

**CITY OF TEMPLE TERRACE, FLORIDA
MAYOR AND CITY COUNCIL
MINUTES**

**Regular Meeting
Tuesday, October 2, 2007
Council Chambers-City Hall**

Having been duly advertised as required by law, the regular meeting of the Mayor and City Council of the City of Temple Terrace, Florida, was held on Tuesday, October 2, 2007, in the Council Chambers at City Hall.

PRESENT WERE: Vice Mayor Ron Govin, Council Members Frank M. Chillura, Alison M. Fernandez, Ken Halloway, and Mark A. Knapp, City Clerk Lisa Burns, City Manager Kim Leinbach, and City Attorney Mark Connolly. **ABSENT WAS:** Mayor Joe Affronti.

ALSO PRESENT WERE: Fire Chief Keith Chapman, Public Information Officer Mike Dunn, City Engineer Joe Motta, Code Compliance Director Joe Gross, Community Services Director Ralph Bosek, Police Chief Tony Velong, Human Resources Director Woody Hubbard, Parks & Recreation Director James Chambers, Acting Library Director Armand Ternak, Finance Director Diane Reichard, Deputy Police Chief Patricia Powers, Assistant Fire Chief Ian Kemp, Deputy City Clerk Linda Brewer, Crime Prevention Officers Karen Walter and Tracy Mishler, Joyce McKenzie, Harry Hedges, Sadie Lobo, Susan Hall, Fell Stubbs, Jack & D'ee Griffith, Robbyn Mitchell, Phyllis Adrian, Debbie Carson, Kendra Antoine, Bill Carey, and several other persons.

There being a quorum present, Vice Mayor Govin called the meeting to order at 7:05 p.m., after which he led the Pledge of Allegiance to the flag, followed by a brief invocation.

Proclamations, Recognitions, and Special Presentations:

1. Proclamation – “Fire Prevention Week.”

Vice Mayor Govin presented a Proclamation to Fire Chief Keith Chapman recognizing October 7 – 13 as Fire Prevention Week in Temple Terrace.

Vice Mayor Govin announced the annual Fire Department Open House will be held on Saturday, October 6, at Fire Station No. 1, from 9 a.m. to 2 p.m., and he encouraged all citizens to attend.

2. Proclamation – “Hillsborough River Watershed Awareness Week.”

Vice Mayor Govin presented a Proclamation to Kendra Antoine, Senior Communications Coordinator of the Southwest Florida Water Management District, recognizing the week of October 20 – 27, 2007, as “Hillsborough River Watershed Awareness Week” in Temple Terrace.

In the Proclamation, Vice Mayor Govin noted a brief ceremony will take place on Saturday, October 27, at 1:30 p.m., during the event, “A River Runs Through It,” which will be held from 11 a.m. to 5 p.m. at the Hillsborough River State Park, 15402 U.S. Highway 301 North, Thonotosassa, in celebration of “Hillsborough River Watershed Awareness Week.”

3. Proclamation – “Crime Prevention Month.”

Vice Mayor Govin presented a Proclamation to Police Chief Tony Velong, Deputy Chief Patricia Powers, and Crime Prevention Officers Karen Walter and Tracy Mishler, recognizing the month of October, 2007, as “Crime Prevention Month” in Temple Terrace.

4. Proclamation – “National Domestic Violence Awareness Month.”

Vice Mayor Govin presented a Proclamation to Jim Brace, interim Executive Director, and Linda Hess of the Spring of Tampa Bay, Inc., proclaiming the month of October to be “National Domestic Violence Awareness Month” in Temple Terrace. Chief Velong expressed appreciation for the work they do in the community.

Minutes of Previous Meetings:

Upon motion of Council Member Chillura, seconded by Council Member Knapp, and unanimously carried, the **MINUTES** of the September 18, 2007, City Council Meeting were **APPROVED**.

There were no Persons wishing to be heard on items NOT listed on the Agenda and no Public Hearings before the Council.

Correspondence, Communications, Petitions:

1. Correspondence – Bella Terraza – Harry Hedges.

The City Manager stated that he received a letter dated September 21, 2007, from Harry S. Hedges, Member Manager of Bella Terraza, LLC, a copy of which is part of the record, requesting consideration of revising the Bella Terraza townhome occupancy conditions so that units may be sold to investors for rental. He explained one of the conditions of approval by a previous Council was to approve the development, subject to the units being owner-occupied.

Harry Hedges, 574 Marmora Avenue, Tampa, explained that when they entered into the development, they very much wanted the development to be owner-occupied, adding that workforce, affordable housing is something he has been involved in for over twenty years. He continued when they found the property and looked at the competition, they built a larger unit than typically built in the City. Since selling has begun on Phase I, he said they have had to deal with a number of issues, including vandalism, which required they build a wall surrounding the property and add video surveillance. He noted there was an attempted theft of seven air conditioning units, leaving the units unusable. He briefly described the quality of their units and noted the diversity of the occupants, which includes doctors, nurses, USF personnel, and others. He reviewed they also offered the Hometown Heroes program for down payment and reduced rate assistance to encourage sales.

Mr. Hedges emphasized their commitment to Temple Terrace, stating he regrets having to ask for assistance, but said they cannot let the property sit there vacant. He asked that they be allowed to sell the units to investors for rental units, offering a caliber of rental that the workforce housing folks can afford. While he believes they should always push for home ownership, he asked the Council to consider the housing needs of the community when they make their decision.

Council Member Fernandez asked whether there is a homeowners association and questioned whether the owner of the property would build that cost into the rent, to which Mr. Hedges responded affirmatively that the owner would build that in to their rent. Mr. Hedges confirmed there is an organization to maintain the common areas, adding that the homeowners are required to make sure their units are maintained. Mr. Hedges commented they would take care of the outside maintenance, so they would always be kept up. Pointing out it would fall to the City's Code Enforcement, Council Member Fernandez asked whether the homeowners association has an on-site manager.

Mr. Hedges responded that they [the developer] will be on site until they sell all of the units, adding they also have another development in town, so they are here and work closely with the Police and Fire Departments and Code Enforcement. He commented he feels they have a good relationship with the City.

The City Attorney briefly stated that in discussing this issue with the Community Services Department prior to the meeting and reviewing what previously occurred at the time the project was approved, the Conditions of Approval for the site plan included, as part of the give and take for waiver of certain requirements, that the units be owner occupied. Effectively what Mr. Hedges is requesting, without commenting on the merits of his request, the City Attorney said, would be an amendment to the site plan. From a procedural standpoint, he said it would appear to be appropriate for the Community Services Department staff to review the request and determine whether, under the circumstances, this is something that would be appropriate, and then present it to the Council at a future meeting with their comments, as an amendment to the previously approved site plan.

Noting they are in Phase I of the development, Council Member Knapp asked how many units are completed and how many are sold, to which Mr. Hedges responded 21 units are completed and 10 have been sold, leaving an inventory of 11 units. Mr. Hedges explained when they started building, they had 18 units pre-sold, but lost the sales with the change in market conditions. He noted they put another \$50,000 in the wall because of their location, plus they are carrying \$2 million on their books and paying interest on that amount, which is a significant commitment on their part to try to make this work. They won't start the second phase until the market turns, he said, briefly commenting on market conditions and mortgage companies going under. He said he believes they are positioned so that down the road as these units turn over, they will turn over to owner-occupied, because they won't find that caliber of units, being larger than typical rental units.

