



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

COMMITTEE MEMORANDUM

TO: Members of the Finance & Economic Resiliency Committee

FROM: Alina T. Hudak, City Manager

DATE: July 23, 2021

SUBJECT: **FY 2022 Preliminary Operating and Capital Budget Update**

At the second Budget Briefing meeting on July 16th, several follow up items were identified from both the FY 2022 Preliminary Operating and Capital Budget presentations. Each of the items mentioned by Commissioners is listed below along with proposed action from the Administration.

This meeting is the third and last Budget Briefing and the goal is to finalize all operating and capital budget items for inclusion in the FY 2022 Proposed Budget documents that will be prepared over the month of August in preparation for the public hearings on September 17th and September 30th.

OPERATING BUDGET ITEMS

Police Temporary Staffing

Item: Check if the City can continue augmenting police temporary staffing on weekends with other agencies since 25 officers from Miami-Dade Schools will no longer be available after August 21st. (Commissioner Samuelian)

Action: Police is optimistic that staffing can be augmented by 8 to 10 officers from other agencies through the end of the calendar year. An update will be provided through a Letter to Commission (LTC) before August 21st. Any funding needed for the augmented staffing will likely impact the FY 2021 Budget.

Employee Incentive Program

Item: Add a one-time enhancement with a 3-year commitment for an Employee Incentive Program that funds a monthly \$250 stipend for Police and Fire sworn personnel to establish primary residence on Miami Beach. (Commissioner Samuelian)

Action: This enhancement has been added to the FY 2022 Budget. Program details to be worked out by Human Resources and an implementation status update will be provided in 1 year.

Police Off-Duty Rate

Item: Explore a potential increase to the off-duty rate as Commission may require off-duty coverage in certain locations. (Mayor Gelber)

Action: Police is developing a rate increase scenario for the City Manager's approval. An update will be provided through LTC.

Beach Re-Entry Program

Item: Research technical issues with the databases used by the License Plate Readers (LPRs) for the Beach Re-Entry program and general law enforcement databases to try to consolidate the use of LPR's for both purposes. (Commissioner Richardson)

Action: Police and Parking are following up with the software vendors and results will be shared either through LTC or at the 1st Public Hearing on September 17th.

Cat Network

Item: Staff to recommend an amount for the Cat Network for both FY 2021 and FY 2022 Budget requests. (Commissioner Samuelian)

Action: Recommendation has been updated to contribute a total of \$75,000 annually for operations to replace the grant from PetSmart that is no longer available. The impact is an additional \$29,000 in FY 2022 and \$34,000 in FY 2021.

Cultural Affairs Strategic Plan

Item: Delete enhancement for implementation of Cultural Affairs Strategic Plan. (Vice-Mayor Arriola)

Action: The one-time enhancement request has been removed from the FY 2022 Budget.

Black Film Festival (BFF)

Item: Check if the City can be Host Sponsor for the BFF for the 2 events in FY 2022 and include community benefits. (Commissioner Samuelian)

Action: Recommendation has been updated to contribute \$100,000 for each of the 2 events in FY 2022 at the "Official" sponsorship level. The FY 2023 request would be evaluated through the new Special Event Guidelines process.

Enhanced Code Enforcement

Item: Determine staffing needed for proactive code enforcement for Short-Term Rentals (STRs). (Commissioner Richardson)

Action: One-time enhancement request of \$295K has been added that includes 3 new code enforcement officers. The new positions will increase the hours dedicated to STR investigations from 1,350 to 5,000. Results to be re-evaluated in 3 years.

Flamingo Park Slow Streets

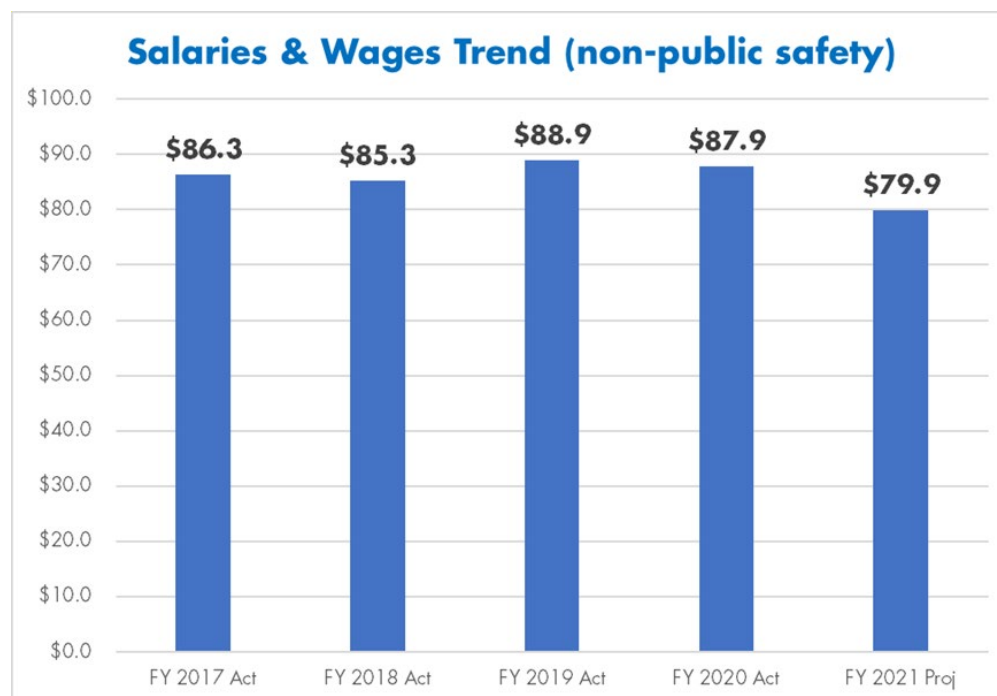
Item: Staff to make recommendation on how to reduce the operating cost of \$137,000 for the Flamingo Park Slow Streets program. (Commissioner Richardson)

