

FY22 Budget Workshop

Overview of FY22 Tourist Development Tax Program

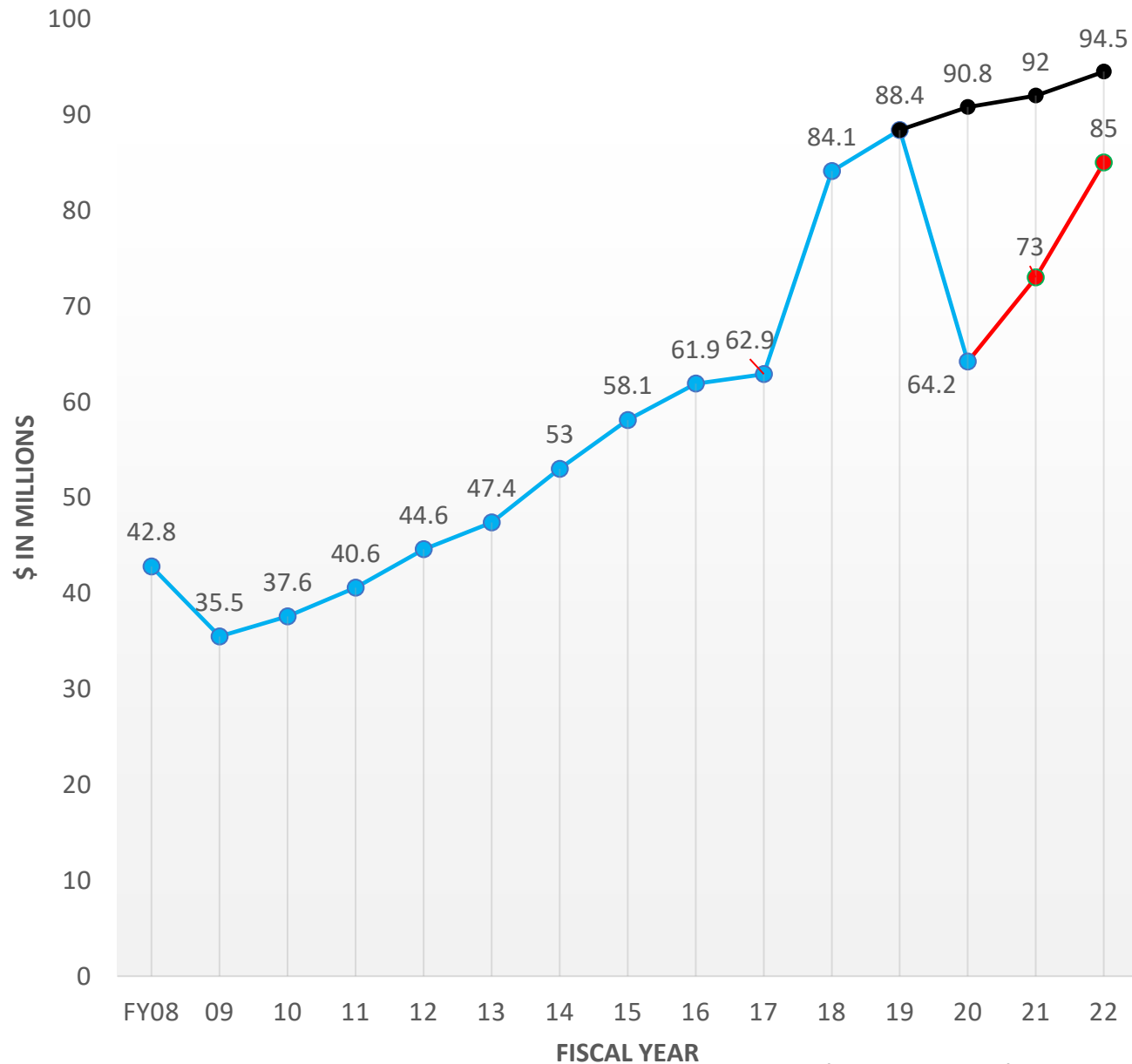
FY22 Recommended Operating and Capital Budget
August 26th, 2021

Tourist Development Tax Revenue

Tourist Development Tax (TDT) Levies

- December 1st 1980 – 1st & 2nd TDT pennies levied
- August 1st 1987 – 3rd TDT penny tax levied
- July 1st 1996 – 4th & 5th TDT pennies levied
- January 1st 2018 – 6th TDT penny tax levied

