



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

COMMISSION MEMORANDUM

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

FROM: Alina T. Hudak, City Manager

DATE: September 27, 2023

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING: 1) THE FINAL AD VALOREM MILLAGE OF 5.8155 MILLS FOR FISCAL YEAR 2024 FOR GENERAL OPERATING PURPOSES, WHICH IS TWELVE AND FIVE TENTHS PERCENT (12.5%) MORE THAN THE "ROLLED-BACK" RATE OF 5.1681 MILLS; AND 2) THE DEBT SERVICE MILLAGE RATE OF 0.3326 MILLS.**

STRATEGIC PLAN SUPPORTED

Organizational Innovation – Ensure strong fiscal stewardship

ADMINISTRATION RECOMMENDATION

The Administration recommends that the Mayor and City Commission adopt the Resolution, which authorizes the City Manager to transmit the following information to the Miami-Dade County Property Appraiser:

1) The Final Millage Rates for Fiscal Year (FY) 2024:

General Millage	5.6636 mills
Capital Renewal & Replacement Millage	0.0499 mills
Pay-As-You-Go (PayGo) Millage	<u>0.1020 mills</u>
Total General Operating Millage	5.8155 mills (same as last year)
Voted Debt Service Millage	<u>0.3326 mills (0.0966 increase over last year)</u>
Total Combined Millage	6.1481 mills

The first public hearing on the tentative millage rates for FY 2024 was held on September 13, 2023. The millage rates herein are those which were tentatively adopted at the first public hearing on that day.

PROCEDURE

Florida Statutes, Section 200.065, requires that at the conclusion of the first public hearing on the proposed tax rate and budget, the City Commission proceed in the following specific manner:

1. Adopt a final ad valorem millage rate for FY 2024 general operating purposes. This is accomplished by adopting a Resolution which includes the percentage increase or decrease over the "rolled-back" rate, and the required FY 2024 debt service millage rate.

State statute requires that only the title be read aloud.

2. Adopt a final general operating budget for FY 2024, which also includes the budgets for Enterprise, Internal Service, Special Revenue, and G.O. Bond Debt Service Funds, as well as the City's Tax Increment Financing (TIF) portion of the City Center RDA and North Beach CRA. This is accomplished by adopting a companion Resolution (see accompanying City Budget Agenda Item).

PROPERTY VALUES

On July 1, 2023, the City received the 2023 Certification of Taxable Value from the Miami-Dade County Property Appraiser. As summarized below, the City's overall property values increased approximately \$5.0 billion, or 10.8%, from the 2022 Certification of Taxable Value of \$46.5 billion to the 2023 Certification of Taxable Value of \$51.5 billion, which included a \$4.8 billion, or 10.3%, increase in the City's existing values and a \$0.2 billion increase in new construction values.

	July 2022 Certified	July 2023 Certified	\$ Change	% Change
Property Assessment				
Existing Values	\$46,544,694,070	\$51,346,874,323	\$4,802,180,253	10.3%
New Construction	0	213,897,907	213,897,907	100.0%
Total Citywide	\$46,544,694,070	\$51,560,772,230	\$5,016,078,160	10.8%
City Center RDA	\$6,023,225,280	\$6,188,026,922	\$164,801,642	2.7%
North Beach CRA	1,585,511,443	1,730,558,116	145,046,673	9.1%
Total Citywide – Net of RDA & CRA	\$38,935,957,347	\$43,642,187,192	\$4,706,229,845	12.1%

MILLAGE RATE

There are two main components to the City's Total Combined millage rate, which are the Total General Operating millage rate and the Voted Debt Service millage rate. The Total General Operating millage rate, which is comprised of a General, a Capital Renewal and Replacement, and a Pay-As-You-Go (PayGo) millage, funds General Fund operating and capital expenditures while the Voted Debt Service millage rate funds the annual debt service required for the City's outstanding General Obligation (G.O.) bonds.

