

City of Fort Lauderdale

CITY COMMISSION WORKSHOP

*City Hall
100 North Andrews Avenue
Fort Lauderdale, FL 33301
www.fortlauderdale.gov*



Meeting Minutes - DRAFT

Tuesday, November 10, 2015

12:00 PM

Tourist Development Tax and Sales Tax

City Commission Conference Room

FORT LAUDERDALE CITY COMMISSION

***JOHN P. "JACK" SEILER Mayor - Commissioner
ROBERT L. McKINZIE Vice Mayor - Commissioner - District III
BRUCE G. ROBERTS - Commissioner - District I
DEAN J. TRANTALIS - Commissioner - District II
ROMNEY ROGERS - Commissioner - District IV***

***LEE R. FELDMAN, City Manager
JOHN HERBST, City Auditor
JEFFREY A. MODARELLI, City Clerk
CYNTHIA A. EVERETT, City Attorney***

The Workshop meeting was called to order at 12:08 p.m. by Mayor Seiler.

ATTENDANCE ROLL CALL

Present: 5 - Mayor John P. "Jack" Seiler, Vice-Mayor Robert L. McKinzie, Commissioner Bruce G. Roberts, Commissioner Dean J. Trantalis, and Commissioner Romney Rogers

Also Present: City Manager Lee R. Feldman, City Auditor John Herbst, City Clerk Jeffrey A. Modarelli, and Assistant City Attorney D.J. Williams-Persad

No public comments were submitted by email for this meeting.

City Manager Lee Feldman introduced the sales tax and surtax issues as discussed over the past few months and noted the backup materials provided with the agenda, also located on-line attached to the agenda.

Mayor Seiler requested Rob Hernandez, Deputy Broward County Administrator, present the BB&T and Florida Panther issue/impact first. Mr. Hernandez referred to the backup and Powerpoint presentation.

A copy of the presentation is attached to these minutes.

Mr. Hernandez noted that the BB&T Center is an asset of Broward County, owned by the taxpayers of Broward County, and operated by Sunrise Sports and Entertainment, the parent company that owns the Panthers hockey team. The facility is financed in part by the Professional Sports Franchise Facility Tax which is a sub-tax of the overall Tourist Development Tax. Mr. Hernandez stated that since 1997, the County has used approximately 56% of the Tourist Development Tax revenues generated under the 2 cents for paying off the debt of the arena.

Commissioner Trantalis asked for clarification. Mr. Hernandez clarified that all the 2 cents is eligible, but the County used about 56%. Mr. Hernandez further explained that in the summer of 2013, the County was approached by Sunrise Sports and Entertainment and asked to renegotiate. The Board of County Commissioners entertained the request and in fall of 2013 the owners sold the team.

Mr. Hernandez continued noting events that led to the present. The County Commission held a workshop in February of 2014 to consider the request. The new team ownership retracted the request from 2013, made by the previous ownership, and made a new request to Broward County asking for 15 million dollars in annual relief. County Staff did not believe they could recommend that to the Board and asked for a more refined request. This led to the request presented today. The Panthers meet the current annual debt obligation of 5.3 million dollars in annual debt and the remainder is paid with 8 million dollars in Tourist Development Tax proceeds and also 2 million dollars in state sales tax rebate is pledged for that purpose.

Mr. Hernandez stated the current ownership has now asked for relief of 6.6 million dollars per year on average. He believes the Panthers can meet the average of its peer group as researched. The dollars are earmarked for the facility. Mr. Hernandez further commented on facility funds as earmarked and responded to Commissioner Rogers' question concerning the letter of credit as related to the remaining debt. He explained that the County would be in a worse position if the Panthers were

to leave because the value of the property is based on a hockey facility. The County determined that 6.6 million dollars per year was less to lose than a potential 7 – 12 million dollars per year should the Panthers leave.

Mayor Seiler commended Mr. Hernandez's work on the issue and for his presentation. He commented that this was a troubling development. Mayor Seiler stated that beach re-nourishment and the convention center use of funds was better tied to tourism. He asked if there was any other source of funds available.

Mr. Hernandez clarified that the Tourist Development Tax would have to fund the debt should the Panthers leave. Commissioner Trantalis commented on the team commitment. Mr. Hernandez explained the new marketing changes with the Panthers and the commitment. Further discussion ensued regarding ownership and commitment and the County's plan for the Tourist Tax.

Mayor Seiler summarized the issue with the BB&T Center and the Panthers. Commissioner Roberts asked if there would be an assessment in the future and if it would be automatic at eight years. Mr. Hernandez replied that the deal would be reassessed in the future. Mayor Seiler and Commissioner Rogers requested clarification per the letter of credit.

Ina Lee, Travel Host Magazine and Beach Redevelopment Advisory Board Member, asked about the future viability of the facility. Mr. Hernandez responded and explained replacement may be needed and commented on the impact. Ms. Lee also expressed concern for beach re-nourishment and requested a safeguard that protects the Tourism industry in a time of financial downturn.

Commissioner Rogers raised the question of a reserve policy and Mayor Seiler agreed.

OLD/NEW BUSINESS

BUS-1 [15-1481](#) Tourist Development Tax and Sales Tax

Mayor Seiler began discussion regarding one cent sales tax and the potential impact on the Convention Center. City Manager Feldman clarified that there are two pennies in play. He commented that the first penny deals with Tourist Development Tax dollars as a separate issue. The sales tax has another penny option that can either go as a transportation tax or a local infrastructure sales tax. The Tourist Development Tax has another penny at the discretion of the County Commission. Mayor Seiler clarified it was solely for the Convention Center. Ina Lee, further clarified with specifics. Mayor Seiler requested a resolution specifically on the issue. Commissioner Rogers asked to add traffic mitigation to the resolution.

Mayor Seiler then opened discussion on the Transportation Local Government Infrastructure for transportation. City Manager Feldman clarified that this was for sales tax and gave the history of the discussion at the MPO level to exercise a local option sales tax and put a penny aside for transportation by increasing sales tax from 6 cents to 7 cents. He noted that the penny is limited to transportation and further described the statutory requirements on distribution and uses. The City Manager also noted it is bondable. He explained differing methods to get this on the ballot and deadlines that needed to be met.

Commissioner Roberts noted the possibility of using the penny for infrastructure and potential to reduce the ad valorem tax. Commissioner Rogers agreed. Mayor Seiler suggested the biggest problem is

getting clarity of use and having a plan. Discussion ensued on how to gain clarity and potential confusion. Commissioner Rogers recommended that the Tourist Development Council provide input and the Mayor continue to be vocal.

Greg Stuart, Executive Director of the Broward MPO, commented on the importance of educating the public. He agreed that it was important to have a discussion with the League of Cities and the County. Mr. Stuart mentioned the transportation fix and relation of the tax to the Convention Center. Commissioner Rogers noted again that the resolution should include traffic mitigation. Commissioner Roberts indicated there was a consensus to move forward with infrastructure.

Phyllis Loconto, Executive Producer of *Countyline with Frank Loconto*, commented on the history of the Port Everglades.

City Manager Feldman commented that the Fort Lauderdale Strikers should be considered along with the Florida Panthers. Mayor Seiler noted the impact of the Strikers regarding tourism impact and important to address.

Commissioner Trantalis asked about bond issues and the demand for City improvements. City Manager Feldman summarized where the City was with beach re-nourishment.

ADJOURNMENT

There being no further business before the City Commission and the Budget Advisory Board, Mayor Seiler adjourned the Joint Workshop meeting at 1:37 p.m.