

## TAX TIME AGAIN -- PART II: TAXPAYERS ARE SILENT AS BUDGET (AND DEBT) SOAR

Opinion by John Thompson © (Reprinted from *By-the-Sea Times* of September 9, 2005)

Not one taxpayer stood up to object -- and few even bothered to attend -- at the first public hearing on the Fiscal Year 2005-06 budget Tuesday evening September 6. When Mayor Parker declared the public hearing open, the only person to step up to the rostrum was one of the applicants for a municipal charity handout. We who live in the condo world (our own mini-municipalities) are protected from that sort of thing because the Legislature in its infinite wisdom (the Condo Act) decreed that condo directors may not give away to the charities of THEIR choice the assessments they collect from unit owners, under the assumption that if the owners wanted to engage in charity, they could do so themselves!

But why, indeed, would anyone else want to say anything about the budget? After all, we live in the prettiest small town in America, and are governed by a wise and provident Commission. What more could we ask for? Well, the Broward County Property Appraiser, Lori Parrish, had one good idea. In her September "Ask Lori" newsletter, she wrote, "it is my hope all of our taxing authorities will lower the tax rate throughout Broward County due to the increase in market value. Only then will they "hold the line" on the amount we all pay in property taxes. That's why our Broward County Commission, for example will actually CUT their millage rate this year (for the ninth year in a row)."

We couldn't have said it better ourselves, Lori! When was the last time our LBTS Commission cut the millage rate? Not this century! The Town's tax base this year is \$1 billion, 728 million, up 74 percent in just the four years since the annexation of the northern part of our Town. But our diligent Town Manager has managed to spend all increased tax revenues from that and more, making any millage cut here in LBTS quite out of the question.

Oh, yes, there *IS* a game played every year: The Town Manager calls regularly in his proposed budgets for a hike in the millage from 4.7 to, say, 4.99, "in order to meet our anticipated debt service requirements and provide for urgently needed capital improvements." (Such perhaps, as burying the utilities along El mar Drive, planning funds for which were in the budget four years ago until they needed to be "reprogrammed" to meet what must have been deemed even more urgent needs north of Sea Ranch Lakes?) But then our Commissioners (the good cops!) come along and say, "Never! We will never raise taxes, and are therefore going to CUT the millage back to 4.7" (where it was to begin with). So, great! The LBTS budget will *ONLY* increase by some 16% this year, consuming the increase in the tax base, and not by any more than that!

But didn't we say that that Town Manager has managed to spend even more than the tax-base increase? Well, yes, but that is only thanks to *BORROWING*! One of the guests at the budget hearing was Sun Trust Vice President Dane Sheldon, who said the Town was one of the bank's favorite customers. They really appreciate the interest they are earning on our \$11 million in outstanding debt, and would be delighted to lend us the additional \$3 million we are asking for. And, oh yes, while we are at it, why don't we borrow a further \$2 million, just for good measure, to take advantage of their current 4.7% interest rate which, while admittedly more than last year, could well be much less than next year's rate.

Why, you ask, do we need to borrow any money at all? Well, for one thing, there are the storm drains which we promised the good people on Terra Mar Island, and which are the top priority for funding from our new Storm Water Utility Fund, which has only recently been established, and doesn't yet have enough money in it to meet that urgent need. But **TIME OUT!** We can understand why the good Islanders are in a hurry to get their storm drains. We, too, remember the "promise" that a certain individual made, that following annexation there would be a \$2 million surplus to meet urgent capital improvement needs here in the "old Town". But no matter how often the claim is made, **there was NEVER any COMMITMENT** -- even by the 2000-02 Town Commission intent on concluding a you-scratch-my-back-I'll-scratch-yours political deal with the old South Beach political committee -- **to fund any particular capital improvement within any specific time frame.**

Back in the old days, when we used to get paid for work we did (a novel concept here at *By-the-Sea Times*) our job was to oversee rules governing payments and expenditures of a 16-nation, \$2 billion-a-year procurement program. So we are used to paying close attention to agreements and how they are carried out. The actual August 8, 2000 "Agreement" between the LBTS Town Commission and the old "South Beach Civic Association" was that **any surplus arising** from excess revenues received from the area north of Sea Ranch Lakes, over and above that area's fair share of the common expenses of the Town, would be earmarked for capital improvements in that area, **possibly including sewers, storm drains, etc.** But common folk fiction notwithstanding, **there was NEVER any agreed GUARANTEE that those improvements would be funded from the Town's revenues REGARDLESS!** And when we last asked the Town Manager (We don't talk that often.) he told us there WAS no northern-areas surplus. So, no surplus, no assured improvements!

Where does that leave us now? Well, the Town borrowed \$10 million a few years back to get an early start on the northern-areas sewers, surplus or not. The cost of debt-service last year came to nearly \$1.4 million. Now, a "Stormwater Utility Fund" has been set up to fund "operation and improvements" of the Town's drainage system through special assessments to all property owners throughout the Town. The first priority within that fund is new (non-existing) drains on Terra Mar Island. So again, Mr. Baldwin is to be congratulated because, in the absence of any surplus, he has found a way taxpayers throughout the Town, most of whom had already funded the basic construction of THEIR OWN storm drains, can now fund the construction of drains on Terra Mar Island, as well. And without raising millage! (Because, of course, it is being funded by a special assessment.)

Commissioner Wessels, who occasionally tries to introduce a semblance of fiscal austerity into Commission meetings, suggested that rather than **DOUBLING** the proposed stormwater assessment, from \$3.50 to \$7.00 a month, it remain at \$3.50 and that the balance be funded out of the *ad valorem* General Fund. But the Town Manager promptly set him straight by pointing out that \$2 million of the \$5 million more the Town will be borrowing from Sun Trust is to pay for new storm drains. So we will need the special assessment revenue to handle related debt service from the Stormwater Utility Fund. Could there be any fairer way? We think so.

Granted, we love our neighbors on Terra Mar Island, and don't want them to keep living in the filth and squalor to which they had been relegated for years by the Broward County government. But in the absence of any northern-area "surplus" **why could we not ask them to pick up at least a PORTION of the cost of the drains** (and sewers) **through a front-foot benefit charge** (which is **the way such improvements are usually funded throughout the country**). **The Town could also contribute a portion** from its capital improvement fund (or, if Mr. Baldwin insists, from the Stormwater Utility Fund), **BUT WITHOUT ANY ADDITIONAL BORROWING**. Debt service will increase next year from \$1.39 to 1.76 million under the Town Manager's proposed FY 2005-06 budget, and we are not at all sure that includes the debt service for the Stormwater Utility Fund or that on the additional \$2 million Sun Trust has suggested the Town borrow for "general purposes."

"But that's just our opinion!" Any other concerned taxpayers who may have any opinions will be able to voice them at the Town Commission's **second (and last) public hearing on the FY 2005-06 budget Tuesday evening, September 20**. Also, do not forget the **public hearing on the special assessments for "fire protection"** (not to mention EMS -- which they **DO NOT** mention, although it is clearly there) **and the "Stormwater Utility Fund" at 6:00 PM (WE REPEAT: 6 PM) Wednesday evening, September 14**.