

**SPECIAL MEETING OF THE STUART CITY COMMISSION
COMMUNITY REDEVELOPMENT AGENCY AND
COMMUNITY REDEVELOPMENT BOARD
HELD ON APRIL 22, 2013
AT 4:30 P.M. IN THE CITY COMMISSION CHAMBERS
121 SW FLAGLER AVENUE
STUART, FLORIDA 34994**

CITY COMMISSION

**Mayor Eula R. Clarke
Vice Mayor Troy A. McDonald
Commissioner Kelli Glass Leighton
Commissioner Jeffrey A. Krauskopf
Commissioner James A. Christie, Jr.**

COMMUNITY REDEVELOPMENT AGENCY

**Chairperson Eula R. Clarke
Vice Chair Troy A. McDonald
Board Member Kelli Glass Leighton
Board Member James A. Christie, Jr.
Board Member Jeffrey A. Krauskopf
Ex Officio Member Austin Tyo
Ex Officio Member Pete Walson**

COMMUNITY REDEVELOPMENT BOARD

**Chairman Frank Wacha
Vice Chairman Pete Walson
Board Member Brent Wood
Board Member Sharon Fitzke (Absent)
Board Member Paul Skyers
Board Member Drew Pittman
Board Member Austin Tyo**

ADMINISTRATION

**City Manager, Paul J. Nicoletti
City Attorney, Michael D. Durham
City Clerk, Cheryl White
Board Secretary, Michelle Vicat
Development Director, Terry O'Neil
CRA Administrator Theresa Lamar-Sarno**

COMMUNITY REDEVELOPMENT AGENCY

1. Motion to approve Minutes of the Community Redevelopment Agency of 3/25/2013.

MOTION: JEFFREY KRAUSKOPF : MOTION APPROVAL OF THE MINUTES OF MARCH 25, 2013

SECOND: TROY MCDONALD .

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|---------------------|-----|----------------------|-----|
| CHAIRPERSON CLARKE | YES | JEFFREY A. KRAUSKOPF | YES |
| VICE CHAIR MCDONALD | YES | KELLI GLASS-LEIGHTON | YES |
| JAMES CHRISTIE JR. | YES | PETE WALSON | YES |
| AUSTIN TYO | YES | | |

Chairperson Clarke noted that Honorable Laurel Kelly property Appraiser, and staff member Jenny Lindaas were present.

PRESENTATIONS

2. Presentation of Annual Budget for FY 2014.

City Manager Nicoletti notified the members present and the public that the City became aware of an error in the under reporting of TIFF funds from the City and County, and was over a long period of time. In effect the TIFF funds that should have shifted out of the general tax revenues collected were not shifted over to the CRA's. That includes not just the City's CRA's but the seven County CRA's. The City had several questions regarding the error and determined the time frame was approximately 14 years, and as a result the total monies that should have shifted out of the County TIFF to the City's CRA would have been about \$1.8 million. The money reported to the City that should have been shifted over to the CRA's was about \$1.5 million. The City faces several questions including how much money should have been shifted to the City but there were many other complicated factors and questions involving the funds. Overall the law is simple and states "though shall do it." He advised the Boards that he spoke with the City's Bond Council and they stated "The issue is so simple you probably don't need a legal opinion, because it is one section of the statutes and it is pretty self-evident."

Mr. Nicoletti presented a memo which included a statutes of limitations covered in sec 95.11, which is a 4-year limitations.

Laurel Kelly Martin County Property Appraiser came forward and apologized for the error and takes full accountability. She stated that procedures have been put in place to assure it won't happen again. "It was human error, and us not coding properties parent parcels that were in the CRA when they added something new, or built something new it was split off into a new parcel not having that parcel code. That was one thing. The other thing was we are now using GIS technology, and back then we had papers and pencils and hand drawn maps. We're not even sure how we got the boundaries. We went from legal descriptions and then, we are now implementing our GIS technology all

over the place and we are doing all kinds of quality control checking projects. This is how we find things and better tools as well.”

City Manager Nicoletti asked how the City could be assured that all the parcels have been accounted for.

Laurel Kelly said there have been several reviews and explained that what they are going to do is each year before the role goes out is give the City an inventory of list, showing the boundaries, values so there are another pair of eyes on it as well as our own on it. It's our job to give you the correct numbers, but it will be helpful if we have verifications, that are one of the things we are doing among other things.

Jenny Lindaas explained the process of how the electronic GIS system worked and explained how the error was found. She explained that CRAs have audits as well and anticipates that someone else is coming behind us each year, with new parcels and if a new subdivision is coming online, then obviously you would see those parcel on the inventory list.

Board Member Krauskopf asked if this would affect the City's Bond associated with the CRA or is that yet to come.

Dorothy Zaharako explained the Attorney advised the City they had an obligation to the Bond Holders to collect the monies due us under the statutes.

Board Member Krauskopf wanted to assure that is in writing because that was one of the heart of the issues between our relationship with the City and the County.

Chairperson Clarke wanted to know if this would bring on extreme additional work on any City departments.

City Manager Nicoletti stated we are not doing the work we are basically just reviewing the work.

Board Member asked Glass Leighton asked if the additional revenue expected from this error be included in the budget discussions today.

