




## **TOWN OF MIAMI LAKES**

### **MEMORANDUM**

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**To:** Honorable Mayor and Town Council

**From:** Alex Rey, Town Manager 

**Subject:** Proposed Preliminary Millage for Fiscal Year 2007-08 and Budget Hearing Dates

**Date:** July 17, 2007

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#### **Recommendation**

It is recommended that the Town Council declares the proposed preliminary millage rate at 2.4795 mills, which is \$2.4795 per \$1,000 of assessed property value and sets the budget hearing dates. The proposed preliminary millage is consistent with the State mandated roll back approved during the special session.

The proposed resolution also sets the budget hearing dates, As per State law, we can not conflict with the budget hearing dates for the Miami-Dade County School Board ( August 1<sup>st</sup> and September 5<sup>th</sup> ) and Miami-Dade County (September 6<sup>th</sup> and September 20<sup>th</sup>); therefore, we are recommending to hold the Town's Budget Hearings on September 4<sup>th</sup> and September 18<sup>th</sup>.

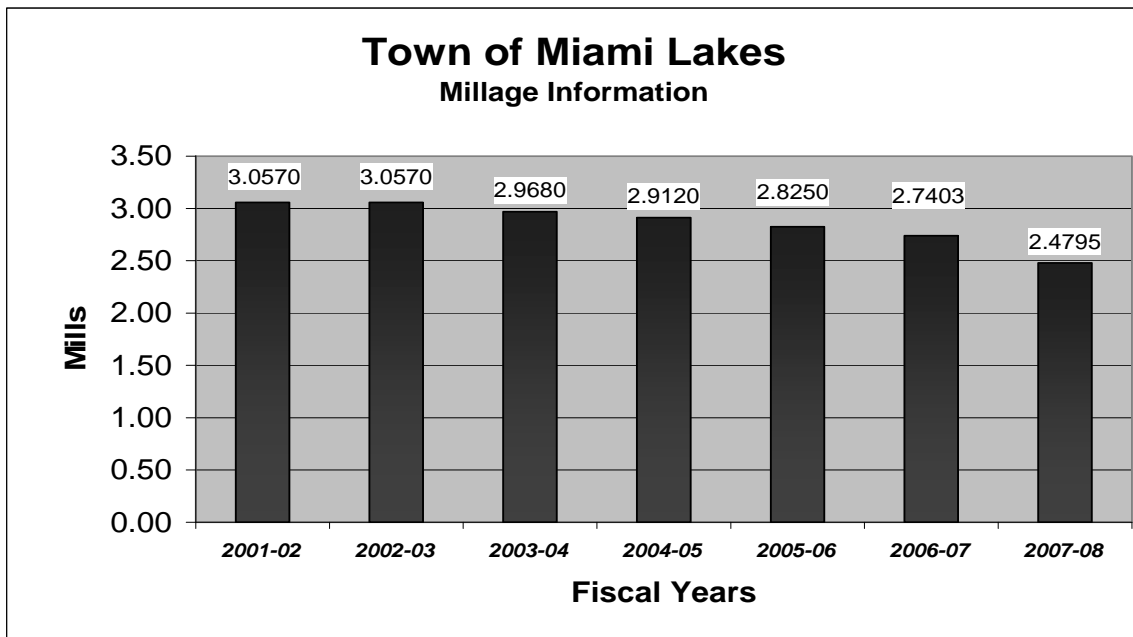
#### **Background**

On June of this year, the State Legislature approved HB1 requiring mandatory roll-back to the FY 2006-07 Budget for all municipalities in the State with the exception of a municipality of special financial concern or municipalities that have levied property taxes for less than five year. Additionally, supplemental reductions were required under the law for municipalities whose budgets had outpaced the growth in population and cost of living.

Given the timing of the State legislation, and the fact that the State release of the final determination on the supplemental reductions was not done until July 13, 2007, our regular budget calendar could not be followed. However, staff has developed a based budget level of service that essentially maintains the current level of service. Given that this revised timetable has not provided the opportunity for the Town Council to discuss new programs and its budget priorities, I am recommending to the Town Council that we have two budget workshops prior to the September Budget Hearings.

### **Millage Rate**

The Town of Miami Lakes continues to have one of the lowest millage rates in Miami-Dade County. The Town of Miami Lakes has made millage reductions over the last few years; the overall millage has reduced from 3.057 to 2.7403 for a reduction of 0.316 mills or 10%. At the same time the quality and quantity of the services provided by the Town of Miami Lakes has significantly increased.



**The State mandated roll back rate for FY 2007-08 is 2.4795.** This millage rate generates approximately \$800,000 less than what the current millage rate of 2.7403 would have yielded.

As mentioned above, State law also mandates for an additional reduction of 0%, 3%, 5%, 7% or 9%, to the property tax revenues depending of the Compounded Annual Growth Rates in Per Capita Taxes Levied from 2001 to 2006.

