



FY 2022 Preliminary Operating Budget

Miami Beach

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Outline

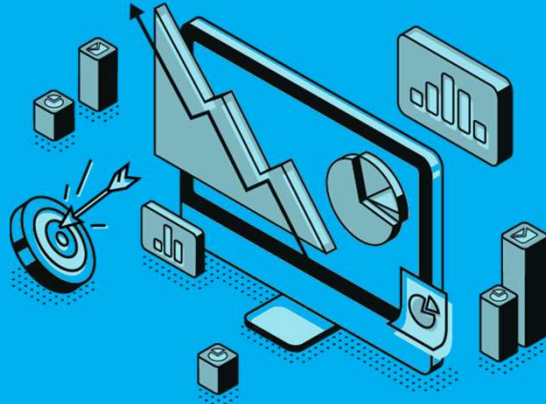


- FY 2021 update
- Property values update
- Balancing the General Fund
- Balancing Resort Taxes
- Other funds updates
- Next steps

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FY 2021 Update



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FY 2021 First Quarter

	General Fund Reserve Amount	Resort Tax Reserve Amount
Pre-COVID Reserve as of 09/30/2019	\$80.6 million	\$15.2 million
Actual Use of Reserve in FY 2020	(\$0.3 million)	(\$5.0 million)
Adopted Use of Reserve in FY 2021	(\$9.6 million)	
Remaining Reserve	\$70.7 million	\$10.2 million
New gap in FY 2021 (Q1 projection)	(\$27.8 million)	
CARES Act funds to date	\$37.0 million	
Police initiatives (staffing, cameras, RTCC)	(\$7.5 million)	
No furlough days for FOP & IAFF; 1 less furlough day for all other employees	(\$1.2 million)	
Arts & Cultural programming	(\$1.0 million)	
Revised Reserve	\$70.2 million	\$10.2 million

Note: New gap in FY 2021 addresses projected revenue losses in both the General Fund and the Resort Tax Fund; Gap will be updated as part of the Second Quarter projections

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FY 2021 Resort Tax Projections



- Original FY 2021 projection
 - 75% or \$22M less than FY 2019
- Revised FY 2021 projection for Q1
 - 50% or \$44M less than FY 2019
- Updated FY 2021 projection for Q2
 - 70% or \$27M less than FY 2019

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FY 2021 Second Quarter



	General Fund Reserve Amount	Resort Tax Reserve Amount
Pre-COVID Reserve as of 09/30/2019	\$80.6 million	\$15.2 million
Actual Use of Reserve in FY 2020	(\$0.3 million)	(\$5.0 million)
Adopted Use of Reserve in FY 2021	(\$9.6 million)	
Remaining Reserve	\$70.7 million	\$10.2 million
New gap in FY 2021 (Q2 projection)	(\$22.7 million)	\$10.0 million
CARES Act funds to date	\$38.1 million	
Police initiatives (staffing, cameras, RTCC)	(\$7.5 million)	
No furlough days for FOP & IAFF; 1 less furlough day for all other employees	(\$1.2 million)	
FEMA reimbursement	\$2.6 million	
Arts & Cultural programming	(\$1.0 million)	
Ocean Terrace Settlement	\$1.6 million	
Sabrina Cohen Foundation contribution	(\$2.5 million)	
<i>Pedestrianization of Ocean Drive (pending)</i>		<i>Est. (\$1.5 million)</i>
Revised Reserve	\$78.1 million	\$18.7 million

Note: The Q2 gap is \$15.1 million better than the Q1 gap due primarily to higher than anticipated Resort Tax collections

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Property Values Update



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FY 2022 Property Values

Preliminary FY 2022 Property Values from June 1st



Miami Beach's Preliminary Property Values:
0.2% decrease

Normandy Shores	Miami-Dade County	Miami-Dade School Board
+2.2%	+3.6%	+1.7%

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Preliminary FY 2022 Property Values from July 1st



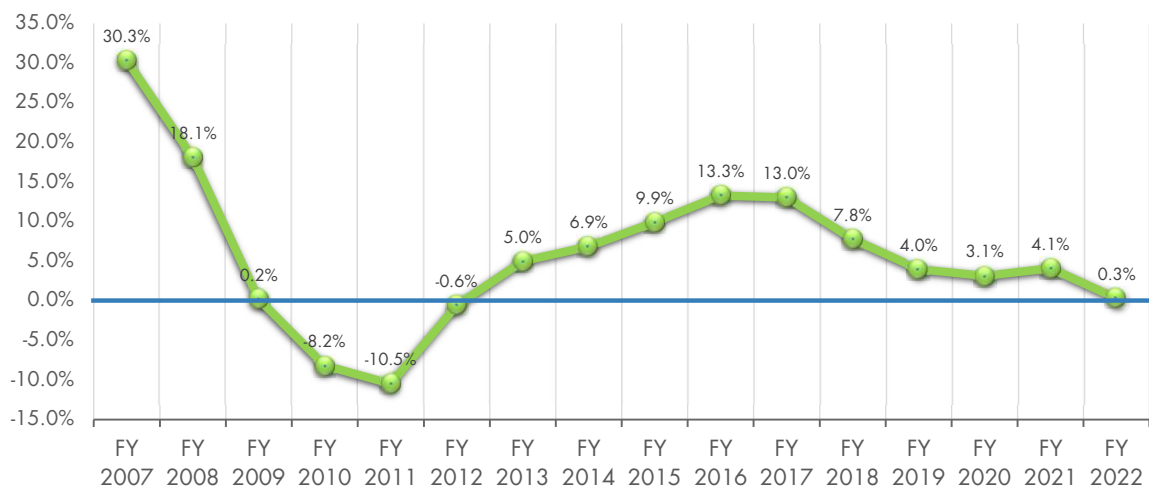
Miami Beach's Preliminary Property Values:
0.3% increase

