DALI MUSEUM - EVALUATION OF CURRENT CAPITAL PROJECTS FUNDING REQUEST

MAY 12, 2023

Pinellas County

ST.PETE CLEARWATER

CROSSROADS CONSULTING

Report Letter

May 12, 2023

Mr. Steve Hayes, President & CEO
Visit St. Pete/Clearwater
8200 Bryan Dairy Road - Suite 200
Largo, FL 33777

Dear Mr. Hayes:

Crossroads Consulting Services LLC has completed its advisory services engagement related to assisting Pinellas County and Visit St. Pete Clearwater with reviewing and evaluating the current capital projects funding request made by the Dali Museum.

The information contained in the report reflect analysis of information provided by secondary sources including, but not limited to, data obtained from Visit St. Pete Clearwater, Pinellas County and Dali Museum management. We have utilized sources that are deemed to be reliable but cannot guarantee their accuracy. Estimates and analysis used regarding this project are based on trends and assumptions and, therefore, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no obligation, unless subsequently engaged, to update this report or revise the information contained therein to reflect events and transactions occurring after the date of this report.

We have enjoyed serving you on this project and look forward to providing you with continued services.

Sincerely,

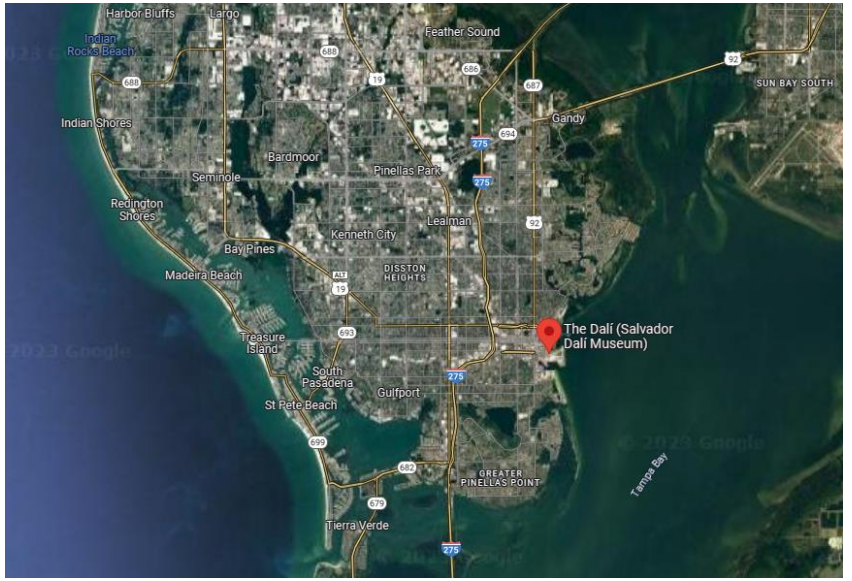
Crossroads Consulting Services LLC

Introduction & Objectives

The Pinellas County Convention and Visitors Bureau, dba Visit St. Pete/Clearwater (VSPC), serves as the official tourism marketing and management organization for Pinellas County (County). The County collects a 6% Tourist Development Tax (TDT) on all overnight tourism accommodations within the County. These tax revenues are used to fund the County's Tourist Development Plan which focuses on bolstering the local economy and increasing employment through the ongoing promotion and development of tourism in the County.

The Tourist Development Council (TDC) and VSPC make recommendations to the Board of County Commissioners (BCC) on matters relating to the TDT including how best to spend tax proceeds on funding capital projects. Crossroads Consulting Services LLC was engaged by the County to assist in reviewing and evaluating capital projects funding applications in accordance with the Capital Projects Funding Program Guidelines (CPFP Guidelines), the key rating criteria of which include:

- Annual tourism economic benefits of the capital project for a period of 10 years
- Number of projected tourist room nights, tourist attendance generated annually and projected growth rate on an annual basis
- Total marketing and sponsorship benefits
- Contribution of the project to the overall tourism strategic plan as placemaking investments or addresses major strategic outcomes
- The extent that the capital project achieves geographic distribution of CPFP funding throughout Pinellas County



Project Description & Background

The Salvador Dali Museum (Museum) is requesting TDT funding for an expansion of the most visited single-artist museum in the country. Located in St. Petersburg, the Museum opened in 1982 and moved to a new building in 2011. As a recipient of numerous awards, the Museum is at the center of the St. Petersburg arts and cultural scene. The Museum is a not-for-profit organization whose mission is to preserve Dalí's legacy for generations to come and serve as an active resource in the cultural life of the community and the world at large.

With visitors from around the world, the Museum hosted approximately 371,700 to 444,600 visitors and generated 100,400 to 120,200 room nights annually from FY 2017 through FY 2019 in the years leading up to the pandemic. Museum representatives noted that FY 2017 attendance and room nights were bolstered by a major blockbuster exhibition featuring the works of Frida Kahlo.

Like many attractions across the country, the Museum's performance during the pandemic was negatively impacted as a result of closures, capacity restrictions, and visitor trends and preferences. In FY 2022, the Museum's performance showed recovery, although still below pre-pandemic levels, and hosted an estimated 321,100 attendees which generated approximately 86,800 room nights.

These trends are illustrated in the adjacent table.

The Dali Museum
Estimated Historical Attendance & Room Nights
FY 2017 - FY 2022

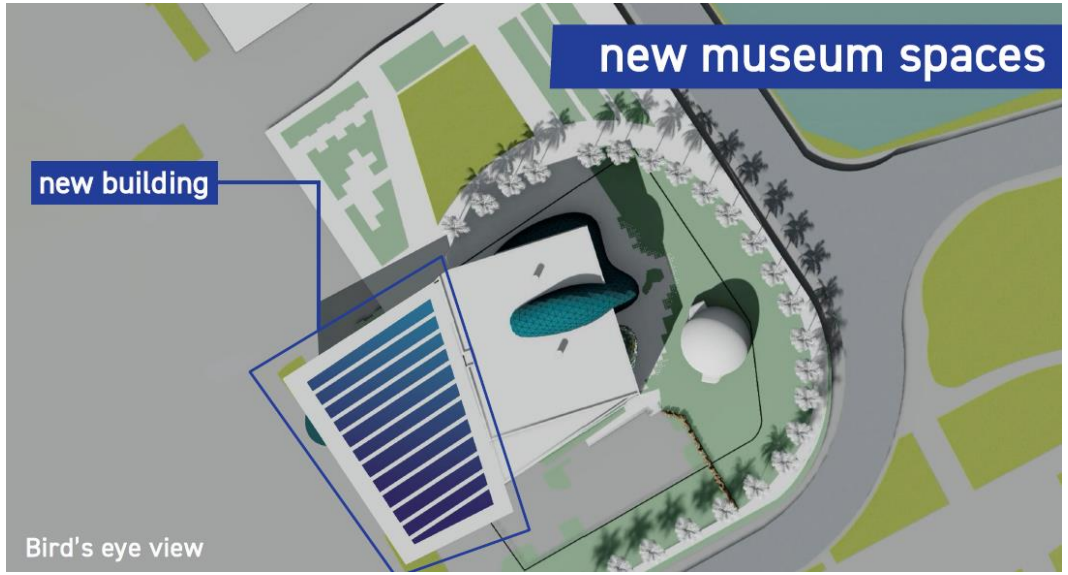
Fiscal Year	Total Attendees	Room Nights Generated
2017	444,600	120,200
2018	371,700	100,400
2019	371,700	100,500
2020	256,300	69,300
2021	251,300	67,900
2022	321,100	86,800

Notes: The Museum's fiscal year runs from July through June.
Attendance and room nights are rounded.
Room nights are based on 3.7 visitors per room night.
Source: Dali Museum management.

Project Description & Background (cont'd)

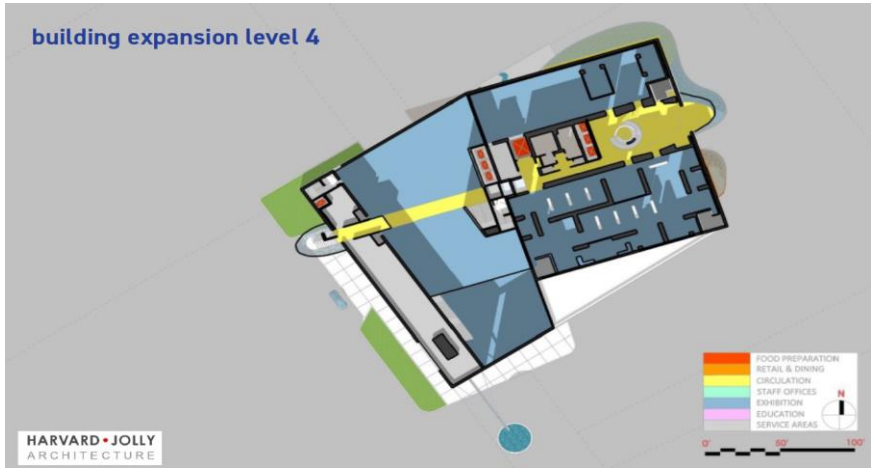
The current project application under consideration is for expansion of the Museum, including 60,000 square feet of new programmatic/exhibition space. The planned expansion of the Museum would allow for new interactive art galleries, enhanced educational experiences, expanded conference space and increased destination exposure.

