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COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members

FROM: Rickelle Williams, Interim City Manager

DATE: May 24, 2024

SUBJECT: Levels of Service and Funding for City Services in North Beach Compared to Other Areas of the City

BACKGROUND/HISTORY

At the February 21, 2024 City Commission meeting, at the request of Commissioner Tanya K, Bhatt, the Mayor and City Commission approved a referral (Item C4 V) to the Finance and Economic Resiliency Committee (FERC or Committee) to discuss levels of service and funding for City services in North Beach as compared with other areas of the City, with the intent of using the relevant data to make informed funding decisions for North Beach as part of the Fiscal Year (FY) 2025 budget development process. The item is co-sponsored by Commissioner Alex Fernandez.

ANALYSIS

The City Administration has prepared a comprehensive breakdown and analysis of the current funding and levels of service provided within the three (3) areas of the City – North Beach, Middle Beach, and South Beach – by Police, Code Enforcement, Sanitation, and capital projects.

For purposes of this analysis, the current levels of service provided and funding in these three (3) areas are based on the adopted FY 2024 operating and capital budgets across all the City's sources of funding, including the Miami Beach Redevelopment Agency (RDA or City Center RDA), the North Beach Community Redevelopment Agency (CRA), Resort Tax, Sanitation and General Funds.

It is important to note that the City Center RDA is located in the South Beach area of the City and the North Beach CRA is located in the North Beach area of the City. As a result, 95% of property taxes levied from properties that are within the boundaries of the City Center Redevelopment Area and 60% of property taxes levied from properties that are within the boundaries of the North Beach Community Redevelopment Area must be utilized to provide enhanced services within the boundaries of these designated areas. Similarly, Resort Tax funding collected from the City's tax on the rent of a room or rooms in any hotel, motel, rooming house, or apartment house and on the total sales price of all food, beverages, alcoholic beverages (including beer and wine) sold in any restaurant, bar, or nightclub must be utilized in the City's tourism areas.

