



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

COMMISSION MEMORANDUM

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: September 25, 2017

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 0.9564 MILLS FOR FISCAL YEAR (FY) 2017/18 FOR THE NORMANDY SHORES LOCAL GOVERNMENT DISTRICT, WHICH IS SIX AND THREE TENTHS PERCENT (6.3%) MORE THAN THE “ROLLED-BACK” RATE OF 0.8993 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 FY 2017/18:

General Operating	0.9564 mills (0.0529 less than last year)
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- 2) The final adopted millage rate of 0.9564 mills is 6.3% more than the “Rolled-Back” Rate of 0.8993 mills.

The first public hearing on the tentative District millage rate and budget for FY 2017/18 was held on September 18, 2017. The millage rate herein is that which was tentatively adopted at the end of the first public hearing on that day.

On July 1, 2017, the City received the 2017 Certification of Taxable Value from the Property Appraiser’s Office stating that the taxable value for Normandy Shores is \$198,161,758, which includes an increase of \$1,719,766 in new construction, improvements, etc. This represents an increase of \$22,101,947 (12.55 percent) from the July 1, 2016 certified taxable value of \$176,059,811. It is important to note that the final tax roll for Normandy Shores of \$175,042,260 was \$1,017,551 (0.58 percent) lower than the July 1, 2016 certified taxable value due to appeals, adjustments, etc.

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 continuous 24-hour security to this gated community; FY 2017/18 represents its twenty-fourth 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 1998/99, 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. A determination was reached that the City would fund 35% of the annual cost of the operation of the community guardhouse. The cost would eventually be funded from the operations 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 the Normandy Shores Local Government Neighborhood Improvement District representatives and agreed to eliminate the \$500 cap on the highest valued home in the District. The enabling legislation was adopted by the Commission on September 25, 2002. This ensures that the City's contribution from the General Fund remains at 35% of the operating budget for the District.

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., 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 final Normandy Shores District operating budget must be approved. (See accompanying District Budget Agenda item for details).

The 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.

CURRENT SERVICE LEVEL BUDGET

The current service level budget reflects fiscal increases or decreases necessary to provide the current level of services for the upcoming year. The proposed FY 2017/18 current service level budget is \$277,000. This budget includes line items which were requested and approved by the Normandy District Homeowners' Association: \$198,000 for security services, \$32,000 for vehicular bollards, signs and lighting, \$32,000 for other repairs and utility costs, \$10,000 for video equipment, \$3,000 for janitorial services and \$2,000 for an AED Defibrillator. The budget is \$20,000 (7.8 percent) higher than the FY 2016/17 adopted

budget.

The final ad valorem millage recommended by the Administration is 0.9564 mills. This millage rate will fund the current service level budget for the District, as well as some capital improvements requested by the Homeowners' Association. The Normandy Shores Homeowners' Association approved the proposed budget and millage rate on July 6, 2017. This millage rate is 0.0529 mills (5.2 percent) lower than the adopted FY 2016/17 millage of 1.0093 mills. This tax levy would generate proceeds of \$189,522, which will be budgeted at 95% (\$181,000).

Statutory Requirement

The rolled-back rate is the millage rate required to produce the same level of property tax revenue in FY 2017/18 as collected in FY 2016/17. The rate is calculated as 0.8993, or 0.1100 mills less than the millage rate adopted for FY 2016/17 of 1.0093. The rolled-back millage rate tax levy would generate proceeds of \$169,297. The difference between the current service level proposed millage rate and the rolled-back rate levy is \$11,703. The adoption of the current service level final millage rate of 0.9564 would require a two-thirds vote of the Commission.

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 millage rate of 0.9564, if adopted, would require an expensive mailing and advertising process to each property owner in the Normandy Shores District. Therefore, this proposed millage rate is viewed as the ceiling.

Further, pursuant to 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 by referendum:

- Option I: A majority approval of the Commission is required to approve a millage up to 0.9273 mills (equivalent to a 3.11% increase in Property Tax revenues). The 1.0311 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 1.0200 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 1.0200 mills.

The final FY2017/18 operating millage rate of 0.9564, therefore, requires a two thirds (5 of 7 votes) of the Commission.

It must be noted that in accordance with State Statute, there is a 10 mill operating cap which cannot be exceeded without voter approval. Combining both millage rates from the dependent district (0.9564) and the principal taxing authority (5.7224) totals 6.6788 mills, which is 3.3212 mills less than the 10 mill cap.

CONCLUSION

The City Commission, acting in its capacity as the Board of Directors of the District, should adopt the attached Resolution which establishes a final millage.

JLM/JW/TOS