

MINUTES
THE TOWN OF INDIAN RIVER SHORES
6001 North Highway A1A, Indian River Shores, FL 32963

TOWN COUNCIL 1st BUDGET PUBLIC HEARING
Thursday, September 16, 2010
5:01 p.m.

PRESENT: **E. William Kenyon, Mayor**
 William H. Ahrens, Vice Mayor
 Frances F. Atchison, Councilmember (via speakerphone)
 Michael B. Ochsner, Councilman
 Gerard A. Weick, Councilman

STAFF PRESENT: **Richard Jefferson, Town Manager**
 Laura Aldrich, Town Clerk
 Chester Clem, Town Attorney
 Judith Lewis, Town Treasurer

OTHERS PRESENT: **3 Residents; 1 Guest; Press Journal Reporter**

1. Call to Order

- a. Pledge of Allegiance
- b. Invocation – Councilman Ochsner
- c. Roll Call

Mayor Kenyon called the meeting to order at 5:03, with the Invocation given and Roll Call as reflected above.

2. Discussion of Tentative Millage Rate and Budget

Mayor Kenyon asked the Attorney if Councilmember Atchison would be allowed to participate in a vote via speakerphone, and Mr. Clem affirmed that due to the unique circumstances it would be. The Mayor then turned the discussion over to the Finance Committee Chairman, (Councilman) Mike Ochsner, asking their opinion on the budget and the proposed millage rate. Councilman Ochsner said that the millage rate in the budget before them was 1.5189, which was the theoretical maximum rolled-back rate. Councilman Weick said that at the Budget Workshop they were under the impression that 1.5189 was the rolled-back rate, and now it has been determined to be a different rate. Looking at the various factors and other issues involved with minimizing the draw from Reserves, Councilman Ochsner said he considered the Communications Tax, Ambulances Services fee and the millage rate. Individually, not the Committee, he noticed the rolled-back rate is about 2 cents higher than current but gives the Town the same essential revenue. He suggested that using the rolled-back rate will not increase the amount of taxes being paid by the citizens, but the difference is the property is assessed at a slightly lower value. Mayor Kenyon said that a great percentage of our residents have had a 3% increase in valuation due to the Save Our Homes protection clause. Continuing, Councilman Ochsner said he did not remember this, but realizes that the Mayor is correct. He suggested not using the other two taxes, the Communications and the Ambulance Use Fee, so there would be the same dollars for the same services. The Communication Service tax has already been implemented for January 1, 2011, Mr. Clem advised. The two transfers from Reserves were discussed, which Mayor Kenyon said were unspent funds from the prior year that had accumulated. Councilman Ochsner stated that he was in favor of the Current Year Rolled-Back Rate of 1.4105. Vice Mayor Ahrens asked how much would need to be transferred from the Reserves with this rate, and he replied somewhere around \$300,000. Our total reserve is \$2.3 million, Mayor Kenyon replied, and \$480,000 in designated and undesignated reserves.

Councilman Weick said that he was also for the Rolled-Back Rate, but for the 1.4902 Majority Vote Maximum Millage Rate. This only takes \$119,000 out of the Reserves rather than \$312,000. Taking too much out of the reserves would lead to trouble in the future, Councilman Weick continued, and our

Please Note: The Town of Indian River Shores does not transcribe verbatim minutes. Should any interested party seek to appeal any decision made by the Council with respect to any matter considered at such meeting or hearing, he will need a record of the proceedings, and that, for such purpose he or she may need to ensure that a record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

budget has already been cut to \$323,600 less than last year. The overall assessment for the Town has gone down a little as well. Councilman Ochsner interjected that the assessed valuation is down \$325,000 which is infinitesimal (0.0192). Councilman Weick said they would be paying more in the future to catch up. There is not the growth factor in this Town to support the budget as there has been in the past, with only about 250 more units left to be built. This is a way to plan for the future prudently, with small raises. He paid roughly the same taxes in 1999 as last year, he continued, calling the Council's attention to the handout, Taxes You Would Be Paying Elsewhere in Indian River County. Assuming a 1.49 millage rate, the Town's tax rates are the lowest in the County. If the same \$1 million home was just north of the Town in the unincorporated County, it would cost \$1,290 more in County taxes and if it were just south of Town in the City of Vero Beach, it would be \$2,160 more. Councilman Ochsner thought this was not a fair comparison, as the services provided by the County are vastly different than the ones provided by the Town of Indian River Shores. Mayor Kenyon alluded that our town pays for County services already in our portion to the County. Councilman Weick said that we are the only ones other than the County who provides emergency (fire and EMS) services, which is 1.71 mils. This rate is included in the other municipal and County rates, but not the Town's.

Councilmember Atchison said she also agrees that 1.4902 would be a fair rate, as in 2007 the State mandated a lower 1.3923 rate. We were 1.473 for several years prior to that. Like Councilman Weick, she also went to the County and got other millage rates and analyzed her tax bills. She said in 1995 they also paid an amount very similar to the current bill. She is very afraid to lower the rate below 1.4902, and noted the fact that they continually dip into the reserves. When she was elected to the Council in 2005, they set a target of \$3 million for reserves, and does not want to dip into them.