Council Member Knapp asked whether Mr. Hedge's company plans to lease them out or sell them to others to lease out. Mr. Hedges said it depends on what comes available to them; obviously they would like to sell them to people who want to invest in this community. He added the units cost significantly more than \$100,000 per unit, so they won't be sold to someone who is investing lightly. He said if the investor came to them and asked them to rent the units out for them, they would do that, reiterating they have to stay in it until the project is finished, as long as it makes sense.

Council Member Knapp restated his question, asking if it is Mr. Hedge's intention, or are they reserving the right, for his company to maintain the ownership of the individual units and lease them. Mr. Hedges responded negatively, stating it is an expensive project and they want to move on. He said they will keep the other land to develop later, but they have another development in Temple Terrace that also requires significant capital. Mr. Hedges summarized that they prefer to sell the units to individuals if they can.

Council Member Knapp asked what percentage of owner-occupied he is asking for. Mr. Hedges responded that he hadn't put a specific number on it, but since he has 50% of the units sold, he would be looking for a 50% ratio. He reiterated that he would prefer to sell them to individuals if they can, but the market is not there.

Vice Mayor Govin called for any additional questions, stating that if there are no more questions they would instruct staff to look at it.

While he believes it is critically important for staff to look at it, as stated by the City Attorney, Council Member Chillura said he also believes it is important for the applicant to know for the most part where the Council stands. He asked whether there is any Council consensus at this point.

Vice Mayor Govin said there is a legal aspect to this that will have to be addressed, but for now, assuming that legally it is doable, the question would be whether the Council would be agreeable.

Council Member Halloway said he would oppose converting the units to rentals. He stated when it was approved, it was approved on the basis that it would be owner-occupied, and they would not have approved it otherwise. He commented that turning them over to rentals is the first step on a "slippery slope," and before long, they would have another apartment development. He opined that when the occupant doesn't have any equity, typically the surroundings go down, crime goes up, and they are back where they are with a number of areas in the City. He said he would definitely be opposed to that.

Council Member Fernandez said she would not be in favor of 100% rental occupancy. She suggested if it was limited to perhaps 25% of the units, but she doesn't feel comfortable with 50% of the units, because of what the City is trying to do.

Council Member Knapp asked whether the other site Mr. Hedges is developing was approved with an owner-occupancy provision, to which Mr. Hedges responded it was not.

Council Member Knapp asked the City Attorney what authority the City has if someone buys a unit, representing themselves to the developer as "owner-occupied" and for whatever circumstances, later leases it out. He asked how the City is supposed to enforce or police that provision.

The City Attorney responded it was approved as a condition to a site plan; to the extent that the purchaser is on notice of something that is in the public record, it can be enforced against them, but from a practical perspective of trying to enforce that, the City does have a rental permit program in place that the City enacted a while back. He said that program is a mechanism that could be utilized to determine whether the property is being used as a rental; generally speaking without a rental program, there would be no real way to police it.

Council Member Knapp questioned how a purchaser is bound if the owner-occupancy provision wasn't written as a covenant in the documents when the individual made the purchase from the developer. He asked Mr. Hedges whether his documents include such a notice. Mr. Hedges responded there *is* such a notice in the documents.

Being a developer, Council Member Knapp said he empathizes with the fact that he has the capital on the street, but he would question Mr. Hedge's liability with those who already purchased units with the provision for owner-occupancy. He continued, stating that those individuals, who purchased their units with that provision, are thinking it is going to be an owner-occupied development and now they are changing it after that covenant is already in their purchase.

Mr. Hedges reiterated that the provision is in there, but the developer still controls the homeowners association since they haven't sold the majority of the units, so that is still an option for them to change. He said when they look at the make-up of the owners, there are students who own units, and a nurse, and a doctor. He said Council Member Knapp brings up a good question; someone gets a divorce and they can't sell the unit and won't live there together, or gets an illness, or dies - from a practical sense if that should happen, he asked whether they would throw the people out. He stated they can only do the best they can to assure home ownership. He reiterated he has always been about home ownership, but when they started the development they did their homework on the product and no one thought two years later the market would be at its worst in ten years. He questioned holding them to owner-occupancy and penalizing them by what is happening on a national scale, even at a 25% ratio of rentals, stating they have security issues, and putting in surveillance cameras and the perimeter wall cost them money. These security measures are not found in typical rental properties, he said, acknowledging when they started this, 55% of Temple Terrace was in the rental pool, and they are trying to do something to improve the rental percentage in the City; however, they never dreamed the national, state, and local market would be in the tank. He said they have "paid their dues" and he asked the Council consider how they could work together.

Council Member Knapp said he wasn't on the previous Council that approved the project with the caveat of being owner-occupied; therefore, he needs to do his research on that first. Secondly, he said he has a concern that he would like the City Attorney to research and that is the fact that the original site plan was approved as owner-occupied, and prior to consider making any change to that, he would want to be certain that the City would not have any perceived liability in allowing that change if those people who have already purchased a unit with that caveat have an issue with the proposed change. He added he would be concerned if that happened to him. He concluded that he doesn't believe there is enough information presented tonight in order for him to make a decision, although he does empathize with the situation. He said Mr. Hedges presented an accurate description of what is going on in the market place, stating that leasing is at an all-time high in homes and condominiums, while sales of homes and condominiums are down considerably.

Council Member Chillura said the real question to pose would be that if everything was okay, as an individual, would they support having it considered rental or owner-occupied. While he feels Mr. Hedges' pain, and Mr. Hedges has been a great asset to the City, having done very nice projects, Council Member Chillura said he is very concerned about having that as a rental area. He noted he was the Council Member who initially brought up the issue of owner-occupancy when the site plan was initially approved.

Council Member Chillura explained he has extreme concerns with that portion of Temple Heights and 56th Street, stating there are a lot of rentals in that area, and he doesn't want it to become a "suitcase city." He gave an example of how the market is affecting commercial property values and said that while he would help in any way he could to help people like Mr. Hedges who come into the City and invest in the City; however, he said he is extremely concerned with the make-up of that area, which is too heavy on rentals already.

Mr. Hedges suggested they go with 25%, but Council Member Chillura said that raises another issue. He questioned if he owned a condominium in there, who would say who gets the 25%. He recalled when the project was first proposed, there was an outspoken gentleman in that neighborhood who called him weekly expressing concern that the area was filling up with rentals. Council Member Chillura said Council asked at that time that the provision, which was a condition of approval of the site plan, also be included in the By-Laws or homeowners association documents. He said he made commitments at that time and representations to people who lived there that it would be a nice quality owner-occupied project by a sincere developer who is committed to this community. He said he would like to help, but as much as he wants to support it, he doesn't feel comfortable doing so. From his experience, in general, he said there is more pride in owner-occupied than in rentals.

Mr. Hedges said that relative to Council Member Fernandez's comment, he would like to find a "happy medium" here. He said they stay involved in over-seeing that, reiterating they have a two-year plan. He asked whether there is some sort of management agreement they could do.

Council Member Chillura said he understands where Mr. Hedges is trying to go; when all those townhomes at Mission Hills were new, they were wonderful; now they probably could use a full-time Code Enforcement Officer there. He wondered if there is any sort of financial incentive that the City could consider, adding he would be open to that. He reiterated he would like to work with Mr. Hedges, but he is not comfortable approving rentals in these types of communities. He commented that the last time he looked at the residency percentages in Temple Terrace, it was 60% rental and 40% homeowners, which was alarming to him and needs to be controlled. He said he doesn't feel comfortable at this point, adding he would consider other options to help, if something was presented, but he could not support the rental aspect.

