



FY 2021 General Fund Preliminary Budget

Miami Beach

Outline



- Property values update
- Balancing COVID-19 gap
- Balancing Non-COVID-19 gap
- Use of General Fund and Resort Tax reserves
- Parking fund
- Other funds
- Next steps

Property Values



FY 2021 Property Values



Preliminary 2021 property values from June 1st

Miami Beach's Preliminary Property Values:
3.5% increase

Normandy Shores	Miami-Dade County	Miami-Dade School Board
5.5%	4.6%	3.3%



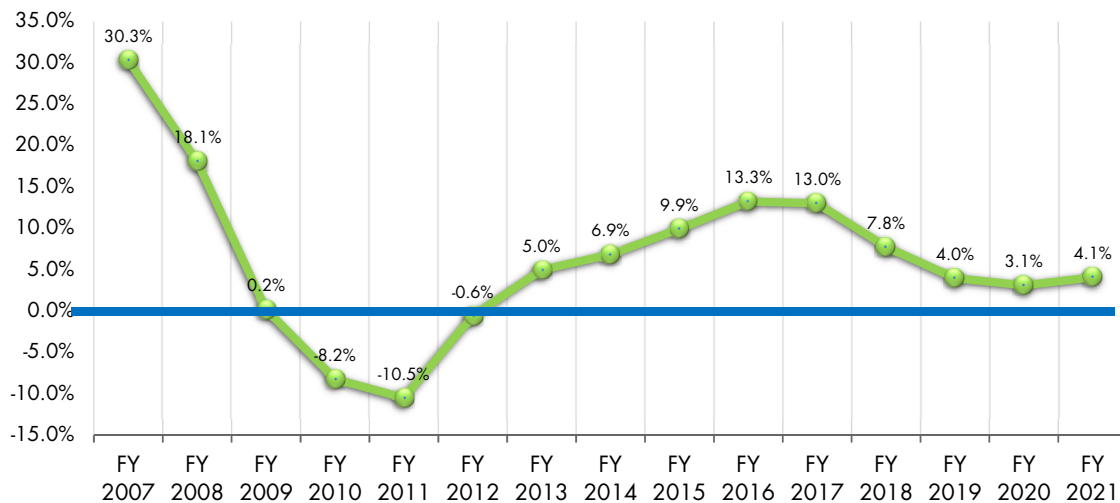
Certified 2021 property values from July 1st

Miami Beach's Certified Property Values:
4.1% increase

Normandy Shores	Miami-Dade County	Miami-Dade School Board
8.5%	5.1%	4.0%

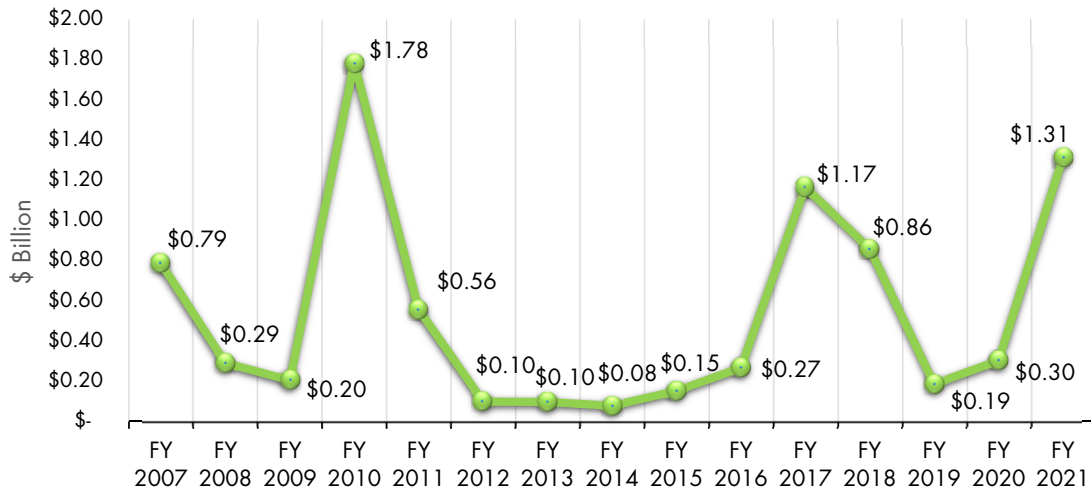
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Overall Property Value Trend



