



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

COMMITTEE MEMORANDUM

TO: Members of the Finance and Economic Resiliency Committee

FROM: Alina T. Hudak City Manager

DATE: July 23, 2021

SUBJECT: **CITY'S CONTRIBUTION TO THE NORMANDY SHORES LOCAL GOVERNMENT NEIGHBORHOOD IMPROVEMENT DISTRICT'S ANNUAL BUDGET**

BACKGROUND

During the latter portion of the Fiscal Year (FY) 2021 budget development process, there were several questions raised regarding the City's annual subsidy of 35% of the annual cost of the operation of the community guard gate for the Normandy Shores Local Government Neighborhood Improvement District. While the Mayor and Commission adopted the final FY 2021 millage and budget for the District on September 29, 2020 through Resolution Nos. 2020-31429 and 2020-31430, the Mayor and City Commission also directed the Administration to refer an item to the Finance and Economic Resiliency Committee (FERC) to discuss the City's annual subsidy of 35% of the annual cost of the operation of the community gate guard further prior to the commencement of the FY 2022 budget development process.

ANALYSIS

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 (Attachment A) 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."*

On September 11, 1997, Resolution 97-22522 (Attachment B) adopted the District's Tentative FY 1998 millage rate. The accompanying memorandum noted that the City had been funding the gap between the revenues generated from the ad valorem taxes and the budget, that the City could not continue to subsidize this budget and that the District should be self-sustaining. This memorandum also noted that Resolution 97-22487 included the City Commission's direction to the City Clerk to take such steps as may be necessary to hold a special referendum for the purpose of authorizing special assessments to raise \$41,915 for operating purposes within the District for FY 1998.

On September 23, 1998, Resolution 98-22902 (Attachment C) adopted the District's FY 1999 budget. The accompanying memorandum noted that the City had been funding the gap between

the revenues generated from the ad valorem taxes and the budget and that a determination was reached that the City would fund 35% of the annual cost of the community guard gate. It also stated that the cost would eventually be funded by the golf course and that the City Attorney's Office would review the issue of the dependent status of the District, and the City would continue supplementing the budget at current levels until both issues are resolved.

On September 25, 2002, Ordinance 2002-3380 (Attachment D) adopted the removal of the \$500 annual cap per parcel. The accompanying memorandum noted that the City's 35% contribution will be maintained.

In 2015, as part of a "clean up" Ordinance to repeal three other safe neighborhood districts that were no longer active, the Mayor and City Commission enacted Ordinance 2015-3928 (Attachment E). With respect to the Normandy Shores District, because the prior versions of the ordinance had not been codified as part of the consolidated legislation of the City, the 2015 Ordinance sought to codify the legislation, but in so doing, inadvertently re-adopted the original 1993 Ordinance - which included an ad valorem cap of \$500 per property - and not the correct, and most recent, version of the legislation, the 2002 Ordinance, which deleted the cap of \$500 per property.

In order to correct the inadvertent error in the 2015 Ordinance and eliminate the \$500 per property cap, as intended since 2002, the Mayor and City Commission adopted Ordinance 2020-4386 (Attachment F) on December 9, 2020.

The City's legal opinion is that none of the enabling legislation for the Normandy Shores Local Government Neighborhood Improvement District, codifies an obligation for the City to continue to fund up to 35% of the District's annual budget, and as such, is not a binding contribution.

Fiscal Year	Total Budget	Residents	City	Other	City/Other % Contribution
FY 1997	\$ 90,000	\$ 47,448	\$ 42,552	\$ -	47% *
FY 1998	\$ 91,250	\$ 49,335	\$ 41,915	\$ -	46%
FY 1999	\$ 91,250	\$ 50,850	\$ 40,400	\$ -	44%
FY 2000	\$ 91,250	\$ 51,568	\$ 39,682	\$ -	43%
FY 2001	\$ 94,650	\$ 52,766	\$ 41,884	\$ -	44%
FY 2002	\$ 94,650	\$ 54,494	\$ 40,156	\$ -	42%
FY 2003	\$ 120,000	\$ 78,000	\$ 42,000	\$ -	35%
FY 2004	\$ 125,800	\$ 81,758	\$ 44,042	\$ -	35%
FY 2005	\$ 136,663	\$ 92,301	\$ 44,362	\$ -	35%
FY 2006	\$ 128,833	\$ 83,702	\$ 45,131	\$ -	35%
FY 2007	\$ 135,254	\$ 87,949	\$ 47,305	\$ -	35%
FY 2008	\$ 203,833	\$ 148,820	\$ 55,013	\$ -	35%
FY 2009	\$ 152,278	\$ 98,981	\$ 53,297	\$ -	35%
FY 2010	\$ 147,377	\$ 95,795	\$ 51,582	\$ -	35%
FY 2011	\$ 163,317	\$ 100,517	\$ 57,161	\$ 5,639	35% **
FY 2012	\$ 166,875	\$ 108,469	\$ 58,406	\$ -	35%
FY 2013	\$ 188,000	\$ 122,200	\$ 65,800	\$ -	35%
FY 2014	\$ 225,000	\$ 146,250	\$ 78,750	\$ -	35%
FY 2015	\$ 222,000	\$ 144,300	\$ 77,700	\$ -	35%
FY 2016	\$ 226,000	\$ 147,000	\$ 79,000	\$ -	35%
FY 2017	\$ 257,000	\$ 169,000	\$ 88,000	\$ -	34% ***
FY 2018	\$ 277,000	\$ 181,000	\$ 96,000	\$ -	35%
FY 2019	\$ 253,000	\$ 165,000	\$ 88,000	\$ -	35%
FY 2020	\$ 297,000	\$ 174,000	\$ 93,000	\$ 30,000	35% ****
FY 2021	\$ 249,000	\$ 17,900	\$ 93,100	\$ 138,000	84% *****