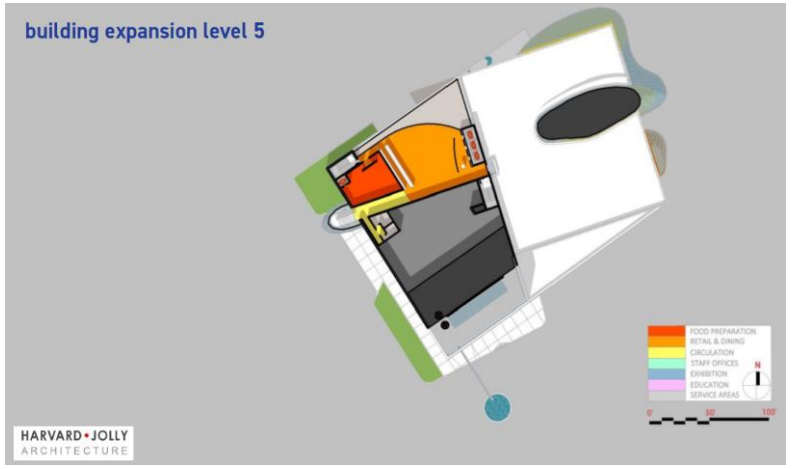
Original Museum expansion plans in 2019 included 30,000 square feet of new programmatic/exhibition space along with a 270-space parking garage. The expansion plans went through various iterations since that time, which resulted in the elimination of the parking garage and enlarging the programmatic/exhibition space to meet the needs of the next generation and accommodate the City's future plans for the area.



Source: Dali Museum Management

Project Description & Background (cont'd)





Source: Dali Museum Management

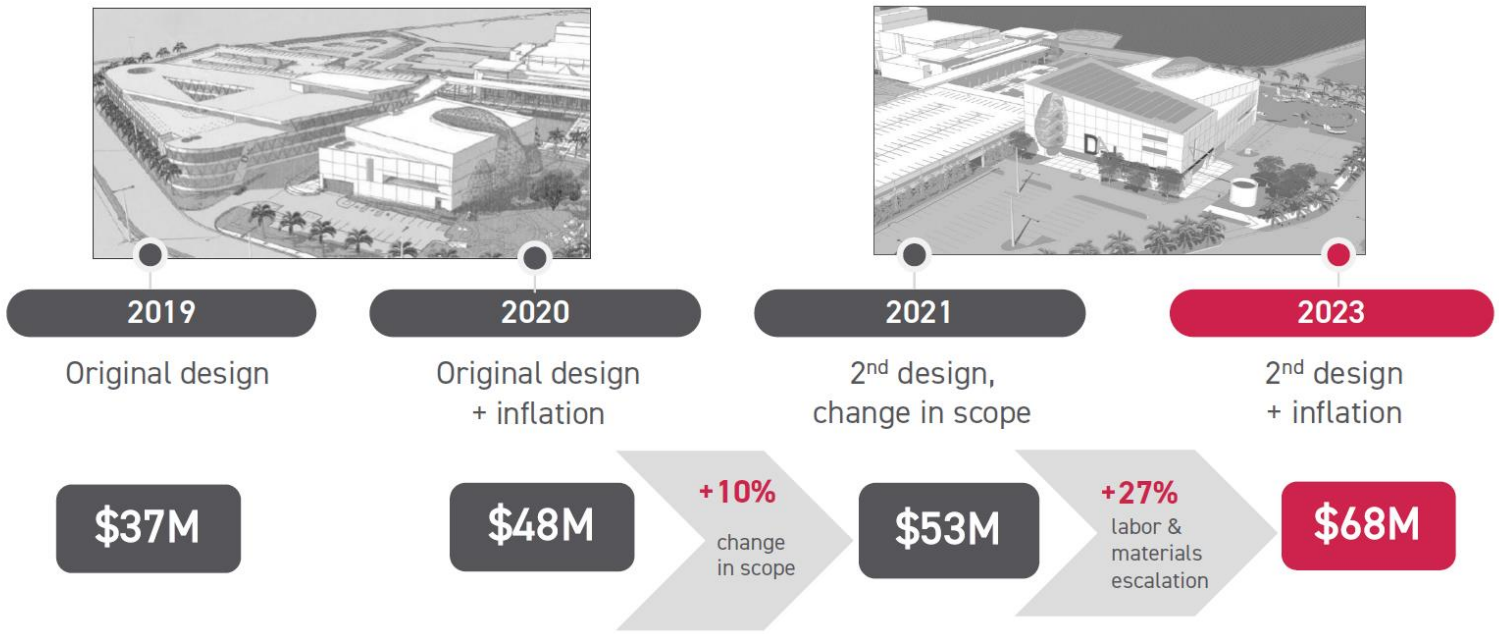
Development Cost

In 2019, the TDC recommended, and the County approved, a $17.5 million capital grant for the Museum's planned expansion, which was approximately 45% of the estimated total development costs and 50% of the estimated project construction costs outlined in the application.

Since then, the project cost has increased which is largely due to changes to the scope of the expansion and significant increases in labor and materials costs. The total project cost is currently estimated to be approximately $68.0 million, which is inclusive of hard and soft construction costs along with requisite fit-out allowances and contingencies.

The adjacent graphic illustrates the changing design and development costs from the previous concept presented in 2019 to the present as provided by Museum representatives.

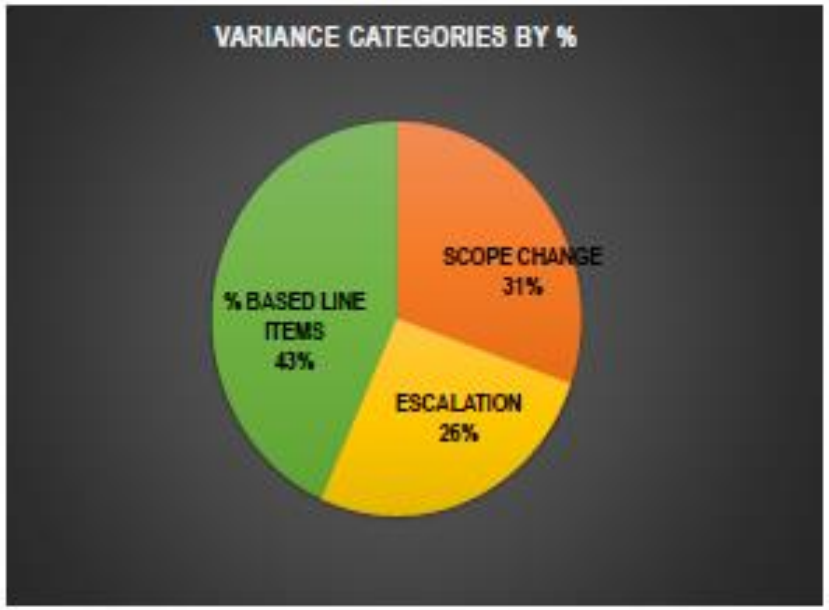
In November of 2022, the public overwhelmingly approved, with approximately 80% supporting, a referendum allowing the City Council to amend the existing lease for construction of the Museum expansion. The duration of the 99-year lease with the City of St. Petersburg remains through 2106.

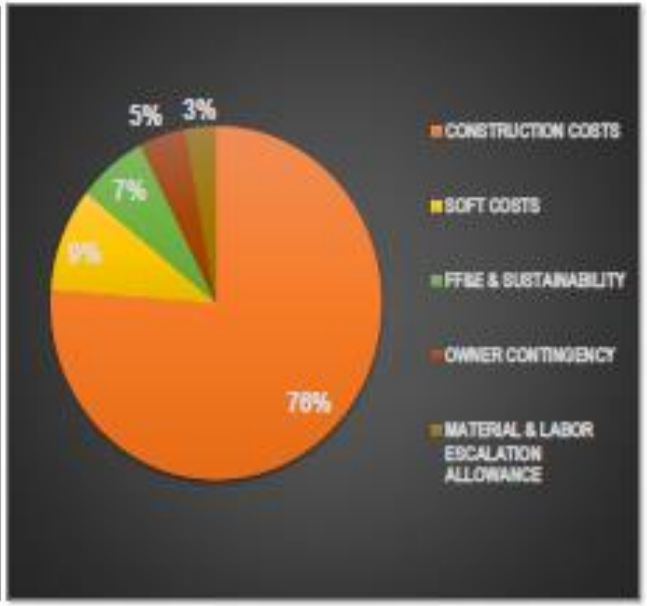


Source: Dali Museum Management

Development Cost (cont'd)

Based on data provided by Museum management, the following graphics illustrate the variances from the previous cost estimate developed in 2019 as well as the breakdown of the development costs by category.



