



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

COMMITTEE MEMORANDUM

TO: Members of the Finance and Economic Resiliency Committee

FROM: Alina T. Hudak, City Manager

DATE: July 21, 2023

SUBJECT: Fiscal Year 2024 Preliminary Capital Budget Update

The FY 2024 Preliminary Capital Budget was reviewed by the Finance and Economic Resiliency Committee ("FERC") at the June 29, 2023 FERC 1st Budget Briefing.

Attachment A contains a comprehensive funding summary of the FY 2024-2028 Preliminary Capital Improvement Program ("CIP"). The following is an update to the items discussed at the June 29, 2023 FERC meeting.

CERTIFIED PROPERTY VALUES

Based on the 2023 Certified Taxable Property Values provided by the Miami-Dade County Property Appraiser as of July 1, 2023, the \$51.6 billion of citywide property values represent an overall increase in property values of 10.8% above the 2022 Certified Taxable Values of \$46.5 billion.

This represents an overall increase of approximately \$3.4 million over the General Fund property tax revenue projections based on the 2023 Estimated Taxable Values increase of 10.4% that was provided by the Miami-Dade County Property Appraiser's Office on June 1, 2023 and reported to the Mayor and City Commission in a Letter to Commission (LTC No. 252-2023) on June 1, 2023.

This increase is comprised of an additional \$3.3 million for operating purposes, \$59,000 for Pay-As-You-Go (PAYGO) capital funding, and \$29,000 for Capital Renewal and Replacement (CRR) funding for FY 2024. These additional capital funds have been incorporated in the CRR and PAYGO available funds for FY 2024.

FUNDING STRATEGY UPDATE

At the first FERC Budget Briefing, the Committee accepted the Administration's recommendation to transfer \$12,950,819 of prior year available funds from the Resort Tax and General Funds to the PAYGO Fund, in order to fund all critical renewal and replacement projects, several key existing projects with budget gaps, and to allocate matching funds for projects that are eligible for potential grants.

Subsequent to the June 29, 2023 FERC meeting, the Resort Tax FY 2023 projections were further refined, based on actual revenue collections to date. As a result of a slight downward trend in revenues, the FY 2023 projected 2% Resort Tax surplus has been reduced by \$860,000 and the 1% Resort Tax projected revenues were reduced by \$359,000.

In order to maintain the proposed \$12,950,819 transfer to the PAYGO Fund, the Administration recommends offsetting this \$860,000 reduction with a \$860,000 transfer from the FY 2024 projected General Fund surplus. If this recommendation is accepted by the FERC, the updated transfer to the PAYGO fund will be allocated as follows:

Recommended Transfer to PAYGO		\$
Resort Tax Fund FY 2023 Projected Surplus (through the General Fund)		5,808,000
General Fund FY 2023 Projected Surplus		4,980,000
Resort Tax FY 2022 Year-End Surplus (in excess of 6-month Reserve)		1,255,819
Funding Set Aside for Palm View Historic District (in the General Fund Balance - Resolution 99-23396)		47,000
General Fund FY 2024 Projected Surplus		860,000
Total		\$12,950,819

Finally, the \$359,000 reduction in the 1% Resort Tax Quality of Life (QOL) funding has also been reflected in the projected FY 2024 available dollars for the QOL Capital funds (North, Mid and South Beach), which each receive ten percent of the 1% Resort Tax QOL revenues.

Since all of the available funds in the South Beach QOL Fund were previously allocated to capital projects in the FY 2024 budget, the Administration recommends offsetting this \$36,000 reduction with a \$36,000 transfer from the FY 2024 projected General Fund surplus to the South Beach QOL Fund.

CAPITAL PROJECT UPDATES

At the June 29, 2023 FERC Budget Briefing, the Administration presented a list of all capital project requests and recommended funding for FY 2024. Updates that occurred subsequent to the first Budget Briefing are outlined below:

Monument Island Restoration

The scope of this project includes providing ecological restoration and the partial enclosure of the island with riprap to prevent vessel beaching, in addition to a vessel exclusion or swim buoy area with signs.

