



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMITTEE MEMORANDUM

TO: Members of the Finance & Economic Resiliency Committee

FROM: Alina T. Hudak, City Manager

DATE: July 21, 2023

SUBJECT: Fiscal Year 2024 Preliminary Operating Budget and Millage Rate

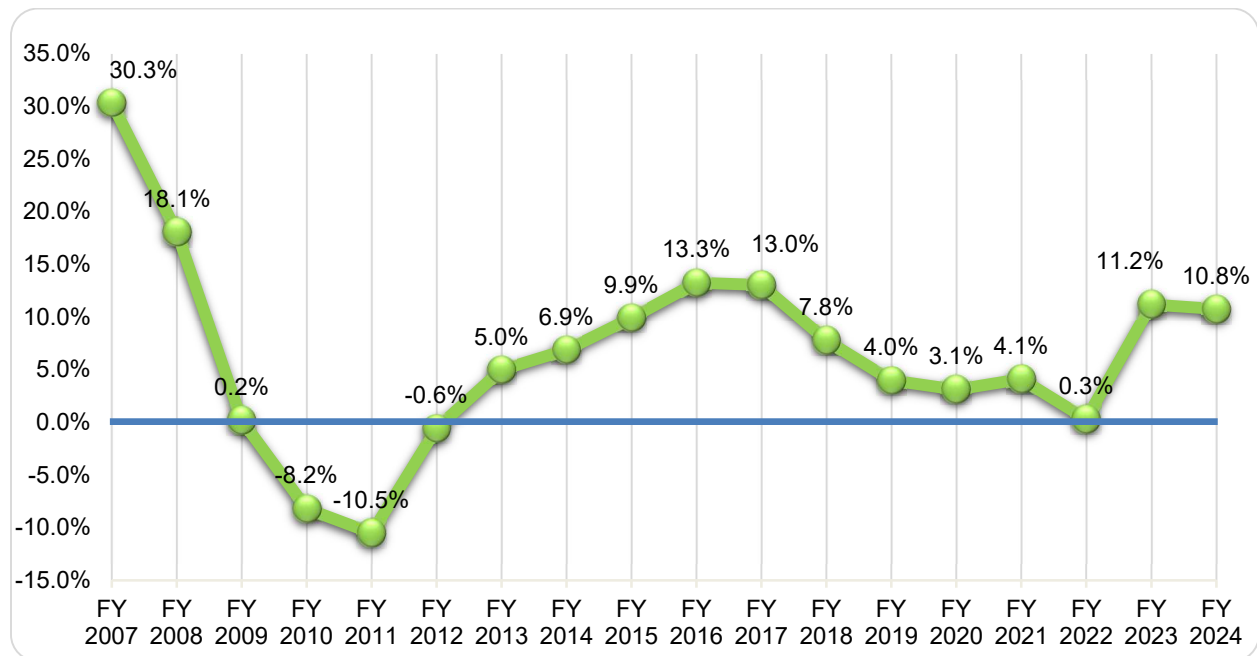
The preliminary budget represents the cost of providing the same level of services as in the prior year and serves as the baseline of funding for the budget development process. The General Fund is the primary source of funding for many City services provided such as Police and Fire, as well as Parks and Recreation, Code Compliance, Public Works, among other services. Revenues are derived from ad valorem property taxes, franchise and utility taxes, business license and permit fees, revenue sharing from various statewide taxes, user fees for services, fines, rents and concession fees, and interest income. Additionally, intergovernmental revenues from Miami-Dade County and the City's Resort Tax Fund contribute funding for tourist-related services provided by General Fund departments.

### **PROPERTY VALUES**

As summarized in the table below and further detailed in the Letter to Commission (LTC #303-2023) dated July 1, 2023, the City's overall property values based on the 2023 Certified Taxable Values provided by the Miami-Dade County Property Appraiser on July 1, 2023 increased by approximately \$5.0 billion, or 10.8%, from the 2022 Certified Taxable Values of \$46.5 billion to the 2023 Certified Taxable Values of \$51.5 billion. Within the overall increase, however, property values in the City Center Redevelopment Area (City Center RDA) and the North Beach Community Redevelopment Agency (North Beach CRA) area increased by 2.7% and 9.1%, respectively, compared to the previous year.