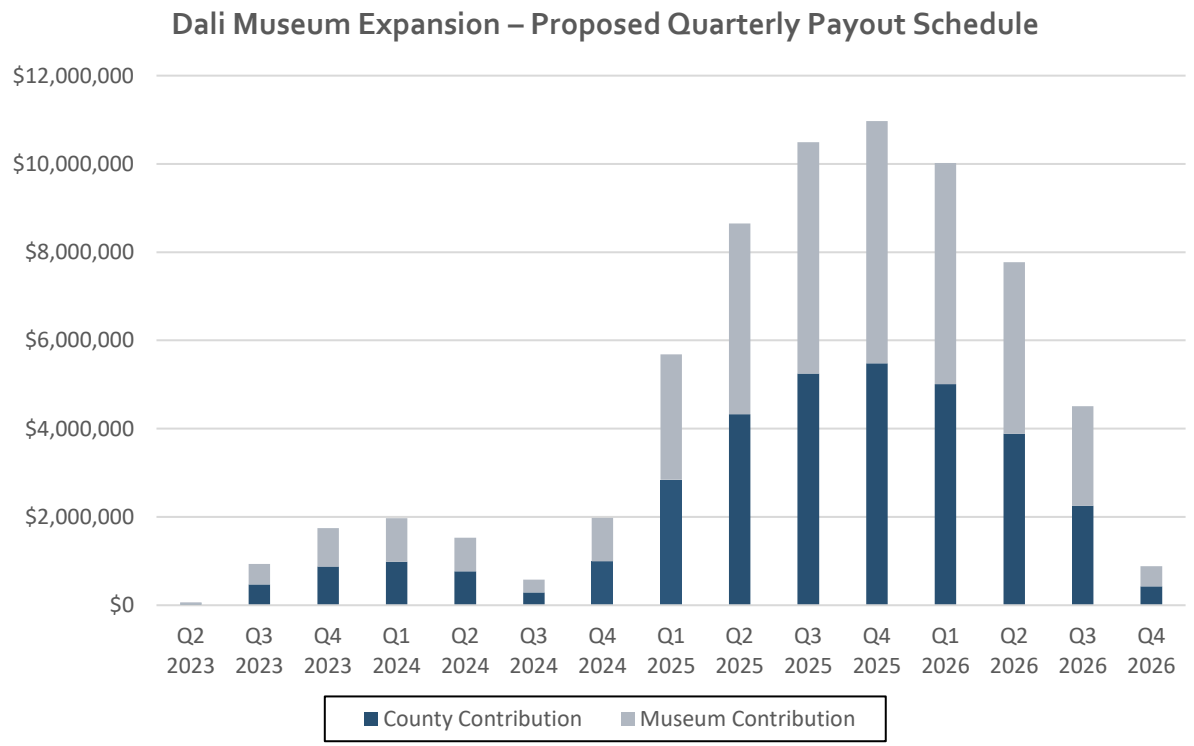


Source: Dali Museum Management.

Proposed Grant Quarterly Payout Schedule

Based on data provided by Museum management, the adjacent table illustrates the proposed grant quarterly payout schedule which begins in Quarter 2 of 2023 and runs through Quarter 4 of 2026.

The requested County contribution payout is approximately 50% of the total cost by quarter until Quarter 4 2026 when the amount decreases to 48%.



Quarter	Total Cost	County Contribution
Q2 '23	$65,480	$32,740
Q3 '23	$932,649	$466,325
Q4 '23	$1,744,864	$872,432
Q1 '24	$1,968,953	$984,476
Q2 '24	$1,529,384	$764,692
Q3 '24	$574,320	$287,160
Q4 '24	$1,980,422	$990,211
Q1 '25	$5,683,875	$2,841,938
Q2 '25	$8,648,608	$4,324,304
Q3 '25	$10,489,303	$5,244,652
Q4 '25	$10,966,728	$5,483,364
Q1 '26	$10,018,832	$5,009,416
Q2 '26	$7,768,812	$3,884,406
Q3 '26	$4,509,100	$2,254,550
Q4 '26	$885,556	$422,778
TOTAL	**$67,766,866**	**$33,883,443**

Source: Dali Museum Management.

Expansion Impacts - Overview

The Museum's total request is $34.0 million, which represents an additional $16.5 million to the $17.5 million capital grant approved in 2019 and is equal to 50% of the total estimated project cost of $68.0 million.

Pursuant to the Pinellas County CPFP Guidelines, this request falls under a Category D use, which is funding annually as matching funds for construction or debt service in connection with various arts, public assembly, and other facilities which are publicly owned and operated or are not-for-profit organizations. As set forth in the CPFP Guidelines, capital projects seeking more than $5.0 million shall project or maintain a minimum of at least 50,000 paid or documented attendees annually at least 25,000 tourist room nights annually.

Research Data Services, Inc. (RDS) was engaged by the Museum in 2022 to update its previous economic impact study and associated visitation and room night demand estimates prepared in connection with the 2019 funding request. RDS also previously conducted a visitor intercept survey for the Museum in 2018, which provided valuable insights to visitor and trip characteristics, which along with Museum data including but not limited to visitor zip-code data, was utilized to prepare the current economic impact estimates. RDS has extensive experience in performing these types of analyses, and its client list includes numerous governmental organizations and attractions throughout Florida including Pinellas County.

RDS estimated the 10-year economic impact of the Museum expansion based on an opening in FY 2025 (Year 1).

Attendees include local attendees, day trippers, overnight attendees staying in a hotel/condo/vacation rental who come to the destination for the primary purpose of visiting the Museum or who visit the Museum as an added trip experience and overnight attendees staying in unpaid lodgings.

In its analysis, RDS notes that all calculations of the Museum's impact are "incremental" as they:

- Do not include any impacts from Pinellas County resident spending related to visiting the Museum.
- Include all the spending of those overnight commercial lodging visitors who come to the destination for the primary purpose of visiting the Museum.
- Include the equivalent of one day of spending from overnight commercial lodging visitors for whom a visit to the Museum was is the primary purpose of their trip, but the attraction adds value to their experience.
- Include one day's spending for those overnight visitors staying in unpaid lodgings.
- Include all the spending of day-trip visitors who come from outside of Pinellas County, but do not spend the night in the destination, and visit the Museum on their trip.

The objective is to provide an estimate of impacts generated by the Museum and exclude those that the destination would have realized if the Museum did not exist which is the focus of this assessment.

Expansion Impacts - Overview (cont'd)

The estimated impact of Base Museum Operations reflects the current Museum building while the incremental impact estimates the changes associated with the proposed Museum Expansion. The estimated total impact represents the sum of these two.

As shown in the following tables, 10-year estimate of economic impacts associated with the Museum expansion prepared by RDS meet the minimum thresholds outlined in the CPFP for both attendees and tourist room nights.

Museum expansion is estimated to generate 33% more in attendees, room nights, economic impact, TDT taxes and local option sales taxes over Base Museum Operations in year one which increases to approximately 37% to 38% in the remaining years.

The Dali Museum
Summary of Estimated Impact of Base Museum Operations

Fiscal Year	Attendees	Room Nights Generated	Direct Spending Generated	Indirect & Induced Impacts Generated	Total Economic Impact Generated	TDT (6%) Generated	Local Option Sales Tax (1%) Generated
2023	330,600	89,200	$56,183,200	$55,711,300	$111,894,500	$893,000	$533,700
2024	335,600	90,700	$58,617,000	$58,124,600	$116,741,600	$931,900	$556,800
2025 (Year 1)	340,300	91,800	$60,538,400	$60,029,900	$120,568,300	$962,100	$575,000
2026 (Year 2)	344,700	93,200	$62,559,000	$62,033,500	$124,592,500	$994,600	$594,300
2027 (Year 3)	348,800	94,200	$64,441,400	$63,900,100	$128,341,500	$1,024,200	$612,200
2028 (Year 4)	353,000	95,300	$66,481,600	$65,923,200	$132,404,800	$1,056,800	$631,500
2029 (Year 5)	356,900	96,300	$68,524,400	$67,948,800	$136,473,200	$1,089,200	$651,000
2030 (Year 6)	360,800	97,500	$70,636,500	$70,043,200	$140,679,700	$1,123,000	$671,000
2031 (Year 7)	364,800	98,500	$72,725,800	$72,114,900	$144,840,700	$1,155,900	$690,900
2032 (Year 8)	368,400	99,500	$74,893,800	$74,264,700	$149,158,500	$1,190,600	$711,600
2033 (Year 9)	372,100	100,400	$77,061,600	$76,414,300	$153,475,900	$1,224,900	$732,000
2034 (Year 10)	375,800	101,500	$79,372,600	$78,705,900	$158,078,500	$1,261,800	$754,000
10-Year Total	**3,585,600**	**968,200**	**$697,235,100**	**$691,378,500**	**$1,388,613,600**	**$11,083,100**	**$6,623,500**

