

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA SETTING 1) THE PROPOSED OPERATING MILLAGE RATE; 2) THE REQUIRED DEBT SERVICE MILLAGE RATE; 3) THE CALCULATED "ROLLED-BACK" RATE; AND, 4) THE DATE, TIME, AND PLACE OF THE FIRST PUBLIC HEARING TO CONSIDER THE MILLAGE RATES AND BUDGETS FOR FISCAL YEAR (FY) 2015/16; FURTHER AUTHORIZING THE CITY MANAGER TO TRANSMIT THIS INFORMATION TO THE MIAMI-DADE COUNTY PROPERTY APPRAISER IN THE FORM REQUIRED BY SECTION 200.065, FLORIDA STATUTES.

WHEREAS, Section 200.065, Florida Statutes, has specified the method by which municipalities may fix the millage rate and adopt an annual budget; and

WHEREAS, development of the FY 2015/16 budget began early in the year and has included discussions with the Commission that included a review of priorities, economic projections and their impacts on the budget, preliminary projected revenues and expenditures; and

WHEREAS, over the last several years, the City of Miami Beach has adopted budgets that provided tax and fee relief while at the same time providing improved services that address needs and priorities identified by the community and providing structural changes that enhanced capital funding and reserve; and

WHEREAS, maintaining and enhancing the City's priorities have become increasingly more challenging in the last eight years: first through property tax reform where tax rates were dramatically reduced; and subsequently with the decline in property as well as increasing pension costs; and

WHEREAS, the July 1, 2015, Certification of Taxable Value from the Miami-Dade County Property Appraiser reflects a 13.3 percent increase in Citywide property tax values from the July 1, 2014, tax roll certification, a 15.2 percent increase in the City Center Redevelopment Area (RDA), and a 12.9 percent increase in values outside the City Center RDA, which impacts the City's General Fund revenues; and

WHEREAS, at the July 1st and July 17th, 2015, Finance and Citywide Projects (FCWPC) meetings the consensus was to set the proposed operating millage in July at the rate of the millage rate of 5.9123, which is 0.1114 less than the FY 2014/15 rate; and

WHEREAS, the City of Miami Beach is required to advise the Miami-Dade County Property Appraiser of the Proposed Millage Rates, the "Rolled-Back" Rate, and the date, time, and place of the first public hearing; and

WHEREAS, the January 1, 2014, tax roll declined by \$832.6 million between the July 1, 2014, valuation and the July 1, 2015, valuation due to appeals, adjustments, etc. , which is part of the reason the FY 2015/16 "rolled-back rate" is 0.7358 mills lower than the FY 2014/15 current operating millage rate; and

NOW THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND THE CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the following recommendations of the Administration be and are hereby ratified for transmittal to the Miami-Dade County Property Appraiser, as specified in Section 200.065, Florida Statutes:

1) Proposed Millage Rates for FY 2015/16

General Operating	5.6009 mills
Capital Renewal & Replacement	<u>0.1083</u> mills
Total Operating Millage	5.7092 mills

Debt Service	<u>0.2031</u> mills
Total Combined Millage	5.9123 mills

2) "Rolled-Back" Rate 5.0584 mills

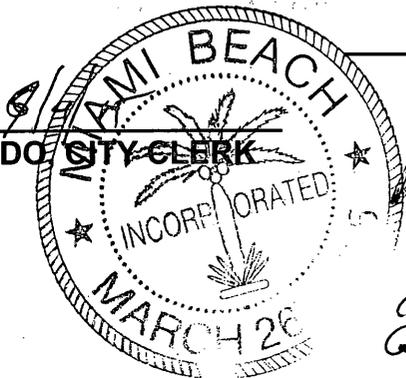
3) The first public hearing on the proposed millage rate and the tentative budget for FY 2015/16 shall be held on Thursday, September 10, 2015 at 5:01 P.M., in the City Commission Chambers, City Hall, 1700 Convention Center Drive, Miami Beach, Florida.

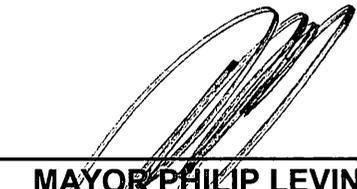
PASSED and ADOPTED, this 31st day of July, 2015.

