

ECONOMIC DEVELOPMENT COUNCIL

There was a meeting of the Indian River County (IRC) Economic Development Council (EDC) on Tuesday, April 17, 2012 at 4:00 p.m. in Conference Room B1-501 of the County Administration Building B, 1800 27th Street, Vero Beach, Florida.

Note: You may hear an audio of the meeting and review the agenda and minutes on the IRC website - www.ircgov.com/Boards/EDC/2011.

EDC Members Present

James Kretsch, Member-At-Large
Peter Robinson, Local Developer (arrived 4:15 p.m.)
Penny Chandler, Indian River Chamber of Commerce (IRCOC)
Harris Webber, Town of Orchid
Karl Zimmermann, Member-At-Large
Richard Stetson, Workforce Solutions
Jerry Weick, Town of Indian River Shores
Beth Mitchell, Sebastian River Area Chamber of Commerce
Susan Adams, City of Fellsmere
Jay Kramer, City of Vero Beach (COVB)
Talmage Rogers, Jr., Citrus Industry
Scott Stradley, BCC Appointee (arrived at 4:30 p.m.)
Andrea Coy, City of Sebastian
Doug Bournique, Local Industry
Claudia Jimenez, School Board

EDC Members Absent

Scott Carson, Real Estate Appointee
William Penney, Banking Appointee
Keith Kite, Tourist Industry
Linda Schlitt-Gonzalez, Member-At-Large
Aundrea Perry, Gifford Community

Others Present

Helene Caseltine, IRCOC
Don Wright, Alternate, City of Sebastian
Charlie Wilson, Interested Citizen
Tim Zorc, Interested Citizen
Jim O'Connor, COVB
Jason Nunemaker, City of Fellsmere

IRC Staff

Joe Baird, County Administrator
Alan Polackwich, County Attorney
Jason Brown, Budget Director
Bob Keating, Community Development Director
Sasan Rohani, Long Range Planning Chief
Bill Schutt, Senior Economic Development Planner
Terri Collins-Lister, Commissioner Assistant, District 4

Call to Order

Chairman Mitchell called the meeting to order at 4:00 p.m. She stated a change in the order of the meeting moving Agenda Item 4: Economic Development FY 2012/2013 Proposed Budget before Agenda Item 3: Discussion on Impact Fees and Economic Development. She asked if the members had any objection to the agenda change and there was none.

Approval of the EDC Minutes of March 20, 2012

ON MOTION BY Mr. Kretsch, SECONDED BY Mr. Zimmermann, the members voted unanimously (13-0) to approve the minutes of March 20, 2012 as presented.

Economic Development FY 2012/2013 Proposed Budget – Ms. Helene Caseltine, IRCOC

Ms. Caseltine distributed copies of the FY 2012-2013 Economic Development Marketing Plan and the proposed Economic Development Budget, a copy of which is on file in the Commission Office. She indicated the proposed budget showed the County fund items as well as the private contributions fund items. She said the proposed budget was in the amount of \$139,898 for County funds, a \$20,566 or 17% increase from the previous year, mainly due to retention and attraction expenses.

Ms. Caseltine mentioned several items were added to the FY 2012/2013 Proposed Budget such as: Contract for help in coordinating workshops for local businesses, partnering with local manufacturers to attend trade shows to help secure relationships with their vendors and suppliers, visit manufacturers corporate headquarters to place a face with the location and to make sure they knew how important the local branch was to our local economy.

ON MOTION BY Mayor Adams, SECONDED BY Councilmember Coy, the members voted unanimously (13-0) to approve the Economic Development FY 2012/2013 Proposed Budget and Marketing Plan as presented.

Mr. Robinson arrived at 4:16 p.m.

Discussion on Impact Fees and Economic Development

Chairman Mitchell asked the members to remember before the Discussion on Impact Fees, any discussion should be related to the EDC's Mission Statement located at the bottom of the agenda.

Chairman Mitchell said at the March EDC meeting, a discussion brought up by Vice-Mayor Wright, Alternate for the City of Sebastian, regarding impact fees was to be further discussed at the April 17, 2012 EDC Meeting.

Vice-Mayor Wright briefly summarized the discussion on Impact Fees from the March 2012 EDC Meeting. Vice-Mayor Wright mentioned the problems with employment and unemployment, property values, and the growing cost of public assistance. He felt it was important in terms of economic development for a competitive environment which included a competitive tax rate and noted Indian River County had the seventh highest tax rate in the State of Florida. He said in order to be successful economically and make the most impact was to encourage construction. He felt impact fees had a negative impact on the competitive nature of new construction and mentioned at the City of Sebastian Council meeting impact fees were reviewed; wherein the Council voted to recommend the County eliminate the impact fees.

