

RESOLUTION NO. 2021-31818

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 2022; AND, 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 set the millage rate and adopt an annual budget; and

WHEREAS, development of the Fiscal Year (FY) 2022 budget began early in the year and has included discussions with the Mayor and City Commission that included a review of priorities, economic projections and their impacts on the overall budget, and preliminary projected revenues and expenditures; and

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

WHEREAS, maintaining and enhancing the City's priorities have become increasingly more challenging due to a slowdown in the increase of property values and increasing personnel costs that include pension-related costs; and

WHEREAS, the July 1, 2021 Certification of Taxable Value from the Miami-Dade County Property Appraiser reflects an overall increase of 0.3 percent (%) in citywide property tax values from the July 1, 2020 Certification of Taxable Value, a 3.7% decrease in property tax values in the City Center Redevelopment Area (RDA), and a 1.0% increase in property tax values outside of the City Center RDA, which directly impacts General Fund property tax revenues; and

WHEREAS, based on the July 1, 2021 Certification of Taxable Value from the Miami-Dade County Property Appraiser, it is proposed that the City's Total General Operating millage rate for FY 2022 be adjusted to 5.7626 mills (increase of 0.0338 mills), while the Voted Debt Service millage rate for FY 2022 be decreased by 0.0338 mills to 0.2889 mills, based on the overall increase of 0.3% in citywide property tax values and realignment of the reduction in the required Voted Debt Service millage rate to the General Operating millage rate, as recommended by the Administration and approved by the Finance and Economic Resiliency Committee at its July 16, 2021 Budget Briefing; and

WHEREAS, the City's Total General Operating millage rate proposed for FY 2022 of 5.7626 mills is comprised of a General millage that funds operating costs in the General Fund, a Capital Pay-As-You-Go (PayGo) millage that funds General Fund capital projects, and a Capital Renewal and Replacement (CRR) millage that provides a dedicated source of funding for renewal and replacement projects that extend the useful life of General Fund capital assets; and

WHEREAS, the City's proposed FY 2022 Voted Debt Service millage rate decrease of 0.0338 mills, which decreases the Voted Debt Service millage rate from the adopted FY 2021 rate of 0.3227 to the proposed FY 2022 rate of 0.2889 mills, and is recommended to be transferred to the Total General Operating millage rate, is based on the total required debt service of \$11.5 million for the City's outstanding General Obligation (G.O.) Bonds, including the first tranche of the G.O. Bonds approved by the voters on November 6, 2018; and

WHEREAS, the City of Miami Beach is required to notify 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, 2020 citywide tax roll declined by approximately \$1.1 billion between the certified July 1, 2020 valuation and the final July 1, 2021 valuation due to appeals and adjustments, which is part of the reason why the FY 2022 "rolled-back" rate is 5.5571 mills, or 0.1717 mills lower than the adopted FY 2021 Total General Operating millage rate of 5.7288 mills.

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 2022:

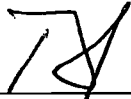
General Millage	5.6636 mills
Capital Renewal & Replacement Millage	0.0235 mills
Pay-As-You-Go (PayGo) Millage	<u>0.0755 mills</u>
Total General Operating Millage	5.7626 mills
Voted Debt Service Millage	<u>0.2889 mills</u>
Total Combined Millage	6.0515 mills (same as last year)

2) "Rolled-Back" Rate 5.5571 mills


3) The first public hearing to consider the proposed millage rates and budgets for FY 2022 shall be held on Friday, September 17, 2021, at 5:01 P.M., in the City Commission Chambers at 1700 Convention Center Drive, 3rd Floor, Miami Beach, Florida 33139.

PASSED and ADOPTED, this 28^h day of July, 2021.

ATTEST:


8/13/2021

Rafael E. Granado, City Clerk



Dan Gelber, Mayor

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





City Attorney

7-19-21

Date

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Alina T. Hudak, City Manager
DATE: July 28, 2021

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 2022; AND, 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.

RECOMMENDATION

See attached Memorandum.

SUPPORTING SURVEY DATA

N/A

Applicable Area

Citywide

Is this a "Residents Right to Know" item, pursuant to City Code Section 2-14?

Yes

Does this item utilize G.O. Bond Funds?

No

Strategic Connection

Organizational Innovation - Ensure strong fiscal stewardship.

