

**MINUTES OF MEETING
BOARD OF COUNTY COMMISSIONERS
ST. JOHNS COUNTY, FLORIDA
MAY 12, 2009
(1:00 P.M.)**

Proceedings of a special meeting of the Board of County Commissioners of St. Johns County, Florida, held in the San Sebastian Conference Room at the County Administration Building, 500 San Sebastian View, St. Augustine, Florida.

Proof of publication of the notice of a Special Meeting of the Board of County Commissioners of St. Johns County on May 12, 2009 at 1:00 p.m. to hold a workshop, the purpose of which is to discuss the Tourist Development Council, was received, having been published in *The St. Augustine Record* on May 7, 2009.

Present were: Cyndi Stevenson, District 1, Chair
 Ron Sanchez, District 2, Vice Chair
 Mark P. Miner, District 3
 Phillip Mays, District 4
 Ken Bryan, District 5
 Michael D. Wanchick, County Administrator
 Michael Hunt, Deputy County Attorney
 Patrick McCormack, County Attorney
 Terry Bulla, Deputy Clerk

(05/12/09 - 1 - 1:17 p.m.)
CALL TO ORDER

Bryan called the meeting to order.

(05/12/09 - 1 - 1:17 p.m.)
ROLL CALL

All five commissioners were present.

(05/12/09 - 1 - 1:17 p.m.)
ADDITIONS/DELETIONS TO THE SPECIAL AGENDA

There were none.

05/12/09 - 1 - 1:17 p.m.)
APPROVAL OF THE SPECIAL AGENDA

No action was taken.

(05/12/09 - 1 - 1:17 p.m.)
1. TOURIST DEVELOPMENT COUNCIL DISCUSSION

This item was continued from the Regular Agenda on May 5, 2009 per request of the Board of County Commissioners. The purpose of the special meeting was to discuss the Tourist Development Council (TDC) and the Visitors Convention Bureau (VCB).

Commissioner Bryan gave the presentation and said he would be covering basic information and looking at the direction in which the County should be moving. He gave a PowerPoint presentation (Exhibit A). He reviewed the Tourist Development

Council Ordinances: the Florida State Statute 125.0104 passed in 1977 which allowed each Florida County to levy a local option Tourist Development Tax aka "Bed Tax" to promote & develop tourism as needed in each unique county. Subsequently the County Ordinances 78-33, 78-59 and 81-81 were all defeated by wide margins.

Bryan reviewed the "Bed Tax" Journey and noted a grassroots group worked for one year to educate the public on the benefits of shared distribution and proposed: 40% for advertising/promotions, 30% for cultural development, and 30% for leisure and recreational development. He noted County Ordinance 87-72 was passed 10 years after the State implemented the Local Option Tourist Development Tax (Bed Tax). It was dedicated revenue sharing between advertising, culture and recreation for tourism and advancement of local quality of life for enhanced visitor experiences.

Bryan said County Ordinance 91-44 was passed and the St. Augustine Chamber of Commerce was to manage the advertising portion, the Local Arts Agency was to manage the cultural development portion, and the St. Johns County Parks & Recreation Department was to manage the leisure and recreational development. He stated that the Ordinance was important because in 1991 the Chamber pushed to get more advertising for economic development with no notice to the public or the Local Arts Agency or County Parks & Recreation, and the Board of County Commissioners passed a 3rd cent bed tax for advertising. That action appeared to have violated the spirit of the agreement in the founding Ordinance 86-72 and of the tax payers' intent. He said in 1991 the BCC created that ordinance which shifted the total "Bed Tax" revenue from its original intent of 40/30/30 to the 3 cent bed tax going entirely for advertising. He said it was done acting on behalf of the citizens of St. Johns County without a voter referendum.

Bryan explained the three TDC funding categories: Category I - advertising, research, trade shows, visitor centers, public relations, communications and staff. Category II - events, visitors' centers and advertising. Category III - beach renourishment, sports events and recreation.

