



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

COMMISSION MEMORANDUM

TO: Mayor Dan Gelber and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: September 25, 2019

SUBJECT: **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORMANDY SHORES LOCAL GOVERNMENT NEIGHBORHOOD IMPROVEMENT DISTRICT ADOPTING THE FINAL AD VALOREM MILLAGE RATE OF 0.8161 MILLS FOR FISCAL YEAR 2020 FOR THE NORMANDY SHORES LOCAL GOVERNMENT NEIGHBORHOOD IMPROVEMENT DISTRICT, WHICH IS FOUR AND FIVE TENTHS PERCENT (4.5%) MORE THAN THE "ROLLED-BACK" RATE OF 0.7810 MILLS.**

ADMINISTRATION RECOMMENDATION

The Administration recommends that the Mayor and City Commission, acting in its capacity as the Board of Directors for the Normandy Shores Local Government Neighborhood Improvement District, adopt the attached Resolution which authorizes the City Manager to transmit the following information to the Miami-Dade County Property Appraiser:

- 1) The Final Adopted Millage Rate for the Normandy Shores Neighborhood Improvement District for Fiscal Year 2020:

General Operating	0.8161 mills (same as last year)
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- 2) The Final Adopted Millage Rate of 0.8161 is 4.5% more than the "Rolled-Back" Rate of 0.7810 mills.

The first public hearing on the tentative District millage rate and budget for Fiscal Year 2020 was held on September 11, 2019. The millage rate herein is that which was tentatively adopted at the first public hearing on that day.

On July 1, 2019, the City received the 2019 Certification of Taxable Value from the Miami-Dade County Property Appraiser's Office indicating that the taxable value for the Normandy Shores Local Government Neighborhood Improvement District was \$223.7 million, which includes \$3.9 million in new construction. This represents an overall increase of \$11.6 million, or 5.5%, over the certified July 1, 2018 taxable value of \$212.1 million. It is important to note that the final 2018 tax roll for the Normandy Shores Local Government Neighborhood Improvement District of \$210.3 million is approximately \$1.8 million, or 0.8%, lower than the certified July 1, 2018 taxable value due to appeals, adjustments, etc.

	July 2018 Certified	July 2019 Certified	\$ Change	% Change
Property Assessment				
Existing Values	209,647,105	219,807,591	10,160,486	4.8%
New Construction	2,458,268	3,896,854	1,438,586	58.5%
Total Normandy Shores	212,105,373	223,704,445	11,599,072	5.5%

BACKGROUND

The Normandy Shores Local Government Neighborhood Improvement District, a dependent taxing district of its principal, the City of Miami Beach, was established in 1994 to provide continual 24-hour security to this gated community; Fiscal Year 2020 represents its twenty-sixth year of operation.

The District was established by Ordinance 93-2881 and has the authority *"to levy an ad-valorem tax on real and personal property of up to two mills, provided that no parcel of property will be assessed more than \$500 annually for such improvements"*. During Fiscal Year 1999, the amount of annual funding to be provided by the City and the dependent status of the District were issues discussed by the Finance and Citywide Projects Committee (FCWPC). A determination was reached that the City would fund 35% of the annual cost of the operation of the community gate guard. This cost will eventually be funded from the golf course operation of the Normandy Shores Golf Course. It was further agreed that the City would continue to supplement the District at current levels until both issues were resolved. On August 29, 2002, the Administration met with Normandy Shores Local Government Neighborhood Improvement District representatives and agreed to eliminate the \$500 cap on the highest valued home in the District. This enabling legislation was adopted by the City Commission on September 25, 2002 and ensures that the City's contribution from the General Fund remains at 35% of the operating budget for the District.

PROCEDURE

The operating millage and budget for this dependent special taxing district must be adopted in accordance with Florida Statutes. This procedure requires that this Resolution be considered immediately after the millage and budget of the principal taxing authority, i.e., the City of Miami Beach.