Normandy Shores	Miami-Dade County	Miami-Dade School Board
+2.5%	+4.2%	+3.7%

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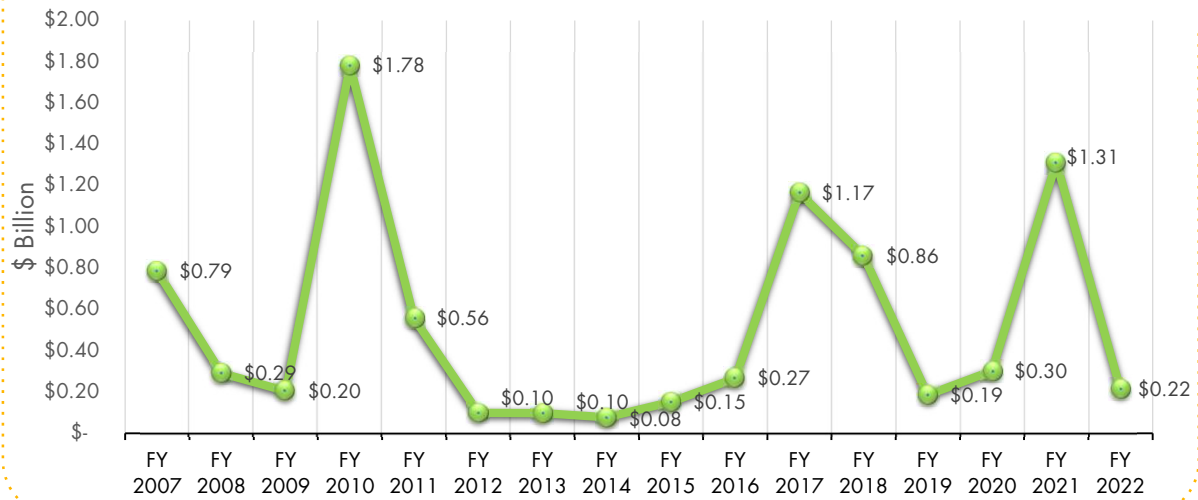
Overall Property Value Trend



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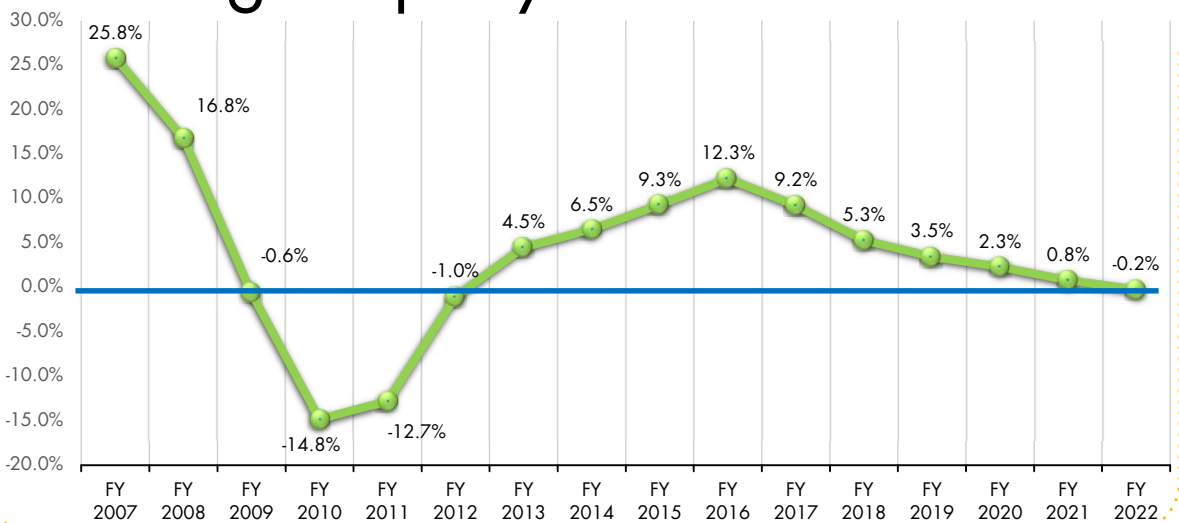
New Construction Trend



