



## MEMO

TO: Tourist Development Council Members  
FROM: Steve Hayes, President/CEO  
DATE: 5/15/23  
RE: Summary of the Dali Capital Expansion Project Request

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In October 2022 the Dali Museum provided an update to the TDC on expansion that had previously been approved by the TDC and the BCC. Since that decision the COVID pandemic hit which ultimately increased the costs in labor and material. In addition, costs increased due to changes to the scope of the expansion. The total project cost is now 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. Attached is the funding request by the Dali Museum.

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). They also evaluated the request based on the key rating criteria from the guidelines, which included:

- 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

Attached is the final report from Crossroads Consulting regarding the funding request from the Dali Museum, looking at data from the previous application as well as the updated data because of the changed scope of expansion. Here are the key sections related to the funding request

- Project Description & Background Pages 4-6
- Development Costs Pages 7-8
- Proposed Payout Page 9
- Expansion Impact Overview Pages 10-21
  - ▷ *Projected Attendees/Visitors*
  - ▷ *Projected Room Nights*
  - ▷ *Projected Economic Impact*
  - ▷ *Projected Tourist Development Tax Generation*
  - ▷ *Impacts related to Marketing/Sponsorship*
- Strategic Plan Alignment Page 22
- Investment Justification Pages 23-25
- Summary of Results/Methodology Page 26



As part of the review of the Dali Museum's CFPF current grant request, Crossroads Consulting 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 CFPF 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)

Each of the methods yielded results ranging from approximately \$24.0 million to \$27.7 million.

Attachments:

- The Dali Museum Funding Request
- Crossroads Consulting LLC Evaluation of the Dali Museum Funding Request