

RESOLUTION NO. 2016-29566

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORMANDY SHORES LOCAL GOVERNMENT NEIGHBORHOOD IMPROVEMENT DISTRICT ADOPTING THE TENTATIVE AD VALOREM MILLAGE RATE OF 1.0093 MILLS FOR FISCAL YEAR (FY) 2016/17 FOR THE NORMANDY SHORES LOCAL GOVERNMENT DISTRICT, WHICH IS FOURTEEN AND FOUR TENTHS PERCENT (14.4%) MORE THAN THE "ROLLED-BACK" RATE OF 0.8821 MILLS, SUBJECT TO A SECOND PUBLIC HEARING SCHEDULED ON TUESDAY, SEPTEMBER 27, 2016 AT 5:02 P.M.

WHEREAS, for the purpose of providing security services within the Normandy Shores neighborhood area, the Mayor and City Commission adopted Ordinance No. 93-2881 on October 20, 1993, which authorized the creation of the Normandy Shores Local Government Neighborhood Improvement District (District); and

WHEREAS, Section 200.065, Florida Statutes, specifies the method by which municipalities may fix the operating millage rate and adopt an annual budget for dependent taxing districts; and

WHEREAS, the maximum millage that can be approved by a simple majority (4/7) vote is 0.9567; anything beyond that requires a 5/7ths vote; and

WHEREAS, on July 13, 2016, the City Commission, acting as the Board of Directors of the District, adopted Resolution 2016-29485 which set the proposed operating millage rate for the District at 1.0093 mills for the purpose of providing security services within the District; and

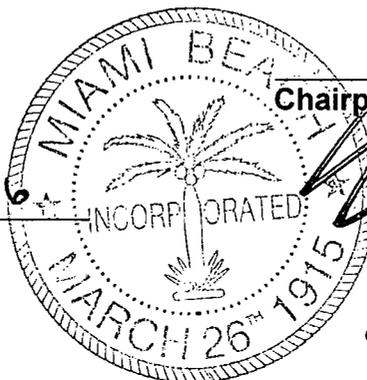
WHEREAS, accordingly, on September 14, 2016, pursuant to Section 200.065 of the Florida Statutes, the City Commission, acting as the Board of Directors of the District, held its first duly noticed public hearing to consider the Tentative Ad Valorem Millage and Tentative Operating Budget (FY 2016/17) for the District.

NOW THEREFORE, BE IT DULY RESOLVED BY THE BOARD OF DIRECTORS OF THE NORMANDY SHORES LOCAL GOVERNMENT NEIGHBORHOOD IMPROVEMENT DISTRICT that, following a duly noticed public hearing on September 14, 2016, the Board hereby adopts the Tentative Operating Millage rate of 1.0093 mills for the District for FY 2016/17, which is fourteen and four tenths percent (14.4%) more than the "Rolled-back" rate of 0.8821 mills, subject to a second public hearing scheduled on Tuesday, September 27, 2016, at 5:02 P.M.

PASSED and ADOPTED this 14th day of September, 2016.

ATTEST:

[Signature] 9/22/16
Secretary to the District



[Signature]
Chairperson of the District

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION

[Signature]
City Attorney

8/31/16
Date

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Jimmy L. Morales, City Manager
DATE: September 14, 2016

5:02 p.m. First Reading Public Hearing

SUBJECT: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORMANDY SHORES LOCAL GOVERNMENT NEIGHBORHOOD IMPROVEMENT DISTRICT ADOPTING THE TENTATIVE AD VALOREM MILLAGE RATE OF 1.0093 MILLS FOR FISCAL YEAR (FY) 2016/17 FOR THE NORMANDY SHORES LOCAL GOVERNMENT DISTRICT, WHICH IS FOURTEEN AND FOUR TENTHS PERCENT (14.4%) MORE THAN THE "ROLLED-BACK" RATE OF 0.8821 MILLS, SUBJECT TO A SECOND PUBLIC HEARING SCHEDULED ON TUESDAY, SEPTEMBER 27, 2016 AT 5:02 P.M.