ATTEST:



RAPHAEL E. GRANADO





MAYOR PHILIP LEVINE

**APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION**



City Attorney

7/21/15

Date

Condensed Title:

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA SETTING 1) THE PROPOSED OPERATING MILLAGE RATE; 2) THE REQUIRED DEBT SERVICE MILLAGE RATE; 3) THE CALCULATED "ROLLED-BACK" RATE; AND, 4) THE DATE, TIME, AND PLACE OF THE FIRST PUBLIC HEARING TO CONSIDER THE MILLAGE RATES AND BUDGETS FOR FISCAL YEAR (FY) 2015/16; FURTHER AUTHORIZING THE CITY MANAGER TO TRANSMIT THIS INFORMATION TO THE MIAMI-DADE COUNTY PROPERTY APPRAISER IN THE FORM REQUIRED BY SECTION 200.065, FLORIDA STATUTES

Key Intended Outcome Supported:

Ensure expenditure trends are sustainable over the long term

Supporting Data (Surveys, Environmental Scan, etc.):

In the 2014 Community Survey, both residents and businesses reported the following area for the City related to value for taxes paid:
 • Percentage of residents rating the Overall Value of City services for tax dollars paid as excellent or good (Residents: 58%; Businesses 54%)

Item Summary/Recommendation:

FS 200.065, entitled "Method of Fixing Millage" establishes specific guidelines that must be used by all local government entities in setting millage (property tax) rates. Under the statute, the City is required, within 35 days of receipt of the "Certification of Taxable Value" (received July 1, 2015), to advise the Miami-Dade County Property Appraiser of the proposed general operating millage rate, the calculated "rolled-back" rate and the date, time, and place of the first public hearing to consider the proposed millage rates and tentative budgets for FY 2015/16. The required Debt Service millage rate must also be set at the same time as the General Operating millage.

After setting the proposed operating millage rate, the Commission may, at any time prior to the final adoption, lower the rates by adjusting priorities. However, increasing the millage rate may only be accomplished by an expensive mailing and advertising process to every property owner on Miami Beach. The City's proposed operating millage rate as well as that of other taxing authorities will be included in the Truth-in-Millage (TRIM) statement sent to each property owner in the City on August 24th by the Property Appraiser.

For FY 2015/16, the Administration proposes a total combined millage rate for the City of Miami Beach of 5.9123, which represents a decrease of 0.1114 mills from 6.0237 in FY 2014/15. This amount meets the remaining millage rate goal to lower the millage rate to the level in FY 2009/10 as property values have increased over time. The total proposed operating millage includes a general operating millage rate of 5.6009 which is a decrease of 0.0850 and a General Fund Capital Renewal and Replacement millage of 0.1083, which is proposed to remain flat. The proposed voted debt service millage rate is adjusted from 0.2295 to 0.2031, a decrease of 0.0264 mills. The FY 2015/16 proposed millage rate requires a majority vote.

The proposed millage provides funding to offset increases to the FY 2015/16 Current Service Level Budget in employee costs such a 2 percent performance-based merit increase; additional steps for members of the Fraternal Order of Police and International Association of Fire Fighters; the impact of annualized costs for items added during FY 2014/15; higher operating costs; internal service fund charge-backs; and several new program and service enhancements.

Advisory Board Recommendation:

Finance & Citywide Projects Committee meetings on June 3rd, July 1st, and July 17th, 2015

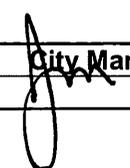
Financial Information:

Source of Funds:	Amount	Account
OBPI	1	
Total		

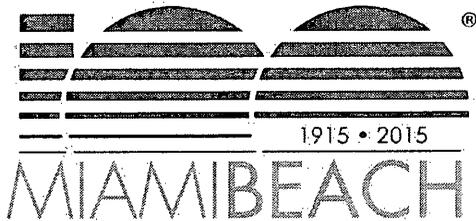
Financial Impact Summary The July 1, 2015 Certification of Taxable Value from the Miami-Dade County Property Appraiser reflects a 13.3 percent increase in Citywide property tax values from the July 1, 2014 tax roll certification. Given that the City Center RDA had a 15.2 percent increase in taxable values, the increase outside the City Center RDA, which impacts the City's General Fund revenues, was 12.9 percent. The proposed millage for the FY 2015/16 budget results in increased property tax revenues in the General Fund of \$15.4 million.

