



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://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 FIRST AMENDMENT TO THE GENERAL FUND, ENTERPRISE FUNDS, INTERNAL SERVICE FUNDS, AND SPECIAL REVENUE FUNDS BUDGETS FOR FISCAL YEAR 2020.**

### **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 2020 were adopted by the Mayor and City Commission on September 25, 2019, through Resolution 2019-31004.

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.

### **GENERAL FUND AMENDMENT**

The preliminary year-end analysis for FY 2019 shows that the General Fund has a preliminary operating surplus of \$16.4 million, or 4.6%, over the amended 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)
<b>Projected Surplus/(Shortfall)</b>	<b>\$ 0</b>	<b>\$ 16,391,000</b>	

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;
- 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 initiated in FY 2020: \$861,000

FY 2019	
<b>Estimated General Fund Year-End Surplus:</b>	<b>\$ 16,391,000</b>
Carryforward of FY 2019 to FY2020 Encumbrances	(1,266,000)
Carryforward of FY2019 to FY2020 Appropriations	(3,765,000)
<b>Sub-Total</b>	<b>\$ 11,360,000</b>
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)
<b>Total</b>	<b>\$ 0</b>

## **ENTERPRISE, INTERNAL SERVICE, AND SPECIAL REVENUE FUNDS AMENDMENT**

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 that were originally budgeted in FY 2019 that have not been completed.

Prior year appropriations fully fund these encumbrances and projects, except for the Convention Center Fund that will require an additional appropriation from prior year fund balance.

## **RESORT TAX FUND AMENDMENT**

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 No. 2012-27902.

<b>RESORT TAX FUND</b>						
	<b>FY 2019 Amended Budget</b>	<b>Preliminary Actuals as of 09/30/2019</b>	<b>% Actual of Amended Budget</b>	<b>FY 2019 Year End Projections</b>	<b>Over/(Under) Amended Budget</b>	<b>% Over/(Under) Amended Budget</b>
<b>Revenues</b>						
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%
<b>Total Revenues</b>	<b>89,914,000</b>	<b>84,860,310</b>	<b>94.4%</b>	<b>89,858,000</b>	<b>(56,000)</b>	<b>-0.1%</b>
<b>Expenditures</b>						
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%
<b>Total Expenditures</b>	<b>89,914,000</b>	<b>86,089,687</b>	<b>95.7%</b>	<b>89,369,000</b>	<b>(545,000)</b>	<b>-0.6%</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>	<b>0</b>	<b>(1,229,377)</b>		<b>489,000</b>		

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	
<b>Estimated Resort Tax Year-End Surplus:</b>	<b>\$ 489,000</b>
Carryforward of FY 2019 to FY2020 Encumbrances	(43,000)
Carryforward of FY2019 to FY2020 Appropriations	(204,000)
<b>Sub-Total</b>	<b>\$ 242,000</b>
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)
<b>Total</b>	<b>\$ 0</b>

### **INFORMATION TECHNOLOGY AND COMMUNICATIONS FUND**

This proposed budget amendment reflects an appropriation in the Information Technology and Communications Fund of \$425,000 from prior year projected fund balance to allow for the IT Steering Committee to review and approve technology projects throughout the year in order to effectively respond to the dynamic technology needs within the City.

### **BARCLAY APARTMENTS**

To ensure proper and adequate funding of ongoing loss-prevention activities related to the City's residential housing portfolio, this proposed budget amendment reflects an appropriation of \$204,000 in the Residential Housing Special Revenue Fund for the Barclay Apartments that will be funded through a transfer from the General Fund.

### **NORTH BEACH YARD SOLID WASTE PROJECT**

This proposed budget amendment reflects an appropriation in the Sustainability Fund of \$75,000 from prior year fund balance for the North Beach Yard Solid Waste Reduction project at the North Beach Yard that was recommended by the Administration and adopted by the Mayor and City Commission on July 17, 2019, through Resolution 2019-30891.

### **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 budget amendment would appropriate \$1.4 million in the Beach Renourishment Fund from the RDA's required FY 2020 contribution of \$1.5 million that will be transferred to and assumed by Miami-Dade County in order to better maximize collective resources towards federally funded beach efforts.

## **FAREWELL SYMPHONY EVENT**

On October 16, 2019, the Mayor and City Commission adopted Resolution 2019-31045 which authorized the City Manager to accept donations on behalf of the City for the Farewell Symphony Event and authorizing the City Manager to make any necessary reimbursements and/or expenditures related to the event. This proposed budget amendment would appropriate \$50,000 for this event in accordance with the Resolution adopted on October 16, 2019.

## **CONCLUSION**

The Administration recommends that the Mayor and City Commission adopt the First Amendment to the General Fund, Enterprise Fund, Internal Service Fund, and Special Revenue Fund budgets for FY 2020 providing for the funding of encumbrances for good and services procured, but not yet received and expended at the end of FY 2019, projects that were budgeted in FY 2019, but not expended or encumbered at the end of FY 2019, as well as other appropriations further detailed in the attached Exhibit "A."

