

RESOLUTION NO: 2022-32313

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING: 1) THE TENTATIVE AD VALOREM MILLAGE OF 5.8155 MILLS FOR FISCAL YEAR 2023 FOR GENERAL OPERATING PURPOSES, WHICH IS THIRTEEN AND TWO TENTHS PERCENT (13.2%) MORE THAN THE "ROLLED-BACK" RATE OF 5.1376 MILLS; AND 2) THE DEBT SERVICE MILLAGE RATE OF 0.2360 MILLS, SUBJECT TO A SECOND PUBLIC HEARING TO CONSIDER THE MILLAGE RATE FOR FISCAL YEAR 2023 ON WEDNESDAY, SEPTEMBER 28, 2022, AT 5:01 P.M.

WHEREAS, on July 20, 2022, the Mayor and City Commission adopted Resolution No. 2022-32252, which set the proposed Fiscal Year (FY) 2023 general operating millage rate at 5.8155 mills (excluding debt service) for general operating purposes, which is an increase of 0.0529 mills above the adopted FY 2022 general operating millage rate of 5.7626 mills, and 0.2360 mills for debt service, which is a decrease of 0.0529 mills from the adopted FY 2022 debt service millage rate of 0.2889 mills that is necessary to fund the required debt service for outstanding General Obligation Bonds, including the first tranche of the General Obligation Bonds issued by the City in 2019, following the voter referendum approval of the City's General Obligation Bond program on November 6, 2018; and

WHEREAS, the proposed FY 2023 general operating millage rate of 5.8155 mills is comprised of a General millage rate of 5.6636 mills that funds operating costs in the General Fund, a Capital Renewal and Replacement (CRR) millage rate of 0.0499 mills that provides a dedicated source of funding for renewal and replacement projects that extend the useful life of General Fund capital assets, and a Capital Pay-As-You-Go (PayGo) millage rate of 0.1020 mills that provides a dedicated source of funding for General Fund capital projects; and

WHEREAS, Section 200.065, Florida Statutes, requires that at the conclusion of the first public hearing on the City's proposed tax rate and budget, the City Commission: 1) adopt a tentative ad valorem millage rate for FY 2023 general operating purposes; and 2) adopt the required debt service millage rate for FY 2023; this is accomplished by adopting a Resolution which includes the percentage increase or decrease over the "rolled-back" rate; and

WHEREAS, at this time, the Administration recommends that the City Commission set the second and final public hearing to consider the aforementioned millage rates for FY 2023.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND THE CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, as follows:

(1) Pursuant to Section 200.065, Florida Statutes, there is hereby levied a tax for FY 2023 on all taxable and non-exempt real and personal property located within the corporate limits of the City of Miami Beach, Florida, as follows:

- (a) For the purpose of operating the government of the City, the rate assigned amounts to 5.8155 mills. Also included are appropriate reserves and contingencies, which are not limited to reserves for tax discounts and abatements of uncollected taxes.

The millage rate reflected is thirteen and two-tenths percent (13.2%) more than the "Rolled-back" rate of 5.1376 mills.

(b) For the purpose of providing payment on the principal and interest portions of outstanding General Obligation Bond Debt and miscellaneous debt service expenditures, the rate assigned amounts to 0.2360 mills.

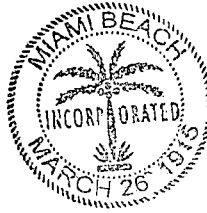
(2) The tentative adopted millage rates for the City of Miami Beach, Florida for FY 2023 are subject to a second and final public hearing, herein set for and to be held on Wednesday, September 28, 2022, at 5:01 P.M., in the City Commission Chambers, City Hall, 1700 Convention Center Drive, 3rd Floor, Miami Beach, Florida 33139.

PASSED AND ADOPTED this 14th day of September 2022.

ATTEST:



Rafael E. Granado, City Clerk



Dan Gelber, Mayor

SEP 21 2022

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION



City Attorney

8-19-22
Date

PAZ

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Alina T. Hudak, City Manager
DATE: September 14, 2022

5:01 p.m. First Reading Public Hearing

SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING: 1) THE TENTATIVE AD VALOREM MILLAGE OF 5.8155 MILLS FOR FISCAL YEAR 2023 FOR GENERAL OPERATING PURPOSES, WHICH IS THIRTEEN AND TWO TENTHS PERCENT (13.2%) MORE THAN THE "ROLLED-BACK" RATE OF 5.1376 MILLS; AND 2) THE DEBT SERVICE MILLAGE RATE OF 0.2360 MILLS, SUBJECT TO A SECOND PUBLIC HEARING TO CONSIDER THE MILLAGE RATE FOR FISCAL YEAR 2023 ON WEDNESDAY, SEPTEMBER 28, 2022, AT 5:01 P.M.

