding the sport of eventing, increase awareness of greenspace preservation and land management, and raise funds to benefit nonprofit organizations with compatible educational and environmental purposes.” With more than 400 volunteers, RHHT partners with sponsors, owners, and riders to host over 20,000 spectators each year in early March. Since 1998, this annual eventing competition has drawn spectators and participants from across the United States and numerous other countries.

From 1998 to the present day, the County has provided Emergency Medical Services (EMS) services as along with tourism special event grants of varying amounts. In late 2012, RHHT approached Tourism Development for \$36,350 of assistance to support travel of various officials required by the Federation Equestre Internationale to sanction the event. The Tourist Development Council (TDC) recommended approval of the request on January 10, 2013. The Board approved the TDC’s recommendation on January 29, 2013 and requested a three-year funding plan for RHHT to avoid requests outside of the regular budget cycle.

In June 2013, RHHT requested the TDC support the relocation of the cross country course in time for the 2014 event. The cost of the relocation was \$113,884. The City of Tallahassee (City) provided approximately \$18,000 of in-kind support by its Parks, Recreation and Neighborhood Affairs Department (PRNAD) staff and \$11,400 was raised through sponsorships by RHHT. The remaining balance of \$84,484 was brought back to the Board as a budget discussion item (Attachment #1).

During the July 2013 budget workshop, the Board approved \$84,500 for RHHT to assist with the relocation and rebuilding of the cross-country course in time for the group to host the spring 2014 event. At that time, RHHT did not anticipate a need for additional funds for the 2014 event beyond the \$84,500 in relocation and rebuilding assistance. RHHT was unable to determine its needs for the 2015 event (the third year of enhanced funding) so they requested additional time to identify their funding needs. During fiscal years 2013 and 2014, the RHHT received \$150,349 for the operation and capital costs to the cross-country course.

At its November 6, 2014 meeting, the TDC supported a request from RHHT for third-year financial support to further enhance the venue to include a relocation of the show jumping arena, sponsor tent, sponsor parking, and enhancements to the barn area and electrical system in time for the 2015 event (Attachment #2). On December 9, 2014, the Board approved the funding request in an amount not to exceed \$129,000 for both capital (\$97,000) and operating costs (\$32,000), which was used in full for the 2015 RHHT event. To date, RHHT has received \$310,849 in County support since FY 2012 as reflected in Table #1.

Table #1 – Red Hills Horse Trials Funding FY12-FY15

	2012	2013	2014	2015	Total
EMS Sponsorship	\$10,000	\$10,000	\$10,000	\$10,000	\$40,000
Tourism Grant Award	\$6,500	\$4,499	\$5,000	\$5,000	\$20,999
Line Item Funding	\$0	\$36,350	\$84,500	\$129,000	\$24,985
Total County Support	\$16,500	\$50,849	\$99,500	\$144,000	\$310,849

Analysis:

In recent years, RHHT has faced: (1) the loss of three major benefactors, (2) the departure of its administrative assistant, (3) having to relocate the cross-country course, and (4) generating sponsorship funds in a depressed economy. Both the County and City have been supportive of the event through cash and in-kind services. The County, through the Tourism Development Division, has traditionally supported RHHT with special event grants to cover operational costs and a line item to dedicate EMS personnel to be on site during the event. Each year the City’s PRNAD, the City’s Solid Waste Department, and the Tallahassee Fire Department provide in-kind services before and during the RHHT event. PRNAD staff also provided \$25,000 worth of in-kind services to help relocate the cross-country course in 2013 and assisted with changes to the sponsor and stadium jumping areas for the 2015 event. Agreements with the Northwest Florida Water Management District and the City have allowed RHHT to move the course and to maintain the park grounds throughout the year (Attachment #3).

In March 2007, Dr. Mark Bonn conducted an economic impact study for RHHT (Attachment #4). At that time, the event was estimated to have a total economic impact of almost \$300,000. The event has grown in both national and international importance and recognition in the last eight years. Kerr & Downs, the Division of Tourism Development’s current contracted market research agency, conducted a similar study at the 2015 event, which it presented to the TDC at its May 7, 2015 meeting (Attachment #5). Visitor attendance and spending reports show drastic improvements compared to previous years as shown in Table #2.

Table #2 – Red Hills Horse Trials Visitor Impact

	2007 ¹	2015 ²
Visitors	1,032	4,760
Room Nights	591	4,035
Visitor Spending	\$194,128	\$2,047,800
Total Economic Impact	\$283,810	\$3,296,900

¹Economic Impact Study conducted by Dr. Mark Bonn

²Economic Impact Study conducted by Kerr & Downs

In addition to the growth in local economic impact, the event has drawn national and international attention to Tallahassee within sporting and equestrian media outlets. The stadium jumping competition was provided via live stream throughout the world for the first time in 2015. The live stream received 8,978 video views and 67,694 views of RHHT content when ad impressions and embedded video views are combined according to the analytic report (Attachment #6).