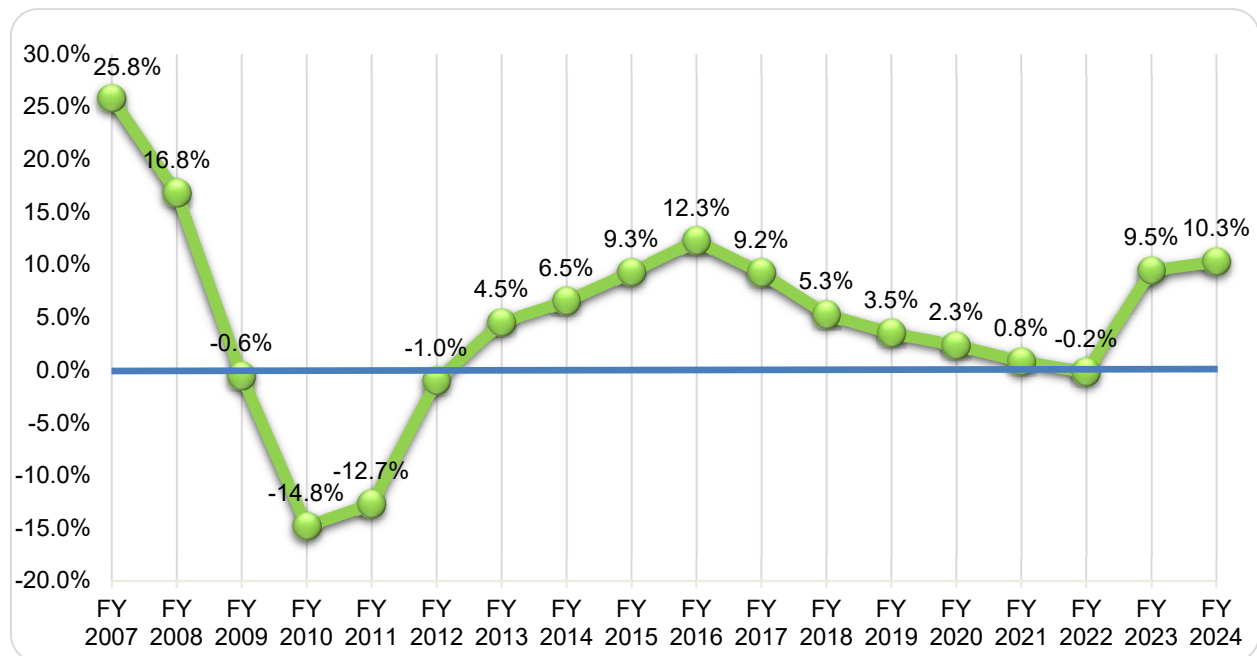
	July 2022 Certified	July 2023 Certified	\$ Change	% Change
Property Assessment				
Existing Values	\$46,544,694,070	\$51,346,874,323	\$4,802,180,253	10.3%
New Construction	0	213,897,907	213,897,907	100.0%
<b>Total Citywide</b>	<b>\$46,544,694,070</b>	<b>\$51,560,772,230</b>	<b>\$5,016,078,160</b>	<b>10.8%</b>
City Center RDA	\$6,023,225,280	\$6,188,026,922	\$164,801,642	2.7%
North Beach CRA	1,585,511,443	1,730,558,116	145,046,673	9.1%
<b>Total Citywide – Net of RDA &amp; CRA</b>	<b>\$38,935,957,347</b>	<b>\$43,642,187,192</b>	<b>\$4,706,229,845</b>	<b>12.1%</b>

