

BAL HARBOUR

- V I L L A G E -

Jose Biton, Chair
Raj Singh, Vice Chair
Neca Logan, Board Member
Raymond Slate, Board Member

Village Manager Jorge M. Gonzalez
Village Clerk Dwight S. Danie
Village Attorneys Weiss Serota Helfman
Cole & Bierman, P.L.

BUDGET ADVISORY COMMITTEE REGULAR MEETING AGENDA MAY 22, 2018 AT 8:00 A.M.

Bal Harbour Village Hall • 655 - 96th Street • Bal Harbour • Florida 33154

1. **Call to Order/Roll Call**
2. **Pledge of Allegiance**
3. **Approval of Minutes**
4. **Review of Budget Related Issues: Business Tax Receipt Rate**
5. **Review of Budget Related Issues: Preliminary Base Budget for FY 2019**
6. **Selection of Future Meeting Dates**
7. **Adjournment**

NOTE: If you are a person with a disability who needs any accommodation in order to participate in this proceeding, you are entitled, at no cost to you, to the provision of certain assistance. Please contact Clerk of Bal Harbour Village, 655 96th Street, Bal Harbour, Florida 33154, Telephone Number (305) 866-4633 ext 318, within (2) two working days of your receipt of this notice or (5) five days prior to the meeting date.

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BUDGET ADVISORY COMMITTEE REGULAR MEETING MINUTES APRIL 23, 2018 AT 8:00 A.M.

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- 1. Call to Order** - Chair Jose Biton called the meeting was called to order at 8:06 A.M.

The following Committee Members were present:

Jose Biton
Raj Singh
Neca Logan

The following Committee Members were not present:

Raymond Slate

The following were also present:

Dwight Danie, Village Clerk
Amber Riviere, Chief Financial Officer
Captain Raleigh Flowers, Acting Police Chief
John Oldenburg, Director of Parks and Public Spaces
Stephanie Marquez, Deputy Village Clerk

- 2. Pledge of Allegiance** - The Pledge of Allegiance was led by Amber Riviere.

- 3. Approval of Minutes (8:06 A.M.)**

MOTION: A Motion to approve the minutes for the March 5, 2018 meeting was moved by Vice Chair Raj Singh and seconded by Neca Logan.

VOTE: The Motion was approved by unanimous voice vote (3-0).

- 4. Review of Budget Related Issues (8:08 A.M.)**

- **FY 2018 Year End Projection for the General and Resort Tax Funds**

Ms. Riviere provided Committee members with handouts detailing General Fund and Resort Tax revenues and expenses. In reviewing General Fund Revenue she highlighted the impacts of Value Adjustment Board actions, Red Light cameras and off-duty police. She then provided an overview of the Operating Expenses for General Government and summarized the year's revenue stating that projected revenues would be sufficient to cover the projected expenses for next Fiscal Year.

Captain Flowers described projected expenses for the Police Department adding that budget variances were mostly due to position vacancies resulting from retirements.

Mr. Biton suggested that Police budget should include special activities, or retreats, for the Police personnel, to boost moral after a difficult two years with the passing of both Chief Overton and Chief De la Rosa. Ms. Riviere said they could coordinate with Ramiro Inguanzo, Assistant Village Manager, to identify activities. Captain Flowers stated that the Police staff had done a great job with all the transitions, and that he would work with the Administration to plan a retreat or special function.

Mr. Oldenburg provided an overview of the Parks and Public Spaces projected expenses. He detailed expenses for hurricane preparations which included upgrading pumps, performing sewer/storm drain maintenance, and purchasing a grapple truck, generator and a trailer for Village Hall. Ms. Riviere described the installation of the water line for the drinking fountains on the beach as part of Parks and Public Spaces capital expenditures.

There was a general discussion regarding the expenses incurred during Hurricane Irma. Ms. Riviere stated that the majority of the expenses would be reimbursed by FEMA and that they were currently waiting for a response from the Village's insurance company.

Ms. Riviere provided an overview of the Resort Tax revenue and expenses, stating that revenue was currently up, adding that there was a significant increase in tax returns for the month of March 2018. Mr. Oldenburg suggested that some of the costs to restore the beach jogging path and vehicle access path after the Hurricane Irma could be Resort Tax eligible.

The Village Clerk suggested reviewing upcoming election costs and stated that he would be seeking a separation of budget line items for the Office of the Village Clerk from the Office of the Village Manager (Administration).

Update on Council Budget Action on Capital Project Reserve (8:07 A.M.)

Ms. Riviere stated that, during the last Council Meeting on April 17, 2018, the Village Council approved the Committee's recommendation to allocate \$1.3 million of excess revenue (with the addition of \$3 hundred thousand, previously allocated to the Capital Project Reserve totaling \$1,633,800), to the Capital Project Reserve General Fund Balance.