Action: Recommendation has been updated to reduce operating costs for the program to \$75,000 by replacing signage at some locations with roadway markings, reducing signage to one per block, and reducing frequency of data collection. Requires additional one-time cost of \$37,000 for roadway markings.

Payroll Trend Chart

Item: Show payroll trend for non-public safety positions since FY 2017. (Vice-Mayor Arriola)

Action: As shown in the chart below, the FY 2021 amount of \$79.9 million is 7.4% or \$6.4 million less than the \$86.3 million in FY 2017.



Homeless Trust & Domestic Violence

Item: Staff to make recommendation regarding potential funding for Homeless Trust and Domestic Violence. (Vice-Mayor Arriola)

Action: Recommendation to add recurring enhancements to fund each program at \$125,000 to match amounts budgeted in FY 2020 from short-term rental fines with resort tax funds.

40 Year Recertifications

Item: Determine if additional funding is needed in the Building Department for the 40 Year Recertification program. (Commissioner Steinberg)

Action: No new funding is recommended since the enhanced workload is being experienced primarily in FY 2021. Existing professional services contracts can be used during FY 2022 to address any potential workload issues.

Based on the recommendations above, the only item that affects the General Fund on a recurring basis would be the enhanced funding of the Cat Network at \$29,000. As shown in the chart below that highlights how the Non-COVID-19 gap was closed, the FY 2022 General Fund budget was balanced with a small surplus of \$123,000. The net result of the additional funding for the Cat Network would be a revised surplus of \$94,000.

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	\$123,000
Enhanced Cat Network contribution	(\$29,000)

The only item that had a one-time impact was the addition of the Employee Incentive Program for a period of 3 years. The \$150,000 cost of the program reduced the additional reserve in FY 2022 in the chart below to \$1.75 million from \$1.9 million.

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	\$1.75 million
Proposed FY 2022 Reserve	\$79.5 million

In the Resort Tax Fund, there is a pickup of \$100,000 from the elimination of the enhancement for the Cultural Affairs Strategic Plan that is offset by the following enhancements:

- Hosting of two Black Film Festival events in FY 2022 for \$100,000 each
- Enhanced Code staffing for proactive enforcement of Short-Term Rentals for \$295,000
- Homeless Trust and Domestic Violence funding of \$125,000 each

The net impact is an additional \$645,000 that increased the use of Resort Tax reserve to \$5.4 million from \$4.8 million as shown in the chart below.

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	(\$5.4 million)
Proposed FY 2022 Reserve	\$13.3 million

CAPITAL BUDGET ITEMS

72ND Street Project

Item: Direction is needed regarding next steps for the 72nd Street Complex project.

Action: This item will be heard at the regular FERC meeting on July 30th and will incorporate direction from the FERC-Budget Briefing on July 16th. The item is also scheduled to be heard at the Commission meeting on September 17th.

Potential Revenue Sources

- North Shore Library Site: Direction provided to issue RFP with 3 options
 - All 5 parcels
 - Front 2 parcels with commitment to make other 3 ocean front parcels greenspace
 - Front 2 parcels with no commitment regarding the other 3 ocean front parcels
- 5 Vacant Parcels: Direction provided to issue RFP for 4 parcels and exclude the Sunset Island parcel and look at designating it as a park
- Barclay: Direction provided to issue RFP, but earmark the proceeds for workforce or affordable housing or social services

CONCLUSION

The goal is of the 3rd Finance and Economic Resiliency Committee Budget Briefing on July 23, 2021, is to make final decisions regarding any items impacting the FY 2022 operating and capital budgets.

The next step in the annual budget process is to set the maximum proposed millage rate for the FY 2022 budget in accordance with the State of Florida's Truth-in-Millage (TRIM) requirements at the July 28, 2021 City Commission meeting. In September, two public hearings will be held per the State of Florida's TRIM requirements. The first public hearing scheduled to be held on September 17, 2021 will be to adopt the tentative millage rates and budgets for FY 2022. The second public hearing scheduled to be held on September 30, 2021 will be to adopt the final millage rates and budgets for FY 2022. Both public hearings will begin at 5:01 p.m.

Attachment A – FY 2022 One-Time Expenditure Enhancements

Attachment A – FY 2022 Recurring Expenditure Enhancements

Attachment B – FY 2022 Recurring Revenue Enhancements