



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: **AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, BY AMENDING CHAPTER 1 OF THE CODE OF THE CITY OF MIAMI BEACH, ENTITLED "GENERAL PROVISIONS," BY CREATING SECTION 1-15, ENTITLED "FEE SCHEDULE," TO PROVIDE THAT ALL FEES AND CHARGES ESTABLISHED BY THE CITY COMMISSION SHALL BE SET FORTH IN APPENDIX A TO THE CITY CODE, ENTITLED "FEE SCHEDULE"; PROVIDE FOR AN ANNUAL ADJUSTMENT FOR CERTAIN SPECIFIED FEES AND CHARGES TO REFLECT INCREASES IN THE CONSUMER PRICE INDEX; AND PROVIDE THAT CERTAIN OTHER FEES AND CHARGES SHALL BE SUBJECT TO ADJUSTMENT AS OTHERWISE PROVIDED IN THE CITY CODE; AND BY AMENDING APPENDIX A TO THE CITY CODE ENTITLED "FEE SCHEDULE," TO CONSOLIDATE FEES AND CHARGES ESTABLISHED BY THE CITY COMMISSION, AND TO IDENTIFY WHICH FEES AND CHARGES SHALL BE SUBJECT TO ANNUAL ADJUSTMENT; AND PROVIDING FOR REPEALER, SEVERABILITY, CODIFICATION, AND AN EFFECTIVE DATE.**

Background

During the Fiscal Year 2018-19 budget process, the City Commission directed City staff 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 Chipley
City of Coconut Creek
City of Daytona Beach
City of Eustis
Florida Keys Aqueduct Authority
Hillsborough County
Town of Jupiter

City of Boca Raton
Citrus County
City of Cooper City
City of DeLand
City of Fellsmere
City of Fort Lauderdale
City of Homestead
Town of Jupiter Island

Charlotte County
City of Clearwater
Town of Davie
City of Dunedin
Florida Govern. Utility Authority
City of Fort Myers
City of Jacksonville Beach
City of Lake City

Automatic CPI Adjustments to Fees & Charges

September 25, 2019

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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
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	

The proposed changes were presented at the April 19, 2019 Finance & Citywide Projects Committee meeting, at the May 21, 2019 City Commission Budget Workshop, and in conjunction with the FY 2020 budget briefing at the July 19, 2019 Finance & Citywide Projects Committee meeting.

Analysis

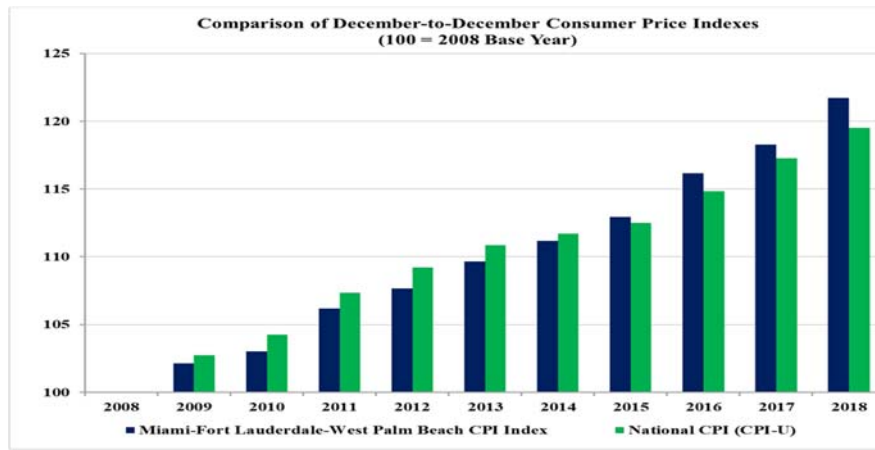
Representatives from all of the City's departments worked together to develop recommendations and identify which City Fees should be subject to annual adjustment. City staff first developed a spreadsheet to compile the current City Fees and existing indexing provisions. The Office of Management and Budget 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.¹
- Add a column in Appendix A specifying the annual adjustment provision for each fee or charge (if applicable). For the indexing provisions for most fees, round up to the nearest dollar for administrative ease, and to maintain a "clean" appearance. The first indexing adjustment for most City Fees in Appendix A is proposed to take effect on October 1, 2019.

¹ On July 30, 2003, the City Commission adopted Resolution No. 2003-25299, establishing an administrative process to review all City fees based on a threshold change in the Consumer Price Index. Given that this proposed Ordinance, if adopted, would codify a procedure for annual review and adjustment of fees and charges, based on increases in the Consumer Price Index, the Ordinance would fully supersede the provisions of Resolution No. 2003-25299.

- 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 reflects 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 calculate and take into account annual increases by the time 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." Additionally, many impact fees already have inflationary allowances in the calculated amounts.

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 proposed changes to Appendix A are summarized, by chapter, in the following table:

SUMMARY OF PRIMARY PROPOSED CHANGES TO APPENDIX A

<u>Ch.</u>	<u>Title</u>	<u>Fees/ Fines in Appendix A Now?</u>	<u>Fees Currently Indexed?</u>	<u>General Recommendations [*]</u>
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

SUMMARY OF PRIMARY PROPOSED CHANGES TO APPENDIX A continued

Ch.	Title	<u>Fees/ Fines in Appendix A Now?</u>	<u>Fees Currently Indexed?</u>	<u>General Recommendations</u> [*]
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
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
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	Special Event Fees	No	No	Move fees into City Code / Appendix A; Index fees by local index

SUMMARY OF PRIMARY PROPOSED CHANGES TO APPENDIX A continued

<u>Ch.</u>	<u>Title</u>	<u>Fees/ Fines in Appendix A Now?</u>	<u>Fees Currently Indexed?</u>	<u>General Recommendations</u> [*]
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 is 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 applicable to the City's waste hauler (i.e. Progressive Waste Solutions of Florida) for rates charged to the City; ii) indexed the City's disposal rates based on changes in Miami-Dade County's tipping fees.

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 is 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.

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

Based on review by the Planning Department, the courier fee per package (pursuant to Section 118-591) is recommended to be changed from \$10 to include actual costs, so that the City fully recovers its costs associated with sending each package via courier.

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. Please note that this amendment was approved by the City Commission on September 11, 2019. The new text has been included in the revised Appendix "A" for reference purposes.

Other Adjustments

As one of the major goals of this Ordinance is to streamline the City's fees and charges, the City

Attorney's office has recommended that the fee for the "review of covenants or easement[s]" (\$5,000) and the fee for "modification or release of covenants or easement[s]" (\$2,500) be deleted. These deletions are reflected in the proposed amendments to Appendix "A".

The proposed amendments to Appendix "A" also include a correction to a minor Scrivener's error, which occurred during amendments to fee provisions associated with land use board applications (pursuant to section 118-353). The correct figure was identified in the memorandum associated with the previous Ordinance but was inadvertently omitted from Appendix "A".

Conclusion

The Administration recommends approval of the Ordinance, which reflects the City Consultant's recommendations to implement automatic CPI indexing for City Fees and consolidate all City Fees into Appendix A, in order to promote transparency; eliminate inconsistencies in the amount of the fees, as well as the location of fees in the City Code; and streamline annual adjustment procedures applicable to the City Fees. These changes are proposed to take effect in October 2019.

JLM/JW/TOS