JLM/JW/TOS

## Exhibit "A"

GENERAL FUND	FY 2020 Adopted Budget	Carryforward Encumbrances from FY 2019	Carryforward Appropriations from FY 2019	Other	FY 2020 Amended Budget
<b>REVENUES</b>					
<b>Operating Revenues</b>					
Ad Valorem Taxes	\$ 184,150,000				\$ 184,150,000
Ad Valorem - Capital Renewal & Replacement	\$ 769,000				\$ 769,000
Ad Valorem - Pay-As-You-Go Capital	\$ 2,470,000				\$ 2,470,000
Ad Valorem - Normandy Shores	\$ 174,000				\$ 174,000
Other Taxes	\$ 23,995,000				\$ 23,995,000
Licenses and Permits	\$ 30,437,000	88,000			\$ 30,525,000
Intergovernmental	\$ 12,081,000				\$ 12,081,000
Charges for Services	\$ 12,522,000				\$ 12,522,000
Fines & Forfeits	\$ 1,756,000				\$ 1,756,000
Interest Earnings	\$ 3,461,000				\$ 3,461,000
Rents & Leases	\$ 5,959,000				\$ 5,959,000
Miscellaneous	\$ 14,780,000				\$ 14,780,000
Resort Tax Contribution	\$ 36,757,000				\$ 36,757,000
Other Non-Operating Revenue	\$ 20,832,000	1,178,000	3,765,000	2,399,000	\$ 28,174,000
<b>Total General Fund</b>	<b>\$ 350,143,000</b>	<b>\$ 1,266,000</b>	<b>\$ 3,765,000</b>	<b>\$ 2,399,000</b>	<b>\$ 357,573,000</b>
	FY 2020 Adopted Budget	Carryforward Encumbrances from FY 2019	Carryforward Appropriations from FY 2019	Other	FY 2020 Amended Budget
<b>APPROPRIATIONS</b>					
<b>Department</b>					
Mayor and Commission	\$ 2,500,000				\$ 2,500,000
City Manager	\$ 4,314,000				\$ 4,314,000
Marketing and Communications	\$ 2,424,000		36,000		\$ 2,460,000
Office of Management and Budget	\$ 1,963,000		50,000		\$ 2,013,000
Office of Inspector General	\$ 1,455,000	39,000	489,000		\$ 1,983,000
Org Dev & Performance Initiative	\$ 1,284,000		106,000		\$ 1,390,000
Finance	\$ 6,530,000	73,000	42,000		\$ 6,645,000
Procurement	\$ 2,726,000		9,000		\$ 2,735,000
Human Resources/Labor Relations	\$ 2,728,000		63,000		\$ 2,791,000
City Clerk	\$ 1,790,000	4,000	57,000		\$ 1,851,000
City Attorney	\$ 6,078,000		255,000		\$ 6,333,000
Housing & Comm. Services	\$ 3,695,000	81,000	192,000	465,000	\$ 4,433,000
Building	\$ 14,085,000	130,000			\$ 14,215,000
Planning	\$ 5,510,000	128,000	130,000		\$ 5,768,000
Environment & Sustainability	\$ 1,632,000	6,000	123,000		\$ 1,761,000
Tourism and Cultural Development	\$ 3,545,000	17,000	10,000		\$ 3,572,000
Economic Development	\$ 2,491,000		100,000		\$ 2,591,000
Code Compliance	\$ 6,488,000	12,000	33,000		\$ 6,533,000
Parks and Recreation	\$ 37,864,000	273,000	100,000		\$ 38,237,000
Public Works	\$ 15,391,000	24,000	218,000		\$ 15,633,000
Capital Improvement Projects	\$ 5,327,000				\$ 5,327,000
Police	\$ 115,174,000	194,000	129,000	817,000	\$ 116,314,000
Fire	\$ 90,647,000	19,000	325,000	256,000	\$ 91,247,000
Citywide Accounts (incl. Operating Contingency)	\$ 10,227,000	266,000	1,298,000	861,000	\$ 12,652,000
<b>Subtotal General Fund</b>	<b>\$ 345,868,000</b>	<b>\$ 1,266,000</b>	<b>\$ 3,765,000</b>	<b>\$ 2,399,000</b>	<b>\$ 353,298,000</b>
<b>TRANSFERS</b>					
Normandy Shores	\$ 267,000				\$ 267,000
Capital Renewal & Replacement	\$ 769,000				\$ 769,000
Info & Comm Technology Fund	\$ 300,000				\$ 300,000
Pay-As-You-Go Capital Fund	\$ 2,939,000				\$ 2,939,000
<b>Subtotal Transfers</b>	<b>\$ 4,275,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,275,000</b>
<b>Total General Fund</b>	<b>\$ 350,143,000</b>	<b>\$ 1,266,000</b>	<b>\$ 3,765,000</b>	<b>\$ 2,399,000</b>	<b>\$ 357,573,000</b>

