



MEMORANDUM

07.07-17A MEMPHIS-DADGE-SAMAY MGT

TO: Honorable Alex Penelas, Mayor

DATE: April 12, 1999

Honorable Chairperson and Members
Board of County Commissioners

SUBJECT: Recommended Incorporation
Policies

FROM: M. R. Stierheim
County Manager

RECOMMENDATION

After much deliberation, I recommend the following policies and requirements be adopted by the Board to guide all future incorporations. I believe strongly that these policies and requirements, taken collectively, are the best approach to managing future incorporations and represent a fair process for all individuals impacted by incorporation. Each of the points in the following executive summary is explained in greater detail in the body of the report.

EXECUTIVE SUMMARY

First: Repeal the policy calling for the County to be out of municipal service delivery by the year 2007.

Second: Adopt and implement a formal Board of County Commission policy that future incorporations will only be allowed to proceed to their completion if A and B occur or A and C, as described below.

- A. The proposed new city agrees to remain within the Miami-Dade Fire and Rescue District, the Miami-Dade Public Library System, the County solid waste collection system and to continue to receive specialized law enforcement services from the Miami-Dade Police Department; and
- B. The boundaries of the proposed incorporation are drawn to ensure the area is revenue neutral or, in the case of donor areas, the new city agrees to mitigate the adverse fiscal impact caused by the new incorporation on the remaining unincorporated area; or
- C. The proposed incorporation is submitted to an UMSA-wide vote. The Board should deny incorporation requests from all requesting areas that would have an adverse fiscal and service impact on the remaining residents of unincorporated Miami-Dade unless an UMSA-wide vote is held.

Third: Provide for the creation of Safe Neighborhood Improvement Districts (town concept) as an alternative to incorporation.

Fourth: Put on the ballot appropriate Charter amendments to implement the forgoing policies and adopt modifications to the County Code as required.

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Fifth: No further incorporations should be approved until these requirements are in full force and effect.

BACKGROUND

I am aware of the mounting pressures to make a decision on pending incorporation requests, in particular the three areas that have been deferred – two of which are in litigation with the County. As I have repeatedly indicated to you, however, I do not believe we can afford to continue the current ad hoc incorporation process. I am not opposed to incorporation if it is well thought out and the process is fair to everyone. I am opposed to any incorporation that will have an adverse financial and service impact on the remaining residents of the unincorporated area. The potential impact of the continued incorporation of affluent areas on the remainder of unincorporated Miami-Dade is simple to understand.

Picture two houses in unincorporated Miami Dade County: House A has a \$300,000 taxable value and House B has a \$90,000 taxable value. Both houses contain a family with two parents and two school age children. The houses are located two blocks apart. The two families have identical service needs. They send their children to the same schools, drive on the same roads and rely on the same police officers, firefighters, paramedics, librarians, sanitation workers, etc. The family in House A, however, contributes significantly more property taxes than the family in House B. Essentially, Family A is a donor taxpayer who pays more taxes for the same level of services as Family B. This is entirely proper and appropriate! If the family in House A withdraws from UMSA by incorporating, there will be less revenue for public services for House B. The family in House B will have to pay more in taxes than before to make up for the loss of revenue or receive less service. That fact is beyond dispute.

Now picture Pinecrest as Family A and the unincorporated area as Family B. Just as proximate houses have different levels of wealth and receive the same level of services, so do different neighborhoods. If an affluent area leaves, the remainder suffers. In other words, the taxpayers in the unincorporated area (approximately 1.1 million people) will have to pay more taxes in order to receive the same level of services to make up for the donor tax portion lost through incorporation. It is that simple. The unincorporated area is our municipal service jurisdiction and, if we do not change course, the direction taken thus far will eventually lead to a county balkanized by wealth and poverty, with unincorporated pockets in which no viable municipal services are available or possible.

The approach I am recommending will avoid this future outlook.

First: Repeal the policy calling for the County to be out of municipal service delivery by the year 2007.

That policy, adopted in 1997, has inadvertently led to a great deal of confusion, conflict and an artificial sense of urgency. Many residents of unincorporated Miami-Dade are satisfied with the services they receive and with their government. Since the Board's policy decision in December of 1997, residents in areas that were not concerned with incorporation and not seeking to change

their status have been forced to wonder whether they will have to incorporate or go without services. Without a charter change, residents of the unincorporated area can not be forced to incorporate in any case.