TDT Revenue History FY08-FY22



History of Tourist Development Tax Revenue

- In FY12 TDT revenues rebound above pre-recession levels
 - FY09 TDT Revenues decline 17% from FY08 actuals due to the recession
- Incremental growth from FY10 to FY17
- The large increase in revenue growth in FY18 is primarily attributable to the collection of the 6th cent TDT penny in January 2018 & AirBNB, Vrbo, & HomeAway
- Revenues decline by 27% in FY20 due to COVID-19 pandemic
- Projected 14% growth over FY20 Actuals in FY21 due to vaccinations, lifting of domestic travel restrictions, etc.
- In FY22, \$85m is the projected total of TDT collections which is a 16% increase over projected FY21 amount of \$73m

FY22 Tourist Development Tax Revenue

- Fiscal Year 2021
 - October 2020 –March 2021: Collections down an average of 42% when compared to same period in FY2020 (pre-pandemic)
 - April 2021: Recovery begins, up 87% compared to April 2020
 - May 2021 –July 2021: Recovery continues, TDT Revenues for these months exceed pre-pandemic levels
 - May 2021 – up 14% compared to May 2019
 - June 2021 – up 45% compared to June 2019
 - July 2021 – up 58% compared to July 2019
- Fiscal Year 2022 – Projected TDT Forecast is \$85m
 - 4% decrease over FY19 actuals, 32% increase over FY20 Actuals
 - While recovery to pre-pandemic levels is still expected in FY22, some caution needed
 - Explosive demand in summer 2021 bolstered by pent-up travel demand
 - In spring-summer 2021, Florida was one of the only destinations open for travel
 - Return of cruise operations and international travel likely needed for destination to return and remain at pre-pandemic levels
 - Unknown impact of Delta variant and potential future variants

Rendering of the Convention Center and Hotel



Expansion Project Components



Convention Center Expansion and Hotel Project

Completion Dates Project phase

Nov 2019	GMP 1 – West Expansion, Utility Relocate
Oct 2021	GMP 2 – West Expansion, Convention Center Reopens
November 2021	GMP 2 – East Expansion Piles
December 2021	GMP 3 – Hotel Piles
May 2025	GMP 4 – East Expansion
September 2025	GMP 4 – Plaza and CVB
	GMP 5 – Hotel

The Convention Center Expansion debt is intended to be supported by TDT revenues, and Hotel revenues are intended to be pledged to support the future new Headquarters Hotel debt.

FY21-FY26 Revenues (in millions)

Revenues	FY21 Adopted	FY21 Projected	FY22 Recommended	FY23 Forecast	FY24 Forecast	FY25 Forecast	FY26 Forecast
TDT - 6 Cents	\$44.0	\$73.0	\$85.0	\$92.0	\$93.8	\$95.7	\$97.6
Convention Center	\$0.0	\$0.0	\$8.3	\$8.5	\$8.6	\$8.8	\$9.0
Arena Operator Rent	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6
Sales Tax Rebate	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0
Other Revenues	\$1.1	\$1.8	\$0.3	\$0.1	\$0.1	\$0.1	\$0.1
Less 5%	-\$2.5	\$0.0	-\$4.9	-\$5.3	-\$5.4	-\$5.5	-\$5.6
Recurring Subtotal	\$47.3	\$79.4	\$93.3	\$99.9	\$101.8	\$103.8	\$105.8
Beach Revenues	\$0.4	\$40.9	\$3.0	\$4.4	\$4.4	\$4.4	\$0.0
Capital Contributions	\$0.0	\$0.0	\$3.0	\$0.0	\$0.0	\$0.0	\$0.0
Future Bonds Issued	\$0.0	\$0.0	\$316.2	\$0.0	\$0.0	\$0.0	\$0.0
Fund Balance	\$21.8	\$329.1	\$46.6	\$0.0	\$0.0	\$0.0	\$0.0
One-Time Subtotal	\$22.2	\$370.0	\$368.8	\$4.4	\$4.4	\$4.4	\$0.0
Total Revenues	\$69.4	\$449.4	\$462.1	\$104.4	\$106.3	\$108.2	\$105.8

FY21-FY26 Recurring Expenditures (in millions)

