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# Evaluation of Capital Projects Funding Program Submittals

July 2, 2019

Mr. Tim Ramsberger  
Visit St Petersburg/Clearwater  
8200 Bryan Dairy Road, suite 200  
Largo, Florida 33777

We have completed our engagement to assist Pinellas County and Visit St Petersburg/Clearwater (“VSPC”) to review and evaluate the three capital funding project requests received as part of Pinellas County TDC Capital Projects Funding.

The data included in this report has been extracted from the submissions presented by the applicants and various other primary and secondary sources. We have utilized sources that are deemed to be reliable but cannot guarantee their accuracy. Moreover, estimates and analyses regarding the 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 enjoyed working on this project and our relationship with Pinellas County and VSPC. If you have any questions, please do not hesitate to contact Tom Reifert at (678) 584-0272.

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# Dali Museum St. Petersburg



## **PROJECT DESCRIPTION**

The Salvador Dali Museum (Applicant or Museum) is requesting Tourist Development Tax funding for an expansion of the world's only museum dedicated to the work of Salvador Dali. The museum located in St. Petersburg is a not-for-profit entity operating in this current location since 2011. As a key component of the St. Petersburg arts and cultural movement and as estimated by Research Data Services, this museum hosts between 360,000 and 450,000 visitors annually. A funding application was submitted and included projected costs, funding request, proposed justification and overall design and programming concepts.

The project application is for an expansion of the museum, including 10,000 square feet of new exhibition, 10,000 square feet of multi-purpose/classroom space and a new 270-space parking garage. The exhibition space is planned to provide a home for the museum's interactive digital collection in this permanent, but flexible space. The 10,000 square feet of community space and classrooms are envisioned to provide program expansion capability for InnovationLabs at the Dali, the museum's proprietary creative training program and enhance the museum's ability to host special events and weddings. The applicant states that the parking garage is essential to the expansion as the 270 additional spaces provide daytime and peak usage capacity growth to accommodate demand. A new sky-bridge will connect the garage to the Museum. The Museum anticipates the expansion construction to occur over a three-year time-period during which the museum will remain in full operation.

## **FINANCIAL ANALYSIS**

### **Development Cost**

The total expansion budget is projected to be \$38,763,000 including \$35.1 million for site work, planning, permits/fees and construction costs and approximately \$3.7 million for a planned solar voltaic system that is not part of this grant request. The planned expansion of The Dali includes:

- New exhibit space – Mediated Experiences: Digital Dali
  - House the Museum's digital experiences collection
  - Provide greater access to interactive programming
  - Foster the creation of new digital exhibits
- New Community & Education space
  - Expand capability and capacity of InnovationLabs
  - Grow dedicated education space from 302 square feet to nearly 10,000 square feet
  - Allow more/larger events including destination weddings needing to seat up to 350 people
- New 150,000 square foot parking garage
  - Provide greater community access
  - Increase current parking from 130 to 400 spaces
- New connecting sky bridge from the current museum structure to the new parking garage

### **Shovel ready**

The facility is not yet shovel ready. The Applicant stated that Harvard-Jolly has completed an architecture study and design for the construction of the parking facility and gallery expansion. In addition, the construction firm Beck Group has been retained as the builder and cost estimator. If the funding is approved, the Applicant

states that the project becoming shovel-ready will progress rapidly; however, the Applicant has opted to wait until all financing is securely in place before proceeding further.

**Funding Request**

The Museum is requesting \$17.5 million and are open to a one-time lump sum payment or payments though monthly installments.

The funding request represents a Category D (capital funding/debt service other) use as defined in the Capital Projects Funding Program Guidelines and requires the Applicant to provide matching funding. The funding request represents approximately 45% of the estimated total development costs, but 50% of the actual project construction costs as the total project includes \$3.8 million to cover installation of a solar photovoltaic system funded by other investments.

**Funding Plan**

The project is intended to be funded as follows:

|                                   |                |
|-----------------------------------|----------------|
| Pinellas County TDC Grant Funding | \$17.5m        |
| Dali Museum Matching Funds        | 17.5m          |
| Solar Voltaic System Fundraising  | <u>3.6m</u>    |
| Total                             | <u>\$38.6m</u> |

The funding request to Pinellas County Tourist Development Council did not include a specified timeline; however, discussions with Museum representatives indicated an expected three-year span for development of the project. The Museum anticipates that construction would begin by April of 2020 and take approximately 22 months to complete. The Museum envisions the matching grant to

be a one-time lump sum request payable on a schedule that is conducive for use throughout the expansion construction.

The matching funds provided by the Museum were referenced within a letter from the corporate Treasurer of the Museum, Andrew Corty. The letter pledges funding from Board designated investment accounts that are Board-approved for use as a match to the TDC investment. Based on the public nature of this application process, the Museum offered additional documentation from Raymond James Financial of the available funds, as needed.

**ECONOMIC IMPACT**

The Museum contracted with Research Data Services (RDS) to provide an economic impact study and visitor profile of guests to the Museum in 2018. The results provided an overview of current visitor activity generated by the Museum extrapolated into two future scenarios – one without the expansion and one with the expansion. RDS specializes in performance tracking and future forecasting for tourism related organizations, attractions and events. The company, founded by Walter Klages, Ph.D. has a long-standing relationship in researching Pinellas County tourism impacts and visitor profiles. RDS’s experience throughout Florida firmly establishes their qualifications for providing this analysis on behalf of The Dali Museum.

**Attendance Impact**

RDS projected the economic impact of the 2019-2031 Museum operational years including a projection tied to the Expansion

opening in 2022. In 2018, the Museum's attendance totaled 371,662 individuals. The expansion was projected to generate a total of 78,600 in new museum attendees in 2022 increasing to 97,400 by 2031. The attendance projections appear reasonable as the expansion provides greater capability for event based business and new interactive digital exhibitions.

