

8A4

ADDITIONAL ITEM



BOARD OF COUNTY COMMISSIONERS AGENDA ITEM SUMMARY

PLACEMENT: DEPARTMENTAL

PRESET:

TITLE: RECONCILIATION AGREEMENT WITH THE CITY OF STUART COMMUNITY REDEVELOPMENT AREA

AGENDA ITEM DATES:

MEETING DATE: 12/17/2013	COUNTY ATTORNEY: 11/25/2013
COMPLETED DATE: 12/5/2013	ASSISTANT COUNTY ADMINISTRATOR: 12/2/2013

REQUESTED BY:	DEPARTMENT:	PREPARED BY:
Name: Taryn Kryzda	Department of Administration	Taryn Kryzda
Name:		County Administrator

Procedures: None

EXECUTIVE SUMMARY:

In April 2013, the Board of County Commissioners (Board) and the City of Stuart (City) were briefed on an error that was made by the Property Appraiser's (Appraiser) office related to Community Redevelopment Areas (CRAs) and Tax Increment Financing (TIF) calculations. Another error was discovered by the Appraiser relative to a gas utility line and collection of taxes. Staff has been working with the City to reconcile the differences.

APPROVAL:

ACA

CA

BACKGROUND/RELATED STRATEGIC GOAL:

In April the Board and the City were advised of an error that the Appraiser discovered relative to how properties in the CRAs were not being assessed properly. Improvements that had been made within the CRA boundaries, had not been identified to the CRAs, and therefore, the TIF calculations since the inception of the CRAs were not accurate. All eight of the CRAs (Golden Gate, Hobe Sound, Indiantown, Jensen, Palm City, Rio, Salerno, and Stuart) are affected by this miscalculation. The values of the improvements to the CRAs were not captured for the TIF calculations, but the total County wide value was accurate. Due to the miscalculation, the County received TIF ad valorem that was deemed county wide ad valorem, but that ad valorem was actually supposed to be TIF ad valorem.

In addition to the above error that was discovered, the Appraiser advised the County and the City of another shift in allocation of taxes due to a gas utility line that had been identified to be in the City but was actually in the County. Therefore, the City has been collecting ad valorem taxes that should have come to the County unincorporated area.

Staff has been working with Commissioners from both entities to determine a course of action for reconciliation. The County owes the City CRA TIF ad valorem, and the City owes the County tangible taxes that occurred due to the two errors that were discovered, and what obligation, if any there was to reconcile, and on what basis the reconciliation calculation could reasonably be made upon.

Florida State Statute 193.092 provides language for the assessment of property for back taxes. Essentially it allows for there to be a correction to ad valorem taxes for the year in which the error was discovered, and then back three years. In this situation, four years of the TIF funding that is due to the City CRA is \$1,071,645.65 and the gas utility tangible taxes that the City owes to the County is \$539,233.56. The difference being \$532,412.09 the County owes the City CRA.

In an effort to reconcile the difference, staff is proposing that the gas utility payment that was to be made this current year (\$130,703.18) to the City be credited toward the County's TIF obligation reflected above. This will leave a balance due to the City CRA from the County of \$401,708.91. Staff is recommending that the County make a payment of \$201,708.91 from reserves now, and the balance of \$200,000 be made next fiscal year (October 1, 2014). If the gas utility tangible tax payment is sent to the County, the County will remit the \$130,703.18 to the City CRA.

ISSUES:

The Appraiser has assured the County that there have been appropriate audits performed and procedures established to prevent this issue from arising again.

The Appraiser and County contacted Department of Revenue (DOR) to verify how an error like this would be rectified. Since the correct amount of ad valorem was received by the County, DOR has indicated that it is an issue to be resolved at the local level.

The County's CRAs have been impacted also. Staff has determined that due to the structure of the CRAs within the County, the monies not collected within TIF that went to the general fund, were appropriated through benefits that the CRAs receive from the County to the unincorporated areas in general. It may be appropriate to return to the Board at a future date, with some form of documentation between the County and the CRA, staff is currently researching the issue.

RECOMMENDED ACTION:

RECOMMENDATION

1. The Board approves a transfer from general fund reserves in the amount of \$201,708.91 to be paid to the City CRA.
2. The County agrees the gas utility tangible tax payment will be allocated to the City CRA (\$130,703.18).
3. The FY15 budget will include the balance of the payment to the City CRA (\$200,000).
4. The Board approves the Chair to sign documentation for the reconciliation.

ALTERNATIVE RECOMMENDATIONS

None.

FISCAL IMPACT:

RECOMMENDATION

The general fund reserves for contingency are established for unforeseen expenditures. The budget of \$500,000 will be reduced accordingly.

ALTERNATIVE RECOMMENDATIONS

None.

DOCUMENT(S) REQUIRING ACTION:

<input type="checkbox"/> Budget Transfer / Amendment	<input type="checkbox"/> Chair Letter	<input type="checkbox"/> Contract / Agreement
<input type="checkbox"/> Grant / Application	<input type="checkbox"/> Notice	<input type="checkbox"/> Ordinance
<input type="checkbox"/> Other:		<input type="checkbox"/> Resolution

ROUTING:

_ ADM	_ BLD	_ CDD	_ COM	_ ENG	_ FRD	_ GMD
_ GSD	_ ITS	_ LIB	_ MCA	_ MPO	_ PRD	_ USD
X CA	X ACA	_ LEG				