



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

COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee

FROM: Jimmy L. Morales, City Manager

DATE: June 8, 2018

SUBJECT: FISCAL YEAR 2019 PRELIMINARY CAPITAL BUDGET

The Capital Improvement Plan (CIP) is a financing and construction/acquisition plan for projects that require significant capital investment. The CIP, which is now updated annually and submitted to the City Commission for adoption, specifies and describes the City's capital project schedules and priorities for the five years immediately following the Commission's adoption. In addition, the first year of the plan provides the funding to be appropriated in the annual Capital Budget.

This document is an official statement of public policy regarding long-range physical development in the City of Miami Beach. The Fiscal Years (FY) 2019-2023 Proposed Capital Improvement Program of the City of Miami Beach will be the five-year plan for public improvements and capital expenditures by the City. 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 years.

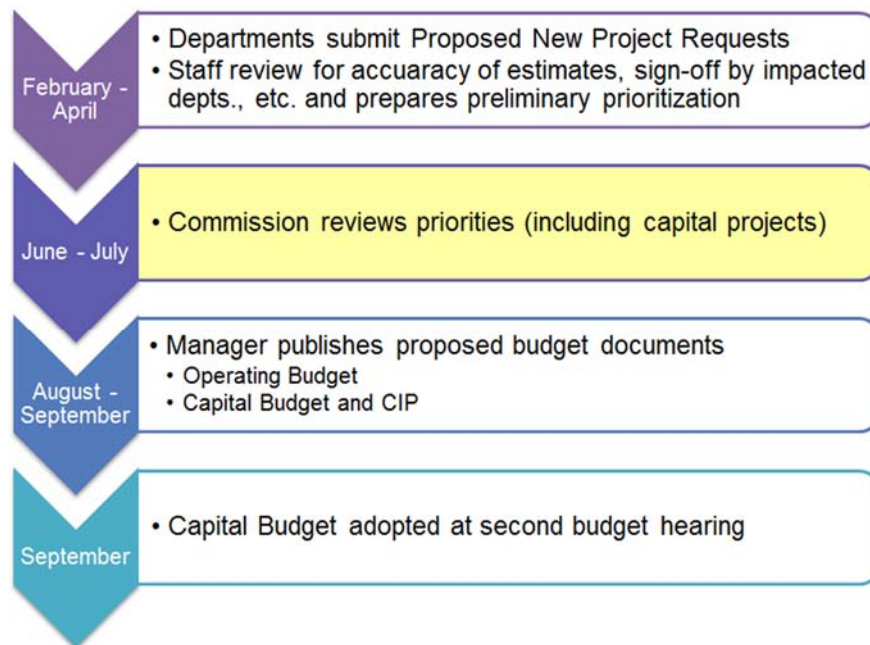
CAPITAL BUDGET PRIORITIZATION

On July 21, 1999, the Commission approved the Capital Improvement Plan for the City and the Redevelopment Agency. Since that time, the City has issued additional General Obligation Bonds pursuant to referendum; Water and Sewer Revenue Bonds; Stormwater Revenue Bonds; 2001, 2006, and 2010 Gulf Breeze Loans; a \$15 million Equipment Loan; Resort Tax Revenue, Parking Revenue, RDA Tax increment Revenue and Revenue Refunding Bonds. In addition, beginning in FY 2006 the City committed to funding a Pay-As-You-Go component of the capital budget funded from General Fund Revenues, as well as committing to using Resort Tax Quality of Life funds in north, middle, and south beach for capital projects. Also in 2005, through a series of workshops with the Mayor and Commission for the City of Miami Beach, previously approved appropriations were reviewed to ensure that projects scheduled to begin construction in the next few years are fully funded, appropriating funds from other projects scheduled to begin in later years and providing for those to be replaced from future financings. These changes were reflected in the FY 2006-2010 Capital Budget and CIP for the City and the Redevelopment Agency, which was approved by the Commission on September 21, 2005.

In the spring of 2006, the City created a Capital Budget Process Committee with the responsibility of reviewing and prioritizing new capital projects that will be funded in a given Fiscal Year, and for recommendation of funding allocations from authorized sources for the prioritized projects. The Committee developed and implemented a structured committee-based process for the development of the Capital Plan and Budget, including review criteria projects must meet in order to be considered for funding. This process is reviewed and refined annually by the Committee.