City Clerk's Office Legislative Tracking:

Sign-Offs:

Department Director	Assistant City Manager	City Manager
		





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: July 31, 2015

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA SETTING 1) THE PROPOSED OPERATING MILLAGE RATE; 2) THE REQUIRED DEBT SERVICE MILLAGE RATE; 3) THE CALCULATED "ROLLED-BACK" RATE; AND, 4) THE DATE, TIME, AND PLACE OF THE FIRST PUBLIC HEARING TO CONSIDER THE MILLAGE RATES AND BUDGETS FOR FISCAL YEAR (FY) 2015/16; FURTHER AUTHORIZING THE CITY MANAGER TO TRANSMIT THIS INFORMATION TO THE MIAMI-DADE COUNTY PROPERTY APPRAISER IN THE FORM REQUIRED BY SECTION 200.065, FLORIDA STATUTES.**

ADMINISTRATION RECOMMENDATION

The Administration recommends that the Mayor and City Commission adopt the attached resolution which authorizes the City Manager to transmit the following information to the Miami-Dade County Property Appraiser:

1) Proposed Millage Rates for FY 2015/16:

General Operating	5.6009 mills (0.0850 decrease from last year)
Capital Renewal & Replacement	<u>0.1083 mills (same as last year)</u>
Sub-Total Operating Millage	5.7092 mills (0.0850 decrease from last year)
Voted Debt Service	<u>0.2031 mills (0.0264 decrease from last year)</u>
Total	5.9123 mills (0.1114 decrease from last year)

2) "Rolled-Back" Rate (Truth in Millage) 5.0584 mills

3) The first public hearing to consider the proposed millage rates and tentative budgets for FY 2015/16 shall be Thursday, September 10, 2015 at 5:01 p.m., in the City Commission Chambers, City Hall, 1700 Convention Center Drive, Miami Beach, Florida.

The "Rolled-Back" millage rate for FY 2015/16 is the millage rate required to produce the same level of property tax revenues in the General Fund in FY 2015/16 as anticipated to be received in FY 2014/15. It is important to note, that the January 1, 2014, tax roll Citywide declined by almost \$832.6 million (3.1%) between the July 1, 2014 valuation and the July 1, 2015 valuation due to appeals, adjustments, etc, which is part of the reason the FY 2015/16 "rolled-back rate" is 0.7358 mills lower than the FY 2014/15 current millage rate and lower than it would be if the rollback rate was only adjusted for the increase in revenues generated by higher property values. The area outside of City Center RDA, which impacts General Fund revenues, declined in value by approximately \$550.9 million during the same period of time.

The proposed millage provides funding to offset increases to the FY 2015/16 Current Service Level Budget in employee costs such a 2 percent performance-based merit increase; additional steps for members of the Fraternal Order of Police and International Association of Fire Fighters; the impact of annualized costs for items added during FY 2014/15; higher operating costs; internal service fund charge-backs; and several new program and service enhancements.

SUMMARY

In FY 2010/11 the city's approach to addressing the then deficit of \$32 million included a distribution of the shortfall between taxpayers and employees. Taxpayers had their tax rate increased from 5.9123 to 6.5025, an increase of 0.5902 mills. The goal of the Commission has been to bring them back to that level as property values increase over time. It should be remembered that between FY 2009/10 and FY 2010/11 values declined by \$2.6 billion driving the need for an increase in the millage.

In FY 2011/12 the City took its first step in that direction with a reduction in the millage rate of 0.0486 mills. The millage rate for FY 2012/13 reduced the millage by an additional 0.1062 mills.

In the FY 2013/14 budget, the millage rate was reduced 0.2314 mills and in the FY 2014/15 budget the millage rate was reduced 0.0926 mills. Over four years, this reduction represented 81 percent of the goal to get back to a millage rate of 5.9123. The remaining goal for millage reduction is 0.1114.

For FY 2015/16, the Administration proposes a total combined millage rate for the City of Miami Beach of 5.9123, which represents a decrease of 0.1114 mills. This amount meets the remaining millage rate goal to lower the millage rate to the level in FY 2009/10 as property values have increased over time.

