



# **Tourist Development Tax Work Session**

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## **Board of County Commissioners Meeting**

**August 22, 2023**

***Roseann Harrington, Chief of Staff, Mayor's Office***

***Fred Winterkamp, Manager of Fiscal and Business Services Office***



# Presentation Outline

- Purpose of Work Session
- TDT Citizen Advisory Task Force Recommendations
- Supplemental Information
- Financial Analysis
- Mayor Demings Proposal
- Next Steps





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# Purpose of Work Session

**To obtain direction from the  
Board of County Commissioners on the future  
use of unencumbered  
Tourist Development Tax revenues**



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# TDT Citizen Advisory Task Force Recommendations

52 groups submitted requests for \$3.5 B in TDT funding

- **15 Groups seeking \$20M or more**
- Includes three existing County TDT granting processes
  - TDT Application Review Committee (ARC)
  - Arts & Cultural Affairs TDT Grants
  - Visit Orlando Sports Incentive Fund (SIC)
- Made presentations to the TDT Task Force
- **18 Groups seeking \$2.5M to \$20M**
  - These groups may pursue ARC funding grants
- **19 Groups seeking \$600 to \$2M**
  - These groups may pursue Arts & Cultural Affairs grants



# TDT Citizen Advisory Task Force Recommendations

## Recommendation 1

The Task Force supports advancing the three granting organizations requests as presented to the Board of County Commissioners and will include the survey results for the board to make the final level of funding decision.

- TDT Application Review Committee (ARC)
- Orange County Arts & Cultural Affairs
- Greater Orlando Sports Commission



# TDT Citizen Advisory Task Force Recommendations

## Recommendation 2

The Task Force supports advancing groups with a weighted score of 60 or higher for consideration by the Board of County Commissioners in this order/rank:

1. Orange County Convention Center
2. Florida Citrus Sports
3. Amway Center
4. Dr. Phillips Center for the Performing Arts
5. UCF Sports





# TDT Citizen Advisory Task Force Recommendations

## Recommendation 3

**The Task Force recommends that Mayor Demings and the Board of County Commissioners strongly push the legislature to change the Tourist Impact Tax so it applies to all counties in Florida.**

**This item will be addressed during the Legislative  
Priorities discussion at the October 24, 2023  
Board of County Commissioners Meeting**



# TDT Citizen Advisory Task Force Recommendations

## Recommendation 4

**The Task Force recommends that the county update its criteria for assessing TDT project funding to better evaluate the project's contribution to community and workforce needs and jobs.**

**Organizations submitted Supplemental Information Forms that included community and workforce impacts.**



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# Supplemental Information

## Orange County Convention Center

	WORKFORCE AND COMMUNITY IMPACT					
	DURING CONSTRUCTION			AFTER COMPLETION		
<u>Project Cost</u>	<u>Jobs (Approx.)</u>	<u>Average Wages</u>	<u>Benefit to the Community</u>	<u>Jobs (Approx.)</u>	<u>Average Wages</u>	<u>Other Benefits</u>
\$825M-\$900M (Phase 5A and Phase 5B)	1,325	\$48,000 annual salary (based on prevailing labor rate)	<ul style="list-style-type: none"><li>• Training internship program in architecture and construction</li><li>• Significant participation from M/WBE local contractors and service providers</li></ul>	<u>OCCC</u> 35 full time jobs and approximately 100 part-time jobs <u>SODEXO Live!</u> 20 full time jobs and approximately 100 part-time positions	<u>OCCC</u> high teens and into the \$20+ per hour range <u>SODEXO Live!</u> minimum of \$18 per hour	<ul style="list-style-type: none"><li>• Health benefits, retirement, and other benefits</li><li>• OCCC contractors are eligible for health and retirement benefits upon working a requisite number of hours</li></ul>