Based on the direction received from the Finance and Citywide Projects Committee in February 2008, the process was modified to allow for early input to the prioritization process by the Commission. Under the new process, a preliminary list of unfunded projects is presented to the Commission or the Finance and Citywide Projects Committee, providing the opportunity for input and prioritization. This is consistent with the process for Commission input regarding operating budget priorities and the format used would be similar to that used to seek guidance on operating budget priorities in prior years. This revised process allows early input by the Commission regarding priorities for funding, subject to availability.

The attached chart provides an overview of the process and timelines.



Construction management for the CIP is provided by the CIP Office. This office is designed to consolidate the City's capital construction effort into a single entity and is tasked with constructing the City's funded Capital Improvements in a timely manner. Projects within neighborhood areas are combined to create a single project that addresses the neighborhood needs for infrastructure upgrades, traffic flow, enhancements, etc. This comprehensive approach minimizes disruptions and generates costs savings. To forward this on-going implementation effort, the City has entered into agreements with various firms for program management, architectural, engineering and other relevant professional services, as well as awarding contracts for construction.

In addition, several other departments provide management of some specialized projects. For example, Public Works provides construction management for environmental projects and some utility projects; and Parks and Recreation provides management of some landscaping projects.

Attachment A provided for your review includes an overview of available funding by source as well as funding requests for new and existing projects. The funding recommendations in the proposed FY 2019 Capital Budget are based on the City Commission's priorities and needs identified by various City departments.

CAPITAL RENEWAL AND REPLACEMENT PROJECTS

Prior to FY 2005, the City made significant investment in the routine maintenance of its assets as well as funding major capital projects, bringing on line miles of sidewalks and curbing; additional streetlights; new parks and park facilities, new Fire station facilities, etc. However, maintenance of the capital investments competed with general fund services and routine maintenance, with the result that funding levels did not provide for major Capital Renewal and Replacement (CRR) projects. As a result, these projects often were deferred many years beyond the useful life of the capital component requiring replacement or renewal, in some cases until the point where an entire capital project was required for major improvements.

To ensure that renewal and replacement of General Fund assets are funded and addressed when needed, in FY 2005, the City of Miami Beach established a dedicated millage for renewal and replacement funding to be used for capital projects that extend the useful life of the City's General Fund assets to be used exclusively to provide for renewal and replacement of capital items related to our facilities and infrastructure over and above routine maintenance. The following restrictions regarding the fund were established at the time that the dedicated funding was created:

- Projects must meet the following criteria for funding:
 - Projects that extend the useful life of a City of Miami Beach general fund asset by at least 5 years with a threshold value of at least \$25,000; for example, the replacement of a major component of the asset such as roofs, HVAC systems, electrical systems, fire alarm systems, sprinkler systems that due to significant deterioration would constrain the remaining useful life of the asset, OR
 - Projects that significantly reduce future maintenance cost over the remaining life of the asset providing for a reduction in future maintenance costs that are greater than the cost of the project.
- The Mayor and Commission may authorize additional uses of the funds for unforeseen or unanticipated events affecting life, health, property or public safety subject to a five-sevenths (5/7) vote.
- Appropriation of project specific expenditures from the General Fund Capital Renewal and Replacement Fund shall be included in the City Manager's annual proposed budget, to be approved by the Mayor and City Commission annually during the City's second public hearing on the budget.
- Interest earnings that accrue in the General Fund Capital Renewal and Replacement Fund shall be included in the appropriation for the Fund in the following fiscal year.
- Changes among project specific appropriations may be authorized by the City Manager to the extent that no new projects be added and the total annual allocation is not

exceeded.

- During a fiscal year, changes to the total allocation and changes to the list of projects to be funded from the General Fund Capital Renewal and Replacement Fund shall require prior approval and authorization by a majority of the City Commission. Excess project specific appropriations not required will be available for re-appropriation the following year.
- Project specific appropriations that are not expended in a given fiscal year shall remain in the General Fund Capital Renewal and Replacement Fund for the life of the project

At the same time, the City established a systematic approach to identify renewal and replacement needs. City facilities are inspected at least once every five years to determine current renewal and replacement needs as well as projected replacement dates for all of the major Building components. A Facility Condition Index Rating (FCI) is assigned to each facility based on the total value of existing requirements divided by the current replacement value of the building.

