

Tourism Performance Palm Beach County



Tourist Development Council Annual Report Fiscal Year 2016



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Dear Mayor, County Commissioners and TDC Board Members,

It is our pleasure to present the Annual Report of the Palm Beach County Tourist Development Council (TDC) covering operations for the fiscal year beginning October 1, 2015 and ending September 30, 2016. The accompanying reports were prepared by the Administrative Office of the TDC with information provided by our contracted agencies of record.

The availability of tourist development funds also known as “Bed Taxes” generated from our visitors staying in accommodations throughout Palm Beach County, are used by the contracted tourism organizations to market, promote, administer grants, and operate and maintain tourism generating assets constructed using tourist development tax dollars. The continued return of investment on tourist development taxes lessens the tax burdens on our residents and contributes to our residents’ quality of life in Palm Beach County. The TDC has continued to fund beach restoration to the County Environmental Resource Management group (ERM), to maintain the 47 miles of coastline visitors enjoy and use. The TDC continues to monitor the economic trends of our State and our key feeder markets. With your approval, the addition of the 6th Penny of Bed Tax collected beginning in February of 2015, allows us to continue to report total collections growth year over year, 2015/2016 resulting in a 10.3% increase for all 6 Cents collected. Each penny of tax collected is growing at 3.5%, and is projected to continue this trend into Fiscal Year 2017.

As one of the largest industries in Palm Beach County County, the Leisure and Hospitality sector employs more than 80,000 people. Approximately 46,000 of these employees directly service our visitors when here in the County. It is estimated an additional 14,000 employees in retail, real estate and insurance are employed servicing our visitors. As an increasingly year-round destination, the offering of over 17,000 hotel rooms from world famous resorts like the Breakers Palm Beach and the Boca Raton Resort & Club, to the recognized branded hotel properties and privately owned hotels across the county, it is projected that more than 7 million people annually will visit the Palm Beaches. These visitors will enjoy world class cultural performances and venues, lifestyle sports facilities including our being home to four Major League Baseball Spring Training teams, our globally recognized equestrian venues, restaurants for all tastes, shopping for all pocketbooks, along with breathtaking beaches and environmental adventures from Lake Okeechobee to the Everglades.

The Palm Beach County Convention Center, has witnessed an explosion of interest for Group Meetings with the new attached West Palm Beach Hilton Hotel and soon to be completed 2638 space parking garage. We partner closely with the Palm Beach International Airport in support of marketing new air service opportunities to the County from new and existing feeder markets for both the leisure and the business traveler.

The hospitality industry in the Palm Beaches plays a significant role to our County’s economic vitality and quality of life. We are proud to provide these marketing services to our tourism partners in local government and the business community.

Glenn Jergensen
Executive Director
Palm Beach County Tourist Development Council

Palm Beach County Tourism Industry Annual Report

Board of County Commissioners

Mayor Paulette Burdick
District 2

Vice Mayor Melissa McKinlay
District 6

Commissioner Hal R. Valeche
District 1

Commissioner Dave Kerner
District 3

Commissioner Steven L. Abrams
District 4

Commissioner Mary Lou Berger
District 5

Commissioner Mack Bernard
District 7

County Administrator
Verdenia C. Baker

2016 Tourist Development Council

Mary Lou Berger
Mayor Palm Beach County
Chair TDC

David Burke
Vice Chair TDC
Breakers Resort Hotel

Roger Amidon
Marriott Singer Island Resort

Sylvia Moffett
City Commissioner
West Palm Beach

Al Jacquet
City Commissioner
Delray Beach

James Bronstien
Marine Business Advisors

Mami Kisner
Retired Airline Executive

Don Dufrense
Attorney & Community Leader

John Tolbert
Boca Raton Resort & Club

County Administrator
Verdenia C. Baker

Sr. Asst. County Attorney
Dawn Wynn



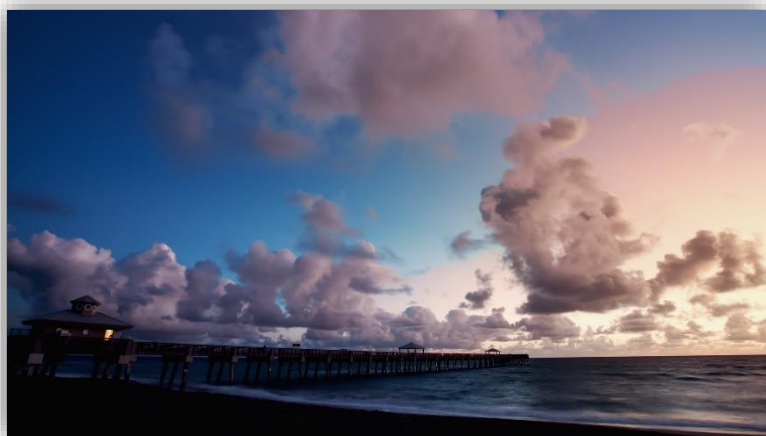
Tourist Development Board Vision

Palm Beach County will be a globally recognized destination that visitors will want to experience because of its culture, lifestyle and amenities