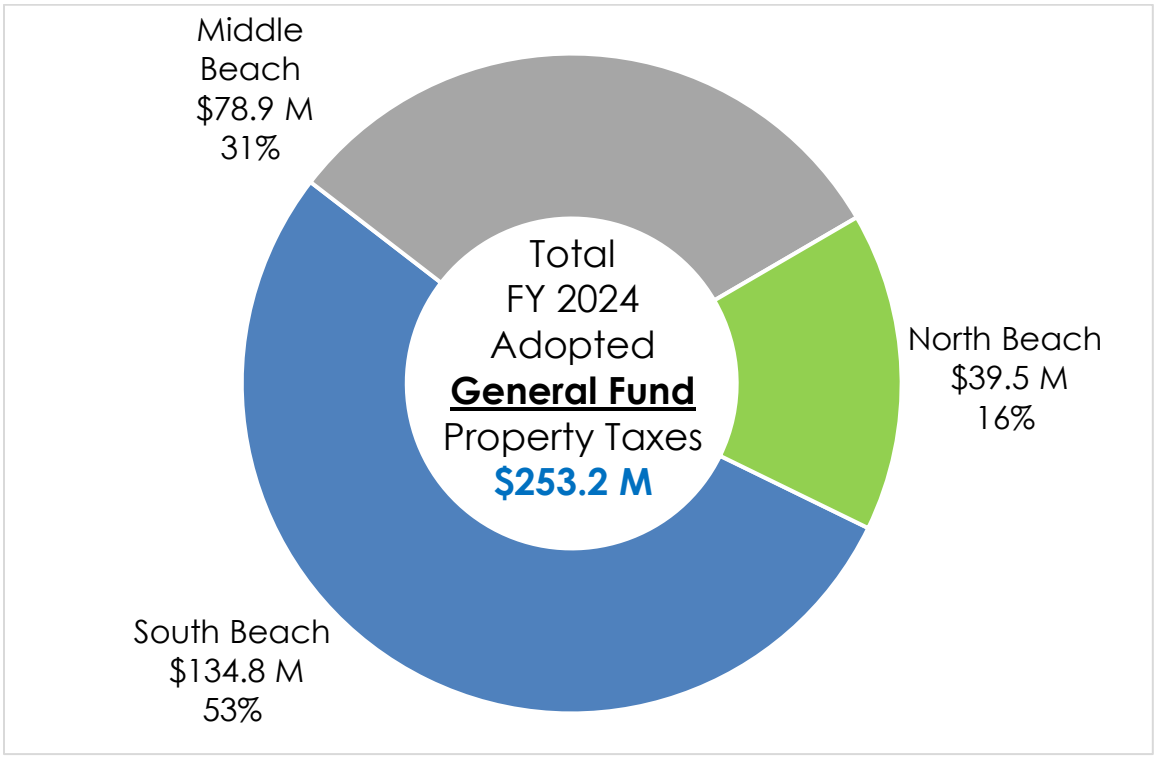
Property Taxes

The City generates revenue through a variety of sources, including property taxes, franchise and utility fees, licenses, and permits, sales and gas taxes, emergency medical service fees, golf fees, traffic fines, code violation fees, resort taxes, water and sewer fees, storm water fees, sanitation fees, and parking fees for the services it provides.

However, property taxes that are levied annually based on taxable property values within the City and millage rates adopted by the Mayor and City Commission, represent the largest portion of revenues collected by the City within the General Fund. These collections fund many City services including, but not limited to, Police, Fire, Code Compliance, Parks and Recreation, and Public Works Streets/Street Lighting and Greenspace, among others, as well as general administrative functions.

Based on the most recent tax roll data provided by the Miami-Dade County Property Appraiser's Office as of August 9, 2023, the overall estimated taxable value in the City is approximately $50.8 billion, which is comprised of $7.9 billion, or 16%, of the City's overall estimated taxable value in the North Beach area of the City (zip codes 33141 and 33154), $15.8 billion, or 31%, in the Middle Beach area of the City (zip code 33140), and $27.1 billion, or 53%, in the South Beach area of the City (zip codes 33139 and 33109).

The City's total General Fund property tax revenue budgeted for FY 2024 is approximately $253.2 million. The table below further illustrates the share of property tax revenues generated by area.



Police

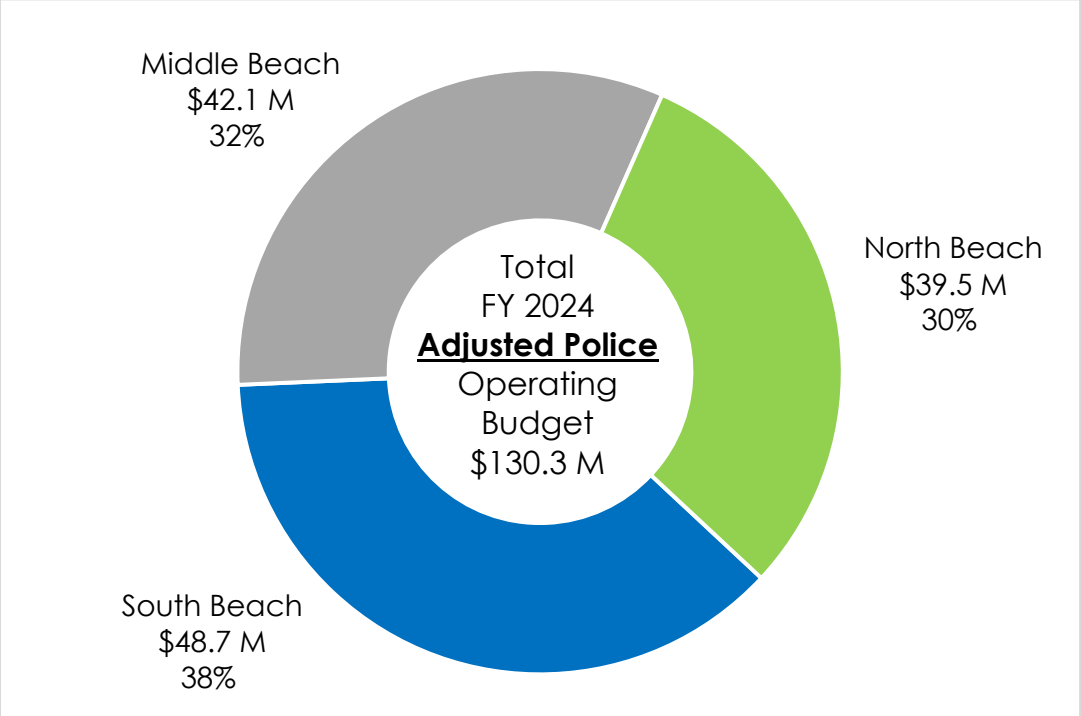
The Miami Beach Police Department is the City's largest department in terms of positions and budget within the General Fund. Based on the total adopted FY 2024 operating budgets, the department's total operating budget across all the City's sources of funding for operations is approximately $157.2 million and includes a combined total of 561.25 full-time and part-time positions. As a public safety department, this allows the department to, among many other things, provide routine and specialized patrol, as well as community policing-related services to residents and visitors alike throughout the City.

