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COMMISSION MEMORANDUM

TO: Members of the Finance & Economic Resiliency Committee

FROM: Alina T. Hudak, City Manager

DATE: February 17, 2023

SUBJECT: **A DISCUSSION ON THE HOMELESS TRUST FUND CONTRIBUTION FROM THE CITY, INCLUDING THE POSSIBILITY FOR ADDITIONAL FUNDING.**

HISTORY

On September 21, 2022, the City of Miami Beach received a request from the Miami-Dade County Homeless Trust (“Homeless Trust”) for \$3 million to scale housing needed to further combat homelessness in the City and beyond. These funds, in conjunction with funding received from Miami-Dade County and other municipalities, would be utilized by the Homeless Trust to acquire and renovate no fewer than four (4) properties to better support households sleeping on the streets or staying in temporary emergency shelters without viable permanent housing options.

At the September 30, 2022 Finance and Economic Resiliency (FERC) meeting, representatives from the Homeless Trust presented their request for funding. After extensive discussion, the FERC recommended that a \$1 million be allocated to the Homeless Trust, comprised of approximately \$277,912 in HOME Investment Partnership American Rescue Plan Program (HOME-ARP) funding received by the City from the U.S. Department of Housing and Urban Development (HUD) that remains unallocated, subject to HUD approval, and approximately \$723,000 from projected FY 2022 year-end General Fund surplus.

At its October 26, 2022 Commission meeting, the Mayor and City Commission approved the allocation of \$1 million to the Homeless Trust from solely from General Fund reserves via Resolution No. 2022-32381.

At its December 14, 2022 Commission meeting, Commissioner Fernandez referred an item for discussion on the performance benchmarks to FERC for the \$1 million allocation.

At its February 1, 2023 Commission meeting, Commissioner Richardson referred a discussion item to FERC for additional funding.

ANALYSIS

The Office of Housing and Community Services is currently drafting a Memorandum of Understanding between the City and the County to distribute the allocated General Fund reserves of \$ 1 million for the 55 units to house the City of Miami Beach homeless clients.

As shown in the table below, the City’s FY 2023 budget includes approximately \$5.2 million in funding to provide services for the homeless. This includes the previously approved \$1 million in funding for the Homeless Trust.

City of Miami Beach	
Homeless Services FY 2023 Budget	
Police Homeless Outreach Unit	1,554,918
Police Marchman Act Treatment Beds	183,000
Police (General Fund)	\$ 1,737,918
Homeless Trust Contribution (Resort Tax Fund)	\$ 125,000
Homeless Services Division (General Fund)	2,363,000
Additional Homeless Trust Contribution (General Fund - Reso No. 2022-32382)	1,000,000
Homeless Services Division (General Fund)	\$ 3,363,000
Grand Total	\$ 5,225,918

Available Funding

Based on the first quarter of the current fiscal year, revenue and expenditure projections through September 30, 2023, reflect a year-end surplus of approximately \$8.0 million in the General Fund, a difference of 2%, and \$2.1 million year-end surplus in the Resort Tax Fund. I am recommending holding aside as much of the \$8 million surplus as possible for capital funding.

It is important to note that the City’s adopted FY 2023-FY 2027 Capital Improvement Plan (CIP), identified a total of approximately \$1.6 billion in unfunded capital project needs over the next five years. Further, based on the City’s adopted the city’s financial policies regarding the Capital Reserve Fund and Capital Funding (below), we are recommending that the majority of these funds be set aside for evaluation through the FY 2024 budget process.

- Resolution 2002-24764 requires that at least 50% of annual General Fund revenues in excess of expenditures be transferred to the Capital Reserve Fund.
- Resolution 2006-26341 established a goal of funding at least 5% of the General Fund budget for capital needs. In recent years, this policy has not been met. In FY 2023, approximately 1.5% (\$6.6 million) of the budget was transferred to Capital Reserve and Pay-as-you-go to fund Capital needs. Had this been funded at the recommended 5%, the transfer should have totaled approximately \$19 million.
- Resolution 2006-26341 requires that one-time revenues shall be used for capital expenditures or one-time expenditures, rather than funding recurring programs.

There have been a number of priority initiatives identified by the Commission and staff that will have significant funding impacts. As we develop the FY 2024 budget, the full fiscal impact of the recently approved collective bargaining agreements will need to be absorbed. While there are certain one-time needs that may be needed for initiatives already underway, to the extent possible, it is recommended that requests for funding, especially those with recurring impacts, be evaluated as part of the FY 2024 budget development process.

Similarly, it is recommended that the projected Resort Tax year-end surplus of \$2.1 million be set-aside to fund capital project gaps, if realized at year-end. While Resort Tax collections are slightly above budget by approximately 5% through January 2023 collections, January totals were below budget by 9%, and therefore, I feel it is still too early to recommend allocation of additional funding to the Homeless Trust, even though this is a non-recurring expense.

CONCLUSION

Should the Committee and Commission desire to allocate additional funding to the Homeless Trust, I recommend that this be evaluated as part of the FY 2024 budget development process.