



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

COMMISSION MEMORANDUM

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: November 13, 2017

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING THE FIRST AMENDMENT TO THE GENERAL FUND, ENTERPRISE FUND, INTERNAL SERVICE FUND AND SPECIAL REVENUE FUND BUDGETS FOR FISCAL YEAR (FY) 2017/18**

ADMINISTRATION RECOMMENDATION

Adopt the Resolution amending the FY 2017/18 General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds budgets.

KEY INTENDED OUTCOME SUPPORTED

Ensure expenditure trends are sustainable over the long term.

GENERAL FUND ANALYSIS

The preliminary year-end analysis for FY 2016/17 shows that the General Fund has a preliminary operating budget surplus of \$8 million, or 2.5%, of the amended General Fund operating budget based on standard City operations. This is primarily due to expenditures budgeted in FY 2016/17 that have been delayed to FY 2017/18, and \$3 million that was anticipated to be carried forward as part of the FY 2017/18 adopted budget. It is important to note that the FY 2016/17 General Fund emergency expenditures related to Hurricane Irma are currently estimated at approximately \$3.4 million. Once these emergency costs are factored into the analysis, the projected General Fund surplus decreases to approximately \$4.7 million, as outlined below.

FY 2016/17 Budget			
General Fund	Adopted Budget as amended through November, 2017	Preliminary FY 2016/17 Year- End	Difference
Revenues	\$ 319,523,000	316,795,000	\$ (2,728,000)
Expenditures	319,523,000	308,719,000	(10,804,000)
Estimated Surplus/(Deficit)	\$ 0	\$ 8,076,000	\$ 8,076,000
Less:			
Hurricane Irma- Related Expenses		(3,390,000)	
Estimated Surplus/(Deficit) including Hurricane Irma Expenses	\$ 0	\$ 4,686,000	\$ 8,076,000

As a result of the emergency expenditures, \$3.4 million of General Fund emergency reserves will be accessed in order to continue the City's operations as usual, as outlined below. It is estimated that sixty percent of the hurricane-related expenses within the General Fund will be reimbursed by FEMA in the near future, leaving approximately \$1.4 million of potential unreimbursed expenses in the General Fund. The reimbursements will be used to replenish these emergency reserves.

A significant portion of the General Fund surplus is due to Building Department revenues in excess of expenses, resulting in an estimated surplus of approximately \$1.5 million attributable to Building. These funds are restricted for activities related to enforcement of the Florida Building Code and cannot be used to balance the rest of the General Fund budget. Once the FY 2016/17 financial statements are audited, the final building reserve will be calculated.

Of the \$4.6 million surplus, \$2,403,000 is needed to be rolled-over into FY 2017/18 to cover purchase orders which were encumbered, but not spent during FY 2016/17 due to timing issues between fiscal years.

Similarly, it is proposed to reserve \$1,139,000 for projects which were budgeted, but not completed during FY 2016/17, to carry forward the appropriation for these projects into FY 2017/18.

The FY 2016/17 budget included a \$3 million reserve set aside to help balance the FY 2017/18 budget. This amount will be reserved in the General Fund balance to meet this obligation.

Estimated Surplus	\$ 8,076,000
Building Reserve	(1,534,000)
Carryforward of FY17 Encumbrances	(2,403,000)
Carryforward of FY17 Appropriations	(1,139,000)
FY17 Reserve Set Aside for FY18	(3,000,000)
Sub-Total	\$ 0
Hurricane Irma-Related Expenses	(3,390,000)
Use of General Fund Emergency Reserves	3,390,000
Total	\$ 0

The City's financial policies require that one-time revenues (such as the year-end surplus) must be used for non-recurring expenses and that at least half of the annual year-end surplus must be allocated to the City's Capital Reserve Fund. However, considering the limited surplus which resulted from the impact of Hurricane Irma, the Administration recommends waiving this policy for FY 2016/17.

Public Safety Communications Unit (PSCU) Reorganization

During the development of the FY 2017/18 budget, the major functions of the PSCU were transferred from the Emergency Management Department to the Fire Department. After analyzing the functions within the unit, the Fire department has requested a reorganization of the PSCU, including the operations of the Public Safety Radio system. This budget amendment would transfer \$715,000 from the Emergency Management Department to the Fire Department and transfer \$76,000 from the Fire Department to the Emergency Management Department.

Priority Dispatch Software

The City's current priority dispatch software is outdated and is in need of an update. It is estimated that the cost to replace the existing system, including additional hardware for the PSCU, will be \$277,000.

This budget amendment would appropriate \$277,000 in the General Fund for this purpose, which would be reimbursed by the Fire Department's Training and Technology Fund.

Customer Service Enterprise System Upgrade

In order to improve the customer experience within the Finance, Building, and Planning Departments, the current customer service enterprise system is in need of an upgrade. The Q-matic system upgrade was presented to the IT Steering Committee on October 25, 2017.

