



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE MEMORANDUM

TO: Members of the Finance & City Wide Projects Committee

FROM: Jimmy L. Morales, City Manager

DATE: April 19, 2019

SUBJECT: AUTOMATIC CPI INDEXING FOR CITY FEES

Background

The City Commission of the City of Miami Beach (the "City") directed the City staff during last year's budget process to review the City's current approaches for annually indexing the City's rates, fees, and charges (collectively, the "City Fees"). The purpose of this review is to help ensure that the City Fees keep up with inflation and are sufficient to recover the costs of providing services to the City's residents and customers. From a best financial management practices standpoint, smaller incremental increases over time can help avoid future "rate shock" and large "catch up" rate increases. Annual rate indexing is looked upon favorably by credit rating agencies and can help position the City for higher credit ratings and lower interest rates when debt financing high-priority capital improvements for the betterment of the City.

Within the State of Florida, many local governments currently index their rates. A list of selected Florida local governments with rate indexing provisions is shown below.

City of Apopka	City of Boca Raton	Charlotte County
City of Chipley	Citrus County	City of Clearwater
City of Coconut Creek	City of Cooper City	Town of Davie
City of Daytona Beach	City of DeLand	City of Dunedin
City of Eustis	City of Fellsmere	Florida Govern. Utility Authority
Florida Keys Aqueduct Authority	City of Fort Lauderdale	City of Fort Myers
Hillsborough County	City of Homestead	City of Jacksonville Beach
Town of Jupiter	Town of Jupiter Island	City of Lake City
Town of Lantana	Town of Mangonia Park	City of Marco Island
City of Margate	City of Miami	City of Miami Beach
City of Mount Dora	City of Naples	City of New Port Richey
City of North Port	City of Oakland	City of Oakland Park
City of Ocoee	City of Oldsmar	City of Orange City

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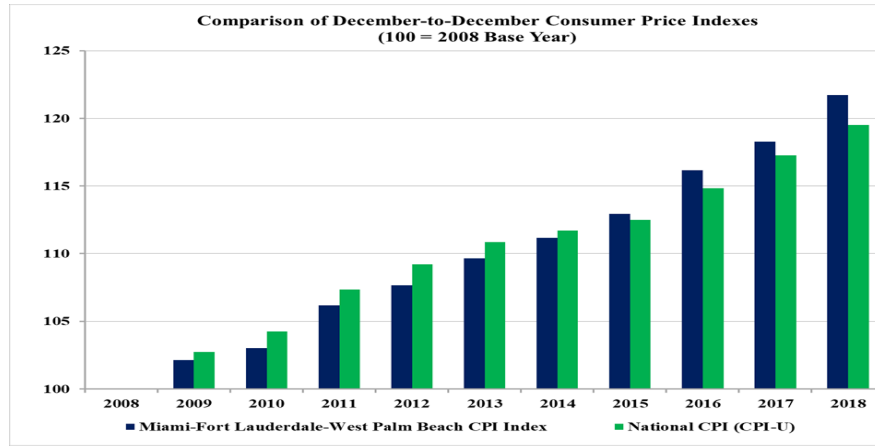
City of Palatka	City of Palm Bay	City of Palmetto
City of Pembroke Pines	City of Plant City	City of Plantation
City of Port St. Lucie	City of St. Augustine	Seminole County
City of South Daytona	City of Stuart	City of Tallahassee
City of Tamarac	City of Tarpon Springs	Village of Tequesta
Volusia County	City of West Palm Beach	City of Winter Garden
City of Winter Haven	City of Winter Park	

Analysis

Representatives from all of the City's departments worked together to develop recommendations for annually adjusting (or not adjusting) the City's Fees. The City staff first developed a spreadsheet to compile the current City Fees and existing indexing provisions. The Office of Management and Budget subsequently retained a consultant (GovRates, Inc.) to assist with developing recommendations for annual indexing. Initial sets of recommendations were distributed to the various departments for review, and meetings were held with each department to facilitate the review process. Feedback from the departments regarding the accuracy of the fees and the proposed changes was then incorporated into the finalized recommendations.

