

TOURIST DEVELOPMENT COUNCIL

There was a meeting of the Indian River County (IRC) Tourist Development Council (TDC) on Wednesday, March 14, 2007, at 2:00 p.m. in the Commission Chambers of the County Administration Building, 1840 25th Street, Vero Beach, Florida.

Present were Chairman Gary C. Wheeler, County Commissioner; Members: Council Member Al Paternoster, Sebastian Municipal Officer; Jon Bates and Kathryn Beatty-Self, Owner/Operator Tourist Accommodations Appointees; Susan Hunt, Councilwoman Susan Adams, and Jack Berrigan, Interested in Tourist Development Appointees.

Absent was Councilmember Debra Fromang, Vero Beach Municipal Officer and Sheryl Koenes, Owner/Operator Tourist Accommodations Appointee (both excused).

Also present were IRC Staff: Joseph Baird, County Administrator; William G. Collins, II, County Attorney; Jason Brown, Office of Management and Budget Director; and Darcy Vasilas, Interim Executive Aide. Others present: Penny Chandler, Executive Director, and Lori Burns, Tourism Marketing Director, Indian River County Chamber of Commerce (IRCOC); and Beth Mitchell, Executive Director, Sebastian River Area Chamber of Commerce (SRACOC).

Call to Order

Chairman Gary Wheeler called the meeting to order at 2:00 p.m. and introduced himself and new member, Mr. Jack Berrigan as an Interested in Tourist Development Appointee. He asked if there were any additions to the agenda.

Mr. Bates stated in the minutes from the September 20, 2006 TDC meeting there were two items suggested to be put on this agenda, Ms. Penny Chandler had suggested discussing the current rating system and he would like to continue further discussion on how the monies received from the tourist development funds were spent. Chairman Wheeler agreed to add the rating system as Item #4 on the agenda and Item #5 would address how the monies were spent.

ON MOTION BY Ms. Hunt, SECONDED BY Councilmember Paternoster, the members voted unanimously (7-0) to accept the two additions to the agenda.

Approval of Minutes of the September 20, 2006 Meeting

ON MOTION BY Mr. Bates, SECONDED by Councilwoman Adams, the members voted unanimously (7-0) to approve the September 20, 2006 minutes, as submitted.

Discussion of the Current Rating System

Mr. Bates asked Ms. Penny Chandler, Executive Director of the Indian River Chamber of Commerce (IRCOC), to come forward and discuss the current rating system and the concerns she had asked to be addressed.

Ms. Chandler explained there had been a major discussion at the September 20, 2006 TDC meeting and since the meeting had been running long, she had made a suggestion to discuss it at the next meeting. Mr. Joseph Baird, IRC County Administrator, interjected there were two items discussed, one was the current method of assigning points for each area rated, the other was people did not understand the applicants that received the highest points would not necessarily get the majority of the money. He explained that was not the way the funds were dispersed because of the bickering that had gone on years ago so the rating sheets were developed. He added the Chamber of Commerce automatically received 70% the funds.

Ms. Hunt related the rating item "subjectivity" was something discussed and it was felt to be redundant with the "presentation and creativity" scoring items. Mr. Baird stated staff could work on the rating items.

Mr. Bates related at the May 17, 2006 TDC meeting when the presentations were made for the 2006/2007 dispersed funds, there was no way to develop any kind of contingency fund because all the money would

be given to every entity applying if it were available, regardless of the merit of the program. He felt that was something that should be re-evaluated.

A discussion ensued on methods that could be instituted for designating a particular percentage of the tourist development funds to be put in contingency.

Mr. Baird suggested having another meeting on how to improve the application packet. He opined the current packet would be sent out and when the revisions were made, a revised copy would be provided. He clarified the tourist development money was not just for non-profit agencies, but was to be used to put heads on beds and improve the tourist industry.

ON MOTION BY Ms. Hunt, SECONDED BY Chairman Wheeler, the members voted unanimously (7-0) to further investigate the evaluation rating sheets to make them less subjective and more analytical to better determine the effectiveness of where the tourist development dollars were most efficiently spent.

Review of How Tourist Development Money Is Spent

Mr. Bates related there had been a great deal of discussion in the past in reference to whether the tourism dollars should be used to fund salaries other than the designated entities, the Indian River and Sebastian River Area Chambers of Commerce. He was opposed to using the monies for salaries for any other entity.

Mr. Bates stated he did not feel it was appropriate to spend tourist development money locally within the County for newspaper ads that would not necessarily draw people into the County to spend the night. He felt there should be some rules in place before the May 16, 2007 meeting to better address those issues. Chairman Wheeler opined Mr. Bates' concerns could be addressed with any changes made to the rating sheets to include that information.

