

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 BOARD OF DIRECTORS OF THE NORMANDY SHORES LOCAL GOVERNMENT NEIGHBORHOOD IMPROVEMENT DISTRICT ADOPTING THE FINAL AD VALOREM MILLAGE RATE OF 0.8468 MILLS FOR FISCAL YEAR 2024 FOR THE NORMANDY SHORES LOCAL GOVERNMENT NEIGHBORHOOD IMPROVEMENT DISTRICT, WHICH IS ELEVEN AND THREE TENTHS PERCENT (11.3%) MORE THAN THE "ROLLED-BACK" RATE OF 0.7610 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 (“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 District for Fiscal Year (FY) 2024:

General Operating 0.8468 mills (0.1249 decrease from last year)

The first public hearing to adopt the District’s tentative millage rate and budget for FY 2024 was held on Wednesday, September 13, 2023. The millage rate herein is that which was tentatively adopted at the first public hearing.

The FY 2024 millage rate for the District of 0.8468 mills is 0.1249 mills, or 12.9%, less than the adopted FY 2023 millage rate of 0.9717 mills.

	FY 2023 Adopted	FY 2024 Proposed	Inc / (Dec)
Normandy Shores Millage	0.9717	0.8468	(0.1249)

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 2024 represents its thirtieth year of operation.

The District was established by Ordinance No. 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."

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 would 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 doing so, inadvertently re-adopted the original 1993 Ordinance that included an ad valorem cap of \$500 per property and not the correct, 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.

On July 28, 2021, the City Commission, based on the recommendation of the Finance and Economic Resiliency Committee at its July 31, 2021 meeting, approved Resolution No. 2021-31819 eliminating the City's 35% subsidy, while continuing to fund 50% of the total cost of the security rover for the District and Normandy Shores golf course.

Since then, the annual budget for the Normandy Shores Local Government Neighborhood Improvement District has been funded through a dedicated ad valorem tax levied on property within the District with the City continuing to fund 50% of the total cost of the security rover for the District and Normandy Shores golf course.

PROCEDURE

The operating millage and budget for this dependent 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 requires that a final millage for the District 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 District’s 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.

NORMANDY SHORES PROPERTY VALUES

On July 1, 2023, the City received the 2023 Certification of Taxable Value from the Miami-Dade County Property Appraiser for the Normandy Shores Local Government Neighborhood Improvement District indicating that the taxable value was approximately \$392.8 million, including \$3.4 million of new construction. Overall, this represents an increase of approximately \$87.3 million, or 28.6%, over the 2022 Certification of Taxable Value of approximately \$305.5 million.

	July 2022 Certified	July 2023 Certified	\$ Change	% Change
Property Assessment				
Existing Values	\$305,472,912	\$389,416,157	\$83,943,245	27.5%
New Construction	0	3,369,531	3,369,531	100.0%
Total Normandy Shores	\$305,472,912	\$392,785,688	\$87,312,776	28.6%

NORMANDY SHORES MILLAGE & BUDGET

Based on the 2023 Certification of Taxable Value from the Miami-Dade County Property Appraiser for the Normandy Shores Local Government Neighborhood Improvement District, the ad valorem millage, which was approved by the Normandy Shores Homeowners’ Association and is recommended by the Administration for FY 2024, is 0.8468 mills. The millage recommended for FY 2024 is 0.1249 mills, or 12.9%, less than the adopted FY 2023 millage rate of 0.9717 mills. This millage would generate tax proceeds of \$332,611, which will be budgeted at approximately 95.0%, or \$315,980 (rounded to \$316,000), to account for early payment discounts, delinquencies, etc. and will fund the FY 2024 budget for the District that includes a project for the south gate entrance that was requested by the Normandy Shores Homeowners’ Association.

FY 2024 Final Normandy Shores Millage Rate

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	FY 2023 Adopted	FY 2024 Proposed	Inc / (Dec)
Normandy Shores Millage	0.9717	0.8468	(0.1249)
Property Tax Revenues	\$282,000	\$316,000	\$34,000

The FY 2024 budget for the District, as summarized below, is \$316,000, which is an increase of \$34,000, or 12.1%, from the adopted FY 2023 budget of \$282,000.

Expenditures in FY 2024 Budget	\$
Contracted Security Services for Guardhouse and 50% of Rover	227,000
Gate Maintenance and Repairs	40,500
Set-aside for Renewal and Replacement of Capital Assets	20,000
Guardhouse Utilities and Janitorial Services	11,000
Set-aside for Reserve for Future Projects	10,000
South Gate Entrance Project (One-Time)	6,000
OIG Internal Service Charges	1,000
Other Miscellaneous Operating Expenditures	500
Total	\$316,000

STATUTORY REQUIREMENTS

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 the Normandy Shores Local Government Neighborhood Improvement District in setting its millage (property tax) rates. Not unlike its principal taxing authority, the City of Miami Beach, the Normandy Shores Local Government Neighborhood Improvement District is also required to transmit within 35 days from receipt of the Certification of Taxable Value (received by July 1, 2023), 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 2024.

After setting the proposed operating millage rate, the Mayor and City Commission, acting in its capacity as the Board of Directors for the Normandy Shores Local Government Neighborhood Improvement District, may, at any time prior to final adoption, lower the proposed millage rate. However, any increase above the rate of 0.8468 mills for FY 2024, if adopted, would require an expensive mailing and advertising process to each property owner in the District. Therefore, this proposed millage rate is viewed as the ceiling.

Adoption of the final FY 2024 millage rate of 0.8468 mills for the District would, therefore, require a two-thirds approval (5 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 (0.8468 mills) and its principal taxing authority (5.8155 mills) totals 6.6623 mills, which is 3.3377 mills less than the statutory cap of 10 mills.

On September 13, 2023, the Mayor and City Commission tentatively adopted the operating millage rate of 0.8468 mills and tentative operating budget of \$316,000 for the District for FY 2024.

CONCLUSION

The City Commission, acting in its capacity as the Board of Directors for the Normandy Shores Local Government Neighborhood Improvement District, should adopt the attached Resolution which establishes the final millage rate of 0.8468 mills for the Normandy Shores Local Government Neighborhood Improvement District for FY 2024.

ATH/JDG/TOS