### **Room Night Impact**

RDS projected the existing facility generated 122,000 total room nights annually (107,300 in paid accommodations and the expansion could drive an additional 25,700 incremental room nights to the area. This equates to roughly an additional 70 room nights of overnight business per night to Pinellas County in 2022, growing to 88 rooms per night in 2031. The associated impact on Tourist Development Tax over the span of years (2022-2031) is projected to total nearly \$1.8 million or an average of \$176,000 per year. These assumptions are tied directly to the visitor profile driven attendance projection. RDS projected that the Museum would generate 13,400 incremental room nights and potentially add an additional 9,200 room nights that would be considered an extension to stays for travelers visiting the area for some other purpose. In other words, the expansion adds an additional attraction and some visitors would stay longer in order to attend the expanded facility.

The Capital Funding/Debt Service Other Program Guidelines states that the ability of a Category D project to attract tourists from the State of Florida, nationally or internationally is critical to the nature of the expansion. The table on the following page summarizes the applicants funding request, estimated incremental hotel room nights and estimated TDT collections to be generated from The Dali's expansion.

| Attendance & Room Night Impacts   | 2018    | 2019      | 2020      | 2021      | 2022                 | 2023                 | 2024                 | 2025                 | 2026                 | 2027                 | 2028                 | 2029                 | 2030                 | 2031                 |
|---|---------|-----------|-----------|-----------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Overall Base Museum Attendance  | 371,662 | 360,800   | 365,500   | 370,000   | 374,500              | 378,900              | 383,400              | 387,800              | 392,200              | 396,500              | 400,800              | 405,000              | 409,200              | 413,400              |
|   | Actual  | Projected | Projected | Projected | Projected            | Projected            | Projected            | Projected            | Projected            | Projected            | Projected            | Projected            | Projected            | Projected            |
| Estimated Local Attendees Resulting from Expansion                              |         |           |           |           | 10,100               | 10,400               | 10,700               | 10,900               | 11,200               | 11,500               | 11,800               | 12,000               | 12,300               | 12,600               |
| Day Tripper Attendees Resulting from Expansion                                  |         |           |           |           | 30,500               | 31,300               | 32,100               | 32,900               | 33,700               | 34,500               | 35,300               | 36,200               | 37,000               | 37,800               |
| Paid Overnight Attendees (Driven by Museum) Resulting from Expansion            |         |           |           |           | 8,000                | 8,200                | 8,400                | 8,600                | 8,800                | 9,100                | 9,300                | 9,500                | 9,700                | 9,900                |
| Paid Overnight Attendees (Driven by other assets) Resulting from Expansion      |         |           |           |           | 23,100               | 23,700               | 24,300               | 25,000               | 26,600               | 26,200               | 28,000               | 27,400               | 28,000               | 28,700               |
| Other Overnight Attendees Resulting from Expansion                              |         |           |           |           | 6,800                | 7,000                | 7,200                | 7,400                | 7,600                | 7,700                | 7,900                | 8,100                | 8,300                | 8,500                |
| <b>Projected Total Incremental Attendance from Expansion</b>                    |         |           |           |           | <b>78,500</b>        | <b>80,600</b>        | <b>82,700</b>        | <b>84,800</b>        | <b>87,900</b>        | <b>89,000</b>        | <b>92,300</b>        | <b>93,200</b>        | <b>95,300</b>        | <b>97,500</b>        |
| Paid Room Nights (Driven by Museum) Resulting from Expansion                    |         |           |           |           | 13,400               | 13,800               | 14,100               | 14,400               | 14,800               | 15,300               | 15,600               | 16,000               | 16,300               | 16,600               |
| Paid Room Nights (Driven by other assets) Resulting from Expansion              |         |           |           |           | 9,200                | 9,500                | 9,700                | 10,000               | 10,200               | 10,500               | 10,700               | 11,000               | 11,200               | 11,500               |
| Unpaid Room Nights Resulting from Expansion                                     |         |           |           |           | 3,100                | 3,200                | 3,300                | 3,400                | 3,500                | 3,500                | 3,600                | 3,700                | 3,800                | 3,900                |
| <b>Total Room Nights Resulting from Expansion</b>                               |         |           |           |           | <b>25,700</b>        | <b>26,500</b>        | <b>27,100</b>        | <b>27,800</b>        | <b>28,500</b>        | <b>29,300</b>        | <b>29,900</b>        | <b>30,700</b>        | <b>31,300</b>        | <b>32,000</b>        |
| Direct Annual Incremental Spending Resulting from Expansion                     |         |           |           |           | \$ 9,126,300         | \$ 9,513,100         | \$ 9,909,700         | \$ 10,330,400        | \$ 10,748,000        | \$ 11,224,900        | \$ 11,664,700        | \$ 12,122,300        | \$ 12,585,500        | \$ 13,075,600        |
| Indirect/Induced Incremental Spending Resulting from Expansion                  |         |           |           |           | \$ 9,049,600         | \$ 9,433,200         | \$ 9,826,700         | \$ 10,243,600        | \$ 10,657,700        | \$ 11,130,600        | \$ 11,566,700        | \$ 12,020,500        | \$ 12,479,800        | \$ 12,965,800        |
| <b>Total Annual Spending (Direct/Indirect/Induced) Resulting from Expansion</b> |         |           |           |           | <b>\$ 18,175,900</b> | <b>\$ 18,946,300</b> | <b>\$ 19,736,400</b> | <b>\$ 20,574,000</b> | <b>\$ 21,405,700</b> | <b>\$ 22,355,500</b> | <b>\$ 23,231,400</b> | <b>\$ 24,142,800</b> | <b>\$ 25,065,300</b> | <b>\$ 26,041,400</b> |
| Tourist Development Tax Collections Resulting from Expansion                    |         |           |           |           | \$ 145,600           | \$ 151,700           | \$ 158,000           | \$ 164,700           | \$ 171,400           | \$ 179,200           | \$ 186,200           | \$ 193,400           | \$ 200,800           | \$ 208,600           |

*Attendance and Room Nights Generated from the Expansion*

**Tourist Development Tax**

According to the Pinellas County Tax Collector, the City of St. Petersburg represented approximately 13.2% of the total Tourist Development Tax collected in the County in calendar year 2018, the equivalent of \$7.8 million. The Museum’s funding request of \$17.5 million represents 29.6% of the total 2018 County collections.

