



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMISSION MEMORANDUM

TO: Mayor Dan Gelber and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: September 29, 2020

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 0.7497 MILLS FOR FISCAL YEAR 2021 FOR THE NORMANDY SHORES LOCAL GOVERNMENT NEIGHBORHOOD IMPROVEMENT DISTRICT, WHICH IS TWO AND TWO TENTHS PERCENT (2.2%) LESS THAN THE “ROLLED-BACK” RATE OF 0.7666 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 (FY) 2021:  

General Operating	0.7497 mills (0.0664 decrease from last year)
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- 2) The Final Adopted Millage Rate of 0.7497 is 2.2% less than the “Rolled-Back” Rate of 0.7666 mills.

The first public hearing on the tentative District millage rate and budget for FY 2021 was held on Wednesday, September 16, 2020. The millage rate herein is that which was tentatively adopted at the first public hearing on that day.

On July 1, 2020, the City received the 2020 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 \$242.8 million, which includes \$9.5 million in new construction. This represents an overall increase of \$19.1 million, or 8.5%, over the certified July 1, 2019 taxable value of \$223.7 million. It is important to note that the final 2019 tax roll for the Normandy Shores Local Government Neighborhood Improvement District of \$219.1 million is approximately \$4.6 million, or 2.0%, lower than the certified July 1, 2019 taxable value due to appeals, adjustments, etc.

	July 2019 Certified	July 2020 Certified	\$ Change	% Change
Property Assessment				
Existing Values	219,807,591	233,297,993	13,490,402	6.1%
New Construction	3,896,854	9,459,518	5,562,664	142.7%
Total Normandy Shores	223,704,445	242,757,511	19,053,066	8.5%

## **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; FY 2021 represents its twenty-seventh 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 FY 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 guard gate. 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.

## **First Public Hearing**

At the first public hearing on September 16, 2020 to adopt the FY 2021 tentative millage and budget for the Normandy Shores Neighborhood Improvement District, there were several questions regarding the City's annual subsidy of 35% of the annual cost of the operation of the community guard gate. The Mayor and Commission adopted the tentative FY 2021 millage and budget for the District and referred the Normandy Shores budget item to the Finance and Economic Resiliency Committee (FERC) meeting on September 23, 2020 for further discussion.

## **Finance & Economic Resiliency Committee**

At the FERC meeting on September 23, 2020 an important legal issue was discussed that impacts the proposed millage rate for the Normandy Shores Neighborhood Improvement District. During the legal review of legislation governing the City's 35% subsidy to the district, it was discovered that the \$500 cap on the highest valued home in the District is still legally in place. In 2015 the City Commission adopted ordinance 2015-3928 which repealed 3 neighborhood districts that were no longer active and re-adopted the legislation for the Normandy Shores District because the original ordinance was never codified in the City Code. However, that ordinance mistakenly adopted the 1993 version that included the \$500 cap and not the intended 2002 version that eliminated the cap. As a result, the City Commission will not be able to adopt the millage rate of 0.7497 that was tentatively adopted at the first public hearing on September 16, 2020. Instead, the millage rate will need to be significantly decreased to 0.0773 mills in order to comply with the \$500 cap. This will result in a \$155,000 loss of revenue from property tax revenue to the District.

In order to make the District's proposed FY 2021 budget whole, the following changes are proposed:

Tentatively Adopted Millage of 0.7497 mills (@95%)	172,900
Proposed Final Adopted Millage of 0.0773 mills (@95%)	17,900
Revenue Change	(155,000)
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Appropriation of Available Fund Balance in NS District Fund	118,000
Reduce budget by \$20,000	20,000
Anticipated FY2020 savings to add to available fund balance	17,000
Total Changes to Offset Revenue Change	155,000

To offset the \$155,000 of decreased property tax revenue from the reduced millage rate, the Administration recommends appropriating all of the \$118,000 of available fund balance in the Normandy Shores District Fund, reducing the proposed budget by \$20,000 that was proposed to modify and widen the two entry lanes at the Biarritz guard house entrance, and the appropriation of \$17,000 of projected savings from the FY 2020 budget that will augment the fund balance at the end of the fiscal year.