I believe it is unfair and unwise to create an artificial sense of urgency around such an important issue. The Board should send a clear message to the 1.1 million residents of the unincorporated area that they will not be forced into a situation they may neither desire nor understand. That does not mean that all incorporation should stop. Incorporation can proceed, but only under certain conditions which will ensure fairness and equity to all.

Second: Adopt and implement a formal County Commission policy that future incorporations will only be allowed to proceed to their completion if A and B or A and C occur as described below.

- A. The proposed new city agrees to remain in the Miami-Dade Fire and Rescue District, the Miami-Dade Public Library System, the County solid waste collection system and to continue to receive specialized law enforcement services from the Miami-Dade Police Department, and**
- B. The boundaries of the proposed incorporation are drawn to be revenue neutral or, in the case of a donor area, the new city agrees to mitigate the adverse financial impact caused by the new incorporation on the remaining unincorporated area; or**
- C. The proposed incorporation is submitted to an UMSA-wide vote.**

Regional "Municipal" Services

Proponents of incorporation typically talk about the value of having local control over purely local services. The services most frequently mentioned, and those small cities typically provide, are: local police patrol and some general police investigation, local park and recreation services, local landscaping and roadway maintenance activities, code enforcement, local zoning regulation and planning, and local government administration. These are the services that newly incorporated cities and those areas that are seeking to incorporate are eager to take on. For these kinds of services I agree that the government closest to the people governs best.

On the other hand, certain functions and services, such as fire rescue, solid waste collection and disposal and specialized police services, require both a more-than-local perspective and a level of resources and capacity that small local governments cannot, and should not have to, provide. These municipal-type services must be funded and provided on a more regional basis to ensure that a quality service is available to all unincorporated area residents when needed.

Revenue Neutrality or Mitigation

No new city should be allowed to have a negative impact on either the tax rate or the service levels available to the remaining part of the unincorporated area. Currently, UMSA residents are paying more in UMSA property taxes than they would have had the four newest cities, previously part of

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UMSA (Key Biscayne, Aventura, Pinecrest and Sunny Isles Beach), either remained unincorporated or been configured in such a way to take a larger share of municipal service costs. These are fine cities; but I do not believe that it is fair that areas that were donors to a larger service area should have been allowed to freely leave with no consideration for the remainder.

Requiring that proposed new cities are configured in such a way that the projected revenue loss to UMSA is substantially equal to the projected loss of service costs is the only mechanism currently available to the Board to provide that the rest of UMSA does not suffer negative fiscal impacts from future incorporations. If residents of an area are willing to work with County staff to achieve this, that area should be permitted to incorporate. If residents of an area are committed to municipal boundaries that are not revenue neutral, some form of mitigation must be proposed so that the property owners and residents of the area left behind are not unduly impacted. An area that commits to mitigate the negative fiscal impact of their proposed boundaries would be able to avoid the requirement of an UMSA wide vote. A charter provision requiring fair compensation to the affected remainder of unincorporated Miami-Dade County would allow a neighborhood--no matter how small and affluent--to achieve local self-governance without eroding the capacity of the remaining unincorporated neighborhoods to continue to receive municipal services at a millage rate unaffected by the new city's withdrawal from UMSA.

UMSA-Wide Vote

At the last workshop, several Commissioners discussed the option of having an UMSA-wide vote regarding incorporation. The intent of such a vote is to allow everyone who is affected by a proposed incorporation to be heard. Surely this is the fairest and most democratic way to approach the issue. However, I recommend that, rather than having a straw-ballot on the general issue of incorporation, a vote should be held for each incorporation that has an adverse financial impact on the remaining unincorporated area. A vote of all UMSA residents would ensure that all individuals impacted by a proposed incorporation are allowed to vote on an issue that has a direct economic impact on all UMSA residents.

In addition, given the magnitude of the issue and the need for transition planning, if an incorporation moves forward that has an adverse impact on the remaining unincorporated area, I recommend that each such incorporation vote be scheduled only for a general election to ensure the highest level of participation and that only one incorporation be placed on the a general election ballot at a time.

Third: Provide for the creation of Safe Neighborhood Improvement Districts as an alternative to incorporation.