**Economic Impact**

RDS performed an analysis of the Museum’s economic impact and projected the possible results from the expansion. The impact analysis included detailed understanding on spending levels for overnight lodging, admissions, food & beverage, retail, transportation and other spending categories all derived from the results of the visitor profile study. Based on the survey results, the Museum in 2019 is projected to produce a \$39.9 million direct spending impact on the community. That base figure is projected to

grow to \$43.5 million by 2022, the year the Museum expansion projected is slated for completion. The Expansion was projected to bring an additional \$9.1 million in direct spending in its first year of operation increasing to \$13.1 million by 2031.

Direct spending is only one component of economic impact. Money spent as part of direct spending gets re-circulated throughout the local economy, creating additional indirect and induced spending. Indirect spending represents gains in industries in the local economy where the original spending occurred. For example, when spending at restaurants increases (direct spending) the restaurant increases its spending at restaurant supply companies (indirect spending). Induced spending represents increases in local spending due to increased income associated with direct spending. For example, if restaurant workers work overtime to keep up with increased customers, the spending associated with their extra earnings falls under the induced spending category. Indirect and induced spending is estimated through the use of economic models of the local economy. These models are known as input-output models because they trace the spending through the local economy by



accounting for the industry interactions. These interactions are the spending by each industry to acquire inputs, such as raw materials and labor, which are necessary to produce outputs, such as goods and services, used within the local economy. These models also account for the various outflows from the region to the rest of the nation’s economy. These outflows are commonly called “leakages” since they represent funds that are leaving the local economy.

RDS utilized the RIMS II (Regional Input-Output Modeling) program to calculate indirect and induced impact. Based on RIMS II, the indirect and induced spending equates to 0.99 of direct spending or \$9.05 million.

The direct impact assumptions utilized appear reasonable. A detailed analysis of the indirect and induced spending was not completed; however, based on JLL’s experience in conducting economic impact studies, the indirect and induced multiplier generally ranges in the upper 0.6 to upper 0.7-range.

|   |                    |
|---|--------------------|
| Annual Direct Spending in 2022  | \$9.13 m           |
| Annual Indirect/Induced Spending in 2022  | <u>9.05 m</u>      |
| Spending Subtotal   | 18.18 m            |
| Annual Media Exposure<br>(Estimated Value from new promotional outreach of Expansion) | <u>9.6 million</u> |
| Total   | <u>\$27.78 m</u>   |

**The Dalí Museum**  
**Estimated Incremental Year 3: Fiscal 2022 (Projected Opening of New Digital Dalí Experience)**

|  | Total        | Estimated Local Attendees | Estimated Day-Tripper Attendees | Estimated Overnight Attendees Staying in a Hotel/Condo/Vacation Rental<br><i>Museum Primary Purpose of Trip</i> | Estimated Overnight Attendees Staying in a Hotel/Condo/Vacation Rental<br><i>Museum Added Trip Experience</i> | Estimated Overnight Attendees Staying in Unpaid Lodgings<br><i>(Owned Condo/With Friends/Relatives)</i> |
|--|--------------|---------------------------|---------------------------------|---|---|---|
| Incremental Attendance                       | 78,600       | 10,100                    | 30,500                          | 8,000   | 23,100  | 6,800   |
| Average Length of Stay (Days)                |              | 1.0                       | 1.0                             | 4.2   | 4.2   | 6.7   |
| Average Attendees Per Party                  |              | 2.3                       | 2.6                             | 2.5   | 2.5   | 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                      | 25,700       | n/a                       | n/a                             | 13,400  | 9,200   | 3,100   |
| <b>Spending Per Attendee Per Day</b>         |              |                           |                                 |   |   |   |
| Hotel  |              | n/a                       | \$0.00                          | \$41.89   | \$44.11   | \$0.00  |
| Facility Admission (1 day only)              |              | n/a                       | \$23.74                         | \$25.84   | \$24.80   | \$22.84   |
| Food & Beverage                              |              | n/a                       | \$12.07                         | \$33.10   | \$34.97   | \$13.27   |
| Other Recreation                             |              | n/a                       | \$5.08                          | \$13.91   | \$8.90  | \$5.20  |
| Retail                                       |              | n/a                       | \$5.39                          | \$14.88   | \$13.58   | \$6.68  |
| Local Transportation                         |              | n/a                       | \$1.75                          | \$3.26  | \$3.65  | \$3.35  |
| Auto Fuel                                    |              | n/a                       | \$3.76                          | \$4.11  | \$3.49  | \$1.91  |
| Other  |              | n/a                       | \$1.23                          | \$2.32  | \$1.71  | \$0.65  |
| <b>Incremental Annual Direct Spending</b>    |              |                           |                                 |   |   |   |
| Hotel  | \$2,426,400  | n/a                       | \$0                             | \$1,407,500   | \$1,018,900   | \$0   |
| Facility Admission                           | \$1,659,000  | n/a                       | \$724,100                       | \$206,700   | \$572,900   | \$155,300   |
| Food & Beverage                              | \$2,378,300  | n/a                       | \$368,100                       | \$1,112,200   | \$807,800   | \$90,200  |
| Other Recreation                             | \$863,300    | n/a                       | \$154,900                       | \$467,400   | \$205,600   | \$35,400  |
| Retail                                       | \$1,023,500  | n/a                       | \$164,400                       | \$500,000   | \$313,700   | \$45,400  |
| Local Transportation                         | \$270,000    | n/a                       | \$53,400                        | \$109,500   | \$84,300  | \$22,800  |
| Auto Fuel                                    | \$346,400    | n/a                       | \$114,700                       | \$138,100   | \$80,600  | \$13,000  |
| Other  | \$159,400    | n/a                       | \$37,500                        | \$78,000  | \$39,500  | \$4,400   |
| Total Incremental Annual Direct Spending     | \$9,126,300  | n/a                       | \$1,617,100                     | \$4,019,400   | \$3,123,300   | \$366,500   |
| Annual Indirect and Induced Spending         | \$9,049,600  | n/a                       | \$1,603,500                     | \$3,985,600   | \$3,097,100   | \$363,400   |
| Multiplier (RIMS II)                         | 0.9916       | n/a                       | 0.9916                          | 0.9916  | 0.9916  | 0.9915  |
| Total Incremental Spending (Economic Impact) | \$18,175,900 | n/a                       | \$3,220,600                     | \$8,005,000   | \$6,220,400   | \$729,900   |
| Tourism Development Tax (6%)                 | \$145,600    | n/a                       | n/a                             | \$84,500  | \$61,100  | n/a   |