Vice Mayor Govin commented it is obvious they are not going to resolve this tonight, with probably a 50/50 situation right now. He suggested there are other developments in Temple Terrace that are quite successful with rentals, citing as an example that he rented in River Landings when he first moved here; under the right conditions, they could probably put something together that would work. He suggested staff investigate what could be put together and with what restrictions and come back to Council when they have a better handle on it. He said there are too many open ends right now, suggesting there may be other things that could be put in the covenants that would be restrictive and enable them to do what they want. His suggested the request be sent to staff and to the City Attorney for review and to see if there are any other options, knowing the sentiments of the Council.

Vice Mayor Govin recommended to Mr. Hedges that he communicate any suggestions he has to City staff and see if they can come up with anything that may be acceptable to Council. Council concurred with the recommendation. The City Manager suggested Mr. Hedges call him about the matter.

Vice Mayor Govin asked that the matter be expedited as much as possible, expressing appreciation for Mr. Hedge's community efforts.

2. Correspondence – USF Oral History – Temple Terrace Preservation Society.

Vice Mayor Govin explained the oral history that is being written is a tremendous project being put together by the Temple Terrace Preservation Society. He said it has already been started and their objective is to preserve, through an oral history, the history of Temple Terrace.

The City Manager reviewed that the Temple Terrace Preservation Society has partnered with the University of South Florida's Department of Anthropology to produce the City's oral history. He noted that beginning in July, USF Professor Dr. Elizabeth Bird, a Temple Terrace resident, will interview Temple Terrace citizens who have lived in the City since at least the 1960s. He announced that once the interviews are completed, a set of DVDs will be produced and available in the Temple Terrace Library and on a future Preservation Society website. He stated the Preservation Society is requesting the City contribute \$1,500 toward this endeavor, adding that there are funds in the Civic Improvement Grant Fund for this purpose. He indicated there are representatives present who can speak to it.

D'ee Griffith, 416 Bon Aire Avenue, thanked everyone for the time to address this issue. She noted some of the board members are here in support of this project. Ms. Griffith said Dr. Bird is working very closely with them on this project, which will be a two- to three-year project. She asked the Council to please consider this request. She explained that it won't only be oral history; there will be written history, and they are considering doing a documentary sometime in the future.

Council Member Fernandez asked whether this could actually play on the City channel. Ms. Griffith responded it will first become part of their fund raising, because it takes so much money to produce. She said they want to be able to give a DVD to the City, to the library, and to the Woman's Club. Right now, she said it is the funds that they are lacking.

Vice Mayor Govin said he attended one of their meetings and has seen some of what an oral history is, and it is quite involved. He concurred it will take time and money.

Upon motion of Council Member Hallway, seconded by Council Member Fernandez, **RESOLUTION NO. 106-07(m)** was **ADOPTED**, approving the request from the Temple Terrace Preservation Society for a matching grant in the amount of \$1,500 for the University of South Florida's "Temple Terrace Oral History" project; payment to be made from account no. 001-1021-511.82-26. Vote on the motion being: Vice Mayor Ron Govin and Council Members Chillura, Fernandez, Hallway, and Knapp voting "aye," no "nay."

Presentations:

1. Chapter 21 – Code Amendment – Utility Deposits and Charges.

Finance Director Diane Reichard said the first proposed ordinance change is to increase deposits and the other part is to increase late charges and customer service charges, and to address a policy change regarding the billing time. She said they are having trouble with past due bills because the current deposit amount doesn't cover past due bills.

Council Member Chillura asked her to clearly state on record the exact changes being proposed.

The Finance Director explained the proposed changes are to adopt an ordinance to amend the following three sections of the City Code: Chapter 21.410.5(a)(1) – Residential Deposits – to increase the single service for an owner to \$50 and \$100 for tenant; multiple services for an owner would go to \$100 and for a tenant, to \$200; Chapter 21.410.5(a)(3) – the charge for late payment is currently \$5, which would increase to \$10; and Chapter 21.410.8 – Customer Services Charges – there are about five different categories listed and they would propose to make them all \$25, adding a charge for the "initial turn-on", but increasing the "after hours" rate to \$40. She said the policy change would be to change the number of days between the bill date and due date from 25 days down to 20 days; and change the number of days until a customer is past due from 10 days to 5 days, which will shorten the time frame for billing.

Vice Mayor Govin said this is basically what staff gave them during the budget process, along with the fact that the City isn't able to sustain the services without going into a deficit position. Stating these proposed changes are for the utility system only, he questioned whether the increases would bring the revenues necessary to cover the costs. The Finance Director interjected that the next presentation would cover the sanitation rates; this one is simply the deposit. The City Manager explained this would cover the City's "exposure," explaining that by the time the City recovers the billing for those who don't pay, this would more aptly cover the City's exposure to that expense.

If approved, Council Member Fernandez asked whether it would only apply to new residents, owners or tenants. She wanted to know whether it would affect the residents who have already made their deposits and have service. The Finance Director responded that people who already have paid their deposits remain as they are; as new residents come in, they would be charged the new rates. She continued that there is a Policy already in place that states if a person is late in paying, the City can increase their deposits.

Council Member Chillura asked whether those deposits are refundable. The Finance Director explained they apply the deposit toward the final bill and anything left would be refunded to the customer. She stated at this point the way the deposits are being applied, there is never any refund because the final bill is always higher than the deposit on hand. The City Manager interjected the effect is that they get their deposit back.

Council Member Chillura asked for clarification as whether this deposit is for all City utilities or whether there is an additional one for sanitation. The Finance Director responded if the customer has just one service, i.e., garbage, they would pay the \$50; if they had all three services (water, sewer, and garbage), then they would pay the \$100 amount.

Upon motion of Council Member Knapp, seconded by Council Member Fernandez, **RESOLUTION NO. 107-07(m)** was **ADOPTED**, directing the administration to proceed with drafting the ordinance amending Chapter 21 of the City Code of Ordinances, relative to utility deposits and charges, for first reading, incorporating the various changes and revisions as presented. Vote on the motion being: Vice Mayor Govin and Council Members Chillura, Fernandez, Halloway, and Knapp voting “aye,” no “nay.”

2. Chapter 11 – Code Amendment – Sanitation Fees.

Vice Mayor Govin stated this is the area in which the City is not covering the cost, and this proposed amendment will bring them back to “whole.” The Finance Director advised that the *goal* was to bring them back to “whole,” but this proposed change will not bring them back to whole. She said it will bring the City \$133,000 a year closer.

Upon the request of Vice Mayor Govin, the Finance Director read into the record the proposed amendments to the Code. She stated this is amending Chapter 11.130.9 for the Sanitation Fees – and as stated in her memo, it is a short-term solution. She explained that one of the things they had discussed was an increase in residential rates, but the commercial can program rate is on the residential route, so it will also have to increase. She continued that the proposal before Council does not increase the senior rate, adding that there are 87 customers currently on the senior rate, and they will remain at \$14.85 per month. She offered to go through the detailed sanitation rate analysis that was included in their agenda packets if anyone needed further explanation.