This upgrade is estimated at a cost of \$300,000, which will be funded from the IT Technology Fund for the Finance component (\$100,000), the Planning Training and Technology Fund for the Planning component (\$100,000), and the Building Training and Technology Fund for the Building component (\$100,000). This budget amendment would appropriate \$200,000 in the General Fund, which would be reimbursed by the Fire Department's Training and Technology Fund and the Planning Department's Training and Technology Fund. \$100,000 would be appropriated from the IT Technology fund for the Finance component.

GENERAL FUND	FY 2017/18 Adopted Budget	Carryforward Encumbrances from FY 2016/17	Carryforward Appropriations from FY 2016/17	Other	FY 2017/18 Amended Budget
REVENUES					
Operating Revenues					
Ad Valorem Taxes	\$ 174,642,000				\$ 174,642,000
Ad Valorem Taxes - South Pointe	\$ 0				\$ 0
Ad Valorem - Capital Renewal & Repl.	\$ 721,000				\$ 721,000
Ad Valorem Taxes - Normandy Shores	\$ 181,000				\$ 181,000
Other Taxes	\$ 22,856,000				\$ 22,856,000
Licenses and Permits	\$ 30,940,000			477,000	\$ 31,417,000
Intergovernmental	\$ 11,255,000				\$ 11,255,000
Charges for Services	\$ 12,246,000				\$ 12,246,000
Fines & Forfeits	\$ 1,351,000				\$ 1,351,000
Interest Earnings	\$ 692,000				\$ 692,000
Rents and Leases	\$ 5,947,000				\$ 5,947,000
Miscellaneous	\$ 13,635,000				\$ 13,635,000
Resort Tax Contribution	\$ 34,950,000				\$ 34,950,000
Other Non-Operating Revenue	\$ 21,434,000				\$ 21,434,000
Fund Balance/ Retained Earnings	\$ 0	2,403,000	1,139,000		\$ 3,542,000
Total General Fund	\$ 330,850,000	\$ 2,403,000	\$ 1,139,000	\$ 477,000	\$ 334,869,000
APPROPRIATIONS					
Department					
Mayor and Commission	\$ 2,310,000				\$ 2,310,000
City Manager	\$ 3,909,000				\$ 3,909,000
Communications	\$ 2,136,000				\$ 2,136,000
Budget & Performance Improvement	\$ 1,708,000	57,000			\$ 1,765,000
Internal Audit	\$ 818,000		189,000		\$ 1,007,000
Org. Dev. & Performance Initiative	\$ 887,000		1,000		\$ 888,000
Finance	\$ 6,059,000	14,000			\$ 6,073,000
Procurement	\$ 2,433,000	23,000	30,000		\$ 2,486,000
Human Resources/Labor Relations	\$ 2,807,000				\$ 2,807,000
City Clerk	\$ 1,730,000		30,000		\$ 1,760,000
City Attorney	\$ 5,815,000	10,000	34,000		\$ 5,859,000
Housing & Comm. Development	\$ 3,237,000	38,000	70,000		\$ 3,345,000
Building	\$ 15,369,000	292,000		100,000	\$ 15,761,000
Environment & Sustainability	\$ 1,265,000				\$ 1,265,000
Code Compliance	\$ 5,990,000		25,000		\$ 6,015,000
Planning	\$ 4,518,000	17,000	58,000	100,000	\$ 4,693,000
Tourism, Culture, and Econ. Development	\$ 4,519,000		13,000		\$ 4,532,000
Parks & Recreation	\$ 35,735,000	618,000	143,000		\$ 36,496,000
Public Works	\$ 15,268,000	355,000	150,000		\$ 15,773,000
Capital Improvement Projects	\$ 5,090,000				\$ 5,090,000
Police	\$ 103,654,000	164,000	264,000		\$ 103,982,000
Fire	\$ 87,468,000		30,000	916,000	\$ 88,414,000
Emergency Management	\$ 3,270,000	550,000		(630,000)	\$ 3,190,000
Citywide Accounts-Other	\$ 10,117,000	265,000	102,000		\$ 10,484,000
Citywide Accounts-Operating Contingency	\$ 1,250,000				\$ 1,250,000
Citywide Accounts-Normandy Shores	\$ 277,000				\$ 277,000
Subtotal General Fund	\$ 327,729,000	\$ 2,403,000	\$ 1,139,000	\$ 477,000	\$ 331,748,000
TRANSFERS					
Capital Renewal & Replacement	\$ 721,000				\$ 721,000
Pay-As-You-Go Capital Fund	\$ 2,400,000				\$ 2,400,000
Subtotal General Fund Transfers	\$ 3,121,000	\$ -	\$ -	\$ -	\$ 3,121,000
Total General Fund	\$ 330,850,000	\$ 2,403,000	\$ 1,139,000	\$ 477,000	\$ 334,869,000

ENTERPRISE, INTERNAL SERVICE, AND SPECIAL REVENUE FUNDS FY 2017/18 BUDGET AMENDMENT

There are \$2,117,000 of encumbrances in the Enterprise Funds, \$419,000 in Internal Service Fund encumbrances, and \$1,869,000 in Special Revenue Fund encumbrances, for goods or services which were procured in FY 2016/17, but not yet received and expended, which are recommended to be carried over to the respective FY 2017/18 operating budgets.