# Supplemental Information

## Orange County Convention Center

<u>Other Programs Beneficial to the Community</u>	<u>Infrastructure Impact</u>	<u>Economic Impact</u>
<p>Clients contribute to the community in a charitable manner, either through direct monetary or product donations, or via attendees of the events dedicating time to a local charitable cause.</p> <p>The value is millions of additional philanthropic dollars in Orange County every year.</p>	<ul style="list-style-type: none"><li>• Possible need for additional parking</li><li>• Minimal additional transportation impact</li></ul>	<ul style="list-style-type: none"><li>• Currently hold 160 events per year that generate 1.5M in attendance with an economic impact of approximately \$3B on an annual basis</li><li>• When the expansion is completed, it would bring in a total of 185 events, 1.75 million in attendance and \$3.5 Billion in economic impact on an annual basis</li></ul>



# Supplemental Information

## Florida Citrus Sports

	WORKFORCE AND COMMUNITY IMPACT					
	DURING CONSTRUCTION			AFTER COMPLETION		
<u>Project Cost</u>	<u>Jobs (Approx.)</u>	<u>Average Wages</u>	<u>Benefit to the Community</u>	<u>Jobs (Approx.)</u>	<u>Average Wages</u>	<u>Other Benefits</u>
<b>\$400M</b> <b>(upper terrace deck, fieldhouse project)</b>  <b>\$400M</b> <b>canopy/roof</b>	<b>3,500 new jobs and 2.9 M worker-hours</b>	<b>\$22.50-\$52.50 per hour</b> <b>(based on prevailing labor rate)</b>	<b>M/WBE received 31% of the total stadium project design budget and 29% of the total construction procurement budget in the first phase in 2014</b>	<b>6,100 jobs based on 2022 Camping World Stadium events and activities</b>	<b>\$226 million in labor income, averaging just over \$37,000 per year (based on 6,100 jobs noted in 2022 Camping World Stadium events and activities)</b>	<b>Across the venue and its partners, there are a wide range of roles and opportunities, and the benefits vary based on those roles.</b>



# Supplemental Information

## Florida Citrus Sports

<u>Other Programs Beneficial to the Community</u>	<u>Infrastructure Impact</u>	<u>Economic Impact</u>
<p>Hosted hundreds of community gatherings such as the Family Assistance Center following the Pulse nightclub shooting, assisted during the pandemic, community food drops, drive-in movie nights and more. In 2013, FCS co-founded Lift Orlando, invested over \$120m in capital investments in the community</p>	<ul style="list-style-type: none"><li>• Does not require any other infrastructure projects to support the request</li><li>• As an enhancement to an existing facility, any transportation impact would be minimal</li></ul>	<p>Across 2022 events, the stadium hosted 921,000 attendees, 67% out of market, 372,000 room nights, 185,000 jobs supported (direct and indirect) across the county</p>



# Supplemental Information

## City of Orlando-Amway Center

	WORKFORCE AND COMMUNITY IMPACT					
	<u>DURING CONSTRUCTION</u>			<u>AFTER COMPLETION</u>		
	<u>Jobs (Approx.)</u>	<u>Average Wages</u>	<u>Benefit to the Community</u>	<u>Jobs (Approx.)</u>	<u>Average Wages</u>	<u>Other Benefits</u>
<b>Project Cost</b>						
<b>\$256M</b> (willing to use its bond capacity for this project, using a portion of the 6th cent)	<b>219</b> construction jobs	<b>\$58,403 annual salary(based on prevailing labor rate)</b>	<b>Will adhere to the city's Chapter 57 M/WBE goals of 24% (18% MBE and 6% WBE) for all contracts. Our Community Action Plan, combined with our city's M/WBE goals, will create opportunities for many.</b>	<b>Total of all direct and indirect jobs is projected to approach 7,000</b>	<b>City policy requires service contractors to be paid a Living Wage</b>	<b>There are a wide range of roles and opportunities, and the benefits vary based on those roles</b>





# Supplemental Information

## City of Orlando-Amway Center

<u>Other Programs Beneficial to the Community</u>	<u>Infrastructure Impact</u>	<u>Economic Impact</u>
<p>Beyond the games, concerts and family shows, the arena consistently serves the community in numerous ways. Amway Center's contracts meet a M/WBE goal of at least 24% which equates to \$1.3 million annually in service contracts alone.</p>	<p>There will be no impact as this is an enhancement to an existing facility.</p>	<p>Since opening 13 years ago, they have welcomed nearly 16 million visitors and generated an economic output of \$6.1B</p>



