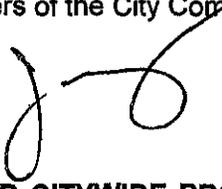




MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Matti H. Bower and Members of the City Commission
FROM: City Manager Jorge M. Gonzalez 
DATE: March 12, 2008
SUBJECT: **REPORT OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE ON FEBRUARY 7, 2008.**

OLD BUSINESS

1. Discussion regarding an update on the City Code Chapter 102 related to Local Business Tax and Schedule of Taxes.

ACTION

Bring back item to the Finance and Citywide committee in 90 days (June Meeting), after review of working group to simplify listings of non-zoning categories into general categories. In the interim make the modifications to Dance Hall and Entertainment business tax as well as delete the business tax categories that were proposed for this agenda and assure that a catch all business tax category exists.

Chief Financial Officer, Patricia Walker presented the item regarding the review of City Code Chapter 102 relating to Local Business Tax. Chairman Saul Gross asked if it was possible to simplify the business tax into general categories as opposed to the current listing. Ms. Walker noted that the City Manager has implemented a working group consisting of a representative from each department to look at and to simplify the process.

Commissioner Deede Weithorn questioned if, as a local government, it was necessary to verify State licenses before issuing a business tax receipt. Commissioner Weithorn also felt that we should separate the zoning piece for Certificate of Use from the Business Tax Receipt in order to expedite the process.

City Manager, Jorge Gonzalez suggested cleaning up of old Business Tax Receipts that no longer apply. The Manager also suggested creating a "catch all category" for new business tax receipts not already listed.

Agenda Item C6B

Date 3-12-08

Ms. Walker advised that she had updated the schedule of business taxes and placed them in alphabetical order, and stated that the most significant change was to dance hall and entertainment business tax. Richard Lorber, Planning and Zoning Manager stated that this was proposed by the Special Master due to the fact that a lot of cases were being thrown out because this clarification had not been made.

Mr. David Kelsey requested clarification on the D. J. item. City Manager, Jorge Gonzalez stated that the D.J. office would have to be located within the City's boundaries in order for them to be required to have a business tax receipt.

Chairman, Saul Gross made the motion to bring back the Business Tax item in 90 days (June meeting) to the Finance and Citywide Committee meeting, after the working group has simplified the listings into general categories. In the interim make the modifications to Dance Hall and Entertainment business tax as well as delete the business tax categories that were proposed for this agenda and assure that a catch all business tax category exists.

2. Discussion item on the impacts of property tax reform referendum on Miami Beach.

ACTION

Neighborhood Services to reach out to the Home Owners Association with property tax reform frequently asked questions and based on resident feedback maybe do a small feature on MB77.

City Manager, Jorge Gonzalez presented the item. He stated that based on the January 1, 2007 tax roll provided by the Miami-Dade County Property Appraiser's Office, the initial estimated annual loss of property tax revenues for Miami Beach is approximately \$3 million.

Chairman, Saul Gross asked how this amount was derived and Kevin Crowder, Economic Development Division Director went on to explain that the amount was derived as follows:

- \$2,058,947 from the additional \$25,000 homestead exemption;
- \$346,402 from the \$25,000 exemption for tangible personal property;
- Determination of the impact of the portability is challenging; however, initial estimates provided by Miami-Dade County indicate that the impact could be up to \$590,926;
- While the 10% assessment cap on non-homestead property will impact individual properties, it may not have a direct negative impact on overall property tax revenues, due to the "roll-back" methodology approved by the Legislature.

Commissioner Deede Weithorn asked if the City would be pro-active in advising the residents as to how the decrease in property taxes will affect their taxes for the upcoming year. Commissioner Weithorn stated that she had been approached by several residents asking her to explain what the tax reform meant to them as taxpayers. She believes there is an expectation gap between what the residents think they are going to receive in tax reform and what the actual number will be. Chairman Gross suggested holding a workshop for the residents. City Manager, Jorge Gonzalez suggested having Neighborhood Services reach out the Home Owners Associations. Commissioner, Ed Tobin also suggested having a feature on MB77.