Similarly, it is proposed to carry forward appropriation of \$1,648,000 in the Enterprise Funds, \$461,000 in the Internal Service Funds, and \$884,000 in the Special Revenue Funds into FY 2017/18 for projects that were budgeted, but not completed during FY 2016/17. Prior year appropriations fully fund the encumbrances and projects.

This budget amendment also reflects a \$1,000,000 increase in the FY 2017/18 appropriation in the Sanitation Fund to allow for additional unanticipated Hurricane Irma - related debris removal services. The department originally anticipated that approximately \$1,000,000 in debris removal services would be provided by Ceres Environmental; however, based on actual demand for debris removal services, including stumps, leavers, and hangers, an additional \$1,000,000 is needed in FY2017/18 to avoid disruption of ongoing services.

It is estimated that seventy-five percent of the hurricane-related expenses within the Sanitation Fund will be reimbursed by FEMA in the near future. The reimbursements will be used to replenish the Sanitation Fund balance.

This budget amendment also reflects an appropriation of the Information and Technology Fund balance of \$200,000 to allow for the IT steering Committee to review and approve technology projects throughout the year in order to effectively respond to the dynamic technology needs within the City.

ENTERPRISE FUNDS	FY 2017/18 Adopted Budget	Carryforward Encumbrances from FY 2015/17	Carryforward Appropriations from FY 2016/17	Other	FY 2017/18 Amended Budget
REVENUE/APPROPRIATIONS					
Convention Center	\$ 12,688,000		937,000		\$ 13,625,000
Parking	\$ 58,734,000	128,000	423,000		\$ 59,285,000
Sanitation	\$ 21,221,000	495,000	8,000	1,000,000	\$ 22,724,000
Sewer Operations	\$ 49,666,000	424,000	15,000		\$ 50,105,000
Storm Water Operations	\$ 28,377,000	458,000	-		\$ 28,785,000
Water Operations	\$ 38,321,000	612,000	265,000		\$ 39,198,000
Total Enterprise Funds	\$ 208,957,000	\$ 2,117,000	\$ 1,648,000	\$ 1,000,000	\$ 213,722,000
INTERNAL SERVICE FUNDS	FY 2017/18 Adopted Budget	Carryforward Encumbrances from FY 2015/17	Carryforward Appropriations from FY 2016/17	Other	FY 2017/18 Amended Budget
REVENUE/APPROPRIATIONS					
Central Services	\$ 1,074,000				\$ 1,074,000
Fleet Management	\$ 8,803,000	14,000			\$ 8,817,000
Information Technology	\$ 16,250,000	80,000	400,000		\$ 16,730,000
Property Management	\$ 8,664,000	325,000	61,000		\$ 9,050,000
Risk Management	\$ 19,270,000				\$ 19,270,000
Medical and Dental Insurance	\$ 31,962,000				\$ 31,962,000
Total Internal Service Funds	\$ 86,023,000	\$ 419,000	\$ 461,000	\$ -	\$ 86,903,000
SPECIAL REVENUE FUNDS	FY 2017/18 Adopted Budget	Carryforward Encumbrances from FY 2015/17	Carryforward Appropriations from FY 2016/17	Other	FY 2017/18 Amended Budget
REVENUE/APPROPRIATIONS					
Resort Tax	\$ 83,233,000	150,000	23,000		\$ 83,406,000
Transportation	\$ 11,825,000	1,622,000	256,000		\$ 13,703,000
People's Transportation Plan Fund	\$ 3,701,000				\$ 3,701,000
7th Street Garage	\$ 2,589,000	1,000			\$ 2,590,000
5th & Alton Garage	\$ 635,000				\$ 635,000
Tourism and Hospitality Scholarship Prgm	\$ 184,000				\$ 184,000
Information and Communication Tech Fund	\$ 282,000		47,000	200,000	\$ 529,000
Education Compact	\$ 295,000	90,000			\$ 385,000
Sustainability Fund	\$ 346,000				\$ 346,000
Residential Housing	\$ 688,000	6,000			\$ 694,000
Red Light Camera Fund	\$ 1,333,000				\$ 1,333,000
E-911 Fund	\$ 185,000				\$ 185,000
Cultural Arts Council	\$ 1,359,000		498,000		\$ 1,857,000
Normandy Shores	\$ 277,000				\$ 277,000
Tree Preservation	\$ 184,000				\$ 184,000
Commemorative Tree Trust Fund	\$ 10,000				\$ 10,000
Police Confiscation - Federal	\$ 100,000				\$ 100,000
Police Confiscation - State	\$ 217,000				\$ 217,000
Police Special Revenue - Unclaimed Property	\$ 75,000				\$ 75,000
Police Special Revenue - Crash Report Sales	\$ 25,000				\$ 25,000
Police Training	\$ 22,000				\$ 22,000
Waste Haulers Add Serv & Public Benefit	\$ 70,000		60,000		\$ 130,000
Total Special Revenue Funds	\$ 107,635,000	\$ 1,869,000	\$ 884,000	\$ 200,000	\$ 110,588,000

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