Ms. Hunt wished to expand the thought of just having heads on beds to include other tourism attractions because when tourists were in the area

local advertising would be needed for them to find entertainment while visiting, or to perhaps extend their stay or encourage repeat visits.

ON MOTION BY Mr. Bates, SECONDED BY Ms. Beatty-Self, the members voted unanimously (7-0) to not fund salaries with tourist development monies to any other applicants except for the designated entities, Indian River County and Sebastian River Area Chambers of Commerce. The current agencies other than the designated Chambers of Commerce receiving funds for salaries would continue to receive funding, but no new requests would be granted.

Consideration of Changes to Procedures For Allocating Funds

Chairman Wheeler explained the reason he added this item to the agenda was to look to assess if there were better ways, not only to spend the tourist development funds, but get more “bang for your buck”. He felt it was important to compare methods and discuss other potential options.

Ms. Hunt opined the statement “consideration of changes to procedures for allocating funds” was extremely vague and asked for an explanation of what that meant.

Chairman Wheeler noted there were some counties who handled their tourist development in-house, there were counties who handled it through private providers, and others that handled it through the local Chamber of Commerce. He felt it would be prudent to investigate the other options to determine how they worked and compare those methods with what is currently being done in our County. He acknowledged he had received letters from businesses and citizens in IRC stating they were happy with the way tourism was currently being handled but he felt it was important to also look at the other methods. Chairman Wheeler likened the comparison of how tourism was handled with other counties to comparing prices when shopping.

Mr. Berrigan stated the reason he liked the suggestion to look at other options was to avoid becoming complacent and be open to changes that could improve tourist dollars coming into IRC. A discussion was held

regarding current methods in place for measuring how effective certain advertising avenues were working.

Councilwoman Adams stated Chairman Wheeler and Mr. Berrigan had not yet been present when the various agencies made their annual requests for tourist development funds, and explained the Chambers of Commerce made a presentation to the TDC showing what they had spent the previous years' funds on and what they proposed to spend the money on in the future. She added there was a review process and accountability measures currently in place at the annual requests meeting.

Ms. Hunt thought perhaps they were going in the wrong direction and felt it was important to continue developing the tourist attractions and keep the area vital. She noted the area was still recovering from the 2004 hurricanes and before analyzing how the product was being marketed, the product should be evaluated to make sure it was everything it needed to be.

Chairman Wheeler wished to make it clear he did not have any objections or complaints about what the Chambers of Commerce were doing, but he felt if an independent source reviewed what was being done in IRC as compared to other counties in relation to tourism, it would be beneficial to the economy. Ms. Beatty-Self asked how much it would cost to hire a consultant and where would the funding come from.

Mr. Baird offered to bring that information back to the committee but noted the application packets for FY2007/2008 were being mailed out in two weeks and if the committee wanted to hire a consultant it may be necessary for them to do that for the FY2008/2009 applications.

Councilwoman Adams asked Mr. Baird if the tourist development monies could be spent to hire a consultant. Mr. Baird responded in the affirmative, adding anything to improve tourism was eligible for the tourist development funds.

Ms. Hunt wondered if it would make more sense to put tracking devices on the current programs in place to evaluate them. She explained several tracking methods she had experience with in the shopping center industry.

Council Member Paternoster asked why we should not expand our horizons and obtain improvement options while being open to a different way of doing things.

Councilwoman Adams did not understand why the issue of hiring a consultant was being pursued. She opined the committee was expressing there was nothing wrong with the current system and felt hiring a consultant would be hiring someone to fix something that was not broken. Chairman Wheeler replied if you did not look, you would not know if something was broken.

Mr. Berrigan expressed there was another way to accomplish the task of finding out if the marketing of tourism was being performed at its highest and best, and that was to create a Request for Proposal (RFP). He continued when putting out for a RFP, the Chambers could win, or someone else may come in with a better plan.

Mr. Baird explained during the "off tourist season" problems were created when hotels were empty and it may be beneficial for someone to look at other ways to draw tourists to the area.

A lengthy discussion ensued regarding the matter of continuing to use the Chambers of Commerce for tourist promotion and the consideration of using alternative sources. Ms. Hunt felt the knowledge of the TDC far exceeded the knowledge a consultant may provide or through a RFP.

Councilwoman Adams stated anyone wanting to see how the tourist development money was spent, or wanting to apply for monies, were welcome to come before the TDC. She did not feel the RFP process was necessary.

Mr. Bates agreed with Chairman Wheeler in the idea of shopping for the best value, but he related the Chambers of Commerce was a not-for-profit entity and they were not in the market to compete with an advertising company. He was pleased with the efforts the Chambers of Commerce had put forth and was personally happy with their results in his business.