The department's primary source of funding for operations is the General Fund, which represents approximately $145.0 million, or 92%, of the department's total adopted FY 2024 operating budget. The department's total operating budget adopted for FY 2024 also includes approximately $5.1 million from the City Center RDA and $0.2 million from the North Beach CRA for enhanced police services that must be provided within the boundaries of the City Center Redevelopment and North Beach Community Redevelopment areas, as well as approximately $5.5 million in direct 2% Resort Tax funding that must be utilized for services and expenditures in the City's tourism areas, which represent approximately 7% of the department's total operating budget. The department has several other miscellaneous sources of funding for operations that, while not restricted to certain areas of the City, have specific allowable uses, totaling approximately $1.5 million, or 1%, of the department's total operating budget adopted for FY 2024.

Based on the levels of service and the department's total adopted FY 2024 operating budget across all of the City's sources of funding, approximately $41.1 million, or 26%, is for police staffing and resources in the North Beach area, which includes 146.26 full-time and part-time positions budgeted, $43.5 million, or 28%, is for police staffing and resources in the Middle Beach area, which includes 155.75 full-time and part-time positions budgeted, and $72.6 million, or 46%, is for police staffing and resources in the South Beach area, which includes 259.24 full-time and part-time positions budgeted.

It is important to note that police staffing and resources budgeted include $5.1 million for enhanced police staffing and resources that must be provided within the boundaries of the City Center RDA in the South Beach area, $186,000 in enhanced police staffing and resources that must be provided within the boundaries of the North Beach CRA in the North Beach area, and approximately $21.6 million in tourism-eligible expenditures that are funded from the City's 2% Resort Tax for enhanced services in the City's tourism areas.

After excluding the Police Department's budgeted staffing and resources that is restricted to specific areas and/or uses within the City, the department's adjusted FY 2024 operating budget by area is as follows:



Additional details regarding all the department's budgeted FY 2024 operations by program and area can be found in the attached Exhibit A.

Code Compliance

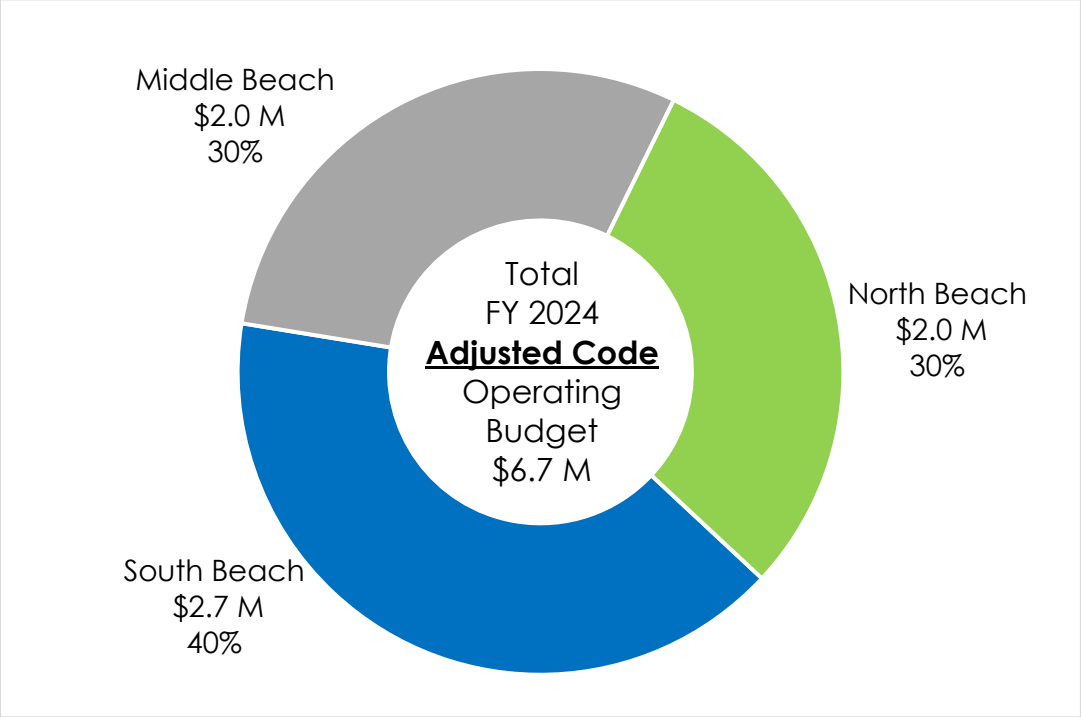
The City's Code Compliance Department budget across all the City's sources of funding is approximately $9.4 million based on the total operating budgets adopted for FY 2024 and includes a total of 63 full-time positions budgeted. As a regulatory department, Code Compliance is charged with enforcing the City's ordinances and regulations and is responsible for maintaining the community's quality of life by seeking compliance with the City's ordinances and regulations.