Legislative Tracking

Office of Management and Budget

ATTACHMENTS:

Description

- MEMO - FY 2022 Proposed General Fund Millage
- Resolution

MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

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FROM: Alina T. Hudak, City Manager

DATE: July 28, 2021

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STRATEGIC PLAN SUPPORTED

Organizational Innovation – Ensure strong fiscal stewardship

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 Fiscal Year (FY) 2022:

General Millage	5.6636 mills
Capital Renewal & Replacement Millage	0.0235 mills
Pay-As-You-Go (PayGo) Millage	<u>0.0755 mills</u>
Total General Operating Millage	5.7626 mills
Voted Debt Service Millage	<u>0.2889 mills</u>
Total Combined Millage	6.0515 mills (same as last year)

2) "Rolled-Back" Rate 5.5571 mills

3) The first public hearing to consider the proposed millage rates and budgets for FY 2022 shall be held on Friday, September 17, 2021, at 5:01 P.M., in the City Commission Chambers at 1700 Convention Center Drive, 3rd Floor, Miami Beach, Florida 33139.

MILLAGE RATE ANALYSIS

The “rolled-back” millage rate for FY 2022 is the millage rate required to produce the same level of property tax revenues in the General Fund for FY 2022 as anticipated to be received in FY 2021. It is important to note that the overall January 1, 2020 citywide tax roll decreased by approximately \$1.1 billion between the July 1, 2020 certified valuation and the final July 1, 2021 valuation due to appeals, adjustments, etc., which is primarily the reason the FY 2022 “rolled-back” rate is 0.1717 mills less than the FY 2021 General Operating millage rate of 5.7288 mills and is lower than it would have been if the “rolled-back” rate was only adjusted for the increase in revenues generated by higher property values. The area outside of the City Center Redevelopment Area (RDA), which directly impacts General Fund revenues, decreased in value by approximately \$875.6 million during the same period.

There are two main components to the City’s Total Combined millage rate: The Operating millage rate and the Voted Debt Service millage rate. The Operating millage rate, which is comprised of a General, a Renewal and Replacement, and a Pay-As-You-Go (PayGo) component, funds General Fund operating and capital expenditures, while the Voted Debt Service millage rate funds the annual required debt service for outstanding General Obligation (G.O.) bonds.

The proposed operating millage rate for FY 2022 of 5.7626 mills provides funding to offset increases for personnel costs, such as an increase in the annual required pension contributions; a 5 percent (%) Step increase for all Fraternal Order of Police (FOP) and International Association of Fire Fighters (IAFF) personnel; a 0-3% performance-based merit increase for all non-FOP and IAFF personnel; an increase in the City’s health insurance premiums for active employees and retirees; and other General Fund expenditures.

For FY 2022, the total required debt service payment is approximately \$11.5 million, which is comprised of remaining debt service on the City’s outstanding 2011 G.O. Bonds of \$2.4 million plus \$9.1 million attributed to the first tranche of the G.O. Bonds approved by the voters November 6, 2018, requires the levy of a Voted Debt Service millage rate of 0.2889 mills. The FY 2022 Voted Debt Service millage rate is 0.0338 mills less than the Voted Debt Service millage rate adopted in FY 2021 of 0.3227 mills, which is proposed to be applied to the General Operating millage rate as recommended by the Administration and approved by the Finance and Economic Resiliency Committee (FERC) at its July 16, 2021 Budget Briefing.

	FY 2021 Adopted	FY 2022 Proposed	Increase/ (Decrease)
General	5.6298	5.6636	0.0338
Capital Renewal & Replacement	0.0235	0.0235	0.0000
Pay-As-You-Go (PayGo)	0.0755	0.0755	0.0000
Total General Operating Millage	5.7288	5.7626	0.0338
Debt Service	0.3227	0.2889	(0.0338)
Total Combined Millage	6.0515	6.0515	0.0000

ANALYSIS OF PROPERTY VALUES IN MIAMI BEACH

On June 1, 2021, the City received the 2021 Estimated Taxable Values from the Miami-Dade County Property Appraiser indicating that the overall taxable value for the City of Miami Beach

FY 2022 Proposed Millage Rate

July 28, 2021

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was approximately \$41.6 billion, including \$147.0 million in new construction. Overall, this represented a \$94.0 million, or 0.2%, decrease in values from the 2020 Certification of Taxable Value provided by the Miami-Dade County Property Appraiser on July 1, 2020.

