Agenda Item #: 3CC-2

#### PALM BEACH COUNTY

### **BOARD OF COUNTY COMMISSIONERS**

### **AGENDA ITEM SUMMARY**

Meeting Date: Department	3 /1/ 11	[X]	Consent Ordinance	D []	Regular Public Hearing
Submitted By:	TOURIST D	EVELOR	PMENT COUNCIL		

DISCOVER PALM BEACH COUNTY, INC.

**Submitted For:** 

## I. EXECUTIVE BRIEF

Motion and Title: STAFF RECOMMENDS MOTION TO APPROVE: A) Amendment to the Amended and Restated Agreement (R2010-1460) with Discover Palm Beach County, Inc. dba Palm Beach County Convention and Visitors Bureau (the "CVB") for the provision of services under the County's Tourist Development Plan from October 1, 2010 through September 30, 2011; and B) A budget transfer of \$800,000 from reserves in the TDC Convention & Visitors Bureau Fund.

**Summary:** This amendment to the Amended and Restated Agreement provides for a revised FY 2011 Annual Budget (Exhibit A) with an increase of \$800,000 to be funded from its current reserve of \$1,546,597. This \$800,000 will fund needed marketing investments to include \$300K for online marketing, \$200K for traditional media, \$200K for airlift development and \$100K for reinstatement of certain sales and marketing staff functions already included in the approved organizational chart. (Countywide MC)

Background and Justification: The amendment to the Amended and Restated Agreement provides for a revised FY 2011 Annual Budget (Exhibit A) to include \$800,000 to increase marketing efforts. The 2010 Tourism Stimulus Strategy proved to be a highly successful investment. The CVB received \$2.3 million additional funds that raised marketing deployment to a more competitive level in 2010. As a result, Palm Beach County led the state of Florida in hotel occupancy recovery with a 9.5% year over year increase followed by Jacksonville and Fort Lauderdale with 8.2 and 7.2 increases respectively. In addition, Palm Beach led the state in percentage change relative to total rooms sold. This has resulted in a significant economic impact to our community and job creation in the hospitality, leisure and retail sectors. This was confirmed by recent reports in the Palm Beach Post (1-22-11) that Palm Beach County led the state of Florida in job creation in 2010.

While occupancy continued to recover, the effort to further improve tourism performance indicators is far from over. ADR (average daily rate) continued to stagnate from the already depressed levels of 2009. This, in turn, negatively affected revenue per available room (REVPAR). The current budget signals a return to the substandard levels of marketing deployment that have already resulted in reduced demand levels. It is critical to keep the momentum established in 2010 by using available funds in support of increased brand awareness, airlift marketing funding and the reinstatement of certain sales efforts. Generally, the planned marketing investments will include \$300K for online marketing, \$200K for traditional media, \$200K for airlift development and \$100K for reinstatement of certain sales and marketing staff functions already included in the approved organization chart.

Attachments: A. Amendment to the amended and restated contract w/exhibit

B. Budget Transfer

Recommended by:

Department Director

Approved By:

1/38/// Date

# II. FISCAL IMPACT ANALYSIS

A. Fiv	e Year Summary of I	Siscal Impa	ct:					
Fiscal	Years	2011	2012	2013	2014	2015		
Capita	l Expenditures							
Opera	ting Costs	\$ 800,000						
Extern	al Revenues							
Progra	m Income (County)		-					
	d Match (County) FISCAL IMPACT	\$ 800,000 =====			:			
	DITIONAL FTE TIONS (Cumulative)	- 1-	0	0	0	0		
Is Item	Included In Propose	d Budget?	Yes_		No. X			
Budget	Account No.: Fund_	I	Dept _	Unit_	, - <u>-</u>	Object	_	
Report	ing Category							
	Recommended Source The Cultural Council r	eceives 22.5	1% of the	$\approx 2^{\text{nd}}$ , $3^{\text{rd}}$ ar	al Impact nd 5 <sup>th</sup> cent	: t of the local o	ption bed tax.	
<b>C.</b>	Department Fiscal Ro	eview: La	eT ()	em M	Jac			
		III. <u>Re</u>	EVIEW C	OMMEN	ITS			
<b>A.</b>	OFMB Fiscal and/or	Contract A	dministra	ation Com	iments:			
A ST	Single Si	2/2/11	Cønti	ract Dev.	Joer CS	J 3-124	1)11	
B	ત્રુપ્યુ '' Approved as to form	and Legal S	Sufficienc	y: The	orio	inding p	Ja rensent	<u> </u>
- -	Mauleu lea Assistant County Att	<u>Ulu</u>		The thi	offers A	of was a sound of the second o	Agreement R2007-16 Sefe of	33
<b>C.</b> 2	Approved as to Term	s and Cond	itions:					
<u>]</u>	Department Director	· 						

This summary is not to be used as a basis for payment.

