

07/14/2022

The regular meeting of the Stuart Municipal Utility Board was called to order on the above date at 5:30pm by Chairman Gulbranson. Present were Board Members Jones, Russell, Avey, and Belden (over the phone). Also present were City Administrator Ashour, Utility Superintendent Howey, Billing Clerk Stouffer, Jeff Godwin, Ben Stouffer, Trevor Nelson, Dustin Foster, and Matt Funk.

Moved by Belden, seconded by Avey to approve the Consent Agenda:

- A- Approval of Regular Meeting of 06/09/2022, Special Meeting of 06/21/2022, and Special Joint Meeting of 06/27/2022
- B- Approval of Financial Statement as of 06/30/2022
- C- Approval of bills as presented

Roll Call: All Ayes

Moved by Avey, seconded by Jones to approve Resolution 22-12U “Resolution authorizing adoption of policies and procedures regarding municipal securities disclosure.”

Roll Call: All Ayes

Jeff Godwin, engineer with Snyder & Associates made a presentation to the Board regarding the 2022 Water Main Improvements Project.

Moved by Russell, seconded by Jones to approve Resolution 22-13U “Resolution approving contract and performance and / or payment bonds for the 2022 Water Main Improvements Project.”

Roll Call:     Ayes: Gulbranson, Jones, Russell, Avey  
                  Nays: Belden

Motion carried.

Chairman Gulbranson and Board Member Jones recommended using the same water tower color and font for the new tower to match the existing tower.

Chairman Gulbranson tabled item 8 New Residential Property Water Connection Inspections / Veenstra & Kimm until the next meeting.

Superintendent Howey presented a recommendation from Blair Metzger of DGR to consider an electric rate study. Chairman Gulbranson requested that the rate study and a resolution to increase rates be discussed at the next board meeting.

The Board approved the Monthly Reports submitted by City Administrator Ashour which included the Financial Report, Delinquent Account Report, Payment Agreement Report, Budget Billing Report, and Offset Program Report.

Chairman Gulbranson requested that the following statement be included in the minutes:

“July 3, 2022

I want to make a couple points about why using TIF for our water project was not in the best interests of SMU. Let's remember that the City Council uses tax askings to fund its operation. The Utility company uses revenue from selling water and electric services to its customers to fund its operation. By definition, TIF is a tax mechanism designed for a tax supported operation. For SMU to use TIF, it has to use the City's access to that type of financing. That means SMU would have to make an annual payment to the City to fund the project through their tax mechanism(TIF) What is wrong with that? Part of the risk that Chip Schultz talked about is what happens if the legislature decides to change the rules for the use of TIF that will change how we( the utility board)have to pay for using it. Also, it is my feeling that to use TIF on a large project like this puts SMU in a too subordinate position to the City Council. The SMU was created by the voters(citizens) to eliminate that type of financial relationship with the City. The voters(citizens) said, “ We don't want the City to have access to the revenue created by the utility company.” The Stuart Municipal Utility Board are trustees of that revenue and have a fiduciary responsibility to honor the wishes of the voters(citizens).

Boardmember Belden suggested that by not using TIF, the project would cost an additional \$2,000,000. Let's examine that. That does not mean that the contractor has discounted the project by \$2,000,000 because TIF was being used to finance it. Over the term of the TIF agreement (typically 20 years) the increase in tax revenue generated by the increase in property values over that period comes back to the City of Stuart....not to the Stuart Municipal Utilities. The City's tax revenue benefits because of the increase in taxpayers(citizens) property value over the TIF term. So can we really say this is a savings? If you say that the City has more tax revenue to improve the operation of the City you can say it is savings, but is it really? The citizen's taxes still go up, but not because the City Council raised it's mill levy. They went up because the taxpayer's (citizen's)property value went up. And therefore the more the taxes go up, because their property value went up, the more revenue comes back to the City because of the TIF mechanism. I guess you can call that savings, maybe. I am not sure we have saved the taxpayers (citizens) any money, have we?

TIF is only additional tax revenue to the City. The other taxing districts in the same boundaries as the City, i.e. the school district and both counties, are excluded from using the increase in taxes generated by TIF. There are some limitations to that, but for the most part the only entity that benefits from the use of TIF is the City of Stuart. Case in point: when the City Council went to the counties to ask them to participate in repairing Front Street, there was some initial pushback from the counties. Remember that the City

Council has designated entire town of Stuart as a TIF district. So when the county has an infrastructure project in Stuart, their tax revenue is less because the City of Stuart used the taxes that normally would have gone to the county to do that project. I think they call that "having your cake and eating it too." We have more tax revenue in Stuart because of TIF, but what county/school services do we miss because the county has to spend money they don't have because of the City's use of TIF?

So is TIF saving any money or is it just redistributing the available taxes that are being collected? I will let the taxpayers(citizens) be the judge of that.

The last point I would make is my opinion that TIF was meant to be used for small parts of a community, not the entire community. The counties and school district can get along with small bits of it's tax revenue being claimed for a small project(s) in town, but for the City to claim all (or most) of the tax revenue is counterproductive. I don't want to give the impression that the use of TIF is wrong in all cases. On the contrary, it is hard to argue with the growth of Stuart is due in large part to the use of TIF funding. The use of TIF can sometimes be used for projects that would be considered questionable as public projects. With the use of TIF in Stuart I would compliment the City Council on its judicious use of TIF funding. It has always been used in the interests of the taxpayers(citizens). My question asks if we are using it so much that it inhibits the job other public entities, entitled to some of the tax revenue, are able to properly serve their constituents(citizens).”

City Administrator Ashour informed the Board that Billing Clerk Stouffer will be moving into the position of Deputy Clerk, and that the position of Billing Clerk has been advertised.

Adjournment at 6:10pm

Minutes submitted by Billing Clerk Stouffer.

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John Gulbranson, Chairman

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Ashraf Ashour, City Administrator