



**City of Miami Beach**, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMITTEE MEMORANDUM

TO: Members of the Finance & Citywide Projects Committee

FROM: Jimmy L. Morales, City Manager

DATE: July 26, 2019

SUBJECT: FISCAL YEAR 2020 PROPOSED ENTERPRISE FUND BUDGETS

At the May 21, 2019 Commission Budget Workshop, the City Commission was briefed regarding the Preliminary FY 2020 Operating budget, including the Enterprise funds, which are comprised of the Storm Water, Water & Sewer, Parking, Convention Center and Sanitation Funds. At the June 14, 2019 and July 19, 2019 Finance and Citywide Projects Committee Budget Briefings, the Administration presented the General Fund's FY 2020 Operating and Capital Budgets.

At the July 31, 2019 Commission meeting, the Mayor and City Commission will set the proposed millage rate for the FY 2020 budget process in accordance with the State of Florida's Truth-in-Millage (TRIM) requirements.

### **STORMWATER FUND**

#### **Operating Budget**

The preliminary budget represents the cost of providing the same level of services as in the prior year and serves as the baseline of funding for the budget development process. These costs include the increasing fiscal impacts of storm water pump stations, which are now a critical component of the City's resilience strategy.

The City currently maintains 47 pump stations, which have been installed over the past 10 years throughout the City. It is anticipated that 2 additional station will come online this Fall, with an additional 30 more over the next 15 years.

In order to efficiently and effectively maintain the current operations and the increased storm water infrastructure, the following reductions and enhancements are recommended:

**Attachment B** reflects a listing of all proposed FY 2020 service reductions and efficiencies submitted by departments during the budget process with detailed descriptions and those recommended by the Administration. FY 2020 Storm Water Fund reductions and efficiencies recommended by the Administration are comprised of the following:

FY 2020 Reductions/Efficiencies	\$
Efficiency of Rent Building & Equipment	270,000
Efficiency Contract Maintenance	26,000
Contracted Services- Repairs	15,000
Efficiency Other Operating Expenditures	5,000
Elimination of 1% COLA in April 2020 for Positions \$100,000 and over (Unclassified Only)	2,000
<b>Total</b>	<b>\$ 318,000</b>

**Attachment C** includes a listing of all proposed FY 2020 enhancements requested by departments during the budget process with detailed descriptions and those recommended by the Administration. The following recurring Storm Water Fund enhancements are being recommended by the Administration for FY 2020:

FY 2020 Expenditure Enhancements	\$ Year 1	\$ Year 2
2 Full-Time Electrician Positions to maintain pump stations	256,000	184,000
Full-Time Assistant Pumping Mechanic Position to maintain pump stations	108,000	66,000
Living Wage Increase	3,000	3,000
<b>Total</b>	<b>\$ 367,000</b>	<b>\$ 253,000</b>

As set forth by Resolution No. 2006-26341, the City can use one-time non-recurring revenue for capital expenditures or one-time expenditures and not to subsidize recurring personnel, operational and maintenance costs. The following item for FY 2020 is considered one-time in nature, and as such, can be funded utilizing Storm Water fund balance.

- Neighborhood Improvement Design Criteria Package: \$3,000,000 (Split-Funded)  
This enhancement will provide funding for the preparation of a comprehensive basis of design report that will establish guidelines for a comprehensive design approach to follow on City neighborhood improvement projects. The design criteria packages shall incorporate all aspects of utility and infrastructure improvements, roadway improvements, streetscapes, drainage improvements, as well as sea level rise components. It is proposed that this enhancement be split funded as follows: Water (25%), Sewer (25%), and Storm Water Operations (50%).

### Capital Budget

The total Storm Water Capital program was estimated at \$658 million per the 2017 AECOM Engineer's report. The storm water funding plan is outlined below:

- 1st \$100 million funded from Storm Water Bonds issued July, 2015
  - Rate increase of \$7.61 or 84% for a total of \$16.67 per ERU

- 2nd \$100 million funded from Storm Water Bonds issued December, 2017
  - Rate increase of \$6.00 or 36% for a total of \$22.67 per ERU
- 3rd \$100 million to be cash funded from Miami-Dade County Interlocal Agreement
  - Of the Of the \$100 million, \$53.9 million has been received to date and the remaining \$46.1 million is anticipated to be received over the next 3 years
- 4th \$100 million originally anticipated to be issued in 2022 with rate increase in FY 2017
  - Planned rate increase of \$4.59 or 19.7%

Jacobs Engineering has been tasked with creating a concept plan for integrated water management that will include project size and sequencing. The plan is estimated to be complete this Fall. Based on the latest timing implementation, a rate increase would be needed in the Spring of 2020, or projects may be delayed. It is important to note that rates need to be in place at least a year in advance of issuing new bonds.