Based on industry standards ratings are assigned as follows:

- 0.00 to 0.10 Excellent
- 0.11 to 0.20 Good
- 0.21 to 0.30 Fair
- Greater than 0.31 Poor

The current dedicated millage of 0.0235 mills (as of FY 2018) is estimated to generate \$744,000 for the General Fund Capital Renewal and Replacement Fund based on a preliminary 3.4 percent increase in property values. This amount will be updated once final property values are received from the Property Appraiser on July 1st.

In FY 2019, \$1,401,000 is available for General Fund renewal and replacement projects, as compared to \$6,642,000 requested for new projects. At this time, ten projects totaling \$1,401,000, are recommended. If unforeseen needs arise during the fiscal year, the Property Management Department will re-prioritize CRR projects as needed.

General Fund Renewal and Replacement	
Available Funding	1,401,000
Project Requests	6,642,000
Recommended Projects	1,401,000
Remaining Available Balance	-

The General Fund Renewal and Replacement recommended projects for FY 2019 are listed below in priority order and are recommended by Staff for funding due to their Priority 1 Deferred Maintenance needs. The remaining project requests are lower priority at this time.

- 777 Building - Chiller Replacement - \$80,000
- City Hall 40-Year Structural Recertification - \$100,000
- Historic City Hall - Roof Replacement - \$150,000
- 555 Building Impact Resistant Windows (*Pending outcome of Convention Center hotel*)

solicitation) - \$300,000

- Miami Beach Police Department - Cooling Tower Base Repair - \$150,000
- UNIDAD Elevator Modernization - \$70,000

The General Fund Renewal and Replacement recommended projects for FY 2019 listed below are recommended by staff for funding due to their Priority 2 needs which are recommended based on asset life, not condition.

- 777 Building - Roof Restoration - \$90,000
- South Shore Community Center - Bathroom And Kitchen Upgrade - \$150,000
- 555 Building-Roof Renewal (*Pending outcome of Convention Center hotel solicitation*) - \$230,000
- South Shore Community Center-Playground Area Tree Root Mitigation And Flooring Replacement - \$81,000

The funds listed below also have recommended renewal and replacement projects and are anticipated to have sufficient available funding for the projects. These projects are:

- 7th Street Garage – Capital Renewal and Replacement \geq \$25,000: one project totaling \$50,000
- RDA Fund – Capital Renewal and Replacement \geq \$25,000: two projects totaling \$138,000
- South Beach Quality of Life (1% Resort Tax) Fund – Capital Renewal and Replacement \geq \$25,000: seven projects totaling \$969,000
- Mid Beach Quality of Life (1% Resort Tax) Fund – Capital Renewal and Replacement \geq \$25,000: four projects totaling \$711,000
- North Beach Quality of Life (1% Resort Tax) Fund – Capital Renewal and Replacement \geq \$25,000: two projects totaling \$212,000
- RDA Garage Fund – Capital Renewal and Replacement \geq \$25,000: one project totaling \$100,000
- Penn Garage Fund – Capital Renewal and Replacement \geq \$25,000: one project totaling \$135,000
- Parking Fund – Capital Renewal and Replacement \geq \$25,000: three projects totaling \$178,000

QUALITY OF LIFE FUNDS

Quality of Life funding is provided by the 1 percent Resort Tax on room rents, which was approved by referendum on November 3, 1992. This additional tax became effective on October 1, 1996. As part of the FY 2014 budget adoption, a fifth category for Transportation was created from the Quality of Life resort tax funds in addition to the existing allocations for arts and tourism-related capital projects in North, Mid, and South Beach.

Prior to FY 2015, 50% of the third penny of Resort Tax funded the five categories above and 50% funded debt service on RDA bonds as a supplemental pledge until RDA funds became available as taxable values increased over time. During FY 2015 the resort tax pledge from the RDA bonds was released resulting in an additional \$6.1 million becoming available for funding the five Quality of Life categories.

During FY 2015 the allocations were revised to provide additional funding for Transportation (45%) to increase the capacity of the trolley system and provide additional funding for capital in North (15%), Mid (15%), and South Beach (15%). The allocation for Arts remained at 10%.