For some areas, the desire to incorporate may be less about becoming a full city and more about improving and enhancing local services and retaining control over the funds that provide for those enhancements. For these areas I recommend that the Board, through an enabling ordinance, provide for the creation of Safe Neighborhood Improvement Districts as an alternative to incorporation. Services such as extra local police patrol, more recreation services at parks, extra code enforcement and landscaping or even local capital improvements can be obtained by any area that is willing to become a Safe Neighborhood Improvement District. This vehicle enables the

creation of a district either by voter referendum (FS 163.511) or by Commission Ordinance (FS 163.506). That district is able to have up to two mills of municipal-type millage to provide for a range of improvements, services and activities within that area. Once established, the area becomes in effect a dependent taxing district with a great deal of flexibility in how its revenue can be spent and control over that spending. Under either type of district formation, the Commission may appoint a local Board of Directors, with authority to develop a plan and budget for the district. Under the non-voted district, the Board may also appoint a local advisory Council. Although the County Commission appoints the directors, it may choose to identify those appointments through a local election.

Clearly, this approach does not have all of the advantages of incorporation. However, as an approach to immediately make available a greater degree of local control over truly local services without requiring that an area be revenue neutral, it has much to offer.

Fourth: Seek appropriate charter amendments to ensure that these requirements remain in force.

Required charter amendments will be prepared and advanced to the Board for voter consideration at the next general election (spring 2000). Also, all required County Code changes will be promptly prepared and advanced for Board consideration.

Fifth: No further incorporations should be approved until these requirements are in full force and effect.

I believe that taken together, these recommendations address incorporation in a manner that is fair and equitable.

cc: Honorable Harvey Ruvin, Clerk of Courts
Honorable Joseph P. Farina, Chief Judge, Eleventh Judicial Circuit
Robert A. Ginsburg, County Attorney
County Manager's Assistants
Department Directors
Eric McAndrew, Chief Legislative Analyst

EFFECT OF RECENT INCORPORATIONS				
	Pincrest	Aventura	Sunny Isles Beach	Sub-total of Recent Incorporations
Based on FY 98-99 Budget				
1998 Property Rolls (000's)	\$1,699,976	\$3,095,559	\$1,243,960	\$6,039,495
1997 Population	18,431	20,383	14,500	53,314
1998-99 UMMSA Millage	2,517	2,517	2,517	
Gross Revenue Loss to UMMSA Effect on Millage	(\$8,348)	(\$12,715)	(\$5,845)	(\$26,908)
Effect on \$100,000 home (\$75,000 taxable value) (Assuming resources are redeployed in UMMSA)				\$14 mill decrease if the areas had not incorporated \$48 decrease if area had not incorporated
Cost of Providing UMMSA Services	\$2,564	\$1,317	\$1,369	\$5,250
Net Budget Loss to UMMSA Effect on Millage	(\$5,784)	(\$11,398)	(\$4,476)	N/A (\$21,658)
Effect on \$100,000 home (\$75,000 taxable value) (Assuming Resources are not redeployed in UMMSA)				N/A N/A

	EFFECT OF PENDING INCORPORATIONS			
	Doral	Miami Lakes	Palmetta Bay	Sub-total Pending Incorporations
Based on FY 98-99 Budget				
1998 Property Rolls (000's)	\$1,363,786	\$1,371,457	\$1,417,124	\$4,152,367
1997 Population	10,930	15,059	22,939	48,928
1998-99 UMSA Millage	2.517	2.517	2.517	
Gross Revenue Loss to UMSA Effect on Millage	(\$6,597)	(\$7,109)	(\$8,205)	(\$21,911)
Effect on \$100,000 home (\$75,000 taxable value) (Assuming resources are redeployed in UMSA)				0.841 mill increase \$48 increase
Cost of Providing UMSA Services	\$2,238	\$4,396	\$4,523	\$11,158
Net Budget Loss to UMSA Effect on Millage Effect on \$100,000 home (\$75,000 taxable value) (Assuming Resources are not redeployed in UMSA)	(\$4,359)	(\$2,713)	(\$3,682)	(\$10,755)
				0.315 mill increase \$24 increase