Chairman Wheeler pointed out since the Chambers of Commerce was a not-for-profit entity, they should be able to provide their service even

less expensive than a for-profit organization. He also felt with an RFP the Chambers would be in great shape with their experience and knowledge and would provide some legitimacy to the money being spent each year through the TDC.

ON MOTION BY Mr. Berrigan, SECONDED BY Council Member Paternoster, that the Tourist Development Council request the Board of County Commissioners change its current procedure for allocating Tourist Development Council funds to a Request for Proposals to be prepared by the County to allow for competitive bids for the use of these funds.

UNDER DISCUSSION, Mr. Baird asked for clarification of when the process would be changed since the application packets were going out in two weeks. Chairman Wheeler stated it would have to be for the FY2008/2009 budget year.

Mr. Will Collins II, IRC County Attorney, interjected what was being suggested was much broader than the Florida Statutes would allow. He added the Statutes allowed the TDC to fund convention bureaus, tourist bureaus and as County agencies or by contract with Chambers of Commerce, or similar associations in the County. He did not feel it could be open to any corporations to put out the tourism promotion to a private entity. Attorney Collins cautioned the committee not to put out RFP's and solicit private advertising agencies who may not qualify for the use of the funds.

Ms. Hunt agreed the TDC should do their homework prior to doing an RFP, and felt further discovery should be done before proceeding.

Councilwoman Adams wished to go on the record as saying she was leary of going down the path since she had been approached by a gentleman to educate her on the RFP process and was told by him he had been offered a job to oversee the RFP process. She was concerned about the intertwining of the process and the current discussion. Chairman Wheeler asked who the gentleman was that approached her and who offered that person a job. Chairwoman Adams replied it was Mr. Charlie

Wilson and he did not clarify who had offered him a job to oversee a RFP process.

Chairman Wheeler explained the only person having the ability to hire any employee for the County was Mr. Baird. Mr. Baird interjected he did not offer Mr. Wilson a job adding he does not have a budgeted position for that job.

Mr. Charlie Wilson clarified he did not ask for a job with County, and Mr. Baird did not offer him a job. He wished to state for the record he did not want anything to do with a RFP. He did do the report that showed if the committee wanted to do an RFP, it could be done under the current contract because you could still declare the Chambers as the official tourist bureau and RFP's with the advertising agencies directly reporting the TDC. He reiterated he did not work for the County, he was not going to work for the County, and he would not accept an invitation to reply to any bids.

Ms. Hunt felt the whole discussion should be opened to the public to allow them a chance to give their comments. Chairman Wheeler then opened the meeting to the public at 2:56 p.m., and since no one cared to speak, the public input session was closed.

Mr. Bates asked for clarification from Attorney Collins before voting on something that may not be legal to begin with. Attorney Collins recommended conducting a survey through the Florida Association of Counties which may take a couple of weeks to get a response.

Council Member Paternoster asked Mr. Wilson for examples of other counties using RFP's. Mr. Wilson replied one of the counties was St. Lucie County and had been successful. He added using the RFP's may be the only way to find out if the \$220,000 in overhead used by the Chambers of Commerce was being used most efficiently. Mr. Bates and Mr. Wilson held a lengthy debate regarding the \$220,000 overhead figure.

Mr. Jason Brown, IRC Office of Management and Budget Director, explained how the 70% rule came into effect. He felt the Chambers were a good shepherd of the taxpayers' dollars and reviewed some of the other charges paid for by the Chambers that were not listed in the \$220,000 figure presented by Mr. Wilson. Mr. Brown pointed out his office had conducted a survey a couple of months ago from nine surrounding comparable counties and found five of the counties had an in-house

program for tourism development, four used outside agencies which were Chambers of Commerce or other organizations.

Ms. Penny Chandler, Executive Director, Indian River County Chamber of Commerce, addressed their overhead expenditures by first reading a definition of the word "overhead". She continued the Chambers administered the tourism function and as such, everything would be considered overhead.

Ms. Chandler gave a lengthy description of the methods used by the Chambers for advertising, their discounts and how they were negotiated, and the money spent by the Chamber. She explained before the Chamber could receive any money from tax revenues they must first spend money and all expenditures were closely monitored and scrutinized by the IRC Budget Department.

Ms. Chandler addressed the comment concerning salaries. She reported the Sebastian River Area Chamber had two full-time employees being paid with tourist development funds, one was paid \$15,108 for the Tourism Director, and noted that amount was matched by additional funds by their Chamber. There was also a full-time administrative position which received \$16,480. At the Indian River Chamber, one full-time tourism director, Lori Burns, received \$48,000 and a part-time receptionist received \$14,544 and another \$16,763 was allocated to them but was not used for an employee.