For the FY 2019 proposed budget, a revision to the allocations is being proposed in order to reduce the transfer from Parking Fund to \$2.0 million from \$4.2 million, which helps support the cost of the trolley program with an increase in the portion distributed to Transportation. The estimated allocations for each category are shown below. These allocations will be finalized as the Resort Tax projections are further refined over the next few months.

FY19 PROJECTED (CURRENT)			FY19 PROJECTED (PROPOSED)			Prop vs Curr. 1% Allocation
1% Bed Tax Revenue Allocation			1% Bed Tax Revenue Allocation			
Transportation	45%	6,477,000	Transportation	60%	8,637,000	2,160,000
NB - QOL	15%	2,159,000	NB - QOL	10%	1,439,000	(720,000)
MB - QOL	15%	2,159,000	MB - QOL	10%	1,439,000	(720,000)
SB - QOL	15%	2,159,000	SB - QOL	10%	1,439,000	(720,000)
Arts	10%	1,439,000	Arts	10%	1,439,000	-
Total	100%	14,393,000	Total	100%	14,393,000	-

For FY 2019, the proposed capital projects recommended for funding are listed below.

Quality of Life – North Beach

- Normandy Shores Tennis Facility Fencing Replacement - \$47,000
- North Shore Bandshell Plumbing Repairs - \$30,000
- Beachfront Restrooms Renovations - \$87,000 (CRR Project)
- Beach Shower Drainage System Phase II - \$125,000 (CRR Project)
- North Beach Right of Way (ROW) Enhancements - \$57,000
- Altos Del Mar Playground - \$350,000

Quality of Life – Mid Beach

- Miami Beach Golf Club Practice Tee Renovations and Enlargement - \$124,000
- Beachfront Restrooms Renovations - \$26,000 (CRR Project)
- Beach Shower Drainage System Phase II - \$105,000 (CRR Project)
- 41st Street Bridges (SR112) Repair and Restoration - \$480,000 (CRR Project)
- Beachwalk Drainage – 23rd Street to 46th Street - \$100,000 (CRR Project)
- Middle Beach ROW Enhancements - \$32,000
- Short-Term 41st Street Committee Recommendations - \$100,000

Quality of Life – South Beach

- Baywalk 10th to 12th Street - \$310,000
- Beachfront Restrooms Renovations - \$45,000 (CRR Project)
- Bass Museum Roof Replacement - \$397,000 (CRR Project)
- Fillmore – Marquee/Signage Replacement - \$87,000 (CRR Project)
- Botanical Gardens – Roof Coating and Repairs - \$50,000 (CRR Project)
- Bass Museum – Freight Elevator Modernization - \$100,000 (CRR Project)
- Beach Shower Drainage System Phase II - \$70,000 (CRR Project)
- Beachwalk Drainage – South Pointe Park to 23rd Street - \$220,000 (CRR Project)

PAY-AS-YOU-GO (PAYGO) FUNDS

PAYGO funds are funded by the General Fund at \$2.4 million annually. Funding levels have been as high as \$7.5 million in the past. Creation of a dedicated millage for PAYGO, without an impact on the millage rate, is being proposed. This would allow growth of this fund over time as property values increase. There may also be the possibility of increasing this fund with a portion of funds received from the 4th RDA amendment. PAYGO funds help ensure adequate on-going reinvestment in the City's capital plant and equipment. This funding can be used for any general government purpose and is the most flexible funding source in the Capital Budget.

For FY 2019, the proposed capital projects recommended for funding are listed below.

- Energy Sub-Meters Installation on Municipal Buildings – \$68,000
- Fleet Management Facility Contamination Remediation – \$111,000
- Indian Creek Living Shoreline – \$30,000
- Buildout of 1701 4th Floor for Parks & Housing Programs – \$100,000
- Belle Isle Park Bermuda Grass Installation – \$40,000
- Park View Island Annex - Dog Park – \$67,000
- Buoy Park Reforestation Improvements – \$150,000
- Normandy Shores Shade Structure – \$44,000
- North Beach ROW Enhancements – \$113,000
- Middle Beach ROW Enhancements – \$94,000
- Indian Creek Landscape & Irrigation Design & Installation – \$473,000
- Collins Park Performing Arts Venue- Rotunda Restrooms – \$175,000
- Brittany Bay Park (Overlooks & Living Shoreline) – \$471,000
- North Shore Neighborhood Improvements (Surveying Costs) – \$434,000

Additional proposed capital projects also recommended, but contingent upon approval of the pending 4th amendment to the RDA agreement, are listed below.

