



Agenda Report

2725 Judge Fran Jamieson
Way
Viera, FL 32940

New Business - Miscellaneous

J.2.

2/6/2020

Subject:

Tourist Development Tax Proceeds

Fiscal Impact:

Unknown

Dept/Office:

District 2

Requested Action:

Requested Action: Motion to Direct Staff and the Tourist Development Council to Consider Use of Increased TDT Funds over the currently anticipated 16.6 M for improvements to County- owned roadways and bridges benefitting tourism in Brevard County or projects benefitting or restoring the Indian River Lagoon, including utility expansions or improvements.

Summary Explanation and Background:

The tourist development tax (hereinafter "TDT") has seen immense increases over the past several years. The actual fiscal year 2015 - 2016 TDT budget was \$12.8M. 2016 - 2017 saw a rise to \$12.6M. 2017 - 2018 tallied at \$15.6M. 2018 - 2019 totaled \$16.0M. The Office of Tourism, perhaps conservatively, forecasts a 2019 - 2020 TDT budget of \$16.6M.

Brevard County presently authorizes up to \$1M, of the TDT funds, to go toward Indian River Lagoon (hereinafter "IRL") cleanup efforts on an annual basis. Given the rise in the TDT, it may be worth revisiting whether this stagnant amount is too low.

Partly to that end, given the sharp and continuing increase of TDT funds, I am concerned that these funds continue to be used in a manner which benefits not only the tourism industry but also the vast majority of all residents, including those residents who do not see a value in the many worthwhile projects facilitated by TDT allocation and associated grants.

As presently enacted, section 125.0104 (5)(a), Florida Statutes, explicitly permits TDT funds to be used for the purpose of financing "... estuary, or lagoon improvement... [and] restoration." However, the county ordinance restricts the amount of expenditures on the estuary or lagoon restoration projects.

TDT funds may also lawfully be used to "... acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or finance *public facilities* within the boundaries of the county" if the "public facilities are needed to increase tourist related business activities" and are "recommended by the county tourist development council". The statute defines public facilities as "... major capital improvements that have a life expectancy of 5 or more years, including, but not limited to, transportation, sanitary sewer, solid waste, drainage, potable water, and pedestrian facilities." Id.

When TDT funds are to be used to finance public facilities, certain statutory requirements must be met. Among the requirements, the Board of County Commissioners (hereinafter "BOCC") must approve the use by 2/3rds, requiring a

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supermajority to assent to the use. Moreover, a maximum of 70% "... of the cost of the proposed public facilities will be paid for with tourist development tax revenues, and sources of funding for the remaining cost are identified and confirmed by the county governing board." Id.

Importantly, an "... independent professional analysis, performed at the expense of the county tourist development council, demonstrates the positive impact of the infrastructure project on tourist-related businesses in the county." Id.

To be clear, the rather onerous requirements placed on using these funds to finance public facilities do not apply to estuary or lagoon improvement under the statute.

Numerous County-owned roads now require reconstruction - typically at a cost of four to seven times that which would have been required to simply have repaired them had they been timely attended. While it appears that the Indian River Lagoon is on the road to recovery, we could be doing more to speed its revival - including upgrading and extending our sanitary sewer system.

Out of roughly 1125 miles of County-owned roadways, approximately 220 miles fall into what is referred to, by staff, as the "backlog." The backlog includes roads that require resurfacing, those requiring resurfacing that are at imminent risk of requiring full reconstruction, and those which already require full reconstruction.

I ask that County staff be directed to bring the BOCC options, utilizing TDT funding where authorized by statute, to better ensure that we focus on reducing the 220-mile backlog of County-owned roadways. These options must be contemplated as having some articulable positive impact on tourism-related businesses in the County. Staff is encouraged to look at both standard roadways as well as bridges which may benefit from allocation of the funds. Options should not be limited to a single Commission district.

Once these options are identified and the BOCC is sufficiently apprised, it is my intention that the BOCC decide upon which is most palatable and, in turn, direct County staff to procure an independent professional analysis to determine the positive impact the selected infrastructure work would have on tourist-related businesses in the county. Thereafter, if Code amendments are required, the Board may address the issues at that time.

Clerk to the Board Instructions:



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February 7, 2020

M E M O R A N D U M

TO: Commissioner Bryan Lober, District 2

RE: Item J.2., Tourist Development Tax (TDT) Proceeds

The Board of County Commissioners, in regular session on February 6, 2020, discussed usage of increased TDT funds over the currently anticipated \$16.6 million for improvements to County-owned roadways and bridges benefitting tourism in Brevard County or projects benefitting or restoring the Indian River Lagoon, including utility expansions or improvements, but took no action.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Rowe

Tammy Rowe, Deputy Clerk

/kp

cc: Tourist Development Office Director