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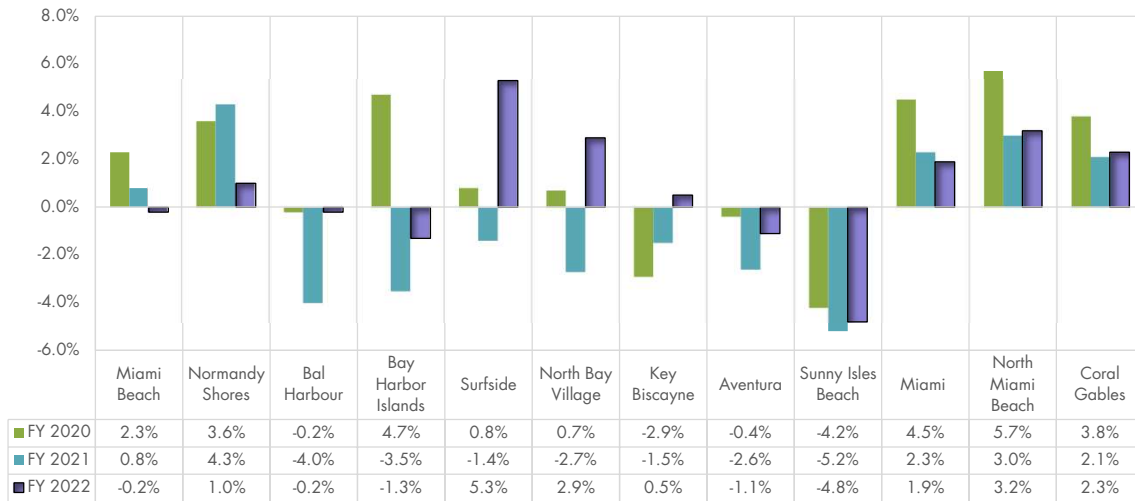
Existing Property Value Trend



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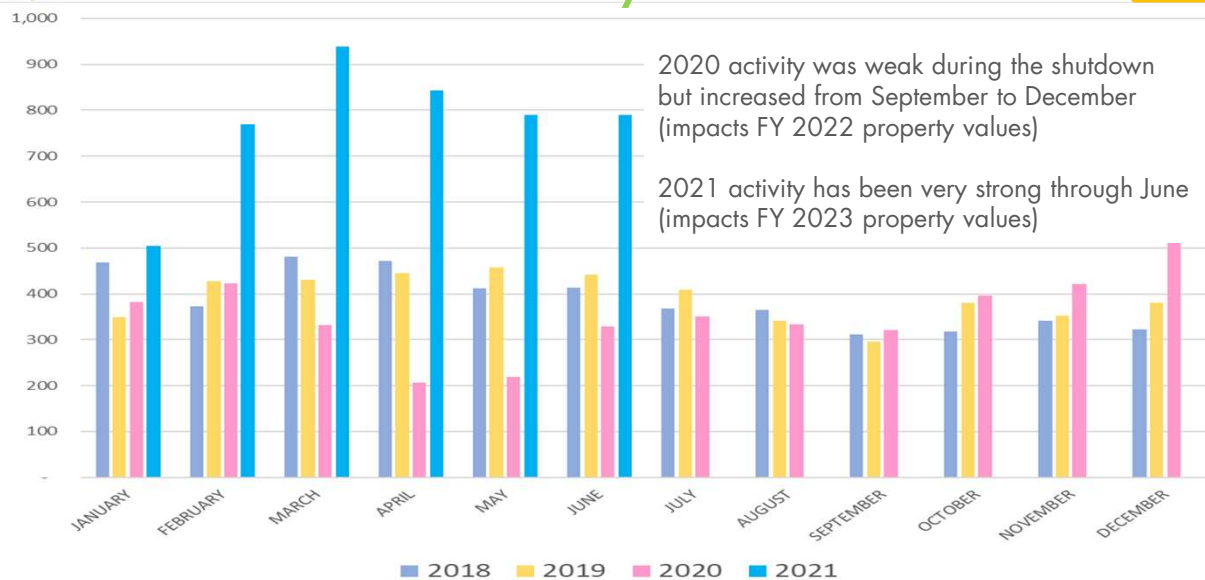
Percentage Change in Existing Property Values by Municipality