City Manager Nicoletti presented to the Boards in the paper packet a graph with a revenue baseline that includes what Financial Services Director projected out to be the revenues that would be available to us from the TIFF. He presented to the CRA the outlook for the revenue and expenditure sides. He proposed the CRA Department personnel Coordinator and Assistant salaries be divided in half between the CRA and the General Fund. The operating side will also be affected and change to be included in the CRA and General Fund. He also noted the gateway feature for Colorado Avenue will remain in the budget but newfound money in the CRA could be used to purchase the Triangle Property. He also stated the City is hoping to obtain grant money to operate the two Trams which is typical to any services provided and the operating cost is

approximately \$113,000- \$115,000. The proposed funding back into the TIFF could create variables coming down the line. He explained the \$400,000.00 for the Triangle purchase of course the price is \$1.6 million today. He announced the Coty just received a verbal appraisal from Tom Johnson, a local appraiser for \$1.2 Million. He stated the City had asked him to look at all of the parcels independently and not take into consideration the streets and alleyways and just the parcels, primarily at land value.

He explained that the majority of the buildings need to be demolished at the estimated cost of \$220,000.00.

Mr. Nicoletti explained the funding is a good thing both the City CRA and the County CRA's assuming the evaluation and assessments are the same.

Board Member Krauskopf requested the City Manager sit down and speak with the County Administrator and share with her the information and work out a plan and bring it back to the CRA and City Commission.

MOTION: JEFFREY KRAUSKOPF : MOTION APPROVAL TO REQUEST the City Manager sit down and speak with the County Administrator and share with her the information and work out a plan and bring it back to the CRA and City Commission.

SECOND: TROY MCDONALD .

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|---------------------|-----|----------------------|-----|
| CHAIRPERSON CLARKE | YES | JEFFREY A. KRAUSKOPF | YES |
| VICE CHAIR MCDONALD | YES | KELLI GLASS-LEIGHTON | YES |
| JAMES CHRISTIE JR. | YES | PETE WALSON | YES |
| AUSTIN TYO | YES | | |

Dave Collier came forward and said he has worked with Laurel Kelly and appreciated her work. He said that in the early years the work between City staff and the Property Appraisers Office to put this program together the first two or three years of the TIFF. He pointed out that Constitutional Officers carry insurance for their operation and see no reason why you shouldn't as a group seeks out a claim. He does not want to let that opportunity slide just because we are very silk stocking around here and needs to be explored, not as a punishment but to make up for the shortfall made by human error. He also said there is certain urgency on moving ahead with a parking district so you begin to get revenue in this budget year and not miss another year.

City Manager Nicoletti : I did look into errors or omissions policy and honestly it should be up to the County to do it because, they are the ones who actually have to transfer funds, whether it's applicable or not I haven't researched that part of the law.

Dave Collier felt it should be a shared responsibility between the City and County.

City Manager Nicoletti: "Also the other issue about the improvement district, we had one four years ago, and we let it lapse, and didn't renew it. It was smaller, and it was geographically smaller than it needs to be. If it were bigger it could fund this TRAM system. If were able to get a grant to do this it would be helpful.

Board Member Glass Leighton asked about the timeline for application of the grant.

City Manager Nicoletti: Hopefully by July, and the CRA is looking at possibly a 3rd Tram Depending on the funding.

5:30 P.M.

The City Manager asked that the meeting continue and discuss the proposed budget.

The Board agreed to discuss the Triangle Property and not jump into anything without due diligence into the matter.

City Manager Nicoletti said he wants to go through all of the due diligence that has already been done and feels confident some of the buildings will have to come down. He said not only do we have a clear assessment of both environmentally and structurally, you can tell by just walking through them the quality or lack of quality of the structures. He stated they already know the environmental challenges.

Board Member Pittman asked about the appraisal or replacement cost and the potential income stream.

City Manager Nicoletti said what they have looked at is ultimately land value.

Community Redevelopment Board Member Paul Skyers asked if the CRA has looked at a business case for the property.

City Manager Nicoletti they have looked at the current rents and so forth but have no ultimate use for the property except that there is synergy between the City Hall Property and the Triangle property. My concern is on behalf of the City and CRA is that someone would come along buy it up, just buy it and park the land, put some lipstick on it and collect the rents for the next 10 years and have the same situation we have today. The City and the CRA are in a unique situation because we have the ability to cause the demolition of those properties, we have the ability to put out an RFP for use, whether its in conjunction with this property or separate.

Chairperson Wacha offered to discuss the matter at the next CRB meeting because they are meeting before the CRA meets.

MOTION: VICE MAYOR TROY MCDONALD : MOTION TO TRANSFER THE CONTRACT TO THE CRA SINCE ITS ASSIGNABLE GIVE STAFF THE OPPORTUNITY TO NEGOTIATE THE PURCHASE PRICE WITH THE BANK TO BRING IT TO THE CRB FOR DISCUSSION AND THEN BACK TO THE CRA FOR FINAL DISCUSSION.

AMENDED MOTION: VICE MAYOR TROY MCDONALD : MOTION FROM THE CITY
COMMISSIN TO ASSIGN THE CONTRACT TO THE CRA.

SECOND: COMMISSIONER CHRISTIE

ROLL CALL

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| COMMISSIONER GLASS LEIGHTON | YES | COMMISSIONER CHRISTIE | YES |
| VICE MAYOR MCDONALD | YES | COMMISSIONER KRAUSKOPF | YES |
| MAYOR CLARKE | YES | | |

Board Member Pete Walson suggested taking a look at the benefit to the City for private development versus public development of the parcel.

ADJOURNMENT 5:41 P.M.

ATTEST:

Cheryl White, CMC, City Clerk

Eula Clarke, Mayor

**Minutes to be approved at the Regular Commission
Meeting This 13th Day May 2013**