The Finance Director said billing in the month of service is not being recommended at this time; they are still billing in arrears. If there is no rate adjustment to this fund, she said the expenses will continue to outpace the revenues and the fund will be depleted by September 30, 2009. She said the recommendation before Council this evening is an ordinance to adjust the rate in Chapter 11.130.9 on October 1, 2007. Noting that they cannot get the billing done by October 1, she said they will provide customers a 30-day notice that the rates will go up the next month. She said they propose to increase residential rates to \$20.64, the commercial can rate to \$20.64, and if there is an extra garbage can collection on the commercial property, the proposed rate would be \$1.50 for each can.

The Finance Director continued that the current ordinance provides that the charge for a special trash pick up is determined by the Director; the rate being recommended is \$64.00 for yard trash and \$70 for other materials, based on 15 minutes required to make the pick up.

The Finance Director reiterated the proposed rate increases will not make the City whole, referring to Schedule 8, where it shows the Net Operating Loss for the fund will continue in future years.

Vice Mayor Govin said the other thing that might be of interest is the rate comparison numbers on how the City of Temple Terrace compares to other municipalities. The Finance Director said this can be found on page 9 and further explained that Plant City and the City of Tampa would still be higher than Temple Terrace if they go to the higher rate, whereas Hillsborough County has additional revenue streams that come in, enabling them to provide service at lower rates.

Council Member Halloway complimented the Finance Director for putting all this information together, adding there is almost too much data. He said he appreciated that she made some references to regression analysis and removed non-cash expenses. For the benefit of the audience, Council Member Halloway explained the Enterprise Fund in governmental accounting is to be treated as if it were a commercial company, as far as accounting purposes go. He said it gains its revenue sources from the sale of services and not from ad valorem taxes. Therefore, he said, when they talk about raising sanitation rates, it is not another form of taxation burden placed on the citizen, but it is entirely to cover the cost of providing services. A misconception he has heard is that people think that the City is raising these rates because they have lost tax revenues and are trying to make it up somewhere else in order to use this to finance the redevelopment area. He said this is untrue and not possible.

Council Member Halloway said this is actually a public utility – a government sanctioned monopoly and it is government sanctioned because its rates are subject to review and approval by a public service commission, i.e., the City Council. He said Council is representing the customer in this battle; not only do they have to protect against monopolistic pricing, but they also have to protect the status of the service and not let them go broke, as a public service commission.

Council Member Halloway said he will vote in favor of the increase, not because he is convinced this is how much they need, but somewhere in this mass of data, there is probably justification. He commented he doesn't like to see certain things, such as on page 2, where it shows cost drivers go up by certain percentages. He said he does not know where these percentages came from, but if the Finance Director is going to forecast costs and revenues by arbitrary percentages, she'll be back before Council in the near future and their rates will go off the board. He added that is not the way to do forecasting in a commercial company; that's monopolistic pricing.

Referring to page 3, Council Member Halloway stated he didn't understand the "cost to the City of \$6,045." He said he didn't believe it was a cost to the City, but rather a cost to the company. The Finance Director explained what she meant by that statement was if the seniors are paying \$14.85 and the recommended rate is \$20.64 for residential customer, that difference is how much the City lost in revenue. Council Member Halloway interjected that the City didn't lose any revenues, the *company* lost revenues. He said a statement like that is confusing to the average citizen, because the citizen will assume the City is making up deficits.

Continuing, Council Member Halloway said as far as regression analysis, it is a simple, concise forecasting tool, which is not used very often today because it is so simple. In a regression analysis, he said he would expect to see a straight line when a trend line is determined. He further explained that the object is to take actual data in the past (revenues and expenses), and the result is a soft tooth curve going up and down, and up and down; it doesn't fall in a straight line. He said in order to determine a trend, they have to determine the best fit of a straight line that gives proper weight to the ups *and* the downs, which is called a *trend line*. This is done by statistical methods, he said, known as "B-squares," finding the line that truly represents the past data. He said it is very simple, and sounds more complex than it really is, and extremely accurate; when taken out to the forecasted years, if properly done, it can tell what the revenue and expenses are going to be within a certain percentage of error. Although the Finance Director made reference to it, he said he doesn't see that type of analysis here. The Finance Director referred Council Member Halloway to Schedule 5, to which Council Member Halloway said he sees that but that is not what he expected to see, adding they could discuss it later.

Council Member Halloway questioned that on Page 16 it talks about a 25% reserve; he wondered where that reserve came from until he divided that number by .25 and he got the operating expense number. The Finance Director confirmed that number is 25% of the operating expense number, to which Council Member Halloway asked why?

The Finance Director explained that on Page 4 she made a comment that in 1999-2000 the City Council established a 25% reserve policy for the General Fund, and that it is good to have a reserve policy in the Enterprise Fund. Council Member Halloway responded that was marvelous, but he questioned why she treated it as an expense. The Finance Director responded she is not treating it as an expense; it is just a statement to show them *if* they were reserving 25% of the fund balance – *if* they had that set aside. She said the Enterprise Fund was doing very well in 2001-2002; they had a good reserve, but if they turn the page to Schedule 8, they can see that this year they will fall below their reserve.

Council Member Halloway confirmed with the Finance Director that Schedule 7, Sanitation Fund, unrestricted net assets, was formerly called unrestricted retained earnings. He explained the unrestricted net assets figure, after they have added in or subtracted out the loss, is added to the balance in retained earnings, which the Finance Director confirmed. Below that line, he said, the Finance Director shows a 25% reserve. He asked whether that figure is included or where the reserve is found.

The Finance Director said that figure [25% Reserve] is just for comparison – it doesn't exist. In response to Council Member Halloway concluding if it doesn't exist and isn't cash, it is a phony number, the Finance Director referred him to Schedule 8. The Finance Director said she is trying to show that after 2007, they would have \$527,770 in their unrestricted net assets; if they wanted to have a 25% reserve, they should have at least \$732,624 of cash, but they won't have it. The future years would be even lower, she said, and in 2011, they would have no positive cash. The Finance Director reiterated the rate increase this year is a short-term solution, adding she would be back next year with another "solution."

Council Member Halloway offered a couple of suggestions to help her come back next year. He said he is interested in a current financial position and financial projections for the sanitation fund. He said he was certain she could do that with graphs and so forth on about six pages. He suggested that she use the regression analysis, but that she plot those straight lines, find out her actual position going out that line, and plot that point month-by-month or quarterly or semi-annually. He said that would give her an indication whether her projection is or isn't on track. He asked if she understood what he was saying, and she indicated she understood; he offered to help if needed.

The other thing, Council Member Halloway suggested, was that as she determines a break-even point she watches that break-even point go on month-by-month or quarterly or semi-annually to see how they are doing. Then when she comes back to them next year, he said, she will have a pretty good handle on what the financial position is and Council will have a good handle on it also. While it may be true they need a rate increase, he said he has to be *shown* that it is necessary.

The Finance Director commented that on page 14, the break-even point is shown to be \$25.26 per customer. Council Member Halloway said that was incorrect – it was circular reasoning. He said they are looking for the point, if they find the break-even point, to determine what their rate should be to get them *above* that break-even point or if the rate makes them *below* that break-even point.

Council Member Fernandez said the analysis seemed to say it isn't helpful to gain new residents and their service fees, because it seems the actual service fees, even with the projected increases, are not covering the actual costs to provide the services. The Finance Director said that was correct.