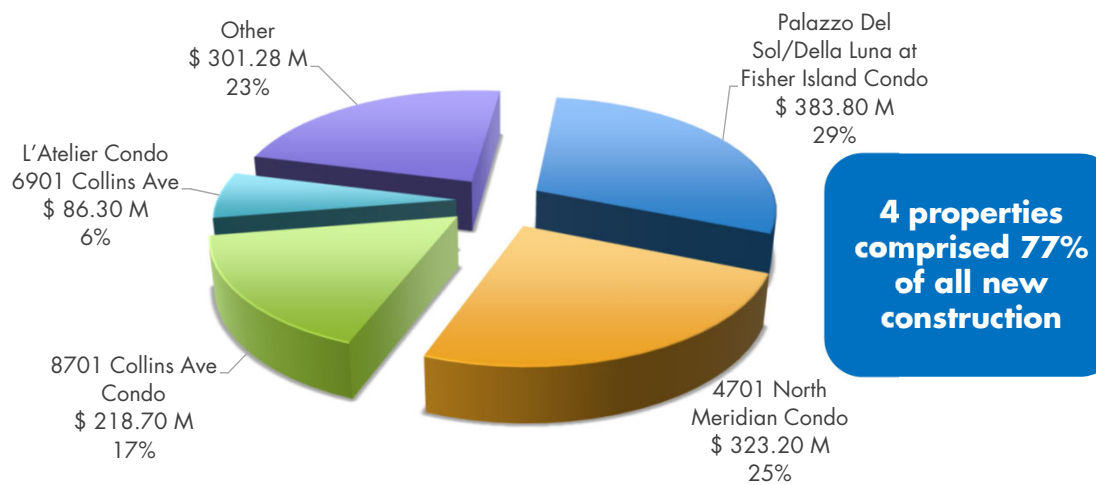
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New Construction Trend



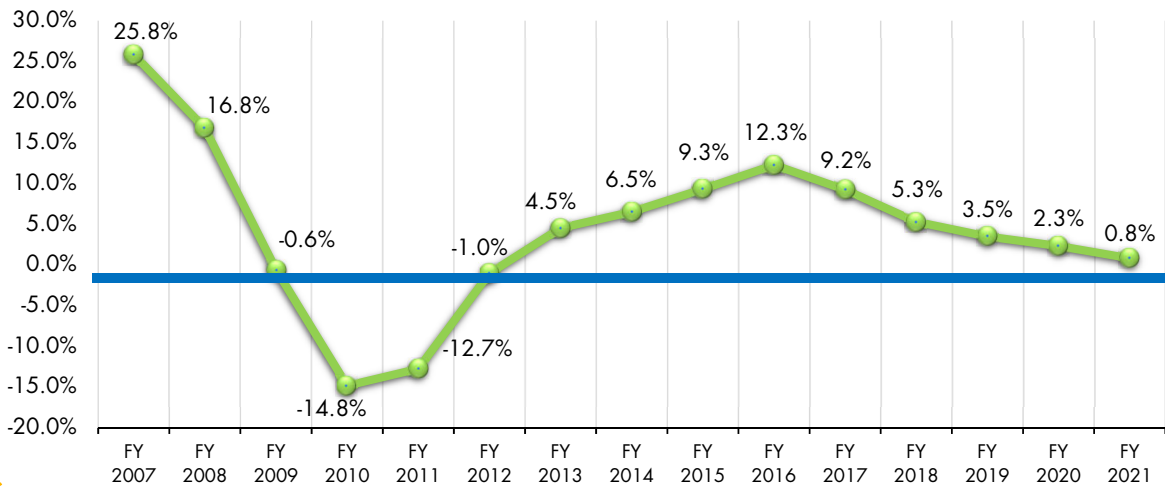
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FY 2020 New Construction



