

COMMITTEE MEMORANDUM

TO: Members of the Finance & Economic Resiliency Committee

FROM: Jimmy L. Morales, City Manager

DATE: June 16, 2020

SUBJECT: FUNDING CITY CAPITAL ASSETS

Background

This item was referred to the Finance & Economic Resiliency Committee and the Budget Advisory Committee at the July 31, 2019 City Commission meeting by Commissioner Samuelian. The purpose of the dual referral was to identify ways to address the challenge of adequately funding for ongoing capital renewal and replacement of City assets such as streets, sidewalks, buildings, facilities, etc.

Analysis

Following the referral, this topic was discussed at several Budget Advisory Committee meetings with the most recent discussion taking place on October 15, 2019. A presentation summarizing the issue was developed for the Budget Advisory Committee with assistance from the City's Office of Management & Budget.

Conclusion

The presentation is attached and will be presented to the Finance & Economic Resiliency Committee by Ron Starkman, Chair of the Budget Advisory Committee.



Funding Capital Assets



Capital Assets Requiring Maintenance



100 Municipal Facilities

\$1.1 billion



230 Lane Miles of Roadway

\$139 million



283 Linear Miles of Sidewalks

\$25 million

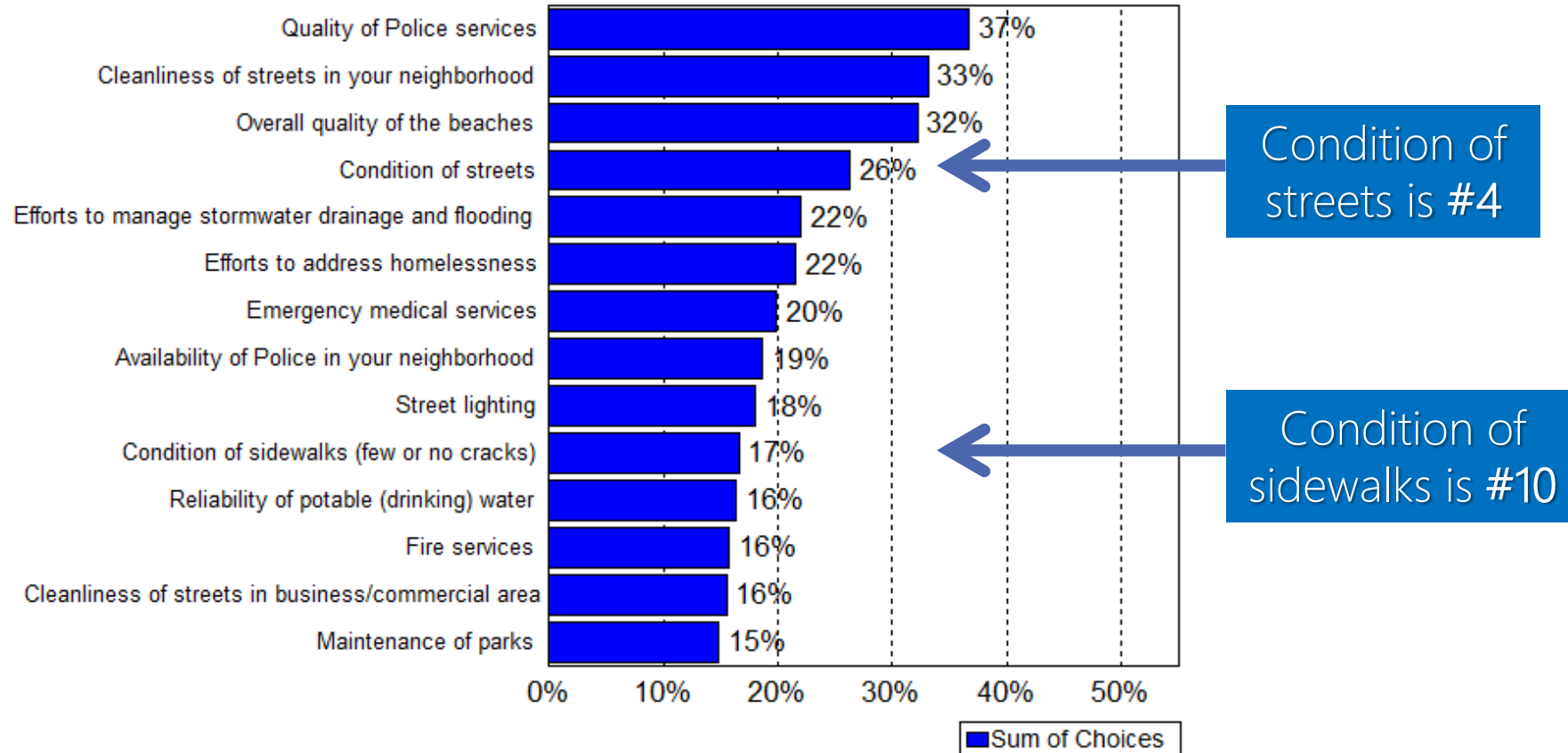
Facilities Assessment

- Property Management Department working with AECOM to provide “life-cycle management” information
 - Facility condition assessments have been completed
 - Currently verifying data collected
 - Data will feed a 5-year/10-year budget plan
 - Plan will determine annual funding amount needed to properly maintain existing facilities (over 5 million square feet)
 - Preliminary estimate is [\\$12 million annually](#); will be updated in next few months

Community Survey

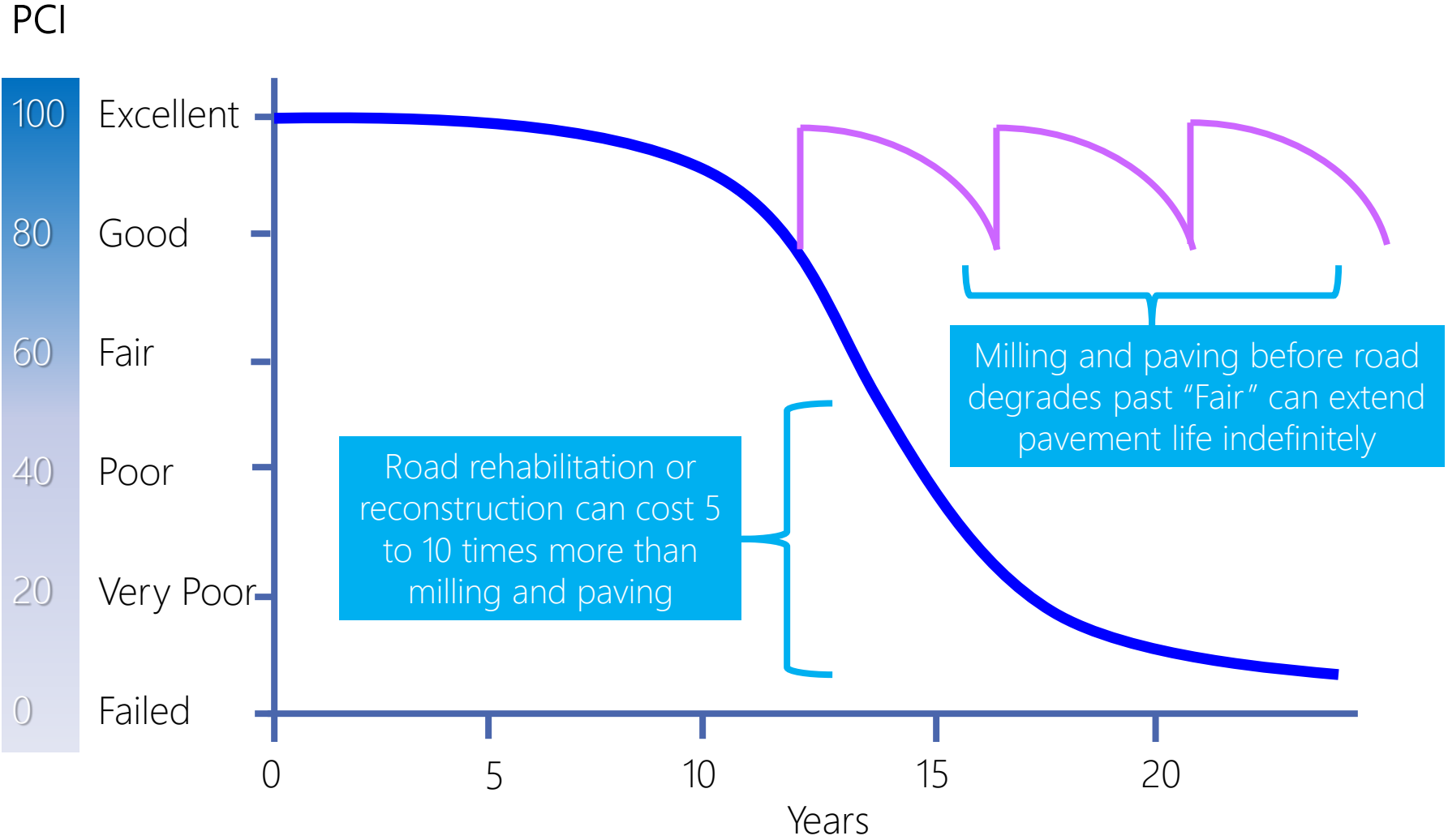
Q2. Services That Are Most Important for the City to Provide