# Supplemental Information

## Dr. Phillips Center for the Performing Arts

<u>Project Cost</u>	WORKFORCE AND COMMUNITY IMPACT					
	<u>DURING CONSTRUCTION</u>			<u>AFTER COMPLETION</u>		
	<u>Jobs (Approx.)</u>	<u>Average Wages</u>	<u>Benefit to the Community</u>	<u>Jobs (Approx.)</u>	<u>Average Wages</u>	<u>Other Benefits</u>
\$145M	1,570 construction jobs	\$51,000 annual salary	Achieve and exceed all M/WBE requirements during construction	1,500 new jobs	\$69,000 average full-time salary \$24.86 average part-time hourly	Full-time colleagues will receive health insurance benefits as well as venue partners such as security, food & beverage, etc. We will work with outside vendors and companies to ensure health insurance is a priority and provide these benefits if possible.



# Supplemental Information

## Dr. Phillips Center for the Performing Arts

<u>Other Programs Beneficial to the Community</u>	<u>Infrastructure Impact</u>	<u>Economic Impact</u>
<p><b>\$360M annual economic impact, in addition to the 1M unique visitations and 1,000 free events annually, Phase 3 based on comparable destinations including: increased tourism, job creation &amp; urban development, safer communities due to activity and event structure, environmental, health &amp; wellness, and community culture.</b></p>	<p><b>Will align with the City's masterplan and continue to work with the City to determine the transportation impact.</b></p>	<p><b>It is projected to annually attract 1M unique visitations, \$55.1M in spending by non-local visitors, \$18.6M in spending on lodging and 186,000 room nights*—serving as an economic driver for tourism and the region.</b></p> <p><small>*Information provided by Oxford Economics</small></p>



# Supplemental Information

## UCF Sports

WORKFORCE AND COMMUNITY IMPACT						
<u>Project Cost</u>	<u>DURING CONSTRUCTION</u>			<u>AFTER COMPLETION</u>		
	<u>Jobs (Approx.)</u>	<u>Average Wages</u>	<u>Benefit to the Community</u>	<u>Jobs (Approx.)</u>	<u>Average Wages</u>	<u>Other Benefits</u>
\$176M if partial funding available priority would be \$88M for stadium tower	500 construction jobs	\$63-70 per hour	Generate economic impact in East Orange County during the construction period	123 new jobs (combination of full-time and part-time)	<ul style="list-style-type: none"><li>Wages will vary by role and organization</li><li>Full-time food service worker -average salary of \$55,000 a year plus benefits</li><li>Part-time event staff member contracted through CSC makes \$21-\$30 per hour</li><li>Off-duty pay for the nearly 240 police officers who work gamedays averages \$60 per hour</li></ul>	Varies by role and organization



# Supplemental Information

## UCF Sports

<u>Other Programs Beneficial to the Community</u>	<u>Infrastructure Impact</u>	<u>Economic Impact</u>
With new, improved, and right-sized venues unique in our region, UCF will be able to offer both professional facilities and operational support needed for large events.	UCF Athletics facilities are located on university-owned land, the university is responsible for the infrastructure of these projects. UCF already has the infrastructure and plans for scaling up to accommodate high visitor volume and large events.	GOSC conducted a study which estimates these facilities attract 212,858 visitors outside of a 50-mile radius generating approximately 199,942 room nights and \$91M in economic impact annually.



# Supplemental Information

## Granting Organizations

- TDT Application Review Committee (ARC)
- Orange County Arts & Cultural Affairs
- Greater Orlando Sports Commission





# Supplemental Information

## TDT Application Review Committee (ARC)

	WORKFORCE AND COMMUNITY IMPACT		
<u>Project Cost</u>	<u>Jobs (Approx.)</u>	<u>Average Wages</u>	<u>Benefit to the Community</u>
<ul style="list-style-type: none"><li>Request: Increase funding to \$75M (\$15M for the next 5 years-FY2024-2028)</li><li>Previously: Allocated \$56M (funds have already been awarded-FY2018-2024)</li></ul>	ARC grants help fund various projects and the workforce and community impact varies by project.	The average wage varies based on the project.	The ARC grants provide funding for various community organizations, which all have some impact in the wider community.