	July 2020 Certified	June 2021 Estimated	\$ Change
Property Assessment			
Existing Values	41,742,998,986	41,502,000,000	(240,998,986)
New Construction	0	147,000,000	147,000,000
Total Citywide	41,742,998,986	41,649,000,000	(93,998,986)
City Center RDA	6,204,385,940	6,191,977,168	(12,408,772)
Citywide Total - Net of City Center RDA	35,538,613,046	35,457,022,832	(81,590,214)
Property Tax Revenue Projection	196,617,000	196,169,000	(448,000)

On July 1, 2021, the City received the 2021 Certification of Taxable Value from the Miami-Dade County Property Appraiser indicating that the overall taxable value for the City of Miami Beach was approximately \$41.9 billion, including \$215.6 million in new construction. Overall, this represents a \$217.7 million, or 0.5%, increase in values from the 2021 Estimated Taxable Values provided by the Miami-Dade County Property Appraiser on June 1, 2021.

	June 2021 Estimated	July 2021 Certified	\$ Change
Property Assessment			
Existing Values	41,502,000,000	41,651,084,940	149,084,940
New Construction	147,000,000	215,589,854	68,589,854
Total Citywide	41,649,000,000	41,866,674,794	217,674,794
City Center RDA	6,191,977,168	5,977,864,104	(214,113,064)
Citywide Total - Net of City Center RDA	35,457,022,832	35,888,810,690	431,787,858
Property Tax Revenue Projection	196,169,000	198,461,000	2,292,000
Realign reduction in Debt Service millage rate to Operating millage rate			1,171,000
Revised Property Tax Revenue Projection			3,463,000

The estimated property tax revenue projections as of June 1, 2021 assumed property values within the City Center Redevelopment Area (RDA) would decrease by approximately 0.2% from the 2020 Certification of Taxable Value as of July 1, 2020, consistent with the overall citywide decline. However, based on the 2021 Certification of Taxable Value provided by the Miami-Dade County Property Appraiser on July 1, 2021, property values within the City Center RDA decreased 3.7%, thereby increasing citywide General Fund property tax revenues by a greater percentage than originally projected as of June 1, 2021.

Lastly, citywide taxable values, excluding the City Center Redevelopment Area (RDA) as of July 1, 2021, increased from \$35.5 billion to \$35.9 billion, which is an increase of approximately \$350.2 million, or 1.0%, over the 2020 Certification of Taxable Value provided by the Miami-Dade Property Appraiser as of July 1, 2020.

	January 1, 2020 Value (in billions)				January 1, 2021 Value (in billions)		
	July 1, 2020 (FY2021 Budget)	Revised Value (FY2021 Proj.)	Change in 2020 Values	% Chg.	July 1, 2021 (FY2022 Budget)	\$ Change (in billions)	% Chg.
Total Citywide	41.743	40.594	(1.149)	-2.8%	41.867	0.124	0.3%
City Center RDA	6.204	5.931	(0.273)	-4.4%	5.978	(0.227)	-3.7%
Citywide - Net of City Center RDA	35.539	34.663	(0.876)	-2.5%	35.889	0.350	1.0%

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 every \$1,000 of property value. For the City of Miami Beach, the value for each mill for the proposed FY 2022 budget is determined by the 2021 Certification of Taxable Value, which has been set at \$41.9 million per mill levied. Florida Statutes permit a discount of up to five percent for early payment discounts, delinquencies, etc. Therefore, the 95% value of one mill citywide is approximately \$39.8 million. Excluding the Center City RDA tax increment available to the General Fund, the value of one mill is approximately \$36.5 million, which at 95% to permit for early payment discounts, delinquencies, etc. is approximately \$34.6 million.

DETERMINING THE VOTED DEBT SERVICE MILLAGE LEVY

For FY 2022, the total required debt service payment is approximately \$11.5 million, which is comprised of remaining debt service on the City’s outstanding 2011 G.O. Bonds of \$2.4 million plus \$9.1 million attributed to the first tranche of the G.O. Bonds approved by the voters November 6, 2018, requires the levy of a Voted Debt Service millage rate of 0.2889 mills. The FY 2022 Voted Debt Service millage rate is 0.0338 mills less than the Voted Debt Service millage rate adopted in FY 2021 of 0.3227 mills, which is proposed to be applied to the General Operating millage rate as recommended by the Administration and approved by the Finance and Economic Resiliency Committee (FERC) at its July 16, 2021 and July 23, 2021 Budget Briefings.