The Total General Operating millage rate for FY 2024 of 5.8155 mills provides funding to offset increases in personnel costs, such as the annual required pension contributions, a 5 percent (%) Step increase for all Fraternal Order of Police (FOP) and International Association of Fire Fighters (IAFF) positions, a 0-3% performance-based merit increase for all non-FOP and IAFF positions, an increase in the City's health insurance premiums for active employees and retirees, as well as increases in other General Fund operating expenditures.

The Voted Debt Service millage rate of 0.3326 mills provides funding of the annual debt service required for the Series 2019 G.O. Bonds, as well as the new Series 2023A&B Arts and Culture G.O. Bonds, that were approved by the voters on November 6, 2018 and November 8, 2022,

respectively, through the assessment, levy, and collection of ad-valorem tax on all property within the City.

On November 6, 2018, the City of Miami Beach voters approved the issuance of a not to exceed amount of \$439.0 million in G.O. bonds to fund a total of 57 capital projects citywide, ranging from vertical construction, roadwork, park constructions and renovations, technology implementation, renewals and repairs, and underground infrastructure work. The issuance of these G.O. bonds is currently divided into three tranches, as adopted by the City Commission. This will result in lower initial property taxes paid by property owners and increases in property taxes required to fund these G.O. bonds approved by the City of Miami Beach voters in 2018 to be phased in over time. To date, Tranche 1 (Series 2019), which totals approximately \$152.5 million, has been issued with the remaining balance of \$286.5 million to be issued in future fiscal years.

On November 8, 2022, the City of Miami Beach voters approved the issuance of a not to exceed amount of \$159.0 million in Arts and Culture G.O. bonds to improve facilities for resiliency of arts and cultural institutions throughout the City, including museums, performance venues, artistic playgrounds, senior/cultural centers, botanical garden, aquatic sculpture park, and related artist/workforce housing. The issuance of these Arts and Culture G.O. bonds is currently divided into two tranches, as adopted by the City Commission. This will result in lower initial property taxes paid by property owners and increases in property taxes required to fund the Arts and Culture G.O. bonds approved by the City of Miami Beach voters in 2022 to be phased in over time. To date, Tranche 1 (Series 2023A&B), which totals approximately \$101.7 million, has been issued with the remaining balance of \$57.3 million to be issued in future fiscal years.

The Voted Debt Service millage rate for FY 2024 of 0.3326 mills is 0.0966 mills more than the FY 2023 Voted Debt Service millage rate of 0.2360 mills and funds the required \$16.3 million payment for FY 2024 that is comprised of the annual debt service for the Series 2019 G.O. Bonds and the annual debt service for the new Series 2023A&B Arts and Culture G.O. Bonds.

	FY 2023 Adopted	FY 2024 Proposed	Inc / (Dec)
General	5.6636	5.6636	0.0000
Capital Renewal & Replacement	0.0499	0.0499	0.0000
Pay-As-You-Go (PayGo)	0.1020	0.1020	0.0000
Total General Operating Millage	5.8155	5.8155	0.0000
Debt Service	0.2360	0.3326	0.0966
Total Combined Millage	6.0515	6.1481	0.0966

IMPACT OF MILLAGE LEVY IMPACT ON PROPERTY OWNERS

Homesteaded Properties

In 1992, voters approved an amendment to the Florida Constitution known as Amendment 10, also known as Save Our Homes (SOH). SOH is an assessment limitation, or “cap,” on increases in the assessed value of a homestead residence. Those increases are limited to 3.0% or the percent change in the CPI (Consumer Price Index), whichever is less. The “cap” goes into effect beginning the year after a homestead exemption is granted.

Based on last year's values from the Miami-Dade County Property Appraiser (as of July 1, 2022), the median homesteaded property value in the City of Miami Beach was \$240,385 while the average homesteaded property value was \$664,556. For an existing homesteaded property in the City of Miami Beach that was not sold and/or did not have any improvements or additions completed in the last year, the impact of the City's FY 2024 Total Combined millage rate of 6.1481 mills would result in an increase of approximately \$67 for a median value homesteaded property while the impact for an average value homesteaded property would be \$187 pursuant to the SOH cap.