# AMENDMENT TO AMENDED AND RESTATED AGREEMENT

This Amendment is made and entered into this 14th day of February, 2011 to the Amended and Restated Agreement dated September 25, 2007 (R2007-1623), as most recently amended on September 14, 2010, (hereinafter collectively referred to as "Agreement"), by and between Palm Beach County, a political subdivision of the State of Florida, acting by and through its Board of County Commissioners (hereinafter referred to as "County"), and Discover Palm Beach County, Inc. d.b.a the Palm Beach County Convention & Visitors Bureau (hereinafter referred to as "CVB").

WHEREAS, the County and the CVB entered into a five year Agreement whereby the CVB develops and implements an annual marketing plan for the promotion of Palm Beach County tourism; and

WHEREAS, on September 14, 2010, the parties amended the Agreement to provide for revisions for the fourth year of the five year term; and

WHEREAS, the CVB and Tourist Development Council boards have recommended and the County has agreed that there is a need to infuse additional monies into the marketing plan to promote Palm Beach County; and

WHEREAS, the County has identified a portion of that additional funding within CVB reserves to be allocated to and expended by the CVB in its efforts to promote, market and advertise Palm Beach County tourism under the Agreement; and

WHEREAS, the Agreement requires an amendment to provide for a revised CVB budget to reflect the receipt of the additional funding from the County; and

WHEREAS, the parties have agreed that this Amendment is in the best interest of the CVB and the County's tourism promotion program.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

- 1. Exhibit A of the Agreement (the annual budget) is hereby deleted in its entirety and replaced with a new Exhibit A, '10 -'11 Revised Budget, attached hereto and made a part hereof.
- 2. All other terms and conditions of the "Agreement" shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the day and year first written above.

,	
ATTEST:	
SHARON R. BOCK CLERK & COMPTROLLER	PALM BEACH COUNTY FLORIDA BY ITS BOARD OF COUNTY COMMISSIONERS
By:	By:Commissioner Karen T. Marcus, Chair
(SEAL)	
ATTEST:	DISCOVER PALM BEACH COUNTY, INC.
By: Jorge Pesquera President/CEO	By: James Mostad, Chairman
Approved as to terms and conditions	Approved as to form and legal sufficiency
Roger Amidon TDC Executive Director	County Attorney

