

DEPARTMENTAL ITEM

**INDIAN RIVER COUNTY
INTER-OFFICE MEMORANDUM**

OFFICE OF MANAGEMENT & BUDGET

TO: Members of the Board of County Commissioners

DATE: May 24, 2022

THROUGH: Jason E. Brown, County Administrator

FROM: Kristin Daniels, Director, Management & Budget

SUBJECT: Tourist Development Council 2022/2023 Budget Recommendations

DESCRIPTION AND CONDITIONS

On May 11, 2022, the Tourist Development Council (TDC) reviewed budget requests for fiscal year 2022/2023 to be paid from the Tourist Tax revenue. The budget requests are listed in the table below. File copies of the applications for each agency are available in the Board of Commissioners office for review.

**Table 1
TOURIST DEVELOPMENT COUNCIL AGENCY REQUESTS
Fiscal Year 2022/2023 Funding Applications**

Organization	2021/2022 Funding	2022/2023 Request	Increase (Decrease)	% Increase (Decrease)
Indian River County Chamber of Commerce	\$537,043	\$656,084	\$119,041	22.2%
Sebastian River Area Chamber of Commerce	\$110,050	\$140,000	\$29,950	27.2%
Cultural Council	\$49,301	\$65,000	\$15,699	31.8%
Historical Society	\$32,000	\$32,000	\$0	0.0%
Treasure Coast Sports Commission	\$210,000	\$250,000	\$40,000	19.0%
Vero Heritage	\$26,000	\$32,000	\$6,000	23.1%
Coastal Connections	\$0	\$7,500	\$7,500	N/A
City of Vero Beach*	\$0	\$450,000	\$450,000	N/A
Sub Total	\$964,394	\$1,632,584	\$668,190	69.3%
Cash Forward	\$41,100	\$150,012	\$108,912	265.0%
Reserve for Contingency	\$83,997	\$111,375	\$27,378	32.6%
Grand Total	\$1,089,491	\$1,893,971	\$804,480	73.8%

*Applications from other governmental agencies or municipalities are not eligible per the Indian River County Outside Agency Funding Policy.

Funding and Analysis

Staff estimates total funding of \$1,426,064 available for distribution to tourism development agencies in FY 22/23. As of the most recent April 2022 monthly report, Tourist Tax revenues are exceeding last year's collections by 39.6% or \$742,111, and exceeding budgeted estimates by 61.1% or \$991,427. Because Tourist Tax revenues have been quite strong over the past fiscal year, staff proposes the budget be increased by 31%, or \$336,573.

On February 2, 2021 the Board of County Commissioners approved allocating 1/3rd of the half-cent of Tourist Tax revenue proceeds made available from funding the Jackie Robinson Training Complex, to the Tourism Development Fund. This increased allocation is estimated to generate approximately \$148,500 in the upcoming fiscal year. Furthermore, a Reserve for Contingency has been set up to earmark 75% of this additional funding per Board direction. The Reserve for Contingency account is budgeted at \$111,375 and will be available to fund any mid-year adjustments or unanticipated funding opportunities that may arise.

In light of the increased allocation, as well as the strong performance of Tourist Tax revenues and their associated increase to the budget, staff is proposing 10% of budgeted revenues be retained. Although Tourist Tax revenues are currently exceeding budgeted estimates, there will likely come a time when that trend will no longer be a reality and budgets will need to be reduced. By setting aside funds when collections are high, the County will be able to award additional funding during a potential downturn when tourism promotion is crucial to our economy. An additional \$200,283 or 20.8% is available to be awarded to the TDC agencies, after the Reserve for Contingency and Cash Forward allocations are funded.

The funding amounts agreed to at the Tourist Development Council meeting, following completion of scoring sheets by TDC members, are summarized in Table 2 below. Following a motion made by Mr. Nunn and seconded by Mr. Collins, the funding levels were approved with a 7-1 vote, with Jennifer Bates dissenting.

Table 2
TOURIST DEVELOPMENT COUNCIL
Fiscal Year 2022/2023 TDC's Funding Recommendation

Organization	2021/2022 Funding	2022/2023 Recommendation	Increase (Decrease)	% Increase (Decrease)
Indian River County Chamber of Commerce	\$537,043	\$656,084	\$119,041	22.2%
Sebastian River Area Chamber of Commerce	\$110,050	\$140,000	\$29,950	27.2%
Cultural Council	\$49,301	\$65,000	\$15,699	31.8%
Historical Society	\$32,000	\$32,000	\$0	0.0%
Treasure Coast Sports Commission	\$210,000	\$250,000	\$40,000	19.0%
Vero Heritage	\$26,000	\$32,000	\$6,000	23.1%

Coastal Connections	\$0	\$7,500	\$7,500	N/A
Sub Total	\$964,394	\$1,182,584	\$218,190	22.6%
Cash Forward	\$41,100	\$132,105	\$91,005	221.4%
Reserve for Contingency	\$83,997	\$111,375	\$27,378	32.6%
Grand Total	\$1,089,491	\$1,426,064	\$336,573	30.9%

The award amounts approved by the TDC exceed Staff's recommended allocation by \$17,907. The TDC motion included funding the \$17,907 overage by reducing the Cash Forward amount recommended by Staff. Per the TDC ranking process, all agencies are to be ranked utilizing the set criteria, which then scores agencies highest to lowest. The agency ranked with the least amount of points is to have its funding request reduced by the funding shortfall. If the shortfall exceeds the lowest ranked agency, the agency with the second lowest ranking then has their request reduced by the remaining budgetary shortfall.

Staff's recommendation is consistent with the TDC ranking process. The agency with the lowest ranking is Coastal Connection, whose request should be reduced to fund the budget shortfall of \$17,907. Because Coastal Connection's request is only \$7,500, the remaining shortfall of \$10,407 should be taken from the second lowest ranked agency which is the Cultural Council. Staff's recommendation is to reduce the Cultural Council's request from \$65,000 to \$54,593. It is important to note that even after the proposed reduction, Cultural Council's budget is still increasing \$5,292 or 10.7% in FY 22/23. Staff's recommendation is summarized in Table 3 below.

Table 3
TOURIST DEVELOPMENT COUNCIL
Fiscal Year 2022/2023 Staff's Funding Recommendation

Organization	2021/2022 Funding	2022/2023 Recommendation	Increase (Decrease)	% Increase (Decrease)
Indian River County Chamber of Commerce	\$537,043	\$656,084	\$119,041	22.2%
Sebastian River Area Chamber of Commerce	\$110,050	\$140,000	\$29,950	27.2%
Cultural Council	\$49,301	\$54,593	\$5,292	10.7%
Historical Society	\$32,000	\$32,000	\$0	0.0%
Treasure Coast Sports Commission	\$210,000	\$250,000	\$40,000	19.0%
Vero Heritage	\$26,000	\$32,000	\$6,000	23.1%
Coastal Connections	\$0	\$0	\$0	N/A
Sub Total	\$964,394	\$1,164,677	\$200,283	20.8%
Cash Forward	\$41,100	\$150,012	\$108,912	265.0%
Reserve for Contingency	\$83,997	\$111,375	\$27,378	32.6%
Grand Total	\$1,089,491	\$1,426,064	\$336,573	30.9%

RECOMMENDATION

Staff recommends that the Board of County Commissioners approve the funding amounts recommended in Table 3 for a total allocation of \$1,426,064 and authorize the County Attorney to prepare standard grant agreements for all funding recipients.