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 Tentatively Adopted Millage Rate for the Normandy Shores Neighborhood Improvement District for FY 2016/17:

General Operating 1.0093 mills (equivalent to last year)

2) The second public hearing to consider the proposed Normandy Shores Neighborhood Improvement District operating millage rate and final budget for FY 2016/17 shall be Tuesday, September 27, 2016 at 5:02 p.m., in the City Commission Chambers, City Hall, 1700 Convention Center Drive, Miami Beach, Florida.

ANALYSIS

On July 1, 2016, the City received the 2016 Certification of Taxable Value from the Property Appraiser's Office stating that the taxable value for Normandy Shores is \$176,059,811 which includes an increase of \$3,058,319 in new construction, renovation, etc. This represents an increase of \$22,848,325 (14.91 percent) from the July 1, 2015 taxable value of \$153,211,486. It is important to note that the final tax roll for Normandy Shores of \$151,190,625 was \$2,020,861 (1.3 percent) lower than the July 1, 2015 certified taxable value, due to appeals, adjustments, etc.

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; FY 2016/17 represents its twenty-third 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 FY 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. 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 the Normandy Shores Local Government Neighborhood Improvement District representatives and agreed to eliminate the \$500 cap on the highest valued home in the District. The enabling legislation was adopted by the Commission on September 25, 2002. This ensures that the City's contribution from the General Fund remains at 35% of the operating budget of 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., City of Miami Beach.

It also prescribes that a tentative millage be adopted first. This is accomplished by adopting a Resolution which states the percent increase or decrease over the "Rolled-back" rate, and the date, time, and place of the second public hearing scheduled to adopt the final millage. Following this, another Resolution which tentatively adopts the Normandy Shores District operating budget must be approved. (See accompanying District Budget Agenda item for details).

The statute requires 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.

CURRENT SERVICE LEVEL BUDGET

The current service level budget reflects budget increases or decreases necessary to provide the current level of services in the coming year. The proposed FY 2016/17 current service level budget is \$257,000. This budget includes line items which were requested and approved by the Normandy District Homeowners' Association on August 22, 2016: \$171,000 for security services, \$35,000 for maintenance services, and \$51,000 for other repairs including replacement of the video system, guardhouse canopy, vehicular bollard installation, and lighting improvements. The budget is \$31,000 (13.7 percent) higher than the FY 2015/16 adopted budget.

The proposed ad valorem millage recommended by the Administration is 1.0093 mills. This millage rate is equivalent to the FY 2015/16 adopted millage of 1.0093. This tax levy would generate proceeds of \$176,000, which will be budgeted at 95% (\$167,000).

The rolled-back rate is the millage rate required to produce the same level of property tax revenue on FY 2016/17 as collected in FY 2015/16. The rate is calculated as 0.8821, or 0.1272 mills less than the millage rate adopted for FY 2015/16. The rolled-back millage rate tax levy would generate proceeds of \$147,537. The difference between the current service level and rolled-back rate levy is \$21,275. The adoption of the current service level millage of 1.0093 would require a two thirds (5 of 7 votes) of the Commission.

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 millage rate of 1.0093, if adopted, would require an expensive mailing and advertising process to each property owner of Normandy Shores. Therefore, this proposed millage rate is viewed as the ceiling.

Further, pursuant to State Statute, Section 200.81 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 of the approval of the Commission Millage is required to approve a millage up to 0.9567 (equivalent to a 3.75% increase in Property Tax revenues). The 1.0375 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 1.0524 (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 1.0524 mills.

The proposed rate of 1.0093 requires a two thirds (5 of 7 votes) of the Commission.

It must be noted that in accordance with State Statute, there is a 10 mill operating cap which cannot be exceeded without voter approval. Combining both millages from the dependent district (1.0093) and the principal taxing authority (5.7092) totals **6.7185** mills, which is **3.2815** mills less than the **10 mill cap**.

CONCLUSION

The City Commission, acting in its capacity as the Board of Directors of the District, should adopt the attached Resolution which establishes a tentative millage and schedules the second and final public hearing.

FINANCIAL INFORMATION

The proposed ad valorem millage rate is 1.0093 mills. This millage rate is equivalent to the FY 2015/16 adopted millage of 1.0093. This tax levy would generate proceeds of \$176,000, which will be budgeted at 95% (\$167,000).

Legislative Tracking

Budget & Performance Improvement

ATTACHMENTS:

Description

- Form Approved Resolution