The Dali Museum
Summary of Estimated Incremental Impact of Proposed Museum Expansion

Fiscal Year	Attendees	Room Nights Generated	Direct Spending Generated	Indirect & Induced Impacts Generated	Total Economic Impact Generated	TDT (6%) Generated	Local Option Sales Tax (1%) Generated
2025 (Year 1)	111,400	30,100	$19,880,300	$19,713,300	$39,593,600	$316,300	$188,900
2026 (Year 2)	126,800	34,300	$23,034,200	$22,840,700	$45,874,900	$366,200	$218,800
2027 (Year 3)	128,600	34,800	$23,818,900	$23,618,800	$47,437,700	$378,900	$226,300
2028 (Year 4)	130,400	35,300	$24,632,900	$24,426,000	$49,058,900	$392,000	$234,100
2029 (Year 5)	132,200	35,700	$25,396,600	$25,183,300	$50,579,900	$403,700	$241,300
2030 (Year 6)	134,100	36,200	$26,277,700	$26,057,000	$52,334,700	$417,900	$249,600
2031 (Year 7)	135,800	36,800	$27,151,000	$26,922,900	$54,073,900	$432,100	$257,900
2032 (Year 8)	137,600	37,300	$28,067,600	$27,831,800	$55,899,400	$446,600	$266,600
2033 (Year 9)	139,400	37,700	$28,910,700	$28,667,900	$57,578,600	$459,700	$274,600
2034 (Year 10)	141,100	38,200	$29,855,800	$29,605,000	$59,460,800	$475,000	$283,600
10-Year Total	**1,317,400**	**356,400**	**$257,025,700**	**$254,866,700**	**$511,892,400**	**$4,088,400**	**$2,441,700**

The Dali Museum
Summary of Estimated Total Impact of Proposed Museum Expansion

Fiscal Year	Attendees	Room Nights Generated	Direct Spending Generated	Indirect & Induced Impacts Generated	Total Economic Impact Generated	TDT (6%) Generated	Local Option Sales Tax (1%) Generated
2025 (Year 1)	451,700	121,900	$80,418,700	$79,743,200	$160,161,900	$1,278,400	$763,900
2026 (Year 2)	471,500	127,500	$85,593,200	$84,874,200	$170,467,400	$1,360,800	$813,100
2027 (Year 3)	477,400	129,000	$88,260,300	$87,518,900	$175,779,200	$1,403,100	$838,500
2028 (Year 4)	483,400	130,600	$91,114,500	$90,349,200	$181,463,700	$1,448,800	$865,600
2029 (Year 5)	489,100	132,000	$93,921,000	$93,132,100	$187,053,100	$1,492,900	$892,300
2030 (Year 6)	494,900	133,700	$96,914,200	$96,100,200	$193,014,400	$1,540,900	$920,600
2031 (Year 7)	500,600	135,300	$99,876,800	$99,037,800	$198,914,600	$1,588,000	$948,800
2032 (Year 8)	506,000	136,800	$102,961,400	$102,096,500	$205,057,900	$1,637,200	$978,200
2033 (Year 9)	511,500	138,100	$105,972,300	$105,082,200	$211,054,500	$1,684,600	$1,006,600
2034 (Year 10)	516,900	139,700	$109,228,400	$108,310,900	$217,539,300	$1,736,800	$1,037,600
10-Year Total	**4,903,000**	**1,324,600**	**$954,260,800**	**$946,245,200**	**$1,900,506,000**	**$15,171,500**	**$9,065,200**

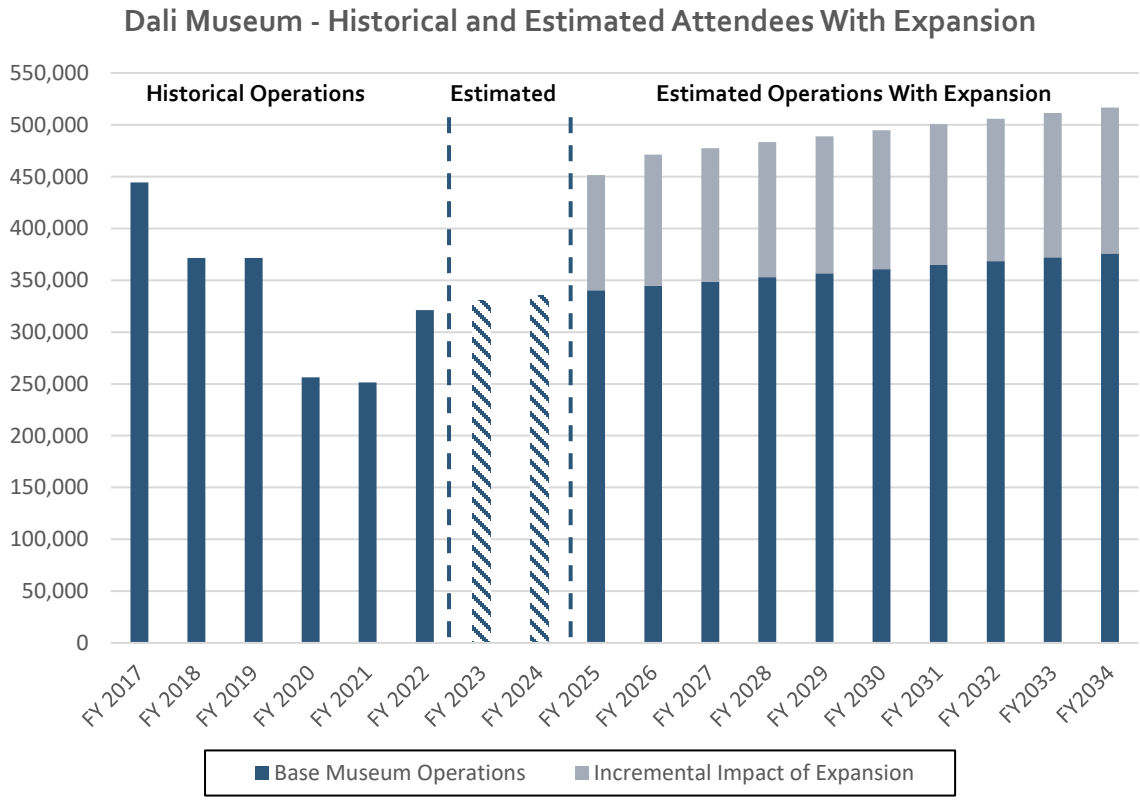
Sources: RDS; Dali Museum Management

Expansion Impacts – Attendee Estimates

Based on RDS estimates, the expansion is estimated to generate approximately 111,400 new attendees in Year 1, increasing by 13.8% to 126,800 in Year 2 and increasing annually by 1.2% to 1.4% throughout the remainder of the 10-year estimation period. The total number of incremental attendees is estimated to be nearly 1.32 million over the first 10 years after expansion.

Based on feedback from Museum representatives, the Year 2 increase takes into consideration the historical trend from when the Museum moved to its current building, in addition to the 2018 RDS survey results showing visitor interest levels in new digital art experiences. Following Year 2, there is a more normal growth pattern.

The Museum is not estimated to realize pre-COVID-19 attendee levels achieved in FY 2018 and FY 2019 until FY 2033 without expansion. Comparatively, these revised attendee estimates reflect a 35% to 44% increase over FY 2022 attendance throughout the estimation period. Based on our experience with comparable venues, incremental visitation from expanded and/or new facilities can vary significantly due to a variety of market and other factors, but these attendee estimates appear reasonable based on the analysis performed by RDS and the Museum.



Expansion Impacts – Museum Visitor Origin

75%

Out-of-area visitors

25% Florida

Miami
Orlando
Sarasota
Fort Lauderdale
Bradenton

35% U.S.