## Marketing/Media

The Museum included a detailed description of marketing efforts planned around the expansion project, including in-depth efforts to target specific audiences for the digital exhibition space addition and certain group planners for the classroom and multi-use event space expansion. The Museum stated that it currently invests \$1.6 million annually in marketing programs and outreach. The estimated 50 million impressions generated by the marketing outreach was deemed by the Museum to be valued at is valued at \$20 million. The Museum pledged to provide 48% of its future museum related marketing investment directly towards the promotion of the digital exhibition components. The Museum also pledged to double current marketing of the InnovationLabs/event space and apply between 25% and 50% of the new budget to reaching out-of-area markets, particularly corporate and group audiences interested in the Museum's learning experiences as a team-building exercise. No specific figures were provided on the current budgeted amount for the InnovationLabs/event space.

## OTHER REQUIREMENTS

### Completion Timeline

The Museum communicated that the anticipated timeline for the expansion project is 22 months beginning by April of 2020.

### Leased Property

As outlined in the Capital Projects Funding Program Guidelines, in order for a leased property's renovation and/or improvement to be eligible for funding, the minimum number of remaining years on the

lease period at the time of application shall be 20 years. The Museum indicated that the current lease does not terminate until 2106.

## Summary

- The Salvador Dali Museum is a not-for-profit museum entity operating since 1982 in St. Petersburg, Florida as the only museum dedicated to the renowned surrealist artist.
- Development cost for the Museum's expansion of exhibit space and new parking garage is \$35.18 million, not including a solar voltaic system.
- The single year funding request is for \$17.5 million matched by \$17.5 million from Museum investment accounts.
- Initial conceptual planning work is complete and constructed is projected to begin by April 2020, contingent on all funding being in place
- City of St. Petersburg represented approximately 13.2% of the total Tourism Development Tax collections in 2018 or \$7.8 million
- RDS estimated the first year (2022) of operation with the expansion would produce a total of 25,700 new room nights, 13,400 in directly generated new paid accommodation stays
- RDS estimated the Museum expansion would generate \$9.13 million in direct spending plus \$9.05 million in induced and indirect spending for a total impact of \$18.18 million in 2022
- The Museum suggested an investment of 48% of marketing budget being directed to promotion of the expansion.

# St. Petersburg Museum of History



**PROJECT DESCRIPTION**

The St. Petersburg Museum of History opened in 1922 with the mission to collect, preserve and present the history of St. Petersburg, Pinellas County and the State of Florida. The current facility has 9,000 square feet of exhibit space and is planning an 8,000 square foot expansion. The Museum features many unique attractions including the Flight One Gallery that traces the story of commercial aviation from its inception in St. Petersburg, to the largest collections of baseballs in the U.S.

The Museum is located at the entrance to the new Pier District and next to the Pier Marketplace. The addition will include two levels, with the new ground level spaces set to include a Pinellas County Visitor Center, museum gift shop, conference area and new entrance. The second level will add 4,000 square feet of exhibit space and a 3,500 square foot rooftop area that will overlook Vinoy and St. Pete Pier District. As part of the \$6,800,000 project, the existing facility will also undergo a renovation and when completed the facility will include twelve state-of-the-art permanent exhibit modules, auditorium seating for over 200 people and reception facilities that will accommodate several hundred guests.

**FINANCIAL ANALYSIS**

**Development Cost**

The total project budget is \$6,800,000. A breakdown of the costs is as follows:

|                                |             |
|--------------------------------|-------------|
| Permanent Exhibit              | \$1,400,000 |
| Two Story Expansion            | 4,450,000   |
| Existing Facility Improvements | 650,000     |
| Soft Costs                     | 300,000     |
| Total Cost                     | \$6,800,000 |

The \$1,400,000 for permanent exhibits includes funds to design, build and install new displays. A detailed budget was provided. The Museum has hired Creative Arts Display Design Firm from Clearwater to assist in these efforts.

**Shovel Ready**

The applicant stated that the planned expansion and remodel work will be ready to start construction upon receiving approval of the grant application by the TDC and the Pinellas Board of County Commissioners. ARC 3 (architectural firm) and Kimley-Horn (civil engineers) have been engaged by the Applicant and construction could begin in June 2019.

**Funding Request**

The St. Petersburg Museum of History is requesting \$2,800,000 for the expansion and renovations of the leased space. The application incorrectly requested \$2.2 million. A letter was sent to VSPC noting this discrepancy.

The funding request represents a Category D (Capital Funding/Debt Service Other) use as defined in the Capital Projects Funding Program Guidelines and requires the applicant to provide matching funding. The funding request represents approximately 41% of the estimated total development costs.