Councilman Ochsner said that the wildcard is the pension benefits, at some point we will have to deal with it. Every municipality is facing the same problem, and the labor contract was discussed briefly. Vice Mayor Ahrens asked what the Finance Committee recommends, and Councilman Ochsner said they recommended the increase to the Communications Services Tax, the addition of the user fee for ambulance services, and he thought the rolled-back rate of 1.4105. He asked the Treasurer, who said that the draft budget presented at the 7-15-10 Finance Committee meeting was calculated at 1.3923, with other rates and reserves noted. The Mayor discussed that he is not in favor of the high level of Emergency Reserves and he does not easily move from 1.3923 rate. However, he is agreeable to go as far as 1.4105. Councilmember Atchison asked what would happen if the State takes us down another 3% like they did in 2007. Vice Mayor Ahrens thought they would go the other way, and Mayor Kenyon said he does not think they can lower our rates again.

Councilman Weick continued, referring to a handout showing that the millage rates have been in the range of 1.4 at least since 1994. The last three years we have held the state-mandated lower rate of 1.39. Meanwhile, the Cost of Living Index from 2000 – 2010 has gone up 26.6%. Mayor Kenyon said that the 1.39 produced the same revenue as 1.47 (with the property assessed value). Councilmember Atchison said we can't pay our bills if we stay static. Mayor Kenyon said that we will eventually take in more money, and an increase is an increase. From a public relations standpoint, we have received attention in the local paper for raising taxes. It was not accurate reporting, granted, as they worked off our "note paper" and not what would be voted on. Councilman Ochsner noted the "perception is reality" viewpoint, which is a problem, and the Mayor agreed. Councilmember Atchison said that the newspaper did not talk about the facts, such as we have not raised our rate in years while the County raised their millage 6% last year and 5.8% this year. Mayor Kenyon said for the first time he had calls from concerned residents up north asking if the Town was going to raise taxes. Councilman Weick reiterated that we reduced our budget by well over \$300,000, and at 1.4902 we are only taking \$119,000 out of Undesignated Reserves. Mayor Kenyon said he would go to 1.4105, which Councilman Weick pointed out is nearly three times the amount at \$312,000. Mayor Kenyon replied it was equal to what was unspent last year.

Councilman Weick **made a motion to approve the millage rate of 1.4902**, which was seconded by Councilmember Atchison. There was no discussion. The **motion failed** with Councilmember Atchison and Councilman Weick voting Aye, and Mayor Kenyon, Vice Mayor Ahrens and Councilman Ochsner voting Nay.

Councilman Ochsner **made a motion to approve the millage rate of 1.4105 for FY 2010/2011**, which

was seconded by Vice Mayor Ahrens. Councilman Weick said that they are taking too much from the reserves, and it will hurt us in the future. Councilman Ochsner said that the fact is that we have already collected this money from our taxpayers, and is counting on the economy turning around. Councilmember Atchison agreed that she is a little upset the amount of Reserves they are taking out, which will have to become less. The **motion passed 4 - 1**, with Councilman Weick dissenting.

The Town Clerk announced the following:

- a. The Town of Indian River Shores tentatively proposes an aggregate millage rate of **1.4105** per \$1,000 for the Fiscal Year 2010/2011.
- b. The tentative millage rate of **1.4105** is **equal to** the rolled-back rate.
- c. The 2010/2011 tentative General Fund budget is \$4,367,369.
- d. The other funds in the 2010/2011 budget are tentatively set as follows:
 - 1) Roads and Offsite Drainage Fund of \$72,264
 - 2) Planning, Zoning and Building Fund of \$191,575 and
 - 3) Postal Center Fund of \$331,800.

3. **Receipt of Public Comment**

Paul Covell, a resident of Indian River Shores, said he was probably one of the ones who had called the Mayor, and opined that they are doing the right thing, it is a public relations issue. It is a bad time to increase anything, and it is always a difficult decision to use the reserves. He agreed to an extent with Councilman Weick, but this is the time to use the reserves. Mayor Kenyon thanked him for his comments.

4. **Adoption of:**

- a. Proposed Resolution 10-04 for Adoption of the Tentative Millage Rate was read by the Town Clerk as follows:

A RESOLUTION OF THE TOWN OF INDIAN RIVER SHORES IN INDIAN RIVER COUNTY, FLORIDA, ADOPTING THE TENTATIVE LEVY OF AD VALOREM TAXES OF 1.4105 MILS FOR FISCAL YEAR 2010-2011; PROVIDING FOR FUNDING OPERATING EXPENSES DURING FISCAL YEAR 2010-2011; AND PROVIDING FOR AN EFFECTIVE DATE.

Councilman Ochsner made a **motion to approve Resolution 10-04 adopting the Tentative Millage Rate of 1.4105**, which was seconded by Vice Mayor Ahrens. Councilman Weick said that going from 1.49 to 1.41 is a difference of eight cents or \$80 a year on a \$1 million home. The **motion passed 4-1**, with Councilman Weick voting Nay.

- b. Proposed Resolution 10-05 for the Adoption of the Tentative Budget was read by the Town Clerk as follows:

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF INDIAN RIVER SHORES, FLORIDA, ADOPTING THE TENTATIVE BUDGET FOR THE FISCAL YEAR COMMENCING OCTOBER 1, 2010 AND ENDING SEPTEMBER 30, 2011; AND PROVIDING FOR AN EFFECTIVE DATE.

Councilmember Atchison made a **motion to approve the Tentative Budget for FY 10/11 as presented using a 1.4105 millage rate**, which was seconded by Councilman Ochsner. Councilman Weick said that \$312,000 will be taken from the Reserves, which he cannot support. The **motion passed 4-1** with Councilman Weick dissenting.

c. **Adjournment**

There being no further comments, the Mayor adjourned the meeting at 5:48 p.m.

Respectfully submitted,

/s/
Laura Aldrich, CMC, Town Clerk

(Approved by the Town Council at the 9-23-10 Meeting)