

**OFFICE OF THE CITY COUNCIL**

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**MEETING MINUTES - amended**

**TOURIST DEVELOPMENT COUNCIL SPECIAL MEETING**

**Honorable Greg Anderson, TDC Chairman**

**Wednesday, May 25, 2016**

**12:00 PM**

**117 West Duval Street**

**City Hall, Fourth Floor**

**Conference Room “A”, Suite 425**

**I. CALL TO ORDER**

**Roll Call**

Honorable Greg Anderson, Board Chairperson

Honorable Lori N. Boyer, Board Vice Chairperson

Honorable Garrett Dennis, Board Member-Excused

Burnell Goldman, Board Member

Barbara Goodman, Board Member

M. G. Orender, Board Member (by telephone)

Kirit Patidar, Board Member

Craig Smith, Board Member

Jeffrey Truhlar, Board Member

Council Member John Crescimbeni

Dr. Cheryl L Brown, Director – Jacksonville City Council

Annette Hastings, TDC Executive Director

Phillip Peterson, Council Auditor’s Office

Jim McCain, Assistant General Counsel

Paul Astleford, President & CEO, Visit Jacksonville

          **Meeting Convened: 12:03 p.m. Meeting Adjourned: p.m. 3:04**

Chairman Anderson convened the meeting at 12:03 p.m. and the members introduced themselves for the record. Mr. Anderson congratulated Council Member Boyer on being elected President of the City Council for 2016-17 and Council Member Crescimbeni on being elected Vice President.

Mr. Anderson explained that the purpose of the meeting is to align the City’s Tourist Development Plan with the state law requirements for use of the tourism development tax proceeds, updating the plan adopted in 1978 and not subsequently amended. Ms. Boyer noted that the City’s plan is not inconsistent with the state law but is out of date and does not reflect the current practice of the TDC.

Chairman Anderson distributed documents showing highlights of other Florida counties’ Tourist Development Plans and the amount of bed tax collections in all 67 Florida counties for comparative purposes. Jeff Clements of the Council Research Division gave an overview of the other counties’ plans, which vary widely in specificity although all state that expenditures shall be in accord with state law authorized purposes. Philip Peterson of the Council Auditor’s Office gave a brief overview of recent year TDC budgets. In response to a question from Council Member Boyer, Katie Mitura of the Visit Jacksonville! staff explained the differences between the marketing, convention development and administrative expenses and what costs are allocated to which budgets.

Barbara Goodman suggested focusing the discussion on the two cents of the six cent bed tax not already allocated to sports facility bonds and on-going capital maintenance for the sports facilities. Council Member Boyer suggested that Jacksonville needs more tourism attractors in the form of non-sports facilities (aquarium, museums, etc.) and recommended that a portion of the bed tax revenue be set aside to build a fund for that purpose. The group discussed the fact that the 2 cent convention development tax that previously paid the debt service on the convention center was freed up when the convention center bonds were paid off several years ago, but the Council has since pledged that revenue to pay the debt service on Sports Complex facilities so it is not available for tourism marketing purposes. Ms. Boyer suggested that the new plan include a cap for marketing expenditures and that funds in excess of that cap would be set aside for other pre-determined uses. Commissioners Goodman and Goldman felt that Jacksonville already under-invests in marketing through Visit Jacksonville and that more funding needs to be invested in that function. Commissioner Orender felt that more effort needs to be invested in true convention selling, not just advertising and marketing. Personnel are needed to actually answer the phones and close deals with potential convention business. He expressed concern with the amount of funding already allocated to the signature events that is therefore not available for other uses. Commissioner Patidar said that accumulating $500,000 per year for some future use is not really going to be effective in building an attraction like a convention center, which will cost well more than one hundred million dollars.

The group discussed the relative value for tourism purposes of the investment of TDC funds in sports facilities versus marketing, advertising and events, including the value of sports events (Jaguars, football bowl games, etc.) in generating national television coverage. Mr. Orender noted that sports fans in town for a game and convention attendees in town for a convention are a different breed of visitor than tourists who come to Jacksonville for a week to visit the zoo, museums, the beaches, shopping, dining, etc. Council Member Crescimbeni suggested that the revenue from the four cents currently being allocated to sports facilities be capped at the current level and that incremental revenue from bed tax growth in those four cents be reallocated for other purposes. Chairman Anderson advocated for allocating some portion of TDC revenues for maintenance and upkeep of public venues such as the Prime Osborn Convention center, Times-Union Center for the Performing Arts and Ritz Theater. There is no dedicated revenue stream for facility maintenance and improvements.