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Lien Statements by Month



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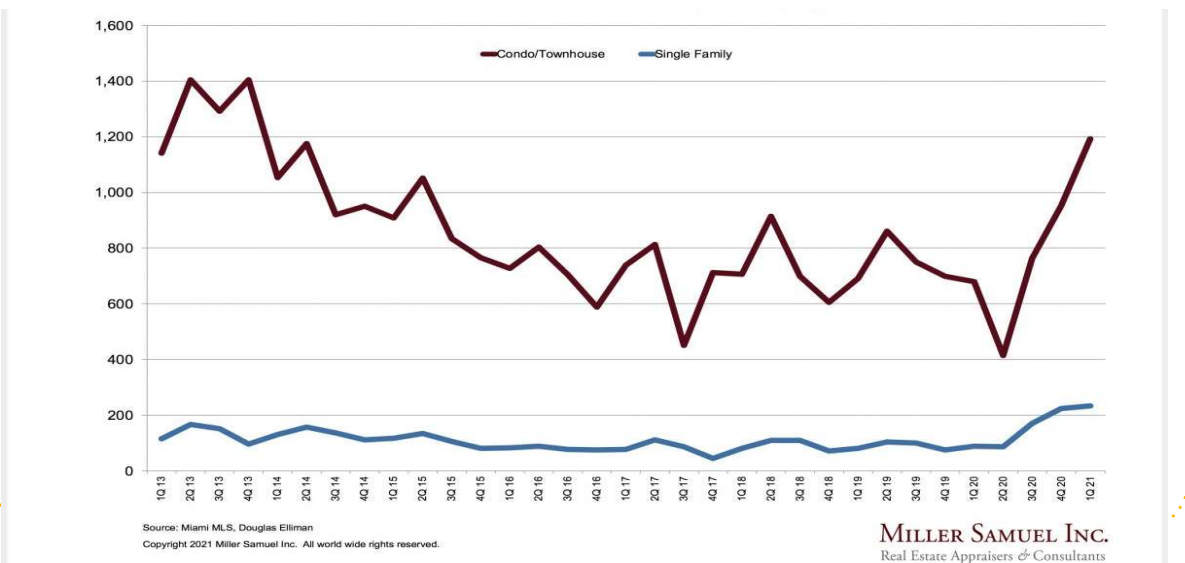
Avg. Sales Price vs. Number of Sales



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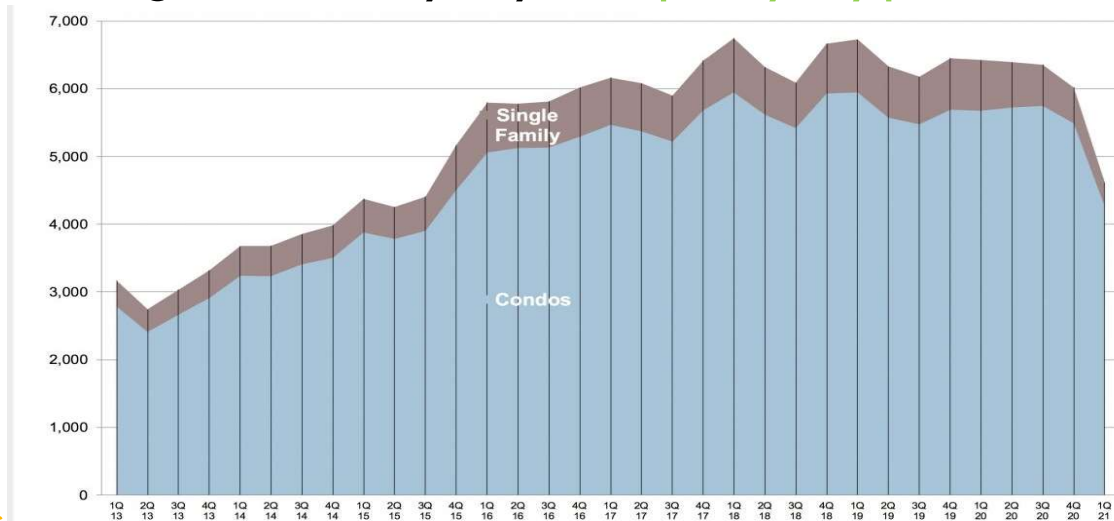
Number of Sales by Property Type



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Listing Inventory by Property Type



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Balancing the General Fund



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Preliminary FY 2022 Budget Gap



	NON-COVID-19 (Permanent)	COVID-19 (Temporary)
General Fund	(\$6.2 million)	(\$8.0 million)
Resort Tax	0	(\$11.5 million)
Total	(\$6.2 million)	(\$19.5 million)

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Updated FY 2022 Budget Gap



	NON-COVID-19 (Permanent)	COVID-19 (Temporary)
General Fund	(\$3.9 million)	(\$8.0 million)
Resort Tax	0	(\$11.5 million)
Total	(\$3.9 million)	(\$19.5 million)

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Approaches to Balance



- COVID-19 Related Impact – **Temporary**
- Non-COVID-19 Impact – **Permanent**

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COVID-19 Gap



- Gap totals **\$19.5 million**
- Since the gap is “temporary” in nature due to COVID-19, one-time funds can be used to close the gap until revenues return to normal in FY 2023
- Recommend applying the American Rescue Plan Act allocation of approximately **\$22 million** to balance this gap

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Non-COVID-19 Gap

- Gap totals **\$3.9 million**
- This gap is “permanent” and the budget needs to be structurally balanced so that recurring revenues equal recurring expenditures

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Closing the Non-COVID-19 Gap

Non-COVID-19 GAP (original)	(\$6.2 million)
Update from July 1 st certified values	\$1.2 million
Increase in Property Tax revenues from reduction in City Center property values	\$1.1 million
Non-COVID-19 GAP (updated)	(\$3.9 million)
Refinement of General Fund revenues	\$1.8 million
Reduction in Health & Life insurance assumption	\$1.0 million
Realign reduction in Debt Service millage rate to Operating millage rate	\$1.2 million
Balance	\$0.1 million