He outlined the role of the Tourist Development Council: to meet at least once a quarter, to make recommendations to the County governing body for effective operations of special projects or use of the TDC tax revenue, to perform such other duties as prescribed by County Ordinance or Resolution, to continuously review expenditures of revenues for the TDC funds, and to receive at least quarterly, expenditure reports from the County governing board or its designee, to serve as contract managers for operating agents that administer the TDC funds, to provide oversight & maintain accountability, and to hold managing experts agencies to the highest levels of accountability, and to insure the highest return on investments on different areas of bed tax investment.

Additionally, Bryan outlined the role of the TDC Council Director: to report directly to the County Administrator, to oversee contract compliance of managing agencies, budget management and leadership on all County tourism issues, to set strategic plans for the County's tourism activities, analysis and plan for a time of crisis, to define the "BRAND" and to keep the Commissioners and the TDC informed on all tourism activities in all areas, including marketing, culture, sports, film, etc.

He reviewed the role of the Visitors Convention Bureau (VCB): to act as a destination marketing organization for the entire county; to promote their communities by bringing in more meeting and pleasure travelers, its funding was through Category I collections (40%); to market VCB markets and the visitor products and leaves the visitor product development to other private, public and non-profit agencies; to market destinations by

attracting large and small meetings, pleasure and travel groups, and independent travelers; to focus primarily on the marketing and sales of the destinations' attractions, events and facilities.

He also explained the role of the Visitors Convention Bureau Director, who was responsible for the daily management of VCB staff, administration of the budget, as well as development, coordination and execution of sales and marketing activities to attract meetings, conventions, tour groups and leisure travelers to all destinations within St. Johns County.

Bryan suggested the following topics for discussion: guidelines and restructuring, transparency, oversight of TDC and VCB, establishment of a "brand" within the respective geographical areas of the county, vacation of the current budget until the BCC can get the TDC operating on a reasonable basis, reappointment of the TDC Board Members, and the review and updating of the VCB contract.

He reviewed the current TDC and VCB organizational structure and proposed a new organization structure. He showed a chart that gave the TDC collections for 2006 based on zip codes, and he reviewed another chart which showed occupancy based on zip codes. In closing he summarized that they needed to get back to the 40/30/30 percentage distribution required by law.

(1:36 p.m.) Wanchick said direction to staff was the most important thing that could come out of that meeting. He asked the Commission for direction. He said Glenn Hastings was also going to do a presentation, but it would no longer be necessary.

(1:39 a.m.) Stevenson said she asked if the other Commissioners had had an opportunity to get all the information they needed. She said her primary concern was that they consider whether they wanted to change the Ordinance or not. Especially the Chairmanship of the TDC, whether to rotate it, and whether the basic representation on the Board was geographic or not.

(1:42 p.m.) Sanchez said he wasn't sure whether they needed to relieve the entire Board. Stevenson said they could extend their terms. Sanchez said he wanted basic information, the foundation, the structure. He said they needed to look into it and see if the one cent extra was done properly or should have gone into the same distribution as the other money. He said what the voters voted for, was the law. He asked if it was handled properly. He said he wanted to know the structure of the TDC members and how they were represented. He said the biggest question was what was being done overall and what should be happening. He said the public did not understand it.

(1:45 p.m.) Miner said he agreed and would also like to see staff do some benchmarking with other counties in Florida.

(1:46 p.m.) Mays said they should reset the board and vacate the budget request for 2010. He said they needed to move forward in a new way.

(1:47 p.m.) Stevenson asked what the primary issue was.

(1:47 p.m.) Miner said the overall issue was how the budget was being spent.

(1:48 p.m.) Sanchez said the increase of the bed tax and how it was being used was an issue, but the main issue was that there was an unusual situation in St. Johns County; it was very diverse, and many parts of the County were very different. He stated they

needed to find ways for people to work together for what was best for the tourism business of the entire county, not just for a certain group.

(1:49 p.m.) Mays said General Managers at Sawgrass and Marriott said the first thing they did, when people came, was to tell them the other parts of the County they could visit. Sanchez said they all needed to share that type information for all parts of the county, and for each other. Mays suggested allowing the current members to reapply, but to bring in people for all parts of the county. He said all special interests could not be protected.