by percentage of respondents who selected the item as one of their top five choices



Source: ETC Institute DirectionFinder (2019 - Miami Beach, FL)

Pavement Condition Index (PCI)



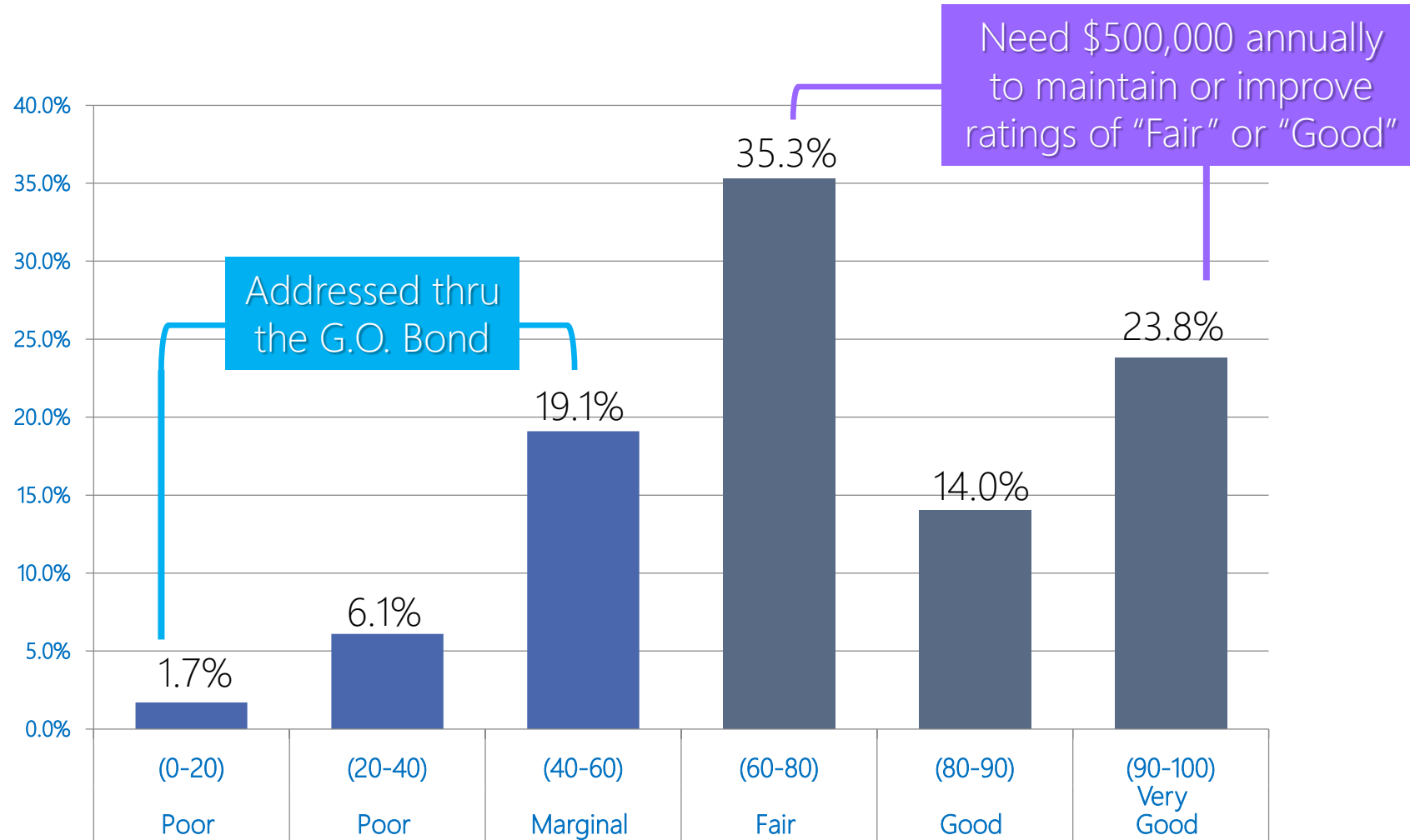
Pavement Condition Index (PCI)