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Update from July 1st Certified Values

- Each 0.1% equals approximately \$240K
- Difference between June 1st and July 1st values equals 0.5%
- Difference equals an additional \$1.2 million to the General Fund

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City Center Property Values

- If the property values in the City Center RDA are lower than the Citywide average, property taxes to the General Fund increase
- City Center RDA property values of -3.7% are lower than the Citywide average of 0.3%
- Increases property taxes to the General Fund by \$1.1 million

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Revenue Adjustments



- Second quarter revenue projections reflect a robust recovery for the rest of FY 2021
- Revenue projections for FY 2022 have been adjusted to normalize faster
- Difference equals an additional \$1.8 million to the General Fund

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Health Insurance Adjustment



- Second quarter trend shows lower than anticipated costs for the rest of FY 2021
- Preliminary assumption of 10% increase for FY 2022 has been adjusted to 5% for Non-Police and Fire
- Difference equals an additional \$1.0 million to the General Fund

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Millage Rate Adjustment



- The Debt Service portion of the millage rate is 0.0338 mills less than last year
- Recommend applying the difference to the operating millage rate and keep the overall millage rate level
- Difference equals an additional \$1.2 million to the General Fund

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Preliminary Millage Rate



	FY 2021	FY 2022	Inc/(Dec)
General	5.6298	5.6636	0.0338
CRR	0.0235	0.0235	0.0000
PAYGO	0.0755	0.0755	0.0000
Total Operating	5.7288	5.7626	0.0338
Debt Service	0.3227	0.2889	(0.0338)
Total Combined	6.0515	6.0515	0.0000

- Proposed FY 2022 budget assumes no change in the total combined millage rate of **6.0515**
- A reduction in the Debt Service portion of the millage rate is recommended to be realigned to the General portion of the Operating Millage Rate
- Commission will adopt maximum millage rate on July 28th

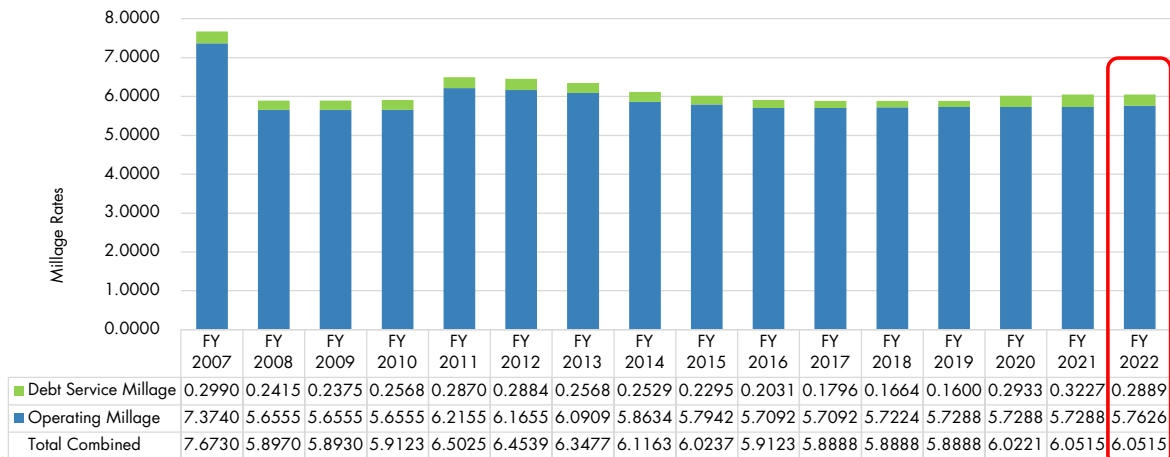
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Combined Millage



The current combined millage rate is **33%** less than in FY 1999 and **21%** less than in FY 2007



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General Fund Enhancements



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Police Initiatives Approved in FY 2021



Initiative	Estimated Cost
Enhanced Staffing	\$5.5 million over 3 years for 15 police officers and 2 sergeants (one-time)
Accelerate Installation of Security Cameras	\$500,000 for contractual resources to assist with implementation (one-time)
Create Real Time Crime Center	\$1.5 million (one-time) for all necessary equipment and finish out and \$180,000 for 2 non-sworn positions (recurring)

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Police Enhanced Staffing



- Currently funded on a [one-time](#) basis for a period of 3 years
- To make the 17 temporary positions [permanent](#) the recurring costs are \$3.9 million in year 1 and \$3.0 million year 2
 - A millage rate increase of 0.1133 would likely be needed
 - Impact on median homesteaded property: \$25
 - Impact on average homesteaded property: \$64

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Police Enhanced Staffing



- The recruitment plan for the 17 new positions includes:
 - New and expanded Police Academy classes
 - Current class ready in the Fall
 - Next class ready in early 2022
 - Continuous recruitment of certified law enforcement candidates
 - Offset for attrition
 - Goal: all officers in place for next Spring Break
- Recommendation: Implement signing bonus in FY 2021 for one year to stimulate recruitment (one-time cost of \$400,000)
 - \$15,000 for certified officers following field training with a commitment of 2 years
 - \$10,000 for police academy graduates following field training with a commitment of 3 years

