



# Visit Orlando, Venues Agreement, and Allocation of Additional TDT



**Board of County Commissioners Meeting  
January 23, 2024**



## Purpose



**Over this past year there have been numerous public and BCC discussions on the Tourist Development Tax usage. The goal today is to get direction on the Visit Orlando funding level and allocation of additional TDT funds so that staff may proceed in negotiating the necessary contracts and contract amendments.**



# Agenda

- **Background**
- **Visit Orlando**
- **Venue Agreements**
- **Decision on Allocation of Remaining TDT**
- **Next Steps Contingent upon BCC Direction**
- **Action Requested**



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## Background – TDT Citizen Advisory Task Force



- **On March 22, 2023, the TDT Citizen Advisory Task Force was empaneled to review and provide input to the BCC and TDC Council on potential uses of future, unencumbered TDT revenues.**
- **31 members representing a cross-section of Orange County residents from various geographical and socioeconomic groups including individuals appointed by Orange County Commissioners, municipalities within the county, labor, veterans, various chambers of commerce, and the hospitality industry.**
- **7 meetings were held covering various TDT related topics and funding requests.**



# Background – TDT Citizen Advisory Task Force

## Task Force Members

### Co-Chairs:

***Jane Healy***

Task Force Co-Chair

***Tony Jenkins***

Task Force Co-Chair

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- **Paul Billings**

City of Apopka Representative

- **Derek Blakeslee**

City of Winter Garden Representative

- **Pete Clarke**

City of Belle Isle Representative

- **Eric Clinton**

AFL-CIO Representative

- **William (Bill) Derrick**

City of Maitland Representative

- **Matthew Downs**

City of Winter Park Representative

- **Stephen Facella**

Orange County Representative, District 1

- **Thor Falk**

The Pride Chamber Representative

- **Jay Galbraith**

Universal Representative

- **Eric Gray**

Orange County Representative, District 4

- **Julian Johnson**

Town of Eatonville Representative

- **Brad Lomneck**

City of Ocoee Representative

- **Brendan Lynch**

CFHLA Representative

- **Xelayris Martinez**

UCF Student Government Representative

- **Jason Mellen**

Orange County Representative, District 2

- **Harold Mills**

OEP Representative

- **Chris Mueller**

I-Drive Resort Area Chamber of Commerce Representative

- **Ron Nesbitt**

African American Chamber of Commerce Central Florida Representative

- **Katie Nguyen**

Asian American Chamber of Commerce Representative

- **Andre Perez**

Orange County Representative, District 3

- **Alejandro Pezzini**

Orange County Representative, District 6

- **Rene Plasencia**

Sea World Representative

- **Jennifer Quigley**

City of Orlando Representative

- **Fred Robinson**

Orange County Mayor's Veterans Advisory Council Representative

- **Ken Robinson**

CFHLA Representative

- **Roberto Santoni**

Hispanic Chamber of Commerce of Metro Orlando Representative

- **Robert Smith**

Town of Windermere Representative

- **Hal Valdes**

City of Edgewood Representative

- **Ella Wood**

Orange County Representative, District 5



# Background – TDT Citizen Advisory Task Force

- **The Task Force supported advancing the following:**
  - TDT Application Review Committee (ARC)
  - Orange County Arts & Cultural Affairs
  - Greater Orlando Sports Commission
  - Orange County Convention Center
  - Florida Citrus Sports Camping World Stadium
  - Kia Center (formerly Amway)
  - Dr. Phillips Center for the Performing Arts
  - UCF Sports
  - For the BCC to strongly push the legislature to change the Tourist Impact Tax so it applies to all counties in Florida.

(BCC adopted as a legislative priority for the 2024 session, currently a bill and amendment language has been developed and is being advanced by Representative Eskamani. The potential yield for the Tourist Impact Tax in Orange County is around \$50M annually.)