Recurring Appropriations	FY21 Adopted	FY21 Projection	FY22 Recommended	FY23 Forecast	FY24 Forecast	FY25 Forecast	FY26 Forecast
Marketing/Adv. & Promotions	\$12.94	\$12.94	\$12.88	\$17.58	\$19.17	\$20.18	\$20.84
CVB Staff & Expenses	\$6.61	\$6.61	\$7.75	\$7.99	\$8.23	\$8.47	\$8.73
Cultural Contribution	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6
Convention Center Operating Expenses	\$1.68	\$1.68	\$2.02	\$2.06	\$2.10	\$2.14	\$2.18
ASM Operating Expenses	\$3.0	\$3.0	\$13.34	\$13.60	\$13.88	\$14.15	\$14.44
Revenue Collection - TDT	\$0.6	\$0.6	\$0.74	\$0.76	\$0.79	\$0.81	\$0.83
Arena Debt Service	\$12.63	\$12.63	\$12.63	\$12.64	\$12.63	\$12.63	\$12.63
Convention Center Debt Service	\$1.96	\$1.96	\$25.34	\$29.0	\$29.0	\$29.0	\$29.0
Arena Repair/Operations	\$6.69	\$6.69	\$4.69	\$4.69	\$2.69	\$2.69	\$0.69
Arena Major Capital Projects	\$0	\$0	\$0	\$0	\$1.74	\$2.09	\$4.82
Cost Allocation - TDT Capital	\$0	\$0	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02
Convention Center Maintenance Capital	\$0	\$0	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0
Convention Center Capital Reserve	\$0	\$0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0
TDT Reserve for Revenue Fluctuation	\$0	\$0	\$3.33	\$0	\$0	\$0	\$0
Beach & Sand Bypass Recurring	\$0.56	\$0.56	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0
TDT Challenge Grant	\$0	\$0	\$0	\$1.0	\$1.0	\$1.0	\$1.0
Subtotal	\$47.26	\$47.26	\$93.34	\$99.94	\$101.85	\$103.78	\$105.78

FY21-FY26 One-Time Expenditures (in millions)

One-Time Appropriations	FY21 Adopted	FY21 Projection	FY22 Recommended	FY23 Forecast	FY24 Forecast	FY25 Forecast	FY26 Forecast
Convention Center East Expansion Project – Pay Go	\$0	\$0	\$19.47	\$0	\$0	\$0	\$0
Convention Center East from Future Bonds Issued	\$0	\$0	\$316.15	\$0	\$0	\$0	\$0
Convention Center Debt Service One-Time	\$4.00	\$4.00	\$3.66	\$0	\$0	\$0	\$0
Convention Center Revenue Generating Improvements	\$0	\$0	\$3.00	\$0	\$0	\$0	\$0
Marketing, Advertising, & Promotions One-Time	\$4.80	\$4.80	\$6.65*	\$0	\$0	\$0	\$0
Subtotal	\$8.80	\$8.80	\$348.93	\$0	\$0	\$0	\$0
CVB Reserve	\$4.80	\$0	\$9.60	\$0	\$0	\$0	\$0
Convention Center Reserve	\$3.29	\$0	\$3.23	\$0	\$0	\$0	\$0
Arena Reserve	\$4.00	\$0	\$4.00	\$0	\$0	\$0	\$0
Subtotal	\$12.09	\$0.00	\$16.83	\$0	\$0	\$0	\$0
Beach & Sand Bypass Reappropriations	\$1.27	\$111.40	\$2.98	\$4.44	\$4.44	\$4.44	\$0.00
Convention Center West - Reappropriations	\$0	\$218.69	\$0	\$0	\$0	\$0	\$0
Convention Center Roofing Project	\$0	\$6.00	\$0	\$0	\$0	\$0	\$0
Convention Center Network Equipment	\$0	\$1.75	\$0	\$0	\$0	\$0	\$0
Convention Center Waterproofing	\$0	\$0.60	\$0	\$0	\$0	\$0	\$0
Convention Center Maintenance Capital Reappropriations	\$0	\$4.41	\$0	\$0	\$0	\$0	\$0
TDT Challenge Grant Reappropriations	\$0	\$4.48	\$0	\$0	\$0	\$0	\$0
Subtotal	\$1.27	\$347.33	\$2.98	\$4.44	\$4.44	\$4.44	\$0.00
One-Time Subtotal	\$22.16	\$356.13	\$368.74	\$4.44	\$4.44	\$4.44	\$0.00
Grand Total	\$69.41	\$403.39	\$462.08	\$104.38	\$106.29	\$108.22	\$105.78

*\$6.65 of one-time dollars to accommodate the ongoing decrease in recurring TDT revenues available to support CVB's marketing, advertising, and promotion efforts in FY22.