New York
Illinois
Georgia
Maryland
Pennsylvania

15% Int'l

Canada
Brazil
Germany
UK
France

25%

Local visitors

11%
Pinellas County

14%
Hillsborough County

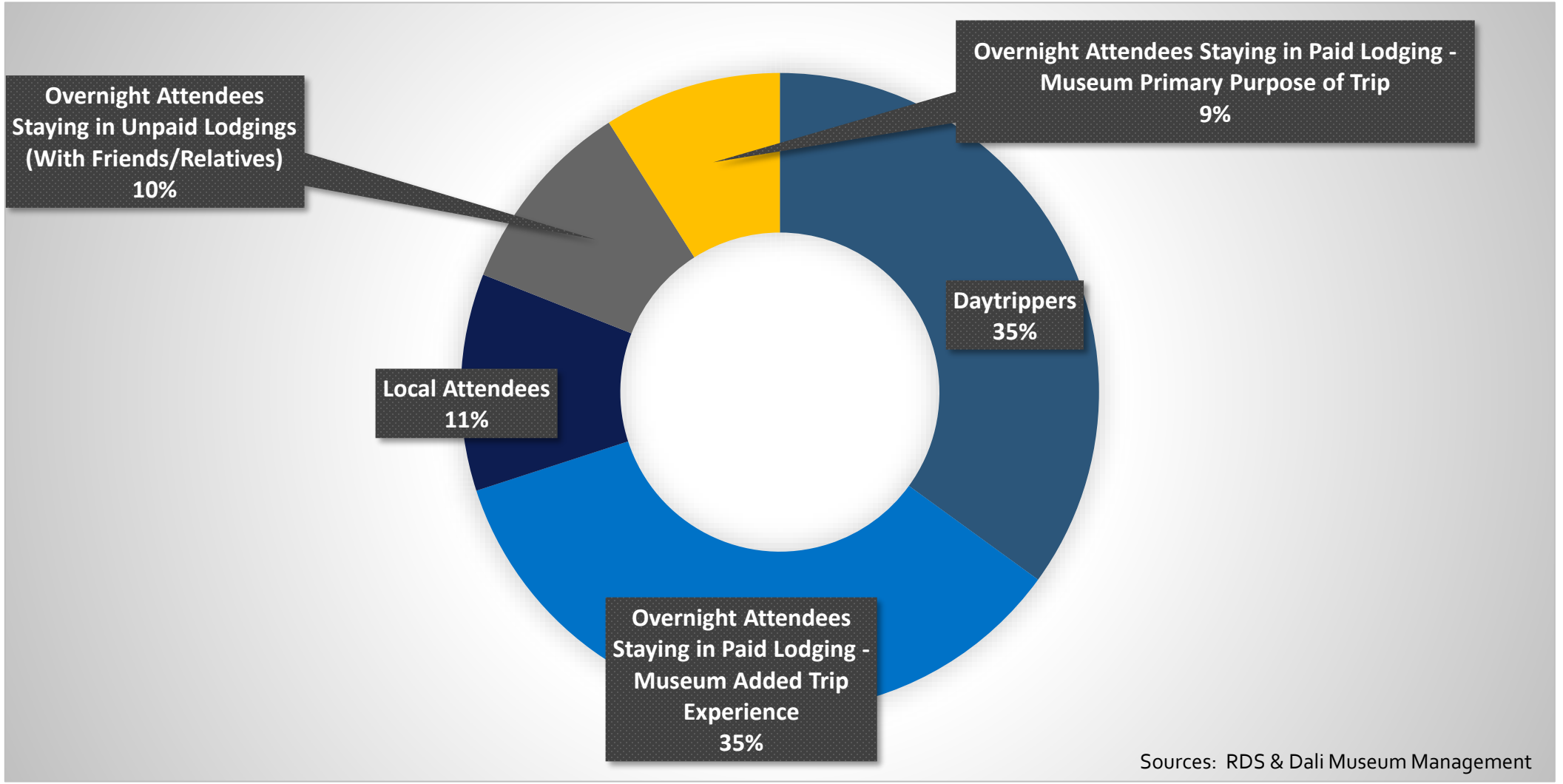
★★★

First and only museum in the Southeastern United States to be **recognized internationally by the Michelin Guide** with the **highest, three-star rating**

★★★

Source: Dali Museum Management

Expansion Impacts – Estimated Attendee Distribution



Sources: RDS & Dali Museum Management

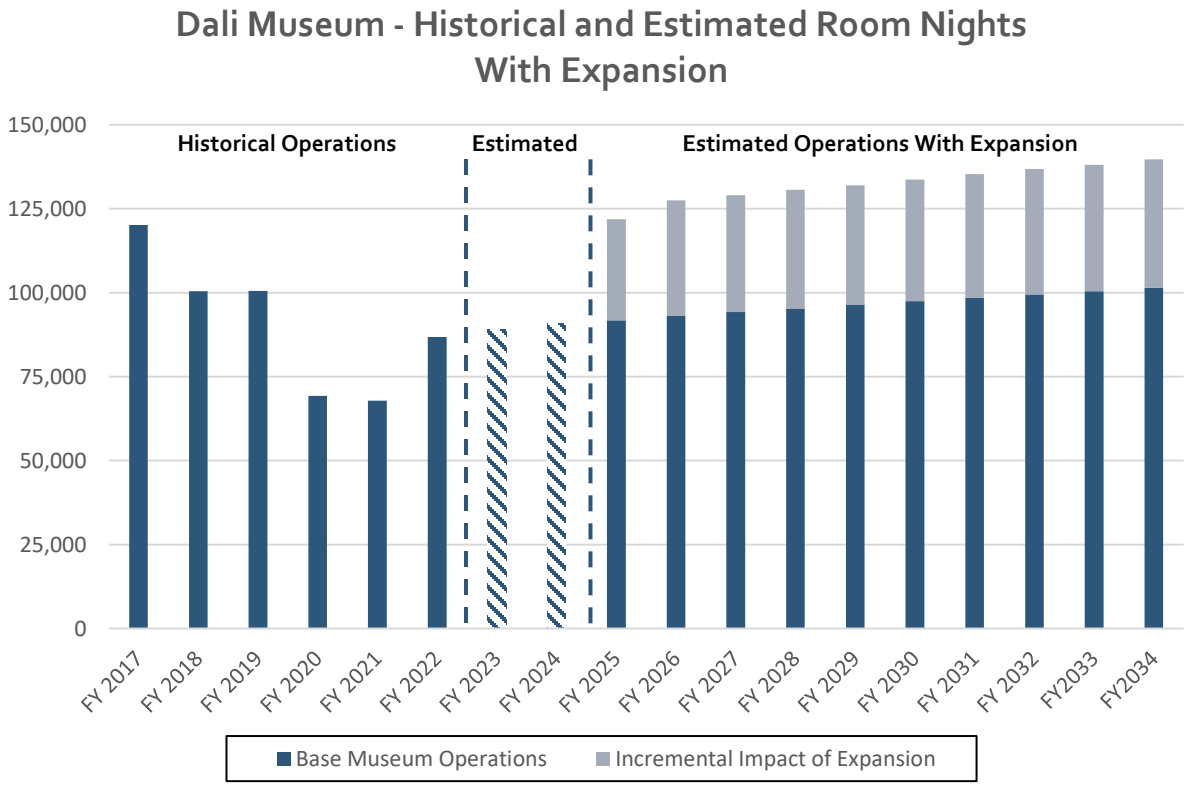
Expansion Impacts – Room Nights

Based on estimates prepared by RDS, the Museum generated approximately 86,800 room nights in FY 2022. RDS estimates that the expansion of the Museum would generate an additional 30,100 room nights in the local market in Year 1 increasing by 14.0% to approximately 34,300 in Year 2 and increasing annually by 1.1% to 1.7% throughout the remainder of the 10-year estimation period.

The total number of incremental hotel room nights generated during the 10-year estimation period is 365,400.

This growth pattern aligns with the estimates of attendee levels and is based on historical Museum data and estimates of local and out-of-area visitors. Comparatively, these additional room nights reflect a 35% to 44% increase over FY 2022 room nights generated throughout the estimation period.

These estimates appear reasonable given the expansion will increase exposure, allow the Museum to host larger groups and attract a more national and global audience. Furthermore, Museum representatives noted that their projections do not include attendance attributable to meetings/conferences which suggests that these estimates may be conservative.



Note: Room night estimates include all nights associated with overnight attendees staying in a hotel/condo/vacation rental for those that the Museum is the primary purpose of the trip and one night where the visit to the Museum is an added trip experience.

Expansion Impacts – Economic Impact

RDS completed an economic impact analysis based on the previously presented attendee and room night estimates along with key assumptions related to attendee spending levels. As previously discussed, RDS conducted a visitor intercept survey for the Museum in 2018, which provided valuable insights to inform their attendee spending estimates. Based on RDS estimates, the expansion is estimated to generate approximately $19.9 million in new direct spending in Year 1 increasing to $29.9 million in Year 10. The associated indirect and induced impacts are estimated by RDS to be $19.7 million in Year 1 increasing to $29.6 million in Year 10. Dividing total output by direct impacts yields an overall economic multiplier of 1.99. Thus, every dollar of direct spending is estimated to generate $0.99 in indirect and induced spending.

RDS utilized the RIMS II (Regional Input-Output Modeling) program to calculate the indirect and induced impacts, which is a nationally recognized and industry accepted model that is commonly used to estimate economic impacts. These types of input-output models are typically used by economists as a tool to understand the flow of goods and services among regions and measure the complex interactions among them given an initial spending estimate with the use of industry-based multipliers, while also accounting for leakages.