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Police Temporary Staffing



- Proposal to address uncertainty re: number of visitors after Memorial Day and more time to onboard new Miami Beach positions (LTC# 254-2021)
- Temporarily augment staffing on weekends from June 25 through August 21 in FY 2021
 - 25 police officers from Miami-Dade Schools
 - Coverage on Friday and Saturday nights from 7 pm to 3 am
 - Estimated one-time cost of \$180,000

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COPS in Schools Program



- The FY 2022 budget includes \$1.4 M in funding for the 6 Police Officers and 1 Sergeant positions (added in FY 2019) for the Cops in Schools program
- The Marjory Stoneman Douglas High School Public Safety Act of 2018 requires that armed officers be present in each school
 - Local municipalities placed officers in the schools until the MDSPD force grew to have enough officers for every school
 - For FY 2022, a Miami Dade School Police Officer will be permanently assigned to each school
 - Miami Beach PD will assign 3 police officers as liaisons
 - Allows PD to re-purpose 7 positions to other policing duties

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Police Enhancement



- FY 2022 Proposed Budget is balanced
- Smith & Wollensky lease revenue of \$340K is subject to voter approval in November
- Recommend adding 2 police officers at \$336K contingent on approval of the new lease
 - Lease revenue increases by \$285K (average) per year until 2025
 - Equivalent to 4 more police officers (total of 6)

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One-Time Enhancements



- Economic Development initiatives: \$350K
 - P3 analyses and studies: \$150K
 - Commercial lease subsidy for business attraction: \$40K
 - Citywide store front covers: \$45K
 - Marketing for business attraction and relocation: \$75K
 - Planning reports for potential expansion of CRA boundaries: \$40K
- Beach Re-entry License Plate Readers: \$210K
- ADA compliance with digital information: \$70K

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Revenue Enhancement



Sidewalk Café Application Fee: \$76K

- Covers the cost of the Project Engineer position added in FY 2021 to oversee Sidewalk Café Operations

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General Fund Reserve



General Fund Reserve	Amount
Pre-COVID Reserve	\$80.6 million
Use of Reserve in FY 2020	(\$0.3 million)
Use of Reserve in FY 2021	(\$2.6 million)
Additional Reserve in FY 2022	\$1.9 million
Proposed FY 2022 Reserve	\$79.6 million

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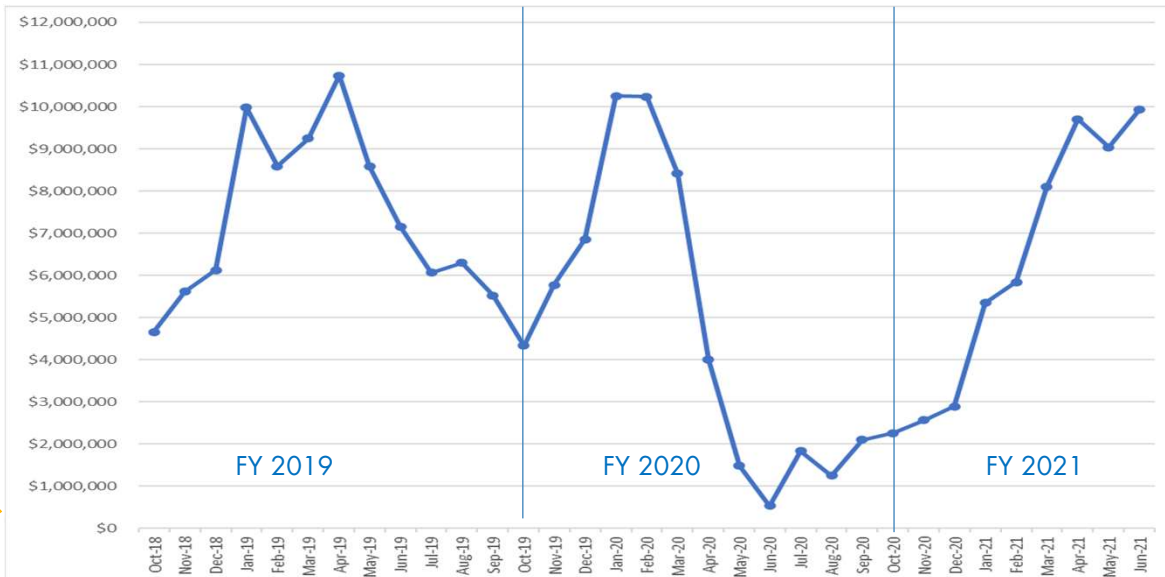
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Balancing Resort Tax Fund



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Resort Tax Revenues (monthly)



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FY 2022 Resort Tax Projections



- Strong domestic travel is driving the recovery
 - Pent up demand during COVID-19
 - Miami Beach as attractive outdoors destination
 - Uncertainty re: trend as other destinations open up
- Still recovering...
 - Conventions and meetings
 - Cruise industry
 - International travel
- Currently assuming less than normal for FY 2022
 - 85% or \$13M less than FY 2019 (contributes to COVID gap)

