

## **EXECUTIVE SUMMARY**

### **TDC Sub Committee report and recommendations**

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**OBJECTIVE:** Receive and review the TDC Sub Committee Final Report and consider recommendations for further action.

**CONSIDERATIONS:** The Sub Committee for the Tourist Development Council was appointed on March 23, 2009 by Chairman Fiala and has met nine times - April 16, May 1 & 5, June 1 & 15, July 13 & 20, August 3 & 10.

The members of the Sub Committee include Murray Hendel, Chairman, Clark Hill, GM Naples Hilton, Susan Becker, Tourism Concierge and Bob Miller, Everglades City restaurateur.

At the Sub Committee's final meeting on August 10, the three members present (Mr. Miller was absent) agreed to present the following recommendations at the August 24 TDC meeting. The Sub Committee vote on each item follows the text of the recommendation and County staff comments follow each recommendation:

1. The Funding of County Museums Operating Expenses by Tourist Tax Funds should be phased out over a 3-year period beginning in FY 11 and ending in FY 13, reducing funding by 1/3 of the total County Museums operating budget each year. Sub Committee members noted that other Florida destinations do not fund operating expenses for County Museums in this manner and our visitor research indicates that museums are not destination visitor drivers. Vote: 3-0

**STAFF COMMENTS:** Eliminating operating funds from County Museums will have serious operating implications. There are currently no General Fund reserves to cover these costs, so these reductions in tourist tax funding will result in greatly reduced services or the closing of museums.

2. The interest earned on Tourist Tax Funds currently being utilized by the County Clerk for Operating Expenses or to cover General Fund expenses should be re-instated in the percentages indicated in County Ordinance 92-60 as amended to the Tourist Development Tax Funds. Vote 3-0

**STAFF COMMENTS:** There are legal proceedings in progress with the BCC and the Clerk of the Court and State legislation that may impact or support this action. If the interest is redirected, it would first go to the General Fund and then it would be up to the County Commission to determine if those funds could be re-directed to the tourist tax funds.

3. The Grant Funding Process for Non-County Owned Museums should be revised to require that all marketing funds approved for each organization be spent with the oversight of the marketing agency of record for tourism promotion (currently Paradise Advertising & Marketing, Inc.) and that paid media be placed through that agency of record. Vote 3-0  
**STAFF COMMENTS:** The funding directed toward Non-County Owned Museums will be impacted in the future when the Marco Island Museum becomes a County Owned facility and the County Ordinance may need to be addressed to allocate additional funds to the County Museum operating fund. Reductions in the funds available to non- County owned museums and reallocated for other purposes will not impact the General Fund.
  
4. The \$500,000 annually set aside by County Policy from Fund 195 for Emergency Beach Renourishment Reserves be redirected to Fund 184 for destination marketing for a period of two years. It was further clarified that these funds would not be a loan, but a redirection for two years. Vote: 3-0.  
**STAFF COMMENTS:** The Coastal Advisory Committee voted unanimously on August 13, 1009 to oppose this action. It is felt that this will pose serious problems in the future. Mr. Gary McAlpin, Director Coastal Zone Management, stated that these funds are for emergency purposes only and should only be utilized in this manner for storm damage sand replacement. We have been fortunate for the past few hurricane seasons and have not experienced any debilitating storms. We have just entered the most active portion of the hurricane season. When an emergency does happen, sufficient funds would not be available to mitigate storm damage to our beaches.
  
5. The Collier County Tax Collector's Office should dedicate a person, (employee or outside individual or organization) to be solely responsible for collecting unpaid Tourist Development Taxes due on short term rentals of 6 months or less. Vote: 3-0  
**STAFF COMMENTS:** The Tourism Director has met personally with the Collier County Tax Collector and his staff and has had several follow up discussions on this matter. The Tax Collector feels that they have adequate staff and are doing a good job in collecting the tourist taxes due and there is not enough work for another person. They do suggest that they need better data on what properties are offered for rent from outside sources such as Home Owner Associations, Collier County Code Enforcement and realtors who represent rental properties. It was suggested that if an additional person is needed, that perhaps the assistance be directed to Code Enforcement. Tourism staff will develop articles for Home Owner Association newsletters outlining the legal obligation of property owners to register their rental property with the

- County and to register with the Tax Collector to collect and remit tourist tax and sales tax on short term rentals.
6. Support the Class Action Lawsuit if agreed to by the Collier County Commission to collect the accurate amount of tourist development tax due the County for online bookers of hotel rooms such as Expedia, Travelocity, Hotels.com and others. Currently these companies are charging the consumer a service fee based on the net amount of the transaction, rather than the full consideration. This fee may or may not cover the correct amount of taxes due. Vote 3-0.  
**STAFF COMMENTS:** The TDC addressed this issue at their June meeting and tabled the discussion.
  7. The Convention and Visitors Bureau (CVB) publication called "Florida's Last Paradise" and the Greater Naples Chamber of Commerce publication called "Naples on the Gulf" and the Marco Island Chamber visitor publication should be combined into one official tourism publication for the entire destination. Vote 3-0  
**STAFF COMMENTS:** This would be a longer term project because each of the 2010 editions of these publications is in the final stages of design and production. There may be considerable cost involved in this action and lost revenue to each of the entities involved.
  8. Create a new position called "Information Center Coordinator" or similar title to be under the direction of the Greater Naples Chamber of Commerce and funded jointly by the Chamber and the CVB to coordinate literature, training and research for all area visitor centers in Naples, Marco Island, Everglades City and Immokalee. The estimated annual cost is \$90,000 via a Public/Private partnership or TDC grant agreement. Vote 3-0.  
**STAFF COMMENTS:** The Naples Chamber has prepared a cost analysis and scope of duties for this position. The source of the funding is not budgeted for in the Tourism Department FY 10 budget and the department is currently under a hiring freeze.
  9. Redirect \$500,000 of the \$2 Million per year currently allocated by County Policy from Fund 195 for Major Beach Renourishment Reserves be redirected to Fund 184 for destination marketing for a period of two years. It was further clarified that this would not be a loan of funds, but a redirection of funds for marketing for two years. Vote 2-1.  
**STAFF COMMENTS:** The Coastal Advisory Committee voted unanimously on August 13, 2009 to oppose this action. The major beach renourishment program would need to be postponed for up to two years due to funds being diverted to tourism promotion. This delay would be noticeable to both tourists and residents because near the end of the renourishment life cycle the beaches are normally in their worst condition.