Footnotes:

*Resolutions prior to FY 1997 (FY 1994 - FY 1996) not available in LaserFiche (online archive)

**FY 2011 "Other" of \$5,639 based on proceeds of sale of Normandy Shores stash site

***City/Other % Contribution slightly less than 35% due to rounding of budget

****FY 2020 City/Other % Contribution of \$30,000 based on use of prior year fund balance for one-time capital expenditures

*****FY 2021 City/Other % Contribution of \$138,000 based on use of prior year fund balance due to re-enactment of \$500 cap

VALUE TO THE CITY FROM THE SUBSIDY

The Property Management Department has reached out to several departments for feedback regarding the Normandy Shores neighborhood, specifically the shift in environment after the implementation of the security guard roving service.

Historically, the Normandy Shores neighborhood has been an ideal location for gatherings in multiple locations. Its various street-ends with access to waterways was an optimal location for people to congregate and partake in various activities. There is also a shaded exercise area that was being used afterhours for activities other than exercise.

In addition, the Normandy Shores Golf Course bred all sorts of issues once they were closed for business for the day. There were reports of people playing golf after hours, free of charge. People would also gather on the greens to host barbecues, drink alcohol, and vandalize golf course equipment. The golf course would also be subject to several forms of vandalism including, but not limited to property damage, graffiti, and attempted break-ins.

To combat this, the roving guard service was established via a FY 2018 budget enhancement. At inception, the \$55,000 per year service was split-funded between the Property Management Department and the Parks and Recreation Department. In between the hours of 10:00 pm and 5:00 am, the security guard would patrol the neighborhood, following a specific route and conduct routine checks and searches at various locations throughout the island.

After speaking with several members of the Police Department, they confirmed that after the implementation of the roving security guard, calls for service in the area for the reasons listed above have decreased. The crime rate has also decreased as backed by crime data which shows that from December 1, 2018 through May 12, 2019, there were only 5 instances of crime within the Normandy Shores island.

Property Management also reached out to the Parks and Recreation Department for their feedback and they also stated that they have noticed a decrease in vandalism to the shaded exercise area mentioned above. Lastly, they also spoke to management staff at the Normandy Shores Golf Course and they were also pleased with the drastic decrease in after-hour activity after the implementation of the rover.

JULY 16TH FERC-BUDGET BRIEFING

At the July 16, 2021 FERC meeting, the Committee discussed the potential elimination of the 35% subsidy totaling \$91,700, while maintaining the City's 50% contribution or \$30,000 toward the total cost \$60,000 of the security rover.

If the City subsidy is maintained at the current level, the proposed millage rate is 0.7203. If the City subsidy is reduced to zero, the proposed millage rate would be 1.0659.

	FY 2017 Adopted	FY 2018 Adopted	FY 2019 Adopted	FY 2020 Adopted	FY 2021 Adopted	FY 2022 (with subsidy)	FY 2022 (no subsidy)
Normandy Shores Dedicated Millage	1.0093	0.9564	0.8161	0.8161	0.0773	0.7203	1.0659

STATUTORY REQUIREMENTS

Florida Statute 200.065, entitled "Method of Fixing Millage," establishes specific guidelines that must be used by all local government entities in setting millage (property tax) rates. Under the Florida Statute, the City is required, within 35 days of receipt of the "Certification of Taxable Value" (received July 1, 2021), to advise the Miami-Dade County Property Appraiser of the proposed millage rate and the date, time, and place of the first public hearing to consider the proposed millage rates and budgets for FY 2022. The proposed maximum millage rate for the District will be set at the July 28, 2021 City Commission meeting.

Attachment A - Ordinance 93-2881

Attachment B - Resolution 97-22522

Attachment C - Resolution 98-22902

Attachment D - Ordinance 2002-3380

Attachment E - Ordinance 2015-3928

Attachment F - Ordinance 2020-4386

AH/JW/TOS