### Overall Property Value Trend

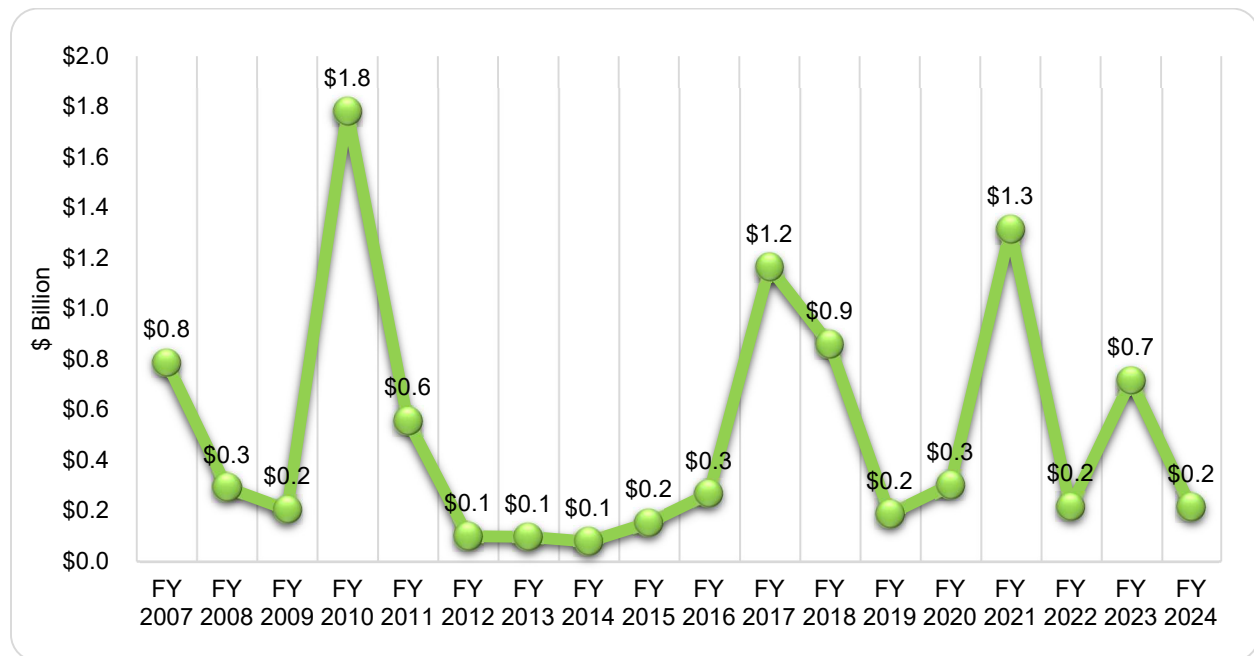


More specifically, the overall increase in property values is comprised of a \$4.8 billion, or 10.3%, increase in existing property values and a \$0.2 billion increase in new construction values.

### Existing Property Value Trend



### New Construction Trend



### PROPOSED MILLAGE RATE

There are two main components to the City's Total Combined millage rate, which are the Total General Operating millage rate and the Voted Debt Service millage rate. The Total General Operating millage rate, which is comprised of a General, a Capital Renewal and Replacement (CRR), and a Pay-As-You-Go (PayGo) millage, funds General Fund operating and capital expenditures, while the Voted Debt Service millage rate funds the annual required debt service for the City's outstanding General Obligation (G.O.) bonds.

The proposed Total General Operating millage rate for FY 2024 of 5.8155 mills provides funding to offset increases for personnel costs, such as the annual required pension contributions, a 5 percent (%) Step increase for all Fraternal Order of Police (FOP) and International Association of Fire Fighters (IAFF) positions, a 0-3% performance-based merit increase for all non-FOP and IAFF personnel, an increase in the City's health insurance premiums for active employees and retirees, and increases in other applicable General Fund operating expenditures.

### GENERAL FUND BUDGET UPDATE

At the FY 2024 Commission Budget Workshop on May 11, 2023 and 1<sup>st</sup> Finance and Economic Resiliency Committee (FERC) Budget Briefing on June 29, 2023, the Mayor and City Commission were briefed regarding the Preliminary FY 2024 General Fund budget.

General Fund	FY 2024 May 11 <sup>th</sup> Workshop	FY 2024 June 29 <sup>th</sup> FERC
Revenues	\$396,102,000	\$419,103,000
Expenditures	406,761,000	407,374,000
<b>Surplus/(Gap)</b>	<b>(\$10,659,000)</b>	<b>\$11,729,000</b>

Based on the 2023 Certified Taxable Property Values provided by the Miami-Dade County Property Appraiser as of July 1, 2023, the overall increase in values of 10.8% reflects an increase of approximately \$26.4 million in General Fund property tax revenues, which is comprised of \$25.7 million for operating purposes, \$0.5 million for Pay-As-You-Go (PayGo) capital funding, and \$0.2 million for CRR funding.

This combined with the additional budgetary items that were approved by the City Commission on June 28, 2023 for traffic management, additional Park Rangers, and two grants, as well as other additional revenue and expenditure refinements would result in a Preliminary General Fund surplus of approximately \$13.3 million for FY 2024.

The Preliminary FY 2024 General Fund budget currently assumes the following:

1. No change in the Total General Operating millage (excludes Voted Debt Service millage)
2. Does not include any enhancements or reductions unless approved during FY 2023 as a recurring expenditure
3. Assumes 10% increase for health and life insurance (Actives and Retirees)
4. Includes average 0-3% Merit for Non-Police and Fire and 5% Step for Police and Fire
5. Includes year 3 impacts of Collective Bargaining Agreements

General Fund	FY 2024 Based on July 1 <sup>st</sup> Values
Revenues	\$423,439,000
Expenditures	410,080,000
<b>Surplus/(Gap)</b>	<b>\$13,359,000</b>

### Approach to Balance

To balance the Preliminary FY 2024 General Fund budget, the Administration is recommending a combination of revenue refinements, as well as expenditure enhancements and reductions/efficiencies, which if approved by the FERC, would result in a balanced General Fund budget for FY 2024.