- Pavement assessment study in 2017
 - City of Miami Beach roads have average weighted PCI of 72.4
 - Maintaining the City's current PCI would require spending of approximately \$6.8 million per year
 - Does not include impact from G.O. Bond Paving Program project and planned Neighborhood Improvement projects
 - Revises annual spend to approximately \$3 million annually

Sidewalk Assessment

- Sidewalk Survey conducted in 2017
 - City of Miami Beach sidewalks had overall condition of 72
 - Overall a quarter of sidewalks rated as marginal or worse
 - Cost for marginal or worse sidewalks estimated at \$13 million or \$2 million annually
 - To be addressed by G.O. Bond Sidewalk Improvement Program project and planned Neighborhood Improvement projects
 - Revises annual spend to approximately \$500,000 annually

Sidewalk Condition Index

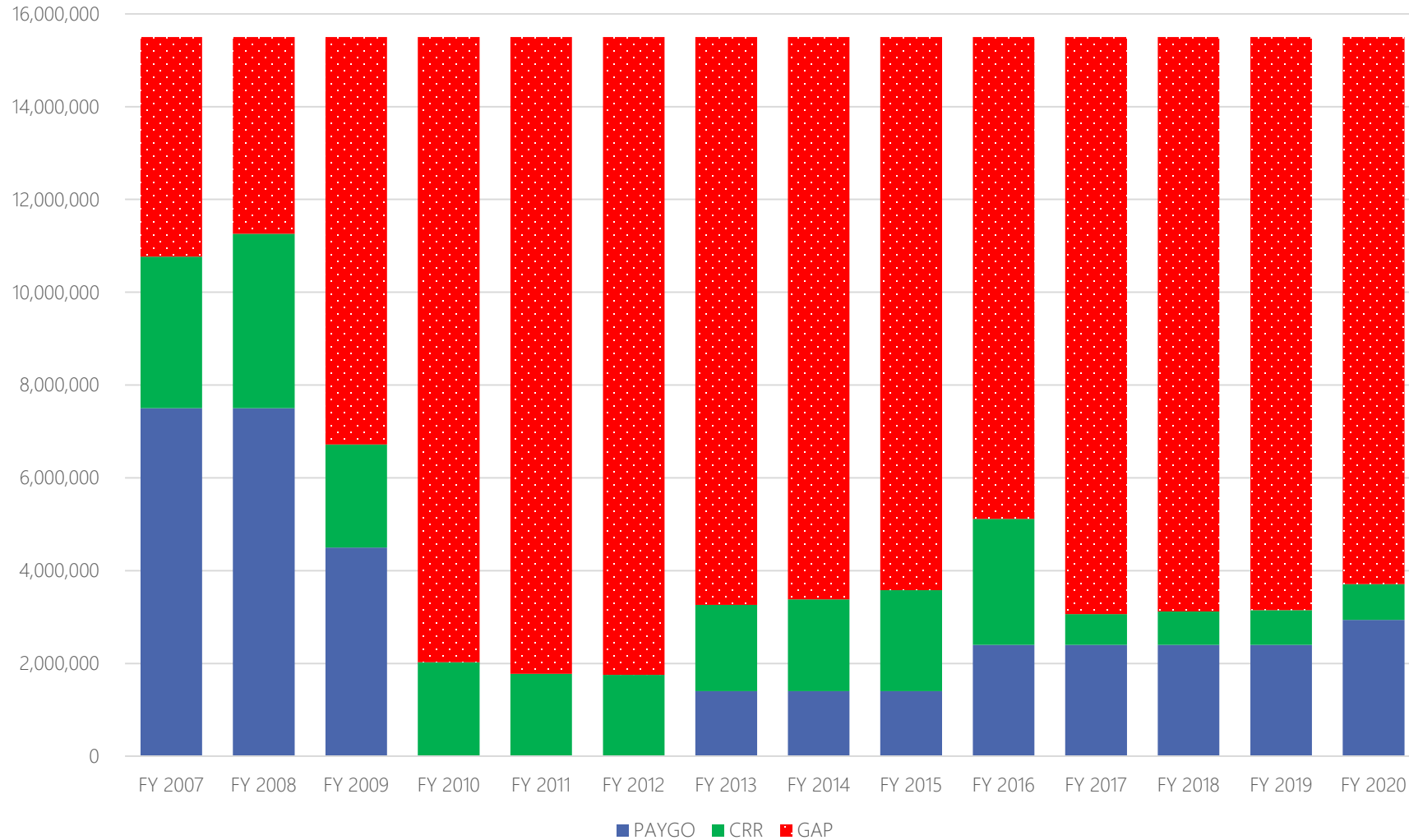


Funding Needs

Capital Asset	Pre G.O. Bond	Post G.O. Bond
Facilities	\$12.0 million*	\$12.0 million*
Pavement	\$6.8 million	\$3 million
Sidewalks	\$2.5 million	\$500,000
Total	\$21.3 million	\$15.5 million

Note: Facilities amount of \$12 million is a preliminary estimate; will be updated by Property Management in advance of upcoming budget cycle

