



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 29, 2020

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 2021**

ADMINISTRATION RECOMMENDATION

Adopt the Resolution which establishes the final operating budget for the Normandy Shores Local Government Neighborhood Improvement District for Fiscal Year (FY) 2021 in the amount of \$269,000.

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

ANALYSIS

The FY 2021 Normandy Shores Local Government Neighborhood Improvement District budget is \$269,000 and includes the following line-item expenditures, which were approved by the Normandy Shores' Homeowners Association on July 13, 2020:

Items Included in FY 2021 Expenditures	\$
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
Total	\$269,000

The FY 2021 operating budget is \$28,000, or 9.4%, lower than the adopted FY 2020 operating budget of \$297,000.

The City of Miami Beach General Fund has funded a portion of this budget for each of the previous twenty-six years since the District was established. For FY 2021, the impact of the City's 35% contribution to the City of Miami Beach General Fund is \$93,100, which is \$100, or 0.1%, more than the adopted FY 2020 budget impact of \$93,000.

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 0.7497 mills. This tax levy will generate proceeds of \$181,995, which will be budgeted at approximately 95.0%, or \$172,900, to account for early payment discounts, etc. The proposed millage rate is 0.0664 mills, or 8.1%, less than the adopted FY 2020 millage rate of 0.8161 mills, which represents a decrease in property taxes of approximately \$1 to a median homesteaded property owner and an increase of \$1 to an average homesteaded property owner (2020's median and average homesteaded values being \$212,696 and \$545,281, respectively).

The proposed FY 2021 operating budget for the District is as follows:

<u>Revenues</u>	
Ad Valorem Tax	\$ 172,900
City's General Fund	93,100
Miscellaneous (interest revenue)	<u>3,000</u>
Total	\$ 269,000

<u>Expenditures</u>	
Security Services	\$ 212,000
Utilities and Maintenance	36,000
Guard House Improvements	20,000
OIG Set-aside	<u>1,000</u>
Total	\$ 269,000

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 \$269,000 for FY 2021.

JLM/JW/TOS