It also prescribes that a final millage be adopted first. This is accomplished by adopting a Resolution which states the percent increase or decrease over the "Rolled-back" rate. Following this, another Resolution which adopts the Normandy Shores District operating budget must be approved (see accompanying District Budget agenda item for details).

Florida Statute requires that the name of the taxing authority, the rolled-back rate, the percentage increase, and the millage rate be publicly announced before adoption of the millage Resolution.

Final Budget & Millage

The proposed Fiscal Year 2020 Normandy Shores Local Government Neighborhood Improvement District, as reflected in Attachment A, is \$297,000, which reflects an increase of \$44,000, or 17.4 %, over the adopted Fiscal Year 2019 budget and is comprised of the following line-items:

Items Included in Proposed FY 2020 Expenditures	\$
Contracted Security Guard Services for Guardhouse and Rover	204,000
Gate Maintenance and Repairs	30,000
“One-Time” Security Camera System Upgrades	30,000
Other Guardhouse and Gate Improvements	27,000
Janitorial Services	4,000
Utilities	2,000
Total	\$ 297,000

The proposed ad valorem millage, approved by the Normandy Shores Homeowners’ Association on July 10, 2019 and recommended by the Administration for Fiscal Year 2020, is 0.8161 mills and reflects no change from the millage rate adopted for Fiscal Year 2019. Based on the 2019 Certification of Taxable Value provided by the Miami-Dade Property Appraiser as of July 1, 2019, this proposed tax levy would generate proceeds of \$182,565, which will be budgeted at approximately 95.3%, or \$174,000, to account for early payment discounts, delinquencies, etc.

This millage rate will fund the Fiscal Year 2020 budget proposed for the District, including other guardhouse and gate improvements requested by the Homeowners’ Association. It is important to note that the “one-time” security camera system upgrades requested for Fiscal Year 2020 are not recommended to be funded by the proposed Fiscal Year 2020 ad valorem millage of 0.8161 mills. Instead, it is proposed and recommended that this “one-time” expenditure of \$30,000 be funded through the use of prior year fund balance. As set forth by Resolution No. 2006-26341, the City can use one-time non-recurring revenue for capital expenditures or one-time expenditures and not to subsidize recurring personnel, operational and maintenance costs. This request for Fiscal Year 2020 is considered one-time in nature, and as such, can be funded utilizing fund balance.

Statutory Requirement

Florida Statute 200.065, entitled “Method of Fixing Millage,” establishes specific guidelines that must be used by all local government entities, including dependent taxing districts like Normandy Shores in setting its millage (property tax) rates. Not unlike its principal taxing authority, the City of Miami Beach, Normandy Shores is also required to transmit within 35 days from receipt of the Certification of Taxable Value (received July 1, 2019), to the Miami-Dade County Property Appraiser, a proposed operating millage rate, the calculated “rolled-back” rate and the date, time, and place of the first public hearing to consider the proposed operating millage rate and budget for Fiscal Year 2020.

The “rolled-back” rate is the millage rate required to produce the same level of property tax revenue in Fiscal Year 2020 as collected in Fiscal Year 2019. The rate is calculated at 0.7810

mills, which is 0.0351 mills less than the millage rate of 0.8161 adopted for Fiscal Year 2019. The “rolled-back” millage rate tax levy would generate proceeds of \$174,713. The difference between the proposed millage rate for Fiscal Year 2020 and the “rolled-back” rate levy is \$7,852.

After setting the proposed operating millage rate for Normandy Shores, the City Commission may, at any time prior to the final adoption, lower the millage rate; however, any increase above the proposed rate of 0.8161 mills, if adopted, would require an expensive mailing and advertising process to each property owner in the Normandy Shores Local Government Neighborhood Improvement District. Therefore, this proposed millage rate is viewed as the ceiling.