In conclusion City Manager, Jorge Gonzalez stated that he would talk to Neighborhood Services to have them reach out to the Home Owners Associations with some frequently asked questions as it pertains to the property tax reform and based on feedback maybe do a small feature on MB77.

3. Discussion regarding a new equipment lease line of credit with SunTrust Equipment Finance & Leasing Corp.; and the refinancing of the existing equipment lease line of credit with Banc of America.

ACTION

Accept the proposed new equipment lease line of credit with SunTrust Equipment Finance & Leasing Corp.; and the refinancing of the existing equipment lease line of credit with Banc of America.

Chief Financial Officer, Patricia Walker presented the item. Ms. Walker explained that on September 20, 2001, the City Commission approved Resolution No.2001-24600 for a Master Equipment Lease/Purchase Agreement with Banc of America Leasing & Capital, LLC. The program served as a \$21,000,000 variable rate credit line that allowed the City to fund equipment purchases in a flexible and cost effective manner over a six year period. Over the course of six years, the City financed \$18,197,640 with a current remaining balance of approximately \$9,716,855.

Ms. Walker stated that after having reviewed the proposals of various banks, along with our Financial Advisor and our Bond Counsel, they have determined that the proposed SunTrust lease/financing program best meets the goals of the City, in terms of providing a low cost credit facility. Additionally, SunTrust will refinance the remaining outstanding balance of the Banc of America loans in the amount of \$9,716,855, over their remaining term, at a net present value savings to the City of approximately \$696,000.

Ms. Walker explained that the amount of the credit line will not exceed \$37,500,000 in total, (\$27.5 million new, \$10 million refinance of current outstanding balance) or the fair market value of the equipment financed, over the utilization period of the transaction. The Master Equipment Lease Agreement with SunTrust will be set up for five, seven and ten year lease terms to match the useful lives of the equipment being financed. The City will advance internal funds

for the purchase of the equipment and intends to reimburse itself for such advances by entering into leases under the Master Lease Agreement.

Motion made by Chairman, Saul Gross to accept the new equipment lease line of credit with SunTrust Equipment Finance & Leasing Corp.; and the refinancing of the existing equipment lease line of credit with Banc of America, seconded by Commissioner Weithorn.

4. Discussion regarding establishing a process for developing and prioritizing future Capital Improvement Projects.

ACTION

Discussion item

Budget and Performance Improvement Director, Kathie Brooks presented the item. Currently, proposed funding for new projects are submitted, reviewed and prioritized by a Capital Budget Process Committee comprising of City staff. Typically, the new projects proposed are small projects to be funded in the next fiscal year. As part of this review, and based on projected available funding as the Proposed Budget is finalized, projects are recommended for incorporation into the City Manager's Proposed Budget. In conjunction with the review of available funding, priority is given to additional funds that may be needed for previously funded projects, with allocation generally given first to projects with increased costs from unforeseen circumstances or then to projects with increased costs due to additional scope. These are generally reviewed with the Finance and Citywide Projects Committee in August or September prior to the second Public Hearing on the budget.

Chairman, Saul Gross stated that he had brought this item to the Finance Committee to brainstorm as to how to better prioritize and decide which projects are to be moved forward in the Capital Budget. Commissioner, Ed Tobin stated that he would like to have some type of public forum for input in this process. City Manager, Jorge Gonzalez stated that the Commission would have to be careful to manage the expectations of the residents if a public forum was held.

Commissioner, Deede Weithorn stated that we should first spend the money we currently have issued in G.O. bonds before we look at any new projects. Chairman, Saul Gross said that depending on the size of the project some could be moved ahead more quickly if the funding requirements were minimal.

Chairman, Saul Gross advised having further discussions at the Commission retreat to further brainstorm as to the best way to roll out any new ideas of prioritizing any new projects. This revised process, will allow early input by the Commission regarding priorities for funding, subject to availability of funding. This is consistent with the process for Commission input regarding operating budget priorities.

JMG/PDW/rs

T:\AGENDA\2008\March 12\Consent\FCWP 02.07.2008 minutes revised.doc