Update on TDT Programs Supported by Tourist Development Taxes with reductions in FY21*

Appropriation	FY20 Adopted	FY21 Adopted	FY22 Recommended	\$ Difference	% Difference	Comments
<i>CVB Personnel Services</i>	5,968,130	4,768,060	5,783,820	1,015,760	21%	12 positions were reduced in FY21. In FY22, 4 new positions are added (\$577K personnel costs). The remaining \$438K increase is due to increased budget for personnel-related costs.
<i>CVB Marketing, Advertising, Promotions</i>	19,959,130	12,940,930	12,882,500	(58,430)	0%	Recurring TDT utilized for CVB Marketing Advertising Promotions remains flat in FY22
<i>CVB One-Time Use of Funds for Marketing, Advertising, Promotions</i>	-	4,800,370	6,654,290	1,853,920	39%	Due to CVB's cost saving measures in FY20 and better than anticipated TDT revenue recovery in FY21, \$6.6M of one-time funds are available to fund CVB's Marketing Advertising Promotions budget
<i>CVB Reserves</i>	7,900,000	4,800,360	9,600,750	4,800,390	100%	The one-time funds utilized in FY21 are repaid in full in FY22
<i>Convention Center Operations</i>	7,220,480	2,995,760	13,337,430	10,341,670	345%	Convention Center reopens in October 2021
<i>Convention Center Debt Service</i>	28,000,000	5,956,020	29,000,000	23,043,980	387%	\$29M is the current estimated annual debt service for the East & West Expansion projects
<i>Convention Center Maintenance & Improvements</i>	-	-	2,000,000	2,000,000	100%	The recurring maintenance and improvement program is restored after funding was paused in FY20 & FY21
<i>Beach & Sand Bypass Capital</i>	7,000,000	564,980	7,000,000	6,435,020	1139%	\$7M annual contribution returns in FY22
<i>TDT Challenge Grant</i>	1,000,000	-	-	-	0%	Historically receives \$1M annually, program is anticipated to return in FY23
SUBTOTAL	77,047,740	36,826,480	86,258,790	49,432,310	134%	

*This table does not show all programs supported with TDT revenues. Rather, only those where a reduction was made in FY21, due to the projected decline of revenues as a result of COVID-19, are displayed. Allocations for other programs, not listed here, remain flat or increased marginally in FY22.

Recommended FY22-FY26 Beach Capital Revenues

Revenues	FY22	FY23	FY24	FY25	FY26
State Grant - Physical Environment	\$567,100	\$0	\$0	\$0	\$0
Reimbursements Other Government Agencies*	\$2,410,000	\$4,444,000	\$4,444,000	\$4,444,000	\$0
Transfer from Four Cent Tourist Tax Revenue Fund (11420)	\$7,000,000	\$7,000,000	\$7,000,000	\$7,000,000	\$7,000,000
Total Revenues	\$9,977,100	\$11,444,000	\$11,444,000	\$11,444,000	\$7,000,000

*The FY22 Reimbursement of \$2.4M is for the Segment II project which includes the cities of Fort Lauderdale, Lauderdale-By-The-Sea, and Pompano Beach. The remaining \$13.3M of reimbursements budgeted in FY23-FY25 are for the Segment III project which consist of Dania Beach, Hollywood Beach, and Hallandale Beach, and the actual revenue timing depends on how the construction schedule happens in actuality.

Recommended FY22-FY26 Beach Capital Appropriations

Appropriations	FY22	FY23	FY24	FY25	FY26
Segment 2 Beach Renourishment	\$2,540,000	\$0	\$0	\$0	\$0
Beach Post-Storm Survey	\$25,000	\$0	\$0	\$0	\$0
Beach Hotspot Projects	\$2,779,460	\$8,311,360	\$8,511,360	\$8,801,360	\$5,367,360
Sand Dune Restoration	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Port Everglades Inlet Management Plan	\$4,000,000	\$2,500,000	\$2,300,000	\$2,010,000	\$1,000,000
Beach Program Support	\$607,640	\$607,640	\$607,640	\$607,640	\$607,640
Total Appropriations	\$9,977,100	\$11,444,000	\$11,444,000	\$11,444,000	\$7,000,000

