



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 26, 2018

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 0.8161 MILLS FOR FISCAL YEAR 2018/19 FOR THE NORMANDY SHORES LOCAL GOVERNMENT NEIGHBORHOOD IMPROVEMENT DISTRICT, WHICH IS EIGHT AND THREE TENTHS PERCENT (8.3%) LESS THAN THE "ROLLED-BACK" RATE OF 0.8895 MILLS**

ADMINISTRATION RECOMMENDATION

The Administration recommends that the Mayor and City Commission, acting as the Board of Directors of 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 2018/19:

General Operating	0.8161 mills (0.1403 less than last year)
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- 2) The Final Adopted Millage Rate of 0.8161 is 8.3% less than the "Rolled-Back" Rate of 0.8895 mills.

The first public hearing on the tentative District millage rate and budget for FY 2018/19 was held on September 12, 2018. The millage rate herein is that which was tentatively adopted at the first public hearing on that day.

On July 1, 2018, the City received the 2018 Certification of Taxable Value from the Miami-Dade County Property Appraiser's Office indicating that the taxable value for the Normandy Shores Local Government Neighborhood Improvement District was \$212.1 million, which includes \$2.5 million in new construction. This represents an overall increase of \$13.9 million, or 7.0%, over the certified July 1, 2017 taxable value of \$198.2 million. It is important to note that the final 2017 tax roll for the Normandy Shores Local Government Neighborhood Improvement District of \$195.0 million is approximately \$3.2 million, or 1.6%, lower than the certified July 1, 2017 taxable value due to appeals, adjustments, etc.

	July 2017 Certified	July 2018 Certified	\$ Variance	% Variance
Property Assessment				
Existing Values	196,441,992	209,647,105	13,205,113	6.7%
New Construction	1,719,766	2,458,268	738,502	42.9%
Total	198,161,758	212,105,373	13,943,615	7.0%

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; Fiscal Year 2018/19 represents its twenty-fifth 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 Fiscal Year 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 (FCWPC). A determination was reached that the City would fund 35% of the annual cost of the operation of the community gate guard. 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 and 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., the 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 Normandy Shores District operating budget must be approved (see accompanying District Budget agenda item for details).

Florida 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.

Final Budget & Millage

The proposed Fiscal Year 2018/19 Normandy Shores Local Government Neighborhood Improvement District budget, as reflected in Attachment A, is \$253,000. The budget reflects the following line-items requested by the representatives of the Normandy Shores Homeowners' Association on June 19, 2018: \$198,000 for security guard services; \$30,000 for gate maintenance and repairs; \$3,000 for janitorial services; \$2,000 for utilities; and \$20,000 for acquisition and installation of an automated camera system. The budget is \$24,000, or 8.7%, lower than the adopted Fiscal Year 2017/18 operating budget.

The proposed ad valorem millage, recommended by the Administration, is 0.8161 mills. This millage rate will fund the proposed budget for the District, including the automated camera system requested by the representatives of the Homeowners' Association. On July 10, 2018, the Normandy Shores Homeowners' Association approved the proposed millage rate and budget for Fiscal Year 2018/19. This proposed millage rate is 0.1403 mills, or 14.7%, lower than the adopted Fiscal Year 2017/18 rate of 0.9564 mills. This proposed tax levy would generate proceeds of \$173,099, which will be budgeted at approximately 95.0%, or \$164,444 (\$165,000 rounded), to account for early payment discounts, delinquencies, etc.

Statutory Requirement

Florida Statute 200.065, entitled "Method of Fixing Millage," establishes specific guidelines that must be used by all local government entities, including dependent taxing districts like Normandy Shores in setting its millage (property tax) rates. Not unlike its principal taxing authority, the City of Miami Beach, Normandy Shores is also required to transmit within 35 days from receipt of the Certification of Taxable Value (received July 1, 2018), to the Miami-Dade County Property Appraiser, a proposed operating millage rate, the calculated "rolled-back" rate and the date, time, and place of the first public hearing to consider the proposed operating millage rate and budget for Fiscal Year 2018/19.

The "rolled-back" rate is the millage rate required to produce the same level of property tax revenue in Fiscal Year 2018/19 as collected in Fiscal Year 2017/18. The rate is calculated at 0.8895 mills, which is 0.0669 mills less than the millage rate of 0.9564 adopted for Fiscal Year 2017/18. The "rolled-back" millage rate tax levy would generate proceeds of \$188,668. The difference between the proposed millage rate for Fiscal Year 2018/19 and the "rolled-back" rate levy is \$15,569.

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 rate of 0.8161 mills, if adopted, would require an expensive mailing and advertising process to each property owner in the Normandy Shores Local Government Neighborhood Improvement District. Therefore, this proposed millage rate is viewed as the ceiling.

Further, per 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 referendum:

- Option I: A majority approval of the Commission is required to approve a millage up to 0.9026 mills (equivalent to a 1.47% increase in Property Tax revenues). The 1.0147 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 0.9929 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 0.9929 mills.

Adoption of the proposed Fiscal Year 2018/19 rate of 0.8161 mills for the Normandy Shores Local Government Neighborhood Improvement District would require majority approval (4 of 7 votes) by the City Commission per the State of Florida's Truth-in-Millage (TRIM) requirements.

It must be noted that, in accordance with Florida Statutes, there is an operating cap of 10 mills which cannot be exceeded without voter approval. Combining both millage rates from the dependent district (0.8161) and its principal taxing authority (5.7288) totals 6.5449 mills, which is 3.4551 mills less than the statutory cap of 10 mills.

On September 12, 2018, the Mayor and City Commission adopted the tentative operating budget for the District in the amount of \$253,000 and the tentative operating millage rate of 0.8161 mills.

CONCLUSION

The City Commission, acting as the Board of Directors of the Normandy Shores Local Government Neighborhood Improvement District, should adopt the attached Resolution which establishes the final millage rate for the District of 0.8161 mills for FY 2018/19.

JLM/JW/TOS

Attachment A

Adopted FY 2018/19 Normandy Shores District Budget

	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Adopted	FY 2018/19 Adopted	\$ Variance FY 2018/19 Adopted vs FY 2017/18 Adopted	% Variance FY 2018/19 Adopted vs FY 2017/18 Adopted
REVENUES						
Residents 65%	146,900	167,050	181,000	165,000	(16,000)	-8.8%
City 35%	79,100	89,950	96,000	88,000	(8,000)	-8.3%
Restitutions	8,669	1,876	-	-	-	-
Fund Balance/Retained Earnings	-	-	-	-	-	-
Total	234,669	258,876	277,000	253,000	(24,000)	-8.7%
EXPENDITURES						
Security Guard Services	207,345	176,000	198,000	198,000	-	0.0%
Janitorial Services			3,000	3,000	-	0.0%
Internal Service - AAA Repairs	-	20,878	25,000	25,000	-	0.0%
Internal Service - Other Repairs	29,799	2,663	5,000	5,000	-	0.0%
Utilities - Electricity, etc.	1,359	1,386	2,000	2,000	-	0.0%
Video Camera System	-		10,000	-	(10,000)	-100.0%
AED Guardhouse Defibrillator	-		2,000	-	(2,000)	-100.0%
Other Expenditures (vehicular bollards, lighting, signs, automated camera system, etc.)	175	225	32,000	20,000	(12,000)	-37.5%
Total	238,678	201,152	277,000	253,000	(24,000)	-8.7%
Surplus / (Deficit)	(4,009)	57,724	-	-	-	