Tourist Development Mission

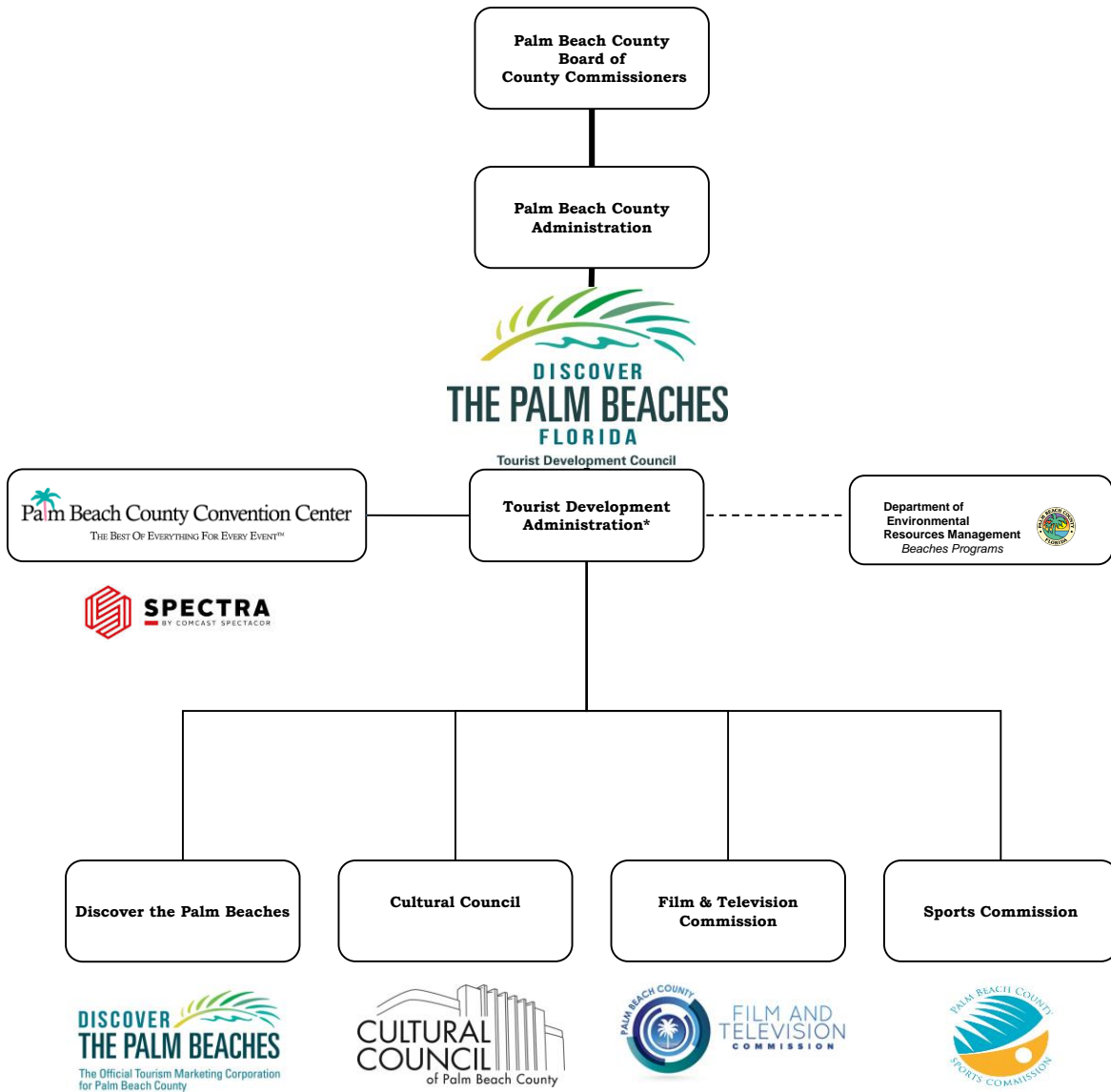
- ***Invest Tourism Taxes to Generate a Maximum Return***
- ***Determine the Success of each tourism program***
- ***Provide leadership in marketing and development of local amenities for future economic benefit***
- ***Advisory body to the Board of County Commissioners on Tourism matters***
- ***Ensure compliance with State & Local statutes governing Tourism***

Legal authority for the Palm Beach County Tourist Development Council (hereinafter referred to as the "TDC") is found under Section 125.0104, Florida Statutes, known as "The Local Option Tourist Development Act", the COUNTY has by Ordinance 95-30, as amended, established the TDC; has levied and imposed a tourist development tax; and has established a Tourist Development Plan for the use of the funds derived from the tax. As an appointed Advisory Board, the Council is bound by State and County Laws, ordinances, and procedures governing the Council members and their activities, as well as procedures for reviewing expenditures of tourist development tax revenues. The TDC is responsible for advising the COUNTY on the implementation of the Tourist Development Plan on matters related to tourism sales, marketing, advertising, tourism grants, and convention center sales in order to help increase overall visitation and lodging facility occupancy in accordance with State and County laws, regulations and procedures and within budgetary limitations imposed by the Tourist Development Tax Revenues. The TDC shall also approve and make recommendations for all contracted Agencies annual Marketing Plans and Budgets to ensure conformity with the Tourist Development Council Strategic Plan and the provisions of Section 125.0104, Florida Statutes.



Palm Beach County Tourism

The Organization



* TDC Administers 1st Cent Fund, 4th Cent Fund, Beach Programs, and Special Projects.

Effective October 1, 2015

Bed Taxes – 35 Year Historical Timeline



1982-1983 1 Cent 70% Marketing/30% the Arts



1984-1988 2 Cents 70% Marketing/30% the Arts



1989-1994 3 Cents 55% Marketing, 25% Arts
17% Beaches, 3% Sports



1994-2006 4 Cents 40% Marketing, 17% Arts
11% Beaches, 4% Sports, 3% Film
25% Debt Service Stadium/Conv.,
Convention Ctr. Operating & RR



2007- 2015 5 Cents 31% Marketing, 14% Arts,
8% Beaches, 4% Sports, 3% Film
20% Stadium/Convention
Debt Service, 20% Convention
Center Expansion, Operating & RR