The department's primary source of funding for operations is the General Fund, which represents approximately $7.4 million, or 79%, of the department's total adopted FY 2024 operating budget. The remaining portion of the department's total operating budget, which totals approximately $2.0 million, or 21%, is comprised of $1.7 million in direct funding from the City's 2% Resort Tax that must be utilized for services and expenditures in the City's tourism areas and $0.3 million combined from the City Center RDA and the North Beach CRA for enhanced police services that must be provided within the boundaries of the City Center Redevelopment and North Beach Community Redevelopment areas.

Of the department's total adopted FY 2024 operating budget across all of the City's sources of funding, approximately $2.6 million, or 28%, is for code enforcement in the North Beach area, which includes 17.33 full-time positions budgeted, $2.5 million, or 27%, is for code enforcement in the Middle Beach area, which includes 17.33 full-time positions budgeted, and $4.2 million, or 45%, is for code enforcement in the South Beach area, which includes 28.34 full-time positions budgeted.

Similar to the Police Department, budgeted code enforcement includes $0.2 million for enhanced code enforcement that must be provided within the boundaries of the City Center RDA in the South Beach area, $0.1 million for enhanced code enforcement that must be provided within the boundaries of the North Beach CRA in the North Beach area, and approximately $2.4 million in tourism-eligible expenditures that are funded from the City's 2% Resort Tax for enhanced services in the City's tourism areas.

After excluding the Code Compliance Department's budgeted staffing and resources that is restricted to specific areas and/or uses within the City, the department's adjusted FY 2024 operating budget by area is as follows:



Additional details regarding all the department's budgeted FY 2024 operations by program and area can be found in the attached Exhibit B.

