

**BROWARD COUNTY TOURIST DEVELOPMENT TAX (TDT) - POLICY & INVESTMENT REPORT**  
**EXECUTIVE SUMMARY**

In 2014, Broward County collected roughly \$53 million in tourism development taxes. The process for determining how it is to be spent has been under public scrutiny as various options for funding have been presented including the need for a larger convention center and hotel, requests from the Panthers for relief on their lease at the BB&T Center, beach renourishment, and numerous appeals from cultural and arts organizations.

The Broward Workshop commissioned and funded C.H. Johnson Consulting to study the current tourist tax policy in Broward County.

The Johnson Report can be viewed on the Broward Workshop's website at [www.browardworkshop.com](http://www.browardworkshop.com). It is not intended that the report be used to surmise that either the Broward Workshop or Johnson Consulting take a position with regard to any particular use of TDT dollars. Rather, it is intended to be a positive and helpful tool that highlights the means by which process could be improved to better assure that more considered decisions are made and that the populace can have confidence in the process by which decisions are made even if there is disagreement with regard to the ultimate outcome.

The Report was not intended to opine on what many label as the "The Panthers Ask" for additional TDT funding. This issue is being reviewed and studied in depth by the office of the Broward County Administrator and at the direction of the Broward County Commission.

**Key Findings: Johnson Report , Phase I**

1. The Tourism Development Council (TDC) is not being adequately utilized as a procedural and analytical tool to advise the County regarding the propriety of the use of TDT funds. This group should be used more in the same way the Planning & Zoning Board is utilized by the County.
2. Beach Renourishment (Preservation) is critical to the economic health of the County. It is an ongoing expense that could, in and of itself, consume most if not all of the TDT funds. Consequently, a comprehensive plan that includes all stakeholders must be established in order to place the County in a better position to receive more consistent participation at the City, State and Federal levels. Since prudence dictates that reliance upon third party funding is often not granted due to perceived needs elsewhere, it is recommended that Broward County establish a dedicated, predictable resource to fund Beach Preservation.
3. There is a lack of process around the funding from reserves. It is recommended to better define the process for establishing the use of reserves and that the process be vetted by the TDC.

**Other Key Findings:**

1. Subject to establishing an acceptable process for utilization, including empowering the TDC, raising the tax from 5 percent to 6 percent, generating a 6<sup>th</sup> cent is justified.
2. The Greater Fort Lauderdale Convention & Visitors Bureau (CVB) is recognized as being well organized and effective. Its budget is quite large relative to national comparables. The Report recommends that some fiduciary oversight to the organization be adopted. With the exception of the County Commission, the CVB does not have a board of directors. The Marketing Advisory Committee is an innovative entity and its services are effective, however, it reports to the CVB and TDC. With the impending departure of the CVB's very strong executive director, empowering a group like the MAC committee could provide greater review and oversight regarding the utilization of funding from the County via the TDT to the CVB.
3. The Report recommends that additional sources of funding to Cultural Arts entities be established, such as a Food & Beverage Tax (which can be used for a variety of purposes according to state statute.) The Report recommends that the current Grants Process be refined to require more focus on qualifications based on generation of room nights. Note: Florida Law recognizes a "Tourist" for the purpose of the TDT statute to include a person who travels across county lines to attend an event. TDT dollars, however, are generated in Broward County only if such person generates a "room night" in the County.
4. Centennial and Signature Events should be well vetted by a more empowered TDC and, in the development stages, by the MAC.
5. South Florida is underserved by convention centers. Therefore, there is an excellent opportunity for Broward County to fill this void with the expansion of the current facility, as planned. While it is well understood that no part of the TDT shall be used for the hotel facility's transient use space, it is well recognized that a host hotel is a critical component in attracting large convention space users, and some tools such as land assemblage, infrastructure and physical inks to the convention center are natural ways to help the hotel be as successful as possible.

Review the Johnson Report, Phase I, pages 64 through 70 for a more in-depth presentation of the above.

#### Key Findings: Johnson Report Phase II

1. It is recommended that an ordinance be passed that creates a process by which the TDC is empowered and staffed to serve as the resource to the County and MAC, through which all uses of TDT funds are analyzed and from which recommendations are made to the County Commission.
2. One of the analytical requirements to be utilized by the TDC in reviewing the use of any TDT funds should include a formulaic template that sets a baseline for analysis and comparison of funding requests and return on investment. Once a financial basis is presented, intangible factors, which are also important, should be taken into account.
3. Alternative sources of funding for uses currently funded by room taxes should be studied by the TDC and a position paper should be submitted to the County for its consideration. The aim of these funds is to provide a supplemental resource to fund beach renourishment, and to fund economic development products such as arts and sports on a basis that better reflects both local and overnight-stay related tourist use.

#### Background

- The Broward Workshop approved that the Tourism Committee, co-chaired by Tim Petrillo, President of The Restaurant People and Bernie Moyle, COO/CFO of Vantage Hotels, engage a search for a qualified expert to conduct a “best practices” study of Broward County’s Tourist Development Tax (TDT) ordinances, practices, policies and opportunities.
- The field of RFP respondents was narrowed to two candidates by Q3, 2014 and, after several rounds of interviews by members of the Tourism Committee, Johnson Consulting, Chicago, Ill was selected.
- A two part proposal and scope of work was agreed upon in November 2014.
  - o In Phase I Johnson would gather pertinent data, conduct appropriate interviews, assess Broward’s procedures compared to other counties, identify strengths and weaknesses, and provide best practice options for consideration and discussion among strategic partners and stakeholders.
  - o In Phase II Johnson would apply certain TDT “investments” or uses to a proposed quantitative analysis that could be used as a tool to establish a baseline for discussion of whether the investment provides a return on investments and, if so, to what extent. Such a formulaic tool is one factor in establishing a recommendation while other qualitative factors would also be considered.
- The Report was published in July 2015.

The Broward Workshop is committed to partnering with local government officials, elected officials and community leaders to find solutions for improving the way local governments serve our community. To that end, we trust the results of this study will be the platform for continued dialogue and eventual public policy changes to provide community confidence through a consistent and transparent process.

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