Chairman Anderson distributed a proposal for a plan as a discussion starter which strikes a balance between the very detailed and the completely undetailed plans of other counties and which reflects the guidance provided in the legal memo prepared by Jim McCain of the General Counsel’s Office this week regarding appropriate use of TDC funds under state law and the requirement that the funds be used to attract and promote tourism. Mr. Anderson proposes adding “and advertises” tourism as a higher standard to be attained by the TDC’s funding. The TDC would prepare an annual budget for presentation to the Mayor’s Budget Review Committee (as it always has been, although not officially mandated) and the approval would be by the City Council. He also recommends that contracting for services/partnering with non-City agencies should be done through the City’s procurement system. Mr. Goldman suggested the addition of language specifically referencing contracting with an entity to provide convention and visitors bureau services. Ms. Boyer suggested adding Mr. McCain’s legal memo on the proper use of bed tax revenues as an exhibit or “on file” document to the plan.

Council Member Boyer felt that the statement in the McCain memo that “Incidental attraction of tourists does not constitute a primary purpose” calls into question the current practice of funding local festivals and events that don’t generate considerable tourism from outside the immediate area. Ms. Boyer also raised the question of whether public facilities such as the Times-Union Center for the Performing Arts exist “primarily for the purpose of furthering the advancement, improvement and promotion of tourism” and therefore qualify for TDC funding. Barbara Goodman expressed reservations about emphasizing funding for facilities over marketing and promotion, believing that allocations to facilities should be the last resort after the promotion function is satisfactorily addressed. Chairman Anderson explained the formula by which the Beaches cities retain a portion of the county bed tax collected in their jurisdictions. Mr. Anderson’s proposed plan included a generic allocation plan for each of the uses authorized by state law except for beach renourisment, maintenance and improvement. The proposed plan also included four prohibitions on bed tax revenue uses: financing capital improvements through debt; construction, furnishing or equipping of a hotel, whether or not connected to a convention center; use for privately owned facilities; or use for construction or operation of parks and picnic areas (except beach parks that are specifically permitted by a Florida Attorney General’s opinion interpreting the state law).

The group discussed potential measures for out-of-town tourism attracted to Jacksonville by events at facilities that might be funded with TDC funds. The traditional TDC measure is hotel room nights, but measuring the impact of a facility like the Times-Union Center might take the form of the zip codes of patrons purchasing tickets for the facility. Ms. Boyer noted the difference between making a grant to a facility itself versus a grant to an event taking place in a facility.

The group discussed various possibilities for allocating TDC revenues among 6 categories: 1) advertising, marketing and public relations; 2) convention sales and services; 3) events (as designated by TDC guidelines); 4) administration; 5) facilities; and 6) reserves. There was consensus to allocate percentages in varying amounts among the 6 categories on a sliding scale based on amount of revenue – up to $5 million, $5-6 million, $6+ million. The council discussed the degree to which the plan should be very specific as to dollar amounts or percentages of revenue versus more non-specific with broad categories but no recommended dollars or percentages. The decision was made to delete “sports stadiums, sports arenas, coliseums” from the definition of “facilities” for purposes of allocating the revenue of the 2% not already dedicated to Sports Complex facilities bonds and capital maintenance. The following allocations were tentatively approved:

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| --- | --- |
| Category | Maximum percentage of tourism development tax (up to %) |
|  | First $5 million | $5-6 million | $6+ million |
| Advertising, marketing and public relations (including admin. exp.) | 35% | 40% | 50% |
| Convention sales and services (including admin. expenses) | 37% |  |  |
| Events (TDC eligible) | 24% | 20% |  |
| TDC administration | No more than 4%, remainder to Events |  |  |
| Facilities |  |  | 25% |
| Reserves |  | 40% | 25% |

The percentages are allocated with the understanding that the Tourist Development Plan would be reviewed and updated every two years to address changing revenue levels and market conditions. Visit Jacksonville’s contract with the City expires in 2017 and a new RFP for advertising, marketing and convention sales and service will be issued and will reflect whatever funding level the City Council decides to allocate to those functions. Mr. Goldman urged more simplicity and flexibility and less strictly prescriptive percentages. Dave Herrell told the group that the events promotion world is changing substantially and event promoters are increasingly looking for local investment in events.

Chairman Anderson asked the members to send their suggestions for improvements to the document to Jim McCain who will compile the group’s thoughts into a clean draft document to be circulated to everyone for review prior to another meeting to take a final vote. Staff will circulate several potential meeting dates.

Jeff Clements, Council Research Division

Posted 8.22.16 11:30 a.m.