

CITY OF BROOKSVILLE
WORKSHOP AGENDA

BROOKSVILLE CITY COUNCIL
&
BROOKSVILLE HOUSING AUTHORITY

COUNCIL CHAMBERS
201 HOWELL AVENUE

April 9, 2007

7:00 P.M.

- A. CALL TO ORDER
- B. BROOKSVILLE HOUSING AUTHORITY (BHA)
Update on status of current BHA conditions.
- C. ADJOURNMENT

Meeting agendas and supporting documentation are available from the City Clerk's office, and online at www.ci.brooksville.fl.us. Persons with disabilities needing assistance to participate in any proceedings should contact the City Clerk's office 48 hours in advance of the meeting at 352/544-5407.

4-9-07



CITY OF BROOKSVILLE

Memorandum

TO:

(X) Mayor David Pugh
(X) Vice Mayor Frankie Burnett
(X) Council Member Joe Bernardini
(X) Council Member Lara Bradburn
(X) Council Member Richard E. Lewis

ACTION:

() As you requested
(X) For your information
() Appropriate action
() Review and return
() Review & route

FROM: Stephen J. Baumgartner *SB*
Interim City Manager

DATE: April 5, 2007

SUBJ: City of Brooksville and Brooksville Housing Authority
Cooperative Agreement - PILOT ("Payment in Lieu of Taxes")

The City of Brooksville and the Brooksville Housing Authority (BHA) entered into a Cooperative Agreement (commonly referred to as PILOT) on December 16, 1969. The BHA is bound by the agreement to make an annual payment to the City. However, during the period from the inception of the agreement 1969 to 1997, BHA did not satisfy its annual payments to the City and accrued a debt amount to \$10,042.58.

At a Council meeting on 9/15/97, Council rejected BHA's request to waive the debt amount. At that same meeting, a Motion was carried by Council, to require BHA to pay arrears owed to City over a period not to exceed 20 years (which at \$500 per year, would satisfy old debt in 2017). Beginning in 1998, BHA began payments of \$500 per year (with a payment of \$1,012 in 2001), and in 2006 the City granted a \$500 easement credit to BHA. However, these payments are only satisfying debt arrears of the old debt, which currently has a balance of \$4,012. No annual payments from 1998 forward have been made to the City as set forth in agreement (see letter dated 8/14/06 attached). The actual annual PILOT payment due the City from BHA (not the arrears' payment of \$500), is calculated by BHA's Fee Accountant based on one of two methods, outlined in the agreement (see attached).

Since 1998, no annual payment calculation has been done. The City does not know how much is owed because the Fee Accountant has not been making the calculations. She thought BHA was only obligated to pay back the earlier obligation contrary to the Council Minutes. I did not learn about this until last year. I was unaware BHA was only paying arrears. I assumed it was an annual payment of \$500.

Since last year, the issue with BHA with regard to the unpaid annual payments has been at a stalemate. Hopefully, at the meeting on Monday, April 9, 2007 at 7:00 P.M., a decision can be made on how to resolve this matter.

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City of Brooksville



(352) 544-5400 (Phone)
(352) 544-5424 (Fax)
(352) 544-5420 (TDD)

August 14, 2006

Ms. Betty L. Trent
Executive Director
Brooksville Housing Authority
800 Continental Drive
Brooksville, FL 34601

Re: Payment in Lieu of Taxes (PILOT arrears and PILOT annual payments since 1998)

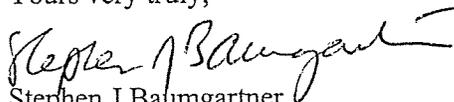
Dear Ms. Trent:

The City and the Housing Authority have a Cooperative Agreement dated December 16, 1969 (copy attached) where the Authority shall make annual payments (herein called "payments in lieu of taxes) to the City. The Housing Authority got behind with the PILOT payments and agreed to pay the City \$500.00 per year towards this arrears which totaled \$10,043. Presently, the balance on the arrears is \$4,012 including the utility easement credit. You have faithfully paid this \$500.00 annually. We can call this the "old arrears payment."

The City Manager asked me to find out about the normal annual PILOT payment that would be made annually from 1998 forward. We can call this the "annual payment." The issue of this letter is the only payments being made is the old arrears payments since 1998. The Cooperative Agreement requires an annual payment; the agreement has not been rescinded. I contacted your Fee Accountant, Ms. Patti Tilchin, in May to assist the City in computing the annual payments. Ms. Tilchin has not computed the annual payment PILOT (from 1998 and forward) because she was under the understanding the Authority was only paying back the old arrears payment.