Also, costs for renourishment projects are constantly escalating, so delays in the timing of the major beach renourishment project timing will result in increased costs. Our next major renourishment project is scheduled for 2013, and this action will seriously jeopardize the timing and increase the cost of that project.

10. Recommend to not increase the Tourist Development Tax Rate at this time given the current economic recession. Vote 3-0.

**STAFF COMMENTS:** The Sub Committee has heard numerous comments from the hotel community that this is not the right economic climate to discuss a tourist tax increase. The Collier County Hotel and Lodging Association has voted unanimously to oppose a tourist tax increase.

**FISCAL IMPACT:** The immediate impact would be a \$1 million reduction in Fund 195 emergency and major renourishment funds. The additional dollar amount of fiscal impact is uncertain at this time because each item will take some time to process and implement.

**GROWTH MANAGEMENT IMPACT:** There is no impact to the Growth Management Plan as a result of this action.

**COUNTY ATTORNEY FINDING:** Changes to the funding of beach renourishment reserves may require more than a County Commission Policy change. These actions may change the intent of County Ordinance 92-60 as amended and may require an ordinance change, necessitating a super majority vote of the County Commission.

**ADVISORY BOARD RECOMMENDATION:** The Coastal Advisory Committee (CAC) met on August 13, 2009 and reviewed the Sub Committee recommendations related to the \$500,000 per year redirection from the emergency set asides and major beach renourishment reserve from Fund 195. The CAC voted unanimously to oppose the redirection of beach renourishment reserve funds. The group feels that this will seriously jeopardize the beach renourishment efforts in the future, leave them unable to respond to storm damage and potentially increase the cost of a major renourishment.

**RECOMMENDATION:** Receive and review the report of the Sub Committee and vote on recommendations for further action.

**SUBMITTED BY:** Jack Wert, Tourism Director

**OFFICE OF THE COUNTY ATTORNEY  
MEMORANDUM**

**TO:** Murray Hendel, TDC sub-committee member  
Susan Becker, TDC sub-committee member  
Robert Miller, TDC sub-committee member  
Clark Hill, TDC sub-committee member

**CC:** Jack Wert, Director, Tourism

**FROM:** Colleen M. Greene, Assistant County Attorney *(CMG)*

**DATE:** August 17, 2009

**RE: TDC Ordinance and BCC Funding Policy**

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Members,

As we have discussed, I have reviewed the Tourist Development Tax Category "A" Beach and Beach Park Facility Funding Policy ("Funding Policy") together with the Tourist Tax Development Ordinance No. 92-60, as amended.<sup>1</sup>

The Funding Policy, approved November 1, 2005, provides a mandatory annual budget allocation of funds and maintenance reserves for beaches. As discussed at the subcommittee meetings, a policy may be amended by simple majority vote of the Board of County Commissioners ("BCC").

The Tourist Development Tax Ordinance ("Ordinance") provides the required allocations for the total amount of the tourist development tax. The Ordinance currently requires fifty percent of the total tax to be allocated to Category "A" funds or "beaches" generally. Pursuant to Ordinance, amending the allocations in the ordinance requires a supermajority vote of the BCC.<sup>2</sup>

The Ordinance provides:

- (1) The categories of use of the two percent, one percent (3rd percent) and additional one percent (4th percent) tax revenues by specific project or special use are hereby listed in the order of priority:

*CATEGORY A* To finance beach park facilities or beach improvement, maintenance, renourishment, restoration and erosion control, including pass and inlet maintenance

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<sup>1</sup> Ordinance No. 05-43 is the most current version of this Ordinance.

<sup>2</sup> The ordinance provides: (6) The above and foregoing tourist development plan may not be substantially amended except by ordinance enacted by an affirmative vote of a majority plus one additional member of the board of county commissioners.

shoreline protection, enhancement, cleanup or restoration of inland lakes and rivers to which there is public access as these uses relate to the physical preservation of the beach, shoreline or inland lake or river.

*Percentage of Net Revenue*

50 percent of the two percent tax and 100 percent of the one percent tax (3rd percent), reduced by the amount required for Category D.

In my opinion, if the TDC recommends that one million dollars be redirected to advertising, this substantially amends the allocation as Category "A" beach funds would be reduced by one million dollars and Category "B" advertising funds would be increased by one million dollars. The Ordinance requires an ordinance amendment to effectuate such a change through an affirmative vote of a "majority plus one."

cc: Tourist Development Committee  
Jim Mudd, County Manager  
Leo Ochs, Deputy County Manager  
Gary McAlpin, Director, Coastal Zone Management  
Jeffrey A. Klatzkow, County Attorney

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