# Background – Tourist Development Tax



During the October 3, 2023, BCC meeting, the Board of County Commissioners approved allocating tourist development tax (TDT) funding to:

- Advance the Orange County Convention Center 5A project - \$560 million
- Allocate \$75 million over 5 years to the Application Review Committee (ARC)
- Additional funding for Orange County Arts and Cultural Affairs ~ \$13.5 million
- Allocate \$90 million in funding from excess revenues for University of Central Florida Sports Stadium Tower





# Background



**A motion was made to table the remaining items until the Board could have a discussion regarding Visit Orlando on November 14, 2023:**

- **Sports Commission/Incentive and GOSC operating allocation**
- **Florida Citrus Sports Camping World Stadium**
- **Kia Center (previously Amway)**
- **Dr. Phillips Center for the Performing Arts**



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# Visit Orlando



**On November 14, 2023, the Board of County Commissioners discussed the following:**

- **Potential Changes to the Visit Orlando agreement previously approved by the BCC on October 22, 2019**
- **Requested additional information on the 2007 City Venues Agreements**



# Visit Orlando



<u>Contract Provisions</u>	<u>Prior Contract</u>	<u>2019 Contract</u>
Minimum Funding Amount for Meetings & Conventions Marketing	No	Yes
County Review of Annual Meetings & Convention Marketing Plan	No	Yes
Treat Reimbursement Revenue from TDT Expenditures as Restricted TDT Revenue	No	Yes
VO Responsible for Administration of Sports Incentive Agreements and Related Reporting <i>* Bulk of Sports Incentive Committee management added in 2017 Addendum</i>	No *	Yes
Three-Year Strategic Plan with County Input <i>*Original Agreement had a 1 yr. Strategic Plan Requirement</i>	No *	Yes
Submit Annual Work Plan Specific to the OCCC	No	Yes
Submission of Detailed Monthly Expenditure Report to Comptroller <i>*Wasn't included in prior agreement, however VO was sending this information to Comptroller starting in 2008.</i>	No *	Yes
Provide Copies of All Contracts and Related Invoices to Comptroller	No	Yes
Specified Annual TDT Funding Formula	No	Yes <sup>12</sup>



# Visit Orlando



<u>Contract Provisions</u>	<u>Prior Contract</u>	<u>Current Contract</u>
<b>Compensation Reporting</b> <i>*Reduced reporting of highly paid from 15 to 5</i>	Yes	Yes*
<b>Maintain an Audit Committee that Annually Reviews Expenditures and Financial Audits</b>	Yes	Yes
<b>Comptroller has ability to Audit VO for Contract Compliance and Expenditures</b>	Yes	Yes
<b>Commission Annual Financial Audit by Independent CPA</b>	Yes	Yes
<b>Travel Policy Limitations and Submission of Policy Changes to County</b>	Yes	Yes
<b>Make One Board of Directors Meeting Open to the Public Annually</b>	Yes	Yes
<b>Submission of Budget and Financial Statements to County Annually</b>	Yes	Yes
<b>Expanded County Representation on Board of Directors</b>	Yes	Yes
<b>Limitation on Executive Benefits Packages</b>	Yes	Yes



## Visit Orlando – BCC Priorities

- **Commissioner serving on the Visit Orlando board**
- **Marketing attractions/destinations outside of Orange County**
- **Funding adjustment options**



## Visit Orlando – BCC Priorities

### Commissioner serving on the Visit Orlando board:

- **Current agreement allows for both Orange County Mayor and City of Orlando Mayor or their designee to serve on Visit Orlando Board**
- **Agreement also stipulates that the BCC may appoint two non-elected representatives to Visit Orlando Board**
- **OCCC Executive Director serves as fourth Visit Orlando Board representative for Orange County**
- **Sunshine consideration if more than one elected member of the BCC serves on Visit Orlando Board**



## Visit Orlando – BCC Priorities

**Commissioner serving on the Visit Orlando board:**

**Proposal: If the Mayor chooses a representative to serve on the Visit Orlando Board that is NOT an Orange County Commissioner, then one of the County representatives can be the County Commissioner from the district that has the greatest amount of total property values associated with hotels. *(The appointment of a commissioner could take place at the expiration of the term of one of the existing County representatives.)***

**If the Mayor serves on the Visit Orlando Board , or if his/her designee is a County Commissioner, no other member of the Board of County Commissioners shall be appointed to the Visit Orlando Board.**





## Visit Orlando – BCC Priorities

### Marketing attractions/destinations outside of Orange County:

Currently the VO agreement permits marketing destinations located outside of Orange County by including beaches, oceanfront, or other areas in our proximity to benefit Orange County through increased length of stay.

Visit Orlando, however, will endeavor priority placement of attractions , destinations and businesses in Orange County. Trip Packaging increases hotel stays and increases TDT, Sales Tax and Economic Development for the Community.



