



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 30, 2021

SUBJECT: **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORMANDY SHORES LOCAL GOVERNMENT NEIGHBORHOOD IMPROVEMENT DISTRICT ADOPTING THE FINAL OPERATING BUDGET FOR FISCAL YEAR 2022**

STRATEGIC PLAN SUPPORTED

Organizational Innovation – Ensure strong fiscal stewardship

ADMINISTRATION RECOMMENDATION

Adopt the Resolution which establishes the final operating budget for the Normandy Shores Local Government Neighborhood Improvement District for Fiscal Year (FY) 2022 in the amount of \$252,000.

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 2022 represents its twenty-eighth year of operation.

The District was established by Ordinance No. 93-2881 and had 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 No. 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 No. 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 No. 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 No. 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 No. 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 No. 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 final millage for the Normandy Shores Local Government Neighborhood Improvement District has been adopted (see accompanying District Millage agenda item for details).

ANALYSIS

The FY 2022 Normandy Shores Local Government Neighborhood Improvement District budget, as reflected in Attachment A, is \$252,000, which reflects an increase of \$3,000, or 1.2%, over the FY 2021 adopted budget and is comprised of the following line-item expenditures:

Items Included in FY 2022 Expenditures	\$
Contracted Security Guard Services for Guardhouse and 50% of Rover	214,000
Gate Maintenance and Repairs	24,000
Utilities	7,000
Guardhouse Janitorial Services	4,000
Other Miscellaneous Operating Expenditures	2,000
OIG Internal Service Charges	1,000
Total	\$252,000

To provide the current level of security required by the Normandy Shores Local Government Neighborhood Improvement District, the Administration recommends an ad valorem millage of 1.0659 mills. This tax levy will generate proceeds of \$265,256, which will be budgeted at approximately 95.0%, or \$251,993 (rounded to \$252,000), to account for early payment discounts, delinquencies, etc. This millage rate will fund the FY 2022 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 the final operating budget for the District of \$252,000 for FY 2022.

Attachment A – FY 2022 Normandy Shores Budget

ATH/JW/TOS

ATTACHMENT A

FY 2022 Normandy Shores District Budget

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Adopted Budget	FY 2022 Proposed Budget	\$ Variance FY 2022 Budget vs FY 2021 Adopted	% Variance FY 2022 Budget vs FY 2021 Adopted
REVENUES							
Residents 65%	180,050	164,450	173,550	17,900	252,000	234,100	1307.8%
City 35%	96,950	88,550	93,450	93,100	0	(93,100)	-100.0%
Restitutions	6,207	595	1,662	0	0	0	0.0%
Miscellaneous/Interest	176	1,408	1,131	3,000	0	(3,000)	-100.0%
Fund Balance/Retained Earnings ⁽¹⁾	0	0	0	135,000	0	(135,000)	-100.0%
Total	\$ 283,383	\$ 255,003	\$ 269,793	\$ 249,000	\$ 252,000	\$ 3,000	1.2%
EXPENDITURES							
Security Guard Services ⁽²⁾	210,000	210,000	217,000	210,000	214,000	4,000	1.9%
Janitorial Services	0	1,067	3,892	4,000	4,000	0	0.0%
Gate Repairs (AAA Repairs)	22,428	19,170	31,099	20,000	20,000	0	0.0%
Internal Service - Other Repairs	0	0	0	5,000	4,000	(1,000)	-20.0%
Internal Service - OIG Set-Aside ⁽³⁾	0	0	0	1,000	1,000	0	0.0%
Utilities (Electricity & Telephone) ⁽⁴⁾	1,260	1,723	5,835	7,000	7,000	0	0.0%
RFID System	0	0	42,200	0	0	0	0.0%
Video Camera System Upgrade	0	0	0	0	0	0	0.0%
AED Guardhouse Defibrillator	1,404	0	0	0	0	0	0.0%
Other Expenditures ⁽⁵⁾	16,400	5,957	936	2,000	2,000	0	0.0%
Total	\$ 251,493	\$ 237,917	\$ 300,961	\$ 249,000	\$ 252,000	\$ 3,000	1.2%
Surplus / (Shortfall)	\$ 31,890	\$ 17,086	\$ (31,168)	\$ 0	\$ 0	\$ 0	
REQUIRED MILLAGE	0.9564	0.8161	0.8161	0.0773	1.0659	0.9886	1279.8%
Existing Values	196,441,992	209,647,105	219,807,591	233,297,993	245,073,256	11,775,263	5.0%
New Construction	1,719,766	2,458,268	3,896,854	9,459,518	3,782,998	(5,676,520)	-60.0%
Total	198,161,758	212,105,373	223,704,445	242,757,511	248,856,254	6,098,743	2.5%
Value of 1 Mill	198,162	212,105	223,704	242,758	248,856	6,099	2.5%
95% of 1 Mill	188,254	201,500	212,519	230,620	236,413	5,794	2.5%

Footnotes:

⁽¹⁾ FY 2021 Adopted Budget was based on a one-time use of fund balance for operations of the district

⁽²⁾ FY 2022 security guard services 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 \$5,760 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 2022). The cost of the roving guard and rental of golf cart is split-funded between Normandy Shores (50%) via Prop Mgmt. chargeback and the Normandy Shores Golf Course (50%). The increase in security guard services is due to an increase of \$0.32 in the contracted hourly rate and an increase of \$480 for the golf cart rental rate.

⁽³⁾ OIG Internal Service charge based on FY 2022 allocations

⁽⁴⁾ Utility costs based on FY 2021 actuals to date, plus projected increase of 1.1% for CPI in accordance with the City's utility fee rates

⁽⁵⁾ Other Expenditures includes the annual Special Taxing District state fee paid to the Department of Economic Opportunity and funding for repairs and maintenance. The concrete island project included in the FY 2022 Preliminary Budget, in the amount of \$10,000, was subsequently withdrawn based on the 6/17/2021 Normandy Shores Local Government Improvement Board Meeting