Homesteaded Properties				
	FY 2023		FY 2024	
	Median*	Average*	Median	Average
Preliminary Taxable Value*	\$240,385	\$664,556	\$247,597	\$684,493
City of Miami Beach				
Operating	\$1,398	\$3,865	\$1,440	\$3,981
Voted Debt	57	157	82	228
Total Miami Beach	\$1,455	\$4,022	\$1,522	\$4,209
\$ Change in Taxes				
Operating			\$42	\$116
Voted Debt			25	71
Total Miami Beach			\$67	\$187
*Source: Miami-Dade County Property Appraiser's – 2022 average-median-homestead-residential-values files				

Impact on Non-Homesteaded Properties

The annual increase in the assessed value of a non-homesteaded property is capped at 10.0% (excluding the School Board portion). While the average citywide increase in property values is 10.8%, the value of individual properties may increase up to, but not more than 10.0% (excluding the School Board portion of the property tax bill). However, an individual property owner may see an increase of more than 10.0% if there is a change in ownership of a capped property resulting in a reset of the cap. Another factor, if applicable, would be the value of new construction which can contribute to a property value increase of more than 10.0%.

OVERLAPPING JURISDICTIONAL OPERATING AND DEBT SERVICE MILLAGE RATES

Property owners in the City of Miami Beach must also pay property taxes to Miami-Dade County, the Miami-Dade County School Board, the Children's Trust, the South Florida Water Management District, Okeechobee Basin, Everglades Project, and the Florida Inland Navigational District. For FY 2024, these taxing authorities represent 67.5% of a Miami Beach property owner's tax bill.

The FY 2024 countywide tax rate proposed for Miami-Dade County decreased by 0.0462 mills from 4.6202 to 4.5740 mills; the library tax rate remains flat at 0.2812 mills; and the debt service millage decreased by 0.0498 mills from 0.4853 to 0.4355 mills. The tax rate for the Miami-Dade School Board increased by 0.1100 mills from 6.5890 to 6.6990 mills. The Children's Trust tax rate remained flat at 0.5000 mills. Combined, the millage rates for the South Florida Water Management District, Okeechobee Basin, Everglades Project, and Florida Inland Navigational District decreased by 0.0032 mills from 0.2621 to 0.2589 mills.

Based on the rates proposed for FY 2024, the Miami Beach portion of the tax bill is approximately 32.5% of the total tax bill. It is important to note that Miami-Dade County's total FY 2024 millage rate of 5.2907 mills is 1.0953 mills, or 17.2%, less than Miami-Dade County's total FY 2007 millage rate of 6.3860 mills, as compared to the City's total FY 2024 millage rate of 6.1481 mills that is 1.5249 mills, or 19.9%, less than the City's total FY 2007 millage rate of 7.6730 mills. Further, the FY 2024 School Board millage of 6.6990 mills is 1.4060 mills, or 17.3%, less than the FY 2007 School Board millage of 8.1050 mills. The significant difference in the total overlapping millage rate is a direct result of the City's continuing effort to keep millage rates as low as possible. A summary of the proposed rate changes is provided in the following table.