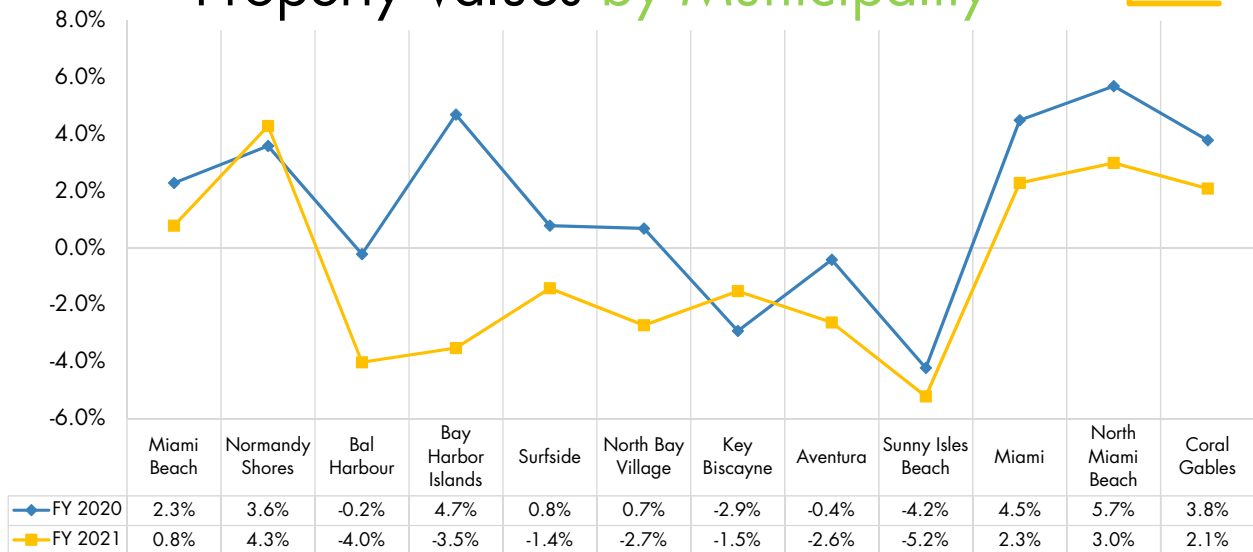
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Existing Property Value Trend



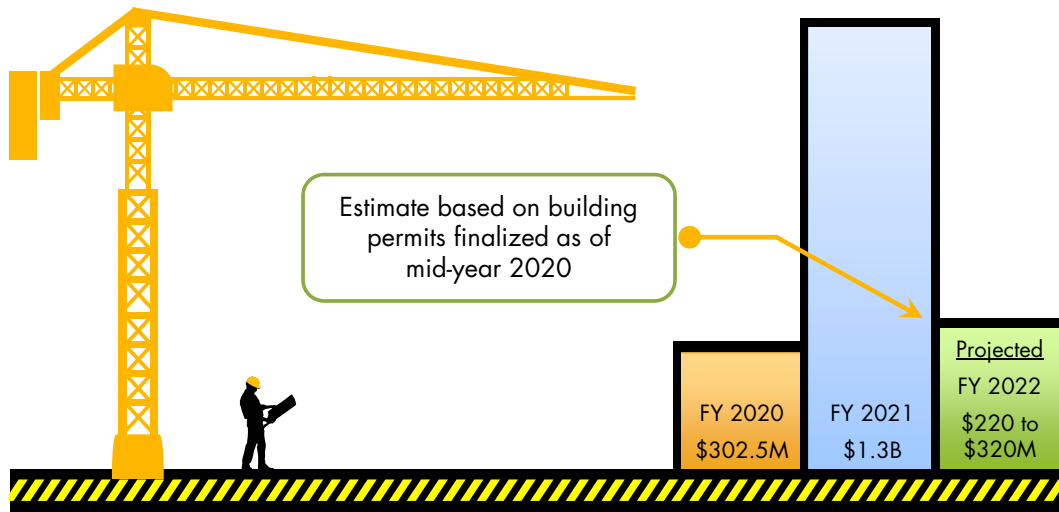
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Percentage Change in Existing Property Values by Municipality