The total proposed operating millage includes a general operating millage rate of 5.6009 which is a decrease of 0.0850 from 5.6859 in FY 2014/15 and a General Fund Capital Renewal and Replacement millage of 0.1083, which is proposed to remain flat. The proposed voted debt service millage rate is adjusted from 0.2295 to 0.2031, a decrease of 0.0264 mills.

It is important to remember that in prior years, the City of Miami Beach significantly reduced tax rates as property values increased. Between FY 1999/00 and FY 2009/10, total combined City of Miami Beach property tax rates declined approximately 2.8 mills. In FY 2007/08 alone, the millage rate declined by approximately 1.8 mills, with annual savings to the average homesteaded property of over \$400. Further, despite an adjustment of 0.56 mills in the operating tax rate in FY 2010/11, City of Miami Beach proposed combined millage rates today remain more than 2.7857 mills lower than in FY 1999/00 (33 percent), and 1.6493 mills lower than 2006/07 (22%).

GENERAL FUND CURRENT SERVICE LEVEL BUDGET DEVELOPMENT

At the strategic planning retreat on May 29, 2015, the Commission was briefed regarding the preliminary General Fund Current Service Level (CSL) budget. The CSL represents the cost of providing the same level of services as in the prior year and serves as the baseline of funding for the budget process.

Property taxes comprise 46% of the total General Fund revenue and are a key driver of CSL revenues. The Property Appraiser provided the preliminary 2015 property values on June 1, 2015. The Commission was briefed regarding the updated CSL budget at the June 3rd Finance & Citywide Projects Committee. The preliminary 2015 property values increased 12.0%, which resulted in an increase of \$14.6 million in General Fund property tax revenues.

CSL revenues were estimated to increase \$16.1 million due to an \$14.6 million increase in property tax revenues (assumed keeping the operating millage rate the same), a \$2.6 million increase in non-property tax revenues including an increase in the Resort Tax contribution of \$1.7 million for items added in mid-year and annualized items from FY 2014/15, and a decrease in prior-year set-aside (one-time revenue) of \$1.6 million. These figures do not assume additional contributions from the Resort Tax or Parking Funds.

CSL expenditures were estimated to increase \$12.5 million due to the following:

- Higher pension contributions of \$2.8 million as both pension boards voted to lower the investment rate assumption
- 0-2% merit pay: \$2.2 million
- Spike in leave payouts from retirements, DROP, and separations from the city: \$1.2 million
- Annualized costs for items added during FY 2014/15 such as \$1.64 million for the new landscaping contract, \$534,000 for PC replacement from 5 to 3 years, \$332,000 for body camera maintenance, and \$249,000 for Energov permitting software maintenance.
- Annualized costs for items added mid-year including \$802,000 for staffing of 6 new lifeguard stands, \$285,000 for enhanced tuition reimbursement program, \$283,000 for pre-employment background checks, \$276,000 for license plate reader on MacArthur Causeway, \$204,000 for additional windstorm insurance, \$128,000 for security guards on 4th floor of City Hall and at Housing & Community Services, and \$105,000 for Executive Services Program.
- Other miscellaneous cost increases to CSL include \$210,000 for higher general liability legal fees and workers comp legal fees based on trend, \$160,000 for outside legal counsel for labor negotiations and Watson Island, \$157,000 for actuary and pension attorney for labor negotiations, and \$154,000 for electricity for new streetlights (21% increase in inventory) and irrigation costs from recently completed capital projects.
- These expenditure figures do not assume additional savings from potential efficiencies or reductions.

The preliminary CSL based on June 1st property values had a revenue increase of \$16.1 million and an expenditure increase of \$12.5 million for a net surplus of \$3.6 million. At the June 3rd Finance and Citywide Projects Committee meeting, direction was given to assume a millage rate reduction of 0.0557, which represented half of the remaining millage rate goal. The millage rate reduction reduced the projected CSL surplus to \$2.5 million.

BALANCING STRATEGIES

At the July 1st Finance and Citywide Projects Committee meeting, direction was given regarding the proposed Millage Rate, enhancements and efficiencies for the Operating Budget, and changes to the Capital Budget.

