



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

COMMISSION MEMORANDUM

TO: Mayor Dan Gelber and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: November 25, 2019

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING THE THIRD AMENDMENT TO THE GENERAL FUND, ENTERPRISE FUNDS, INTERNAL SERVICE FUNDS, AND SPECIAL REVENUE FUNDS BUDGETS FOR FISCAL YEAR 2019.**

ADMINISTRATION RECOMMENDATION

Adopt the Resolution.

STRATEGIC PLAN SUPPORTED

Organizational Innovation – Ensure strong fiscal stewardship

ANALYSIS

The budgets for the General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds for Fiscal Year 2019 were adopted by the Mayor and City Commission on September 26, 2018, through Resolution No. 2018-30512.

The First Amendment to the General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds budgets for FY 2019 was adopted by the Mayor and City Commission on November 14, 2018, through Resolution No. 2018-30608.

The Second Amendment to the General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds budgets for FY 2019 was adopted by the Mayor and City Commission on April 10, 2019, through Resolution No. 2019-30791.

Section 166.241(4), Florida Statutes, requires that the City has 60 days following the end of the fiscal year to amend a budget for that year. Proposed budget amendments represent the budget amendments required by State law for funds, departments, or accounts that exceed their appropriated authority. Furthermore, Section 166.241(4)(c), Florida Statutes, requires that a municipality's budget amendment must be adopted in the same manner as its original budget.

Based on a detailed analysis comparing preliminary year-end actual revenues and expenditures to budget, all expenditures are within the FY 2019 amended budgets per their appropriated authority, except those listed below, which require a budget amendment per Florida Statutes and are further detailed below.

General Fund: Police

Special Revenue Funds: People's Transportation Plan, E-911, and Beach Renourishment

It should be noted that actual year-to-date expenditures are preliminary in nature due to the fact that reporting of the City's financials is not finalized until completion of the annual financial audit performed by outside external auditors. This has historically occurred in April with completion of the City's Comprehensive Annual Financial Report (CAFR) that is usually published in May and the External Auditor's Report generally made available in July. As a result, this analysis has considered all known year-end adjustments to date, as well as other pending adjustments where appropriate.

GENERAL FUND ANALYSIS

The year-end analysis for FY 2019 reveals that the General Fund has a preliminary operating surplus of \$16.4 million, or 4.6%, over the amended FY 2019 General Fund operating budget.

General Fund	Amended Budget through September 30, 2019	Preliminary FY 2019 Year-End Projected	Difference
Revenues	\$ 352,757,000	\$ 353,574,000	\$ 817,000
Expenditures	\$ 352,757,000	\$ 337,183,000	\$ (15,574,000)
Projected Surplus/(Shortfall)	\$ 0	\$ 16,391,000	

It is important to note that a portion of the projected FY 2019 surplus is attributed to the "freeze" that went into effect mid-year of FY 2019. As a result of the 2019 Estimated Taxable Values and 2019 Certified Taxable Values that were reported by the Miami-Dade County Property Appraiser and preparation for fiscal year-end, the Administration enacted a hiring freeze on June 6, 2019, as well as a freeze on all City-funded travel and non-essential and non-construction expenditures, which was anticipated to result in additional one-time savings realized at fiscal year-end.

Of the preliminary \$16.4 million surplus, the Administration is recommending that \$1.3 million be carried forward into FY 2020 to fund goods and/or services that were procured in FY 2019, but not received due to timing issues between fiscal years.

Similarly, it is recommended that \$3.8 million be carried forward into FY 2020 for General Fund projects that were originally budgeted in FY 2019, but not completed.