# Supplemental Information

## Arts & Cultural Affairs/United Arts

<u>Project Cost</u>	WORKFORCE AND COMMUNITY IMPACT		
	<u>Jobs (Approx.)</u>	<u>Average Wages</u>	<u>Benefit to the Community</u>
<b>PART ONE:</b> <ul style="list-style-type: none"><li>Currently it is 3% of the first 4 cents= \$6M-\$7M</li><li>Request increase to 5% of the first 4 cents= \$11M</li></ul>	Nearly 10,000 jobs currently impacted by the arts.	Not available	<ul style="list-style-type: none"><li>Increase wellness both individually and societally</li><li>Set up students to develop cognitively and do better on SAT tests in math and English</li><li>Promote civic engagement</li><li>Encourages cultural tourism</li></ul>
<b>PART TWO:</b> <ul style="list-style-type: none"><li>Currently \$2M fixed funding (includes \$500,000 for venue subsidy fund)</li><li>Request \$2.5M fixed funding (additional \$500,000 for venue subsidy fund)</li></ul> <p>Total: \$13.5M</p>			





# Supplemental Information

## Greater Orlando Sports Commission

<u>Project Cost</u>	WORKFORCE AND COMMUNITY IMPACT		
	<u>Jobs (Approx.)</u>	<u>Average Wages</u>	<u>Benefit to the Community</u>
<b>PART ONE: GO SPORTS FUNDING</b> <ul style="list-style-type: none"><li>• Request: Increase GOSC Operational Funding to \$740,660.50 per year (# of OC residents 1,481,321 x \$0.50)</li><li>• Currently receive \$300,000 per year in operational funding</li></ul>	Not Applicable	Not Applicable	Not Applicable
<b>PART TWO: Sports Incentive Committee (SIC) FUNDING</b> Request: Increase SIC Funding to \$10M annually Currently \$4M annually			



# Supplemental Information

## Existing TDT Granting Organizations

ARC (5 years 2024-2028)	\$15M/yr
Arts & Cultural Grants 5% of 1-4 percent levy	\$11M percentage based
Arts & Cultural Grants fixed annual	\$2.5M/yr
Visit Orlando Sports Incentive	\$10M/yr

## Capital Projects Funding Requests

Orange County Convention Center	\$825-900M
Camping World Stadium Upper Bowl	\$400M
Camping World Stadium Canopy	\$400M
Amway Center	\$256M
Dr. Phillips Performing Arts Center	\$145M
UCF Sports Campus	\$176M



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# Financial Analysis Outline



- **Tourist Development Tax (TDT) Growth Catalysts**
- **TDT Debt Capacity**
- **2026 Future Debt Capacity**