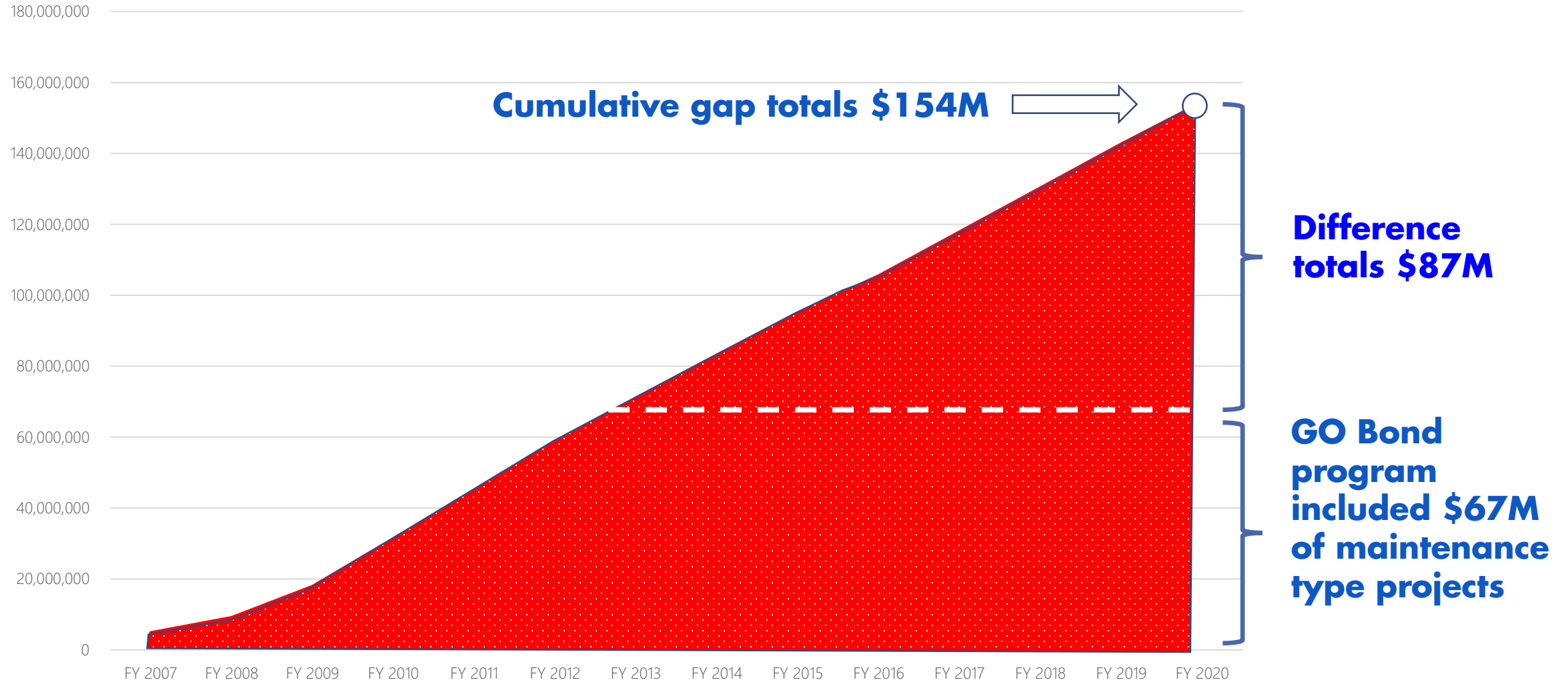
Funding Gap



Assumes \$15.5 million of funding needed annually

Since FY 2007, only funded 29% of need

Funding Gap



Sources of Funds

Source	Description	FY 2020 Amount
Renewal & Replacement (R&R)	<p>Established in FY 2005;</p> <p>Used exclusively to provide dedicated funding for renewal and replacement of City facilities and infrastructure for General Fund assets;</p> <p>Funded by dedicated millage rate</p>	\$769,000
Pay-As-You-Go (PAYGO)	<p>Ensures adequate, on-going reinvestment in capital, plant, and equipment</p> <p>No restrictions; used after all other funding sources exhausted</p> <p>Funded by dedicated millage rate since FY 2019</p>	\$2.5 million
	Total	\$3.3 million
	Need	\$15.5 million
	GAP	\$12.2 million

Funding Options

RECURRING

- **Reduce programs and services**
- **Millage rate increase** (\$186 impact to average property owner)
- **Incremental increases to budget over time**
- **Convention Center naming rights**
- **Convention Center hotel revenue over & above minimum after fully operational**
- **New available funding from sunset of City Center RDA in approximately FY 2030**

