

**MEMORANDUM
CITY MANAGER**



Meeting Date: March 31, 2025

To: Honorable Mayor & Council Members

From: George Garrett, City Manager

Subject: **MSTU Decision**

MSTU

In 2019, the City of Marathon entered into an agreement known as the Middle Keys Health Care Municipal Service Taxing Unit (MSTU). For the purposes sought and in order to assist Baptist Hospital with the redevelopment of Fisherman's Community Hospital the County under its authority created the MSTU. The City agreed to be taxed through the MSTU for an amount of \$15 Million over a period of up to ten years. The City passed a complimentary Ordinance, a portion of which is reflected immediately below. As part of the City's Ordinance, the City must agree to either continue the MSTU each year or request that the County rescind that portion of the MSTU which includes the City. If the City votes to terminate the MSTU, they must so it by Ordinance. The entirety of the City's agreement to the County's MSTU is found in Chapter 28 Taxation / Article 28-1 In General / Section 28- 1 through Section 28-4. Section 28-3 follows:

"Sec 28-3 Middle Keys Health Care Municipal Service Taxing Unit

- 1. The City Council hereby requests and consents to the inclusion of all of the incorporated area of the City of Marathon, Florida within the Middle Keys Health Care Municipal Service Taxing Unit (MSTU) created by Monroe County, Florida pursuant to Monroe County Ordinance No. 012-2018, created to provide indigent health care services. The City Council finds that the provision of such indigent health care services is an essential municipal purpose.*

- 2. As allowed under Fla. Stat. § 125.01(q) the City Council's consent shall be on an annual basis, and the City Council's initial consent to inclusion is only for fiscal year 2019. City Council shall annually review this MSTU at its first meeting in March of each calendar year and make a determination whether to extend its consent for inclusion in the MSTU. The City may withdraw such consent for a subsequent fiscal year by adopting an ordinance abandoning its consent and providing a certified copy of such ordinance to Monroe County prior to May 1 preceding the fiscal year for which the consent is being withdrawn."*

Each year since 2019, the City Council has reviewed the Ordinance and agreed to its continuation. As we approach this year, the MSTU has been very effective at a rate of 0.5 mils to collect nearly all of the \$15 Million. The MSTU is estimated to only require \$896,111.01 in this coming year to meet the intent and obligation under the Ordinance.

As the MSTU has typically collected approximately \$2 Million annually, the millage of 0.5 is not necessary to collect the remaining amount.

The Council has at least two choices (two offered here);

1. Request that the County rescind that portion of their Ordinance which includes the City of Marathon from further collection under the MSTU, or
2. Request that the County reduce by Ordinance the current millage to an amount which would only generate the approximated amount of \$896,111.01

The City believes that the reduction in millage would be approximately 1/3 of that required and adopted currently. However, this number cannot accurately be determined until the 2025-2026 tax roll amounts are available in June.

If the Council elects to rescind the City's participation in the MSTU, staff will bring back an appropriate Ordinance for such at the first meeting in April.

If the City Council elects to request that the County modify its Ordinance to reflect a lesser millage, then staff will bring back an appropriate Resolution at the first meeting in April. Suggested language or a Resolution might take the following form:

“The City Council hereby directs that the millage rate be set at a level that will generate the necessary revenue to satisfy, but not exceed, the remaining financial commitment under the MSTU agreement. The final millage rate shall be determined based on the assessed property values provided by the Property Appraiser's Office in July 2025.”