The FERC agreed with the staff recommended approach to balance the proposed FY 2021 budget for the Normandy Shores District and chose not to reduce the proposed City subsidy of \$93,100 to the district at this time and instead revisit it before the FY 2022 budget development process.

It is important to note that because the City Commission tentatively adopted the millage rate of 0.7497 and a budget of \$269,000 at the first public hearing on September 16, 2020, that the proposed changes to the millage rate and the budget as outlined above, will need to be amended on the floor at the second public hearing on September 29, 2020. As a result, the memo and resolution for this item remain consistent with the millage and budget tentatively adopted at the first public hearing on September 16, 2020.

## **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 FY 2021 budget for the Normandy Shores Local Government Neighborhood Improvement District, as reflected in Attachment A, is \$269,000, which reflects a decrease of \$28,000, or 9.4 %, from the adopted FY 2020 budget of \$297,000 and is comprised of the following line-item expenditures:

<b>Items Included in FY 2021 Expenditures</b>	<b>\$</b>
Contracted Security Guard Services for Guardhouse and Rover	212,000
Gate Maintenance and Repairs	25,000
Project to Modify and Widen the Two Entry Lanes at the Biarritz Guard House Entrance	20,000
Utilities	7,000
Guardhouse Janitorial Services	4,000
OIG Set-aside (based on 0.5% of Contracts Budgeted)	1,000
<b>Total</b>	<b>\$269,000</b>

The proposed ad valorem millage, approved by the Normandy Shores' Homeowners Association on July 13, 2020 and recommended by the Administration for FY 2021, is 0.7497 mills and reflects a decrease of 0.0664 mills, or 8.1%, from the millage rate adopted for FY 2020 of 0.8161 mills. Based on the 2020 Certification of Taxable Value provided by the Miami-Dade Property Appraiser as of July 1, 2020, this proposed tax levy would generate proceeds of \$181,995, which will be budgeted at approximately 95.0%, or \$172,900, to account for early payment discounts, delinquencies, etc.

This millage rate will fund the FY 2021 budget summarized above for the District, including \$20,000 to modify and widen the two entry lanes at the Biarritz guard house entrance in FY 2021 as requested by the Homeowners Association.

## **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, 2020), 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 FY 2021.

The "rolled-back" rate is the millage rate required to produce the same level of property tax revenue in FY 2021 as collected in FY 2020. The rate is calculated at 0.7666 mills, which is 0.0495 mills less than the millage rate of 0.8161 adopted for FY 2020. The "rolled-back" millage rate tax levy would generate proceeds of \$186,098. The difference between the proposed millage rate for FY 2021 and the "rolled-back" rate levy is \$4,103.

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 0.7497 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 0.8659 mills (equivalent to a 3.22% increase in Property Tax revenues). The 1.0322 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 0.9525 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 0.9525 mills.

Adoption of the proposed FY 2021 rate of 0.7497 mills for the Normandy Shores Local Government Neighborhood Improvement District would, therefore, 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 of 0.7497 mills and its principal taxing authority of 5.7288 mills totals 6.4785 mills, which is 3.5215 mills less than the statutory cap of 10 mills.

On September 16, 2020, the Mayor and City Commission adopted the tentative operating millage rate for the District of 0.7497 mills and tentative operating budget in the amount of \$269,000 for FY 2021.