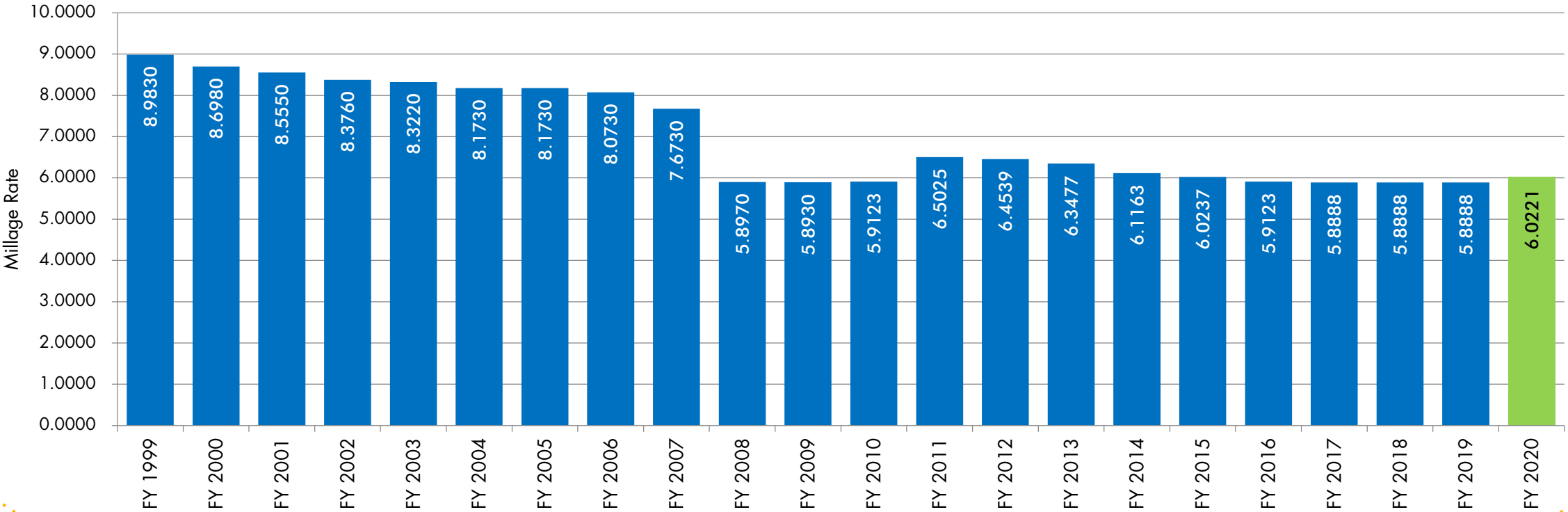
ONE-TIME

- **Establish Asset Preservation Fund from development agreements**



Millage Rate History

The combined millage rate for FY 2020 is **33%** less than in FY 1999 and **20%** less than in FY 2007



FY 2020 Millage Rates			
10 mill cap per Florida Statute			
Municipality	Operating Rate	Debt Service Rate	Total Millage Rate
Opa-Locka	9.8000		9.8000
Biscayne Park	9.7000		9.7000
Golden Beach	7.5780	0.8220	8.4000
Miami Shores	7.9000	0.4009	8.3009
El Portal	8.3000		8.3000
Miami	7.5665	0.4235	7.9900
Miami Gardens	6.9363	0.8962	7.8325
North Miami	7.5000		7.5000
Miami Springs	7.3300		7.3300
Florida City	7.1858		7.1858
West Miami	6.8858		6.8858
North Miami Beach	6.2000	0.6194	6.8194
Homestead	5.9215	0.4800	6.4015
Hialeah	6.3018		6.3018
Indian Creek	6.3000		6.3000
North Bay Village	5.4992	0.6187	6.1179
Miami Beach	5.7288	0.2933	6.0221
Coral Gables	5.5590		5.5590
Hialeah Gardens	5.1613		5.1613
Virginia Gardens	5.1000		5.1000
Medley	5.0500		5.0500
Surfside	4.4000		4.4000
South Miami	4.3000		4.3000
Sweetwater	3.9948		3.9948
Bay Harbor Island	3.6245		3.6245
Key Biscayne	3.1950		3.1950
Cutler Bay	2.4323		2.4323
Pinecrest	2.3990		2.3990
Miami Lakes	2.3127		2.3127
Sunny Isles	2.2000		2.2000
Palmetto Bay	2.2000		2.2000
Doral	1.9000	0.1872	2.0872
Bal Harbour	1.9654		1.9654
Unincorp. County	1.9283		1.9283
Aventura	1.7261		1.7261

Millage Rate Comparison

Additional **\$12.2 million**
 = 0.3600 for total of **6.0581**

Trend in Citywide Property Values