FY 2024 General Fund Balancing Strategies	\$
<b>Preliminary Surplus/(Gap)</b>	<b>\$13,359,000</b>
Recommended Revenue Refinements	2,352,000
Recommended “One-Time” Expenditure Enhancements/Reductions	(5,534,000)
Recommended Recurring Expenditure Enhancements/Reductions	(10,177,000)
<b>Net</b>	<b>\$0</b>

### **Recommended Revenue Refinements – \$2,352,000**

During FY 2023, a cost allocation plan was completed by a third-party consultant using actual expenses for FY 2022, which estimated that there are approximately \$172.3 million in Resort Tax eligible expenditures in the General Fund. This includes expenditures associated with police officers serving entertainment areas, a portion of fire rescue services from Fire Stations 1 & 2, ocean rescue services, enhanced code compliance provided to respond to evening entertainment area violations and staffing of special events, other code compliance activities in tourism and visitor related facilities/areas, and operations of the Tourism and Culture Department and the Cultural Arts Council, among other expenditures.

Based on the FY 2024 2% Resort Tax Fund budget, which is explained further in detail in the Resort Tax section below, it is recommended that an additional \$2.4 million be transferred from the 2% Resort Tax Fund to the General Fund in FY 2024 to fund additional Resort Tax eligible expenditures that are budgeted in the General Fund.

### **Recommended “One-Time” Expenditure Enhancements/Reductions – Attachment A – (\$5,534,000)**

After an extensive review of the enhancements requested by departments, requests originating from the City’s various Commission Committees, and direction provided by the City Commission, Attachment A reflects a listing of all FY 2024 expenditure enhancements/reductions with detailed descriptions. The one-time enhancements/reductions summarized below reflect those currently recommended for funding in FY 2024 from the General Fund.

#### 100 Lincoln Road Improvements Project: (\$3,000,000)

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 for a total City contribution of \$4.0 million for proposed improvements on 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 based on the recommendation of the FERC at its June 29, 2023 meeting.

#### Monument Island Restoration Project: (\$1,121,000)

One-time contribution of approximately \$1.1 million to the Capital PayGo Fund for the proposed restoration of Monument Island based on the recommendation of the FERC at its June 29, 2023 meeting.

Capital PayGo Fund for Recommended FY 2024 Projects: (\$860,000)

One-time contribution to the Capital PayGo Fund attributed to a projected reduction in FY 2023 Resort Tax revenues based on Resort Tax collections as of June 2023 for capital projects that were recommended for funding in the FY 2024 capital budget as presented at the June 29, 2023 FERC meeting.

Monument Island Lighting Project: (\$150,000)

City contribution to the Miami Design Preservation League (MDPL) for a lighting project proposed on Monument Island, which will include projection mapping and illumination of the Monument Island obelisk, to celebrate the upcoming Art Deco Centennial in 2025 based on the recommendation of the FERC Committee at its June 29, 2023 meeting.

Police Training Facility Trailer: (\$115,000)

Secure training facility trailer to safely store equipment, host weekly trainings and classes, aide in training for building searches, provide a safe, cool, and covered area for K-9s to cool down between training scenarios, and create an area suitable to host special events for the community.

Fire Rescue Transport Gator: (\$82,000)

All-terrain rescue vehicle that can reach people in hard-to-access areas, such as the middle of a park, a crowded Lincoln Road on Halloween, or a crowded Art Deco Cultural District. This vehicle will feature an enclosed patient area that will allow first responders to provide care in a private, climate-controlled setting. The enclosed vehicle will protect the medical crew and patients from harsh weather conditions, such as rain or extreme temperatures. It will also shield them from debris, sand dust, and other hazards that may cause injury or discomfort while also reducing the risk of violation of privacy from media.

O Cinema Digital Cinema Package Equipment Purchase and Installation: (\$75,000)

O Cinema currently lacks the necessary Digital Cinema Package (DCP) equipment required to showcase films from larger distributors. This limitation has restricted their ability to screen a wide range of films. To address this challenge, O Cinema has approached the City with a funding request to install DCP equipment. Through this funding request, O Cinema would have access to and use of this equipment during the term of their lease agreement based on the recommendation of the FERC at its June 29, 2023 meeting.

Community Schoolyard at Biscayne Elementary: (\$70,000)

Partnership with the Trust for Public Land Organization for a community schoolyard at Biscayne Elementary, provided Miami Dade County Schools supports this partnership, as adopted by the Commission on March 27, 2023 through Resolution No. 2023-32551.

South Beach QOL for Recommended FY 2024 Projects: (\$36,000)

One-time contribution to the South Beach Quality of Life (QOL) Capital Fund attributed to a projected reduction in FY 2023 Resort Tax revenues based on Resort Tax collections as of June 2023 for capital projects that were recommended for funding in the FY 2024 capital budget as presented at the June 29, 2023 FERC meeting.

Arts and Culture General Obligation (G.O.) Bond Documentary Production: (\$25,000)

Annual request of \$25,000 for up to 3 years to provide funding for specialized services to facilitate the production of a documentary to highlight the Arts and Culture General Obligation (G.O.) Bond approved by the voters of the City of Miami Beach on November 8, 2022 as adopted by the City Commission on June 28, 2023.