RECOMMENDATION

See attached Memorandum.

SUPPORTING SURVEY DATA

N/A

FINANCIAL INFORMATION

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 2023 Citywide Millage
- ▯ Resolution

MIAMI BEACH

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 14, 2022

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING: 1) THE TENTATIVE AD VALOREM MILLAGE OF 5.8155 MILLS FOR FISCAL YEAR 2023 FOR GENERAL OPERATING PURPOSES, WHICH IS THIRTEEN AND TWO TENTHS PERCENT (13.2%) MORE THAN THE "ROLLED-BACK" RATE OF 5.1376 MILLS; AND 2) THE DEBT SERVICE MILLAGE RATE OF 0.2360 MILLS, SUBJECT TO A SECOND PUBLIC HEARING TO CONSIDER THE MILLAGE RATE FOR FISCAL YEAR 2023 ON WEDNESDAY, SEPTEMBER 28, 2022, AT 5:01 P.M.**

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:

Proposed Millage Rates for Fiscal Year (FY) 2023:

General Millage	5.6636 mills
Capital Renewal & Replacement Millage	0.0499 mills
Pay-As-You-Go (PayGo) Millage	<u>0.1020 mills</u>
Total General Operating Millage	5.8155 mills
Voted Debt Service Millage	<u>0.2360 mills</u>
Total Combined Millage	6.0515 mills (same as last year)

- 1) The tentatively adopted total combined millage rate of 6.0515 mills for FY 2023 reflects no change compared to total combined millage rate of 6.0515 adopted for FY 2022.
- 2) The second public hearing to consider the final millage rates and budgets for FY 2023 shall be held on Wednesday, September 28, 2022, at 5:01 P.M.

PROCEDURE

Florida Statutes, Section 200.065, requires that at the first public hearing on the proposed tax rate and budget, the City Commission proceed in the following specific manner:

1. Adopt a tentative ad valorem millage rate for FY 2023 general operating purposes. This is accomplished by adopting a Resolution which includes the percentage increase or decrease over the "rolled-back" rate; the required debt service millage rate; and, the date, time, and place of the second public hearing

State statute requires that only the title be read aloud.

2. Adopt a tentative general operating budget for FY 2023, which also includes budgets for Enterprise, Internal Service, Special Revenue, G.O. Bond Debt Service Funds, as well as the City Tax Increment Financing (TIF) portion of the City Center RDA and North Beach CRA. This is accomplished by adopting a companion Resolution (see accompanying City Budget Agenda Item).

Both the millage and budget Resolutions must be adopted again after a second and final public hearing.

MILLAGE RATE ANALYSIS

There are two main components to the City's Total Combined millage rate: The Total General Operating millage rate and the Voted Debt Service millage rate. The Total General Operating millage rate, which is comprised of a General, a Capital Renewal and Replacement, and a Pay-As-You-Go (PayGo) millage, 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 Total General Operating millage rate for FY 2023 of 5.8155 mills provides funding to offset increases for personnel costs, such as 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; increases in other General Fund operating expenditures; an increase in Capital Renewal and Replacement and PayGo funding for critical Capital needs; and future collective bargaining agreements.

The "rolled-back" millage rate of 5.1376 for FY 2023 is the millage rate required to produce the same level of property tax revenues in the General Fund for FY 2023 as anticipated to be received in FY 2022.

ANALYSIS OF PROPERTY VALUES IN MIAMI BEACH

On July 1, 2022, the City received the 2022 Certification of Taxable Value from the Miami-Dade County Property Appraiser. Overall, as summarized below, the City's property values increased approximately \$4.6 billion, or 11.2%, from the 2021 Certified Taxable Values of \$41.9 billion to the 2022 Certified Taxable Values of \$46.5 billion, which include a \$3.9 billion, or 9.5%, increase in existing property values and a \$716.4 million increase in new construction values.