Looking at the projections on Schedule 8, Council Member Fernandez asked whether within the operating expenses and revenues those numbers are built in, with the assumptions that she put in the increases in operating expenses, and those revenues are with the projected possible increase. The Finance Director confirmed her statement. Council Member Fernandez asked whether the operating expense number includes the potential capital outlay, to which the Finance Director responded affirmatively. Council Member Fernandez asked whether the capital outlay schedule is based on when they think it is time to replace equipment. The Finance Director again responded affirmatively. Council Member Fernandez said she doesn't need as much analysis; she wants to see the true cost to provide the service, and that is how she would want to see their fees, adding this is a fund that has to break-even. One of the costs, she said, is providing new equipment as equipment breaks or wears down, which is essentially an expense built in over time through the depreciation. She said again she just wants the true cost to provide the service, which is still not necessarily meeting the 25% set aside.

The Finance Director said Council Member Fernandez needs page 12; the true cost would be \$24.99, adding the Council would need to increase rates from \$18.85 all the way to \$24.99.

Council Member Fernandez responded that would be a very substantial increase in a month. She said that while she agrees this is a short-term solution, she doesn't think they are ready to go all the way. The Finance Director reviewed that when she came before them a month ago, she had presented an increase for each year; she backed off from that and said they would do just one year and then talk about it again next year.

Referring to page 10, Council Member Knapp said there was a note that the reduced expenditures in 2004 and 2005 were related to Hurricanes Francis and Jeanne, noting the amounts of \$434,688 in 2004 and \$318,158 in 2005. He asked whether those monies were recouped, to which the Finance Director responded they were. On this same page, he questioned where she is showing a net income (loss), and whether she should add those numbers back in to where there would be an operating positive.

The Finance Director explained they are not considered operating revenues, but were considered grant money, so they were below the line. Consequently, she said she had operating expenditures in there with no revenues to show; she said she could have done it either way; she could have added the FEMA revenues in there.

Council Member Knapp said his question is simply whether in 2004 and 2005 those dollar figures should be added onto the revenue side to accurately tell them how that department operated in that calendar year. The Finance Director said she isn't going to do that because of the trend analysis. Council Member Knapp said he wanted it clarified that the income was there and it is not accounted for in 2004 and 2005 line items. The Finance Director said that was correct.

Council Member Knapp continued, stating that with that in mind, if they were to look at 2004, instead of being a \$194,261 net loss, it would have been a \$235,000 net income; in 2005, instead of a \$176,621 net loss, it would have been an approximate \$150,000 net income. He asked if that was correct.

The Finance Director responded negatively, that she was not answering his first question, and said they needed to go back again. Council Member Knapp asked whether she omitted the expenses for the hurricanes also from this sheet. The Finance Director confirmed she omitted the expenses *and* the income as it related to the two hurricanes.

Council Member Knapp said his other question was relative to page 11, Capital Outlay, which is of concern to him. In 2004, he said if they look at net income (loss) in that year and look at 2003, the capital outlay for machinery and equipment was only \$2,115 and it shows \$27,630 in income; in 2004 the capital outlay expenditures are \$129,985, and there is a loss of \$204,965; in 2005, there is \$0 capital outlay expenditure and a \$47,949 loss. He said they are obviously not covering capital outlay to replace equipment. He said the other item that jumps off the page is repair and maintenance services; in the year 2003, it is double what was spent in each of years 2001 and 2002, and then it continues at that higher rate from that year on. He said something happened between 2001 and 2003, which looks like to him that perhaps a repair technician was added.

The Finance Director said she was guessing that they had six vehicles and four of them ran; at that point, they decided to keep two of them as backup and maybe if there is standard maintenance on the vehicles...she said she wasn't sure but thought they may have increased personnel. The City Manager interjected they did add a mechanic. The Finance Director thought they added a crew, but didn't know what year. The City Manager said they did add a crew due to growth. Council Member Knapp said that would have been under Regular Salaries & Wages, and based on what he sees, that is going to be in the year 2004, where they started trying to add them, but perhaps finally filled them in 2006. The City Manager reiterated they did add a mechanic.

Council Member Knapp reiterated that the repair and maintenance services doubled from 2001 to 2003 and then stayed at rate.

Relative to the projected capital outlays, Council Member Knapp said it shows substantial capital outlays out to 2012. He said he is assuming that someone is taking into consideration that they are purchasing a lot of vehicles or machinery and equipment. He said at some point in time, if they are continuing to spend the kind of money she is projecting in repair and maintenance and continuing to spend the amount of money in capital outlays, they may want to look at what they did one time before, which is to look at leasing those garbage trucks, instead of buying them, which would eliminate some of that \$100,000 per year and eliminate some of that capital outlay on equipment also; instead there would be lease expense in the operating expenses. He said that may be something they want to look at in operating a business as it is called, in order to operate a little more efficiently. When they see growing costs in certain areas, they need to look at them to see why they are growing, he said, and what they can do to bring those costs down.

Council Member Knapp continued that one of the things they discussed before, if they continue at this pace, was putting it out to contract. He said the reason they haven't done that, is because they like to maintain control to ensure quality service, and financially they have elected not to do that, but if it continues to be a burden on the taxpayers, that will be something they will have to take a look at. He commented he doesn't want to relive that nightmare, so he would prefer they take a look at this and see if it does make more sense to lease than to own equipment.

Council Member Knapp said if they are raising rates due to salary increases or any other thing due to inflation, such as disposal fees, gasoline prices, etc., those are what he considers non-controllable expenses, that no one can argue; if it is because of expenses they can control or have the ability to control, they owe it to the taxpayer to do the best job they can. He noted that the leasing of the equipment would also eliminate this other line item for depreciation expense, which is another line item they need to take a look at and see what their options really are.

Council Member Chillura commented that the Finance Director said the increase for repairs and maintenance was due to the fleet getting older and that is why it jumped up \$40-\$50,000 higher after 2002. He said in 2007, in capital outlay they are showing \$150,000, \$170,000, and \$245,000, which he assumes is towards a new vehicle purchase; however the maintenance and repairs are still up there as if they still had the old fleet. He said those numbers need to coincide. He said he appreciates the detailed breakdown; when the Council starts getting into the nitty gritty like this, he said they can actually start questioning the accuracy or can dissect it to determine whether there are losses or not. He acknowledged she may have a different way of doing it in the "accounting world," but in the realistic world they look at how it actually boils down to give them the bottom line. He reiterated that if they are buying new equipment, the repair and maintenance line item should not be that high.

Council Member Chillura thanked the Finance Director for breaking this down, stating it was a little more helpful. He commented he didn't have all of the backup material in his packet, as they used to do. As an example, in an earlier discussion they had over a \$1,000,000 in contractual services and he had asked for a breakdown; now it is being shown as about \$400,000, so obviously, it went somewhere else. He said he was trying to make sure that the \$1,000,000 was accurate. The Finance Director said she didn't bring that, to which Council Member Chillura responded that he is just asking that when they do something like this, from what occurred two weeks ago or a month ago, that they should provide the backup, too, because it helps to look at it and track it to see that it has been taken care of; otherwise he has to go off his memory. It was a large number he wanted broken down, he said, but the Finance Director said she didn't remember, adding she thought it was in the budget book. Council Member Chillura said it was a handout that came with the last proposed rate changes. The Finance Director said it might have been all contractual services for the whole fund, and this is just residential.

