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COMMISSION MEMORANDUM

TO: Honorable Mayor Dan Gelber and Members of the City Commission

FROM: Alina T. Hudak, City Manager

DATE: September 14, 2022

SUBJECT: **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORMANDY SHORES LOCAL GOVERNMENT NEIGHBORHOOD IMPROVEMENT DISTRICT ADOPTING THE TENTATIVE OPERATING BUDGET FOR FISCAL YEAR 2023, SUBJECT TO A SECOND PUBLIC HEARING SCHEDULED ON WEDNESDAY, SEPTEMBER 28, 2022, AT 5:02 P.M.**

STRATEGIC PLAN SUPPORTED

Organizational Innovation – Ensure strong fiscal stewardship

ADMINISTRATION RECOMMENDATION

Adopt the Resolution which establishes the tentative operating budget for the Normandy Shores Local Government Neighborhood Improvement District for Fiscal Year 2023 in the amount of $282,000, subject to a second public hearing scheduled on Wednesday, September 28, 2022, at 5:02 p.m. immediately following the City of Miami Beach's public hearing.

BACKGROUND

The Normandy Shores Local Government Neighborhood Improvement District, which is 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 2023 represents its twenty-ninth 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."

On September 11,1997, Resolution 97-22522 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 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 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. 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 on December 9, 2020.

At the July 23, 2021 Finance and Economic Resiliency Committee meeting, the Committee recommended the elimination of the 35% City subsidy totaling $91,700 in the FY 2022 preliminary budget, while maintaining the City's 50% contribution, or $30,000, toward the total cost of $60,000 for the security rover.

On July 28, 2021, the City Commission, through Resolution No. 2021-31819, approved the recommendation of the Finance and Economic Resiliency Committee (FERC) eliminating the City's 35% subsidy, while maintaining the City's 50% contribution, or $30,000, toward the total cost of $60,000 for the security rover.

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

ANALYSIS

The Normandy Shores Local Government Neighborhood Improvement District budget proposed for FY 2023, as reflected in Attachment A, is $282,000, which is an increase of $30,000, or 11.9%, from the adopted FY 2022 budget of $252,000 and is comprised of the following line-items:

Items Included in FY 2023 Expenditures	$
Contracted Security Guard Services for Guardhouse and 50% of Rover	214,000
Gate Maintenance and Repairs	25,500
Set-aside for Renewal and Replacement of Capital Assets	20,000
Set-aside for Reserve	10,000
Guardhouse Utilities	7,000
Guardhouse Janitorial Services	4,000
OIG Internal Service Charges	1,000
Other Miscellaneous Operating Expenditures	500
Total	**$282,000**

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 0.9717 mills. This proposed tax levy will generate proceeds of $296,828, which will be budgeted at approximately 95.0%, or $281,987 (rounded to $282,000), to account for early payment discounts, delinquencies, etc. This proposed millage rate will fund the FY 2023 budget summarized above for the District, with no City subsidy.

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 a tentative operating budget of $282,000 for Fiscal Year 2023 and schedules the second and final public hearing on Wednesday, September 28, 2022, at 5:02 p.m.

