

# **GREAT SBCA SCAM EXPOSED, Part III: WHO PAYS THE BILL? The "\$2-million Surplus," Sewers, Storm-water Fee & Debt**

(Investigative Reporting by John Thompson, © December 2006)

Part III of our exposé begins again in the year 2000, when Mayor Oliver Parker promised both his old-town electorate and (separately) the SBCA BOD (with which he had met behind closed doors) that each would realize a \$2-million surplus thanks to economies of scale resulting from the annexation, and that each of them, he promised, would be able to spend those windfalls on capital improvements in their own respective area.

Assuming that he gave any thought at all to his ability to carry out those promises, Parker (who had recently returned to his alma mater to audit the freshman Economics-100 course) may actually have believed what he said. But a friend who is a REAL economist – graduate of the London School of Economics – pointed out to us, that economies of scale can result from corporate mergers, but not usually from municipal annexations, when one factors in both the respective pre-annexation fiscal parameters and subsequent bureaucratic growth. Economies of scale certainly did not result from the Intra/coastal beach area's annexation to LBTS. The municipal millage of IBA residents has more than doubled from what they had been paying the county, while the LBTS staff payroll has ballooned.

But back to August 8, 2000, when the notorious "agreement" between the SBCA BOD (Aside from that Board, and the 6 dues-paying co-op and condo boards, the SBCA had no *bona fide* "membership.") and the old 2000-02 LBTS Commission was signed without prior notification to citizens of old-town LBTS. Thanks to continuing propaganda from the NBCA BOD, many residents of north and south alike have gotten the impression that voters north of Sea Ranch Lakes were actually "promised" free sewers, storm drains, buried overhead utilities, etc. in that "agreement," if they would just vote for annexation to LBTS. That is absolutely not true!

Even if the "agreement" were a valid document that was legally binding on future LBTS Commissions, which it clearly was not, ALL that it promises is that any SURPLUS in tax revenues generated from the annexed area, OVER AND ABOVE that area's fair share of the general, town-wide costs of LBTS town government, would be made available for capital improvements in the annexed area, which projects could be chosen by the SBCA BOD within funds from that future surplus.

To that end, the "agreement" also contains a requirement that every year, towards the beginning of the budget process, the town staff would prepare their best estimate of the surplus for the coming year, which the BOD could then earmark for capital improvements as they might choose. The joke – a particularly bad joke, both on taxpayers in the south and on those in beachfront condos in the north who are now footing most of the bill – is that the town staff has forgotten about that requirement. When we asked Town Manager Baldwin several years ago just what the estimated "surplus" for that year would be, he informed us he had been told he need no longer calculate that figure. We asked who had told him that. "The SBCA BOD," he replied. When we nevertheless pressed Baldwin further for his best guess as to the size of a northern-area surplus, he said he thought there probably was none at that time!

What had happened, meanwhile, was that staff and SBCA BOD both realized it would take years to complete all of the capital improvements single-family home-owners in the north might like to see at the rate any "surplus" was likely to be generated. So the Commission decided to borrow some \$10 million from the bank to get a head start on improvements they could then hope to accomplish at lower prices. Now, assuming the expected surplus would sooner or later appear, that was not such a bad idea.

Unfortunately, having borrowed the money, town staff proved much less expeditious in planning and implementing the projects, to the great dismay of northern area residents. So, while much of the borrowed money sat dormant in the Town's bank account earning a meager rate of interest, the estimated price of Bel Air sewers has soared from an initial \$2 million, to \$4.2 million last year, and to \$5.3 million now that the latest bids are in.

Nor does the added expense stop there. Observing the capital improvements their neighbors on Terra Mar and in Bel Air would be enjoying, residents of two private communities, the Palm Club and Sunset Lane, asked, "What about us?" Now, there had never been any mention of private areas in the pre-annexation discussions or in the SBCA BOD's initial wish-list. A few dissident rabble-rousers objected that public funding of sewers in those two private communities would be much like passing out town grants to the Sea Ranch Club and Fountainhead to reimburse initial sewer construction in those private condos. But the Town Commission readily agreed also to fund those additional "promised" improvements (which, of course, NEVER HAD BEEN promised), and the cost to taxpayers throughout town increased by a few more millions.

Any "surplus" from the north is probably now needed to pay the debt service on the initial \$10 million loan and the additional millions borrowed since. Because escalating costs of capital construction already far exceed those borrowings PLUS any conceivable surplus, the balance is clearly being funded from huge increases in property tax revenues town-wide, resulting from past rapid run-ups in property values, unrelieved by comparable reductions in millage. That is why residents of the northeast, southeast and southwest quadrants of Town, all of whom long ago funded their own sanitary- and storm-sewer construction, are now also funding a lion's share of the cost of new sewers throughout the northwest quadrant, and storm drains on Terra Mar Island. The burden on recent LBTS homebuyers and un-homesteaded snowbirds has, due to the anomalies of Florida's "Save our Homes" amendment, been particularly severe. Moreover, nearly all of the \$84 annual "storm water" special assessment collected during the first year that fee was assessed on property owners throughout the town went to fund new storm drains on Terra Mar Island.