

3FF-1

Agenda Item #: \_\_\_\_\_

PALM BEACH COUNTY

BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

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Meeting Date: 1/26/2016    ☒ Consent                      ☐ Regular  
   ☐ Workshop                      ☐ Public Hearing  
Department

Submitted By: TOURIST DEVELOPMENT COUNCIL

Submitted For: TOURIST DEVELOPMENT COUNCIL

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I. EXECUTIVE BRIEF

**Motion and Title:** Staff recommends a motion to approve: A) Budget transfer of \$300,000 from the TDC -1<sup>st</sup> Cent Tourism Local Option Tax Fund operating reserves, and transfer to the TDC - Convention Center Operations Fund creating a budget line item providing a convention/meetings incentive program to increase longer-term convention and meetings business. B) Budget amendment of \$300,000 in the TDC - Convention Center Operations Fund to recognize and appropriate the transfer from the TDC -1<sup>st</sup> Cent Tourism Local Option Fund.

**Summary:** The amendment to the Convention Center Operations Fund reflects receipt of additional funding to incentivize additional meetings/tradeshows/convention events generating increased hotel room nights and associated economic benefits in the surrounding convention center district hotels and businesses. The addition of the new attached convention center hotel provides in excess of 1,000 hotel rooms within a one mile radius of the Convention Center. This incentive request was approved by Tourist Development Council Board on December 10, 2015. (TDC) Countywide (DW).

**Background and Justification:** Stimulus funding of \$200,000 was established in 2014 to assist with attracting meetings/tradeshows to the center during construction of the attached hotel targeted to maintaining and generating future hotel room nights after the projected hotel completion. This successful incentive campaign has booked to date 23,073 new hotel room nights for events in 2015, 2016 and 2017, and will provide new convention center rental and food and beverage revenues for the coming years. This incentive program will generate an average economic impact of \$15,689,640 to Palm Beach County as meetings/tradeshows and conventions occur and hotel room nights are actualized from these events.

**Attachments:**    a) Budget Amendment and Transfer  
   b) Incentive Fund Replenishment- TDC presentation

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Recommended by:     12/29/15  
   Department Director                      Date

Approved By:     1/15/16  
   County Administrator                      Date

## II. FISCAL IMPACT ANALYSIS

### A. Five Year Summary of Fiscal Impact:

Fiscal Years	2016	2017	2018	2019	2020
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	\$300,000	_____	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
	\$300,000				
NET FISCAL IMPACT	=====	=====	=====	=====	=====
# ADDITIONAL FTE POSITIONS (Cumulative	_____	_____	_____	_____	_____

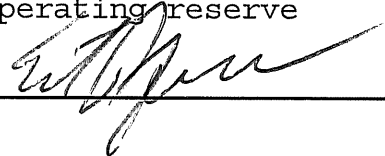
Is Item Included In Current Budget? Yes \_\_\_\_\_ No. X

Budget Account No.: Fund \_\_\_\_\_ Dept. \_\_\_\_\_ Org. \_\_\_\_\_ Object \_\_\_\_\_  
Reporting Category \_\_\_\_\_

### B. Recommended Sources of Funds/Summary of Fiscal Impact:

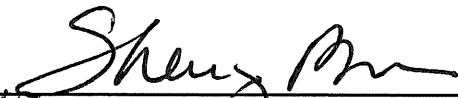
First Cent of the bed tax operating reserve

### C. Department Fiscal Review:

  
\_\_\_\_\_

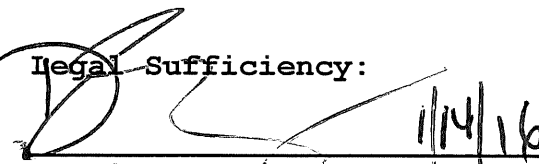
## III. REVIEW COMMENTS

### A. OFMB Fiscal and/or Contract Administration Comments:

  
AP ASD OFMB JP 114  
6/29 12/29

NA  
Contract Dev. and Control

### B. Legal Sufficiency:

  
Assistant County Attorney  
11/14/16

### C. Other Department Review:

\_\_\_\_\_  
Department Director

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

H: Agenda Item Summary/Convention Center Incentive funding 1-26-16


2016 - 0294

BOARD OF COUNTY COMMISSIONERS  
PALM BEACH COUNTY, FLORIDA

BUDGET TRANSFER  
FUND 1458 TDC-1st Cent Tourist Local Option Tax

BGEX 121415-489

ACCOUNT NAME AND NUMBER		ORIGINAL BUDGET	CURRENT BUDGET	INCREASE	DECREASE	ADJUSTED BUDGET	EXPENDED/ ENCUMBERED AS OF 12/30/15	REMAINING BALANCE
<u>EXPENDITURES</u>								
820-7290-9082	Tr To TDC Convention Ctr. Fd 1450	1,600,000	1,600,000	300,000	0	1,900,000	0	1,900,000
710-7345-9902	Operating Reserves	10,835,156	10,835,156	0	300,000	10,535,156	0	10,535,156
TOTALS				300,000	300,000			