**Recommended Recurring Expenditure Enhancements/Reductions – Attachment A – (\$10,177,000)**

Similar to the one-time expenditure enhancements/reductions, Attachment A also reflects a listing of all recurring FY 2024 expenditure enhancements/reductions with detailed descriptions. The recurring enhancements/reductions summarized below reflect those currently recommended for funding in FY 2024.

Replacement of General Fund Vehicles Using Cash Instead of Debt Financing: (\$4,345,000)

Fund the scheduled replacement of General Fund vehicles and equipment using cash instead of debt financing, which would reduce the City's future borrowing costs and establish a recurring source of funding for the replacement of future General Fund vehicles and equipment. This is based on the recommendation of the FERC at its June 29, 2023 meeting.

General Fund Operating Reserve Requirement/Goal: (\$2,000,000)

Partial set aside for addition to reserve based on increase in FY 2024 expenditures. The funding to be used in the future for times of unexpected revenue shortfalls or budget gaps in addition to the City's current reserves, pursuant to Resolution No. 2019-30954 adopted by the City Commission.

PayGo / Capital Reserve Fund: (\$978,000)

Pursuant to Resolution No. 2006-26341 adopted by the City Commission on September 21, 2006, the City of Miami Beach shall have a goal to fund at least 5% of the General Fund Budget for capital needs as a permanent part of the budget. This enhancement will allow for the City to fund a portion of this goal that will provide funding for existing capital project gaps.

Additional Full-Time Park Ranger Positions (5): (\$413,000)

Additional 5 full-time Park Ranger positions to provide increased public safety presence city-wide including but limited to along the City's beachwalk.

Targeted Economic Development Initiatives: (\$335,000)

- Additional Economic Development Promotions: (\$235,000)

The Economic Development Department has been encouraged to attend key local and national conventions and trade shows to market the City of Miami Beach as a desirable and profitable destination for businesses to relocate or conduct commerce. The Economic Development Department promotes City programs and incentives to increase awareness and retain and attract businesses, especially within the targeted industries. Additionally, it would be advantageous for the

Department to coordinate and facilitate periodic business events to enhance business retention, attraction, thought leadership, and general engagement. This request would provide funding for tradeshow activation for 3 shows (\$156,000), quarterly business events and other special events (\$73,000), and maintenance of a modular tradeshow and conference booth (\$6,000).

- Economic Development Marketing and Public Relations: (\$100,000)

The City has now taken on a broader economic development role including targeted business attraction and retention, working more closely with our public and private sector partners, and developing an enhanced marketing and public relations campaign to promote Miami Beach as a business destination. Communicating with the appropriate audience is critical to being successful in efforts to recruit businesses, innovators, and investors. Creation and promotion of a distinct brand and collateral for Miami Beach that aids in business expansion, retention, and increases support and awareness from the business community will focus Miami Beach's economic development conversation for attraction of corporations, communicate with our business community, cultivate entrepreneurs, and retain and attract a highly educated, and skilled workforce.

Citywide Records Management Program: (\$295,000)

The addition of three (3) full-time positions to oversee and manage a centralized records management program for all City departments. The one (1) Records Center Manager and two (2) Records Management Specialist positions will manage records for City vendors, implement records management procedures, and provide departmental training, as well as coordinate records management processes and functions regarding retention and destruction of records.

Contracted Emergency Landscaping Services: (\$183,000)

The Greenspace Management Division of the Public Works Department needs additional manpower to remain effective in addressing constituency needs (public safety, emergency tree work, site restoration, etc.) found during the fiscal year and requiring immediate attention from staff. This request will increase the ancillary component of the existing citywide grounds maintenance agreement in the Public Works Department's operating budget to provide for additional services, as needed, during the fiscal year.

Full-Time Fire Training Officer (Fire Lieutenant) Position: (\$182,000)

Additional full-time position in the Fire Department's Training Division to assist with increasing demands associated with scheduling and training functions including grants that have grown steadily, and as a result, an increase in the administrative duties of the training requirements for light technical Task Force members, marine operations, and those as required by the FEMA Training Program Administration Manual.

Full-Time Public/Private Partnerships Program Director Position: (\$176,000)

A full-time position to be responsible for the Public Private Partnerships (P3) by attracting private capital investment to the City of Miami Beach by facilitating and participating in meetings regarding business development, redevelopment, and development matters. This position will assist in negotiations regarding development agreements as well as loans or contracts related to real estate, development, and/or other private sector investment. This position will also be responsible for implementing and administering



development agreements that will allow the City to acquire and/or redevelop underutilized properties to generate and maximize revenue opportunities including tax revenue per the recommendation of the City Commission at its June 28, 2023 meeting.

Full-Time Special Events Coordinator (Fire Lieutenant) Position: (\$152,000)

Additional full-time position in the Fire Department to address an increase in personnel, equipment, and assets, combined with special events, that has created a demand for services that cannot be efficiently met with the Fire Department's current staffing of one (1) Special Events Coordinator.