The impact of the change from the June 1st preliminary taxable values of 12.0 percent to the July 1st certified taxable values that increased 13.3 percent was calculated at \$1.2 million. The Committee voted to reduce the combined millage rate by the remainder of the millage rate goal, 0.1114 mills, which reduced the surplus by \$1.1 million. The proposed millage rate was reduced from 6.0237 to 5.9123 and is now the same as it was in FY 2009/10 prior to the millage rate increase in FY 2010/11 of 0.5902.

On July 1st, the Committee accepted the recommended reductions/efficiencies except for the recommended reduction in City Clerk – Central Services for \$27,100 to eliminate printing of Commission meeting agendas, Commission committee agendas, Land Use Boards agendas, and annual Budget documents. The updated savings from the recommended reductions/efficiencies totals \$1,211,750.

The Committee also recommended accepting the proposed additions and service enhancements with the following changes listed below:

- Remove \$100,000 for the Climate Action Plan in Building-Environmental Management
- Remove \$150,000 for the North Beach Marketing funds in Tourism, Culture, & Economic Development (funded by Resort Tax)
- Offset 50 percent (\$55,000) of the Assistant Director in Tourism, Culture, & Economic Development from Resort Tax funding
- Offset the \$220,000 cost of the Urban Forestry Tree Preservation Program in Public Works by budgeting the fee revenue associated with the new program
- Add \$200,000 for Out-of-Region Data Center in Information Technology
- Add \$500,000 in a reserve to offset the future cost of the Public Safety Radio project in Emergency Management/9-1-1

Following the July 1st meeting, an additional savings of \$130,000 was identified in the Current Service Level Budget from funding the Fire Boat in FY 2014/15 instead of FY 2015/16.

At the July 17th Finance and Citywide Projects Committee meeting, the following two changes were made to the list of proposed additions and service enhancements:

- Add \$45,000 for one of two requested positions for the City Attorney Fellowship Program
- Reduce Parking's Loading Zone Program request from 12 to 8 positions (Parking Fund)

The updated recommended reductions/efficiencies total \$3,869,000, which is offset by \$530,000 from additional Resort Tax contribution for tourism-eligible enhancements. The remainder of the surplus totaling \$102,750 was placed into General Fund-Contingency in Citywide.

Preliminary CSL surplus --based on June 1st values	3,600,000	
Millage rate reduction --50% of remaining millage rate goal	(1,100,000)	
Updated CSL surplus	2,500,000	
Recommended enhancements	(3,869,000)	
Additional Resort Tax contribution	530,000	
Recommended reductions/efficiencies	1,211,750	
Change in taxable values --based on July 1st values	1,200,000	
Additional Millage rate reduction --Remainder of millage rate goal	(1,100,000)	
Reserve for Public Safety Radio project	(500,000)	
Savings to CSL from Fire Boat	130,000	
Additional Contingency	(102,750)	
Total surplus/(shortfall)	-	

The remaining steps in the decision-making process include the first public hearing on the FY 2015/16 Proposed Work Plan and Budget on September 10th and a second public hearing on September 30th.

STATUTORY REQUIREMENTS

FS 200.065, entitled "Method of Fixing Millage" establishes specific guidelines that must be used by all local government entities in setting millage (property tax) rates. Under the statute, the City is required, within 35 days of receipt of the "Certification of Taxable Value" (received July 1, 2015), to advise the Miami-Dade County Property Appraiser of the proposed general operating millage rate, the calculated "rolled-back" rate and the date, time, and place of the first public hearing to consider the proposed millage rates and tentative budgets for FY 2015/16. The required Debt Service millage rate must also be set at the same time as the general operating millage.

After setting the proposed operating millage rate, the Commission may, at any time prior to the final adoption, lower the rates by adjusting priorities. However, increasing the millage rate may only be accomplished by an expensive mailing and advertising process to every property owner on Miami Beach. The City's proposed operating millage rate as well as that of other taxing authorities will be included in the Truth-in-Millage (TRIM) statement sent to each property owner in the City.

ANALYSIS OF PROPERTY VALUES IN MIAMI BEACH

On July 1, 2015, the City received the "2015 Certification of Taxable Value" from the Property Appraiser's Office stating that the taxable value for the City of Miami Beach is \$30.7 billion including \$267.0 million in new construction. The preliminary 2015 value represents an increase of \$3.6 billion or 13.3 percent more than the July 1, 2014, Certification of Taxable Value of \$27.1 billion.