## Exhibit "A"

ENTERPRISE FUNDS		FY 2020 Adopted Budget	Carryforward Encumbrances from FY 2019	Carryforward Appropriations from FY 2019	Other	FY 2020 Amended Budget
<b>REVENUE/APPROPRIATIONS</b>						
Convention Center	\$	30,002,000	164,000	1,361,000		\$ 31,527,000
Water	\$	36,915,000	1,180,000	983,000		\$ 39,078,000
Sewer	\$	52,415,000	803,000	23,000		\$ 53,241,000
Storm Water	\$	31,998,000		432,000		\$ 32,430,000
Sanitation	\$	22,420,000	344,000	290,000		\$ 23,054,000
Parking	\$	55,532,000	116,000	13,000		\$ 55,661,000
<b>Total Enterprise Funds</b>	<b>\$</b>	<b>229,282,000</b>	<b>\$ 2,607,000</b>	<b>\$ 3,102,000</b>	<b>\$ -</b>	<b>\$ 234,991,000</b>

  

INTERNAL SERVICE FUNDS		FY 2020 Adopted Budget	Carryforward Encumbrances from FY 2019	Carryforward Appropriations from FY 2019	Other	FY 2020 Amended Budget
<b>REVENUE/APPROPRIATIONS</b>						
Information Technology	\$	16,848,000	455,000	75,000		\$ 17,378,000
Risk Management	\$	19,655,000	82,000	40,000		\$ 19,777,000
Central Services	\$	1,115,000		4,000		\$ 1,119,000
Property Management	\$	11,001,000	236,000	255,000		\$ 11,492,000
Fleet Management	\$	12,938,000	204,000	257,000		\$ 13,399,000
Medical and Dental Insurance	\$	37,367,000				\$ 37,367,000
<b>Total Internal Service Funds</b>	<b>\$</b>	<b>98,924,000</b>	<b>\$ 977,000</b>	<b>\$ 631,000</b>	<b>\$ -</b>	<b>\$ 100,532,000</b>

  

SPECIAL REVENUE FUNDS		FY 2020 Adopted Budget	Carryforward Encumbrances from FY 2019	Carryforward Appropriations from FY 2019	Other	FY 2020 Amended Budget
<b>REVENUE/APPROPRIATIONS</b>						
Education Compact	\$	335,000		215,000		\$ 550,000
IT Technology Fund	\$	300,000	219,000	357,000	425,000	\$ 1,301,000
Residential Housing	\$	839,000			204,000	\$ 1,043,000
Sustainability	\$	453,000		85,000	75,000	\$ 613,000
Tree Preservation Fund	\$	132,000	44,000			\$ 176,000
Commemorative Tree Trust Fund	\$	5,000				\$ 5,000
Resort Tax	\$	93,627,000	43,000	204,000	200,000	\$ 94,074,000
Tourism & Hospitality Scholarships	\$	174,000				\$ 174,000
Cultural Arts Council	\$	1,866,000		714,000		\$ 2,580,000
Waste Haulers	\$	70,000	30,000			\$ 100,000
Normandy Shores Fund	\$	297,000	31,000	13,000		\$ 341,000
Biscayne Point Special Taxing District	\$	223,000		25,000		\$ 248,000
5th & Alton Garage	\$	650,000				\$ 650,000
7th Street Garage	\$	2,891,000				\$ 2,891,000
Transportation Fund	\$	11,068,000	1,161,000	248,000		\$ 12,477,000
People's Transportation Plan	\$	4,158,000				\$ 4,158,000
Police Confiscation Fund - Federal	\$	280,000				\$ 280,000
Police Confiscation Fund - State	\$	106,000				\$ 106,000
Police Unclaimed Property	\$	29,000				\$ 29,000
Police Crash Report Sales	\$	25,000				\$ 25,000
Police Training Fund	\$	25,000				\$ 25,000
Red Light Camera Fund	\$	1,313,000				\$ 1,313,000
E-911 Fund	\$	603,000				\$ 603,000
Domestic Violence	\$	250,000				\$ 250,000
Art in Public Places (AIPP)	\$	21,000				\$ 21,000
Beachfront Concession Initiatives	\$	65,000				\$ 65,000
Miami City Ballet	\$	22,000				\$ 22,000
Beach Renourishment	\$	75,000			1,425,000	\$ 1,500,000
Farewell Symphony Event	\$	0			50,000	\$ 50,000
Adopt-A-Bench Program	\$	20,000				\$ 20,000
<b>Total Special Revenue Funds</b>	<b>\$</b>	<b>119,922,000</b>	<b>\$ 1,528,000</b>	<b>\$ 1,861,000</b>	<b>\$ 2,379,000</b>	<b>\$ 125,690,000</b>