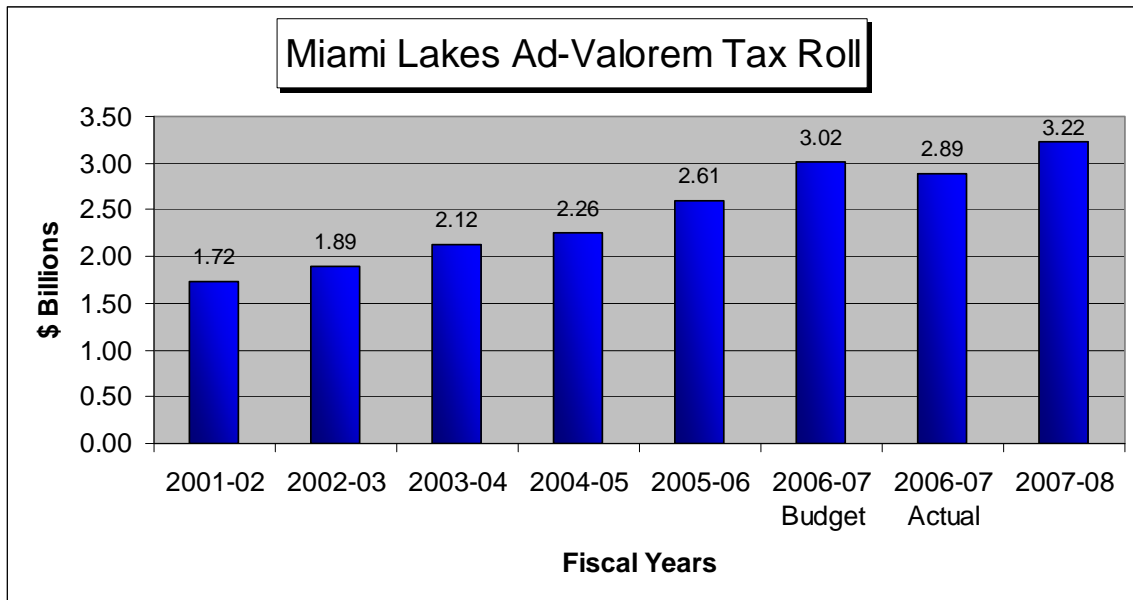
Initially, the State's draft legislation categorized the Town of Miami Lakes as NA (Not Applicable) as they indicated that they did not have a population number as of April 1, 2001. The State Department of Revenue, later on, revised their analysis and made available a population number for April 1, 2001.

On July 12, 2007, the State Department of Revenue released the final calculations for the Compounded Annual Growth Rates in Per Capita Taxes Levied from 2001 to 2006. Based on their analysis, the Town of Miami Lakes rate is 5.19%, which qualifies the Town to levy 100% of the roll back rate (See Attachment 1)

As reflected in Attachment 1, Miami Lakes is only one of three municipalities, whose growth rate falls below the 6% rate threshold, while most municipalities reflect double digit growth in taxes levied. Our low growth rate is as a result of the conservative growth policies that we followed during the last five years. This prudent approach has placed us in a better position than most of our peers.

**Property Values and Ad Valorem Taxes.**

Given the State mandated millage rate, the property tax revenues projected for FY 2007-08 will be \$7,593,000, which is \$263,000 lower than the property tax revenues budgeted in FY 2006-07.



As reflected in the above graph, the actual tax roll for FY 2006-07 is over a \$100 million less than the budgeted amount; this is as a result of the appeals granted by the Value Adjustment Board. Fortunately, as you may remember, last year staff was concerned about the valuations done by the County; therefore, we recommended and the Town Council approved an increase to the reserve in the General Fund to cover for those potential appeals; that proved to be a wise decision.

**MITIGATION**

One of the key issues affecting our budget for next year is the Mitigation payment to the County. For Fiscal Year 2006-07, the budget assumes that the mitigation payment funds will not be available for other uses; as per the motion approved by the Town Council, any mitigation funds not paid to the County will be refunded back to the resident as a one-time refund.

Given the State law prohibiting mitigation payments and the pending County litigation against the State law, I have not included the Mitigation payment in the FY 2007-08 Budget. However, I have included a transfer to the Capital Budget for our Parks program, in an amount large enough to cover for the mitigation payment, if required by law. The intent will be to hold on moving forward with the parks capital project until all litigation has been settled. At that point, the Town Council may decide to go forward with the capital project, to refund the monies, or a combination of both.

### **REVENUE ENHANCEMENT INITIATIVES**

Absent a permanent resolution to the mitigation issue, we are presented with very limited funding opportunities to continue the initiatives outlined in the Town's Strategic Plan or to incorporate other initiatives unless we examined different revenue enhancement alternatives.

Some of the revenue enhancement alternatives could include:

1. Re-establish the Solid Waste Franchise Fee
2. Implement fees for Parks facilities and program usage

Over the next couple of months, we will explore those initiatives in more detail with the Town Council.

### **GENERAL FUND FINANCIAL SUMMARY (SEE ATTACHMENT 2)**

The General Fund is the primary source of funding for all Town services. Revenues are derived from ad valorem property taxes, franchise and utility taxes, business license and permit fees, revenue sharing from various statewide taxes, user fees for services, fines, and interest income. Maintaining the basic service level into FY 2007-08 translates into Proposed General Fund revenues of \$17.9 million, which is \$600,000 greater than the FY 2006-07 budget revenues of \$17.3 million.

The proposed budget expenditures are \$16.5 million which is \$0.7 million less than the FY 2006-07 budgeted expenses of \$17.2 million.

The Proposed Budget for FY 2007-08 maintains the current level, has no fee or tax increases and has a surplus of approximately \$145,197. While there are many worthwhile initiatives, it is also important to keep in mind that the State legislature has also proposed a significant overhaul of the Save of Homes program to be submitted to the voters in January 2008. At this point, the approval of that Constitutional Amendment will lower our taxes by an estimated \$500,000 per year. It is therefore recommended to try to maintain as much of the surplus as possible.

**SPECIAL PROJECT AND CAPITAL BUDGET FUNDS**

We will be distributing the Proposed Budget Book, including the special project and capital project funds in about two weeks.

**CONCLUSION**

Although the development of a balanced budget this year has again been challenging, through fiscal prudence and good leadership, the Proposed FY 2007-08 Budget is balanced and enables the Town of Miami Lakes to continue delivering outstanding services to our residents, businesses and visitors, while maintaining a low tax rate.