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New Construction Outlook



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Property Value Analysis



- **Engaged ICF to analyze trends in property values**
 - Analyzed 2012 through 2018 data from the Miami-Dade Property Appraiser
 - Focused on 2016 through 2018 for recent 3 year trend
 - Analyzed market segments
 - Property types (ex. residential or commercial)
 - Neighborhoods (ex. North Shore, South Pointe, City Center)
 - Property characteristics (ex. year built, luxury, neighborhood amenities, environmental factors)
 - Full presentation at the July 24th Special Commission meeting

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Property Value Analysis



- **Key findings**

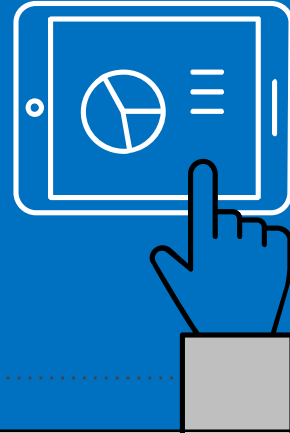
- Certain segments of the property market contracted from 2016-2018
 - West Avenue commercial properties
 - South Pointe residential properties
 - City Center entertainment-related properties and condos
 - Condos built since 2000
- Growth rates vary depending on several factors, including:
 - Residential properties subject to nuisance and King Tide flooding are growing more slowly than other properties, as are properties with lower elevation roads
 - Luxury property values are declining in most neighborhoods, relative to non-luxury

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Preliminary FY 2021 General Fund Budget



- The Preliminary budget represents the cost of providing the same level of service as in the prior fiscal year
- Provides the baseline of funding for the upcoming budget process to which enhancements and reductions are applied



Assumptions

FY 2021 Preliminary General Fund Budget



1. Assumes no change in operating millage rate
2. Assumes elimination of \$1.2M transfer from Parking Fund
3. Assumes \$3.3M savings in Pension Bond Debt expenditure applied to previous \$4.4M use of RDA funds
4. Includes a \$3.7M reduction (10%) in transfer in from Resort Tax Fund
5. Includes the transfer of Building & OIG to stand-alone funds
6. Does not include any enhancements or reductions

Recommended Use of RDA Funds

- Parking/RDA annual transfer of \$4.4 million
- Offset by \$4.5 million of recurring Pension Bond Debt Service savings
 - \$3.3 million in FY 2021
 - \$1.2 million in FY 2022
- Free up RDA funds for one-time purposes through FY 2023
 - Offset a portion of the FY 2021 budget gap due to COVID
 - Assist with Fleet replacement costs
 - Address capital needs

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Recommended Use of RDA Funds

Expenditure	FY 2021	FY 2022	FY 2023	FY 2024
Transfer to General Fund for COVID-19 impact	\$3.3 M	\$0	\$0	\$0
Transfer to General Fund to replace parking transfer until FY 2022	1.1 M	0	0	0
Fleet Replacement & Capital Needs	1.2 M	5.8 M	6.0 M	0
Total	\$5.6 M	\$5.8 M	\$6.0 M	\$0

Funding from RDA to General Fund ends in FY 2024 per 4th Amendment to agreement with County

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Preliminary FY 2021 Budget Gap

	NON-COVID-19	COVID-19
General Fund	(\$6 million)	(\$13.8 million)
Resort Tax*	0	(\$18.3 million)
Total	(\$6 million)	(\$32.1 million)

* Resort Tax gap reflects a 10% reduction in transfer to the General Fund of \$3.7 million

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Updated FY 2021 Budget Gap

	NON-COVID-19	COVID-19
General Fund	(\$2.7 million)	(\$13.8 million)
Resort Tax*	0	(\$18.3 million)
Total	(\$2.7 million)	(\$32.1 million)

* Resort Tax gap reflects a 10% reduction in transfer to the General Fund of \$3.7 million