Chairman Wheeler thanked Ms. Chandler for her comments and reiterated he was not complaining about the work the Chambers had been doing, he just felt it was fiscally responsible to evaluate on a regular basis if things could be done differently or in a more cost effective manner.

Ms. Chandler pointed out there were many years when then entire 70% of the tourist development funds were not used by the Chambers so the remaining funds were not dispersed to them from the Budget Office. She added they had offered to help other agencies with the Chambers' remaining funds who were in need.

Ms. Chandler commended the staff of both local Chamber organizations for the pride they put forth in their work and efforts in the

community. She was here to answer any questions the TDC may have and was open to suggestions or criticism regarding the current practices.

Chairman Wheeler admitted while things may not be “broken”, it was important to see if they could be done better. He felt people had become defensive and that was not his intention, but thought it was common sense to see where you could get the biggest “bang for your buck”.

Mr. Bates had concerns that the new members of the TDC had not been properly oriented as to how the Chamber functioned and to be coming in to their first meeting and saying there was something wrong and wanting to change directions was not right. Ms. Chandler interjected as far as she was aware, at every government within the community there was no orientation provided to new committee members. She felt it was important when a person was serving on a committee in an advisory capacity, there should be a procedure in place to educate the members.

Ms. Hunt redirected the members to the state of the economy noting it was fragile right now with the recovery efforts after the 2004 hurricanes. She felt sending out a RFP would disrupt the direction we were moving during this recovery period.

Mr. Mike Stevens, 22 year resident, related there were a lot of changes in the economy from agriculture to construction and through special interest groups the construction industry had been slowed down tremendously. Industry had been slow to be brought into the area and accused a special interest group of attacking tourism to slow down the growth of IRC. Mr. Stevens opined if the tourism industry was put under the auspices of the County, it would not be attended to as well as it was through the Chambers.

Chairman Wheeler took exception to the innuendoes to the reference Mr. Stevens made to “special interest groups” and accusing them for problems with the economy. He stated he added the item to review the current system to the agenda, not some “special interest group”. Mr. Berrigan clarified his interest was he was on the Board of Directors of the Reef and wanted to see more tourism, not less.

Mr. Cliff Norris stated he could not understand why Chairman Wheeler in his first action on the TDC was not asking his fellow committee

members what he could do to improve the life of the people in the tourism business instead of wanting to change or rearrange it. He suggested Chairman Wheeler orient himself to the procedures of the TDC before the next meeting. Chairman Wheeler responded that was what he was doing, asking questions and finding out how the process worked.

Ms. Susan Smith, president of McKee Botanical Gardens (Gardens), related people were visiting the Gardens from all over the state to view the current Dinosaur Exhibit thanks to all the marketing provided through the Chambers. She opined by pooling the resources with other agencies in the tourism industry they got more advertisement than they could have on their own.

Ms. Lianne Monier, City of Sebastian resident, informed the TDC they would dramatically affect her life personally, but would also affect the lives of every business owner in Sebastian if there were not the current people handling the advertising for her. She shared the efforts the Chambers had put forth to help with her own business advertising.

Mr. Bill Curtis, Chairman of the Chamber of Commerce, asked the TDC to defer the idea of a RFP for this year's application period to allow the committee to study the matter in depth and evaluate what should be done for next year.

THE MOTION WAS CALLED, and the members voted (3-4) in which the motion failed. Chairman Wheeler, Mr. Berrigan and Mr. Paternoster voted in favor of the motion. Mr. Bates, Ms. Beatty-Self, Ms. Hunt and Councilwoman Adams voted against the motion.

Chairman Wheeler called for a break at 4:12 p.m. and the meeting resumed at 4:19 p.m.

Tourist Tax Revenue Updates

Mr. Jason Brown distributed two handouts, copies of which are on file in the Commission Office. He reviewed the Tourist Tax Monthly Revenues and noted there was an approximately 13% decrease in the revenues collected and explained some of that was due to the large amount of revenues received in the off season at the beginning of 2006.

Chairman Wheeler asked how many beds were available to rent and wondered if the 13% decrease was due to the loss of some of the hotel rooms due to the 2004 hurricanes. Ms. Chandler replied IRC was currently down 200 beds and while there had been an increase in the beds coming back to being available after the hurricanes, there were still more in the renovation stages. Ms. Chandler also explained there was not a firm benchmark currently for evaluating heads on beds.

Discussion ensued on the number of beds actually available in the County and the consensus was there were approximately 2,000 beds available.

Other Matters

Ms. Beatty-Self requested a moment to remember former TDC member Robert Tenbus, who passed away January 26, 2007.

Adjournment

There being no further business, the meeting adjourned at 4:29 p.m.