(1:52 p.m.) Stevenson reviewed who could serve on the Board, and from what areas, as it was set up in the Ordinance: 3 elected, 3 that paid or managed bed tax collections, and 3 people who did not pay or manage bed tax collectors. She said there were geographic interests as well as specific "other" interests. She said they could think about both appointments for Category II and the TDC along those lines, because there were certain areas that traded together and many people didn't know that they were eligible to be appointed.

(1:54 p.m.) Bryan said they were looking at getting back to basics and starting over. He said people currently on the board could reapply, and more people were now interested. He said they could get back regarding a new contract with the VCB. He said Glenn Hastings needed help, as his plate was full.

(1:55 p.m.) Sanchez said he did not feel comfortable vacating the board until they decided what type of board they wanted. He suggested that they allow the board to function as it currently was, and it would take several months before they could take any action.

(1:56 p.m.) Mays said the Board should remain until they had time to reorganize it, but they could start taking applications. He said TDC and VCB budgets would be heavily scrutinized for transparency to make sure they were fair and reasonable for the County.

(1:57 p.m.) Bryan said there were successes in the County, including the Amphitheatre, and they needed to capitalize on them. He noted that the return on the investment was important. Sanchez said the Amphitheatre was doing exactly what it should be doing, and it should be utilized to promote the County, as it benefited tourism.

(2:00 p.m.) Discussion ensued regarding marketing issues and cross promoting. Mays suggested that outside marketing companies should be allowed to take a fresh look at what they were doing with the VCB marketing money and to get new ideas that were technologically integrating all of the counties systems.

(2:01 p.m.) Miner said the TDC and VCB should be separated. Mays agreed.

(2:02 p.m.) Wanchick suggested they review each of the discussion points that Bryan had presented. He said they wanted to look at the historical enabling legislation from the State that created the TDC, and the related County Ordinances. He suggested that they needed a legal opinion to define Categories I, II and III once and for all. He said transparency was apparent and appropriate. He said their thoughts on the oversight of the TDC and VCB would be evaluated and staff would bring something back to them on that issue. Miner interjected that he had requested that each committee of the Board should have their budget posted on the website and that had not occurred. Sanchez noted that education on the bed tax was important so that county residents would understand that their taxes were not being increased. Stevenson emphasized that they needed to demonstrate that they were good stewards of the money collected.

(2:05 p.m.) Wanchick said it was a constructive dialogue, and it was important to take a moment to revisit it to see if it was the right structure, the right staffing, the right people on the board and whether they felt comfortable with all its aspects.

(2:06 p.m.) Michael Hunt, Deputy County Attorney, said he needed further direction from the Board regarding the need for a legal opinion on the structure and amount of funding. He asked what, specifically, they were talking about in the context of what the statute said. Sanchez answered the one cent tax needed to be looked at, and secondly, were they doing what the voters asked them to do. Wanchick said in Category II there were questions as to whether the funds were being spent consistently with the enabling legislation. He said they needed to determine whether it was or not, and put the issue to bed. Bryan said they needed to clearly define what Category II was and then what money in that category could legally be spent on. Hunt said the legal qualifications might differ from the policy decisions. He said it would be the Board's decision on how to categorize it and where they wished to spend money. Mays said they needed a clear understanding of what the legal requirements were, and then a policy could be formulated based on that. Bryan said the 1991 decision by the Board to raise the bed tax by one cent, needed to be examined to determine whether it was legal or a policy. Sanchez said he wanted to know what the voters had decided on regarding percentages. Stevenson said the Board did have the authority to make that decision legislatively.

(2:13 p.m.) Wanchick continued with the discussion points. He said he had heard that vacating the current budget was the preference, and he asked how they would bring that back to the process procedurally. Mays said for the '09 budget, they needed to see what had been spent in each category, what was earmarked and see what was left. He said they needed to look at outstanding obligations. Wanchick asked if they wanted feedback on the current budget that was approved by the Finance Committee. Bryan said they wanted to look at the line items and determine if that was where they wanted the funds to go. Miner said that would be an appropriate workshop for the Board. Mays said there could be some inappropriate earmarks. It was clarified they were looking at 2009 and would be vacating 2010, hopefully.

(2:15 p.m.) Wanchick said he heard them say they wanted to start the reappointment process but keep the current TDC board in tact for the moment. He said they would continue to serve and one vacancy would not be filled. He said they had also given the clear direction on updating the VCB contract and to look at the various options. Bryan said the contract was renewed automatically every year without review. Wanchick said they also wanted staff to look at public versus private for VCB.