Sanitation

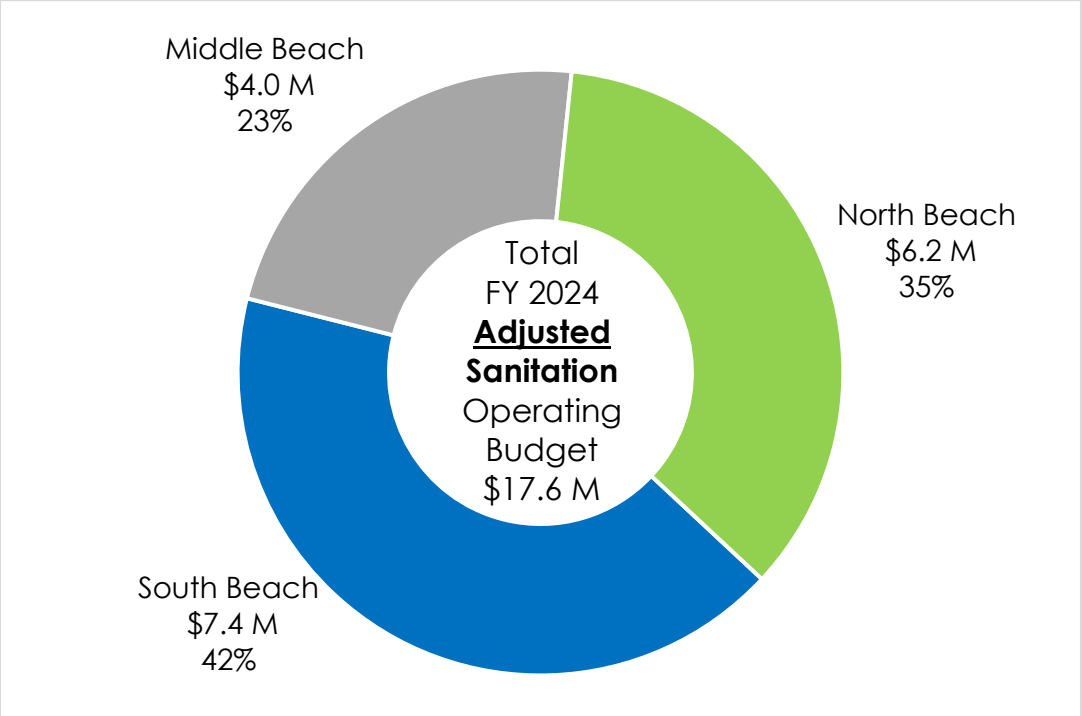
The Sanitation Division of the Public Works Department budget across all of the City's sources of funding is approximately $24.9 million based on the total operating budgets adopted for FY 2024 and includes a combined total of 152.56 full-time and part-time positions budgeted. As an operations department, the Sanitation Division of the Public Works Department with its fleet of street sweepers, pressure washers, and other collection equipment maintains the City's streets, parking lots, pedestrian paths, and sidewalks free and clear of debris and litter. The Sanitation Division also manages the City's trash and recycling contracts along with oversight of the City's cat program.

Unlike the City's Police and Code Compliance Departments that are primarily funded by the General Fund, the operations of the Sanitation Division of the Public Works Department are primarily funded through fees for various services that are provided, which represents $24.8 million, or nearly 100%, of the Sanitation Division's total operating budget adopted for FY 2024. The remaining portion of the Sanitation Division's total operating budget adopted for FY 2024, which is approximately $0.1 million, is comprised of contributions that are received annually from the City's current franchise waste hauler agreement for up to four (4) hazardous material pickup events per year, recycling containers, and security services for "Wasteful Weekend" events held throughout the City.

Of the Sanitation Division's total adopted FY 2024 operating budget across all of the City's sources of funding, approximately $6.3 million, or 25%, is for sanitation services in the North Beach area, which includes 41.80 full-time and part-time positions budgeted, $4.0 million, or 16%, is for sanitation services in the Middle Beach area, which includes 16.63 full-time and part-time positions budgeted, and $14.6 million, or 59%, is for sanitation services in the South Beach area, which includes 94.14 full-time and part-time positions budgeted.

Sanitation services budgeted include approximately $4.1 million for enhanced sanitation services that must be provided within the boundaries of the City Center RDA in the South Beach area, $100,000 for enhanced sanitation services that must be provided within the boundaries of the North Beach CRA in the North Beach area, and approximately $3.2 million in tourism-eligible expenditures that are funded from the City's 2% Resort Tax for enhanced services in the City's tourism areas.

After excluding Sanitation's budgeted staffing and resources that is restricted to specific areas and/or uses within the City, the division's adjusted FY 2024 operating budget by area is as follows:



Additional details regarding all the division's budgeted FY 2024 operations by program and area can be found in the attached Exhibit C.

Capital Improvement Plan

The Capital Improvement Plan (CIP) is an official statement of public policy regarding effective management of capital assets in the City, which specifies and describes the capital investments and priorities for the five (5) years immediately following the City Commission's adoption.

A capital improvement is defined as capital or "in-kind" expenditure of $25,000 or more, resulting in the acquisition, improvement, or addition to fixed assets in the form of land, buildings, or improvements more or less permanent in character, and durable equipment with a life expectancy of at least five (5) years. The first year of the plan provides the funding appropriated in the annual capital Budget.