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2% Resort Tax Fund Preliminary Budget



	FY 2021	FY 2022	Var. (\$)	Var. (%)
Revenues	46,102,000	51,288,000	5,186,000	11%
Expenditures	46,102,000	51,288,000	5,186,000	11%
Surplus / (Gap)	\$ 0	\$ 0		

- Does not include funding for Spring Break or other enhancements

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Resort Tax Enhancements



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Resort Tax Enhancements



- All approved resort tax enhancements will have to be funded on a **one-time basis** from reserves until resort taxes grow enough to cover these expenses on a recurring basis
- Resort Tax reserves are expected to **increase from \$10.2M to \$20.2M** per the Second Quarter update

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Spring Break Enhancements



- **Recommend \$3.4M enhancement for Spring Break**
 - Enhanced police staffing for Spring Break estimated at \$1M
 - Programming costs of \$2.4M approved at June 23rd Commission meeting

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Code Staffing



- Current enhanced staffing in FY 2021 is funded through overtime
- Recommend enhancement of 6 positions for dedicated code enforcement team in Art Deco & Cultural District: \$589K

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Resort Tax Enhancements



- Recommend \$779K of miscellaneous enhancements
 - 2 new lifeguard stands at 55th and 62nd streets (4 lifeguards): \$309K
 - Increase Fire overtime for high impact periods: \$170K
 - Enhanced police staffing for Orange Bowl: \$75K
 - Programming for Pride Park, Collins Canal Park, and Collins Park: \$75K
 - Cultural affairs strategic plan: \$100K
 - No Vacancy, Miami Beach: \$50K

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Resort Tax Reserve



Resort Tax Reserve	Amount
Pre-COVID Reserve	\$15.2 million
Use of Reserve in FY 2020	(\$5.0 million)
Additional Reserve in FY 2021 from Q2 projections	\$8.5 million
Use of Reserve in FY 2022	(\$4.8 million)
Proposed FY 2022 Reserve	\$13.9 million

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Other Fund Updates



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Transportation Fund Update



- ITS recurring operating costs reduced from \$1.5M to \$900K by limiting service to Thursday through Sunday
- Continuation of funding for existing pilot project
 - Open-Slow Streets – Flamingo Park Neighborhood – \$137K
- New pilot project discussed at May 24th Bicycle & Pedestrian Safety Workshop
 - Pennsylvania Ave Temporary Bike Lanes – \$64,000
- South Beach promenade short-term enhancements (One-Time) - \$200K

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Convention Center Fund Update

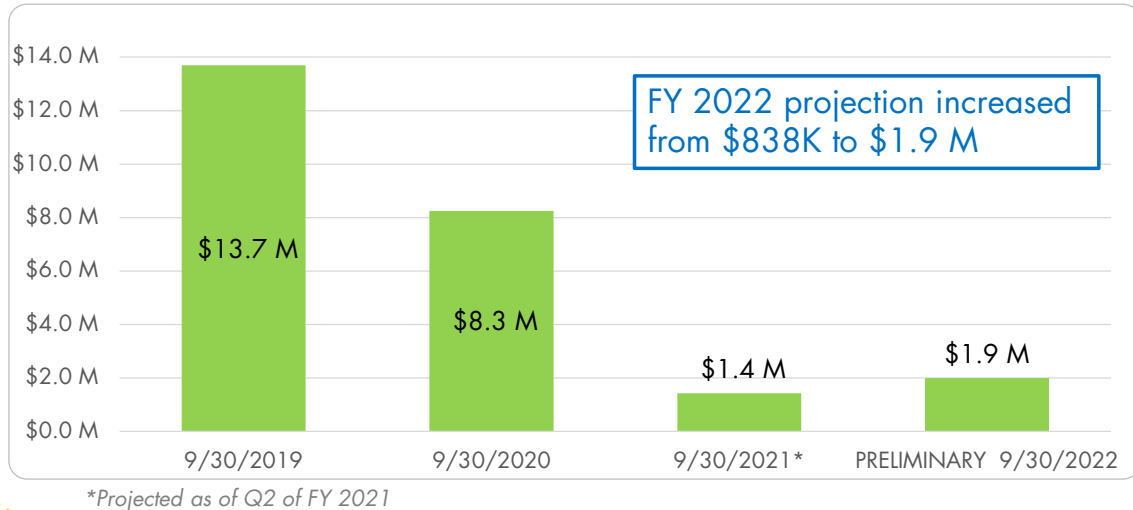


- Changes since May budget projection for FY 2022
 - 7 new events and 2 cancellations result in \$423,000 of additional revenues
 - Reduction in projected operating costs for Pride Park, Collins Canal Park, and the Carl Fisher Clubhouse of \$603,000
- Net positive impact of \$1,026,000

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Convention Center Fund Update



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Normandy Shores Budget & Millage