**Attachment D** summarizes the Stormwater Capital Plan by project and outlines the planned funding sources.

**Attachment E:** Provides a summary of expenditures by funding source, and outlines the status of expenditures (spent, committed, uncommitted and pending) for Storm Water Bonds, Miami Dade County Interlocal agreement Funds, Water and Sewer Bonds, PAYGO Funds, and Future Bonds. It also provides details of expenditures on specific projects, sorted by funding source and by Project.

## **WATER & SEWER FUND**

### **Operating Budget**

Water & sewer improvements are often contingent on projects in the Storm Water program. An updated capital plan is expected from Hazen and Sawyer at the September Sustainability and Resiliency Committee meeting. In order to efficiently and effectively maintain the current operations, the following reductions and enhancements are recommended:

**Attachment B** reflects a listing of all proposed FY 2020 service reductions and efficiencies submitted by departments during the budget process with detailed descriptions and those recommended by the Administration. FY 2020 Water & Sewer Fund reductions and efficiencies recommended by the Administration are comprised of the following:

FY 2020 Reductions/Efficiencies	\$
Efficiency of Eliminating of Backflow Coordinator Position (Vacant)	66,000
Elimination of 1% COLA in April 2020 for Positions \$100,000 and over (Unclassified Only)	4,000
<b>Total</b>	<b>\$ 70,000</b>

**Attachment C** includes a listing of all proposed FY 2020 enhancements requested by departments during the budget process with detailed descriptions and those recommended by the Administration. The only recurring Water & Sewer Fund enhancement that is being recommended by the Administration for FY 2020 is a living wage increase of \$6,000.

As set forth by Resolution No. 2006-26341, the City can use one-time non-recurring revenue for capital expenditures or one-time expenditures and not to subsidize recurring personnel, operational and maintenance costs. The following item for FY 2020 is considered one-time in nature, and as such, can be funded utilizing fund balance.

- Neighborhood Improvement Design Criteria Package: \$3,000,000 (Split-Funded)  
This enhancement will provide funding for the preparation of a comprehensive basis of design report that will establish guidelines for a comprehensive design approach to follow on City neighborhood improvement projects. The design criteria packages shall incorporate all aspects of utility and infrastructure improvements, roadway improvements, streetscapes, drainage improvements, as well as sea level rise components. It is proposed that this enhancement be split funded as follows: Water (25%), Sewer (25%), and Storm Water Operations (50%).

## **Capital Budget**

As previously mentioned, water & sewer improvements are often contingent on projects in the Storm Water program. An updated capital plan is expected from Hazen and Sawyer at the September Sustainability and Resiliency Committee meeting. At this time, no water and sewer rate increases are being recommended. Future rate increases are anticipated, once the Hazen and Sawyer report is completed.

**Attachment F** summarizes the Water & Sewer Capital Plan by project and outlines the planned funding sources.

## **PARKING FUND**

Is it important to note that the Administration's long-term objective is to reduce the subsidy from the Parking Enterprise Fund to the General Fund in order reduce the burden on the Parking Enterprise Fund. For FY 2020, the Administration is recommending that the transfer from the Parking Enterprise Fund to the General Fund remain consistent with the FY 2019 contribution of \$1.166 million. The proposed FY 2020 transfer of Parking Funds to the Transportation fund is \$1.117 million.

Fiscal Year	Transfer to General Fund	Transfer to Transportation Fund
FY 2011	3,600,000	-
FY 2012	7,200,000	-
FY 2013	7,200,000	-
FY 2014	8,400,000	-
FY 2015	8,400,000	-
FY 2016	8,400,000	-
FY 2017	6,400,000	2,517,000
FY 2018	4,400,000	4,668,000
FY 2019	1,166,000	1,521,000
FY 2020	1,166,000	1,117,000

In order to efficiently and effectively maintain the current parking operations, the following reductions and enhancements are recommended:

**Attachment A** reflects a listing of all proposed revenue enhancements along with detailed descriptions and those recommended. The following Parking Fund revenue enhancement is being proposed and recommended for FY 2020:

FY 2020 Revenue Enhancements	\$
High Impact Parking Rates – 100% rate increase & Garages Alternative Rate Flat Rate \$30	
<b>Enforcement Periods:</b> Spring Break- Five 4-day weekends (\$278k) Memorial Day – 4 days (\$49k) Each additional 4-day weekend (\$60k)	387,000
<b>Total</b>	<b>\$ 387,000</b>

**Attachment B** reflects a listing of all proposed FY 2020 service reductions and efficiencies submitted by departments during the budget process with detailed descriptions and those recommended by the Administration. FY 2020 Parking Fund reductions and efficiencies recommended by the Administration are comprised of the following:

FY 2020 Reductions/Efficiencies	\$
Efficiency of Eliminating 2 Full-Time Parking Freight Loading Zone Positions	124,000
Efficiency of Reducing of Contracted Security in Parking Garages	81,000
Increasing Space Between Pay Stations	63,000
Efficiency of Converting Full-Time Sign Maker Position to Part-Time	49,000
Elimination of 1% COLA in April 2020 for Positions \$100,000 and over (Unclassified Only)	6,000
<b>Total</b>	<b>\$ 323,000</b>

**Attachment C** includes a listing of all proposed FY 2020 enhancements requested by departments during the budget process with detailed descriptions and those recommended by the Administration. The only recurring Parking Fund enhancement that is being recommended by the Administration for FY 2020 is a living wage increase of \$155,000.