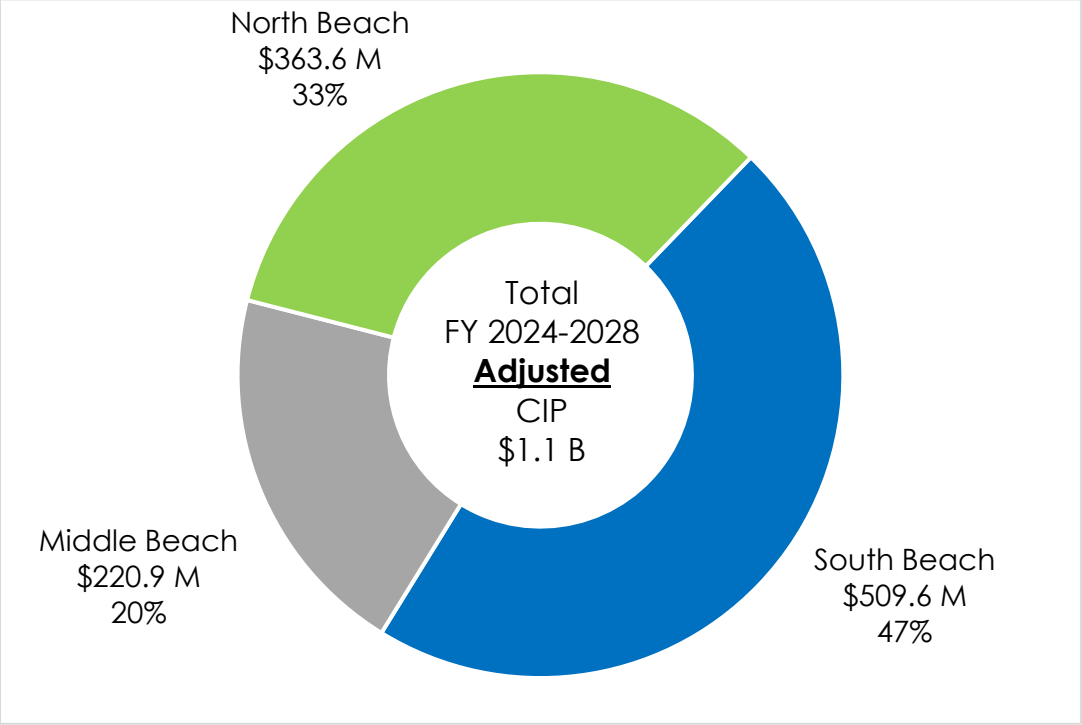
The City's capital budget development process begins in the winter, when all departments are asked to prepare their own CIP containing information on ongoing and new capital project needs. Individual departments submit requests to the Office of Management and Budget, identifying funding sources and requesting commitment of funds for their respective projects.

The Administration's approach during the development of the FY 2024 capital budget and FY 2024 – 2028 CIP was to fund all critical renewal and replacement projects, as recommended by the Facilities and Fleet Management department, to fund as many key existing projects with budget gaps, and to allocate matching funds for projects that are eligible for potential grants.

In addition, the annual review process considers conformance with the City's Comprehensive Plan and other plans for specific areas, and linkages with other projects for combined impact, the availability and source of funding, project impact for maximum benefits to the citizens of the City, and the length of time that a project will benefit the City.

Capital projects address many needs across different areas of the City including neighborhood enhancements such as landscaping and sidewalk restoration; traffic calming; roadway and bridge resurfacing and reconstruction; water, sewer, and drainage system improvements; park construction, renovations, and upgrades; renovation of seawalls; parking lot and garage renovations; and construction/renovations of public facilities.

Similar to the operating budget, the CIP includes approximately $10.7 million for projects that must be within the boundaries of the City Center RDA in the South Beach area and approximately $20.3 million in tourism-eligible expenditures that are funded from one of the City's 1% Resort Tax for enhanced services in the City's tourism areas. After excluding the projects that are restricted to specific areas and/or uses within the City, the adjusted CIP by area is as follows:



CONCLUSION

City staff will be present to discuss the above breakdown and analysis of the current levels of service provided and funding in the three areas of the City – North Beach, Middle Beach, and South Beach – for Police, Code Enforcement, and Sanitation.

Exhibit A – Adopted FY 2024 Police Budget by Area
Exhibit B – Adopted FY 2024 Code Compliance Budget by Area
Exhibit C – Adopted FY 2024 Sanitation Budget by Area

RW/JDG/TOS/RA