Further, per State Statute, the City may elect to approve millage rates above the “rolled-back” rate up to the constitutional cap of 10 mills, subject to the following votes by the Commission or referendum:

- Option I: A majority approval of the Commission is required to approve a millage up to 0.8931 mills (equivalent to a 3.39% increase in Property Tax revenues). The 1.0339 increase is the State per capita personal income gain for the prior calendar year.
- Option II: A two-thirds approval (5 of 7 votes) of the Commission is required to approve a millage up to 0.9824 mills (equivalent to a 10% increase in Property Tax revenues above Option I).
- Option III: A unanimous approval of the Commission or referendum is required to approve a millage above 0.9824 mills.

Adoption of the proposed Fiscal Year 2020 rate of 0.8161 mills for the Normandy Shores Local Government Neighborhood Improvement District would require majority approval (4 of 7 votes) by the City Commission per the State of Florida’s Truth-in-Millage (TRIM) requirements.

It must be noted that, in accordance with Florida Statutes, there is an operating cap of 10 mills which cannot be exceeded without voter approval. Combining both millage rates from the dependent district (0.8161) and its principal taxing authority (5.7288) totals 6.5449 mills, which is 3.4551 mills less than the statutory cap of 10 mills.

On September 11, 2019, the Mayor and City Commission adopted the tentative operating millage rate for the District of 0.8161 mills and tentative operating budget in the amount of \$297,000 for Fiscal Year 2020.

CONCLUSION

The City Commission, acting in its capacity as the Board of Directors of the Normandy Shores Local Government Neighborhood Improvement District, should adopt the attached Resolution which establishes the final millage rate of 0.8161 mills for the District for Fiscal Year 2020.

Attachment A – Fiscal Year 2020 Normandy Shores Budget

JLM/JW/TOS

Attachment A

FY 2020 Normandy Shores District Budget						
	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Adopted	FY 2020 Proposed	\$ Variance FY 2020 Proposed vs FY 2019 Adopted	% Variance FY 2020 Proposed vs FY 2019 Adopted
REVENUES						
Residents 65%	167,050	180,050	165,000	174,000	9,000	5.5%
City 35%	89,950	96,950	88,000	93,000	5,000	5.7%
Restitutions	1,876	6,207	0	0	0	-
Miscellaneous	0	176	0	0	0	-
Fund Balance/Retained Earnings	0	0	0	30,000	30,000	100.0%
Total	258,876	283,383	253,000	297,000	44,000	17.4%
EXPENDITURES						
Security Guard Services	176,000	210,000	198,000	204,000	6,000	3.0%
Janitorial Services	0	0	3,000	4,000	1,000	33.3%
Gate Repairs (AAA Repairs)	20,878	22,428	25,000	25,000	0	0.0%
Internal Service - Other Repairs	2,663	0	5,000	5,000	0	0.0%
Utilities - Electricity, etc.	1,386	1,260	2,000	2,000	0	0.0%
AED Guardhouse Defibrillator	0	1,404	0	0	0	-
Video Camera System Upgrade	0	0	0	30,000	30,000	100.0%
Other Expenditures (Concrete curb relocation and gate replacement, etc.)	225	16,400	20,000	27,000	7,000	35.0%
Total	201,152	251,493	253,000	297,000	44,000	17.4%
Surplus / (Shortfall)	57,724	31,890	0	0		
REQUIRED MILLAGE	1.0093	0.9564	0.8161	0.8161	0.0000	0.0%
Existing Values	173,001,492	196,441,992	209,647,105	219,807,591	10,160,486	4.8%
New Construction	3,058,319	1,719,766	2,458,268	3,896,854	1,438,586	58.5%
Total	176,059,811	198,161,758	212,105,373	223,704,445	11,599,072	5.5%
Value of 1 Mill	176,060	198,162	212,105	223,704	11,599	5.5%
95% of 1 Mill	167,257	188,254	201,500	212,519	11,019	5.5%