## Visit Orlando – BCC Priorities

### Funding adjustment options

#### Proposal:

- **Total reduction to VO funding of \$15 million annually. Equates to a net TDT allocation of about 25% in FY 2025, based on Comptroller’s TDT Collections Model.**
  - **Fund \$10\* million annually for the Sports Incentive Fund (SIC) directly from the VO 30% allocation.**
  - **Set VO funding level at 30% of TDT less \$5\* million annually. The BCC will budget this amount for other authorized TDT uses annually (ARC or Arts and Cultural Affairs or other eligible performing arts projects)**

*\*VO & County Staff will include a provision to the agreement which sets a reasonable scale based on a threshold for funding of these two items in the event of a significant decrease in TDT revenues or in the event SIC or ARC accumulate significantly large excess balances.*



## Visit Orlando – BCC Priorities

### Commissioner's Prior Funding Proposals:

- **Commissioner Bonilla**: Reduce VO's annual funding to \$75 million or 25% of annual TDT collections, whichever is less (*based on FY 25 Comptroller's Projections, \$75M is less than 25% = \$85.4M*)
  - Discussed allocation for film incentives – *not currently a standalone item under TDT statute for film*
- **Commissioner Uribe**: Reduce VO's annual funding to \$70M- \$80M, consistent with funding levels under prior funding agreement.
  - Reserve 5% of TDT funding for affordable housing – *not an allowable use under the TDT statute, therefore expressly prohibited*
  - \$2.5 million annually over a period of 10 years for Dr. Phillips. *Further review is needed to ensure that all aspects of the request comply with TDT Allowable criteria as there are components which have been identified by legal counsel and the Comptroller's Office that would need further review to determine if they are legally eligible.*



# Visit Orlando Funding Model

<u>FY</u>	<u>TDT to VO</u>	<u>TDT Collections</u>	<u>% TDT to VO</u>	<u>Dollar Reduction</u>	<u>Comments</u>
2019	\$ 65,383,063	\$ 283,998,382	23.02%		Last Fiscal Year before Amended Agreement
2020	\$ 41,963,679	\$ 167,386,036	25.07%		First Year of Amended Agreement with Stair Step Provisions to 30%
2021	\$ 47,879,284	\$ 176,872,123	27.07%		Second Year of Agreement with Stair Step Provisions to 30%
2022	\$ 96,086,406	\$ 336,919,237	28.52%		
2023	\$ 107,797,348	\$ 359,324,492	30.00%		
2024	\$ 98,512,500	\$ 328,375,000	30.00%		TDT Revenue for FY24 & FY25 are from Comptroller's Projections.
2025	\$ 100,482,750	\$ 334,942,500	30.00%	\$ -	TDT Revenue for FY24 & FY25 are from Comptroller's Projections.
2025	\$ 85,482,750	\$ 334,942,500	25.52%	\$ (15,000,000)	25.52% (Removes \$10M for SIC/\$5M for ARTS)
2025	\$ 70,337,925	\$ 334,942,500	21.00%	\$ (30,144,825)	



## Visit Orlando – BCC Priorities



- **Transparency**



- **Representation**



- **Funding Level**



- **Marketing attractions/destinations outside of Orange County**



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# 2007 City Venues Agreements & Amendments Summary

May 21,  
2007

June 20,  
2007

September 6,  
2007

June 20,  
2008

October 1,  
2012

January 27,  
2014

January 8,  
2016

June 14,  
2007

August 6,  
2007

February 11,  
2008

August 25,  
2008

October 7,  
2013

December 1,  
2014

July 2,  
2019





## Venues Interlocal Agreement Review

**City, County, and Comptroller staff have had multiple conversations and meetings and reviewed over 130 provisions that are part of the Venues agreements and for reporting requirements and have confirmed completion or ongoing plans on all items.**





# Venues Interlocal Agreement Review

- The agreement established terms and requirements between County and City regarding the Venues projects including:
  - Funding Authorizations
  - Conditions Precedent
  - Financial Reporting Requirements
  - Operation & Maintenance Requirements
- All reporting requirements have been met or, for ongoing activities, are being fulfilled 
- All County's Obligations under that Agreement have been met 
- Remaining Items Under the Agreement:
  - Payment of currently outstanding debt by both County and City
  - Establishment of the \$25M PAC endowment which is to be established within 5 years from the date of Final Completion
  - Operation & Maintenance Requirements
- Any new Venues proposal would need a new funding agreement outside of the Interlocal Agreement (like the 2019 and 2020 Stadium and PAC agreements)