The comparative assessed values for the Miami Beach Redevelopment Agency City Center redevelopment district increased from \$4.2 billion to \$4.8 billion an increase of \$635 million or a 15.2 percent increase over 2014 certified values. Citywide values excluding City Center increased from \$22.9 billion to \$25.9 billion, an increase of \$3.0 billion or 12.9 percent. Values outside the City Center area determine General Fund revenues.

COMPARATIVE ASSESSED VALUES

	Jan. 1 2014 Value (in billions)			% Chg.	Jan. 1, 2015 Value (in billions)	Change from 2014 Value (Budget)	
	As of July 1, 2014 (For 2014/15 Budget)	Revised Value (For 2014/15 Projection)	Change in 2014 Values		As of July 1, 2015 (For 2015/16 Budget)	\$ (in billions)	% Chg
Total Citywide	\$ 27.1038	\$ 26.2712	(0.8326)	-3.1%	\$ 30.6979	\$ 3.5941	13.3%
RDA – City Ctr	\$ 4.1867	\$ 3.9049	\$ (0.2818)	-6.7%	\$ 4.8216	\$ 0.6349	15.2%
Citywide Net of City Center	\$ 22.9171	\$ 22.3663	\$ (0.5508)	-2.4%	\$ 25.8763	\$ 2.9592	12.9%

VALUE OF ONE MILL OF TAXABLE VALUE

The first building block in developing a municipal budget is the establishment of the value of one mill of taxation, wherein the mill is defined as \$1.00 of ad valorem tax for each \$1,000 of property value. For the City of Miami Beach, the value for each mill is determined by the 2015 Certification of Taxable Value and has been set at \$30.7 million. Florida Statutes permit a discount of up to five percent for early payment discounts, delinquencies, etc. Therefore, the 95 percent value of the mill is \$29.1 million. Net of Center City RDA tax increment available to the General Fund, the value of one mill at 95 percent is \$25.1 million.

MAXIMUM MILLAGE DETERMINATION

For FY 2015/16, the proposed operating millage rate for general City operations is 5.7092, which is 0.0850 less than in FY 2014/15. Based on the July 1, 2015, Certification of Taxable Value, 5.7092 mills would generate approximately \$143,162,000 in general tax revenues, an increase of \$15,403,000 over FY 2014/15 budgeted property tax revenues Citywide (General Fund and City Center RDA).

Further, the January 1, 2014, tax roll Citywide declined by \$832.6 million between the July 1, 2014 valuation and the July 1, 2015 valuation due to appeals, adjustments, etc., which is part of the reason that the FY 2015/16 "rolled-back rate" is significantly less than the FY 2014/15 current millage rate. The value of the area outside of City Center RDA declined by almost \$550.9 million.

Further, pursuant to recently enacted State legislation, the City may elect to approve millage rates above the roll-back rate up to the constitutional cap of 10 mills subject to the following votes by the Commission or referendum:

- Option I: A majority of the approval of the Commission Millage is required to approve a millage up to 6.6112 (equivalent to 1.96 percent increase in property tax revenues). The 1.96 percent 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 7.2723 (equivalent to a 10% increase in the ad valorem revenues above Option I).
- Option III: A unanimous approval of the Commission or referendum is required to approve a millage above 7.2723 up to the 10 mill cap

The proposed operating millage rate of 5.7092 therefore requires a majority approval (4 of 7 votes) of the Commission.

DETERMINING THE VOTED DEBT SERVICE MILLAGE LEVY

The general obligation debt service payment for FY 2015/16 is approximately \$5.9 million. Based on the July 1, 2015 Certified Taxable Value from the Property Appraiser, these bonds would require the levy of a voted debt service millage of 0.2031 mills. This represents a decrease of 0.0264 mills.

COMBINING THE OPERATING AND VOTED DEBT SERVICE MILLAGE LEVIES

Illustrated below is a comparison of the combined millage rates and ad valorem revenues to the City of Miami Beach for FY 2014/15 and FY 2015/16 (preliminary) including RDA. It is recommended that in the General Fund, 0.1083 mills of the total operating millage continue to be dedicated to renewal and replacement, resulting in approximately \$2.7 million in renewal and replacement funding.