EFFECT OF OTHER PROPOSED INCORPORATIONS						
	Dodson Expenses per \$100 of Value (FY 1999)	County Club Lakes	East Kendall	West Kendall	Sub-total of Other Proposed Incorporations	Total of Pending and Proposed Incorporations
Based on FY 98-99 Budget						
1998 Property Rolls (000's)	\$1,304,171	\$1,113,914	\$3,809,838	\$8,073,998	\$12,401,919	\$16,614,286
1997 Population	69,765	33,616	57,896	155,321	316,618	365,548
1998-99 UMMSA Millage	2.517	2.517	2.517	2.517	2.517	
Gross Revenue Loss to UMMSA Effect of Millage	(\$13,459)	(\$8,267)	(\$22,010)	(\$41,753)	(\$85,489)	(\$107,400)
Effect on \$100,000 home (\$76,000 taxable value) (Assuming resources are redeployed in UMMSA)						2.81 mill increase
Cost of Providing UMMSA Services	\$16,459	\$8,767	\$15,194	\$25,817	\$84,237	\$95,121 increase
Net Budget Loss to UMMSA Effect on Millage	\$3,000	(\$1,500)	(\$6,816)	(\$15,936)	(\$21,252)	(\$32,007)
Effect on \$100,000 home (\$76,000 taxable value) (Assuming Resources are not redeployed in UMMSA)						1.33 mill increase
						\$199,112 increase

	EFFECT OF PENDING INCORPORATIONS			
	Doral	Miami Lakes	Palmetto Bay	Subtotal Pending Incorporations
Based on FY 98-99 Budget				
1998 Property Rolls (000's)	\$1,363,786	\$1,371,457	\$1,417,124	\$4,152,367
1997 Population	10,930	15,059	22,939	\$48,928
1998-99 UMISA Millage	2,517	2,517	2,517	
Gross Revenue Loss to UMISA (000)				
Base Year 1998-99 Budget				
Property Tax Revenue	\$3,261	\$3,279	\$3,389	\$9,929
Franchise Fees	\$612	\$689	\$786	\$2,068
Sales Tax	\$554	\$763	\$1,162	\$2,479
Utility Taxes	\$2,069	\$2,259	\$2,657	\$8,985
Miscellaneous Revenues	\$101	\$139	\$211	\$451
Gross Revenue Loss to UMISA	\$6,597	\$7,109	\$8,205	\$21,912
Cost of Providing UMISA Services (000)				
Police	\$1,882	\$3,416	\$3,280	\$8,578
Parks and Recreation Dept	\$17	\$255	\$349	\$621
Public Works	\$35	\$128	\$280	\$443
All Other	\$304	\$596	\$614	\$1,514
Cost of Providing UMISA Services	\$2,238	\$4,395	\$4,523	\$11,156
Net Budget Loss to UMISA (Assuming Resources are not redeployed in UMISA)	\$4,360	\$2,713	\$3,683	\$10,756

	EFFECT OF OTHER PROPOSED INCORPORATIONS				
	Destiny (Expenses per study inflated to FY 1999)	County Club Lakes	East Kendall	West Kendall	Subtotal of Other Proposed Incorporations
Based on FY 98-99 Budget					
1998 Property Rolls (000's)	\$1,364,171	\$1,113,814	\$3,909,836	\$6,073,988	\$12,461,819
1997 Population	69,785	33,616	57,696	155,321	\$316,618
1998-99 UMMSA Millage	2,517	2,517	2,517	2,517	
Gross Revenue Loss to UMMSA (000)					
Based on 1998-99 Budget					
Property Tax Revenue	\$3,282	\$2,684	\$9,349	\$14,524	\$28,799
Franchise Fees	\$1,375	\$820	\$2,100	\$4,102	\$8,397
Sales Tax	\$3,535	\$1,703	\$2,933	\$7,843	\$18,014
Utility Taxes	\$4,645	\$2,770	\$7,094	\$13,859	\$28,368
Miscellaneous Revenues	\$642	\$310	\$534	\$1,425	\$2,811
Gross Revenue Loss to UMMSA	\$13,459	\$8,267	\$22,010	\$41,753	\$85,489
Cost of Providing UMMSA Services (000)					
Police	\$12,096	\$5,580	\$12,291	\$20,301	\$50,268
Parks and Recreation Dept	\$1,718	\$174	\$310	\$1,385	\$3,565
Public Works	\$414	\$95	\$531	\$847	\$1,687
All Other	\$2,233	\$918	\$2,062	\$3,503	\$8,717
Cost of Providing UMMSA Services	\$16,459	\$6,767	\$15,194	\$25,816	\$64,238
Net Budget Loss to UMMSA (Assuming Resources are not redeployed in UMMSA)	(\$3,000)	\$1,500	\$6,816	\$15,937	\$21,253