OVERLAPPING TAX MILLAGE	Adopted FY 2007	% of FY 2007 Total	Adopted FY 2023	Proposed FY 2024	Variance from FY 2007	Variance from FY 2023	% of FY 2024 Total
City of Miami Beach							
General Operating	7.1920	30.8%	5.6636	5.6636	(1.5284)	0.0000	30.0%
Renewal & Replacement	0.1820	0.8%	0.0499	0.0499	(0.1321)	0.0000	0.3%
Pay-As-You-Go Capital	0.0000	0.0%	0.1020	0.1020	0.1020	0.0000	0.5%
Operating Millage	7.3740	31.6%	5.8155	5.8155	(1.5585)	0.0000	30.8%
Voted Debt Service	0.2990	1.3%	0.2360	0.3326	0.0336	0.0966	1.8%
Subtotal	7.6730	32.9%	6.0515	6.1481	(1.5249)	0.0966	32.5%
Miami Dade County							
Countywide	5.6150	24.1%	4.6202	4.5740	(1.0410)	(0.0462)	24.2%
Library	0.4860	2.1%	0.2812	0.2812	(0.2048)	0.0000	1.5%
Debt Service	0.2850	1.2%	0.4853	0.4355	0.1505	(0.0498)	2.3%
Subtotal	6.3860	27.4%	5.3867	5.2907	(1.0953)	(0.0960)	28.0%
School Board	8.1050	34.8%	6.5890	6.6990	(1.4060)	0.1100	35.5%
Children's Trust	0.4223	1.8%	0.5000	0.5000	0.0777	0.0000	2.6%
Other	0.7355	3.2%	0.2621	0.2589	(0.4766)	(0.0032)	1.4%
Total	23.3218	100.0%	18.7893	18.8967	(4.4251)	0.1074	100.0%

IMPACT OF COMBINED TAX RATES OF OVERLAPPING JURISDICTIONS ON HOMESTEADED PROPERTIES

Based on last year's values from the Miami-Dade County Property Appraiser (as of July 1, 2022), the median homesteaded property value in the City of Miami Beach was \$240,385 while the average homesteaded property value was \$664,556. Applying the total combined millage rates for FY 2024 to the median and average taxable values for an existing homesteaded property in the City of Miami Beach that was not sold and/or did not have any improvements or additions completed in the last year results in a combined property tax increase of approximately \$162 for the median and \$447 for the average homesteaded residential tax bill in the City of Miami Beach.

Median homesteaded properties would pay approximately \$4,679 per homesteaded property, combined, for all taxing jurisdictions, while the property taxes for average homesteaded properties would be approximately \$12,934 per homesteaded property. Of all the taxing jurisdictions, the highest component is the Miami-Dade School Board at \$1,659 for a median valued homesteaded property and \$4,585 for an average valued homesteaded property in the City of Miami Beach.

The following table provides a summary of changes in the property taxes levied for an existing homesteaded property that has not been sold and/or had any improvements or additions completed in the last year using the tax rates proposed for FY 2024 by jurisdiction.