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## Mayor Demings Proposal - Previous

- **Application Review (ARC) – \$15M a year for five years (\$75M)**
- **Arts and Cultural Affairs – Increase to 5% of the 1st thru 4th cents (\$11M), increase venue subsidy by \$500,000 annually**
- **Sports Incentive Fund – Increase from \$4M annually to \$10M with all funds coming from Visit Orlando**
- **Orange County Convention Center Project 5A – \$560M**
- **Florida Citrus Sports Camping World Stadium – Upper Deck and Fieldhouse – Negotiate financing with the City - \$400M**
- **Kia Center (formerly Amway) – \$226M (request was \$256M)**
- **UCF Sports – Football Stadium Tower - \$10M a year for nine years (\$90M)**
- **Dr. Phillip's Center for the Performing Arts – Wait until future year to consider.**



## Decision on Allocation of Remaining TDT

### All the items above are feasible per Comptroller financial analysis

- **Camping World Stadium \$400 million** : *Intent would be for the City of Orlando to issue the debt with final recommendation to the BCC of whether the debt is issued by the City or the County based on analysis by the Financing Team (Fiscal & Business Services; Comptroller's Office, Public Financial Management, the County's financial advisor) based on factors such as lowest cost option to taxpayers, impact on County's debt capacity and credit, and risk to the county. All debt issued on behalf OC government must be approved by Board of County Commissioners.*
- **Kia Center (formerly Amway) not to exceed \$226 million**: *( \$30M reduction from request) (Funding to be allocated from ½ of the 6<sup>th</sup> cent only until cost of agreed upon funding is met and City would issue debt)*
- **Sports Incentive Committee funding at \$10 million/year**: *to be paid directly from the VO 30% allocation*
- **ARC Funding at \$5m/year**: *to be paid from TDT from reduction to VO funding.*
- **Greater Orlando Sports Commission-Increase GOSC Operational Funding to \$0.50 per capita per year**: *(i.e., in 2023 the # of OC residents 1,481,321 x \$0.50) to be paid from TDT Taxes from Orange County*



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## Next Steps – Contingent upon Board Direction

- **Amendments of the Tourist Development Plan where needed (requires TDC recommendation and future BCC Public Hearing)**
- **Funding agreements for the new projects drafted and approved**
- **BCC Approval of VO Agreement amendments**
- **BCC Approval of Greater Orlando Sports Commission Agreement**
- **BCC approval of any County bonds at the time of debt issuance**



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## Action Requested

### Funding items below are feasible per Comptroller & County's financial analysis

- Appointment of a County Commissioner to the Visit Orlando Board: *one of two BCC appointments if Mayor or designee is not a county elected official*
- Total annual reduction to VO funding of \$15 million annually: *Extend terms of agreement to September 2028 with incorporation of changes, and inclusion of a four-year renewal provision to be approved by the BCC.*
- ARC Funding at \$5m/year: *to be paid from TDT from reduction to VO funding.*
- Sports Incentive Committee funding at \$10 million/year: *to be paid directly from the VO 30% allocation*
- Greater Orlando Sports Commission-Increase GOSC Operational Funding to \$0.50 per capita per year: *(i.e., in 2023 the # of OC residents 1,481,321 x \$0.50) to be paid from TDT Taxes from Orange County*





## Action Requested-Continued

### Funding items below are feasible per Comptroller & County's financial analysis

- **Camping World Stadium \$400 million** : *Intent would be for the City of Orlando to issue the debt with final recommendation to the BCC of whether the debt is issued by the City or the County based on analysis by the Financing Team (Fiscal & Business Services; Comptroller's Office, Public Financial Management, the County's financial advisor) based on factors such as lowest cost option to taxpayers, impact on County's debt capacity and credit, and risk to the county. All debt issued on behalf OC government must be approved by Board of County Commissioners.*
- **Kia Center (formerly Amway) not to exceed \$226 million**: *( \$30M reduction from request) (Funding to be allocated from ½ of the 6<sup>th</sup> cent only until cost of agreed upon funding is met; Intent would be for the City to issue the debt, unless it is determined by the financial experts, with BCC approval, that it is in the best interest of Orange County to issue the debt.)*

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