IMPACT OF PROPOSED MILLAGE LEVY IMPACT ON PROPERTY OWNERS

Homesteaded Properties

In 1992, voters approved an amendment to the Florida Constitution known as Amendment 10, also known as Save Our Homes (SOH). SOH is an assessment limitation, or “cap,” on increases in the assessed value of a homestead residence. Those increases are limited to 3.0% or the percent change in the CPI (Consumer Price Index), whichever is less. The “cap” goes into effect beginning the year after a homestead exemption is granted.

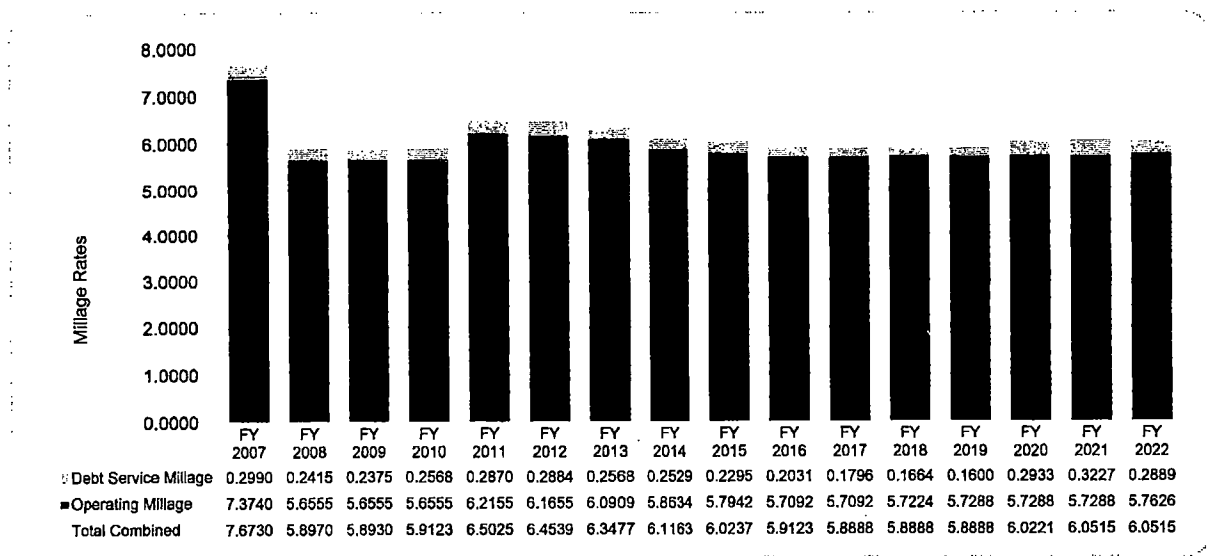
Based on property values as of July 1, 2021, the median value of homesteaded property in Miami Beach is \$220,738 while the average is \$569,192. The impact of the City’s proposed FY 2022 Total Combined millage rate of 6.0515 mills on the median homesteaded property within the City of Miami Beach would be an increase of \$49 while the impact to the average value homesteaded property within the City of Miami Beach would be an increase of \$144 as summarized in the table below.

Homesteaded Properties				
	FY 2021		FY 2022	
	Median**	Average**	Median**	Average**
Preliminary Taxable Value**	\$ 212,696	\$ 545,281	\$ 220,738	\$ 569,192
City of Miami Beach				
Operating	\$ 1,218	\$ 3,124	\$ 1,272	\$ 3,280
Voted Debt	69	176	64	164
Total Miami Beach	\$ 1,287	\$ 3,300	\$ 1,336	\$ 3,444
\$ Change in Taxes				
Operating			\$ 54	\$ 156
Voted Debt			(5)	(12)
Total Miami Beach			\$ 49	\$ 144
**Source: Miami-Dade County Property Appraiser's – 2020 and 2021-average-median-homestead-residential-values files				

Historical Perspective

It is important to note that in prior years, the City of Miami Beach significantly reduced tax rates as property values increased. In FY 2008 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 2006 and FY 2007, the City funded \$200 and \$300 homeowner dividends paid to homesteaded property owners in the City. The City's Total Combined millage rates for FY 2017, FY 2018, and FY 2019 were the lowest it has been in at least 20 years. For FY 2020 and FY 2021, the slight increases in the Total Combined millage rates are solely attributed to the G.O. Bond Program approved by the voters on November 6, 2018. For FY 2022, the City's Total Combined millage rate is proposed to remain flat at 6.0515 mills from the Total Combined millage rate adopted for FY 2021.