Council Member Chillura said he wanted to be clear on what is before them this evening and nothing else. On the summary page and the Finance Director's cover page, Council Member Chillura said it basically states the residential rate is going from \$18.85 to \$20.64 per month; in addition the commercial can rate is going to be raised from \$18.85 to \$20.64 per month, and an extra garbage can collection would increase from \$1.09 per can to \$1.50 per can. Special trash pick-up fees, he said, would be established in 15-minute increments at \$64 for yard waste and \$70 for other materials. The Finance Director confirmed those were all the proposed changes. Council Member Chillura said when he reads the backup material, there are additional proposed changes. The Finance Director responded that when she did the Sanitation Rate Analysis she wanted to bring everything to their attention. Council Member Chillura said he wanted to keep it clear and be sure that by approving this, they are not going to have incremental increases kicking in; further increases would have to come before Council again for discussion. The Finance Director responded affirmatively.

Vice Mayor Govin clarified it doesn't include a rate increase for seniors. The City Manager and Finance Director both responded that rate would remain the same.

Council Member Chillura said the Finance Director stated, and he agrees, that it would create a lot of hardship on people if they were to bring the billing cycle up to date and instead of billing in arrears, bill in advance. He asked if they were able to bill in advance for new accounts, to which the Finance Director responded they would have to set up a separate service on the utility billing system, and when they come in to register, her clerks would have to know which system they were on. She concluded it would create a mess. Council Member Chillura expressed concern about changing the system for those on a fixed budget to pay for the additional month. Council Member Knapp confirmed the deposits are for water, trash, and sewer.

Upon motion of Council Member Fernandez, seconded by Council Member Halloway, **RESOLUTION NO. 108-07(m)** was **ADOPTED**, directing the administration to proceed with drafting the ordinance for first reading, amending Chapter 11 of the City's Code of Ordinances, relative to increases in sanitation fees, incorporating the various changes and revisions as presented. Vote on the motion being: Vice Mayor Ron Govin and Council Members Chillura, Fernandez, Halloway, and Knapp voting "aye," no "nay."

There were no Site Plan Reviews for consideration and action by the Council.

Resolutions for Consideration and Action: **(Consent Agenda)**

The City Manager read through and briefly explained the nine Resolutions listed on the Consent Agenda.

Council Member Chillura requested Resolution E-5 be pulled for further discussion, and Council Member Fernandez requested Resolutions E-2 and E-3 also be pulled for further discussion.

Upon motion of Council Member Halloway, seconded by Council Member Chillura, and unanimously carried, Resolutions E-1, E-4, E-6, E-7, and E-8 were adopted by consent, being:

RESOLUTION NO. 109-07, accepting, in accordance with the Civic Improvement Matching Grant Program's Guidelines, the donation from the Temple Terrace Junior Woman's Club, in the amount of \$2,250, and authorizing the award of a matching grant from account 001-1021-511-82.20.

RESOLUTION NO. 110-07, accepting an Edwin Byrne Memorial Justice Assistance Grant in the amount of \$47,490, and approving the expenditure of not more than \$47,490 of said Byrne Grant Funds for the Police Department's purchase of surveillance and drug investigation equipment; payment for said purchases to be made from account 001-1431-521.64-99 in the amount of \$42,750 and account 001-1431-521.52-99 in the amount of \$4,740.

RESOLUTION NO. 111-07, approving an adjustment to the Fiscal Year 2007-08 budget to appropriate and allocate the funds from the Edwin Byrne Memorial Justice Assistance Grant in the amount of \$47,490, as outlined in the attachment.

RESOLUTION NO. 112-07, approving, in accordance with the City's purchasing procedures, the emergency contract with CSC Engineering & Construction Services to repair a six-inch water main at 1405 Riverhills Drive in the amount of \$18,000; payment for said contract to be made from account 430-1923-533.34-99 in the amount of \$10,500, and account 130-3301-541.63-11 in the amount of \$7,500.

RESOLUTION NO. 113-07, approving in accordance with the City's purchasing procedures, emergency contracts with CSC Engineering and Construction Services, Inc., and Bay Area Environmental Services, to repair and restore the Harney Road sewer main, in the amounts of \$32,638.27 and \$2,702.50, respectively; payment for said contracts to be made from account 450-3899-535.63-33.

RESOLUTION NO. 114-07, approving the adjustments to the Fiscal Year 2006-07 budget, reflecting the appropriation and allocation of funds as outlined in the attachment.

Relative to Resolutions E-2 and E-3, Council Member Fernandez asked if anything was changed from their last out-of-the sunshine meeting on the labor agreements. Human Resources Director Woody Hubbard said nothing was changed in the agreements from the Council direction given at their last session.

Upon motion of Council Member Knapp, seconded by Council Member Chillura, **RESOLUTION NO. 115-07** was **ADOPTED**, approving the Labor Agreement effective October 1, 2007, between the City and the Fraternal Order of Police, representing Police Officers, Senior Police Officers, and Detectives, and **RESOLUTION NO. 116-07** was **ADOPTED**, approving the Labor Agreement effective October 1, 2007, between the City and the Fraternal Order of Police, representing Police Corporals and Sergeants. Vote on the motion being: Vice Mayor Govin and Council Members Chillura, Fernandez, Halloway, and Knapp voting "aye," no "nay."

Relative to Resolution E-5, Council Member Chillura asked whether they want to move forward with a consultant and some sort of preliminary plan knowing they don't have anything finalized with the developer, as to what may or may not go there, to work together with the Riverside Park.

Parks & Recreation Director James Chambers said the preliminary plan that was approved was the one they used for applying for the FRDAP (Florida Recreation Development Assistance Program) grant that was approved. He said the preliminary plan elements described in the grant have to be in that park. He said they have also been working closely with the Community Services Director about that, along with the developer, and he assures him there is no problem with the area that has been set aside.

Council Member Chillura said if the developer chooses to develop a certain way, it may be a better fit if it is done simultaneously versus the City jumping ahead. He said that is the point he would like to make. He expressed concern they may instruct it to be designed a certain way and may have to go back to the drawing board if the rest is developed differently, since the plans they have are very preliminary.

The Community Services Director reviewed that Phase I of the project is north of Chicago Avenue and three acres of riverfront property. He said there is a "disconnect" between the main property, which is the North River Plaza and the restaurant and the auto store.

The Community Services Director said they feel that if the residential property goes in on the River, it would be a very nice amenity to have the park in place, rather than have that very rough area by the River covered in brush. With the break between Chicago Avenue and Riverhills, he said there really is no way at this point in time to get continuity and that continuity wouldn't come for a few years, adding the leases in North River run out in September 30, 2009. The Parks & Recreation Director commented the park project proposed under the grant must be completed by April of 2009 or they will lose the \$200,000 grant. The Community Services Director said with Phase II being several years away, the fact that they could lose the grant, and the fact that he believes the riverfront will be developed with residential, in his opinion, he believes the park makes sense versus having a very rough area next to a nice residential community. He said staff would recommend that they proceed with it.

Council Member Fernandez expressed concern that they have a preliminary drawing from the developer, but no signed agreement. She said she didn't want them to be forced in the way the property can be developed in the event something changes with this developer. She said she wants the park there; she just wants to make sure they are doing it in conjunction and in agreement with what the developer plans to do so that he doesn't come to them later and say he could have put the buildings there, but couldn't because they already have a park there and that changes how much his investment will return.