## **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 0.7497 mills for the District for FY 2021.

Attachment A – FY 2021 Normandy Shores Budget

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## FY 2021 Normandy Shores District Budget

	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Proposed Budget	\$ Variance FY 2021 Proposed vs FY 2020 Adopted	% Variance FY 2021 Proposed vs FY 2020 Adopted
<b>REVENUES</b>							
Residents 65%	167,050	180,050	164,450	174,000	172,900	(1,100)	-0.6%
City 35%	89,950	96,950	88,550	93,000	93,100	100	0.1%
Restitutions	1,876	6,207	595	0	0	0	0.0%
Miscellaneous	0	176	1,408	0	3,000	3,000	100.0%
Fund Balance/Retained Earnings	0	0	0	30,000	0	(30,000)	-100.0%
<b>Total</b>	<b>\$ 258,876</b>	<b>\$ 283,383</b>	<b>\$ 255,003</b>	<b>\$ 297,000</b>	<b>\$ 269,000</b>	<b>\$ (28,000)</b>	<b>-9.4%</b>
<b>EXPENDITURES</b>							
Security Guard Services <sup>(1)</sup>	176,000	210,000	210,000	204,000	212,000	8,000	3.9%
Janitorial Services	0	0	1,067	4,000	4,000	0	0.0%
Gate Repairs (AAA Repairs)	20,878	22,428	19,170	25,000	20,000	(5,000)	-20.0%
Internal Service - Other Repairs	2,663	0	0	5,000	5,000	0	0.0%
Internal Service - OIG Set-Aside <sup>(2)</sup>	0	0	0	0	1,000	1,000	100.0%
Utilities (Electricity & telephone) <sup>(3)</sup>	1,386	1,260	1,723	2,000	7,000	5,000	250.0%
Video Camera System Upgrade	0	0	0	30,000	0	(30,000)	-100.0%
AED Guardhouse Defibrillator	0	1,404	0	0	0	0	0.0%
Other Expenditures <sup>(4)</sup>	225	16,400	5,957	27,000	20,000	(7,000)	-25.9%
<b>Total</b>	<b>\$ 201,152</b>	<b>\$ 251,493</b>	<b>\$ 237,917</b>	<b>\$ 297,000</b>	<b>\$ 269,000</b>	<b>\$ (28,000)</b>	<b>-9.4%</b>
<b>Surplus / (Gap)</b>	<b>\$ 57,724</b>	<b>\$ 31,890</b>	<b>\$ 17,086</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	
<b>REQUIRED MILLAGE</b>	<b>1.0093</b>	<b>0.9564</b>	<b>0.8161</b>	<b>0.8161</b>	<b>0.7497</b>	<b>(0.0664)</b>	<b>-8.1%</b>
Existing Values	173,001,492	196,441,992	209,647,105	219,807,591	233,297,993	13,490,402	6.1%
New Construction	3,058,319	1,719,766	2,458,268	3,896,854	9,459,518	5,562,664	142.7%
<b>Total</b>	<b>176,059,811</b>	<b>198,161,758</b>	<b>212,105,373</b>	<b>223,704,445</b>	<b>242,757,511</b>	<b>19,053,066</b>	<b>8.5%</b>
Value of 1 Mill	176,060	198,162	212,105	223,704	242,758	19,053	8.5%
95% of 1 Mill	167,257	188,254	201,500	212,519	230,620	18,100	8.5%

**Footnotes:**

<sup>(1)</sup> FY 2021 security guard services based on current hourly rate of \$20.71 for services provided 24 hours/day, 7 days/week, for guardhouse, plus 24.5 hours a week for a security rover and \$2,400 fee for rental of a golf cart (the hourly rate is subject to change for living wage if adopted by the City Commission for FY 2021). The cost of the roving guard and rental of golf cart is split funded between Normandy Shores (50%) via Prop Mgmt. chargeback and the Normandy Shores Golf Course (50%). The increase in security guard services is due to a \$0.63 increase in the contracted hourly rate.

<sup>(2)</sup> Set-aside for OIG Funding based on 0.5% of budgeted contracts in accordance with Ordinance 2020-4325 adopted by the City Commission on January 15, 2020

<sup>(3)</sup> Increase to utilities projections based on new telephone line and internet in the guardhouse (\$365 a month for internet and \$25 a month for the land line)

<sup>(4)</sup> FY 2021 Operating Expenditures of \$20,000 based on Normandy Shores Homeowners' Association request for project to modify and widen the two entry lanes at the Biarritz guard house entrance