Based on our review, the RDS spending estimates, trip characteristics and methodology utilized appear reasonable and in line with our experience with comparable venues and standard industry practices for these types of analyses. RDS' key assumptions related to incremental calculations exclude spending associated with local attendees, take into consideration whether the Museum was the primary purpose of a visitor's trip, and properly account for overnight stays of attendees staying with friends and family or other unpaid lodging.

The economic impacts include the following categories:

- Direct Spending represents the initial change in spending that occurs as a direct result of Museum activities including spending by attendees outside the Museum at hotels, restaurants/bars, retail establishments, business services, etc. An attendee eating at a local restaurant before attending the Museum is an example of direct spending.
- Indirect Impacts reflect the re-spending of the initial or direct expenditures, or the business-to-business transactions required to satisfy the direct effect (e.g., impacts from non-wage expenditures). For example, an attendee's direct expenditures at a local restaurant require the restaurant owner to purchase food and items from suppliers. The portion of these purchases that are spent within the area economy are indirect impacts.
- Induced Impacts reflect changes in local spending by households on goods and services that result from income changes in the directly and indirectly affected industry sectors (e.g., impacts from wage expenditures). For instance, a server at a local restaurant could have more personal income due to an attendee's visit to the restaurant. The amount of increased income that the employee spends in the area economy is an induced impact.
- Total Output includes direct, indirect and induced impacts.

The pages which follow illustrate the major assumptions used by RDS to estimate the economic impact associated with Museum expansion.

Expansion Impacts – Economic Impact (cont'd)

Summary of Major Assumptions Used
Year 1 – FY 2025 – Base Museum Operations
Projected Opening of New Space

The Dalí Museum
Estimated Year 1: Fiscal 2025 *(Projected Opening of New Space)*

	Total	Estimated Local Attendees	Estimated Day-Tripper Attendees	Estimated Overnight Attendees Staying in a Hotel/Condo/Vacation Rental *Museum Primary Purpose of Trip*	Estimated Overnight Attendees Staying in a Hotel/Condo/Vacation Rental *Museum Added Trip Experience*	Estimated Overnight Attendees Staying in Unpaid Lodgings *(Owned Condo/With Friends/Relatives)*
Attendance	340,300	37,800	120,100	32,100	117,700	32,700
Average Length of Stay *(Days)*		1.0	1.0	4.2	4.2	6.7
Average Attendees Per Party		2.3	2.5	2.4	2.4	2.2
Percent Utilizing Accommodations		0%	0%	100%	100%	100%
Incremental LOS for Spending/Room Nights		n/a	1.0	4.2	1.0	1.0
Incremental Room Nights Generated	91,800	n/a	n/a	42,800	49,000	n/a
Total Room Nights Supported	199,700	n/a	n/a	42,800	156,900	n/a
Spending Per Attendee Per Day						
Hotel		n/a	$0.00	$61.73	$65.54	$0.00
Facility Admission *(1 day only)*		n/a	$28.34	$29.80	$29.62	$27.28
Food & Beverage		n/a	$14.41	$39.51	$41.75	$15.85
Other Recreation		n/a	$6.36	$17.44	$11.16	$6.53
Retail		n/a	$8.05	$22.21	$20.27	$9.97
Local Transportation		n/a	$7.29	$13.63	$15.21	$14.03
Auto Fuel		n/a	$15.72	$17.18	$14.61	$7.99
Other		n/a	$1.47	$2.75	$2.03	$0.77
Implied Average Daily Rate *(on a per night basis)*		n/a	n/a	$194.45	$206.45	n/a
Incremental Annual Direct Spending						
Hotel	$16,036,500	n/a	$0	$8,322,400	$7,714,100	$0
Facility Admission	$8,738,600	n/a	$3,403,600	$956,600	$3,486,300	$892,100
Food & Beverage	$12,489,600	n/a	$1,730,600	$5,326,700	$4,914,000	$518,300
Other Recreation	$4,642,100	n/a	$763,800	$2,351,300	$1,313,500	$213,500
Retail	$6,673,000	n/a	$966,800	$2,994,400	$2,385,800	$326,000
Local Transportation	$4,962,100	n/a	$875,500	$1,837,600	$1,790,200	$458,800
Auto Fuel	$6,185,100	n/a	$1,888,000	$2,316,200	$1,719,600	$261,300
Other	$811,400	n/a	$176,500	$370,800	$238,900	$25,200
Total Incremental Annual Direct Spending Generated	$60,538,400	n/a	$9,804,800	$24,476,000	$23,562,400	$2,695,200
Annual Indirect and Induced Spending Generated	$60,029,900	n/a	$9,722,400	$24,270,400	$23,364,500	$2,672,600
Total Incremental Economic Impact Generated *{Multiplier (RIMS II): 1.9916}*	$120,568,300	n/a	$19,527,200	$48,746,400	$46,926,900	$5,367,800
Estimated Total Direct Expenditures Supported	$135,059,600	n/a	$9,804,800	$24,476,000	$87,805,900	$12,972,900
Estimated Total Indirect and Induced Expenditures Supported	$133,925,000	n/a	$9,722,400	$24,270,400	$87,068,300	$12,863,900
Estimated Total Economic Impact Supported *{Multiplier (RIMS II): 1.9916}*	$268,984,600	n/a	$19,527,200	$48,746,400	$174,874,200	$25,836,800
Incremental Tourism Development Tax Generated (6%)	$962,100	n/a	n/a	$499,300	$462,800	n/a
Incremental Local Option Sales Tax Generated (1%)	$575,000	n/a	$93,100	$232,500	$223,800	$25,600
Tourism Development Tax Supported (6%)	$2,443,300	n/a	n/a	$499,300	$1,944,000	n/a
Local Option Sales Tax Supported (1%)	$1,283,000	n/a	$93,100	$232,500	$834,200	$123,200
Estimated Jobs Created/Supported	2,700					

Sources: RDS & Dali Museum Management

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Expansion Impacts – Economic Impact (cont'd)

Summary of Major Assumptions Used
Year 1 – FY 2025 – Incremental With Museum Expansion
Projected Opening of New Space

The Dali Museum
Estimated Incremental Year 1: Fiscal 2025 *(Projected Opening of New Space)*

	Total	Estimated Local Attendees	Estimated Day-Tripper Attendees	Estimated Overnight Attendees Staying in a Hotel/Condo/Vacation Rental *Museum Primary Purpose of Trip*	Estimated Overnight Attendees Staying in a Hotel/Condo/Vacation Rental *Museum Added Trip Experience*	Estimated Overnight Attendees Staying in Unpaid Lodgings *(Owned Condo/With Friends/Relatives)*
Incremental Attendance	111,400	12,400	39,300	10,600	38,500	10,700
Average Length of Stay *(Days)*		1.0	1.0	4.2	4.2	6.7
Average Attendees Per Party		2.3	2.5	2.4	2.4	2.2
Percent Utilizing Accommodations		0%	0%	100%	100%	100%
Incremental LOS for Spending/Room Nights		n/a	1.0	4.2	1.0	1.0
Incremental Room Nights Generated	30,100	n/a	n/a	14,100	16,000	n/a
Total Room Nights Supported	65,400	n/a	n/a	14,100	51,300	n/a
Spending Per Attendee Per Day						
Hotel		n/a	$0.00	$61.73	$65.54	$0.00
Facility Admission *(1 day only)*		n/a	$28.34	$29.80	$29.62	$27.28
Food & Beverage		n/a	$14.41	$39.51	$41.75	$15.85
Other Recreation		n/a	$6.36	$17.44	$11.16	$6.53
Retail		n/a	$8.05	$22.21	$20.27	$9.97
Local Transportation		n/a	$7.29	$13.63	$15.21	$14.03
Auto Fuel		n/a	$15.72	$17.18	$14.61	$7.99
Other		n/a	$1.47	$2.75	$2.03	$0.77
Implied Average Daily Rate *(on a per night basis)*		n/a	n/a	$194.45	$206.45	n/a
Incremental Annual Direct Spending						
Hotel	$5,271,500	n/a	$0	$2,748,200	$2,523,300	$0
Facility Admission	$2,862,000	n/a	$1,113,800	$315,900	$1,140,400	$291,900
Food & Beverage	$4,102,300	n/a	$566,300	$1,759,000	$1,607,400	$169,600
Other Recreation	$1,525,900	n/a	$249,900	$776,400	$429,700	$69,900
Retail	$2,192,300	n/a	$316,400	$988,800	$780,400	$106,700
Local Transportation	$1,629,000	n/a	$286,500	$606,800	$585,600	$150,100
Auto Fuel	$2,030,700	n/a	$617,800	$764,900	$562,500	$85,500
Other	$266,600	n/a	$57,800	$122,400	$78,200	$8,200
Total Incremental Annual Direct Spending Generated	$19,880,300	n/a	$3,208,500	$8,082,400	$7,707,500	$881,900
Annual Indirect and Induced Spending Generated	$19,713,300	n/a	$3,181,500	$8,014,500	$7,642,800	$874,500
Total Incremental Economic Impact Generated *(Multiplier (RIMS II): 1.9916)*	$39,593,600	n/a	$6,390,000	$16,096,900	$15,350,300	$1,756,400
Estimated Total Direct Expenditures Supported	$44,258,000	n/a	$3,208,500	$8,082,400	$28,722,200	$4,244,900
Estimated Total Indirect and Induced Expenditures Supported	$43,886,100	n/a	$3,181,500	$8,014,500	$28,480,900	$4,209,200
Estimated Total Economic Impact Supported *(Multiplier (RIMS II): 1.9916)*	$88,144,100	n/a	$6,390,000	$16,096,900	$57,203,100	$8,454,100
Incremental Tourism Development Tax Generated (6%)	$316,300	n/a	n/a	$164,900	$151,400	n/a
Incremental Local Option Sales Tax Generated (1%)	$188,900	n/a	$30,500	$76,800	$73,200	$8,400
Tourism Development Tax Supported (6%)	$800,800	n/a	n/a	$164,900	$635,900	n/a
Local Option Sales Tax Supported (1%)	$420,500	n/a	$30,500	$76,800	$272,900	$40,300
Estimated Jobs Created/Supported	900					