The Community Services Director responded that the riverfront property is just over six acres and has pretty much since Day One been slated for development with the rest being a park. He said this is what the community and Council have asked them to do – not to develop the full riverfront and to go light on the density down there, which they have. He said the opportunity to get the grant came and they had to grab it or lose it; now the grant ties them into how they will proceed. He said in the worst case that no development goes forward, they would have a nice park on the River, with the potential for the monument going in that area. He said there is a lot of enthusiasm to use that park as an urban park, and he believes it would be an amenity on its own.

Council Member Fernandez asked how the Angel of Hope Memorial is being incorporated into this space. The Parks & Recreation Director responded there is an area of open space set aside in the park area for that monument. Council Member Fernandez confirmed with the Parks & Recreation Director that the people putting in that monument will design that specific area. The Director added those people will do all of the design *and* construction of the monument. He said a lot of the area of the park is in a delineated wetland area.

Vice Mayor Govin clarified with the City Manager that the motion and Resolution tonight is to authorize the administration to negotiate a professional services agreement. The City Manager responded that was correct, including the fee. Hearing the comments of Council, the City Manager suggested they make sure that incorporated into the scope of work is a meeting with the Angel of Hope representatives and the developer to make sure they are all on the "same page."

Upon motion of Council Member Chillura, seconded by Council Member Knapp, **RESOLUTION NO. 117-07** was **ADOPTED**, authorizing the administration to negotiate a professional services agreement with Hardeman-Kempton & Associates to plan and design Riverside Park – Phase I, subject to the City Council's subsequent approval of the firm's fee proposal. Vote on the motion being: Vice Mayor Govin and Council Members Chillura, Fernandez, Holloway, and Knapp voting "aye," no "nay."

There were no Proposed Ordinances for consideration and action by the Council.

Unfinished Business:

Relative to the River Watch Task Force, Council Member Chillura reported the Task Force is diligently working behind the scenes to decide their next approach. He said he and Board Liaison Joe Gross met with Louis Betz and one of Victor Crist's aides and asked that the Task Force be permitted to compile information for Mr. Betz and Mr. Crist's aide to provide to the lawmakers in the area. He noted that the Task Force certainly appreciates the support of the Council; Code Compliance Director Joe Gross, who is a great asset to the Board, is getting in gear and the Task Force is moving forward.

Council Member Chillura said they will be asking the Council to provide a summary of what has taken place and forward it to Victor Crist and Ed Homan. In that summary, he said it should show what the City expects as they go forward, i.e., the conditions of the River, and let them know so that anyone reading this paper will see what the City has done or attempted to do and need assistance from "up above." He added it may have to be taken to the Governor's office at some point, being presented by one of the representatives, addressing the issues that as new water sources come on, the City would like consideration in relieving the strains being put on the River, and the issue where there was a big celebration in the City of Tampa with the Friends of the River that they have increased their minimum flow levels, unfortunately at the cost of the middle River, and tell them why that is the case.

Council Member Chillura said the Task Force requests that they [Task Force] come up with this type of language, working jointly with the City Manager, and if he approves it, authorize him to forward it on for the sake of time because the urgency was expressed that the Task Force get it to the legislative representatives during the month of October. He said they will be submitting pictures of the condition of the River so that as the case is made to the "higher level" they can see. He said they would also like the possibility of looking at a consultant to advise them what steps they can take to be effective, as far as what to ask for in a study of the River. He noted they have asked Southwest Florida Water Management District for a study of the River and they have agreed, but obviously, as other things in the past, they haven't seen much take place.

Council Member Chillura continued that they would not make any commitments without Council approval, but if Council is open to having a consultant, they would like to communicate with the people at USF and see if they are able to assist, or an outside independent firm, to come in and say they can give the Task Force the parameters or what to ask for, at a cost of "x." Summarizing, he said he is asking whether there is Council support for them to propose the letter and forward it to Victor Crist and Ed Homan, giving a summary of what has taken place, and what they expect to accomplish; secondly, to look at the possibility of consultant as to the recommendations for a study, which they would ask that they include how the River is affected when it drops to these levels, since they are being told there is no effect, and they don't agree with that.

Vice Chairman Govin received a consensus of Council to proceed as presented by Council Member Chillura.

Council Member Halloway expressed concern about the Florida State Supreme Court decision on the Strand vs. Escambia lawsuit, noting they haven't heard anything further on it. However, he said he would like the City to get pro-active on this. He commented that as he reads through it, it is pretty obvious that any interest-bearing financial instrument that will be financed by TIF (Tax Increment Financing) and has a maturity date of over 12 months is going to a referendum. He said he doesn't see any "out" on that.

The City Attorney confirmed that was certainly the decision by the Court. He continued that he believes they are aware that the Supreme Court recently (this past week) issued a revised decision, which in material form only changed some verbiage to indicate that the bonds that had been issued in the past, which had not gone through a validation process, are effectively considered to be good bonds; the initial decision left that up in the air. He said that was one of the issues raised by the Redevelopment Association; they had \$1.2 billion in bonds that based upon Strand were down-graded substantially as a result of that decision. He informed the Council that there is a Motion for rehearing that has been filed. He said that will be heard soon and they all expect that the Supreme Court will act quickly on it, but as far as gauging what the Supreme Court will do, Council Member Halloway's comments are probably "dead on." He said he doesn't think the Supreme Court will reverse its initial decision, and he believes long-term pledges of TIF funds for virtually anything will require a referendum.

Council Member Halloway said they can look forward to a referendum; the only issue in doubt here is the identity of the electorate – whether it is the entire City, Hillsborough County, or the downtown redevelopment area. He said all they do know is that they will have to pay for a referendum. He requested the City get pro-active with this and start thinking about and writing that referendum; the things that always hold them back are the clarification, the legal requirements, and so forth. He said if they start moving ahead now and get a writer who can write this referendum, putting it in clear and concise terms, stating the position of the City, and avoiding as many legalities as they can, the population will know what they are voting for. He reiterated he wanted to get ahead on that process; then when the whistle blows, they are out front. He said he didn't believe they could afford to sit around for six or eight months trying to get their ducks in a row when the whistle does blow. He concluded he hopes the City will move forward on that and work towards that end.

Council Member Knapp said he understands the decision is only in reference to TIF funds being pledged as the asset for repayment of the debt, which the City Attorney confirmed. Council Member Knapp continued that currently the City has \$21 million in debt, but none of that debt is pledged TIF revenue funds; it is the asset and good will of the City, which backs those notes. He continued that relative to the financial needs of the City, in terms of the redevelopment agency, he doesn't believe they have come to the consideration or fact that it will require a bond issue or the pledging of TIF revenues.

Council Member Halloway questioned whether the City has a government grant loan that they are planning to pay back using TIF funds. The Finance Director responded that although they cannot pledge TIF income from here forward, they could come back to the Council and present to them to pledge non-ad valorem revenues to get the HUD loan. She said when they do that it obligates the City, and does not obligate the CRA district. She said they could have an agreement between the CRA district and the City to pay them for that debt; once they put that agreement on the books, then that isn't good either. She concluded she isn't sure where they are going to go with that from here forward.

Council Member Knapp said the HUD loan is for specific assets, so if the specific assets are what backs the note and they don't pledge TIF revenues for the debt service, but back it with the good faith of the City and the asset itself, then they have not pledged TIF revenue, although they will be *receiving* TIF revenue. He said the decision is saying they can't *pledge* TIF revenue as debt service; it isn't saying they can't receive TIF revenues and spend them at their will, but they can't borrow against them based on it being the asset for the borrowing.