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Approaches to Balance



Approaches to Balance



- COVID-19 Related Impact – **Temporary**
- Non-COVID-19 Impact – **Permanent**

Balancing Strategy for COVID-19 Gap



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Reductions for COVID-19 Gap



COVID-19 GAP	\$32,100,000
Cumulative savings from Resort Tax Programs (Trolleys, QOL, Arts, Debt Service)	(\$5,700,000)
Freeze on non-essential expenditures	(\$4,000,000)
One-time use of RDA funds	(\$3,295,000)
GMCVB contractual savings	(\$2,600,000)
Hiring freeze	(\$2,685,000)
Unpaid furlough days (1 to 5 day tiers; all employees)	(\$1,757,000)

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Reductions for COVID-19 Gap



COVID-19 GAP	\$32,100,000
VCA savings	(\$1,075,000)
Reduced lifeguard and boat coverage	(\$329,000)
Training freeze	(\$324,000)
Tuition reimbursement freeze (non-essential)	(\$115,000)
Travel freeze	(\$106,000)
Use of General Fund Reserve	(\$10,000,000)
Total	\$0

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Reductions for Non-COVID-19 Gap



Non-COVID-19 GAP	\$2,725,000
Savings from renegotiated contracts	(\$1,361,000)
Health Insurance adjustment	(\$952,000)
Police OT savings from staffing plan	(\$795,000)
Internal cost allocation adjustment	(\$337,000)
Excess pension adjustment	(\$315,000)
Fleet consolidation into Property Management-2 positions	(\$198,000)

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Reductions for Non-COVID-19 Gap



Non-COVID-19 GAP	\$2,725,000
Golf fee CPI increase	(\$178,000)
Environmental Management-1 position	(\$136,000)
Police civilianization-2 positions	(\$120,000)
Emergency Management-1 position	(\$101,000)
Finance-1 position	(\$91,000)
City Manager-1 position	(\$86,000)

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Reductions for Non-COVID-19 Gap



Non-COVID-19 GAP	\$2,725,000
ODPI consolidation into HR-1 position	(\$57,000)
Human Resources-1 position	(\$39,000)
Living wage CPI increase	\$41,000
Total	(\$2,000,000)

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Reductions for Non-COVID-19 Gap



- Balanced Non-COVID-19 gap with \$2 million to be allocated
 - Recommend using for a one-time purpose
 - Provides capacity for FY 2022 budget development
- Option 1: Contribute to General Fund Reserve
 - Reduce use of GF Reserve from \$10 million to \$8 million
- Option 2: Contribute to PAYGO
 - Offset \$2 million gap in North Beach Oceanside Park project to avoid (1) phasing the project or (2) deferring 4 existing projects

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Use of Reserves



- Projected revenue losses mostly offset by cost saving measures
- Proposed budget balancing plans include limited use of reserves
- Plan preserves strong reserve levels for hurricane season and next budget cycle

	General Fund Reserve Amount	Resort Tax Reserve Amount
Current Reserve	\$80.6 million	\$15.2 million
Use of Reserve in FY 2020	(\$2.8 million)	(\$5.0 million)
Use of Reserve in FY 2021	(\$10.0 million)	-
Remaining Reserve	\$67.8 million	\$10.2 million

Note: use of reserves does not include COVID-19 related expenses that are considered reimbursable

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Parking Fund



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Parking Balancing Plan



- Enterprise fund = revenues support expenses
- 80% of parking demand from visitors
- Right-size operation to navigate COVID-19 and negative trend from ridesharing
- Bonds require minimum debt service reserve and bond surety
- FY 2021 budget gap of \$13.8 million

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Parking Balancing Plan



- Suspension of all pay stations (\$1.7M)
 - Multiple cost savings from collections, revenue processing, wireless connectivity, and support services
 - Touchless payment using phone application (Parkmobile)
- Reduce parking funded positions in other dept's (\$509K)
 - Positions in Finance, Property Management, OIG, and CIP
 - 3 eliminated and 1.5 FTE's to be paid from other funds
- Service reductions in level of service (\$2.0M)
 - Activities such as security, litter control, pressure washing, and landscaping