<div>Tourist Development</div> <div>INITIATING DEPARTMENT/DIVISION</div> <div>Administration/Budget Department Approval</div> <div>OFMB Department - Posted</div>	Signatures & Dates		BY BOARD OF COUNTY COMMISSIONERS	
			AT MEETING OF	
			1/26/2016	
			Deputy Clerk to the Board of County Commissioners	

2016 - 0295

BOARD OF COUNTY COMMISSIONERS  
PALM BEACH COUNTY, FLORIDA  
BUDGET AMENDMENT

FUND 1450 - TDC- Convention Center Operations Fund

BGRV 121415-111  
BGEX 121415-488

ACCT.NUMBER	ACCOUNT NAME	ORIGINAL BUDGET	CURRENT BUDGET	INCREASE	DECREASE	ADJUSTED BUDGET	EXPENDED/ ENCUMBERED 12/30/2015	REMAINING BALANCE
<u>REVENUES</u>								
1450-800-7200-8314	Tr Fr TDC 1st Cent Fd 1458	1,600,000	1,600,000	300,000		1,900,000	0	
Total Receipts and Balances		6,060,744	6,060,744	300,000		1,900,000		
<u>EXPENDITURES</u>								
1450-710-7423-3401	Other Contractual Services	0	0	300,000		300,000		
Total Appropriations & Expenditures		6,060,744	6,060,744	300,000		300,000		

Office of Financial Management & Budget  
INITIATING DEPARTMENT/DIVISION

Administration/Budget Department Approval

OFMB Department - Posted

Signatures & Dates


By Board of County Commissioners  
At Meeting of

1/26/16

Deputy Clerk to the

Board of County Commissioners





# PBCCC Incentive Fund Replenish



Tourist Development Council



S.A.-10.

# Major Bookings & Sales Partners



Palm Beach County Convention Center  
THE BEST OF EVERYTHING FOR EVERY EVENT™





# Incentive Fund Approved 2014

## Initial \$200K Stimulus

### Key Success Drivers

		Return / \$1.00 Incentive Invested	Return / Room Night Booked
Estimated Gross Hotel Sales	Total Dollars \$ 3,935,095	\$ 21.18	\$ 170.55
<del>Estimated Bed Tax Collections</del>	<del>\$ 236,106</del>	<del>\$ 1.27</del>	<del>\$ 10.23</del>
Room Nights Generated to Date	23,073		
Average Direct Spending Projected	\$ 8,721,594	\$ 46.95	\$ 378.00
Average Economic Impact Projected	\$ 15,689,640	\$ 84.46	\$ 680.00
Convention Center Rental Revenue Impact	\$ 544,379	\$ 2.93	\$ 23.59
Convention Center F&B Revenue Impact	\$ 961,300	\$ 5.17	\$ 41.66
Convention Center Misc. Revenue Impact	\$ 402,110	\$ 2.16	\$ 17.43
Total Convention Center Revenue Impact	\$ 1,907,789	\$ 10.27	\$ 82.68
Utilized Incentive to Date	\$ 185,760		
Balance Remaining	\$ 14,240		

**\$ 8.05**

Average  
Incentive Per  
Room Night

# Sample of Groups Receiving Incentive

## Completed and Definite

Date of Event	Organization	Amount	Room Nights Requested
Jan-15	Society of Integrated & Comp	\$20,000	3,040
Mar-15	Tattoo Mania	\$1,000	74
May-15	Patients Out of Time	\$4,900	490
Oct-15	Fl Assoc Healthy Start	\$2,500	325
Jan-16	NCCI, Holdings	\$7,000	760
Mar-16	Robbins Research	\$20,000	3,000
May-16	American Helicopter	\$10,000	1,785
Jun-16	Dance Educators of America	\$6,500	650
Sep-16	Uniform Retailers Assoc	\$12,200	1,765
Jan-Mar-Aug-Oct 2017	Florida Trendz (Fashion Focus)	\$20,000	2,637
Dec-16	World Stem Cell Summit	\$15,000	1,400
Jun-17	Fl. Assoc. of Counties 2017	\$8,500	1,200
Mar-16	First Robotics*	\$7,040	640

### LEGEND

Completed

Upcoming Definite Contract Signed

Highest Incentive per Group- \$20,000  
Highest Room Nights to Date- Booked 3040

Additional 5,300 Room Nights Tentative  
Encumbering \$50,000 of Existing Pool





# **Currently 60% of Convention Center Proposals request some level of Incentive Assistance for the Following Costs:**

## **Examples:**

- Offset Exhibit Hall and Meeting Rental Costs of Convention Center
- F&B Hosting Events at PBCCC
- Audio Visual Set-up and Costs
- Transportation between Hotels
- Off-site event with Sponsorship