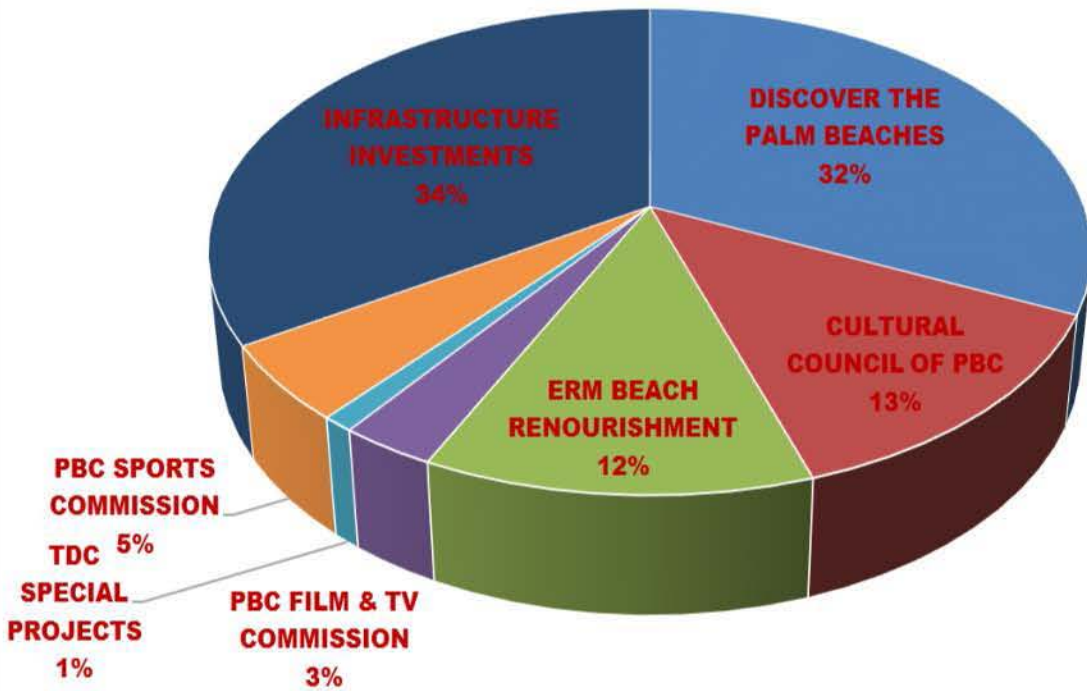


2015- Beyond 6 Cents 54% Marketing & Arts, 12% Beaches
17% Debt Service Stadium/Convention
Debt Service, 17% Convention Ctr. Expansion,
Operating & RR