Sources: RDS & Dali Museum Management

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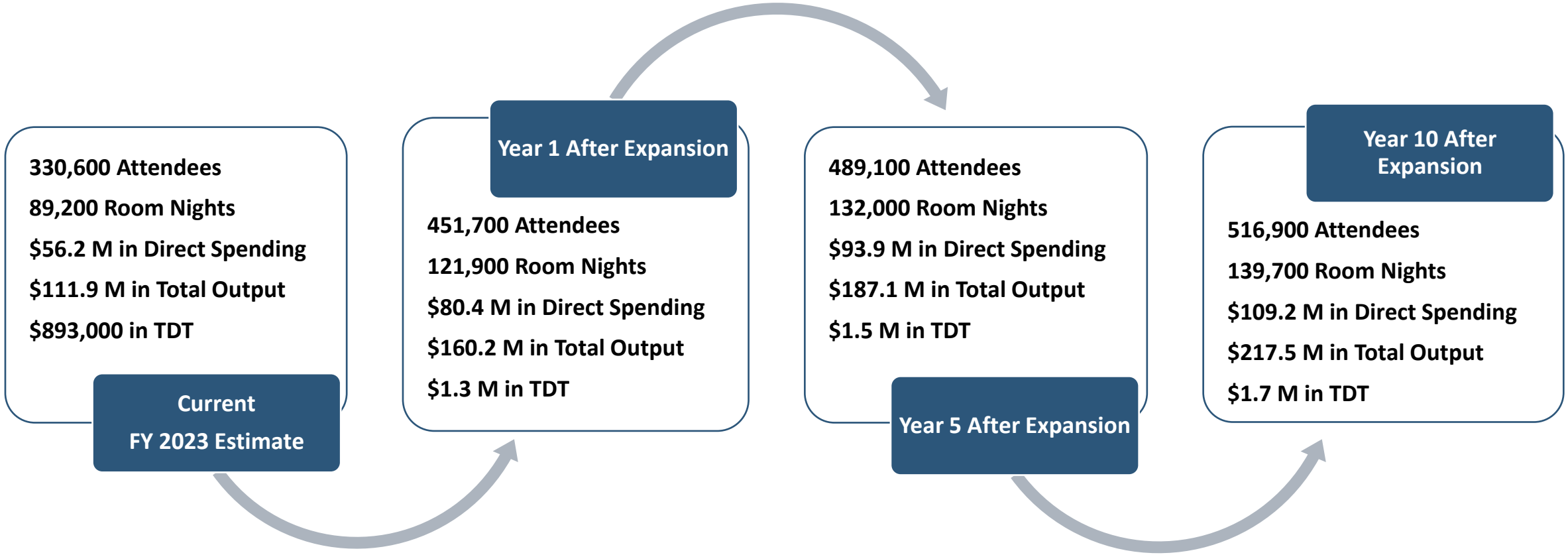
Expansion Impacts – Economic Impact (cont'd)



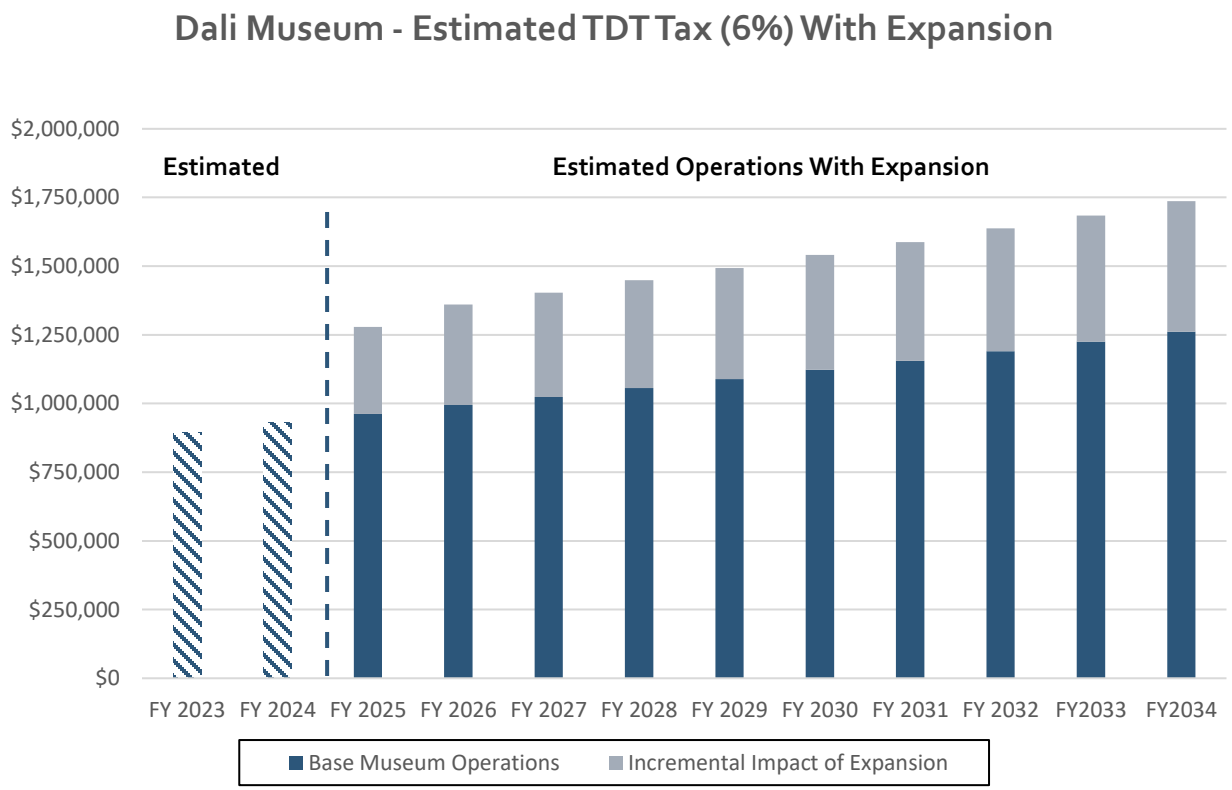
Total Aggregate 10-Year Period After Museum Expansion	4.9 Million Attendees	1.3 Million Room Nights	$954.3 Million in Direct Spending	$1.9 Billion in Total Output	$15.2 Million in TDT

Expansion Impacts – Tourist Development Tax

The incremental TDT, which is directly tied to and generated from the additional room nights attributable to the Museum expansion, is estimated to be approximately $4.1 million over the 10-year estimation period.

Based on data from the Pinellas County Tax Collector, the Museum's current funding request of $34.0 million represents approximately 36% of the total gross FY 2022 County TDT collections. The City of St. Petersburg TDT collections represented approximately 10% of the total TDT collected in the County.

The funding request of $34.0 million represents approximately 16% of forecasted FY 2023 through FY 2027 TDT funds collected for/allocated to capital projects.



Marketing & Sponsorship Benefits/Media Value

Museum management cited increased destination exposure as one of the benefits to the County provided by the Museum expansion which enhances the area's cultural evolution, attracts broader audiences and optimizes destination marketing and public relations opportunities.

In its original application, the Museum provided a description of its marketing strategies for the new spaces including exhibit/gallery space, education and innovation space and community/venue space.