City of Miami Beach Millage Rates	FY 06/07	FY 14/15	FY 15/16	Inc/(Dec)	% Inc/(Dec)	
					From FY14/15	From FY 06/07
Operating	7.1920	5.6859	5.6009	-0.0850		
Capital Renewal & Replacement	0.1820	0.1083	0.1083	0.0000		
Sub-total Operating Millage	7.3740	5.7942	5.7092	-0.0850	-1.5%	-22.6%
Debt Service	0.2990	0.2295	0.2031	-0.0264	-11.5%	-32.1%
Total	7.6730	6.0237	5.9123	-0.1114	-1.8%	-22.9%

If these recommended millage rates are tentatively adopted, then the City of Miami Beach's total operating millage will decrease by the remainder of the millage rate goal, 0.1114 mills.

IMPACT OF JULY 31st PROPOSED MILLAGE LEVY IMPACT ON PROPERTY OWNERS

Homesteaded Properties

Amendment 10 to the State Constitution took effect on January 1, 1995 and limited the increase in assessed value of homesteaded property to the percentage increase in the consumer price index (CPI) or three percent (3%), whichever is less. For 2014, the CPI has been determined to be 0.8 percent and therefore, the increase is capped at 0.8% for increased values as of January 1, 2015.

Overall, based on the homesteaded properties in the January 1, 2014 homestead values as of July 1, 2014 valuation, the median value of homesteaded property in Miami Beach for 2014 was \$143,680, and the average \$351,189. Applying the increase to the market value of all existing homesteaded properties from the 2014 tax roll, and the 0.8 percent CPI adjustment, the impact of the millage rate adjustment to homesteaded properties would be as shown in the following table.

Homesteaded Properties				
	FY 2014/15		FY 2015/16	
			with 0.8% CPI	
	Median	Average	Median	Average
2014 Preliminary Taxable Value	\$ 143,680	\$ 351,189	\$ 144,829	\$ 353,999
City of Miami Beach				
Operating	\$ 833	\$ 2,035	\$ 827	\$ 2,021
Voted Debt	33	81	29	72
Total Miami Beach	\$ 866	\$ 2,116	\$ 856	\$ 2,093
\$ Change in Taxes				
Operating			\$ (6)	\$ (14)
Voted Debt			(4)	(9)
Total Miami Beach			\$ (10)	\$ (23)

* Source: Miami-Dade County Property Appraiser's - 2014-average-median-homestead-residential-values file

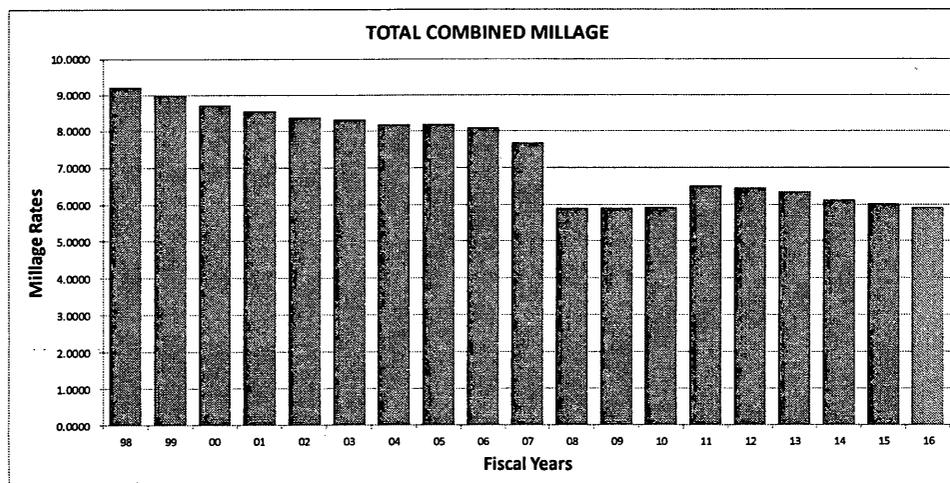
Historical Perspective

It is important to remember that in prior years, the City of Miami Beach significantly reduced tax rates as property values increased. Between FY 1999/00 and FY 2009/10, property tax rates declined approximately 2.8 mills. In FY 2007/08 alone, the property tax rate declined by approximately 1.8 mills, with annual savings to the average homesteaded property of over \$400. In addition, in FY 2005/06 and FY 2006/07, the City funded \$200 and \$300 homeowner dividends paid to homesteaded property owners in the City.