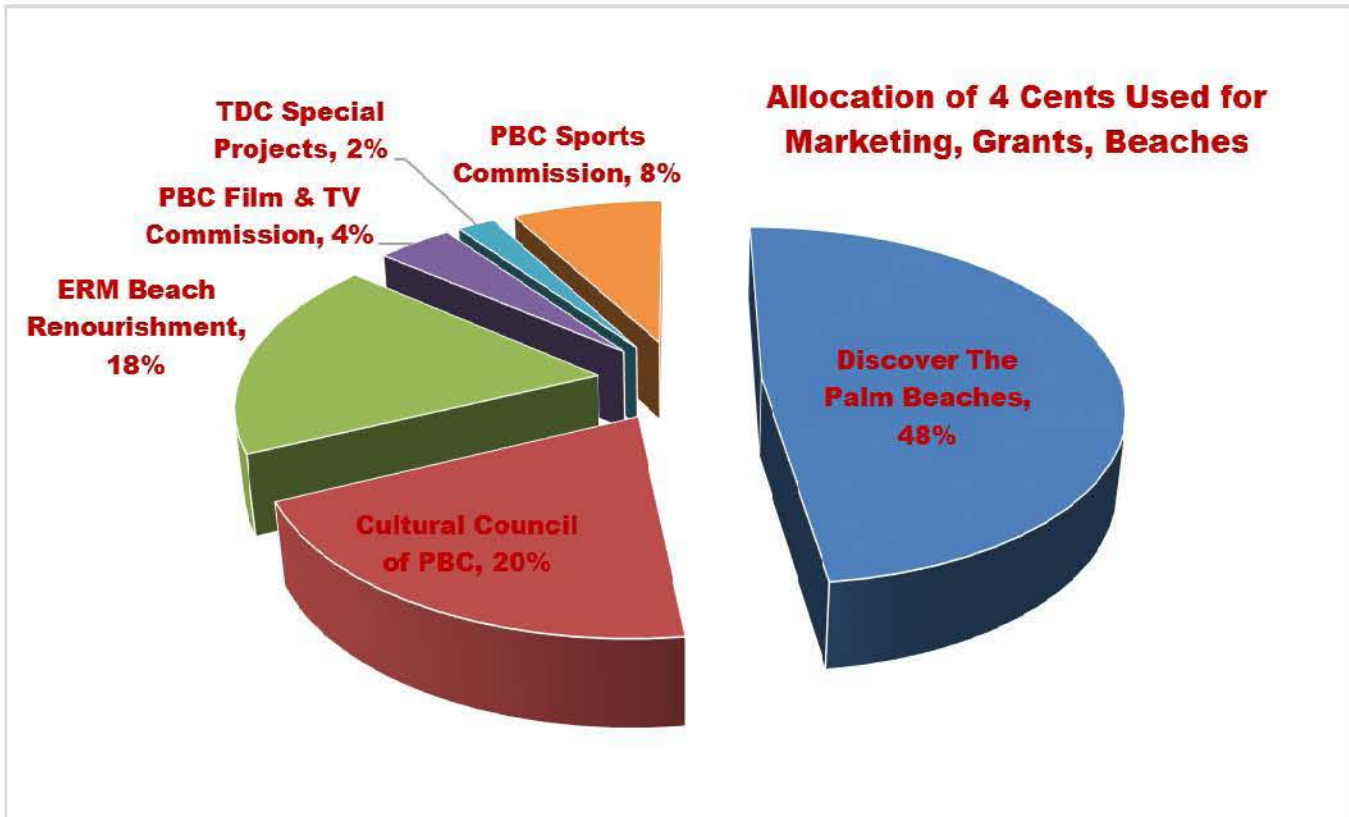


Bed Taxes – Total Allocation

BED TAX ALLOCATION FOR ALL SIX CENTS



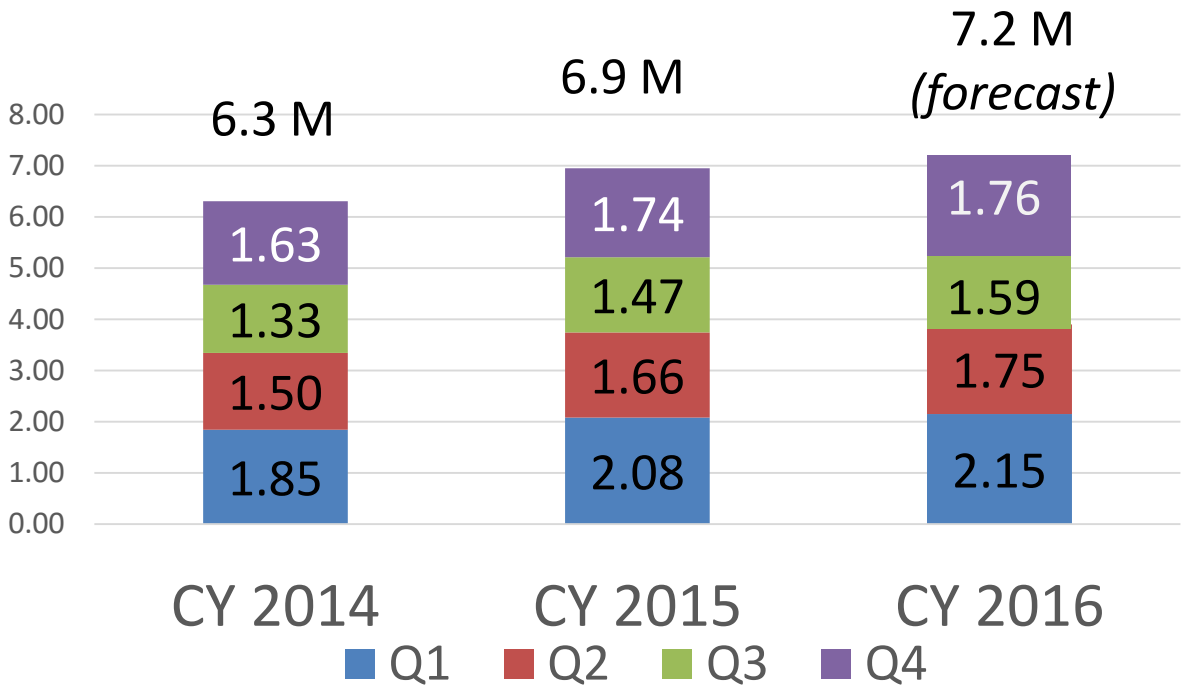
Bed Taxes – Marketing/Beaches Allocation



2016 Key Tourism Talking Points

- *Total Visitation projected to reach 7 Million plus*
- *Economic Impact from Tourism \$7.0 Billion plus*
- *Record Bed Taxes collected totaled \$47.1M*
- *Bed Tax Growth 10.3% year over year*
- *4.4 million room nights sold County-wide FY 2016*
- *Growth in Available Rooms 3.6% year over year*
- *Record New Inventory Growth of 1693 rooms*
- *Hotel Room Revenues topped \$730 million*
- *Hotel Revenue Growth up 3.8% over last year*
- *Non-Hotel (Condo, Timeshare, etc.) Revenue \$85M*
- *Non-Hotel Revenue Growth 6.8% year over year*
- *Cultural Tourists account for 7% of RN Sold or 308K*
- *Sports Grants produced highest room nights in history*
- *Sports assisted 152 events for over 203K room nights*
- *Discover Group Sales assisted 176K room nights*
- *Future Meeting/Events PBCCC Bookings 67K RN's*
- *PBCCC strongest financial year in facility's history*
- *PBCCC highest F&B Revenues in history*
- *Film & TV Perfect Place wins three Telly Awards*

Visitors to The Palm Beaches



Source: Estimates are extrapolated from aggregate card usage data provided by VisaVue® Travel and incorporate data from other independent research sources, such as TNS TravelsAmerica.



Hotel Room Nights

Fiscal Year Performance

3.6% Growth
Yr./Yr.

2.4%
Growth
Yr./Yr.