Certainly, we understand it may be difficult for the Housing Authority to pay the City for the annual payments; however, the City Council and the Brooksville Housing Authority Board should discuss this issue. In my view, the first step is to establish the amount owed based on the Cooperative Agreement and then the governing bodies can discuss the resolution of the annual payments.

Yours very truly,


Stephen J Baumgartner
Finance Director

cc: Mayor Joe Johnston, III; Ms. Helen H. Fleming, Chairman BHA, Mrs. Karen Phillips, Interim City Mgr.

enclosure

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COOPERATION AGREEMENT

This Agreement entered into this 16th day of December, 1969,
by and between Brooksville Housing Authority
(herein called the "Local Authority") and the City of Brooksville, Florida
(herein called the "Municipality"), witnesseth:

In consideration of the mutual covenants hereinafter set forth, the parties hereto do agree as follows:

1. Whenever used in this Agreement:

(a) The term "Project" shall mean any low-rent housing hereafter developed as an entity by the Local Authority with financial assistance of the UNITED STATES OF AMERICA (herein called the "Government"), excluding, however, any low-rent housing project heretofore covered by any contract for loans and annual contributions.

(b) The term "Taxing Body" shall mean the State or any political subdivision or taxing unit thereof in which a Project is situated and which would have authority to assess or levy real or personal property taxes or to certify such taxes to a taxing body or public officer to be levied for its use and benefit with respect to a Project if it were not exempt from taxation.

(c) The term "Shelter Rent" shall mean the total of all charges to all tenants of a Project for dwelling rents and nondwelling rents (excluding all other income of such Project), less the cost to the Local Authority of all dwelling and nondwelling utilities.

(d) The term "Slum" shall mean any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health or morals.

2. The Local Authority shall endeavor (a) to secure a contract or contracts with the Government for loans and annual contributions covering one or more Projects comprising approximately 50 units of low-rent housing and (b) to develop and administer such Project or Projects, each of which shall be located within the corporate limits of the Municipality. The obligations of the parties hereto shall apply to each such Project.

3. (a) Under the constitution and statutes of the State of Florida, all Projects are exempt from all real and personal property taxes and special assessments levied or imposed by any Taxing Body. With respect to any Project, so long as either (i) such Project is owned by a public body or governmental agency and is used for low-rent housing purposes; or (ii) any contract between the Local Authority and the Government for loans or annual contributions, or both, in connection with such Project remains in force and effect, or (iii) any bonds issued in connection with such Project or any monies due to the Government in connection with such Project remain unpaid, whichever period is the longest, the Municipality agrees that it will not levy or impose any real or personal property taxes or special assessments upon such Project or upon the Local Authority with respect thereto. During such period, the Local Authority shall make annual payments (herein called "Payments in Lieu of Taxes") in lieu of such taxes and special assessments and in payment for the public services and facilities furnished from time to time without other cost or charge for or with respect to such Project.

(b) Each such annual Payment in Lieu of Taxes shall be made after the end of the fiscal year established for such Project and shall be in an amount equal to either (i) ten percent (10%) of the Shelter Rent actually collected but in no event to exceed ten percent (10%) of the Shelter Rent charged by the Local Authority in respect to such Project during such fiscal year or (ii) the amount permitted to be paid by applicable state law in effect on the date such payment is made, whichever amount is the lower.

(c) No payment for any year shall be made to the Municipality in excess of the amount of the real property taxes which would have been paid to the Municipality for such year if the Project were not exempt from taxation.

(d) Upon failure of the Local Authority to make any Payment in Lieu of Taxes, no lien against any Project or assets of the Local Authority shall attach, nor shall any interest or penalties accrue or attach on account thereof.

4. The Municipality agrees that, subsequent to the date of initiation (as defined in the United States Housing Act of 1937, as amended) of each Project and within five years after the completion thereof, or such further period as may be approved by the Government, there has been or will be elimination (as approved by the Government) by demolition, condemnation, effective closing, or compulsory repair or improvement, of unsafe or insanitary dwelling units situated in the locality or metropolitan area in which such Project is located, substantially equal in number to the number of newly constructed dwelling units provided by such Project; Provided, That, where more than one family is living in an unsafe or insanitary dwelling unit, the elimination of such unit shall count as the elimination of units equal to the number of families accommodated therein; and Provided, further, That this paragraph 4 shall not apply in the case of (i) any Project developed on the site of a Slum cleared subsequent to July 15, 1949, and that the dwelling units eliminated by the clearance of the site of such Project shall not be counted as elimination for any other Project or any other low-rent housing project, or (ii) any Project located in a rural nonfarm area.