The following changes are proposed to help promote transparency; eliminate inconsistencies on fees and the location of fees in the City Code; and streamline how the City implements adjustments to the City Fees:

- When feasible, move all City Fees not currently in Appendix A of the City Code into Appendix A. Appendix A is proposed to serve as a central location for the City Fees. Since most of the City Fees in Appendix A are proposed to be administratively indexed annually without a public hearing, the City would maintain a schedule of current City Fees on the City's website to promote transparency.
- Add a column in Appendix A specifying the annual increase provision for each fee (if applicable). For the indexing provision of most fees, round up to the nearest dollar for administrative ease and a "clean" appearance. The first indexing adjustment for most City Fees in Appendix A is proposed to become effective on October 1, 2019.
- Promote consistency among all departments with respect to the Consumer Price Index ("CPI") used for determining annual increases. The CPI for the Miami-Fort Lauderdale-West Palm Beach area is recommended to be the default index because it is a readily-available local index that more closely links to cost increases within the City. December-to-December changes in the local CPI are recommended for determining the annual percentage increases, if any. This timeframe was selected to enable the City departments to already know the annual increases when the City's budget process begins each February. Historically, the CPI for the Miami-Fort Lauderdale-West Palm Beach has increased over time at a slightly higher rate than the national CPI (CPI-U) as shown in the following table:



- Do not index City fines since they are penalties and not cost-based. Also, do not index impact fees since Section 163.31801 of the Florida Statutes (the "Florida Impact Fee Act") requires that calculations of impact fees "be based on the most recent and localized data." It is questionable whether an indexed impact fee meets this requirement, and many impact fees already have inflationary allowances in the calculated amounts.
- Enable increases to the City Fees above the indexing adjustments allowed in Appendix A to be adopted by resolution instead of by ordinance.

Other areas of the City Code would be adjusted as needed to implement these recommendations.

Primary Changes to Appendix A

The City Fees in Appendix A of the City's Code of Ordinances are organized by Code chapters. The primary proposed changes to Appendix A by chapter are summarized in the following table:

SUMMARY OF PRIMARY PROPOSED CHANGES TO APPENDIX A				
Ch	Title	Fees/ Fines in Appendix A Now?	Fees Currently Indexed?	General Recommendations [*]
2	Administration	Some	No	Move all fees to Appendix A; Index fees (except fines) by local index
6	Alcoholic Beverages	No	No	Move all fees and fines to Appendix A; Index fees (except fines) by local index
10	Animals	No	No	Move fines to Appendix A; No index
12	Arts, Culture, and Entertainment	No	No	Move fines to Appendix A; No index
14	Building Regulations, Part I	Most	Yes	Move all fees and fines to Appendix A; Index fees (except fines); Change to local index
15	Planning Fees Associated with the Building Permit Process	Yes	Yes	Change to local index
18	Businesses	No	No	Index fees (except fines) by local index

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42	Emergency Services	Some	No	No changes to Appendix A; Fire and EMS fees established outside of City Code
46	Environment	Some	No	Move fines to Appendix A; Index fees (except fines) by local index
50	Fire Prevention and Protection	Yes	Yes	Index fees; Change to local index
58	Housing	Some	No	Move all fees to Appendix A; Index fees by local index
62	Human Resources	No	No	Move all fees to Appendix A; Index fees (except fines) by local index
66	Marine Structures, Facilities and Vehicles	Some	No	Move fines to Appendix A; Fees linked to Chapter 14 fees recommended for indexing
70	Miscellaneous Offenses	No	No	Move fines to Appendix A; No indexing recommended
74	Peddlers and Solicitors	Some	No	Move fines to Appendix A; No fees recommended for indexing
82	Public Property	Some	No	Move all fees and fines to Appendix A; Index fees (except fines) by local index
86	Sales	Some	No	Move fines to Appendix A; no fees recommended for indexing

SUMMARY OF PRIMARY PROPOSED CHANGES TO APPENDIX A (cont.)