	July 2021 Certified	July 2022 Certified	\$ Change
Property Assessment			
Existing Values	41,866,674,794	45,828,304,965	3,961,630,171
New Construction	0	716,389,105	716,389,105
Total Citywide	41,866,674,794	46,544,694,070	4,678,019,276
City Center RDA	5,977,864,104	6,023,225,280	45,361,176
North Beach CRA	0	1,585,511,443	1,585,511,443
Citywide Total - Net of RDA and CRA	35,888,810,690	38,935,957,347	3,047,146,657

DETERMINING THE VOTED DEBT SERVICE MILLAGE LEVY

For FY 2023, the total required debt service payment is approximately \$10.4 million, which is comprised of remaining debt service on the City’s outstanding 2011 G.O. Bonds of \$2.3 million plus \$8.1 million attributed to the first tranche of the G.O. Bonds approved by the voters on November 6, 2018, requires the levy of a Voted Debt Service millage rate of 0.2360 mills. The FY 2023 Voted Debt Service millage rate is 0.0529 mills less than the Voted Debt Service millage rate adopted in FY 2022 of 0.2889 mills, which is proposed to be applied to the Capital Renewal & Replacement and Pay-As-You-Go component of the General Operating millage rate as recommended by the Administration and approved by the Finance and Economic Resiliency Committee (FERC) at its July 15, 2022 Budget Briefing and subsequently adopted by the City Commission on July 20, 2022 through Resolution No 2022-32252.

	FY 2022 Adopted	FY 2023 Proposed	Increase/ (Decrease)
General	5.6636	5.6636	0.0000
Capital Renewal & Replacement	0.0235	0.0499	0.0264
Pay-As-You-Go (PayGo)	0.0755	0.1020	0.0265
Total General Operating Millage	5.7626	5.8155	0.0529
Debt Service	0.2889	0.2360	(0.0529)
Total Combined Millage	6.0515	6.0515	0.0000

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, 2022, the median value of homesteaded property in Miami Beach is \$240,385 while the average is \$664,556. The impact of the City’s proposed FY 2023 Total Combined millage rate of 6.0515 mills on the median homesteaded property within the City of Miami Beach would be an increase of \$119 while the impact to the average value homesteaded property within the City of Miami Beach would be an increase of \$578 as summarized in the table below.

Homesteaded Properties				
	FY 2022		FY 2023	
	Median**	Average**	Median**	Average**
Preliminary Taxable Value**	\$ 220,738	\$ 569,192	\$ 240,385	\$ 664,556
City of Miami Beach				
Operating	\$ 1,272	\$ 3,280	\$ 1,398	\$ 3,865
Voted Debt	64	164	57	157
Total Miami Beach	\$ 1,336	\$ 3,444	\$ 1,455	\$ 4,022
\$ Change in Taxes				
Operating			\$ 126	\$ 585
Voted Debt			(7)	(7)
Total Miami Beach			\$ 119	\$ 578
<i>**Source: Miami-Dade County Property Appraiser's – 2021 and 2022-average-median-homestead-residential-values files</i>				

Impact on Non-Homesteaded Properties

The annual increase in market value of a non-homesteaded property is capped at 10.0% (does not apply to school millage rates). While the citywide average increase in property values is 11.2%, the property value of individual properties may increase up to, but not more than 10.0% (excluding the school millage portion of the property tax bill). However, an individual property owner may see a higher than 10.0% increase if there is a change in ownership of a capped property resulting in a reset of the cap. Another potential factor, if applicable, would be the value of new construction which can contribute to a property value increase of higher than 10.0%.

OVERLAPPING JURISDICTIONAL OPERATING AND DEBT SERVICE MILLAGE RATES

City of Miami Beach property owners must also pay property taxes to Miami-Dade County, the Miami-Dade County School Board, the Children's Trust, the South Florida Water Management District, Okeechobee Basin, Everglades Project, and the Florida Inland Navigational District. For FY 2023, these taxing authorities represent 67.8% of a Miami Beach property owner's tax bill.

The proposed FY 2023 countywide tax rate for Miami-Dade County decreased by 0.0467 mills from 4.6669 to 4.6202 mills; the library tax rate decreased by 0.0028 mills from 0.2840 to 0.2812 mills; and the debt service millage decreased by 0.0222 mills from 0.5075 to 0.4853 mills. The tax rate for the Miami-Dade School District decreased by 0.4200 mills from 7.0090 to 6.5890 mills. The Children's Trust tax rate remained flat at 0.5000 mills. Combined, the millage rates for the South Florida Water Management District, Okeechobee Basin, Everglades Project, and Florida Inland Navigational District decreased by 0.0271 mills from 0.2892 to 0.2621 mills.