**Funding Plan**

The project is intended to be funded as follows:

|                        |                  |
|------------------------|------------------|
| Pinellas County        | \$2,800,000      |
| Private Donations      | 1,700,000        |
| State of Florida       | 1,300,000        |
| City of St. Petersburg | <u>1,000,000</u> |
| Total                  | \$6,800,000      |

At the time of this report, the Applicant stated that the City has contributed \$500,000 to the project and the Museum has received \$1,300,000 in donations totaling \$1,800,000, which falls short of the matching requirement. According to project representatives, the Museum is working with the State of Florida to file an appropriations project request for the 2019-2020 budget for \$1,300,000, and it is the intent of the City of Petersburg to budget \$250,000 for this project in both 2020 and 2021. (The museum provided documentation noting public records detailing the City’s full contribution amount). The application does not state when the funding from the County is needed.

**ECONOMIC IMPACT**

The economic impact analysis was completed by Wynne & Associates, LLC. Wynne & Associates is a boutique planning services consultancy focusing on conducting smaller, short-term projects or partnering with others on larger projects. The principal has nearly two decades of experience conducting economic and fiscal impact analyses and over three decades of urban and regional planning experience including areas such as economic development,

emergency preparedness, environmental, housing, land use, and transportation issues. The firm is based in Clearwater.

**Attendance Impact**

In collaboration with the Museum of History, Wynne has estimated that the new facility would have an incremental annual attendance of over 75,000 with 50% to 60% coming from outside of Pinellas County. Wynne states that the main factors contributing to this increase are the new amenities that are part of the expansion/renovation and the proximity of the museum to the new St. Pete Pier, which is set to open in early 2020 and bring 1,700,000 new visitors to the area. It is also anticipated that the museum will be a sought-after venue for corporate and community meetings, wedding receptions and other events.

Given that the current annual attendance has averaged over 9,000 attendees, the anticipated increase is significant even though it was noted by Wynne that cultural and heritage tourism is the fast-growing segment of the Pinellas tourism industry. The rationale for the increase is the museum’s ability to enhance programming (over 40% of the increase is attributed to this increase) utilizing the new auditorium and gallery spaces. It is anticipated that this new space and layout will facilitate cultural exchange agreements like the one the museum is currently negotiating with a museum in Lincolnshire, UK. The other main factor is the museums location to the new pier and the number of pedestrians and bicyclists traveling who will pass the museum entrance and the planned Pinellas Visitors Center. Wynne attributed over 35% of the yearly increase to this new addition to the area.

**Room Night Impact**

Wynne & Associates, LLC estimates that the annual room night demand related to St. Petersburg Museum of History totals approximately 11,600 room nights and includes both attendee and exhibitor-related room nights. The application incorrectly included 1,649 room nights associated with attendees, performers and exhibitors that were staying with friends/relatives.

The basis for Wynne’s estimates was that the average party size ranged from 1 to 3 people depending on the reason for the visit and that one night of a guest stay would be attributed to the museum.

The Capital Projects Funding Program Guidelines states that generated hotel room nights are an important factor when considering funding requests. The table below reflects the estimated incremental hotel room nights and estimated TDT collections (6% per room) to be generated due to the St. Petersburg Museum of History for one year.

|                             |           |
|-----------------------------|-----------|
| Incremental Room Nights     | 11,612    |
| Average Daily Rate (2019\$) | \$144.00  |
|                             |           |
| TDT Collections             | \$100,323 |

The approximate \$144 average rate is derived from the 2016 Annual Visitor profile and the 2017/2018 Interim Designation Analyst Quarterly Report, both obtained by Wynne & Associates, LLC.

**Tourism Development Tax**

According to the Pinellas County Tax Collector, the City of St. Petersburg represented approximately 13.2% of the total Tourism

Development Tax collected in the County in calendar year 2018. The applicant’s funding request represents 4.7% of the 2018 collections.

**Economic Impact**

Wynne & Associates, LLC completed an economic impact assessment associated with the St. Petersburg Museum of History in December 2018. Upon reviewing the calculations, it was noted that there were errors in the estimated room nights and lodging spending related to the overnight attendees staying in a hotel, overnight attendees staying with a friend or relative, and overnight performers staying in a hotel.

- Overnight Attendees Staying in a Hotel – The annual direct spending was estimated at \$814,432 and should have totaled \$1,628,856. The calculation did not account for the estimated two people per room and accounted for only one.
- Overnights Attendees Staying with a Friend or Relative – The annual direct impact was estimated at \$101,418 and should have totaled \$0. Someone staying with a friend or relative would not account for any lodging spending.
- Overnight Performer Staying in a Hotel - The annual direct spending was estimated at \$8,640 and should have totaled \$17,280. The calculation did not account for the estimated two people per room and accounted for only one.

These modifications increase the annual direct spending related to lodging from \$950,410 to \$1,672,056.

The revised direct spending related to lodging increase the direct economic impact (direct spending) associated with the museum from \$4,804,000 annually to \$5,525,765. Additionally, Wynne

estimates that approximately 109 full-time jobs will be created once completed.

Direct spending is only one component of economic impact. Money spent as part of direct spending gets re-circulated throughout the local economy, creating additional indirect and induced spending. Indirect spending represents gains in industries in the local economy where the original spending occurred. For example, when spending at restaurants increases (direct spending) the restaurant increases its spending at restaurant supply companies (indirect spending). Induced spending represents increases in local spending due to increased income associated with direct spending. For example, if restaurant workers work overtime to keep up with increased customers, the spending associated with their extra earnings falls under the induced spending category. Indirect and induced spending is estimated through the use of economic models of the local economy. These models are known as input-output models because they trace the spending through the local economy by accounting for the industry interactions. These interactions are the spending by each industry to acquire inputs, such as raw materials and labor, which are necessary to produce outputs, such as goods and services, used within the local economy. These models also account for the various outflows from the region to the rest of the nation’s economy. These outflows are commonly called “leakages” since they represent funds that are leaving the local economy.

Wynne utilized the IMPLAN modeling software to calculate indirect and induced impact. Based on IMPLAN, the indirect and induced spending equates to .53 of direct spending or \$2,912,100. Note that this was increased from what was in the Applicant response to account for the additional lodging revenue previously discussed.