Normandy Shores

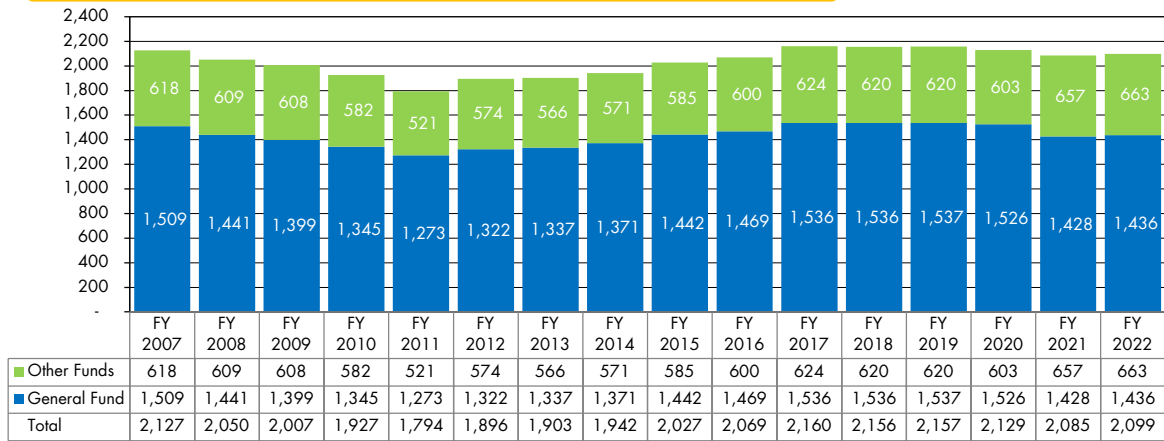
	FY 2019	FY 2020	FY 2021	FY 2022
Residents	165,000	174,000	17,900	170,300
City Subsidy	88,000	93,000	93,100	91,700
Use of Fund Balance	0	30,000	138,000	0
Total Revenues	\$253,000	\$297,000	\$249,000	\$262,000
Dedicated Normandy Shores Millage	0.8161	0.8161	0.0773	0.7203
Total Expenditures	\$253,000	\$297,000	\$249,000	\$262,000

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Position Count Trend

Positions are 1.3% or 28 positions less in FY 2022 than in FY 2007



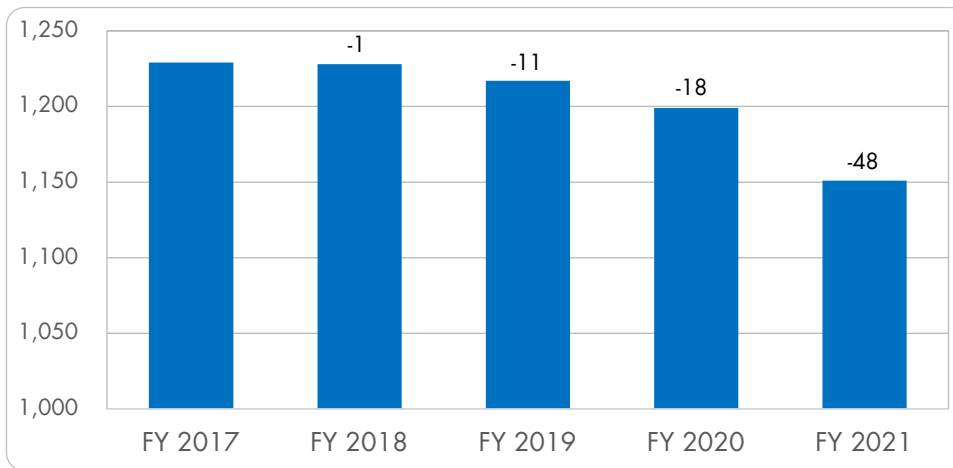
* NOTE: FY 2022 does not include 15 police officers and 2 sergeants added in FY 2021 as one-time enhancements

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Position Count Trend

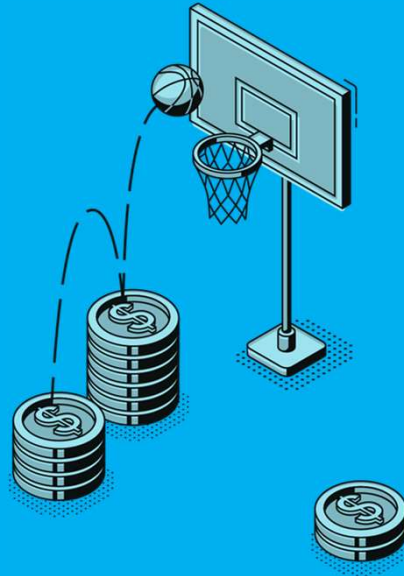
Non-Public Safety positions have decreased by 78 positions or 6.3% since FY 2017



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Next Steps



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Next Steps



FERC Budget
Briefing
Finalize Capital &
Operating Budgets
July 23rd

Finalize maximum
millage rates for
Property Appraiser
July 28th

City Manager and
OMB finalize
Proposed Budget
August

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Next Steps



- FIRST PUBLIC HEARING
 - Adopt tentative millage rates
 - Adopt tentative operating and capital budgets**September 17th**

- SECOND PUBLIC HEARING
 - Adopt final millage rates
 - Adopt final operating and capital budgets**September 30th**

Beginning of
Fiscal Year 2021
October 1st

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Thanks!

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