- Outdoor Training Facility (Fire) – \$100,000
- Flamingo Park Irrigation At Baseball Field – \$86,000
- Flamingo Park Baseball Outfield Netting – \$129,000
- Smart Card Access System – Citywide – Phase 1 - \$250,000 (CRR Project)
- Florida-Friendly Landscape And Educational Gardens At City Hall – \$77,000

OTHER FUNDING SOURCES

The proposed FY 2019 Capital Budget also recommends the following projects from various funding sources as shown below.

- 7th Street Garage
 - 7th Street Parking Garage – Door Replacements - \$50,000 (CRR Project)
- Concurrency Mitigation Fund
 - Intelligent Transportation and Smart Parking System - \$6,641,000

- RDA City Center Renewal and Replacement Fund
 - Colony Theatre – Fire Alarm System Upgrade - \$78,000 (CRR project)
 - Fillmore – Site Lighting Renovations - \$60,000 (CRR project)
- Non-TIF (Tax Increment Financing) RDA Fund
 - De-appropriation of funding remaining for Lincoln Road, Lenox to Collins with Side Streets project (refurbishment of the pedestrian mall) - \$6,865,154. This project is being recommended for funding with City Center RDA dollars.
- Local Option Gas Tax (LOGT) Fund
 - SR A1A/Collins Avenue Intersection Improvements at 36th Street, 83rd Street, and 87th Street - \$559,000
- People's Transportation Plan (PTP) Fund
 - Royal Palm Avenue and 46th Street Traffic Circle - \$107,000
 - Meridian Avenue Pedestrian Crossing Improvements - \$410,000
 - 72nd Street Protected Bike Lane - \$280,000
- Capital Projects Financed by Other Funds – 8701 Collins Avenue Development Agreement
 - North Beach Oceanside Park (formerly known as North Shore Open Space Park) Redevelopment - \$ 3,750,000
- City Center RDA Capital Fund
 - Lincoln Road, Lenox to Collins with Side Streets (refurbishment of the pedestrian mall) - \$20,000,000
- Water & Sewer Fund
 - DERM & EPA Consent Decree (sanitary sewer evaluation survey) - \$400,000
- Miami-Dade County Inter-Local Agreement (Stormwater/General Capital Projects) Fund
 - Indian Creek Street Drainage Improvements - \$1,500,000
- Convention Center (Convention Development Tax)
 - P-Lot Park Electrical and Structural Footings Enhancements - \$1,500,000
 - Carl Fisher Clubhouse Commercial Kitchen Renovation - \$244,950
- RDA Garage Fund
 - 16th Street (Anchor) Garage Painting - \$100,000 (CRR project)
- Penn Garage Fund
 - Penn Garage – New Lighting Display - \$135,000 (CRR project)
- Parking Fund
 - 13th Street Parking Garage – Domestic Water System Upgrade - \$33,000 (CRR Project)
 - 17th Street Parking Garage – 1st Floor Office Renovation - \$45,000 (CRR Project)
 - Surface Lots (Citywide) – Landscaping Improvements - \$100,000 (CRR Project)
 - Renovate Surface Lot at 6976 Indian Creek Drive - \$191,000

- 17th Street Parking Garage Coating - \$2,000,000
- Fleet Management Fund
 - FY 2019 Vehicle/Equipment Replacement - \$3,030,000
- Communications Fund
 - Fiber Communications Installation along Alton Road (Michigan Avenue to 63rd Street) - \$59,000

CONCLUSION

The City administration recommends the proposed FY 2019 capital projects and the funding recommendations in the preliminary FY 2019 Capital Budget are based on the City Commission's priorities and needs identified by various City departments. The final FY 2019 Capital Budget and FY 2019-2023 Capital Improvement Program will be adopted at the second public hearing in September.

JLM/JW/TOS

Attachment A – Preliminary FY 2019 Capital Budget and FY 2019-2023 Capital Improvement Program Prioritization by Funding Source