The original application also noted that, at the time, the Museum spent $1.6 million of its annual operating budget on marketing efforts. Approximately 40% of the Museum's advertising budget was focused on reaching tourists. The Museum pledged to increase its out-of-market spend to 48% of its total advertising budget. It also stated its strategy to continue to partner with VSPC to drive visitation to the Museum.

Further, Museum representatives estimated that its public relations presence generated more than 50 million impressions which they valued at nearly $20 million.

The most recent information provided by Museum management cites that exhibition loans provide international exposure which were estimated to generate six million impressions globally over the past eight years.

Museum representatives cite that they will invest $2 million annually on strategic marketing beginning the year prior to the expansion's opening.

Consistent with VSPC's Strategic Plan

The VSPC Destination 2027: Strategic Plan sets forth four underlying principles to guide the plan as set forth in the adjacent table.

As evidenced in the previously presented data, the Museum expansion is estimated to generate significant economic impacts through increased visitation and the generation of incremental room nights in the local area.

While not quantified in the analysis performed by RDS, the incremental spending resulting from the Museum expansion will benefit the local community through measurable job creation.

As stated in the VSPC Destination 2027: Strategic Plan, "Unanimously, stakeholders agreed that arts and culture are an essential part of Pinellas County". The Museum has been an important asset within the region for decades and is at the heart and center of the St. Petersburg arts and cultural scene. New investment to improve this existing asset will help preserve and enhance its value for years to come.

Investment Justification to Guide Capital Grant

Relative to the CPFP, this is a unique situation since the TDC recommended and the County already approved a $17.5 million capital grant in 2019 for the Museum's planned expansion, which was one-half of the estimated $35 million project cost at that time.

Although still representing one half of the project cost ($68 million), the current funding request of $34 million is 94% higher than the previous capital grant that was approved.

There are a variety of ways to assess the return on investment (ROI) of municipal funding for capital projects. These include cost-benefit analysis and measurement of other key performance indicators (KPIs), in addition to various qualitative measures and strategic priorities that can be taken into consideration.

Payback Period

One of the most common approaches to ROI can be achieved through economic calculations to assess tangible financial gains or benefits that can be expected from an investment to quantify the payback period.

While different data points can be utilized, one approach is utilizing a holistic approach that evaluates the payback period using the estimated taxes generated from the TDT and the Local Option Sales Tax from the Museum expansion associated with attendee spending where the Museum was the primary reason for the visit.

For purposes of this analysis, the payback period has been calculated on a discounted basis as well as an unadjusted calculation (i.e., not accounting for the time value of money).

These calculations are based on RDS's estimated tax impacts of the Museum expansion with future annual growth of 3.0% beyond their 10-year projection period and a 7.0% discount rate. Based on the forementioned approach and assumptions, the following table summarizes the payback period on the Museum's funding request of $34.0 million for these scenarios.

The Dali Museum Expansion
Summary of Calculated Payback Period

		Return Basis (Years)		
Calculation Approach	Capital Amount	Total TDT Generated	Total Local Option Sales Tax Generated	Combined Total Taxes Generated
Unadjusted Payback Period	$34,000,000	19.3	27.9	13.3
Discounted Payback Period	$34,000,000	N/A	N/A	27.0

Note: Total TDT and Local Option Sales Tax (Total Taxes) generated only include attendee spending where the Museum was the primary reason for the visit.

Investment Justification to Guide Capital Grant (cont'd)

Other Metrics to Help Guide the County's Capital Grant Contribution

One approach to consider is applying the percentage of incremental new attendees, room nights, economic impacts and TDT and local option sales tax revenues generated relative to Base Museum Operations without expansion to the estimated new development cost of $68 million which would yield approximately $25.2 million.

The Dali Museum Expansion - % Incremental New Relative to Base Museum Operations							
Metric	Estimated Attendees	Room Nights Generated	Direct Spending Estimates	Indirect & Induced Spending Estimates	Total Output Estimates	TDT (6%) Generated	Local Option Sales Tax (1%) Generated
Base Museum Operations (10-Year Estimate)	3,585,600	968,200	$697,235,100	$691,378,500	$1,388,613,600	$11,083,100	$6,623,500
Incremental New With Expansion (10-Year Estimate)	1,317,400	356,400	$257,025,700	$254,866,700	$511,892,400	$4,088,400	$2,441,700
Total With Expansion (10-Year Estimate)	4,903,000	1,324,600	$954,260,800	$946,245,200	$1,900,506,000	$15,171,500	$9,065,200
% Incremental New With Expansion Over Base Operations	37%	37%	37%	37%	37%	37%	37%

Another approach compares the amount of the CPFP grant awarded to the development cost for the project. As shown in the table below, the CPFP grant amount requested for several recent projects was significantly less than the current request for the Museum expansion. Applying the average (35%) for the projects listed below to the estimated new development cost of the Museum expansion would yield approximately $24.0 million.

Category	Dali Museum (2023 Revised Request)	Dunedin - Blue Jays Spring Training	Clearwater Marine Aquarium	Ruth Eckerd Hall	Museum for Arts and Craft Movement	Average
CPFP Grant Amount	$34,000,000	$41,700,000	$26,000,000	$5,500,000	$6,000,000	$19,800,000
Development Cost	$68,000,000	$81,000,000	$53,000,000	$17,000,000	$70,000,000	$55,250,000
% of Development Cost	50%	51%	49%	32%	9%	35%

Notes: Development costs are based on amount presented in CPFP application.
Formerly referred to as the American Craftsman Museum.

Sources: VSPC & other secondary sources.

Investment Justification to Guide Capital Grant (cont'd)

While understanding that the Museum expansion program has been revised, project costs have increased significantly since that time and the economy is still recovering from the impacts of the COVID-19 pandemic, it is useful to compare select metrics presented in the original application to the current estimates prepared by RDS.

As shown in the table below, although the current estimated attendees and room nights generated from Base Museum Operations are lower than in the original application, the estimated economic impacts and TDT revenues generated over the 10-year period are 41% higher due to higher spending amounts applied to visitors. With expansion, current estimated attendees are slightly higher (2%) over the 10-year period while room nights generated are 16% less. Economic activity and TDT revenues estimated over the 10-year period with expansion are 58% higher than in the original application.

As a point of reference, applying the estimated 58% increase in TDT revenues to the original request and approved capital grant amount in 2019 ($17.5 million) would yield an additional $10.2 million for a total of $27.7 million.

The Dali Museum Expansion - Select Comparative Metrics From the 2019 and 2022 Capital Grant Requests

Metric	Estimated Attendees	Room Nights Generated	Direct Spending Estimates	Indirect & Induced Spending Estimates	Total Output Estimates	TDT (6%) Generated	Local Option Sales Tax (1%) Generated
Base Museum Operations (10-Year Estimate)							
Current Request	3,585,600	968,200	$697,235,100	$691,378,500	$1,388,613,600	$11,083,100	$6,623,500
2019 Application	3,941,700	1,293,900	$493,521,900	$489,376,300	$982,898,200	$7,872,300	N/S
% Change	-9%	-25%	41%	41%	41%	41%	
Incremental New With Expansion (10-Year Estimate)							
Current Request	1,317,400	356,400	$257,025,700	$254,866,700	$511,892,400	$4,088,400	$2,441,700
2019 Application	879,600	288,800	$110,300,500	$109,374,000	$219,674,500	$1,759,600	N/S
% Change	50%	23%	133%	133%	133%	132%	
Total With Expansion (10-Year Estimate)							
Current Request	4,903,000	1,324,600	$954,260,800	$946,245,200	$1,900,506,000	$15,171,500	$9,065,200
2019 Application	4,821,300	1,582,700	$603,822,400	$598,750,300	$1,202,572,700	$9,631,900	N/S
% Change	2%	-16%	58%	58%	58%	58%	

Note: N/S denotes not supplied in the original application.

Investment Justification to Guide Capital Grant (cont'd)

Summary

As part of our review of the Dali Museum's CPFP current grant request, we evaluated several metrics to help guide the County's decision-making process regarding the potential capital grant funding amount which are summarized below and all of which yielded relatively similar results.

Method 1 - Apply the percentage of incremental TDT generated from Museum Expansion to the estimated TDT for Base Museum Operations without expansion to the estimated new development cost of $68 million

Method 2 - Apply the average percentage of capital grant dollars awarded to similar CPFP projects to the estimated new development cost of $68 million

Method 3 - Apply the percentage change of the estimated TDT revenues to be generated over the 10-year period to the original request and approved capital grant amount in 2019 ($17.5 million)

As shown in the following table, each of these methods yielded results ranging from approximately $24.0 million to $27.7 million.

	Potential Capital Grant Funding Amount		
	Method 1	**Method 2**	**Method 3**
Estimated Development Cost	$68,000,000	$68,000,000	
2019 CPFP Request			$17,500,000
Metric	37%	35%	58%
Capital Grant Amount Yielded	$25,160,000	$24,048,617	$27,650,000