FY22 Reserves

(funded by forecasted FY22 Fund Balance)

Reserves / Project	FY21	Notes
Arena Trustee Reserve	\$4.0m	Required by bond covenants
CVB Reserves for Revenue Stabilization & Contingencies	\$9.6m	The CVB reserve is fully restored to pre-pandemic levels in FY22
Convention Center Operating Reserves for Revenue Stabilization & Contingencies	\$3.2m	Ensures resources are available to operate the Convention Center during challenging economic conditions and address any unforeseen emergencies
Convention Center Capital Maintenance Reserve	\$1.0m	Ensures resources are available to address unforeseen emergencies or maintenance issues
TDT Reserve for Revenue Fluctuation	\$3.3m	Sets asides resources if TDT revenues do not recover from the pandemic at the current projected rate in FY22

Challenges & Needs Competing for TDT Funding

TDT Funding Challenges & Needs

- COVID-19 pandemic and its impact on tourism
 - Unknown impact of Delta variant & potential future variants
 - Long term impacts to travel preferences
 - Return of international travelers and cruise operations
- Convention Center Expansion debt service costs
- Marketing, Advertising and Promotions
 - Strategy is changing due to COVID-19
- Cost Increases in Beach Renourishment
- Future maintenance/capital needs at Arena

Convention Center Expansion

- The West Expansion (GMP 2)
 - \$224.2m spent year to date, \$82.9m remains encumbered, \$20m for remaining project costs (end of July 2021)
 - This portion of the project will be completed by October 2021
- The East Expansion
 - The total estimated cost of the East Expansion is approximately \$335.6m with roughly \$19.5m supported with one-time pay-as-you-go TDT funding
 - It is proposed that TDT-supported financing of approximately \$316.2m will take place in FY22
 - Work anticipated to begin August 2021
- Approximately \$29m is funded from TDT revenues as the source for the annual debt service expected to begin in FY22

Headquarters Hotel

- Though not funded with TDT, the Headquarters Hotel project is set to move forward in late 2021 with foundation work beginning in August 2021
- The total estimated cost of this project, including the repayment of loans obtained in FY20 and the finance of initial design/planning cost, is approximately \$556.9m

Historical CVB Marketing/Advertising/Promotions

FY12 Actuals	FY13 Actuals	FY14 Actuals	FY15 Actuals	FY16 Actuals	FY17 Actuals	FY18 Actuals	FY19 Actuals	FY20 Actuals	FY21 Adopted Budget Includes Non- Recurring	FY22 Recommended Includes Non- Recurring
\$10.6m	\$12.9m	\$14.5m	\$16.0m	\$15.7m	\$15.4m	\$18.9m	\$18.6m	\$11.9m	\$17.7m	\$19.5m

- FY20 Actuals reflect cost saving measures implemented by CVB at the start of the pandemic
- FY21 Adopted Marketing Budget \$17.7m
- FY22 Recommended Marketing Budget \$19.5m, \$1.8m increase over FY21 adopted (recurring funds \$12.9m and one-time funds \$6.6m)

History of Beach Renourishment Total Project Costs

Year	Project	Total
		(\$M)
1970	Pompano Beach (Seg II)	1.76
1971	Hallandale (Seg III)	0.78
1976	John U Lloyd (Seg III)	2.96
1979	Hollywood/Hallandale (Seg III)	7.83
1983	Pompano/Laud-By-The-Sea (Seg II)	9.99
1989	John U Lloyd (Seg III)	5.68
1991	Hollywood/Hallandale (Seg III)	9.47
2005 & 2006	John U Lloyd & Hollywood/Hallandale (Seg III)	44.5
2015 & 2016	Pompano/ Laud-By-The-Sea/Fort Lauderdale (Seg II) *	68.9
2021 & 2022	Dr. Von D. Mizell-Eula Johnson & Hollywood/Hallandale (Seg III) **	70.1

*The Segment 2 2015/2016 was a 100% truck haul method for sand delivery.

** The Segment 3 2021/2022 is a combination method of truck haul and dredge for sand delivery. The project's construction is expected to be managed and funded by the Army Corps of Engineers. The County is responsible for design costs and funding the placement of sand dunes.