



## MEMORANDUM

**DATE:** May 11, 2018

**TO:** Cori Henderson, Program Administrator, Triumph Gulf Coast

**FROM:** Dan Rowe, President, Panama City Beach Convention and Visitors Bureau

**SUBJECT:** **Additional Information - Sports Park & Stadium Complex**

Thanks for the time we spent discussing the Panama City Beach Convention and Visitors Bureau's application for Triumph Gulf Coast (TGC) funding of the Sports Park & Stadium Complex. Your insight into the process, validation of our economic modeling and suggestions about ways to strengthen our application are appreciated.

As I mentioned last week, an evaluation that relies on job creation alone fails to account for the many far-reaching ancillary benefits to be realized from our project. While at first glance it might seem to be nothing more than a ballpark, a deeper analysis shows that the Panama City Beach Sports Park & Stadium Complex will be truly transformational in nature and will serve as a catalyst for development and infrastructure improvements that extend far beyond the fields of play and provide benefits to our community long after the games are decided.

To follow up on key points from our discussion, these are some of those benefits:

**JOB CREATION** - The number of jobs created by this phased catalytic project include the jobs required to run the park, direct jobs created by the incremental visitor demand and jobs required to operate the school. The Bay District Schools Superintendent has stated that without this funding, it is unlikely that the school gets built. In total, it is estimated that 700 full-time, year-round jobs will be created by, and then supported by, this project.

**VALUE OF TOURISM JOBS** - The value of tourism jobs is generally discounted in favor of "high-skill, high-wage" jobs. However, this approach overlooks a number of critically important factors to families in Florida:

- Without tourism demand and the jobs that support that demand, Florida citizens would be required to pay a state income tax.
  - The model created by SmartAsset.com estimates that the typical Florida resident earning \$75,000 per year will pay \$1,305 in sales taxes.

- A Panama City Beach tourism industry employee earning \$30,554 is estimated to pay \$584 in sales taxes.
  - HOWEVER, that tourism industry employee's job is dependent on visitor demand. Our studies demonstrate it requires 147 incremental visitors to create a new tourism industry job and 91 visitors to sustain that job in subsequent years.
  - THEREFORE, the taxable spending by those visitors must be considered when determining the value of that tourism industry job to the community. Our research shows that each unique visitor spends on average \$615.98 while in Panama City Beach, generating \$36.96 in sales taxes. Given that 91 unique visitors are required to sustain that job, the job generates an additional tax benefit of \$3,363.
- In presentations to stakeholder groups, Mark Wilson, President of the Florida Chamber of Commerce, has stated that the hospitality culture that exists in Florida due to our tourism industry is a competitive advantage for the state. The customer service skills learned while working in the tourism industry are transferable skills that apply to every other industry sector.

**VALUE TO LOCAL GOVERNMENTS** - Non-homesteaded residential property on the beach is a primary source of revenue for Bay County Government. This project, through its focus of year-round activity, will help diversify our economy and will help keep property values for hotels, condos and vacation homes on the rise, allowing the County to keep residents' taxes as low as possible. Additionally, the City of Panama City Beach is able to fund its operations without an ad valorem tax as a direct result of visitor spending. Tourism also is a primary generator of Bay District School's ½ cent sales tax and the County's ½ cent infrastructure surtax.

**DIVERSIFICATION** - The need for economic diversification was a key takeaway from the Deepwater Horizon Oil Spill, not only in the areas of new industries needed to expand the economic base of the region, but within the tourism industry as well. With its focus on year-round activity, this project will help diversify the tourism economy by building non-summer demand. This, in turn, will benefit the community as follows:

- Greater utilization of existing private sector investments;
- More stable workforce with less seasonal employment fluctuations;
- Making the tourism industry more resilient; and,
- Enhance the quality of life for all residents through increased access to year-round dining, shopping and recreational activities

**ANNUAL INFUSION OF NEW DOLLARS** - Tourism is an export industry and brings new revenues into our local economy from outside the state.

**TRANSPORTATION INFRASTRUCTURE** - The project's strategic value in addressing the region's transportation infrastructure needs cannot be overstated. The new access road to the sports complex will provide an eastern terminus to an additional east-west traffic corridor ("Back Back Beach Road") through Panama City Beach that efficiently connects to all of the arterial roads on the east end of the Beach – U. S. Highway 98, Front Beach Road and Thomas Drive – in addition to providing access to a new K-8 school.

**PRIVATE SECTOR DEVELOPMENT** - Due to increased access to Breakfast Point directly attributable to the project, The St. Joe Company applied for, and received approval of, an amendment to the Bay County Comprehensive Plan to include 750 hotel rooms, commercial office space (75,000 square feet) and retail space (160,000 square feet). Preliminary estimates of the company's investment in the construction of these new facilities exceed \$84 million.

These development activities will create temporary jobs during the construction phase and permanent, full-time jobs to staff the hotel and commercial/retail establishments. While a direct result of the project, there is no timetable for this development and the resulting jobs are not included in our Triumph Gulf Coast application.

**SCHOOL CONSTRUCTION** - But for this project, there is the very real possibility that the new Bay District Schools K-8 campus would not be built. The need to ease classroom overcrowding and serve a rapidly growing area of the Beach are there; however, public funding is limited and land acquisition costs alone could provide a roadblock to construction. If that were the case, an estimated 80 jobs associated with the school would not come to fruition.

**STEWARDSHIP OF PUBLIC FUNDS** - The Bay County Tourist Development Council has a history of responsible, strategic investment of public funds in tourism infrastructure that yields long-term impact. Following the BP oil spill, the council used its economic damage claims to build the Aaron Bessant Park Amphitheater (\$2.7 million) and renovate Frank Brown Park (\$4.5 million). No other tourist development council expended BP damage-related funds on permanent, public infrastructure projects designed to generate incremental and sustained visitor demand.

**ONGOING MARKETING INVESTMENT** - Market studies have confirmed the need for additional sports facilities; however, the TDC's investment doesn't end with the ribbon-cutting. A key contributor to success and sustainability will be ongoing efforts to market the facility as a world-class athletic complex and Panama City Beach as *the* place to play. The CVB's 2017-18 marketing budget is in excess of \$8 million and an additional \$687,000 is allocated specifically for sports marketing.

**BROAD-BASED SUPPORT** – This project is a public project that enjoys support from a broad coalition of public and private-sector participants, including:

- Panama City Beach CVB/Bay County TDC
- Bay County Board of County Commissioners
- Bay District Schools
- The St. Joe Company
- Florida Department of Transportation
- City of Panama City Beach
- Northwest Florida Water Management District

It's also important to note that the two industries most adversely affected by the BP oil spill were tourism and fishing. In drafting Florida Statute 288.8017, the Legislature recognized this and included language giving priority to TGC projects that *"...partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties."*

In summary, the Panama City Beach Sports Park & Stadium Complex is not your typical "tourism project." It is catalytic, transformational, strategic and impactful – exactly the type of project contemplated by Triumph Gulf Coast – and I look forward to approval of our funding request.