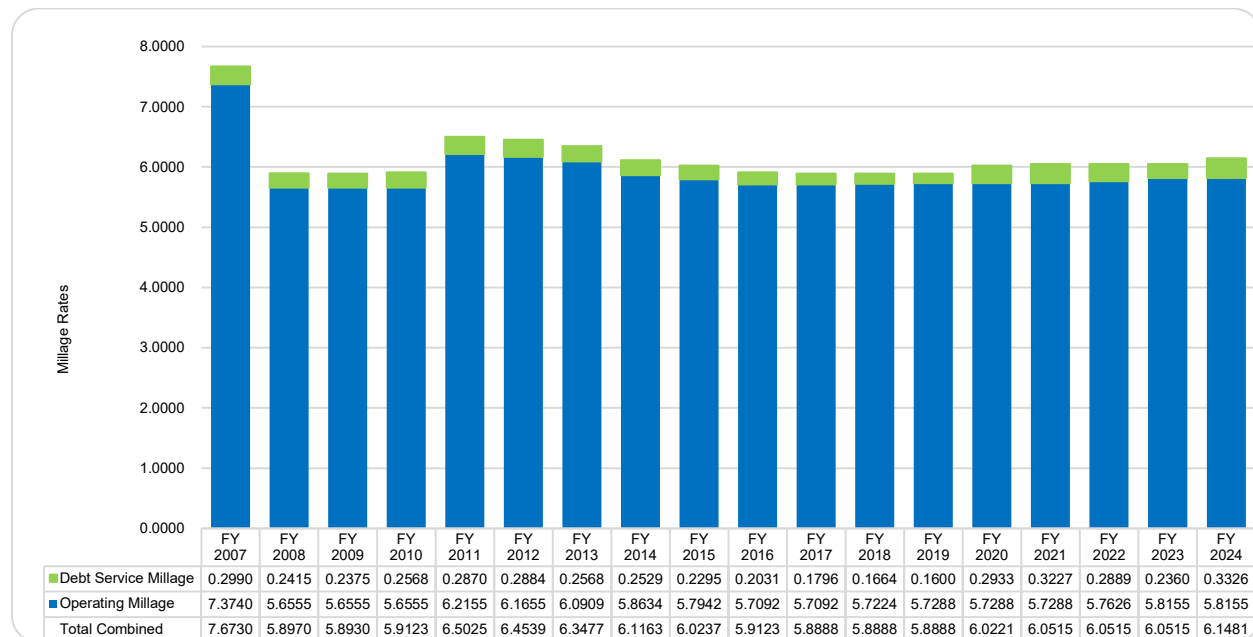
Impact on Homesteaded Properties				
	FY 2023		FY 2024	
	Median*	Average*	Median	Average
Preliminary Taxable Value*	\$240,385	\$664,556	\$247,597	\$684,493
City of Miami Beach				
Operating	\$1,398	\$3,865	\$1,440	\$3,981
Voted Debt	57	157	82	228
Total Miami Beach	\$1,455	\$ 4,022	\$1,522	\$4,209
Miami Dade County	\$1,295	\$3,580	\$1,310	\$3,621
School Board	1,584	4,379	1,659	4,585
Other	183	506	188	519
Total Combined	\$4,517	\$12,487	\$4,679	\$12,934
<u>Change in Taxes</u>				
City of Miami Beach				
Operating			\$42	\$116
Voted Debt			25	71
Total Miami Beach			\$67	\$187
Miami Dade County			\$15	\$41
School Board			75	206
Other			5	13
Total Combined			\$162	\$447
*Source: Miami-Dade County Property Appraiser's – 2022 average-median-homestead-residential-values files				

As with the City of Miami Beach millage rates, the impacts of the combined jurisdictional millage rates for non-homesteaded properties are based on individual property values.

Historical Perspective

The table below outlines the City's historical millage rate trend. For FY 2024, the City's Operating millage rate is proposed to remain flat at 5.8155 mills, which is the same rate adopted for FY 2023.

Millage Rate History



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, 2023), to advise the Miami-Dade County Property Appraiser of the proposed Total General Operating millage rate, the calculated "rolled-back" rate and the date, time, and place of the first public hearing to consider the proposed millage rates and budgets for FY 2024. The required Voted Debt Service millage rate must also be set at the same time as the Total General Operating millage rate.

After setting the millage rate proposed for FY 2024, the Mayor and City Commission may, at any time prior to final adoption, lower the millage rates proposed. However, increasing the proposed millage rates may only be accomplished by completing an expensive mailing and advertising process to every property owner in the City of Miami Beach. The City's millage rates proposed, as well as those of other taxing authorities, are included in the Truth-in-Millage (TRIM) statement sent to each property owner in the City of Miami Beach by the Miami Dade County Property Appraiser by August 24, 2023.

MAXIMUM MILLAGE DETERMINATION

For FY 2024, the Total General Operating millage rate is proposed at 5.8155 mills. Based on the 2023 Certification of Taxable Value received from the Miami-Dade County Property Appraiser, the levy of 5.8155 mills would generate approximately \$252.9 million in General Fund property tax revenues, which is an increase of approximately \$26.4 million over the budgeted FY 2023 General Fund property tax revenues of \$226.5 million (this excludes the City Center RDA and North Beach CRA).

Adoption of the final Total General Operating millage rate of 5.8155 mills for FY 2024 requires a two-thirds approval (5 of 7 votes) by the Mayor and City Commission per the State of Florida's Truth-in-Millage (TRIM) requirements.

CONCLUSION

The Administration recommends adoption of the Resolution, which sets both the final total general operating and voted debt service millage rates at 5.8155 mills and 0.3326 mills, respectively, for FY 2024.

ATH/JDG/TOS