# City-Wide Hotel Inventory

## City Wide Convention Clients

Name	Address	Location	#Rooms
Courtyard West Palm Beach Airport	1800 Centre Park Dr East	Airport/Downtown	103
Doubletree Hotel West Palm Beach Airport	1808 S Australian Ave	Airport/Downtown	175
Embassy Suites West Palm Beach Central	1601 Belvedere Rd	Airport/Downtown	195
Hampton Inn West Palm Beach Central Airport	1601 Worthington Road	Airport/Downtown	105
Hilton Garden Inn West Palm Beach Airport	1611 Worthington Rd	Airport/Downtown	100
Holiday Inn-Palm Beach Airport	1301 Belvedere Rd	Airport/Downtown	199
Palm Beach Airport Hilton Hotel	150 Australian Ave	Airport/Downtown	<u>245</u>
			<b>1122</b>

## PBCCC Core District Convention Clients

Hyatt Place West Palm Beach/Downtown	295 Lakeview Ave	Downtown	165
Marriott, West Palm Beach	1001 Okeechobee Blvd	Downtown	352
Marriott, Residence Inn	455 Hibiscus Street	Downtown	170
Hilton Convention Center Hotel	600 Okeechobee Blvd	Downtown	<u>403</u>
			<b>1090</b>

## Total Downtown/Airport Area Chain-Name Hotels

**2212**



# City-Wide Convention Client

Projected Room Nights Generated: 1,400

## Rebates: Multiple Hotel Properties Needed- December

- Hilton rebating \$10.00 to offset CC Rental
- Marriott rebating \$20.00 to offset CC Rental & Transportation
- Hyatt rebating \$20.00 to offset CC Rental & Transportation

**Total Rebate from Hotel Properties: \$22,000**

## Incentive:

TDC to offset event expenses for Exhibit hall \$15,000

**Total Package All In: \$37,000- 60% Hotels/40% TDC Fund**

## CC District Estimated Economic Benefits:

Gross Hotel Revenues	\$241,000
Bed Taxes Generated	\$14,484
Convention Center Revenues	\$202,000
Direct Spend in CC District	\$514,000
Economic Impact CC District	\$937,000/\$37,000

**Return on Investment= \$25.32 to \$1.00 Spent**





# PBCCC Core District Client

Projected Room Nights Generated: 1,200

## Rebates: Hilton & Marriott Properties Only- June

- Hilton rebating \$10.00 to offset CC Rental
- Marriott rebating \$20.00 to offset CC Rental & Transportation

**Total Rebate from Hotel Properties: \$14,750**

## Incentive:

**TDC to offset Rental for CC Exhibit hall \$8,500**

**Total Package All In: \$23,250- 63% Hotels/ 37% TDC Fund**

## CC District Estimated Economic Benefits:

Gross Hotel Revenues	\$176,950
Bed Taxes Generated	\$10,600
Convention Center Revenues	\$84,000
Direct Spend in CC District	\$445,000
Economic Impact CC District	\$807,500/\$23,250

**Return on Investment= \$34.73 to \$1.00 Spent**



# PBCCC/ WPB Hilton Client

Projected Room Nights Generated: 625

## Rebates: West Palm Beach Hilton Only- June

- Hilton rebating \$10.00 to offset CC Rental + Incentive

**Total Rebate from Hotel Property: \$8,750**

## Incentive:

TDC to offset Rental for CC Exhibit hall \$11,000

**Total Package All In: \$19,750- 45% Hotel/ 55% TDC Fund**

## CC District Estimated Economic Benefits:

Gross Hotel Revenues	\$96,900
Bed Taxes Generated	\$5,800
Convention Center Revenues	\$33,500
Direct Spend in CC District	\$225,250
Economic Impact CC District	\$415,000/\$19,750

**Return on Investment= \$21.00 to \$1.00 Spent**



# New Incentive Fund Request

## Request New \$300K Infusion

### Estimated Returns at Current

#### Performance Levels

Estimated Gross Hotel Sales

Estimated Bed Tax Collections

Total Dollars

Return /  
\$1.00  
Incentive  
Invested

Return /  
Room  
Night  
Booked

\$ 6,355,892

\$ 381,354

\$ 21.19

\$ 1.27

\$ 170.55

\$ 10.23

**Potential Room Nights Generated**

**37,267**

Average Direct Spending Projected

\$ 14,086,957

\$ 46.96

\$ 378.00

Average Economic Impact Projected

\$ 25,341,615

\$ 84.47

\$ 680.00

~~Convention Center Rental Revenue Impact~~

~~\$ 879,271~~

~~\$ 2.93~~

~~\$ 23.59~~

Convention Center F&B Revenue Impact

\$ 1,552,674

\$ 5.18

\$ 41.66

Convention Center Misc. Revenue Impact

\$ 649,481

\$ 2.16

\$ 17.43

**Potential Convention Center Revenue Impact**

\$ 3,081,425

\$ 10.27

\$ 82.68

**New Incentive Infusion Request**

**\$ 300,000**

**\$ 8.05**

Average  
Incentive Per  
Room Night



# Thank You



Tourist Development Council