Total FY 2016
Room Nights
4.4 Million

Total
FY 2016
Room Nights
Available
for Sale
6.0 Million

Growth in Room
Nights Sold

Growth in Rooms
Available

Key Metrics Calendar Year January to December 2015

Occupancy Calendar Year

- 73.2% vs. 73.3%
(.1%) Decrease to previous year

Average Daily Room Rate

- \$165.65 vs. \$155.10
6.8% Higher than previous year

Revenue per Available Room

- \$121.26 vs. \$113.65
6.7% Higher than previous year

Source: Smith Travel Research



Key Metrics Calendar Year to Date January to October 2016

Occupancy Calendar Year

- 72.4% vs. 73.3%
(1.3%) Decrease to Last Year

Average Daily Room Rate

- \$167.43 vs. \$166.75
0.4% Higher than Last Year

Revenue per Available Room

- \$121.17 vs. \$122.28
(0.9%) Lower Than Last Year

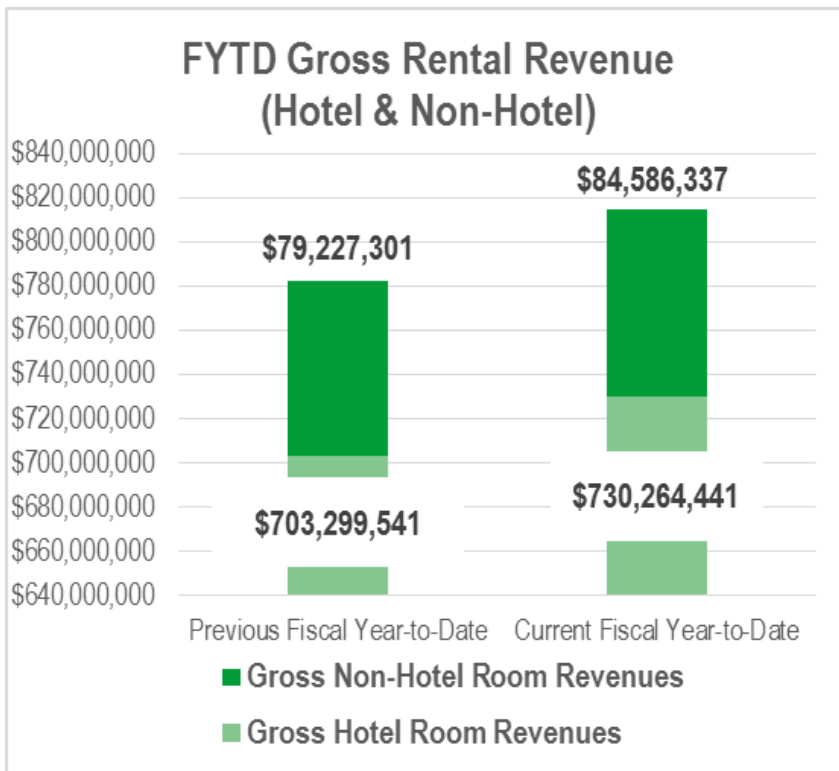
Source: Smith Travel Research



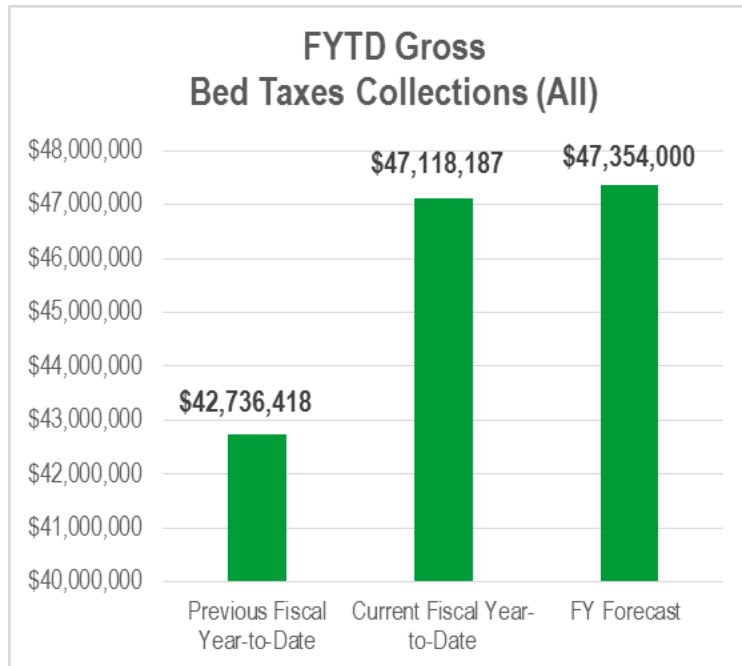
Fiscal Year 2016

Accommodations Performance - Actual

- Hotel Room Revenue 3.8% Higher than LY
- Hotel Room Revenues \$730 Million Dollars
16,748 Hotel Room Inventory (Peak February)
- Non- Hotel Revenue 6.8% Higher than LY
- Non- Hotel Room Revenues \$85 Million Dollars
Condominiums, Timeshares, Single Family Residential



Revenue Source- Tourist Development Tax (Bed Tax)



- Actual 2016 – 3.5% Growth per Penny
- Total Growth **10.3%** with 6th Cent Benefit
- Actual Revenue 2016 at \$47.1 Million
- Budget 2017 - **3.5%** per Penny
- Each Penny for 2017 Budgeted at \$8,117K
- Budgeted Revenue 2017 would be \$48.7 Million





Bed Tax Collections FY2016

- *Total Fiscal Year 2015/2016 Collections \$47.1M
Increased 10.3% over last year with 6th Penny
Each Penny of Bed Tax Collected grew at 3.5%*
- *Season (Dec – Apr) \$28.5M collected for 2016
9.3% higher than last Season with 6th Cent benefit
2.4% higher than last Season normalized*
- *Summer (May – August) \$11.0M collected for 2016
5.6% higher than last Season*
- 2014/2015 \$42.1M, Increase Yr. over Yr. of 20.8%*
- 2013/2014 \$33.3M, Increase Yr. over Yr. of 10.9%**

