



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 AD VALOREM MILLAGE RATE OF 1.0659 MILLS FOR FISCAL YEAR 2022 FOR THE NORMANDY SHORES LOCAL GOVERNMENT NEIGHBORHOOD IMPROVEMENT DISTRICT, WHICH IS ONE THOUSAND THREE HUNDRED ELEVEN AND EIGHT TENTHS PERCENT (1311.8%) MORE THAN THE “ROLLED-BACK” RATE OF 0.0755 MILLS.**

STRATEGIC PLAN SUPPORTED

Organizational Innovation – Ensure strong fiscal stewardship

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 Fiscal Year (FY) 2022:

| | |
|-------------------|---|
| General Operating | 1.0659 mills (0.9886 increase from last year) |
|-------------------|---|
- 2) The Final Adopted Millage Rate of 1.0659 is 1,311.8% more than the “Rolled-Back” Rate of 0.0755 mills.

The first public hearing on the tentative District millage rate and budget for FY 2022 was held on Friday, September 17, 2021. The millage rate herein is that which was tentatively adopted at the first public hearing on that day.

On July 1, 2021, the City received the 2021 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 \$248.9 million, which includes \$3.8 million in new construction. This represents an overall increase of \$6.1 million, or 2.5%, over the certified July 1, 2020 taxable value of \$242.8 million. It is important to note that the final 2020 tax roll for the Normandy Shores Local Government Neighborhood Improvement District of \$239.4 million is approximately \$3.4 million, or 1.4%, lower than the certified July 1, 2020 taxable value due to appeals, adjustments, etc.

| | July 2020 Certified | July 2021 Certified | \$ Change | % Change |
|-----------------------|------------------------|------------------------|--------------|-------------|
| Property Assessment | | | | |
| Existing Values | 242,757,511 | 245,073,256 | 2,315,745 | 1.0% |
| New Construction | 0 | 3,782,998 | 3,782,998 | 100.0% |
| Total Normandy Shores | 242,757,511 | 248,856,254 | 6,098,743 | 2.5% |

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 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 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.

The FY 2022 ad valorem millage rate, based on the recommendation of the FERC at its July 23, 2021 meeting, is 1.0659 mills, which is 0.9886 mills more than the adopted FY 2021 millage rate of 0.0773 mills. This increase is primarily due to the 2015 “clean-up” Ordinance that inadvertently re-adopted the original 1993 Ordinance that included an ad valorem cap of \$500 per property instead of the 2002 Ordinance that removed the cap of \$500 per property and the elimination of the City’s 35% subsidy.

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, 2021), 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 FY 2022.

The “rolled-back” rate is the millage rate required to produce the same level of property tax revenue in FY 2022 as collected in FY 2021. The rate is calculated at 0.0755 mills, which is 0.0018 mills less than the millage rate of 0.0773 adopted for FY 2021. The “rolled-back” millage rate tax levy would generate proceeds of \$18,789. The difference between the proposed millage rate for FY 2022 and the “rolled-back” rate levy is \$246,467.

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 1.0659 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 0.8833 mills (equivalent to a 4.43% increase in Property Tax revenues). The 1.0443 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 0.9716 mills (equivalent to a 10.0% 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 0.9716 mills.

Adoption of the final FY 2022 millage rate of 1.0659 mills for the Normandy Shores Local Government Neighborhood Improvement District would, therefore, require a unanimous approval (7 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 (1.0659) and its principal taxing authority (5.7626) totals 6.8285 mills, which is 3.1715 mills less than the statutory cap of 10 mills.

On September 17, 2021, the Mayor and City Commission adopted the tentative operating millage rate for the District of 1.0659 mills and tentative operating budget in the amount of \$252,000 for FY 2022.

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 millage rate of 1.0659 mills for the District 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