5. Selection of Future Meeting Dates (5:29 P.M.)

There was a general consensus from the Committee to continue meeting in the mornings and to tentatively schedule the next meeting on May 22, 2018 at 8:00 A.M.

6. Adjournment - The meeting was adjourned at 9:19 A.M.

Jose Biton, Chair



Attest:

Dwight S. Danie, Village Clerk

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FY 2018-19 DISCUSSION ITEM – LOCAL BUSINESS TAX

DESCRIPTION: Local Business Tax

Pursuant to Chapter 205, Florida Statutes, counties and municipalities are authorized to levy a local business tax. As part of the levy, each local government establishes categories of professions, occupations, and businesses, and then imposes a tax on each designated category. Under current law, the rate structures and classifications cannot be modified but the rates can be increased five percent every other year. Revenues collected remain with local governments as general revenue. Local Business Tax Revenue were \$682,100 in FY 2015, \$721,400 in FY 2016, \$740,100 in FY 2017 and are projected at \$715,800 for FY 2018. FY 2018 reflects and decrease due to lower reported inventory.

HISTORY: Formerly called occupational license taxes, they were first authorized in Florida in 1869. The state prescribed rates, and counties could receive 50 percent of the state taxes collected. Additionally, cities and towns were authorized to impose their own tax not to exceed 50 percent of the state license tax. In 1967, Chapter 205, Florida Statutes, "Occupational License Taxes," was amended to require that two thirds of the occupational license taxes collected by the county would be distributed to the state, with the other one-third remaining in the county where collected. Municipalities could enact a similar tax, but only at a rate equal to 50 percent of that allowed for counties to assess. Rates for individual business and occupational types were specified and certain exemptions were allowed.

In 1972, Chapter 205, Florida Statutes, was amended to make the occupational license tax a local tax and eliminate the requirement that county collected taxes were transferred to the state. In 1980 and 1982, the Florida Legislature amended Chapter 205 again to allow percentage increases in the occupational license tax rates charged by counties and municipalities. In 2006, the Florida Legislature formally changed the name to Local Business Tax.

REVENUE: Historically, Bal Harbour Village Local Business Tax generated approximately \$460,000 of general revenue per year. In FY 2015 and in FY 2017, the annual renewal rate was increased by 5%; prior to then the last increase was in 2010.

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FY 2018-19 DISCUSSION ITEM – LOCAL BUSINESS TAX

Currently, Local Business Taxes are levied based on the following rate structure.

Business Tax Receipt			
Retail	\$ 60.64	1st \$1,000 worth of stock value - Based on inventory	Sec. 9-34
Retail	\$ 3.58	for each additional \$1,000 or fractional part there of	Sec. 9-34
Restaurant	\$ 60.64	for the first 35 chairs	Sec. 9-34
Restaurant	\$ 1.65	for each additional chair/seat over 35	Sec. 9-34
Restaurant - Late Hour Bar	\$ 551.25		Sec. 9-34
Professional	\$ 71.66		Sec. 9-34
Per Professional	\$ 22.05		Sec. 9-34
Vending Machines	\$ 3.02	Per Machine	Sec. 9-34
Services	\$ 60.64		Sec. 9-34
Services - Barber Shops & Beauty Parlo	\$ 12.67	per chair in excess of 4	Sec. 9-34
Hotels & Cabanas	\$ 2.21	Per room or cabana	Sec. 9-34
Insurance	\$ 71.66		Sec. 9-34
Financial Institutions	\$ 220.50		Sec. 9-34
Financial Institutions	\$ 55.13	Per Branch if main bank is within Village	Sec. 9-34
Nightclubs	\$ 2,756.25		Sec. 9-34
Delinquency during the month of Octobe	\$ -	10%	Sec. 9-34
Delinquency after October in addition to	\$ -	5% Not to exceed 25%	Sec. 9-34
Failing to obtain BTR	\$ 262.50		Sec. 9-34

TIMELINE/
ISSUES:

The Local Business Tax rates are now eligible for adjustment for FY 2019, an increase of 5% would generate an increase of approximately \$36,000 more general revenue than the current year projection of \$715,800 at \$751,600. By selecting to not adjust these rates as provided by Florida Statutes the Village would not kept pace with the Consumer Price Index for the same time period and would forego an estimated \$147,000 in additional general revenue over four years that could be collected by the Village. Keeping current with Local Business Tax rate adjustments, ensures that commercial properties carry their fair and proportionate share of the cost of government services. A 5% rate increase can be advanced for Council consideration by Ordinance and revenue incorporated within the FY 2019 Budget during the first and second Budget hearings in September.