After accounting for the recommended carryforward encumbrances and appropriations from FY 2019 to FY 2020, the Administration recommends that the net surplus of \$11.4 million be utilized as follows:

- 1) Set aside \$1.3 million for future Building department use based on the department's preliminary FY 2019 surplus, subject to finalization of the audited surplus, that is restricted for activities related to enforcement of the Florida Building Code and cannot be utilized to balance the rest of the General Fund budget;
- 2) Set aside \$2.4 million to fund allowable "one-time" expenditures adopted in the FY 2020 General Fund budget, as set forth by the City's amended and restated financial policies, adopted through Resolution 2019-30954. Had there not been a year-end surplus, these one-time expenditures would have been funded using General Fund's fund balance;
- 3) Set aside \$5.3 million in order to increase the General Fund Reserves, with a goal toward achieving the City's recently updated target of a reserve totaling 25% (from 17%) of the

- General Fund budget. **This set aside would increase the General Fund Reserve to 21%;**
- 4) Carry forward \$1.1 million to the respective FY 2020 operating budgets to fund the projected impact of the new collective bargaining agreements for the Fraternal of Police (FOP) and International Association of Firefighters (IAFF) ratified and adopted by the Mayor and City Commission mid-year of FY 2019; and
 - 5) Carry forward \$1.3 million to FY 2020 for the additional recommended items outlined below.

Recommended One-Time Expenditures – \$1,326,000

- Homeless Trust contribution in lieu of the Short-Term Rental funds that were placed on hold following the Miami-Dade Circuit Court's ruling to strike down the City's short -term rental fines structure: \$250,000
- Funding for the Barclay Apartments to provide ongoing maintenance and loss-prevention activities: \$215,000 (of which \$204,000 is proposed to be transferred to the Residential Housing Special Revenue Fund)
- Additional General Fund contingency for one-time studies that may be required in FY 2020: \$861,000

It is important to note that had there not been a year-end surplus, these one-time expenditures would have been funded using General Fund's fund balance.

FY 2019	
Estimated General Fund Year-End Surplus:	\$ 16,391,000
Carryforward of FY 2019 to FY2020 Encumbrances	(1,266,000)
Carryforward of FY2019 to FY2020 Appropriations	(3,765,000)
Sub-Total	\$ 11,360,000
Set-Aside based on FY 2019 Building Operations	(1,268,000)
Use of Fund Balance for One-Time Items Budgeted in FY 2020	(2,378,000)
Transfer to Reserve to Fund Additional 8% Contingency Target	(5,315,000)
FOP/IAFF Collective Bargaining Agreement Impact	(1,073,000)
Additional Use of FY 2019 Year End Surplus	(1,326,000)
Total	\$ 0

PROPOSED AMENDMENTS TO THE GENERAL FUND

Preliminary FY 2019 year-end expenditures reveal that the following General Fund department is projected to exceed its FY 2019 amended budget

Police – The department is projected to be 0.4%, or \$395,000, above the amended budget due to increased usage of sworn Police overtime to maintain required minimum patrol staffing and police visibility citywide, as well as changes in the deployment of resources during the extended Spring Break period, as noted in previous quarterly Letters to Commissions regarding FY 2019 year-end projections.

Police				
	FY 2019 Amended Budget	FY 2019 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Expenditures	\$ 112,708,000	\$ 113,103,000	\$ 395,000	0.4%

In order to re-balance the FY 2019 budget, it is necessary to increase the Police department's budget. The Administration recommends the realignment of \$395,000 from the General Fund Citywide Accounts budget to the Police department's budget as reflected in attached Exhibit "A."

ENTERPRISE, INTERNAL SERVICE, AND SPECIAL REVENUE ANALYSIS

The City accounts for those goods and services provided by a particular department to external users for which a fee is charged as Enterprise Funds. The City's Sanitation, Sewer, Storm Water, Water, Parking, and Convention Center operations comprise this category of Proprietary Funds.

Similarly, the City accounts for goods and services provided by one department to other departments citywide on a cost reimbursement basis as Internal Service Funds. Central Services, Fleet Management, Information Technology, Property Management, Risk Management (Self Insurance), and Medical and Dental comprise this category of Proprietary Funds.