* Seven Months of 6 Cent Collections

** 5 Cent Collections

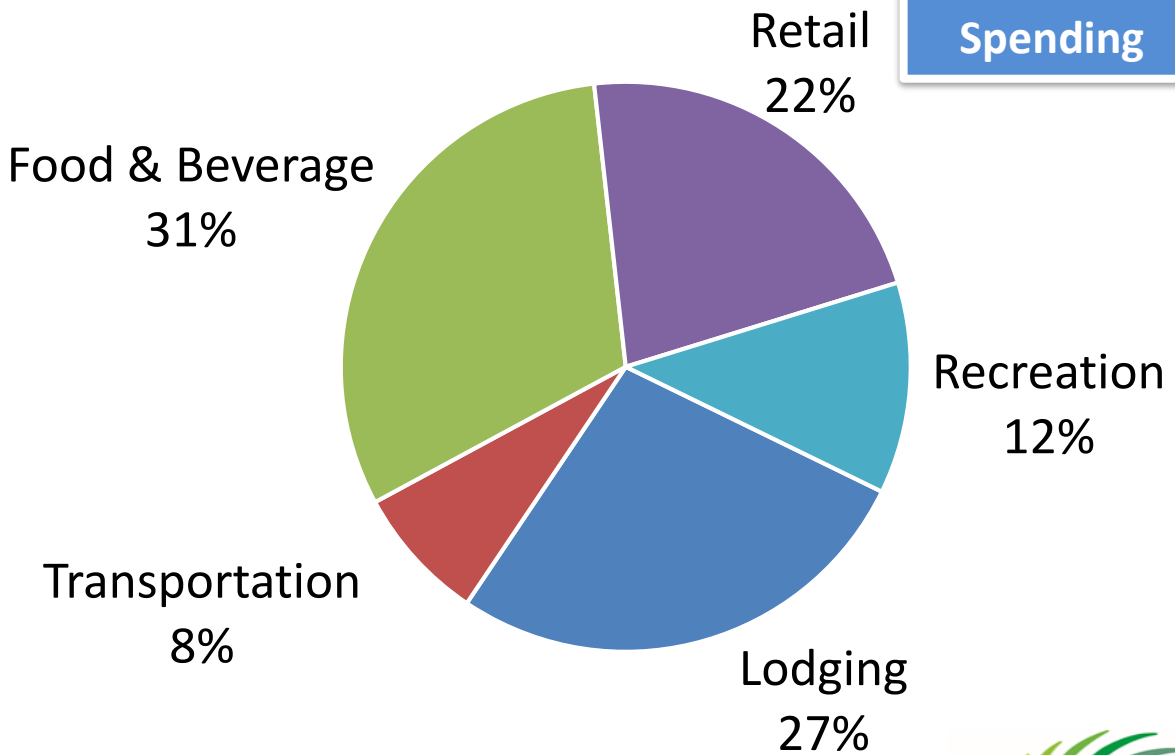


**\$7.0+ Billion
in Total
Economic
Impact**

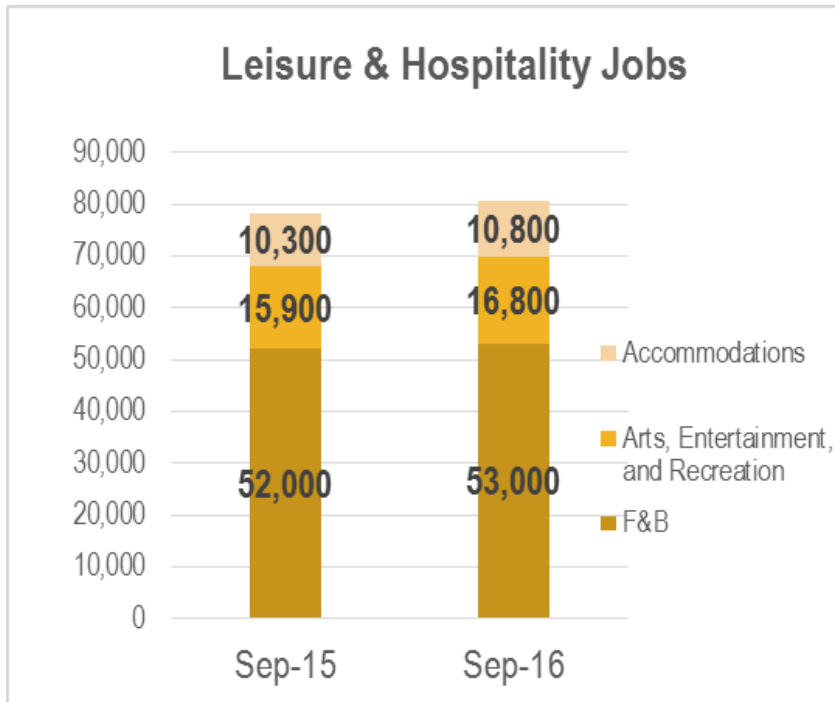
Economic Spending

**Spending by Sector in
The Palm Beaches**

**\$4.6+
Billion in
Direct
Visitor
Spending**



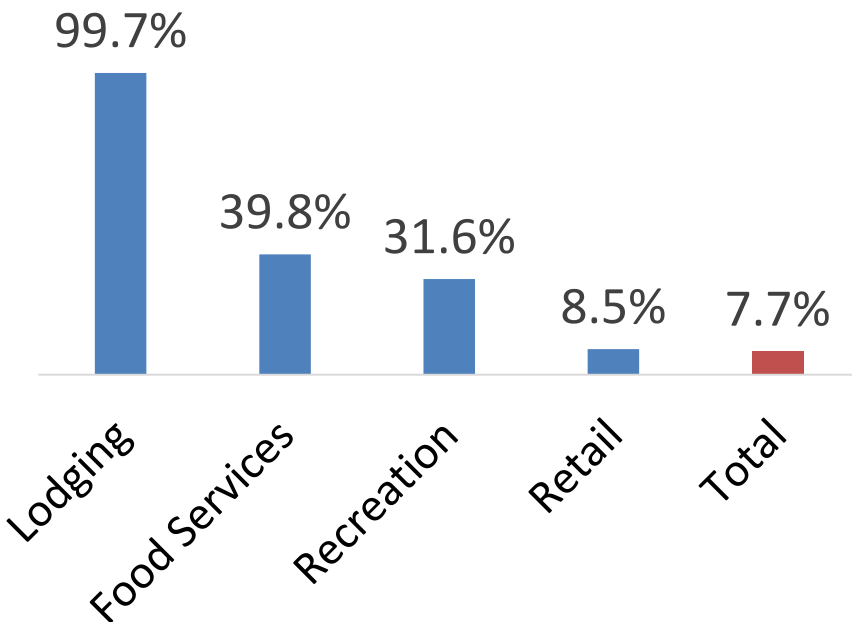
Employment- Non Farming



**Est. 80,600+
Sector
employment
for Hospitality
the Palm
Beaches**

**Est. 60,000+
Jobs servicing
tourists in the
Palm Beaches**

Tourism Employment Intensity by Industry Served in The Palm Beaches



**Est. 46,000+
directly
employed by
tourism in the
Palm Beaches**

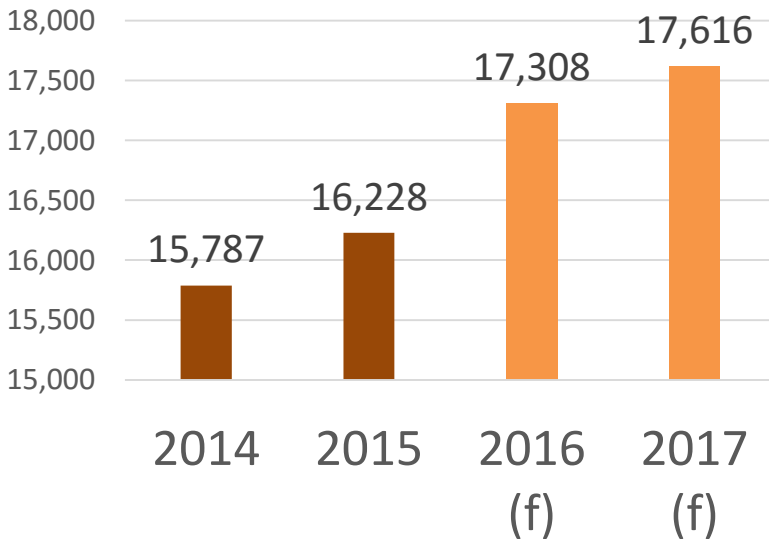
Source: 2016 DTPB Economic Impact Study

Total Nonagricultural Employment September 2016- 595,000 employees



Room Inventory Pipeline

Hotel Inventory in The Palm Beaches



Opening in 2016 – 1,080 rooms (+6.6%)
 Hilton CC - 400 rooms
 HI Express Boynton Beach - 92 rooms
 Hyatt Place Boca - 200 rooms
 Marriott Town Place Boynton - 112 rooms
 HI Express Lake Worth - 92 rooms
 Jupiter Pointe Marina - 54 rooms
 One WPB (formerly Hotel Indigo) - 130 rooms

