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## 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 OPERATING BUDGET FOR FISCAL YEAR 2020**

### **ADMINISTRATION RECOMMENDATION**

Adopt the Resolution which establishes the final operating budget for the Normandy Shores Local Government Neighborhood Improvement District for Fiscal Year 2020 in the amount of \$297,000.

### **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 final millage for the Normandy Shores Local Government Neighborhood Improvement District has been adopted (see accompanying District Millage agenda item for details).

## **ANALYSIS**

The proposed Fiscal Year 2020 Normandy Shores Local Government Neighborhood Improvement District budget is \$297,000. The budget reflects the following line-items, which were approved by the Normandy Shores Homeowners' Association on July 10, 2019: \$204,000 for security guard services; \$30,000 for gate maintenance and repairs; \$27,000 for guardhouse and gate improvements, \$4,000 for janitorial services; \$2,000 for utilities; and \$30,000 for one-time security camera upgrades. The proposed Fiscal Year 2020 operating budget is \$44,000, or 17.4%, higher than the adopted Fiscal Year 2019 operating budget. It should be noted that \$30,000 of the increase is due to one-time security camera upgrades paid for from fund balance. Excluding this amount, the budget increased by \$14,000, or 5.5%.

The City of Miami Beach General Fund is required to provide 35% of the total operating expenditures and the City has funded the 35% for each of the twenty-five years since the District was established. For Fiscal Year 2020, the impact to the City of Miami Beach General Fund is \$93,000, which is \$5,000, or 5.7%, more than the adopted Fiscal Year 2019 budget impact of \$88,000.

To provide the current level of security required by the Normandy Shores Local Government Neighborhood Improvement District, the Administration recommends a proposed ad valorem millage of 0.8161 mills. This tax levy will generate proceeds of \$174,000. The proposed millage rate for Fiscal Year 2020 is the same as the adopted Fiscal Year 2019 rate of 0.8161 mills, which represents an increase in property taxes of approximately \$1 to a median homesteaded property owner and \$5 to an average homesteaded property owner (2019's median and average homesteaded values being \$195,522 and \$500,407, respectively).

The proposed Fiscal Year 2020 operating budget for the District is as follows:

<b><u>Revenues</u></b>	
Ad Valorem Tax	\$ 174,000
City's General Fund	93,000
Fund Balance/Retained Earnings	<u>30,000</u>
<b>Total</b>	<b>\$ 297,000</b>
 <b><u>Expenditures</u></b>	
Security Services	\$ 204,000
Utilities and Maintenance	63,000
Security Improvements	<u>30,000</u>
<b>Total</b>	<b>\$ 297,000</b>

## **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 operating budget for the District of \$297,000 for Fiscal Year 2020.