### **CONVENTION CENTER FUND**

The Tourism and Cultural Development department oversees the management agreements for the Miami Beach Convention Center to ensure it is aligned with the City's budget and operational plan, as well as best practices for securing booking opportunities that produce significant hotel activity and other community benefits. This new, world-class, venue represents a critical revenue stream for the City of Miami Beach, as well as a tourism and destination attraction.

In addition to Convention Development Tax dollars and a Redevelopment Agency (RDA) subsidy, the Miami Beach Convention Center generates revenue from rental use of the facility, food and beverage sales, and associated show-related services. The newly reimagined Convention Center encompasses 1.4 Million square feet and includes a new 60,000 square-foot Grand Ballroom, 84 meeting rooms, and a 20,000 square-foot specialty glass rooftop Sunset Ballroom, along with a new indoor and outdoor spaces.

### **Operations Management**

The Convention Center currently maintains a management agreement with Spectra, which manages and operates the Convention Center's facilities. In order to provide the highest level of services, which are expected at the newly renovated Convention Center during its second year of operations, the following enhancements are recommended:

<b>FY 2020 Expenditure Enhancements – Spectra</b>	<b>\$ Year 1</b>	<b>\$ Year 2</b>
Code/Permitting Professional Services	150,000	155,000
Guest Services Associates/Curbside Managers	117,000	121,000
Full-Time Transportation Manager (1 Contractor Position)	77,000	80,000
Full-Time Security Officer (2 Contractor Positions)	42,000	64,000
Full-Time Plumber (1 Contractor Position)	41,000	63,000
Full-Time Event Operations Manager (1 Contractor Position)	41,000	63,000
Full-Time Security Supervisor (1 Contractor Position)	24,000	36,000
Social Tables Software	16,000	12,000
Living Wage Increase	26,000	26,000
<b>Total</b>	<b>\$ 534,000</b>	<b>\$ 620,000</b>

### **Food and Beverage Service**

The Convention Center also maintains a management agreement with Centerplate, which manages and operates the Convention Center's Food and Beverage services. The agreement with Centerplate was recently restructured to provide for the City to receive 95% of the net operating profits of the catering and food and beverage operations of the Convention Center (after payment of all operating expenses).

In order to provide the highest level of services, which are expected at the newly renovated Convention Center during its second year of operations, the following enhancements are recommended:

<b>FY 2020 Expenditure Enhancements - Centerplate</b>	<b>\$ Year 1</b>	<b>\$ Year 2</b>
Full-Time Hospitality Director of Banquets/ Catering (1 Contractor Position)	94,000	98,000
Full-Time Catering Sales Manager (1 Contractor Position)	88,000	92,000
Full-Time Accounting Manager/Controller (1 Contractor Position)	75,000	78,000
<b>Total</b>	<b>\$ 257,000</b>	<b>\$ 268,000</b>

### **Sanitation Fund**

Discussion of the Sanitation Department's Zero-Based Budget will be discussed as a separate item on today's agenda. Simultaneously, potential expenditure and revenue options on how to address the Sanitation Fund's projected FY 2020 operating shortfall will be presented as well.

**CONCLUSION**

In September, two public hearings will be held per the State of Florida's TRIM requirements. The first public hearing scheduled on September 11, 2019 will be to adopt the tentative millage rates and budgets for FY 2020. The second public hearing scheduled on September 25, 2019 will be to adopt the final millage rates and budgets for FY 2020. Both public hearings, which will begin at 5:01 p.m., will be held in the City's Commission Chambers at 1700 Convention Drive, 3<sup>rd</sup> Floor, Miami Beach, Florida 33139.

Attachment A – FY 2020 Revenue Enhancements

Attachment B – FY 2020 Service Reductions and Efficiencies

Attachment C – FY 2020 Enhancements

Attachment D – Five -Year Storm Water Capital Plan

Attachment E – Summary of Capital Expenditures by Funding Source, Expenditure Details Sorted  
by Fund & Expenditure Details Sorted by Project

Attachment F – Five -Year Water & Sewer Capital Plan

JLM/JW/TOS