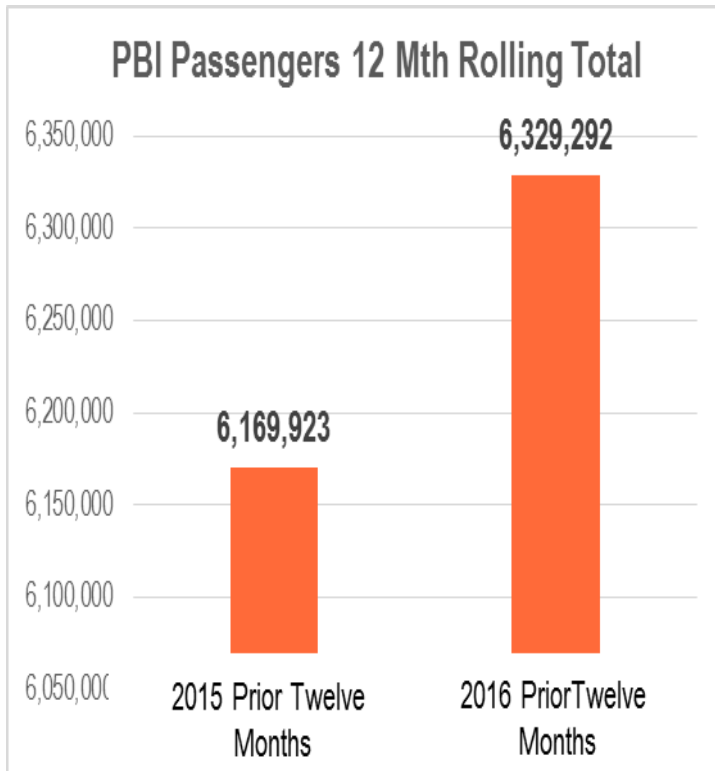
Opening 2017
 Canopy by Hilton Downtown WPB – 150 rooms
 Mandarin Oriental Boca – 158 rooms
Opening 2018
 Aloft Hotel Delray Beach - 121 rooms
 Aloft Downtown WPB - 140 rooms
 Marriott Renaissance WPB - 166 rooms

f = Forecast End of Calendar Year



200+ daily flights
27 Domestic and
International
destinations

Palm Beach International Airport



Passengers Through PBI Up 2.6% over
Previous 12 Month Rolling Actuals

Palm Beach International Airport offers nearly 200 nonstop flights daily.

- Named in top 5 Favorite U.S. Midsized Airports in 2016 Travelers Choice Awards on TripAdvisor
- Ranked by MSN as “Best TSA Checkpoint in the U.S.”
- Named the fifth best domestic airport in the 2015 Conde Nast

For more information, visit pbia.org.

2016 Discover Leisure Travel & Groups/Meetings

Business Intelligence

- Record 6.9 million visitors came to The Palm Beaches in 2015, Project 7.2 million 2016
- Record Room inventory growth 11 properties (1,693 rooms)
- Visitation from key target markets increased significantly
 - New York up 20%
 - Orlando up 18%
 - Boston up 16%
 - Atlanta up 11%
 - Baltimore/D.C. up 10%
- Visitation from international markets remains challenging with the strong dollar and continued economic issues
 - Canada down (2%)
 - Brazil down (21%)
 - Colombia down (13%)
 - Germany flat (+0%)
 - UK up 5%

Marketing

- Launched new mobile-first responsive web site and new URL – **ThePalmBeaches.com**
- Heavily re-engaged with Visit Florida to launch Chicago activation and re-launch London/UK presence

Meetings and Conventions

- Forecasted to reach over 100% of goal for Group hotel room night production goal.
- Joint sales and marketing efforts through Citywide Convention Development Task force partners, forecasted to increase overall Convention Center room nights booked by 200%

Visitor Services

- Expanded number of Visitor Information Centers by five to support collateral distribution and visitor experience: Lake Worth Visitor Center, Boca Raton Historical Society & Museum Delray Beach Chamber of Commerce, Palm Beach Chamber and Loggerhead Marine-life Center.

Jorge Pesquera
President & CEO
Discover



2016 Cultural Tourism Marketing & Grants

- The Cultural Council launched a highly successful advertising campaign supported by a robust social media campaign in New York and Boston, as well as the Florida drive market.
- Council created the **“See the Arts Through a Different Lens”** campaign and media purchases transitioned to 70 percent digital and 30 percent print. The campaign has exceeded expectations due the Council’s ability and diligence in getting celebrity endorsements.
- Three Visit Florida Flagler awards (including Best of Show) and an ADDY award. The silver Flagler was for tourism advocacy for the Cultural Concierge program and the bronze award was for the winter pop-art campaign.
- The advertising campaign was supported organically by social media on Facebook, Twitter and Instagram and soon evolved into a movement supporting arts and culture in The Palm Beaches and beyond—in such a way that it resonated with the defined target audience and The Palm Beaches community.
- A movement was coined “Shades Of Culture” and a multi-tiered strategy was established to optimize reach and engagement to current followers, the community and beyond.
- The Cultural Concierge program launched in November 2015. The Council employed cultural assets, creative partnerships and shared interests in tourism to enhance the local economy by promoting The Palm Beaches as Florida’s Cultural Capital®.
- Cultural Council administrated the contractual grants for tourism marketing and promotion on behalf of the Board of County Commissioners to Palm Beach County Cultural institutions in the amount of \$4.1 million



Rena Blades
President & CEO
Cultural Council



2016 Sports Tourism Marketing & Grants

- For FY 16, the Sports Commission developed and supported its largest collection of sporting events, since the Commission's inception.
- The portfolio included 152 events attracting visitors from across the state, nation, and globe.
- For the first time in its history, the Sports Commission supported the production of more than 203,000 room nights.
- The Sports Commission collaborated with 11 sports events that created regional, national, and international television media for the Palm Beaches.
- Sports Commission captured the "Olympic Spirit" for Palm Beach County this summer by organizing several Olympic related competitions and training events. These events featured Olympic track and field athletes from the United States and the Caribbean islands; the USA Badminton National Championships, the Olympic Soccer Challenge, which showcased the national soccer teams for Argentina, Colombia, and Haiti; and an Olympic training forum for the Synchronized Swimming teams of Canada and Switzerland.
- The American Youth Soccer Organization (AYSO) partnered with the Sports Commission to host its National Games at the International Polo Club in Wellington, from July 5-10, 2016. AYSO National Games attracted 230 teams, 4,200 athletes, and more than 10,000 total visitors from across the United States. This event generated over 11,600 hotel room nights.
- In partnership with Discover the Palm Beaches and the Palm Beach County Tourist Development Council, the Commission supported an effort to host a college football bowl game in Palm Beach County for the second consecutive year. The Boca Raton Bowl took place on December 20, 2016 and was televised live in prime-time on ESPN.
- The Palm Beach County Sports Commission significantly increased its Grant support for the Winter Equestrian Festival. The Winter Equestrian Festival is a 12 week circuit that consists of the nation's premier equestrian showjumping events.