Special Revenue Funds consist of revenues and expenditures which are legally restricted or committed for specific purposes other than debt service and/or capital projects. Special Revenue Funds include Resort Tax, as well as 7th Street Garage Operations, 5th & Alton Garage Operations, the Tourism and Hospitality Scholarship Program, Tree Preservation and Commemorative Tree Trust Program, Waste Hauler and Sustainability Contributions, Education Compact Fund, Red Light Camera Program, Emergency 911 Fund, Residential Housing Program, Information and Communications Technology Fund, People's Transportation Plan (PTP), Transportation, Miami Beach Cultural Arts Council, Police Unclaimed Property and Crash Report Sales Funds, Police Confiscation Trust Funds (Federal and State), Police Training and School Resources Fund, the Adopt-a-Bench Program, and Beach Renourishment Fund.

The preliminary year-end analysis for FY 2019 shows that there are \$2,607,000 of encumbrances in the Enterprise Funds, \$977,000 in Internal Service Funds encumbrances, and \$1,485,000 in Special Revenue Funds encumbrances (not including Resort Tax) for FY 2019 goods and/or services that were procured, but not received, that are recommended to be carried forward into the respective FY 2020 operating budgets.

Similarly, it is recommended that appropriations of \$3,102,000 in the Enterprise Funds, \$631,000 in the Internal Service Funds, and \$1,657,000 in the Special Revenue Funds (not including Resort Tax) be carried forward into FY 2020 for projects originally budgeted in FY 2019 that have not been completed.

PROPOSED AMENDMENTS TO OTHER FUNDS

Preliminary year-end expenditures indicate that the following Special Revenue Funds are projected to exceed their FY 2019 amended budgets.

E-911 Fund – The City's allocation of E911 tax revenues from Miami-Dade County are primarily based on call volume. As a result of an increase in call volume and the resulting additional revenues collected by Miami-Dade County that are disbursed to local municipalities based on the determined allocation, the City's projected FY 2019 E911 revenues for wireless, non-wireless, and wireless prepaid services are projected to exceed the FY 2019 amended budget.

As a result of the increased revenues collected in FY 2019, this proposed amendment would appropriate an additional \$392,000 in E911 revenues received during FY 2019, which in-turn, will be utilized to fund additional allowable costs associated with the operations of the Fire department's E911 center.

E-911				
	FY 2019 Amended Budget	FY 2019 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Expenditures	\$ 217,000	\$ 609,000	\$ 392,000	180.6%

People's Transportation Plan (PTP) Fund – The City's allocation of Half-Cent Sales Tax Surtax revenues from Miami-Dade County is based on population and the City's FY 2019 revenues are projected to exceed the FY 2019 amended budget.

As a result of the increased revenues received in FY 2019, this proposed amendment would appropriate an additional \$106,000 in PTP revenues received during FY 2019, which in-turn, will be utilized to fund additional allowable costs associated with operations of the City's trolleys.

People's Transportation Plan (PTP)				
	FY 2019 Amended Budget	FY 2019 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Expenditures	\$ 4,003,000	\$ 4,109,000	\$ 106,000	2.6%

Beach Renourishment Fund – The Fourth Amendment to the City Center Redevelopment Agency (RDA) Interlocal Agreement provided, among other things, that the RDA distribute to both the County and the City, beginning in Fiscal Year 2018 and continuing until Fiscal Year 2023, a reimbursement based on each entity's proportionate share of previous year expenses for administration, community policing, and capital maintenance, and required that both set aside \$1.5 million of the annual reimbursement for beach renourishment that could be utilized to leverage State or Federal funding for beach renourishment projects.

This proposed amendment appropriates a total of \$3.0 million in the Beach Renourishment Fund in FY 2019 from the RDA's required FY 2018 and FY 2019 contribution of \$1.5 million each year that the City agreed to transfer to Miami-Dade County in order to better maximize collective resources towards federally funded beach efforts.