With the proposed rates for FY 2023, the Miami Beach portion of the tax bill is approximately 32.2% of the total tax bill. It is important to note that Miami-Dade County's total FY 2023 millage rate of 5.3867 mills is 0.9993 mills, or 15.6%, less than Miami-Dade County's total FY 2007 millage rate of 6.3860 mills, as compared to the City's total FY 2023 millage rate of 6.0515 mills that is 1.6215 mills, or 21.1%, less than the City's total FY 2007 millage rate of 7.6730 mills. Further, the FY 2023 School Board millage of 6.5890 mills is 1.5160 mills less than the FY 2007 School Board millage of 8.1050 mills. The significant difference in the total overlapping millage

rate is a direct result of the City's continuing effort to keep millage rates as low as possible. A summary of the rate changes is provided in the following table.

OVERLAPPING TAX MILLAGE	FY 2007	% of FY 2007 Total	FY 2022	FY 2023	Variance from FY 2007	Variance from FY 2022	% of FY 2023 Total
City of Miami Beach							
General Operating	7.1920	30.8%	5.6636	5.6636	(1.5284)	0.0000	30.1%
Renewal & Replacement	0.1820	0.8%	0.0235	0.0499	(0.1321)	0.0264	0.3%
Pay-As-You-Go Capital	0.0000	0.0%	0.0755	0.1020	0.1020	0.0265	0.5%
Operating Millage	7.3740	31.6%	5.7626	5.8155	(1.5585)	0.0529	31.0%
Voted Debt Service	0.2990	1.3%	0.2889	0.2360	(0.0630)	(0.0529)	1.3%
Subtotal	7.6730	32.9%	6.0515	6.0515	(1.6215)	0.0000	32.2%
Miami Dade County							
Countywide	5.6150	24.1%	4.6669	4.6202	(0.9948)	(0.0467)	24.6%
Library	0.4860	2.1%	0.2840	0.2812	(0.2048)	(0.0028)	1.5%
Debt Service	0.2850	1.2%	0.5075	0.4853	0.2003	(0.0222)	2.6%
Subtotal	6.3860	27.4%	5.4584	5.3867	(0.9993)	(0.0717)	28.7%
School Board	8.1050	34.8%	7.0090	6.5890	(1.5160)	(0.4200)	35.1%
Children's Trust	0.4223	1.8%	0.5000	0.5000	0.0777	0.0000	2.7%
Other	0.7355	3.2%	0.2892	0.2621	(0.4734)	(0.0271)	1.4%
Total	23.3218	100.0%	19.3081	18.7893	(4.5325)	(0.5188)	100.0%

IMPACT OF COMBINED TAX RATES OF OVERLAPPING JURISDICTIONS ON HOMESTEADED PROPERTIES

The City of Miami Beach's preliminary 2022 median and average homesteaded residential taxable values are \$240,385 and \$664,556, respectively. Applying the total combined millage rates proposed for FY 2023 to the median and average taxable values results in a property tax increase of approximately \$255 for the median and \$1,492 for the average homesteaded residential tax bill in the City of Miami Beach.

Median properties would pay approximately \$4,517 per homesteaded property for all taxing jurisdictions combined, while the property taxes for average homesteaded residential properties would be approximately \$12,487 per homesteaded property. Of the taxing jurisdictions, the highest component is the Miami-Dade School Board at \$1,584 for a median valued homesteaded property and \$4,379 for an average valued homesteaded property in the City of Miami Beach.

The following table provides a summary of changes in the property taxes levied for homesteaded properties using the tax rates proposed for FY 2023 by jurisdiction.