Ch.	Title	Fees / Fines in Appendix A Now?	Fees Currently Indexed?	General Recommendations [*]
90	Solid Waste	Some	Some	Move fines to Appendix A; Maintain existing indexing provisions for collection and disposal (link to hauler index for increasing rates charged to City and Miami-Dade County tipping fees); Index other fees (except fines) by local index
98	Streets and Sidewalks	Some	No	Move fines to Appendix A; Index fees (except fines) by local index
102	Taxation	Some	Some	Move all fees to Appendix A; Index fees (except fines) by local index; Business tax receipts to be adjusted by scheduled 5% increase effective October 1, 2019 after which index applies in subsequent fiscal years
106	Traffic and vehicles	Some	No	Move all fees and fines to Appendix A; Index fees (except fines) by local index; Metered parking and parking garage rates indexed by cumulative change every five (5) years
110	Utilities	Most	Some	Move all fees to Appendix A; Maintain existing indexing provisions for water and wastewater rates (link to costs of Miami-Dade County purchased water and sewer and already being indexed by local index); Index other fees (except fines) by local index

118	Administration and Review Procedures	Yes	Some	Index fees (except fines) by local index
126	Landscape Requirements	No	No	Move fines to Appendix A; No indexing recommended
130	Off-Street Parking	Yes	No	Index fees by local index
138	Signs	Some	No	Move fines to Appendix A; Index fees (except fines) by local index
142	Zoning Districts and Regulations	Some	No	Move fines to Appendix A; Index fees (except fines) by local index
N/A	Parks and Recreation Fees	No	No	Move fees into City Code / Appendix A; Index fees by local index

[*] All of the City Fees in Appendix A have been adjusted as necessary to their current levels.

Special Considerations

Because each City department has different operating characteristics, a "one size fits all" indexing approach was not possible for all City Fees. Moreover, certain changes to the City Fees were made as part of the overall effort to promote consistency and ensure that the fees are accurate. The following special considerations were incorporated into the recommendations:

Solid Waste Collection and Disposal Rates in Chapter 90: Solid Waste

On February 13, 2019, the City Commission adopted an ordinance that: i) indexed the City's collection rates based on the annual indexing provisions of the City hauler's (Progressive Waste Solutions of Florida) rates charged to the City; ii) indexed the City's disposal rates based on changes in Miami-Dade County's tipping fees. These indexing provisions were maintained.

Business Tax Receipts in Chapter 102: Taxation

The City's business tax receipts are scheduled for a 5% adjustment effective October 1, 2019. In subsequent fiscal years (e.g., starting on October 1, 2020), the default indexing recommendation are proposed to be applied.

Metered Parking and Parking Garage Rates in Chapter 106: Traffic and Vehicles

Due to operational considerations, annual indexing of metered parking and parking garage rates is not feasible. Every five (5) fiscal years, the cumulative increase over the past five (5) years in the Miami-Fort Lauderdale-West Palm Beach CPI is proposed to be applied to these rates.

Water and Sanitary Sewer Rates in Chapter 110: Utilities

Portions of the City's water and sanitary sewer rates are already indexed annually for changes in the purchased water and sewer costs from Miami-Dade County. Other components of the water and sewer rates are already indexed by the "Miami-Fort Lauderdale" local CPI index. These indexing provisions were maintained except that: i) the April-to-April measurement basis was changed to a December-to-December basis to be consistent with the default recommendation for rate indexing; and ii) the Miami-Fort Lauderdale CPI currently referenced in the City Code was changed to the Miami-Fort Lauderdale-West Palm Beach CPI since the Bureau of Labor Statistics of the United States Department of Labor discontinued publishing the "Miami-Fort Lauderdale" index.

Courier Fee Per Package in Chapter 118: Administration and Review Procedures

Based on department review, the courier fee per package (Section 118-591) is recommended to be changed from \$10 to actual cost so that the City does not lose money with each package.

Fees for Dishonored Checks

The fees for dishonored checks are not consistent throughout Appendix A. The recommendation is to standardize these fees and make them consistent with Florida Statute 68.065 – an approach used by many Florida municipalities.

Conclusion

Administration recommends approval of the consultant's concepts and recommendations to implement automatic CPI indexing to City Fees as well as the consolidation of City Fees into Appendix A to help promote transparency; eliminate inconsistencies on fees and the location of fees in the City Code; and streamline how the City implements adjustments to the City Fees. These changes are proposed to be effective October 1, 2019.

Attachment
Exhibit A

JLM/JW/TOS