5. During the period commencing with the date of the acquisition of any part of the site or sites of any Project and continuing so long as either (i) such Project is owned by a public body or governmental agency and is used for low-rent housing purposes, or (ii) any contract between the Local Authority and the Government for loans or annual contributions, or both, in connection with such Project remains in force and effect, or (iii) any bonds issued in connection with such Project or any monies due to the Government in connection with such Project remain unpaid, whichever period is the longest, the Municipality without cost or charge to the Local Authority or the tenants of such Project (other than the Payments in Lieu of Taxes) shall:

(a) Furnish or cause to be furnished to the Local Authority and the tenants of such Project public services and facilities of the same character and to the same extent as are furnished from time to time without cost or charge to other dwellings and inhabitants in the Municipality;

(b) Vacate such streets, roads, and alleys within the area of such Project as may be necessary in the development thereof, and convey without charge to the Local Authority such interest as the Municipality may have in such vacated areas; and, insofar as it is lawfully able to do so without cost or expense to the Local Authority or to the Municipality, cause to be removed from such vacated areas, insofar as it may be necessary, all public or private utility lines and equipment;

(c) Insofar as the Municipality may lawfully do so, (i) grant such deviations from the building code of the Municipality as are reasonable and necessary to promote economy and efficiency in the development and administration of such Project, and at the same time safeguard health and safety, and (ii) make such changes in any zoning of the site and surrounding territory of such Project as are reasonable and necessary for the development and protection of such Project and surrounding territory;

(d) Accept grants of easements necessary for the development of such Project; and

(e) Cooperate with the Local Authority by such other lawful action or ways as the Municipality and the Local Authority may find necessary in connection with the development and administration of such Project.

6. In respect to any Project the Municipality further agrees that within a reasonable time after receipt of a written request therefor from the Local Authority:

(a) It will accept the dedication of all interior streets, roads, alleys, and adjacent sidewalks within the area of such Project, together with all storm and sanitary sewer mains in such dedicated areas, after the Local Authority, at its own expense, has completed the grading, improvement, pavings, and installation thereof in accordance with specifications acceptable to the Municipality;

(b) It will accept necessary dedications of land, for and will grade, improve, pave, and provide sidewalks for, all streets bounding such Project or necessary to provide adequate access thereto (in consideration whereof the Local Authority shall pay to the Municipality such amount as would be assessed against the Project site for such work if such site were privately owned); and

(c) It will provide, or cause to be provided, water mains, and storm and sanitary sewer mains, leading to such Project and serving the bounding streets thereof (in consideration whereof the Local Authority shall pay to the Municipality such amount as would be assessed against the Project site for such work if such site were privately owned.)

7. If by reason of the Municipality's failure or refusal to furnish or cause to be furnished any public services or facilities which it has agreed hereunder to furnish or to cause to be furnished to the Local Authority or to the tenants of any Project, the Local Authority incurs any expense to obtain such services or facilities then the Local Authority may deduct the amount of such expense from any Payments in Lieu of Taxes or to become due to the Municipality in respect to any Project or any other low-rent housing projects owned or operated by the Local Authority.

8. No Cooperation Agreement heretofore entered into between the Municipality and the Local Authority shall be construed to apply to any Project covered by this Agreement.

9. So long as any contract between the Local Authority and the Government for loans (including preliminary loans) or annual contributions, or both, in connection with any Project remains in force and effect, or so long as any bonds issued in connection with any Project or any monies due to the Government in connection with any Project remain unpaid, this Agreement shall not be abrogated, changed, or modified without the consent of the Government. The privileges and obligations of the Municipality hereunder shall remain in full force and effect with respect to each Project so long as the beneficial title to such Project is held by the Local Authority or by any other public body or governmental agency, including the Government, authorized by law to engage in the development or administration of low-rent housing projects.

If at any time the beneficial title to, or possession of, any Project is held by such other public body or governmental agency, including the Government, the provisions hereof shall inure to the benefit of and may be enforced by, such other public body or governmental agency, including the Government.

IN WITNESS WHEREOF, the Municipality and the Local Authority have respectively signed this Agreement and caused their seals to be affixed and attested as of the day and year first above written.

CITY OF BIRMINGHAM, FLORIDA
(Corporate Name of Municipality)

By Edwin H. Rogan
(Title) Mayor

(SEAL)

ATTEST:

Raymond Willard
(Title) City Clerk

BIRMINGHAM DRAINAGE AUTHORITY
(Corporate Name of Local Authority)

By Murray R. Smith
Chairman

(SEAL)

ATTEST:

Charles W. Brown
Secretary