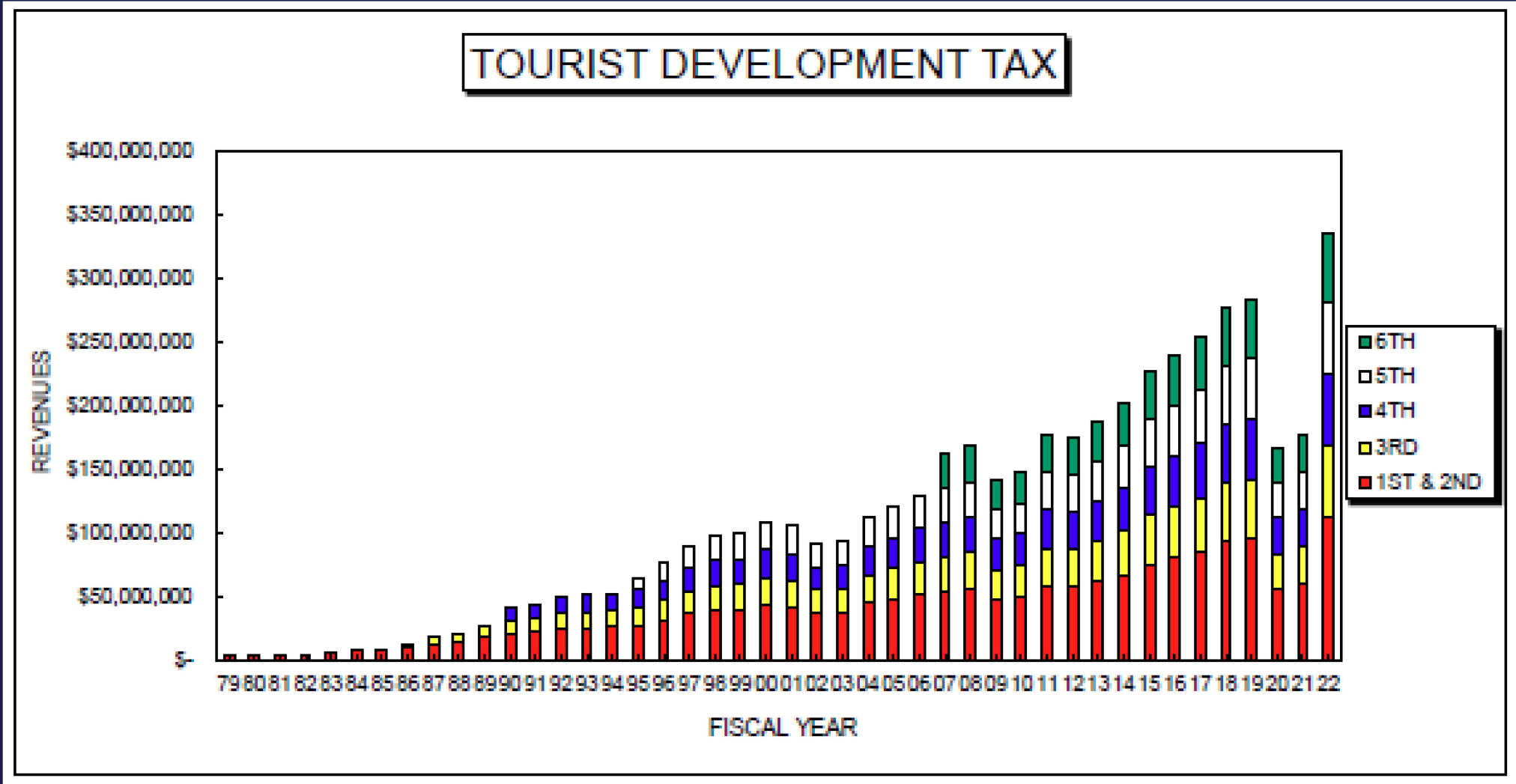
# Financial Analysis Outline



- Tourist Development Tax (TDT) Growth Catalysts
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# TDT Growth Catalysts







# TDT Growth Catalysts

Since 2000, large annual TDT growth has come from two main sources:

1. The opening of newly constructed major theme park attractions
2. Rebounds following TDT declines





# TDT Growth Catalysts – Major New Attractions

Disney Animal Kingdom opened in 1998

- **1998 annual TDT grew 8.2%**

Universal Islands of Adventure opened in 1999

- **2000 annual TDT grew 9.1%**

Universal Wizarding World of Harry Potter opened in 2010

- **2011 annual TDT grew 19%**

Universal Wizarding World of Harry Potter – Diagon Alley added in 2014

- **2015 annual TDT grew 12.3%**

EPIC Universe is set to open in 2025...