Full-Time Office Associate III (2) Positions for Data Collection and Reporting: (\$123,000)

Additional two (2) full-time Office Associate III positions in the Police Department in order to facilitate the distribution of a daily arrest report, to the extent permitted by law, setting forth all arrests made, to include the primary crime charged and the area of the City associated with each arrest based on item discussed at the May 17, 2023 City Commission meeting. The FBI has made nationwide implementation of the National Incident-Based Reporting System (NIBRS) a top priority for law enforcement agencies because NIBRS can provide more useful statistics to promote constructive discussion, measured planning, and informed policing. For this reason, the Department needs these positions that will be trained to analyze data and review crime reports to comply with this transition. With current staff, the Department cannot keep pace with the transition of retired Uniform Crime Reporting data to NIBRS and incoming crime reports without additional personnel. With additional reporting requirements under NIBRS, these positions will ensure the Police Department can remain up to date to receive and report accurate crime data for proactive policing strategies and reporting procedures to City Administration and elected officials.

Living Wage Increase (for contractors): (\$107,000)

This enhancement increases the total minimum living wage rate from the current rate of \$15.61 per hour including health benefits to \$16.08 per hour, including health benefits, effective January 1, 2024. This increase is comprised of a 3% increase in the living wage rate and 3% increase in the health benefits rate.

Additional Year-Round Part-Time Inclusionary Aide Positions (4): (\$92,000)

Currently, the Parks Department has seven (7) part-time, year-round, Inclusionary Aide positions, of which three (3) are grant funded. This enhancement request for four (4) additional part-time, year-round, Inclusionary Aides is being requested to meet the growing demand of children with special needs enrolling in Parks programming. Through this enhancement, the department can provide children with special needs much needed one-on-one attention in year-round recreation programming with trained individuals. The Department currently has over 35 children with special needs enrolled in our year-round programs. In FY 2022, the department serviced 46 after-school participants, 55 summer camp participants, and included 20 social club participants. The Department is looking to expand the Special Abilities program offerings and needs trained individuals to carry out the programs such as adaptive ice skating, social club, Special Olympics training and competitions, and weekly social club offerings.

Rapid DNA Testing Solution: (\$92,000)

The ANDE Analysis Instrument is a fully automated device with integrated data analysis and software. The instrument automatically performs sample-in to results-out processing and analysis of DNA. The return to this DNA program allows MBPD Detectives/Crime Scene Techs to receive DNA information within hours to solve high profile cases. This cost is for the refurbished instrument, chips, and consumables for the remainder of the fiscal year.

Full-Time Special Events Coordinator Position: (\$82,000)

In addition to the numerous special events the Parks and Recreation Department hosts annually, the City has recently expanded its offerings to include large-scale special events such as the Soul Vegan Festival and Juneteenth events. Other City events include Spring Eggstravaganza, Black History, Jose Marti, several Kid Zone activations, Winter Wonderland, Hispanic Heritage, and Halloween Safe Night of Fright. The City is also focusing on prioritizing health and wellness, which has resulted in an increase in citywide activations and possibly a very large-scale event to attract sports tourism. As a result, this position will be responsible for spearheading all these efforts for the City, including partnerships, communications, event execution, and more.

Full-time Office Associate IV Position: \$64,000

Eliminate one (1) full time Office Associate IV within the City Attorney's Office based on department efficiencies identified.

Enzo Gallo Mural Storage: (\$60,000)

Per Resolution No. 2022-32204 approved by the City Commission, the City has been tasked with assisting to store the Enzo Gallo murals until they have been reinstalled. The murals are currently being housed by the Miami Dade Preservation League. At this time, the City has identified a warehouse location to store the murals, which will cost approximately \$5,000/month. Presently, there are no approved plans to reinstall the murals which is why funding is needed for the storage of these murals.

Full-time MSW I (Athletic Field Specialist) Position: (\$49,000)

Through this enhancement, the Parks Department can provide specialized field maintenance year-round to the City's sports fields. This position will assist with the preparation and maintenance of athletics facilities, including but not limited to practice and game fields for baseball, football, soccer, softball, intramural fields, and the football stadium and field layout/painting experience beneficial.

Cat Program Supplies: (\$41,000)

Additional funding for required adoption supplies as there is a minimum standard of health required from the state, adopters, and rescue partners to place cats. These services require cleaning/Vet Tech assistance, food, litter, air filters, transportation of cats, gloves, fecal test supplies, medication, emergency healthcare services, vaccines, deworming medications, one-way doors for crawl spaces (to seal and not kill animals), fire alarm monitoring, and extinguisher service.