 $G: WPDATA \ ENG \ MCULLEN \ CVB Simulus Amendment 5-20-09. doc$ 

Exhibit "A" Annual Budget

	Actual	Actual	Budgeted	Forcasted	Budgeted	Amended	Budget VS
	FY 2008	FY 2009	FY 2010	FY 2010	FY 2011	FY 2011	Amended FY 11
Personnel Expense							
Wages & Salaries	2,554,230.39	2,451,928.92	2,385,170.33	2,385,170.33	2,437,500.32	2,522,500.32	85,000.00
Payroll Taxes Employee Benefits	237,475.86	192,805.27	195,596.83	195,596.83	199,936.77	206,866.27	6,929.50
chipioyee benefits	599,774.31	530,123.61	568,689.43	568,689.43	664,755.72	682,001.50	17,245.78
<u>Total Personnel Expenses</u>	3,391,480.56	3,174,857.80	3,149,456.59	3,149,456.59	3,302,192.81	3,411,368.09	109,175.28
Marketing & Promotion Expense							
Travel & Entertainment	118,260.68	118,340.31	121,725.50	121,725.50	118,505.50	118,505.50	-
Trade Show Participation	239,199.34	214,619.98	144,972.00	144,972.00	144,067.00	144,067.00	-
Destination Reviews Sales Missions / Media Missions	66,130.82 69,032.88	110,008.24	69,050.00	69,050.00	57,800.00	57,800.00	-
Event Hosting within PBC	40,919.25	101,945.41 32,052.40	115,850.00 70,050.00	115,850.00 70,050.00	126,390.00 73,800.00	126,390.00 73,800.00	-
Advertising, Traditional / Online Media	1,966,343.56	1,419,854.02	1,429,136.59	1,379,136.59	1,378,681.88	2,067,710.15	689,028.27
Contrated Marketing Services	606,142.00	591,383.68	249,000.00	189,000.00	270,000.00	270,000.00	,
Tourism Sponsorships / Grants	98,905.43	147,340.87	110,000.00	110,000.00	90,000.00	90,000.00	-
Advertising, Website (CVB)	110,504.32	160,121.60	65,814.00	65,814.00	75,000.00	75,000.00	-
Advertising, Printed marketing Collateral	139,298.23	196,043.80	94,842.43	94,842.43	142,500.00	142,500.00	-
Promotional Items	35,049.90	18,869.52	20,900.00	20,900.00	17,500.00	17,500.00	-
Merchandise Sold	-	-	-	•	-	-	-
Ticket Sales Research	04.440.0~	100 735 00	170.070.01	170.070.01	-	-	-
research Fulfillment	91,142.97 27,768.98	106,735.00	178,076.04	178,076.04 64,999.84	90,000.00 65,000.00	90,000.00 65,000.00	-
Donated Products & Services	21,168.98	59,554.08 -	64,999.84	04,555.84	65,000.00	00,000.00	-
Other Promotional Activities	3,928.69	3,736.61	•	-	-	-	-
Total Marketing & Promotion Expense	3,612,627.05	3,280,605.52	2,734,416.40	2,624,416.40	2,649,244.38	3,338,272.65	689,028.27
			,				
Administrative & General Operations	44 400 04		50 545 00	bn 545 00	47.044.00	4774400	
Dues & Subscriptions Bad Debt	44,480.21	65,857.07	52,515.00	52,515.00	47,344.00	47,344.00	
Data Processing / Computer	- 51,581.86	56,690.42	68,560.00	68,560.00	68,560.00	68,560.00	-
Office Equipment & Fixtures, Computer Hardware	77,124.88	25,309.54	91,500.00	91,500.00	91,500.00	91,500.00	_
Amortization	77,124.00	25,303.54	-	-	-	-	_
Professional Seminars & Conferences	10,021.63	11,353.58	45,979.81	45,979.81	53,479.81	53,479.81	-
Equipment (non-computer) Rental & Lease Contracts	-	-	· -	· -	-	-	_
Insurance	35,068.84	39,550.82	50,410.89	50,410.89	52,244.49	53,278.94	1,034.45
Interest	-	-	-	-	-	-	-
Professional Services	186,631.13	99,455.15	136,000.00	136,000.00	175,000.00	175,762.00	762.00
Office Supplies	23,069.15	14,676.92	22,258.44	22,258.44	22,812.23	22,812.23	-
Non- Colateral Printing / Photocopying	37,515.18	30,187.47	39,889.08	39,889.08	40,289.08	40,289.08	-
Rent / Utilities Telecommunications	2,874.30	4,657.00	2,160.00	2,160.00	2,160.00 55,289.43	2,160.00	-
Postage	82,695.97 62,763.89	69,663.41 41,862.51	61,129.43 79,189.12	61,129.43 79,189.12	78,910.12	55,289.43 78,910.12	-
Maintenance Contracts	02,703.65	41,002.31	75,165.12	75,185.12	76,510.12	76,510.12	-
Repair & Improvements	934.51	629.89	_	_	-	-	-
Bank Fees	13,612.44	7,795.25	8,140.23	8,140.23	8,140.23	8,140.23	-
Donated Products & Services - Non-marketing	-		<u>.</u>	-	-	-	-
Miscellaneous	646.80	2,633.71	-	-	18,150.42	18,150.42	· <u>-</u>
Total Administrative & General Operations	629,020.79	470,322.74	657,732.00	657,732.00	713,879.81	715,676.26	1,796.45
Total CVB Other Contractual Services	7,633,128.40	6,925,786.06	6,541,604.99	6,431,604.99	6,665,317.00	7,465,317.00	800,000.00
Stimulus Funding							
Stimulus Eco-Tourism (50K transfer to FTV)	· ·	-	296,700.00	246,700.00	-	-	<u>-</u>
Stimulus Marketing/Advertising CVB contract		227,862.00	1,873,587.00	1,873,587.00	<u> </u>	. •	-
<u>Total Stimulus</u>	-	227,862.00	2,170,287.00	2,120,287.00	•	-	-
County Direct							
Rent	449,086.00	467,103.84	494,000.00	494,000.00	513,000.00	513,000.00	-
Telecommunication	34,616.00	31,580.22	50,000.00	50,000.00	50,000.00	50,000.00	-
Coop Advertising	29,779.50	21,000.00	50,000.00	50,000.00	50,000.00	50,000.00	-
Total County Direct	513,481.50	519,684.06	594,000.00	594,000.00	613,000.00	613,000.00	-
Transfer Out	653,800.00	-	50,000.00	50,000.00	-	-	-
CVB Reserves	4,079,811.00	5,322,204.00	481,582.00	2,642,659.00	1,546,597.00	746,597.00	(800,000.00)
Total Expense	12,880,220.90	12,995,536.12	9,837,473.99	11,838,550.99	8,824,914.00	8,824,914.00	-

### **BOARD OF COUNTY COMMISSIONERS** PALM BEACH COUNTY, FLORIDA

BGEX 021111\*917

### **BUDGET TRANSFER** FUND 1454 TDC Convention & Visitors Bureau

ACCO	OUNT NAME AND NUMBER	ORIGINAL BUDGET	CURRENT BUDGET	INCREASE	DECREASE	ADJUSTED BUDGET	EXPENDED/ ENCUMBERED AS OF 02/10/11	REMAINING BALANCE
EXPENDITURE	<u>s</u>							
710-7420-3401	Other Contractual Services	6,665,317	6,665,317	800,000	0	7,465,317	6,665,317	800,000
710-7395-9902	Reserve- Operating	1,546,597	1,546,597	. 0	800,000	746,597	0	746,597
	TOTALS			800,000	800,000			
Tourist Development INITIATING DEPARTMENT/DIVISION Signatures & Dates						OF COUNTY COMMI	ISSIONERS	
Administra	tion/Budget Department Approval  MB Department - Posted	A Die		11			3/1/2011 Deputy Clerk to the of County Commissio	ners

AJ 2/18/201 spy 11