# TDT Growth Catalysts – Rebound Following Declines

## The September 11, 2001 terrorist attacks

- TDT collections declined in 2002 and 2003
- 2004 annual TDT grew 18.9%

## The Great Recession

- TDT collections declined in 2008 to 2010
- 2011 annual TDT grew 19%

## The COVID Pandemic

- TDT collections declined in 2020 and 2021
- 2022 annual TDT grew 90% (also included Disney's 50<sup>th</sup> Anniversary)



# Financial Analysis Outline



- Tourist Development Tax (TDT) Growth Catalysts
- **TDT Debt Capacity**
- 2026 Future Debt Capacity



# TDT Historic Debt Capacity

**2002: \$216.460M TDT debt to complete the North-South OCCC facility**

- **\$103M TDT revenue for annual \$76.5M debt payment, 1.35x revenues over debt service, A rating**

**2007: \$540M TDT future cash payments to City for Community Venues**

- **\$140M revenue for annual \$74.8M debt payment, 1.87x coverage, A+ rating**

**2016: \$291.685M TDT debt for DPAC and Stadium construction funding**

- **\$200M revenue for annual \$80M debt payment, 2.5x coverage, AA rating**



# TDT Current Debt Capacity

## All future years

- Each additional \$22M in future TDT growth
- Removing the 6<sup>th</sup> cent, produces \$18M for future debt capacity
- At 2.5x coverage, \$18M results in \$7.5M new debt service
- Utilizing \$7.5M results in about \$100M-\$120M in proceeds
- Maintains 2.5x coverage and AA credit ratings





# Financial Analysis Outline



- Tourist Development Tax (TDT) Growth Catalysts
- TDT Debt Capacity
- **2026 Future Debt Capacity**



# 2026 Debt Capacity Key Considerations

Need for conservative estimates over next decades

- **New attractions drive tourism, but downturns are inevitable**

2022 TDT was up by 90% post-pandemic

- There seems to be a current drag on TDT collections
  - **Difficult to continue hyper-growth**
  - **Last three months TDT collections have softened – for how long?**
  - **External influences of political climate**

Maintaining \$300M TDT reserve and 2.5x coverage key to credit ratings

- **Seek to fund new projects while maintaining AA credit ratings**



# TDT Debt Capacity – Ratings and Reserves

Orange County TDT maintained AA credit ratings during the pandemic but ratings agencies will use more unfavorable stress tests in the future

Minimum 2.5x coverage of annual pledged TDT to annual debt payment

- **Conservative extra cushion for the safety of the investors**
- **Leaves annual funding for ARC, Arts & Cultural and other uses**

Minimum TDT reserves of \$300M

- **Credit Rating Agencies took great comfort in \$300m+ TDT reserves during the pandemic**
- **Orange County used \$145M of TDT reserves in 2021 and 2022**



# TDT 2026 Debt Capacity – Bonding Assumptions

- Maintain a minimum \$300M in TDT reserves
- Additional annual debt service maintains at least 2.5x coverage
  - Maintain AA credit ratings, and more annual pay-as-you-go TDT cash
- 2023 TDT collections of \$355M, and TDT reserves of \$350M
- TDT growth recommendations from the Comptroller
  - -7.5% in 2024 and 2% growth in all years thereafter
- Existing TDT annual debt service declines from \$80M to \$59M in 2025
- Allowing for project planning, debt to be issued in 2026
- 30-year debt, AA-rated, 4.5% interest





# TDT 2026 Debt Capacity Results

## Annual cash funding of \$20-30M

- Leaves remaining annual funding for ARC, Arts & Cultural and other uses
- Maintains \$300M TDT reserves

## Bonding capacity of \$900M

- Requires \$114.5M annual debt service using 4.5% interest





# TDT Future Debt Capacity

## 2026 \$900M TDT debt for future projects

- **\$286M revenue in 2026 (\$343m TDT revenue from all six percent)**
- **\$59M debt payment annually for existing County TDT debt until 2036**
- **\$55M in new annual debt payments for future projects until 2056**
- **\$114M total annual debt payment**
- **2.5x coverage, seek to maintain AA rating**