After the modifications, the direct, indirect and induced impact assumptions utilized appear reasonable.

|                                  |                  |
|----------------------------------|------------------|
| Annual Direct Spending           | \$5,525,800      |
| Annual Indirect/Induced Spending | <u>2,912,100</u> |
| Spending Total                   | \$8,437,900      |

**Marketing/Media**

The Museum of History application estimates the value of the marketing and sponsorship benefits to be \$383,250 annually. The bulk of the value will be generated by a new Pinellas County Visitor Center to be located on the ground floor of the museum. The center will feature digital and printed kiosk information, interactive activities to engage visitors with live county wide attractions, a starting point of activities such as walking, biking, Segway and trolley tours, and a retail shop for tourists to the area.

**OTHER REQUIREMENTS**

**Completion Timeline**

At the time of this submission, the general contractor was engaged, and it was anticipated that site work would begin in June 2019 and the foundations for the new two-story addition could start in July 2019. Timing of the renovation work to the existing space was not detailed but assumed to be done at a similar time to the expansion to minimize disruption to the museum. The detailed schedule provided anticipated the expanded museum to open at the end of 2019, well within the within the CFPF’s three-year time table.



## Leased Property

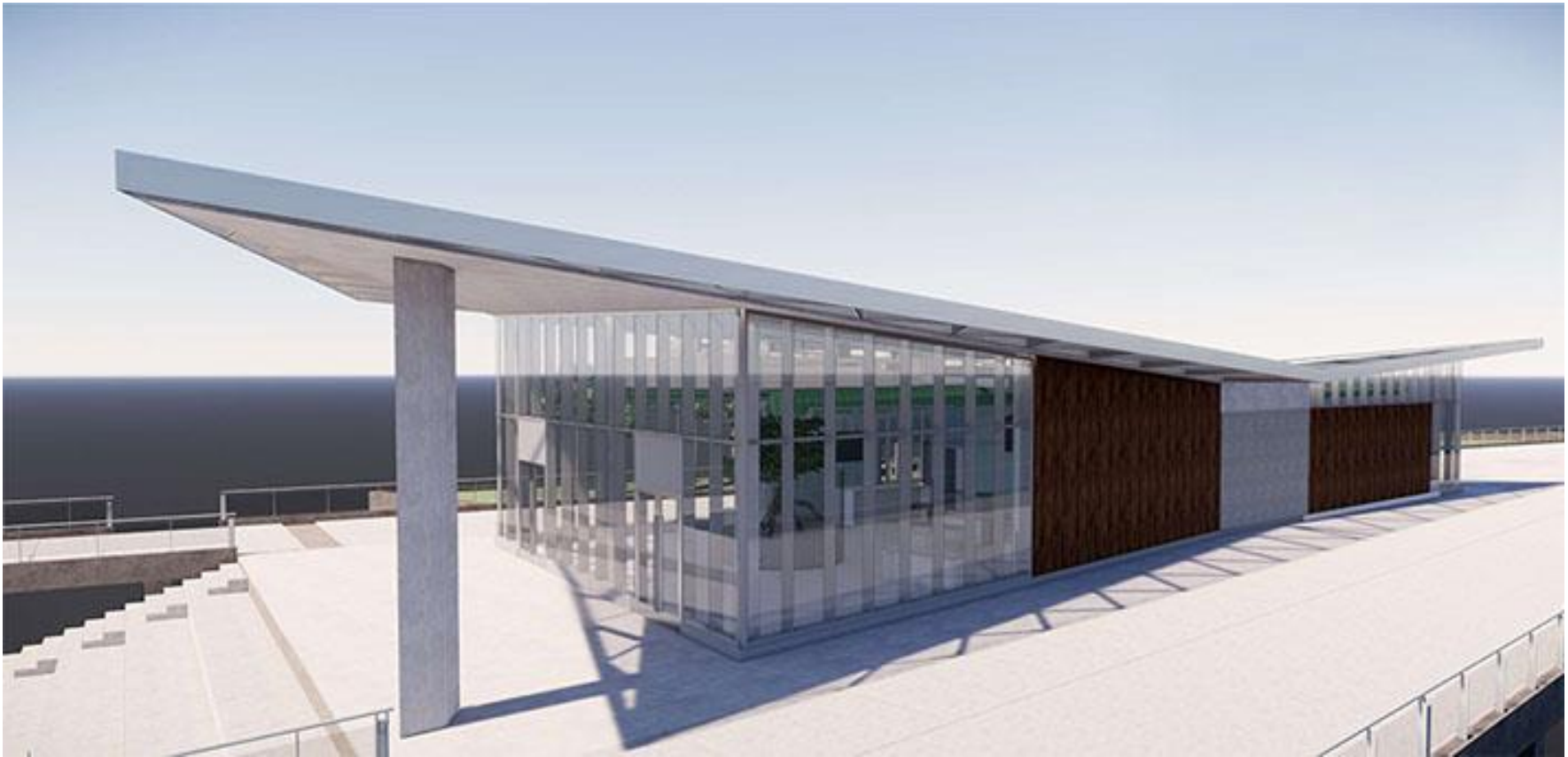
As outlined in the Capital Projects Funding Program Guidelines, in order for a leased property's renovation and/or improvement to be eligible for funding, the minimum number of remaining years on the lease period at the time of application shall be 20 years. The Museum does not meet this requirement but has been a party to a lease agreement with the City of St. Petersburg for 98 years. The current lease has three years remaining and conversations are underway for another extension once expansion plans are finalized. According to the Applicant, the St. Petersburg City Charter allows for a maximum lease of 10 years if the facility is located on a public waterfront. Extensions may be possible with a public referendum. The Mayor's office is in midst of an amendment that would be placed on the ballot in 2020 to extend the lease by 25 years.