Beach Renourishment				
	FY 2019 Amended Budget	FY 2019 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Expenditures	\$ 0	\$ 3,000,000	\$ 3,000,000	100.0%

RESORT TAX FUND

Preliminary FY 2019 Resort Tax revenues are projected to be \$56,000, or 0.1%, below the amended budget, while expenditures are projected to be \$545,000, or 0.6%, below the amended budget, resulting in a preliminary surplus of \$489,000 that includes a transfer of \$1.9 million in estimated excess 1% Convention Center Resort Tax funds to the Convention Center Renewal and Replacement Fund after payment of the annual required debt service as required by Resolution 2012-27902.

RESORT TAX FUND						
	FY 2019 Amended Budget	Preliminary Actuals as of 09/30/2019	% Actual of Amended Budget	FY 2019 Year End Projections	Over/(Under) Amended Budget	% Over/(Under) Amended Budget
Revenues						
2% Resort Tax	59,628,000	56,611,772	94.9%	59,973,000	345,000	0.6%
Miscellaneous Revenues	343,000	944,409	275.3%	1,187,000	844,000	246.1%
Transfer In from Fund Balance	1,101,000	0	0.0%	0	(1,101,000)	-100.0%
1% Resort Tax (QOL)	14,421,000	13,652,065	94.7%	14,349,000	(72,000)	-0.5%
Additional 1% for Convention Center	14,421,000	13,652,065	94.7%	14,349,000	(72,000)	-0.5%
Total Revenues	89,914,000	84,860,310	94.4%	89,858,000	(56,000)	-0.1%
Expenditures						
General Fund Contribution	35,836,000	35,836,000	100.0%	35,836,000	0	0.0%
Sanitation Fund Contribution	1,812,000	1,812,000	100.0%	1,812,000	0	0.0%
Contribution to GMCVB	6,651,000	6,984,941	105.0%	6,985,000	334,000	5.0%
Contribution to VCA	2,862,000	2,719,402	95.0%	2,882,000	20,000	0.7%
Contribution to Mt. Sinai	1,000,000	1,000,000	100.0%	1,000,000	0	0.0%
Other Operating/Other Uses	12,711,000	11,512,569	90.6%	12,020,000	(691,000)	-5.4%
Marketing	200,000	117,833	58.9%	136,000	(64,000)	-32.0%
Transfer to NB, MB, SB Capital, Transp. and Arts (QOL)	14,421,000	13,652,065	94.7%	14,349,000	(72,000)	-0.5%
Add'l 1% Conv. Center Debt Service & Cap. Ren & Repl.	14,421,000	12,454,877	86.4%	14,349,000	(72,000)	-0.5%
Total Expenditures	89,914,000	86,089,687	95.7%	89,369,000	(545,000)	-0.6%
Excess of Revenues Over/(Under) Expenditures	0	(1,229,377)		489,000		

Of the estimated \$489,000 surplus, the Administration is recommending that \$43,000 be carried forward into FY 2020 to fund goods and/or services that were procured, but not received in FY 2019, due to timing issues between fiscal years.

Similarly, it is recommended that \$204,000 be carried forward into FY 2020 for Resort Tax projects that were originally budgeted in FY 2019 that have not been completed.

After accounting for the recommended Resort Tax carryforward encumbrances and appropriations from FY 2019 to FY 2020, the Administration recommends that the net surplus of \$242,000 be allocated as follows:

- 1) Carry forward \$200,000 to fund a one-time contribution to the Miami City Ballet to cover the costs associated with the Ballet Bus Program, professional company performances at the Colony Theatre, and Lincoln Road pop up activations and classes as recommended by the Administration and approved by the Mayor and City Commission on October 30, 2019; and
- 2) Set aside the remaining \$42,000 to partially fund \$1,942,000 of allowable "one-time" expenditures in the adopted FY 2020 Resort Tax budget, as set forth by the City's amended and restated financial policies, adopted through Resolution 2019-30954.