(2:17 p.m.) Glenn Hastings said there was additional resource material which he had prepared. He said the disc included in their packets provided information from the State of Florida and the history of the State Statute. He said it went back to the Category II program.

(2:18 p.m.) Miner said he specifically wanted to know, in his benchmark request, what other counties were doing with organizational structure.

(2:18 p.m.) Wanchick said they would give them a point by point response for everything that they had asked for.

(2:18 p.m.) McCormack cautioned on the point of vacating the current budget, regarding contracts formed under the current budget, that they not send a message that they were vacating, because that could cause concerns for breach of contracts. It was clarified that for 2009, the budget would just be reviewed, not vacated.

(2:19 p.m.) Stevenson commented on the ways revenues were allocated in Categories I, II, & III, regarding a technical interpretation in the accounting procedure that allowed them to sweep the budget and reallocate it at the first of the year. She said they also needed clarification on that because of the inconsistency. She said there were local reasons for the way it had been done.

(2:20 p.m.) Hunt said they needed to keep in mind the power and authority of The Clerk of the Court and any matters needed to be coordinated with the Clerk.

(2:21 p.m.) Wanchick said it was a Commission Workshop and asked, with the Boards agreement, if they wanted the public to make comments.

(2:22 p.m.) Andrea Samuels, St. Augustine Beach Commissioner, 110 Mickler Blvd., St. Augustine Beach, spoke regarding restructuring the TDC Board, and asked what requirements there would be regarding non elected members. Sanchez said they did not know that right now. Hastings stated that the statute said that they had to have 3 accommodations related people, 3 elected and 3 tax collectors accommodations owner/operators.

(2:24 p.m.) Phil McDaniel, 51 Water Street, thanked the Commission for taking on the issue. He encouraged them to add another discussion point: the definition of what the original intent was. He also encouraged them to look at other counties that emphasized culture in their tourism promotional models.

(2:26 p.m.) Paul Williamson, Public Affairs Director, City of St. Augustine, spoke regarding zip codes and where the money was coming from. He asked them to be careful about that. He said they needed to look at how the money was needed, rather than distribution by zip code. He said the zip codes did not follow boundaries by cities and where those applications originated.

(2:27 p.m.) Bill Leary, City of St. Augustine spoke regarding benchmarks, and suggested looking at the way other counties had defined terms they were interested in, and with more specificity as to who qualified and to categories of expenditures.

(2:28 p.m.) Charlie Doolittle, President of the Emma Concert Association, 3627 Longmore Trail, stated that the definition of the categories was very important, particularly with Category II. He said he was surprised to see the Visitors Center included in Category II and would never have expected that.

(2:29 p.m.) John Yanni, 38 Lee Dr., St. Augustine Beach, collector of the tax and former TDC member from 1996 thru 2000, and a founder member of the VCB, commented on the historic and geographical diversity of the TDC. He said that the tradition had been that one tax collector would come from Ponte Vedra, one from the City, and one from the City of St. Augustine Beach. There was also a tradition of the parties who had a vested interest in tourism to have the same diversity. He said that never changed until after 2000. He stated that regarding reappointments to the TDC, that some degree of continuity was important, so that they had some new members coming in and some who had been there for awhile. He advised them to keep in mind that some things are tradition because of the tourism industries' positions. He also noted that regarding Ponte Vedra, St. Augustine and St. Augustine Beach, they could not necessarily say that what percentage was collected and what was expended was the same, based on area. He said there was a certain amount of overlap and certain circumstances in the various areas. He said the people in Ponte Vedra felt that they were not getting their fair share.

(2:32 p.m.) Mays said they were hearing the same thing from the people in St. Augustine Beach as well. He said the ratios were not anything close to what they were seeing on the bed tax. He said the two main generators of bed tax in Ponte Vedra had told him, if the TDC and bedroom tax was gone tomorrow, that they would not lose one bed night, and they provided about one third of the bed tax. Sanchez said that was what they wanted to fix.