## Summary

- The St. Petersburg Museum of History has been open for 97 years
- The space is owned by the City of St. Petersburg and leased to the Museum of History
- The expansion and renovations are estimated to cost \$6,800,000
- TDC Funding request is for \$2,800,000.
- Design for the Museum is complete, and the General Contractor is ready to submit permits and start construction immediately upon all funding being in place. It is estimated that project will be completed by year-end.

- Matching funds are in the process of being collected from the City of St. Petersburg (\$1,000,000), State of Florida (\$1,300,000) and various private donations (\$1,700,000) but not yet finalized
- City of St. Petersburg represented approximately 13.2% of the total Tourism Development Tax collections in 2018; the funding request represents 4.7% of the 2018 collections
- Wynne & Associates, LLC estimates over 75,000 incremental visitors to Pinellas County and over 11,000 incremental room nights from the Museum
- It is estimated that the economic impact value from the museum will total approximately \$8.4 million annually
- Annual media value of \$383,250 for VSPC will come from a new County visitor center located within the museum

# Tampa Bay Watch Discovery Center



**PROJECT DESCRIPTION**

The not-for-profit corporation, Tampa Bay Watch is requesting TDT funding for construction of the Tampa Bay Watch Discovery Center. Tampa Bay Watch was incorporated in 1993 and has been focused with the long-term restoration and protection of the Tampa Bay estuary through scientific and education programming. In 2005, the Tampa Bay Watch established a 13,500 square foot Marine and Education Center in Tierra Verde that features outdoor wet labs, classrooms, touch tanks, and aquariums

In 2018, the Tampa Bay Watch signed a lease agreement with the City of St. Petersburg for space on the new St. Pete Pier to showcase the economic and ecological value of the Tampa Bay estuary to both residents and visitors. The 2,900 square feet space will be called the Tampa Bay Watch Discovery Center and will have two key spaces – the exhibition/event gallery and the field trip classroom/catering space.

A completed application was submitted and provides for \$300,000 in matching funds and met the requirements for consideration for funding, with the exceptions noted in this report. Design for the tenant improvements to the space have been completed and construction is set to start June 2019 or upon receipt of the necessary TDC funds.

**FINANCIAL ANALYSIS**

**Development Cost**

The total project budget is estimated to be \$711,371. This figure is based on construction documents and estimates by Skanska and includes all necessary improvements to the space for the Discovery

Center to open including a \$65,000 contingency. The City is providing the shell building and requires the Tampa Bay Watch to construct the necessary interior and exterior improvements for the Discovery Center. A detailed budget was provided.

**Shovel Ready**

The funding request is for tenant improvements to the interior and exterior of a building. The project appears to be shovel ready once TDT funding is approved.

**Funding Request**

The Tampa Bay Watch is requesting \$300,000 for the tenant improvements to the leased Pier space.

The funding request represents a Category D (Capital Funding/Debt Service Other) use as defined in the Capital Projects Funding Program Guidelines and requires the applicant to provide matching funding. The funding request represents approximately 42% of the estimated total development costs.

**Funding Plan**

The project is intended to be funded as follows (note that these amounts are rounded):

|   |                  |
|---|------------------|
| Pinellas County                             | \$300,000        |
| City of St. Petersburg TI Allocation        | 150,000          |
| Milkey Family Foundation                    | 150,000          |
| Other Sponsorships (Individual & Corporate) | <u>120,000</u>   |
| Total                                       | <u>\$720,000</u> |

The funding is requested immediately and is based upon the anticipated construction schedule and related funding

requirements. The sponsorship funds are in hand and available for immediate use. Month by month details regarding the timing of the City of St. Petersburg TI Allocation were not provided but project is set to be completed by year-end.

**ECONOMIC IMPACT**

The economic impact analysis was completed by Lambert Advisory based in Miami, Florida. The group was founded in 1995 and is an internationally recognized real estate and economic advisory group offering a broad range of services to both the public and private sectors. Lambert is known for its deep research, pragmatic approach to applying that research and ability to educate and provide guidance based on the most robust information available. Areas of focus include: real estate advisory, transaction guidance, transportation, economic & community development, and data analysis/forecasting. Lambert Advisory previously completed the economic impact analysis for the St. Pete Pier in 2017.

**Attendance Impact**

In collaboration with the Tampa Bay Watch, Lambert has estimated that the new facility would have an annual attendance of 100,000. Since the facility is an addition to the community, Lambert assumed that these will all be new visitors and over 40% will be from outside of Pinellas County. This figure exceeds the 25,000-incremental attendee guideline and appears to be reasonable as it accounts for only 6% of the projected yearly attendance to the new St. Pete Pier. Between its eco-tourism draw and its location situated in a highly visible, easily accessible area of the St. Pete Pier, there will be percentage of attendees coming to the Pier for this attraction.

**Room Night Impact**

Lambert Advisory estimated that the annual room night demand related to Tampa Bay Watch Discovery Center will total 6,000 room nights, which does not meet the 10,000-minimum guideline. Lambert noted that an in-depth visitor survey was not conducted to measure the propensity for Discovery Center visitors to generate room night demand. Since a separate demand study was not completed, Lambert utilized their original demand projections for the Pier and carved out a portion that might be considered overnight demand for the Discovery Center. The basis for Lambert’s estimate is that according to the City of St. Petersburg approximately 42% of all visitors to the Piers represent overnight visitors and according to Visit St. Petersburg Clearwater, approximately 57% of these overnight visitors will stay in a hotel/motel facility. Since it is acknowledged that not all overnight visitors to the Discovery Center will visit only the Discovery Center, it is further estimated that only 50% of the overnight visitors will be incremental room nights associated with this facility. The room night impact was calculated as follows:

|                            | Overnight Attendee<br>Staying in<br>Hotel/AirBnb |
|----------------------------|--|
| Annual Attendance          | 100,000  |
| Average Length of Stay     | 1.0  |
| Average Attendee Per Party | 2.0  |
| % Utilizing Accommodations | 12.0%  |
| Room Night                 | 6,000  |

The Capital Projects Funding Program Guidelines states that generated hotel room nights are an important factor when considering funding requests. The table below reflects the estimated incremental hotel room nights and estimated TDT collections (6% per room) to be generated due to the Discover Center over a one-year period.

|                             |          |
|-----------------------------|----------|
| Incremental Room Nights     | 6,000    |
| Average Daily Rate (2019\$) | \$150.96 |
| TDT Collections             | \$54,000 |

Over a ten-year period, it is estimated by Lambert Advisory that the net present value of the incremental tax on the overnight stays will be more than \$450,000. Furthermore, based on an average spend of \$156 (including lodging, food, entertainment, retail) the County’s 12,000 overnight visitors will generate \$1,870,000 on a yearly basis.