FY 2019	
Estimated Resort Tax Year-End Surplus:	\$ 489,000
Carryforward of FY 2019 to FY2020 Encumbrances	(43,000)
Carryforward of FY2019 to FY2020 Appropriations	(204,000)
Sub-Total	\$ 242,000
Additional One-Time Use of FY 2019 Year End Surplus	(200,000)
Set-aside to Partially Fund One-Time Items Budgeted in FY 2020	(42,000)
Total	\$ 0

CONCLUSION

The Administration recommends that the Mayor and City Commission adopt the Third Amendment to the General Fund, Enterprise Fund, Internal Services Fund, and Special Revenue Fund budgets for FY 2019 as previously detailed and reflected in the attached Exhibit "A," which is necessary to comply with Florida Statute, Section 166.241, that mandates that the City has 60 days following the end of the fiscal year to amend a budget for that year, and authorize the allocation of excess funds to the operating budget as set forth herein.

JLM/JW/TOS

Exhibit "A"

GENERAL FUND	FY 2019 Amended Budget	3rd Budget Amendment	FY 2019 Revised Budget
REVENUES			
Operating Revenues			
Ad Valorem Taxes	\$ 179,020,000		\$ 179,020,000
Ad Valorem Taxes- Cap. Renewal & Replacement	\$ 748,000		\$ 748,000
Ad Valorem Taxes- Pay-As-You-Go Capital	\$ 2,400,000		\$ 2,400,000
Ad Valorem Taxes- Normandy Shores	\$ 165,000		\$ 165,000
Other Taxes	\$ 25,262,000		\$ 25,262,000
Licenses and Permits	\$ 31,829,000		\$ 31,829,000
Intergovernmental	\$ 12,115,000		\$ 12,115,000
Charges for Services (incl. Golf Courses)	\$ 12,503,000		\$ 12,503,000
Fines & Forfeits	\$ 1,860,000		\$ 1,860,000
Interest Earnings	\$ 3,617,000		\$ 3,617,000
Rents and Leases	\$ 5,899,000		\$ 5,899,000
Miscellaneous	\$ 14,291,000		\$ 14,291,000
Resort Tax Contribution	\$ 35,836,000		\$ 35,836,000
Other Non-Operating Revenue	\$ 20,650,000		\$ 20,650,000
Fund Balance/ Retained Earnings	\$ 6,562,000		\$ 6,562,000
Total General Fund	\$ 352,757,000	\$ -	\$ 352,757,000
	FY 2019 Amended Budget	3rd Budget Amendment	FY 2019 Revised Budget
APPROPRIATIONS			
Department			
Mayor and Commission	\$ 2,416,000		\$ 2,416,000
City Manager	\$ 4,304,000		\$ 4,304,000
Communications	\$ 2,589,000		\$ 2,589,000
Office of Budget & Performance Improvement	\$ 1,880,000		\$ 1,880,000
Office of Inspector General	\$ 484,000		\$ 484,000
Office of Internal Audit	\$ 1,100,000		\$ 1,100,000
Org Dev & Performance Initiative	\$ 1,059,000		\$ 1,059,000
Finance	\$ 6,933,000		\$ 6,933,000
Procurement	\$ 2,743,000		\$ 2,743,000
Human Resources/Labor Relations	\$ 3,105,000		\$ 3,105,000
City Clerk	\$ 1,765,000		\$ 1,765,000
City Attorney	\$ 6,124,000		\$ 6,124,000
Housing & Comm. Development	\$ 3,700,000		\$ 3,700,000
Building	\$ 15,250,000		\$ 15,250,000
Planning	\$ 5,513,000		\$ 5,513,000
Environment & Sustainability	\$ 1,492,000		\$ 1,492,000
Tourism, Culture, and Econ. Development	\$ 5,373,000		\$ 5,373,000
Code Compliance	\$ 6,353,000		\$ 6,353,000
Parks and Recreation	\$ 39,076,000		\$ 39,076,000
Public Works	\$ 15,349,000		\$ 15,349,000
Capital Improvement Projects	\$ 5,227,000		\$ 5,227,000
Police	\$ 112,708,000	395,000	\$ 113,103,000
Fire	\$ 89,625,000		\$ 89,625,000
Emergency Management	\$ 0		\$ 0
Citywide Accounts (incl. Operating Contingency)	\$ 14,000,000	(395,000)	\$ 13,605,000
Subtotal General Fund	\$ 348,168,000	\$ -	\$ 348,168,000
TRANSFERS			
Normandy Shores	\$ 253,000		\$ 253,000
Capital Renewal & Replacement	\$ 748,000		\$ 748,000
Info & Comm Technology Fund	\$ 300,000		\$ 300,000
Pay-As-You-Go Capital Fund	\$ 3,129,000		\$ 3,129,000
Building Reserve	\$ 159,000		\$ 159,000
Subtotal Transfers	\$ 4,589,000	\$ -	\$ 4,589,000
Total General Fund	\$ 352,757,000	\$ -	\$ 352,757,000