Property Value, Millage and Property Tax Levy

Taxable Values Chart	Taxable Property Values (billions)	Final/Revised Taxable Values (billions)	Millage Rates		Tax Levy (in millions)	
			Total Combined Citywide Millage	General Fund/RD A Millage	Total Tax Levy including Debt	General Fund Total (including S. Pointe, and Renewal & Replacement)
FY1997/98	\$ 6.46	\$ 6.40	9.2100	7.4990	\$ 57.45	\$ 46.78
FY1998/99	\$ 6.97	\$ 6.87	8.9830	7.4990	\$ 60.37	\$ 44.66
FY1999/00	\$ 7.66	\$ 7.54	8.6980	7.4990	\$ 64.29	\$ 47.36
FY2000/01	\$ 8.37	\$ 8.22	8.5550	7.3990	\$ 69.08	\$ 49.75
FY2001/02	\$ 9.40	\$ 9.22	8.3760	7.2990	\$ 75.97	\$ 54.37
FY2002/03	\$ 10.56	\$ 10.41	8.3220	7.2990	\$ 84.81	\$ 61.05
FY2003/04	\$ 12.09	\$ 11.85	8.1730	7.2990	\$ 95.39	\$ 68.17
FY2004/05	\$ 14.04	\$ 13.86	8.1730	7.4250	\$ 110.74	\$ 79.38
FY2005/06	\$ 17.45	\$ 17.15	8.0730	7.4810	\$ 135.91	\$ 111.69
FY2006/07	\$ 22.74	\$ 22.26	7.6730	7.3740	\$ 168.38	\$ 140.31
FY2007/08	\$ 26.85	\$ 26.14	5.8970	5.6555	\$ 150.42	\$ 125.33
FY2008/09	\$ 26.90	\$ 25.89	5.8930	5.6555	\$ 150.59	\$ 125.94
FY2009/10	\$ 24.70	\$ 23.24	5.9123	5.6555	\$ 138.70	\$ 115.73
FY2010/11	\$ 22.10	\$ 20.97	6.5025	6.2155	\$ 136.55	\$ 112.14
FY2011/12	\$ 21.98	\$ 20.75	6.4539	6.1655	\$ 134.75	\$ 111.29
FY2012/13	\$ 23.07	\$ 22.02	6.3477	6.0909	\$ 139.10	\$ 114.32
FY2013/14	\$ 24.66	\$ 23.64	6.1163	5.8634	\$ 143.26	\$ 117.41
FY2014/15	\$ 27.10	\$ 26.27	6.0237	5.7942	\$ 155.10	\$ 127.76
FY2015/16	\$ 30.70	*	5.9123	5.7092	\$ 172.39	\$ 143.16

Further, although the City increased the operating tax rate by 0.56 mills in FY 2010/11, the City's proposed combined millage rate is now the same as in FY 2009/10 and rate remains approximately 2.8 mills lower or 33%, than it was in FY 1999/00.



FIRST PUBLIC HEARING

The first public hearing on the proposed millage rates and tentative budgets for FY 2015/16 must be held no later than 80 days or earlier than 65 days from the start of the TRIM ("Truth In Millage") calendar (July 1st). Other guidelines are: 1) the public hearing cannot be scheduled on a Sunday or on those days utilized by Miami-Dade County or the Miami-Dade County School Board for their public hearings; and 2) if on a day other than Saturday, the public hearing must be after 5:00 P.M.

Based on these guidelines, the first hearing must be held between September 3rd and September 18th. These dates are unavailable for the following reasons:

- | | |
|--------------------|--|
| September 6 and 13 | Sundays |
| September 3 and 17 | Proposed dates for Miami-Dade County Public Hearings |
| September 9 | Miami-Dade County School Board Public Hearing |

Of the remaining days, it is recommended that the first public hearing be set for Thursday, September 10, 2015, at 5:01 P.M., in the City Commission Chambers, City Hall, and 1700 Convention Center Drive, Miami Beach, Florida.

JLM/JW

A handwritten signature in black ink, appearing to be the initials 'JW' or similar, enclosed within a circular scribble.