Millage Rate History



STATUTORY REQUIREMENTS

Florida Statute 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 Florida Statute, the City is required, within 35 days of receipt of the "Certification of Taxable Value" (received July 1, 2021), to advise the Miami-Dade County Property Appraiser of the proposed Total 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 budgets for FY 2022. The required Voted Debt Service millage rate must also be set at the same time as the Total General Operating millage rate.

After setting the proposed FY 2022 millage rate, the Mayor and City Commission may, at any time prior to final adoption, lower the proposed millage rates. However, increasing the proposed millage rate may only be accomplished by completing an expensive mailing and advertising process to every property owner in the City of Miami Beach. The City's proposed millage rates, as well as those of other taxing authorities, will be included in the Truth-in-Millage (TRIM) statement sent to each property owner in the City of Miami Beach by the Miami Dade County Property Appraiser on August 24, 2021.

MAXIMUM MILLAGE DETERMINATION

As presented at the July 16, 2021 Finance and Economic Resiliency Committee (FERC) Budget Briefing, the FY 2022 Total General Operating millage rate is proposed at 5.7626 mills, which reflects an adjustment of 0.0338 mills based on the realignment of the FY 2022 debt service millage reduction of 0.0338 mills, as recommended by the Administration and approved by the FERC on July 16, 2021. Based on the July 1, 2021 Certification of Taxable Value received from the Miami-Dade County Property Appraiser, the levy of 5.7626 mills would generate approximately \$199.6 million in General Fund property tax revenues, which is an increase of approximately \$3.0 million over the FY 2021 budgeted property tax revenues Citywide (net of the City Center RDA).

Further, pursuant to 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 Mayor and City Commission is required to approve a millage up to 6.4355 (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 Mayor and City Commission is required to approve a millage up to 7.0791 mills (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 7.0791 mills.

Adoption of the proposed Total General Operating millage rate of 5.7626 mills for FY 2022 would, therefore, require a majority approval (4 of 7 votes) by the Mayor and City Commission per the State of Florida's Truth-in-Millage (TRIM) requirements.

By August 4, 2021 the City Manager will certify the proposed millage rate to the Miami-Dade County Property Appraiser. The proposed millage rate will be included in the TRIM notices that will be mailed by the Property Appraiser on August 24, 2021. The purpose of the TRIM notice is to notify property owners of how much their property taxes could potentially increase or decrease, and which governmental entity is responsible for the taxes levied.

As such, the proposed millage rate effectively sets the “ceiling” for the millage rate during the budget process because it cannot be increased without sending out a new TRIM notice to all property owners in the City of Miami Beach. However, the millage rate can remain the same or be decreased throughout the remainder of the budget process until the final millage rates are adopted by the Mayor and City Commission at the second public hearing scheduled to be held on Thursday, September 30, 2021 at 5:01 p.m.

FIRST PUBLIC HEARING

The first public hearing on the proposed operating millage rate and budget for FY 2022 must be held no later than 80 days, or earlier than 65 days, from the start of the TRIM 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 hearing; 2) If on a day other than Saturday, it must be held after 5:00 P.M.; and, 3) The principal taxing authority (City of Miami Beach) must adopt its millage rate prior to adopting its annual budget.

Based on these guidelines, the first public hearing must be held between September 3, 2021 and September 18, 2021. The following dates are unavailable for the following reasons:

September 5 and 12	Sundays
September 9	Miami-Dade County School Board 2 nd Public Hearing
September 14	Miami-Dade County 1 st Public Hearing

Of the remaining days available, it is recommended that the first public hearing be held on Friday, September 17, 2021, at 5:01 P.M., in the City Commission Chambers at 1700 Convention Center Drive, 3rd Floor, Miami Beach, Florida 33139.

ATH/JW/TOS