(2:33 p.m.) James Bullock, 3643 Fort Peyton Circle, said the discussion had been productive and it was a thorny issue. He said they were on the right track. The solution should be representative of the culture and history of this place so that it spoke to all people and was part of their responsibility and obligation.

(2:34 p.m.) John Johnson, P. O. Box 2206, Carriageway Bed & Breakfast, noted that a lot of information could be gathered from various organizations, including the American Hotel License Association, regarding bed tax, and asked them to look at that before they decided on anything regarding increasing the bed tax. He said an increase in marketing was being undertaken by most. He said he would try to get information to everyone regarding impact studies.

(2:35 p.m.) Chares Cox, Chairman of the VCB, 3689 Wenworth Trail, said people didn't know what got funded and how. He said a local PR effort for transparency was important. He said State statutes were also important and needed to be looked at. He cautioned about an outside ad agency, and said a lot of money could be wasted in that endeavor. He said allocation is not necessarily that the exact money went back to each geographical area, and there was a misconception. He said we were still the Nations oldest City and that was an enormous draw. He cautioned that we needed to lead by example.

(2:37 p.m.) Helen Toby, 107 B Aricola Ave., commented on being an integral part of historical involvement in Virginia with tourists and tourist development. She commented on the historic aspects of St. Augustine, and said they were leaving out many minority elements, including the Greek Landing, Native Americans, African Americans at Fort Mose and the Oldest Jewish Synagogue in the United States, and they needed to include everyone.

(2:41 p.m.) Ginger Lee Peace, Executive Director, Ponte Vedra Chamber of Commerce and the new Visitor's Center, said they all lived in St. Johns County. She said they had hosted over 300,000 the past weekend at the TPC and were watched by 550 million people in 32 countries, and that was an asset to St. Johns County. She said they were not there because they wanted a fair share, they just wanted a share, and wanted help with their marketing. Mays commented that there needed to be a fair, reasonable and a rational basis of how the bedroom tax dollars were spent and how the County was marketed. He said it was not only geographic, but included categories, and they were trying to break it down into something that made sense for everyone.

(2:43 p.m.) Robert Burton represented Dennis Hollingsworth, St. Johns County Tax Collector. He said they had an interest in the matter as well. He suggested they be cautious when using zip code historical data, because they had changed over the years, and to make sure the data they used was the most recent data. He said their department made adjustments once a year on the annual updates. He also asked them to include them on any discussions involved with tax increases.

(2:44 p.m.) Maureen Ortagus, Public Image Consulting Group, commented on public confidence and said televising meetings would help, and following up on individuals that were getting TDC money and if they were spending it appropriately, would also

help. She said she worked with organizations in Category II, and some organizations were not spending the correct amount on advertising or keeping up to date records.

(2:45 p.m.) Fred Harris, 829 Kings Estate Rd., St. Johns County Recreation Advisory Board, said he was not speaking for the board. He said there was an issue with the TDC and VCB, and the best way to address it was to look at the people on the Board. He said they should have the fortitude to rise above their special interests, and that should be considered when they made appointments.

(2:46 p.m.) Glenn Hastings said they were mid-way through the Category II process for grants for next year. He asked if they should put those on hold for awhile.

(2:47 p.m.) Bryan said they should look at things that had a timeline and they did not want to prevent an event from occurring. He said they would leave it up to him to let the County Administrator know if there were any issues or pending applications that needed to be addressed sooner than later.

(2:47 p.m.) Wanchick said they would keep the Board up to date on those issues.

(2:47 p.m.) Mays asked the next meeting date. Sanchez suggested one month and Wanchick said that sounded good.

(2:48 p.m.) Andrea Samuels said she had heard about the Amphitheatre and Ponte Vedra Beach, but nothing about the St. Johns County pier, and they needed to look at the pier area, as it was a major attraction and brought in thousands of people as well.

(2:49 p.m.) **Motion by Mays, seconded by Sanchez, carried 5/0, to adjourn the meeting.** With there being no further business to come before the Board, the meeting adjourned at 2:49 p.m.

Approved _____ June 2 _____, 2009

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

By: Cyndi Stevenson
Cyndi Stevenson, Chair

ATTEST: CHERYL STRICKLAND, CLERK

By: Yvonne King
Deputy Clerk