Council Member Halloway said his concern is *funding* that loan; he is talking about when they use TIF revenues to *finance* that loan.

The City Attorney said that it is clear; right now the City of Temple Terrace, along with every other municipality in Florida, is in the position of where they cannot base a bond or, as they believe, a loan or any type of indebtedness and pledge the TIF as repayment for that debt as long as the debt is in excess of twelve months. Instead, he explained what they would need to do for the HUD financing would essentially do a covenant to budget and appropriate; there are financial liquidity tests and flexibility tests that are used to analyze that, which are required by previous Supreme Court precedent, basically to establish they are not *indirectly* pledging ad valorem TIF revenues to finance the debt. He said that is something for which the City has consultants, i.e., Craig Dunlap would be assisting the Finance Director in that respect; in addition, the bond counsel that they typically use have indicated they have some other ideas as alternative mechanisms. The City Attorney summarized that the Finance Director is working with them to ensure that they can go forward given the new landscape they have been dealt with under the Strand decision. He concluded Council Member Halloway is correct that to the extent the City wants to finance something with TIF revenues and pledge them in support of the debt, it would have to be done pursuant to a referendum under the decision as it exists right now.

Council Member Knapp said the word being used is "pledge." He said, as an example, there is no legislation that says they can't pledge or borrow Community Investment Tax funds, because it is not an ad valorem revenue, although they don't and haven't in the past. He said this is nothing more than an obstacle to overcome; TIF revenue is not going away, and they have not said they can't use it, only that they can't pledge it for interest bearing debt. What it can be used for and pledged for becomes an interesting task, he said, questioning whether perhaps it can be pledged to a developer; there are other creative mechanisms. [Many people spoke simultaneously resulting in a portion of the discussion being unable to be transcribed.] Council Member Knapp explained TIF revenue still exists, and while it can't be pledged to a debt service, he suggested it could be pledged to a developer as an asset, so the City doesn't encumber the debt; regardless, the CIT fund is another mechanism not bound by what they are discussing. He suggested if the CIT funds were pledged to debt service for the CRA and then as they receive TIF revenues, they could use those revenues to purchase the assets that they *were* going to purchase with the CIT funds, they effectively just did the same thing. He summarized that the Supreme Court has created an obstacle; what they have to do is determine a "game plan" and it isn't necessarily a referendum, so he believes they are jumping the gun; they have to look at every possible avenue to determine how to move forward.

Council Member Halloway said he agrees wholeheartedly that they need to look at every possible avenue, and one of the avenues he was looking at was to prepare themselves well in advance. He said they know for sure that TIF monies cannot be used to satisfy a debt over 12 months. Council Member Knapp interjected the word is "pledged."

The City Attorney said right now here is what happens when they get decisions from the Supreme Court; the decision deals with one issue – bond financing. He continued it does not say they cannot pledge it in support of a loan; however, the analysis that they used would be the same analysis that would say they can't pledge it in support of a loan. A further extension of the same analysis, he said, would be that they can't pledge it for any type of long-term agreement, including some sort of agreement with a developer to support some sort of consideration with the developer. He said there are a number of different ways that this decision could be analyzed. Right now, he said their law firm is staying very much on top of the issue, including Mr. Taub, who is spending a great deal of time on the TIF issue in preparation of an upcoming speech on the subject that he will be making at a conference. In addition, he said he and the Finance Director need to work with the bond counsel; even though this is not a bond issue, it is becoming an issue where they need very specific expertise to guide the City as to what its options are. He said his suggestion, given the changed landscape, is that the legal staff and City administration proceed with counsel and come back to the City with a plan as to how they believe the City should proceed given the changed landscape.

The City Attorney acknowledged Council Member Halloway was correct in stating they need to get out in front of the issue, but at the same time, his understanding from the Finance Director is that the City has some financial flexibility and that they can proceed without pledging the TIF revenue.

Vice Mayor Govin said staff and the attorney have obviously been working on it and the comments that have been made tonight are helpful. He said he would only encourage them in the fact that before they can sign a development agreement, part of the Letter of Intent states that the City has to show the ability to finance. If everything works, he said the signing is scheduled for March 1, so it is imperative they stay on top of the situation.

Vice Mayor Govin said they are meeting again tomorrow with the developer and his attorney and the City's attorney who is working on the agreement. He reported there is a lot of dialogue going on between the developer and the City, and from his position, it is all good. While there will be changes, he said he was most encouraged today, adding that he spoke with their project manager, Bob Skinner, who indicated he has made headway with some of the lease situations. He concluded he will provide an update at the next meeting.

City Manager's Report:

The City Manager advised the Council there have been some personnel changes: Public Works Director Steve Hodge submitted his letter of resignation; in the interim, the City Manager requested and has received acceptance from City Engineer Joe Motta to serve in that capacity; and in view of the retirement of Mary Satterwhite as Library Director, Armand Ternak has been appointed as a provisional Library Director, and he [the City Manager] has every expectation of that working out in the near future.

The City Manager advised the Council that our Sister City of Eastleigh, England, will be at the next Council meeting to meet them and receive a key to the City; Council will be apprised of other events being held during their visit.

Fire Chief Keith Chapman introduced Ian Kemp as the new Assistant Fire Chief, having spent 14 years with the City of Fort Lauderdale Fire & Rescue as a Battalion Chief and also at the City of Naples.

New Business:

1. Appointment – Hillsborough County Bicycle/Pedestrian Advisory Committee.

Vice Mayor Govin announced that John Metzger resigned his position, creating the vacancy, and two Temple Terrace residents have expressed interest in serving as the City’s representative on this advisory committee, Phyllis Adrian and Charles Smith.

By ballot vote, Phyllis Adrian was appointed to fill the unexpired term of John Metzger on the Hillsborough County Bicycle/Pedestrian Advisory Committee, with an expiration date of December 5, 2008.

Bill Carey, 12203 Brightwater Boulevard, came forward to speak on the alligator harvest issue. He said the Harvest Permit was issued on September 28, with an effective date of October 5th. He said he was here to urge the Council to withdraw the request for killing alligators in the River, adding that there has been no obvious threat within the City since the loss of the dog. He reiterated his previous concerns, stating that the interests of the residents living on the River were not being served. He asked for reconsideration of the issue and expressed his belief that no one is being threatened and the Council appeared to ignore the wishes of concerned citizens, and stated the overwhelming majority who came to address the Council on the issue were opposed to the killing of additional alligators, but it passed anyway. He questioned the City Manager whether he had any contact with Hillsborough County in going forward with the application, since by his [Mr. Carey’s] review of maps, the other side of the River is not in the City limits. He said he was wondering what those residents of Hillsborough County think about the City’s vote to kill the alligators in the River. He concluded the Council does a great job managing the City’s business affairs, but when it comes to this decision, it was a bad decision.

There being no further business to consider, upon proper motion, the meeting was adjourned at 9:25 p.m.

Joseph A. Affronti, Sr.
Mayor

Frank M. Chillura, Council Member

Ronald A. Govin, Council Member

Alison M. Fernandez, Council Member

Attest:

Ken Halloway, Council Member

Melissa E. Burns, MMC
City Clerk

Mark A. Knapp, Council Member