

Memorandum



Date: June 25, 2015

To: Honorable Chairman Jean Monestime
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor

A handwritten signature in black ink, appearing to read "Carlos A. Gimenez". The signature is written in a cursive, flowing style.

Subject: Information Regarding Four Ordinances Approving the Rate Setting Process for
Special Taxing Districts (Agenda Items 5G, 5H, 5I, and 5J)

During the Tuesday, June 30, 2015, Board of County Commissioners (Board) meeting, the Board will consider four (4) ordinances approving the rate setting process for the Street Lighting, Security Guard, Multipurpose Maintenance, and Capital Improvements/Road Maintenance Special Taxing Districts.

Miami-Dade County's Public Works and Waste Management Department (PWWM) is currently responsible for the management and operation of 1,068 active Special Taxing Districts, which provide lighting, security guard services, and multipurpose maintenance throughout unincorporated Miami-Dade and in several municipalities. This annual rate setting process is required pursuant to Florida Statute 197.3632 and Section 18-14(5) of the Miami-Dade County (County) Code. In the past, this process was noticed as part of the County's annual budget process and homeowners received their notification through the Truth In Millage (TRIM) notice. The County is now required to publicly notice the increase of any non-ad valorem assessment rolls in Special Taxing Districts separately. As required by recent case law, whenever rates are increased property owners must be notified of proposed rate increases. In the case where there is a rate increase, the Board is required to adopt the assessment rolls at a public hearing held between January 1 and September 15.

As many of you know, Special Taxing Districts (Districts) are petitioned for and voted on by the residents within the area or created by developers at the inception of a development project. These districts receive enhanced services beyond those routinely provided by County government and are billed to residents as non-ad valorem assessments. These annual assessments represent a cost share assigned to a group of properties to pay all of the associated expenditures for a specific public service or an improvement which benefits those properties. Assessments are assigned on a "benefit unit" basis as defined when a special taxing district is established. A benefit unit may be a parcel, dwelling, linear foot or other equitable unit. For example, for a guard house district the benefit unit is a developed parcel or lot; for street lighting district the benefit unit is the front linear footage of that lot; and for a multipurpose maintenance district the benefit unit is square footage of that lot.

Agenda item 5H recommends flat rates for 834 out of 1,068 Districts. Agenda items 5G, 5I, and 5J require rate increases. Rate increases are necessary as a result of contractual or CPI cost increases and/or historical rate miscalculations. While 97 percent of the total folios with rate increases are flat or below an annual amount of \$100, I am concerned about the impact of *any* increase on our residents. I have met with the County Attorney's Office multiple times to discuss my preference for a phased approach. They have advised that these options are restricted by Charter requirements and, in addition, staff has advised may risk adding costs to the residents of the Districts.

Consistent with State Statute and the County Code, the following actions have been taken specific to these ordinances:

1. On June 2, 2015, the Board approved the above mentioned ordinances on First Reading, thereby commencing the process for rate setting.
2. On June 6, 2015, courtesy letters were mailed to all residents whose districts have a proposed rate increase.
3. Notices of proposed rate increases were mailed to all affected Special Taxing District property owners on June 8, 2015.
4. Newspaper advertisements advising of the public hearing to be held on June 30, 2015 were published in the Miami Herald on Wednesday, June 10, 2015, and Tuesday, June 16, 2015.
5. Notices were posted in all Special Taxing Districts with proposed rate increases.

The County's Audit and Management Services Department, at the request of PWWM, is currently conducting an audit of all special taxing districts. The ongoing audit process and subsequent management review have revealed issues with past management and budgeting/accounting practices that have been and continue to be addressed. Immediately upon discovering these concerns, steps were immediately taken to properly hold staff accountable. The Director of the Special Taxing District Division was removed and the Division was reorganized. The review of operational responsibilities continues to date; however, the past accounting and budget process methodology were reviewed and immediately revised for consistency with County and accounting standards. The fiscal components of the division were transferred under the purview of the PWWM Assistant Director of Administration to ensure greater accountability. Additionally, staff continues to work with the Office of Management and Budget, the Finance Department, the County Attorney's Office, and the Property Appraiser's Office to ensure compliance with proper accounting principles, ensure the appropriate checks and balances, and provide for an appropriate transition to this new rate setting process. It must be noted that special taxing districts' services have been continually provided without interruption during this review process.

PWWM staff has continuously communicated with homeowners associations, interest groups, municipalities and residents. In many cases, outreach has been difficult because Special Taxing District lines do not always mirror established representation groups such as homeowners associations. The new notification process implemented this year has revealed that many homeowners had no knowledge that they lived in a special taxing district.

Since the approval of these ordinances for first reading, two (2) updates must be brought to the Board's attention:

1. The Miami Herald omitted 38 Street Lighting Districts from the County's prepared advertisement on Wednesday, June 10, 2015. While the Miami Herald corrected the error digitally that same day and published the correct Street Lighting advertisement on Thursday, June 11, 2015, the requirement set forth by the State Statute to advertise 20 days before the public hearing was not met.

2. Additionally, 1,213 property owners received incorrect rate information on the Notice of Proposed or Adopted Non-Ad Valorem Assessment mailed on June 8, 2015. While staff re-noticed the affected property owners on Friday, June 12, 2015, the requirement set forth by the State Statute to advertise 20 days before the public hearing was not met.

Therefore, in consultation with the County Attorney's Office, during the public hearing on June 30, 2015, we will respectfully request that:

1. The Board allow the public to give testimony during the public hearing for the four (4) ordinances and continue the public hearing on the regularly scheduled Board meeting on September 1, 2015. This will allow for the re-notification of the affected property owners and re-advertisement of the continuation of the public hearing to September 1, 2015 in order to comply with both the State Statute and the County Code;
2. The Board adopt Agenda Item 5H, which sets the Special Assessment District Rates For Special Taxing Districts remaining flat, including but not limited to Street Lighting, Security Guard, Multipurpose Maintenance, and Capital Improvements/Road Maintenance Special Taxing Districts for FY 2015-2016; and
3. The Board accept the supplemental memoranda that will be distributed as part of the June 30, 2015 Changes Memorandum that will incorporate any adjustments to rates that are a function of work that has continued since the ordinances were heard for First Reading. As of the writing of this memo, the nine adjustments proposed with agenda items 5G, 5H, 5I, and 5J will all be lower or return the rate to the previous year's rate.

We continue to aggressively review the management and operation of the Special Taxing Districts Division. A historical review of past audits demonstrates a complexity of management issues that date back to 1996. The necessary immediate steps to implement corrective actions have been taken and will continue upon the conclusion and review of the audit findings. At the completion of this process, future rate setting will be limited to cost of living requirements or the cost of any improvements requested by residents.

Should you have any questions, please contact Alina T. Hudak, Deputy Mayor and Director of the Public Works and Waste Management Department, at 305-375-2531.

c: Honorable Pedro Garcia, Property Appraiser
R. A. Cuevas, Jr., County Attorney
Office of the Mayor Senior Staff
Jennifer Moon, Director, Office of Management and Budget
Cathy Jackson, Director, Office of Audit and Management Services Department
Blanca Padron, Assistant Director, Finance Department