# Summary

- TDT has always grown and offered new opportunities over the years
- Allowing for project planning, debt to be issued in 2026
- Conservative TDT growth estimates result in up to \$900M TDT bonding capacity in 2026
- In addition to bond funding, up to \$30M in annual cash funding
  - Funding for ARC, Arts & Cultural, and other uses
- Maintains a minimum \$300M in TDT reserves
- Additional annual debt service still maintains at least 2.5x coverage
- Other funding options may become available as TDT continues growing



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# Mayor Demings Proposal

- **Application Review Committee (ARC)** **\$75M**
  - \$15M/yr. for 5 years \$75M
- **Arts & Cultural Affairs** **\$5.5M**
  - Increase to 5% of 1-4 cents
  - Increase annual venue subsidy by \$500,000 for 5 years
- **Sports Incentive Fund** **\$440,660**
  - \$440,660 annually from TDT
  - \$6M annually from Visit Orlando
- **Orange County Convention Center – Project 5A** **\$500M**  
(ballroom/meeting space/concourse connection)
- **Florida Citrus Sports Camping World Stadium –** **\$400M**  
(upper terrace deck, fieldhouse project)



# Mayor Demings Proposal – 2027 TDT Uses

<b>TDT Uses (millions):</b>	<b>FY27</b>
Debt Service	\$114.0
Convention Center Operations ( <i>only when needed</i> )	15.0
Visit Orlando Funding	105.0
Convention Center Capital	60.0
ARC	15.0
Arts	14.0
History Center & Other	5.0
Sports Incentive Fund	4.5
6 <sup>th</sup> Percent Amway Payment to Orlando	29.0
<b>Total Expenses</b>	<b>361.5</b>
<b>TDT Reserves Draw (for ARC)</b>	<b>13.0</b>
2027 TDT Revenue	\$348.5
Projected TDT reserves	\$365.0



# Other Future Options

**TDT growth recommendations from the Comptroller are very conservative:**

- **-7.5% in 2024 and 2% growth in all years thereafter**
- **All-time average (40 year) TDT growth rate over 7.5%**

**If by 2026, better TDT collections results occur and the TDT future is brighter:**

- **Additional TDT bonding capacity may exist**
- **Additional annual cash payments**
- **Offer contingent annual cash funding**



# Mayor Demings Proposal

## Tourist Development Tax Future Uses:

### UCF Sports

If TDT revenues outperforms current projections, the amount more than what we need for debt service and art funding would be made available to UCF for the football stadium tower project

### Amway Center

Currently, 50% of the revenue from the 6th cent of the TDT goes to the City of the Orlando and 50% goes to Visit Orlando. Once the City retires all debt associated with the 6<sup>th</sup> cent, an option is to extend the number of years we make the 6<sup>th</sup> cent available to the City, which will provide sufficient revenue for Amway Center improvements.





# Other Future Options

**The 2007 Venues Agreement provides 6<sup>th</sup> Cent TDT funding to the City of Orlando for the City Amway Center debt**

**State Law limits 6<sup>th</sup> Cent TDT for only: 1) Tourism Promotion, and 2) Pro Sports Facilities**

**The County could extend the 6<sup>th</sup> cent payments to Orlando for future Amway projects**

**The City staff estimates the outstanding 2017 City 6<sup>th</sup> Cent Bonds:**

- **Have \$182M outstanding now**
- **Will have \$96M outstanding in November 2027**
- **This debt can be restructured to allow funding for future projects**





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## Next Steps

- TDT Plan amended to add any new projects being funded by TDT revenue to the existing list of Plan priorities
- Ordinance setting forth TDT Plan amendments drafted
- TDC reviews and recommends to BCC proposed amendments to TDT Plan  
(Next meeting Sept. 29)
- BCC public hearing to consider ordinance setting forth TDT Plan amendments-  
October/November (ordinance must be approved by a majority plus one vote of BCC)
- Funding agreements for new projects will need to be drafted and approved by the end of the year and prior to the next Legislative Session (except OCCC)



# Questions

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# **Tourist Development Tax Work Session**

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## **Board of County Commissioners Meeting**

**August 22, 2023**

***Roseann Harrington, Chief of Staff, Mayor's Office***

***Fred Winterkamp, Manager of Fiscal and Business Services Office***