George Linley
Executive Director
Sports Commission

2016 Film & Television Content Marketing

- Celebrating 27 years, the Film & Television Commission (FTC) had a record-breaking year for Production Revenue exceeding our goal by 32%. To date, Total Leads and Lead Responses have surpassed our goal by 9%, and Non-Permitted Production tracking has exceeded by 20%.
- The FTC completed its second year of marketing The Palm Beaches through the Tourism Branded Content Sponsorship Program. The program currently has 37 projects in process, up from 25 in FY15. A total of 15 total projects have been completed, a sampling of which includes: *Discover The Palm Beaches - The Perfect Place*, Nikon's *Birding Adventures TV*, *Travels & Traditions with Burt Wolf*, Golf Channel's *Ginella's Journeys*, and one of four episodes in the South Florida PBS signature series *Around The Corner in The Palm Beaches*.
- An award-winning year for the FTC at the 37th Annual Telly Awards, with the 20th Annual Palm Beach International Film Festival and Student Showcase of Films *Red Carpet Highlight Show* winning the Bronze Award for "TV Programs, Segments, or Promotional Pieces" and *Discover The Palm Beaches – The Perfect Place* winning a Bronze Award in "Editing" and two Silver Awards in "Cinematography" and "Film – Travel/Tourism".
- The FTC Team has expanded its social media presence to include Facebook, Twitter, YouTube, and Pinterest with plans to launch on Instagram and LinkedIn.
- Despite substantial legislative efforts Florida's Entertainment Industry Financial Incentive program was not allocated additional tax credits, renewed, or replaced by another program. The program officially sunset on July 1, 2016.

Chuck Elder
Film & TV Commissioner
Film Commission



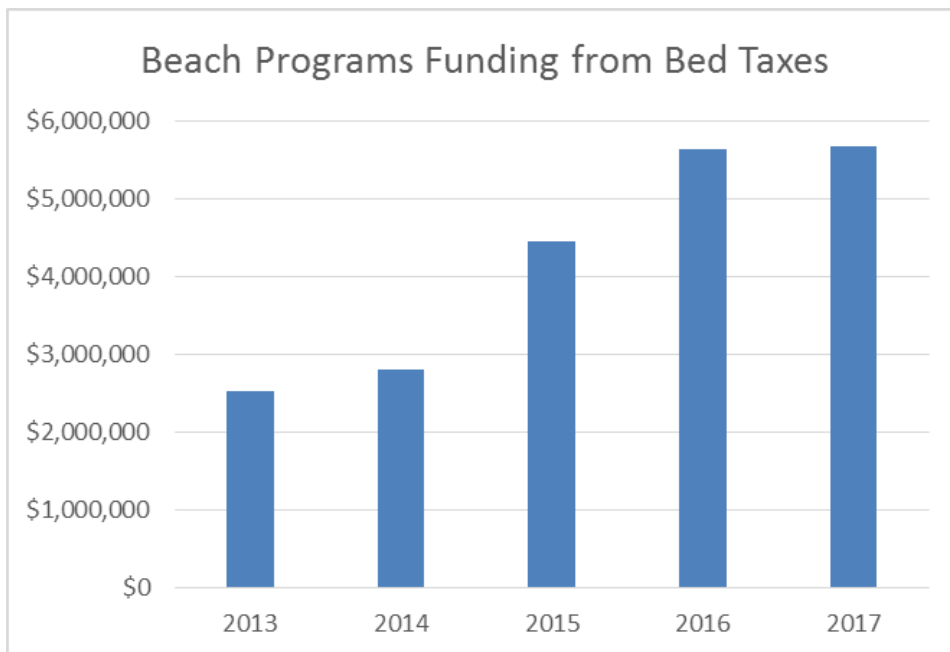
2016 Conventions and Shows

- Strongest financial year in the 13 year history of the Convention Center.
- Despite construction challenges and booking conflicts, rental income is projected to be the highest rental income in the facility's history.
- Net Food & Beverage projected to post the highest revenues in the building's history.
- Actualized over 19,956 room nights by the end of the 2015/2016 fiscal year.
- Booked over 67,294 future room nights within this fiscal year for years as far out as 2022.
- TDC Incentives to date has assisted with Definite 43,300 room nights for \$294K or \$6.79/RN
- TDC Incentives in Tentative proposals assisting 37,400 room nights for \$276K or \$7.38/RN
- Palm Beach County was selected and secured contracts for the Florida Governor's Hurricane Conference for 3 straight years (2017, 2018, 2019) with 3330 contracted room nights per year.
- Assisted Discover The Palm Beaches in hosting over 30 qualified meeting planners and industry professionals in Palm Beach County through Destination Reviews in December 2015, June 2016 and July 2016.
- PBCCC and Discover The Palm Beaches hosted 110 American Express Global Meetings and Event planners
- We continue to excel with the customer satisfaction surveys, currently averaging 4.73 points on a scale of 5 points.
- Convention Center Parking Garage (2638 spaces): Expected completion date is first quarter 2017. We are faced with limited parking availability due to the ongoing garage construction since June 2015, approximately 650 spaces of the 1100 spaces have been lost for event use.



Dave Anderson
VP Spectra Venue Mgmt.
General Manager
PBC Convention Center

TDT Funds to Beaches



- Actual 2013 – \$2.525 Million
- Actual 2015 – \$4.450 Million
- Growth **in 2015 - 76%** with 6th Cent addition
- Actual 2016 – \$7.046 Million includes reserves from remaining from 2015
- **Budget 2017 - \$5.681 Million**



2016 Tourism Infrastructure Investments

- The 1st and 4th Cent TDT available funds provide for debt service, construction, replacement and refurbishment of tourism generating assets.
- The 1st and 4th Cent revenues are projected at \$16 Million in 2017, with expenditures estimated at \$20 Million, decreasing our 1st and 4th Cent reserve position to \$6 Million.
- Maintaining this level of reserves for these two pennies to cover contracted financial debt service commitments along with funding renewal and replacement of tourism constructed assets is critical.
- Our overall Tourism Strategy of Marketing, Promotion, Beach Renourishment and providing Grants to grow the Tourism Industry in Palm Beach County is dependent upon utilizing all six cents of TDT collected annually, while maintaining appropriate levels of reserves.



Palm Beach County



***Tourist Development Council
For More Information***

Visit:

<http://discover.pbcgov.org/touristdevelopment/>