Additional Market Studies: (\$40,000)

Increase in annual funding to perform more market studies and more on demand assessments such as feasibility studies for City properties, as well as pay for brokerage fees for properties that may become vacant and will need to be marketed and leased. This request is in addition to \$11,000 that is currently included in the budget for market studies.

FLIR Thermal Optics Solution: (\$36,000)

K-9 handlers are routinely deployed into low-light situations to search for subjects wishing to do harm. The thermal optics solution gives officer's a tactical advantage in these situations and serves as a liability mitigator when the subject can be identified from a safer distance, rather than when the K-9 darts into a dark area within six (6) feet of the handler and back-up officers to make contact with the subject; often times causing injuries to the subject and opening the department to civil litigation.

Part-Time Year-Round MSW I (Athletic Field Specialist) Position: (\$20,000)

Through this enhancement, the department can provide specialized field maintenance year-round to the City's activity fields. This position will assist with the preparation and maintenance of athletics facilities, including but not limited to practice and game fields for baseball, football, soccer, softball, intramural fields, and the football stadium and field layout/painting experience beneficial.

GIS Near Nap Services: (\$16,000)

The City's GIS Division has historically used the Miami-Dade County's aerial imagery as a base map that is shared with all Departments. By switching to NearMap the City would have current imagery no more than 6 months old, as well as imagery available immediately after a major event. In addition, it would allow users to compare current and any historical imagery side by side as needed.

Estimated Impact of Recommended Internal Service Fund Department Enhancements on the General Fund: (\$424,000)

For FY 2024, there are several expenditure enhancements recommended for the City's various Internal Service Fund Departments, such as Facilities and Fleet Management and Information Technology, among others. The amount reflected of \$424,000 represents the portion of the total expenditure enhancements recommended for the Internal Service Fund Departments for FY 2024 that is estimated to impact the General Fund budget since a large part of each Internal Service Fund Departments' total operating budget is charged back to other City departments and funds based on services provided. This figure will be further refined once the FY 2024 operating budgets are finalized, and Internal Service Department allocations are completed.

The above-mentioned recommendations, if approved by the FERC, would result in a balanced General Fund budget.

FY 2024 General Fund Balancing Strategies	\$
<b>Preliminary Surplus/(Gap)</b>	<b>\$13,359,000</b>
Recommended Revenue Refinements	2,352,000
Recommended "One-Time" Expenditure Enhancements/Reductions	(5,534,000)
Recommended Recurring Expenditure Enhancements/Reductions	(10,177,000)
<b>Net</b>	<b>\$0</b>

### **GENERAL FUND RESERVES**

The General Fund reserve as of September 30, 2022 is \$95.7 million, or 25.0%, which equals 3 months of reserves based on the FY 2023 adopted budget. The reserve policy for the General Fund is a required 2 months and a goal of 3 months pursuant to Resolution No. 2019-30954 that was adopted by the City Commission on September 11, 2019.

Currently, the City Administration is recommending partially funding this reserve requirement/goal with \$2.0 million with additional funding requirements for the City's General Fund reserves based on the FY 2024 budget to be evaluated as part of the year-end process for FY 2023.

### **RESORT TAX FUND**

The Resort Tax Fund is a Special Revenue Fund that consists of three main components: (1) a 2% Resort Tax comprised of a 2% Bed Tax and 2% Food & Beverage Tax; (2) a 1% Bed Tax for Quality of Life (QOL) capital projects, transportation initiatives, and arts and culture; and (3) a 1% Bed Tax dedicated to the repayment of outstanding debt service for Resort Tax bonds issued as part of the most recent Convention Center renovation and expansion project, as well as funding for renewal and replacement of Convention Center assets.

At the FY 2024 Commission Budget Workshop on May 11, 2023 and June 29, 2023 FERC Budget Briefing, the Mayor and City Commission were also briefed regarding the FY 2024 2% Resort Tax budget, which was based on actual 2% Resort Tax collections as of March 2023.

	FY 2024 2% Resort Tax
2% Revenues	\$79,462,000
2% Expenditures	\$74,561,000
<b>Surplus/(Gap)</b>	<b>\$4,901,000</b>

Based on actual 2% Resort Tax collections updated as of June 2023 and other revenue and expenditure refinements incorporated for FY 2024, the projected 2% Resort Tax surplus for FY 2024 is approximately \$4.3 million, which assumes that FY 2024 2% Resort Tax Fund collections will remain flat over FY 2023 projections based on current year-to-date trends.

	FY 2024 2% Resort Tax
2% Revenues	\$79,714,000
2% Expenditures	\$75,444,000
<b>Surplus/(Gap)</b>	<b>\$4,270,000</b>

### Approach to Balance

The FY 2024 2% Resort Tax Fund budget currently reflects a surplus of approximately \$4.3 million for which the Administration is recommending a combination of expenditure refinements, as well as expenditure enhancements, which if approved by the FERC, would result in a balanced 2% Resort Tax Fund budget.