Vice-Mayor Wright suggested the County favor existing property owners and businesses by eliminating fees for additions and expansions. He also suggested a user fee such as a gas tax to pay for roads. He concluded impact fees were complex and there were limitations on what could or could not be done; however, felt it was an opportunity to look at impact fees as it was critical to economic development and job growth. He recommended the EDC discuss impact fees and come up with some action to be taken at the County level to help improve economic development in the County.

Mr. Stradley arrived at 4:30 p.m.

Mr. Joe Baird, IRC County Administrator, commented on the article in the Florida Trend Magazine which stated IRC was the seventh highest tax value in the State of Florida. He said County staff looked into the matter and found Florida Trend Magazine had looked at the IRC's tax value per capita; however, overall the millage rates were lower. He also pointed out the County did not use just one revenue, but did blend the gas tax, impact fees and the optional sales tax to take the burden of the ad valorem taxpayer.

Mr. Baird stated impact fees could not be exempted for additions or expansions of a building or a business. He indicated what the municipalities could do was pay the impact fees from their ad valorem taxes.

Chairman Mitchell asked Alan Polackwich, IRC County Attorney, what the guidelines were in terms of Impact Fees. Attorney Polackwich replied the authority of the County was limited and could only levee ad valorem taxes and any other taxes the legislature specifically allowed. He added it started when the municipalities and counties in the State of Florida started to accept policy that new growth should pay for infrastructure expansion and was required to accommodate that new growth so impact fees were imposed. He continued those opposed to the impact fees challenged them as being taxes. The municipalities and counties responded by saying impact fees were not a tax but a fee and the courts concluded it was a permissible fee but had to meet strict perimeters or it would fall under the category as an unauthorized tax and not collectable.

Attorney Polackwich stated the conditions for impact fees had to be something taken from new growth to pay for infrastructure that was needed to accommodate that new growth.

Mr. Bournique felt IRC should send a message to the State of Florida that the County was waiving Impact Fees for a two-year period to say, "We want your business".

Mayor Adams inquired whether impact fees were collected in a lump sum; she felt the large impact fee may be difficult for a new business to absorb. She asked if there was any legal avenue the County could offer pro-rating impact fee payments over a period of time.

Mr. Robinson handed out several excerpts from www.ImpactFees.com and distributed copies to the members, a copy of which is on file in the Commission Office. A lengthy discussion followed on paying impact fees over a period of time

and the County using the impact fees for projects.

Mr. Bournique proposed the EDC recommend a two-year hiatus on impact fees after which time the issue would be revisited with information on the total issued permits.

ON MOTION BY Mr. Bournique, SECONDED BY Mr. Stradley, the Economic Development Council recommends the Board of County Commissioners consider a two fiscal year hiatus of impact fees for Indian River County.

UNDER DISCUSSION, Mr. Charlie Wilson, Asset Research and Recovery, said he collected \$2.6 million in impact fee refunds unspent by the County. He opined impact fees added to unemployment and noted IRC was the top ten highest in the State of Florida for ten consecutive years.

Ms. Jimenez said if the County would get rid of the impact fees, how would they fund projects and questioned how was it possible there was so much money collected from impact fees not being spent.

Ms. Coy pointed out the EDC should take in consideration long term of what would happen if the County eliminated impact fees.

Mr. Stradley opined the EDC should recommend a hiatus because the elimination of impact fees was an incentive for new businesses.

Councilmember Kramer felt a two-year hiatus was a good idea just as a tool to see how effective it would be; however, there should be some limitation such as a dollar amount.

Councilmember Weick stated impact fees were somewhat offset because Ad Valorem taxes were not due for up to one-and-a-half years after a final certificate of occupancy was issued.

Chairman Mitchell asked County staff for comment. Mr. Baird said at the present time the County had a fair blend and 75% of the optional sales tax had been used for road projects and eventually road improvements would need to be made and paid for somehow.

THE CHAIRMAN CALLED THE QUESTION, the members voted (7-6) to recommend the Board of County Commissioners consider a two-fiscal-year hiatus of impact fees in Indian River County (Mayor Adams, Councilmember Coy, Ms. Chandler, Ms. Jimenez, Councilmember Weick and Mr. Rogers opposed)

Adjournment

There being no further business, the meeting adjourned at 5:02 p.m.