The spend per day which was provided by Visit St. Pete Clearwater, and the basis for the room night calculation appear to be reasonable. As one of the many attractions to the St. Pete Pier, it is difficult to quantify the reason for the visit especially prior to the opening of the main attractor or draw to the area – the St. Pete Pier.

**Tourism Development Tax**

According to the Pinellas County Tax Collector, the City of St. Petersburg represented approximately 13.2% of the total Tourism Development Tax collected in the County in calendar year 2018. The applicant’s funding request represents 0.5% of the total 2018 collections in the County.

**Economic Impact**

Lambert Advisory completed an economic impact assessment associated with the Tampa Bay Watch Discovery Center development in early 2019. The basis for their findings were that the Discovery Center will serve as a destination venue at the new St. Pete Pier and is anticipated to represent a key element of the Pier’s attendance and overall success. (In 2017, Lambert conducted a similar analysis on the St. Pete Pier.) Their findings estimate that the direct economic impact (direct spending) associated totals \$793,000 annually.

Direct spending is only one component of economic impact. Money spent as part of direct spending gets re-circulated throughout the local economy, creating additional indirect and induced spending. Indirect spending represents gains in industries in the local economy where the original spending occurred. For example, when spending at restaurants increases (direct spending) the restaurant increases its spending at restaurant supply companies (indirect spending). Induced spending represents increases in local spending due to increased income associated with direct spending. For example, if restaurant workers work overtime to keep up with increased customers, the spending associated with their extra earnings falls under the induced spending category. Indirect and induced spending is estimated through the use of economic models of the local economy. These models are known as input-output models because they trace the spending through the local economy by accounting for the industry interactions. These interactions are the spending by each industry to acquire inputs, such as raw materials and labor, which are necessary to produce outputs, such as goods and services, used within the local economy. These models also account for the various outflows from the region to the rest of the

nation’s economy. These outflows are commonly called “leakages” since they represent funds that are leaving the local economy.

Lambert utilized the IMPLAN modeling software to calculate indirect and induced impact. Based on IMPLAN, the indirect and induced spending equates to 1.13 of direct spending or \$895,000.

The direct impact assumptions utilized appear reasonable. A detailed analysis of the indirect and induced spending was not completed; however, based on JLL’s experience in conducting economic impact studies, the indirect and induced multiplier generally ranges in the upper 0.6 to upper 0.7-range.

|                                  |                |
|----------------------------------|----------------|
| Annual Direct Spending           | \$793,000      |
| Annual Indirect/Induced Spending | <u>895,000</u> |
| Spending Subtotal                | \$1,688,000    |

The Discovery Center is projecting \$600,000 in annual revenue to support staffing, programming and facility maintenance. These funds will be utilized to support more than 16 direct and indirect/induced full time jobs annually with total wages of \$570,000.

**Marketing/Media**

The Tampa Bay Watch’s application states that the value of Discovery Center’s marketing and sponsorship benefits will be \$250,000 per year. The basis for this figure comes from three main sources. The Center will include a three-sided information kiosk that will include a display for Visit St. Pete Clearwater, there will be a dedicated media video wall that will showcase various Visit St. Pete Clearwater tourism destinations, and there will be a permanent sponsorship art piece that will have all the major Discovery Center

sponsors referenced including Pinellas County and Visit St. Pete Clearwater.

**OTHER REQUIREMENTS**

**Completion Timeline**

The Discovery Center is anticipated to open at the end of 2019, within the CPFPP’s three-year time table.

**Leased Property**

As outlined in the Capital Projects Funding Program Guidelines, in order for a leased property’s renovation and/or improvement to be eligible for funding, the minimum number of remaining years on the lease period at the time of application shall be 20 years. As stated in the application, in February 2019, the City of St. Petersburg amended the current lease to allow a 10-year lease agreement, which does not meet the minimum requirement. Representatives from the Tampa Bay Watch submitted a letter to the Pinellas County Commission stating it is recognized that the existing lease structure does not meet the requested guidelines. Further, it was stated that none of the facilities along the St. Petersburg waterfront have leases longer than a 10-year term.

**Summary**

- The space is owned by the City of St. Petersburg and leased to the Tampa Bay Watch
- Tenant Improvements are estimated to be \$711,371
- Funding request is for one payment of \$300,000
- Design for the Discovery Center is complete, and Construction Documents have been issued. Construction

will begin as soon as all funding is in place and will be completed by year-end

- Matching funds have been provided by the City of St. Petersburg Tenant Improvement Allocation (\$150,000), the Milkey Family Foundation (\$150,000) and various individual, foundation and corporate sponsors (\$120,000)
- City of St. Petersburg represented approximately 13.2% of the total Tourism Development Tax collections in 2018; the funding request represents .5% of the 2018 collections
- Lambert Advisory estimates 100,000 incremental visitors to Pinellas County and 6,000 incremental room nights from the Discovery Center; no visitor survey was completed to verify room night generation
- Lambert Advisory estimates that the economic impact value from the Discovery Center will be \$1.6 million on a yearly basis.
- Annual media value is estimated to be \$250,000
- The current lease does not meet the minimum requirement; applicant stated that none of the facilities along the St. Petersburg waterfront have leases longer than a 10-year term