FY 2024 2% Resort Tax Fund Balancing Strategies	\$
<b>Surplus/(Gap)</b>	<b>\$4,270,000</b>
Recommended Expenditure Refinements	(2,352,000)
Recommended Recurring Expenditure Enhancements/Reductions	(1,918,000)
<b>Net</b>	<b>\$0</b>

### Recommended Expenditure Refinements – (\$2,352,000)

During FY 2023, a cost allocation plan was completed by a third-party consultant using actual expenses for FY 2022, which estimated that there are approximately \$172.3 million in Resort Tax eligible expenditures in the General Fund. This includes expenditures associated with police officers serving entertainment areas, a portion of fire rescue services from Fire Stations 1 & 2, ocean rescue services, enhanced code compliance provided to respond to evening entertainment area violations and staffing of special events, other code compliance activities in tourism and visitor related facilities/areas, and operations of the Tourism and Culture Department and the Cultural Arts Council, among other expenditures.

Based on the FY 2024 2% Resort Tax Fund budget, it is recommended that an additional \$2.4 million be transferred from the 2% Resort Tax Fund to the General Fund in FY 2024 to fund additional Resort Tax eligible expenditures that are budgeted in the General Fund.

### Recommended Recurring Resort Tax Enhancements/Reductions – Attachment A – (\$1,918,000)

Attachment A reflects a listing of all FY 2024 expenditure enhancements/reductions with detailed descriptions. The recurring enhancements/reductions summarized below reflect those currently recommended for funding in FY 2024 from the 2% Resort Tax Fund.

Large Scale Community Events: (\$1,300,000)

Funding to be allocated in the FY 2024 budget for quality, transformative, family-friendly large-scale events based on discussion at the July 6, 2023 City Commission meeting.

Enhanced Police Public Safety Staffing for March 2024: (\$600,000)

This funding request would provide for the Police Department to implement an alpha/bravo staffing schedule during the second and third weeks of March 2024 based on discussion at the July 6, 2023 City Commission meeting.

Enhanced Secret Shopper Program: (\$8,000)

Increase in funding requested by the Office of the City Attorney for the Secret Shopper Café Index Program to enhance the existing Secret Shopper program.

Estimated Impact of Recommended Internal Service Fund Department Enhancements on the 2% Resort Tax Fund: (\$10,000)

For FY 2024, there are several expenditure enhancements recommended for the City's various Internal Service Fund Departments, such as Facilities and Fleet Management and Information Technology, among others. The amount reflected of \$10,000 represents the portion of the total expenditure enhancements recommended for the Internal Service Fund Departments for FY 2024 that is estimated to impact the 2% Resort Tax Fund budget since a large part of each Internal Service Fund Departments' total operating budget is charged back to other City departments and funds based on services provided. This figure will be further refined once the FY 2024 operating budgets are finalized, and Internal Service Department allocations are completed.

The above-mentioned recommendations, if approved by the FERC, would result in a balanced 2% Resort Tax budget for FY 2024.

FY 2024 2% Resort Tax Fund Balancing Strategies	\$
<b>Surplus/(Gap)</b>	<b>\$4,270,000</b>
Recommended Expenditure Refinements	(2,352,000)
Recommended Recurring Expenditure Enhancements/Reductions	(1,918,000)
<b>Net</b>	<b>\$0</b>

**RESORT TAX RESERVES**

The Resort Tax reserve as of September 30, 2022 is \$37.8 million, or 50.0%, which equals 6 months of reserves based on the FY 2023 adopted budget. The reserve policy for the 2% Resort Tax Fund is a minimum of 2 months and a goal of 6 months pursuant to Resolution No. 2019-30664 that was adopted by the City Commission on January 16, 2019.

Additional funding requirements for the City's Resort Tax reserves based on the FY 2024 budget will be evaluated as part of the year-end process for FY 2023.

**CONCLUSION**

On July 26, 2023, the Mayor and City Commission will set the proposed millage rate for the FY 2024 budget in accordance with the State of Florida's Truth-in-Millage (TRIM) requirements.

On July 28, 2023, a 3<sup>rd</sup> FERC Budget Briefing will be held to finalize the FY 2024 budgets before the Mayor and City Commission recess in August.

In September, 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 millage rates and budgets for FY 2024. The second public hearing currently scheduled on September 27, 2023 will be to adopt the final millage rates and budgets for FY 2024. Both public hearings, which will begin at 5:01 p.m., will be held in the City's Commission Chambers at 1700 Convention Drive, 3<sup>rd</sup> Floor, Miami Beach, Florida 33139.

Attachment A – FY 2024 One-Time Expenditure Enhancements and Reductions

Attachment A – FY 2024 Recurring Expenditure Enhancements and Reductions

ATH/JG/TOS