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August 29, 2017

Report on Special Taxing Districts

Background

The City has expressed an interest in assuming control of the special taxing districts within its municipal borders. Special taxing districts are created in local areas to finance improvements that are of interest to specific neighborhoods. The funds are collected in the same manner as property taxes. Unlike property taxes that are calculated based upon a property's value, special taxing district contributions are determined on a per parcel basis. The special taxing districts within Coral Gables are used to fund guard houses, gates, security personnel to staff these facilities, and roving patrols.¹

Municipalities Recently Authorized to Be the Governing Body of Special Taxing Districts

Based upon the County's charter, the County was the governing authority of special taxing districts whether they were located in the County's unincorporated or incorporated area. Spurred by apparent accounting concerns, the Board of County Commissioners proposed, and the electorate approved at last year's general election, the following ballot question:

Shall the Charter be amended to allow the Board of County Commissioners to provide, by ordinance, that the governing body of any special purpose district located **entirely within the boundaries of a municipality** be the governing body of the municipality rather than the Board of County Commissioners as is currently required by the Charter? (emphasis supplied).

The Board of County Commissioners had previously adopted an ordinance governing transfer of special taxing districts that became effective upon the approval of this charter change. That ordinance provides:

Sec. 18-3.1 Municipal Special Taxing Districts

¹ According to the County, Pine Bay Estates (security guards), Hammock Lakes Banyan Drive (Coral Gables off duty police officers), and CocoPlum Phase I (Coral Gables off duty police officers) have roving patrols without guard gates. Old Cutler Bay has both a guard gate and roving patrol.

Pursuant to Section 1.01(A)(11) of the Miami-Dade County Home Rule Charter, the County and a municipality may, by joint resolutions of the Board and the governing body of the municipality: (1) designate the governing body of such municipality as the governing body of a new special taxing district created in accordance with the other provisions of this article and located wholly within the boundaries of such municipality; or (2) designate the governing body of a municipality as the governing body of any existing special taxing district located wholly within the boundaries of such municipality. Any resolution designating the governing body of a municipality as the governing body of an existing special taxing district **shall not become effective prior to approval of the transfer of control of the special taxing district by a majority vote of the qualified electors residing in the special taxing district voting at an election to be called by the Board and noticed and conducted by mailed ballot or otherwise**, as the Board shall by resolution determine and shall set forth a date for the transfer of control of the special taxing district and shall provide that the governing body of such municipality shall be responsible for all pre-existing and future liabilities of such taxing district, whether known or unknown, for the protection of any creditors of such special taxing district as of the date of the transfer of control of such special taxing district, and for encouraging any vendors of such special taxing district to pay the Living Wage required by Section 2-8.9 of the Code of Miami-Dade County, Florida to such vendors' employees working on contracts providing any of the Covered Services set forth in Section 2-8.9(F)(1) of the Code of Miami-County [sic], Florida. (emphasis supplied)

Most significantly among the requirements to transfer the taxing district to the City is the required vote of the qualified electors of that district.

Coral Gables Security Guard Special Taxing Districts, Budgets, and Operation

The Security Guard Districts within Coral Gables are ten in number: Hammock Oaks Harbor, Old Cutler Bay, Pine Bay Estates, Hammock Lake Banyan Drive, Gables By the Sea,² Snapper Creek Lakes, CocoPlum Phase I, Sunrise Harbour, Kings Bay, and Hammock Lakes. Attached, as Composite Exhibit I to this report, are the revenues and expenses for these districts for the last three years.

Michael Bauman, Chief of the Causeways and Special Taxing Division of Miami-Dade Parks, Recreation and Open Parks Department, is in charge of all the County special taxing districts. Regarding the budgets of the special taxing districts, he explained that in any year that the special taxing district runs a deficit, the following year's budget is set to "true-up" for that prior year's deficit. He advised that the special taxing districts are not designed to run at a deficit, and ultimately do not incur a cost to the County.

The County has provided detailed information on the operation of these security guard districts in a spreadsheet attached, as Exhibit II to this report. This spreadsheet indicates the names of the

² The Gables by the Sea Special Taxing District is located in both Coral Gables and Pinecrest.

Security Guard Companies and off duty police officers that the County contracts with, the number of security guards employed within each district, hourly rates, and costs for operation of security vehicles.

The County's Administrative Fee

The County has provided detailed information on the calculation of the administrative fee for each of the security districts, which is attached to this report as Composite Exhibit III. The County's explanation of the administrative charges described in these spreadsheets is as follows:

The administrative charges are in 3 subobjects: 26240, Other General Administrative Charges; 26241, Indirect Cost Dist; 26260, Other Charges for County Provided Services. For FY2016-17 and FY2017-18, the charges in 26240 are for County overhead; the charges in 26241 are Parks Department Overhead and the charges in 26260 are Special Taxing Districts overhead.

These calculations may be useful in assisting the City in determining its administrative fee should the City consider taking over one or more of the special taxing districts.

Miami-Dade County's Proposed Timeline

The County has submitted a proposed timeline to transfer Old Culter Bay special taxing district, which the City has indicated an interest to be the first district to be transferred. There are numerous actions proposed to be undertaken by the City and the County and the timeline has been included in Exhibit IV to this report. Regarding near-term City actions, the County requests the City to approve the interlocal agreement for legal sufficiency on September 14, 2017, to pass a joint resolution accepting and ratifying the County resolution transferring the special taxing district by December 13, 2017, and holding the election to approve the transfer of the special taxing district by its members on January 23, 2017, which the County indicates will become effective 30 days thereafter.

Section 197.3632(3)(a), Florida Statutes requires prior to January 1, 2018, that the City adopt at a public hearing, a resolution intending to collect a non-ad valorem using the uniform method to collect such assessment (similar to property taxes). This Section does, however, permit the City to adopt such resolution prior to March 1, 2018 if the Property Appraiser and the Tax Collector agree. It should be noted that the City will be required to advertise that public hearing for four consecutive weeks prior to the public hearing.