Based upon the Board’s request for additional information on the future of this event, RHHT submitted a June 5, 2015 letter stating that the event has outgrown the ability of an all-volunteer army to assure its success (Attachment #7). It demands nearly full-time management and stewardship outside the few dedicated organizers that cannot sustain the current level of involvement. RHHT intends to identify a full-time contracted management company through private funding to support future operations and be a steward of the event; similar to how other like-sized events are run. Red Hills recently entered into three-year agreements with internationally acclaimed FEI course designer Michael Etherington-Smith, former designer of the Rolex CCI 4* cross-country course as well as the Sydney and Hong Kong Olympics, and with David O’Connor, former Olympic Gold Medalist and current Chef d’Equipe of the US Olympic Team, to refine the designs of the cross-country courses (Attachment #8).

Table #3 summarizes the 150,000 funding request by RHHT to support capital improvements (\$90,000) and operations (\$60,000) for the 2016 event. Each of the FY 16 operational requests are items that were approved by the Board as a line item in the Tourism budget for the 2015 event. The capital requests seek further enhancements to the course and equestrian arenas. The County has previously awarded RHHT funding for capital improvements to the course and it should be noted that while these improvements have been made to Northwest Florida Water Management District land, an agreement is in place to allow RHHT the use of the property through 2023. The City maintains the park providing significant in-kind support.

Table #3 – Red Hills Horse Trials 2016 Funding Request

Capital Improvement Request	
Cross-country course design and improvements	\$45,000
Fibrous footing materials for arenas	\$45,000
Total Capital Request:	\$90,000
Operating Request	
International Officials	\$20,000
Live-streaming	\$30,000
Emergency Medical Services	\$10,000
Total Operating Request:	\$60,000

Staff is very supportive of RHHT’s operational requests for EMS personnel and to host international officials in order to receive international sanctioning which helps validate the caliber of the event. In addition, the ability to advertise and market Leon County as a destination internationally through live-streaming epitomizes the purpose of Tourist Development Taxes. The Board established the Signature Event Program in 2014 for large scale events and activities such as RHHT to complement the other grant programs operated by the Division of Tourism Development. Signature Event Grants are designated for festivals and events that can demonstrate the potential to bring at least 1,500 room nights to the community. The grant guidelines provide recommended levels of funding based on the number of room nights generated. Based on the 2015 Kerr-Downs study, RHHT qualifies as a Signature Event, and due to the improvements in attendance and economic impact, it now qualifies for an award of \$50,000. Based on the impact analysis, staff would recommend approval by the TDC. Ongoing operational support through the Signature Event Grant process would require an annual application through the Division of Tourism Development and approval by the TDC.

This could potentially resolve most of RHHT's financial sustainability concerns with regard to the event operations. Adequate funding for this program along with a \$10,000 line item for the EMS sponsorship is included in Tourism's FY 16 budget, as recommended by the TDC, so no further action is needed by the Board to support RHHT's operational requests.

RHHT is working to overcome the final hurdles in becoming self-sustaining. However, questions remain regarding the long-term administration of the event. If RHHT's long-term staffing and management issues are not resolved, significant funding for additional capital improvements may not have any long lasting benefit. The Board may wish to consider requesting the TDC to review this matter by looking beyond FY 16 in order to get a full understanding of the future capital improvement needs and sustainability. This would give the new course designers the opportunity to finalize their capital improvement priorities and provide the RHHT organizers with additional time to advance their event management and succession plans. Staff would bring the TDC's recommendation back to the Board on capital improvement funding for RHHT at a future date.

Should the Board wish to directly fund the requested \$90,000 in FY 16 capital improvements, approximately \$700,000 is available in the unallocated fund balance of Tourism Development.

Options:

1. Accept the status report and direct RHHT to apply for a Signature Event to support its operating costs for the 2016 event.
2. Direct the TDC to review RHHT's future capital improvement needs and sustainability, and bring recommendations back to the Board.
3. Fund the capital improvement request in the amount of \$90,000 through Tourism Development fund balance.
4. Fund the capital improvement request in the amount of \$90,000 through General Revenue.
5. Do not fund the capital improvement request.
6. Board direction.

Recommendation:

Options #1 and #2 are included in the tentative FY2016 budget.

Attachments

1. Board Action, July 8, 2014 Budget Workshop
2. FY15 Red Hills Funding Request
3. Joint Agreement COT, NFWFMD & RHHT
4. Bonn Economic Impact Study - 2007
5. Kerr & Downs Economic Impact Study – 2015
6. 2015 Red Hills Live Stream Analytic Report
7. 2016 Red Hills Funding Request Letter
8. Three-year Agreement between Red Hills & Michael Etherington-Smith