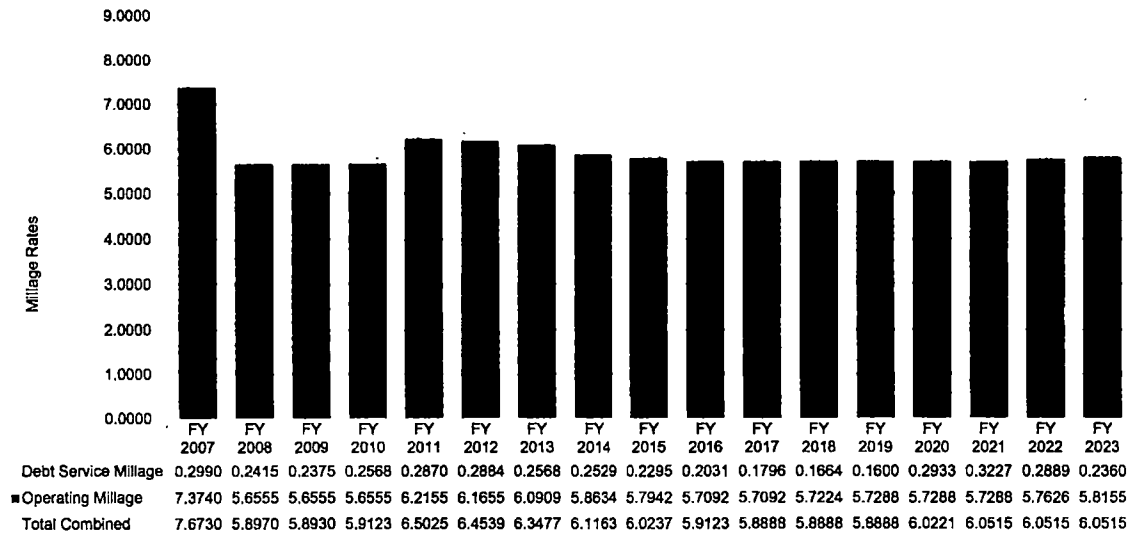
Impact on Homesteaded Properties				
	FY 2022		FY 2023	
	Median**	Average**	Median**	Average**
Preliminary Taxable Value**	\$220,738	\$569,192	\$240,385	\$664,556
City of Miami Beach				
Operating	\$1,272	\$3,280	\$1,398	\$3,865
Voted Debt	64	164	57	157
Total Miami Beach	\$1,336	\$3,444	\$1,455	\$4,022
Miami Dade County	1,205	3,107	1,295	3,580
Schools	1,547	3,989	1,584	4,379
Other	174	455	183	506
Total Combined	\$4,262	\$10,995	\$4,517	\$12,487
Change in Taxes				
City of Miami Beach				
Operating			\$126	\$585
Voted Debt			(7)	(7)
Total Miami Beach			\$119	\$578
Miami Dade County			90	473
Schools			37	390
Other			9	51
Total Combined			\$255	\$1,492
**Source: Miami-Dade County Property Appraiser's – 2021 and 2022 - Preliminary Average-Median-Homestead-Residential-Values files				

As with the City of Miami Beach millage rates, impacts of the combined jurisdictional millage rates for non-homesteaded properties are based on individual property values.

Historical Perspective

The table below outlines the City's millage rate trend. For FY 2023, 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 2022.

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, 2022), 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 2023. 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 2023 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, 2022.

MAXIMUM MILLAGE DETERMINATION

For FY 2023, the Total General Operating millage rate is proposed at 5.8155 mills, which reflects an adjustment of 0.0529 mills based on the realignment of the FY 2023 Voted Debt Service millage rate reduction of 0.0529 mills. Based on the July 1, 2022 Certification of Taxable Value received from the Miami-Dade County Property Appraiser, the levy of 5.8155 mills would generate approximately \$226.5 million in General Fund property tax revenues, which is an increase of approximately \$26.9 million over the budgeted FY 2022 General Fund property tax revenues of \$199.6 million (net of the City Center RDA and newly created North Beach CRA).

Adoption of the proposed Total General Operating millage rate of 5.8155 mills for FY 2023 requires 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, 2022, the City Manager certified the proposed millage rate to the Miami-Dade County Property Appraiser. The proposed millage rate was included in the TRIM notices that were mailed by the Property Appraiser on or before August 24, 2022. 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 Wednesday, September 28, 2022, at 5:01 p.m.

SECOND PUBLIC HEARING

The second public hearing on the tentatively adopted millage rate and budget for FY 2023 must be advertised no later than 15 days after the first public hearing. For this reason, the second public hearing has been set for Wednesday, September 28, 2022, at 5:01 P.M., in the City Commission Chambers, City Hall, 1700 Convention Center Drive, 3rd Floor, Miami Beach, Florida 33139.

CONCLUSION

The Administration recommends adoption of the attached Resolution, which sets both the tentative total general operating and voted debt service millage rates for FY 2023 at 5.8155 mills and 0.2360 mills, respectively, and sets the date, time, and place of the second public hearing to be held on Wednesday, September 28, 2022, at 5:01 P.M.

ATH/JW/TOS