

# PB County looks to tourism taxes to pay for upkeep of natural areas

**BUSINESS** By Jennifer Sorentroue - Palm Beach Post Staff Writer



RICHARD GRAULICH

St. Louis Cardinals players take batting practice on opening day of Spring Training for the Washington Nationals and Houston Astros at the Ballpark of the Palm Beaches in West Palm Beach on February 28, 2017. (Richard Graulich / The Palm Beach Post)

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Palm Beach County is running out of money to pay for the upkeep of more than 30,000 acres of environmentally sensitive land it purchased as part of preservation programs approved by voters

in the 1990s.

The county spends about \$6 million a year to maintain 34 sprawling natural areas — property it paid for largely with bond money from referendum votes in 1991 and 1999.

For years, the county's Department of Environmental Resources Management has scrambled to find the cash for the upkeep of those areas — including their nature trails, boardwalks and other public facilities as well as the removal of exotic trees and vegetation. Without a designated way to pay for the maintenance, county officials say the program is now expected to run out of money in 2019.

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County commissioners last month discussed the possibility of using tourism tax revenue to reduce the shortfall — a proposal that has drawn criticism from members of the county's **Tourist Development Council**.

The tourism tax, also known as a bedtax, is levied on all hotel and motel stays. It generated roughly \$48 million in revenue last budget year. That money is used to pay for tourism-related advertising, beach renourishment and facilities such as Roger Dean Stadium and the new Ballpark of the Palm Beaches.

Tourism is one of the county's largest industries, contributing more than \$7 billion to the local economy and employing roughly 70,000 people.

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The local tourism industry has seen eight consecutive years of record-breaking growth. Nearly 7.5 million people are expected to visit the county in 2017, up from 7.35 million last year.

Donald Dufresne, a longtime member of the tourist council, said it would be “short sighted” to take money that has been set aside for tourism marketing and use it for land maintenance. Instead, he said, commissioners should prioritize current spending.

“That is what the county commission is supposed to do, figure out how to solve these problems and not kick the can down the road as they have been doing,” Dufresne said at the council's meeting this month.

County officials first identified the shortfall in 2008, after a series of financial decisions significantly reduced the amount of money that was being generated each year to pay for natural area upkeep.

The county got the bulk of the money to buy natural area lands from referendum votes in 1991 (\$100 million) and 1999 (\$50 million), plus other state matches, which totaled tens of millions of dollars.

At the time of those votes, the county had a plan to pay for ongoing maintenance of the property, said Rob Robbins, head of the county's Environmental Resources Management department.

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"When we went through those bond referenda to buy the 32,000 acres of land we had some forethought about how we were going to pay to manage those lands," Robbins told members of the tourism council this month. "We used the bond referenda to set aside some revenue generators in the future."

The plan centered on three main revenue sources: interest from an endowment fund created to pay for upkeep; the sale of the development rights from the natural areas that were being protected; and leases with farmers on county-owned agricultural lands that were also purchased as part of the preservation plan.

"Before the Great Recession those dollars were flowing pretty well," Robbins said.

The interest payments from the endowment alone were generating roughly \$1.5 million a year, Robbins said.

But a decision by the county clerk's office to shift the endowment to a more conservative investment vehicle cut those annual interest payments to \$200,000, Robbins said.

Meanwhile, the department had been receiving roughly \$2 million a year from **a long-time practice that allows Palm Beach County developers to pay for the right to build extra homes on their land**. The practice allows developers to transfer development rights off of county-owned land that has been classified as environmentally sensitive.

At one time, the county charged \$50,000 for each additional home that was built, but at the height of the housing boom officials decided to drop the fee to just \$1 for homes that were priced

at an affordable level.

The fee reduction left the county's environmental managers with significantly less money every year to pay for upkeep, Robbins said.

Commissioners also decided to slash the amount of money they were charging farmers to lease property in the county's agricultural reserve, a change that cut in half how much that was being set aside for maintenance, Robbins said.

Ultimately, those decisions left the county with roughly \$3.5 million less every year to pay for the upkeep of its natural areas, Robbins said.

"It isn't a surprise to us," Robbins told the tourist council. "We have seen this coming for a long time."

At a budget workshop meeting in November, county commissioners pointed to the tourism tax revenue to close the shortfall, saying the natural areas are a draw for visitors.

"If the basis of the funding from (the tourist development council) is it promotes tourism then of course our eco tourism should also be considered," Commissioner Steve Abrams said at the Nov. 28 workshop.

Commissioner Paulette Burdick said nature lovers from all over the world come to the county's natural areas every year to see rare birds and other wildlife.

The county already uses about \$6 million a year in bed tax money to pay for beach renourishment programs.

Glenn Jergensen, the executive director of the county's Tourist Development Council, said \$2.5 million is the most the agency would be able to come up with to help with natural area upkeep.

"But it would have a hit," Jergensen told members of the tourist council at their Dec. 14 meeting.

Under that scenario, the county's four main tourism agencies would be forced to slash their annual budgets by 7.5 percent.

Discover The Palm Beaches, the county's main tourism marketing agency, would see its budget



drop by about \$1.2 million a year, Jergensen said.

Members of the tourist council said they are opposed to the proposal.

“What this agency does is different than what other county agencies do,” Dufresne said of the tourist council. “We are not maintenance. We are a marketing tool for this county to generate and support this county’s number one industry. That is where the jobs come from. ... To take dollars away from marketing is a very short sighted position to take.”

At the November budget workshop, County Administrator Verdenia Baker said it comes down to priorities.

“We have all tightened our belt,” Baker told county commissioners. “It is a matter of level of service on what you want to fund. I juggle funding this particular area with all of the other requirements that we have and I will continue to do so.”

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