Exhibit "A"

ENTERPRISE FUNDS	FY 2019 Amended Budget	3rd Budget Amendment	FY 2019 Revised Budget
REVENUE/APPROPRIATIONS			
Convention Center	\$ 19,695,000		\$ 19,695,000
Parking	\$ 54,065,000		\$ 54,065,000
Sanitation	\$ 22,547,000		\$ 22,547,000
Sewer Operations	\$ 52,322,000		\$ 52,322,000
Storm Water Operations	\$ 29,774,000		\$ 29,774,000
Water Operations	\$ 36,190,000		\$ 36,190,000
Total Enterprise Funds	\$ 214,593,000	\$ -	\$ 214,593,000

INTERNAL SERVICE FUNDS	FY 2019 Amended Budget	3rd Budget Amendment	FY 2019 Revised Budget
REVENUE/APPROPRIATIONS			
Central Services	\$ 1,113,000		\$ 1,113,000
Fleet Management	\$ 11,532,000		\$ 11,532,000
Information Technology	\$ 16,724,000		\$ 16,724,000
Property Management	\$ 10,049,000		\$ 10,049,000
Risk Management	\$ 20,626,000		\$ 20,626,000
Medical and Dental Insurance	\$ 37,938,000		\$ 37,938,000
Total Internal Service Funds	\$ 97,982,000	\$ -	\$ 97,982,000

SPECIAL REVENUE FUNDS	FY 2019 Amended Budget	3rd Budget Amendment	FY 2019 Revised Budget
REVENUE/APPROPRIATIONS			
Education Compact	\$ 638,000		\$ 638,000
Resort Tax	\$ 89,914,000		\$ 89,914,000
Tourism and Hospitality Scholarship Prgm	\$ 174,000		\$ 174,000
Cultural Arts Council	\$ 2,047,000		\$ 2,047,000
Sustainability	\$ 397,000		\$ 397,000
Waste Haulers	\$ 161,000		\$ 161,000
Normandy Shores	\$ 288,000		\$ 288,000
Biscayne Point	\$ 251,000		\$ 251,000
5th & Alton Garage	\$ 632,000		\$ 632,000
7th Street Garage	\$ 3,091,000		\$ 3,091,000
Transportation	\$ 12,506,000		\$ 12,506,000
People's Transportation Plan	\$ 4,003,000	106,000	\$ 4,109,000
Commemorative Tree Trust	\$ 10,000		\$ 10,000
Tree Preservation	\$ 169,000		\$ 169,000
Information and Communitation Tech	\$ 636,000		\$ 636,000
Residential Housing	\$ 737,000		\$ 737,000
Red Light Camera	\$ 1,316,000		\$ 1,316,000
E-911	\$ 217,000	392,000	\$ 609,000
Police Confiscations - Federal	\$ 190,000		\$ 190,000
Police Confiscations - State	\$ 56,000		\$ 56,000
Police Unclaimed Property	\$ 32,000		\$ 32,000
Police Training	\$ 25,000		\$ 25,000
Police Crash Report Sales	\$ 25,000		\$ 25,000
Beach Renourishment	\$ 0	3,000,000	\$ 3,000,000
Adopt-A-Bench	\$ 60,000		\$ 60,000
Total Special Revenue Funds	\$ 117,575,000	\$ 3,498,000	\$ 121,073,000