Attachment A – FY 2023 Proposed Normandy Shores Budget

ATH/JW/TOS

ATTACHMENT A

FY 2023 Normandy Shores District Budget

	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Actuals [1]	FY 2022 Adopted Budget [2]	FY 2023 Proposed Budget	$ Variance FY 2023 Proposed vs FY 2022 Adopted	% Variance FY 2023 Proposed vs FY 2022 Adopted
REVENUES							
Residents	164,450	173,550	17,900	252,000	282,000	30,000	11.9%
City	88,550	93,450	93,100	0	0	0	0.0%
Restitutions [3]	595	1,662	1,677	0	0	0	0.0%
Miscellaneous/Interest	1,408	1,131	80	0	0	0	0.0%
Total	**$ 255,003**	**$ 269,793**	**$ 112,757**	**$ 252,000**	**$ 282,000**	**$ 30,000**	**11.9%**
EXPENDITURES							
Internal Service - Security Guard Services [4]	210,000	217,000	210,000	214,000	214,000	0	0.0%
Janitorial Services	1,067	3,892	3,877	4,000	4,000	0	0.0%
Gate Repairs (AAA Repairs)	19,170	31,099	24,291	20,000	20,500	500	2.5%
Other Repairs and Maintenance	0	0	0	4,000	5,000	1,000	25.0%
Internal Service - OIG Set-Aside [5]	0	0	0	1,000	1,000	0	0.0%
Utilities (Electricity & Telephone) [6]	1,723	5,835	5,655	7,000	7,000	0	0.0%
RFID System	0	42,199	0	0	0	0	0.0%
LPR Camera System	0	0	35,554	0	0	0	0.0%
Renewal & Replacement Set-Aside [7]	0	0	0	0	20,000	20,000	100.0%
Other Expenditures [8]	5,957	936	4,367	2,000	500	(1,500)	-75.0%
Transfer to Reserve [9]	0	0	0	0	10,000	10,000	100.0%
Total	**$ 237,917**	**$ 300,961**	**$ 283,744**	**$ 252,000**	**$ 282,000**	**$ 30,000**	**11.9%**
Surplus / (Shortfall)	**$ 17,086**	**$ (31,168)**	**$ (170,987)**	**$ 0**	**$ 0**	**$ 0**	
REQUIRED MILLAGE	**0.8161**	**0.8161**	**0.0773**	**1.0659**	**0.9717**	**(0.0942)**	**-8.8%**
Existing Values [10]	209,647,105	219,807,591	233,297,993	245,073,256	298,359,433	53,286,177	21.7%
New Construction [10]	2,458,268	3,896,854	9,459,518	3,782,998	7,113,479	3,330,481	88.0%
Total [10]	**212,105,373**	**223,704,445**	**242,757,511**	**248,856,254**	**305,472,912**	**56,616,658**	**22.8%**
Value of 1 Mill	212,105	223,704	242,758	248,856	305,473	56,617	22.8%
95% of 1 Mill	201,500	212,519	230,620	236,413	290,199	53,786	22.8%

Footnotes:

[1] The FY 2021 millage and budget was adopted to comply with the $500 cap codified on the levy of property taxes per parcel for operations of the Normandy Shores Local Government Neighborhood Improvement District, which resulted in a significant reduction in revenue of $155,000 based on the decrease in the FY 2021 millage rate from the proposed millage of 0.7497 mills to 0.0773 mills. To offset the reduction in revenue in FY 2021, available fund balance projected in the Normandy Shores Fund of $135,000 was appropriated, the budget reduced by $20,000, and the City's original 35.0% subsidy of $93,100 maintained for FY 2021

[2] Effective FY 2022, the City Commission adopted Ordinance 2020-4236 eliminating the $500 per parcel cap and Resolution No. 2021-31819 eliminating the City's annual subsidy of 35.0% for operations of the Normandy Shores Local Government Neighborhood Improvement District, while maintaining the City's 50.0% contribution towards the cost of the security rover

[3] Per the Facilities & Fleet Management Department, necessary gate repairs funded outside of the District's budget were made and restitutions totaling $8,828.56 collected during FY 2022

[4] Security guard services for FY 2023 based on current hourly rate of $21.03 for services provided 24 hours/day, 7 days/week, for guardhouse, plus 49 hours a week for a security rover at $21.03 per hour and $2,880 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 2023). The cost of the security rover and rental of golf cart is split-funded between Normandy Shores (50%) via Prop Mgmt. chargeback and the City (50%)

[5] Internal Service - OIG based on FY 2023 allocations

[6] Utilities for FY 2023 based on FY 2022 actuals to date, plus projected increase of 4% in electricity based on notification from FPL on rate increase

[7] FY 2023 Renewal and Replacement Set-Aside of $20,000 for future renewal and replacement of Normandy Shores guardhouse assets

[8] Other Expenditures for FY 2023 based on annual Special Taxing District state fee paid to the Department of Economic Opportunity

[9] FY 2023 Transfer to Reserve of $10,000 budgeted to offset negative fund balance of $9,677 as of September 30, 2021

[10] FY 2023 values based on Certified Values received July 1, 2022 from the Miami-Dade County Property Appraiser