At its June 29, 2023 meeting, the FERC recommended funding this project. In order to fund this project, the Administration recommends a \$1,120,191 transfer to the PAYGO Fund from the projected FY 2024 General Fund surplus.

South Beach Trolley Transit Electrification

The scope of this project includes the purchase of 12 battery electric buses or rubber-tire trolleys and associated depot and on-route charging infrastructure. The Administration had previously applied for a grant and recommended funding the grant match of \$2,600,000 in the FY 2024 budget.

Subsequent to the June 29, 2023 FERC meeting, the Transportation department was informed that the Federal Transit Administration did not award the grant to the City. As a result, the Administration recommends removing the grant match funding, while exploring other possible funding options.

Collins Park Ancillary Improvements

The scope of this project includes pedestrian and right of way enhancements, north of 22nd Street, along Park Avenue and Liberty Avenue to the Collins Canal; Park Avenue, between 22nd and 23rd Streets; and 23rd Street between Collins Canal and Collins Avenue.

Subsequent to the June 29, 2023 FERC meeting, the Capital Improvement Projects department received the first cost estimates (30% level) from the consultant for this project. This has resulted in a projected budget shortfall of \$2,043,842.

The Administration recommends increasing the previously recommended \$784,621 funding from the RDA Capital fund to \$1,581,342, and funding the remaining \$462,500 from the Transportation Fund.

42nd Street Garage Generator

In order to expedite this project, \$50,000 was appropriated via the June 2023 capital budget amendment. As a result, the FY 2024 funding request has been removed from the FY 2024-2028 CIP.

NEW CAPITAL PROJECTS

At its June 28, 2023 meeting, the City Commission approved two referrals to the June 29, 2023 FERC meeting. Funding for the following two projects was discussed at the June 29th Budget Briefing:

100 Block of Lincoln Road

This project's scope includes improvements to the 100 block of Lincoln Road, including upgraded water and sewer infrastructure, pedestrian and streetscape improvements to enhance public safety and public beach access as part of the redevelopment project to be constructed by the owners of the Ritz Carlton and Sagamore hotels.

The FERC recommended funding a one-time contribution of \$3.0 million to the Capital PAYGO Fund, plus an additional \$1.0 million that will be funded from the City's utility funds (\$600,000 from the Water & Sewer Fund and \$400,000 from the Storm Water Fund) for a total of \$4.0 million in the FY 2024 Capital Budget.

The Administration recommends funding the \$3.0 million contribution with a transfer to the Capital PAYGO Fund from the projected FY 2024 General Fund surplus. The \$400,000 from the Storm Water Fund is recommended to be funded with available Storm Water fund balance.

It is important to note that in order to allocate \$600,000 from the Water and Sewer Fund to this project, the previously recommended funding for the Water & Wastewater Mains and Rehab project will be reduced by \$600,000. This will result in an increase in the projected amount that will need to be bonded in late FY 2024.

Enzo Gallo Mural Installation

This item was referred to the FERC in order to consider an allocation of \$2.0 million in the FY 2024 Capital Budget for the potential installation of the Enzo Gallo Murals along the northeast corner of the Miami Beach Convention Center. The Administration recommends delaying appropriating funding to this project, while all possible locations for these murals are further explored.

CONCLUSION

The Preliminary FY 2024 Capital Budget has been updated, as noted above, subsequent to the June 29, 2023 FERC meeting. Any remaining capital items can be addressed at the FERC Budget Briefing on July 28th or in September, when two public hearings will be held per the State of Florida's TRIM requirements.

The first public hearing currently scheduled on September 13, 2023 will be to adopt the tentative FY 2024 Capital Budget and FY 2024-2028 Capital Improvement Plan. The second public hearing currently scheduled on September 27, 2023 will be to adopt the final FY 2024 Capital Budget and FY 2024-2028 Capital Improvement Plan. Both public hearings will be held in the City's Commission Chambers at 1700 Convention Drive, 3rd Floor, Miami Beach, Florida 33139.

ATH/JG/TOS

Attachment A – Preliminary FY 2024 Capital Budget and FY 2024-2028 Capital Improvement Plan
Prioritization by Funding Source