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Parking Balancing Plan



- Reduction in full-time positions (\$500K)
 - Reclass both Assistant Directors to Senior Parking Operations Manager and Contract Compliance Administrator
 - Eliminate 6 other positions including 3 supervisors
- Rightsize parking enforcement (\$1.2M)
 - FY 2021 assumes revenue at 75% of normal
 - Staff 50% of enforcement with internal part-time positions
 - Staff 25% of enforcement using outside contract
 - Provides more flexibility for high impact events and shocks like hurricanes, Zika, and COVID-19

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Parking Balancing Plan



- Refinancing savings (\$2.6M)
 - Anticipated savings from refinancing of 2010 Parking bonds
 - FY 2020: \$2.4 million
 - FY 2021: \$2.6 million
- Miscellaneous (\$300K)
 - Furlough days and deferment of vehicle replacements
- Reduced contribution to renewal & replacement (\$5.0M)
 - Temporary reduction of \$5 million from normal \$6 million amount

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Parking Balancing Plan



PARKING FUND FY 2021 BUDGET BALANCING PLAN	
Projected gap	\$13.8 million
Suspension of pay stations	(\$1.7 million)
Refinancing savings	(\$2.6 million)
Operational changes	(\$4.5 million)
Decrease contribution to renewal & replacement (temporary)	(\$5.0 million)
Total	0

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Other Funds



Transportation Balancing Plan



- Funding impacted by:
 - Elimination of \$981,000 transfer from Parking fund
 - Reduction of \$2.37 million in transfer from 1% Quality of Life - Resort Tax for Transportation
- Operating reductions
 - Elimination of 2 positions (\$193K)

Transportation Balancing Plan



- Service anticipated to start August 1st
- Reduced trolley system level of service

	Current LOS	Proposed LOS
Hours	18 (8 am to 12 am)	12-14 (8 am to 9 pm)
Vehicles	25	15
Routes	All	Eliminate 11 th Street Loop; Modify Belle Isle stop
Frequency	20 minutes	30 minutes

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Transportation Balancing Plan



- Additional assumptions
 - Includes operation of Middle Beach Freebee at the service level approved by the City Commission
 - Pursuing dedicated Freebee service for seniors
 - Includes costs for cleaning/sanitizing of the vehicles
 - Trolley vehicle assignment, service frequency, and service hours would be subject to change based on demand
 - Level of service could be increased incrementally depending on budget availability

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Fleet Fund



- Consolidating Fleet as new division in Property Management
 - Reduced director and administrative position saving \$248K
- Strategies to improve efficiency and green the fleet
 - Right-sizing number of vehicles
 - Removed 10 vehicles/equipment saving \$600,000
 - Prioritize conversion to hybrid and electric vehicles
 - 40% lower operating costs compared to gasoline-only vehicle
 - Goal to convert all 561 police patrol, mid-size, and compact sedans by 2025
 - Saves \$500,000 in operating costs and emission reductions of 3.1 million lbs./yr.

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Fleet Fund



- Conversion update
 - 26 hybrids/EV's currently in service
 - 114 planned in FY 2020
 - 159 proposed in FY 2021
 - Total of 299 hybrids/EV's through FY 2021 (53% of goal)
 - Approximately \$258,000 in operating cost savings
 - Emission reductions of 1.6 million lbs./yr.
- Next phase to include ½ ton truck vehicles
 - New hybrid trucks will soon be available
 - City's fleet currently includes approximately 100

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Stormwater Fund



- One-time enhancements
 - Temporary pumps for King Tides, hurricane season, and rain events (\$418K)
 - Address maintenance backlog of 48 existing wells to improve drainage and decrease flooding (\$400K)
- No rate increase planned for FY 2021
 - Timing and amount to be determined following sequencing and scope of capital projects

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Water & Sewer Fund



- Pass-through rates from Miami-Dade County
 - Water rate increase of 6.2%
 - From \$1.6904 per 1,000 gallons to \$1.7947 per 1,000 gallons
 - Sewer rate increase of 3.2%
 - From \$3.1954 per 1,000 gallons to \$3.2971 per 1,000 gallons
- No other rate increase planned for FY 2021
 - Rate study underway
 - Timing and amount to be determined following sequencing and scope of stormwater capital projects

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Water & Sewer Fund



- One-time enhancements
 - Fire hydrant density evaluation to identify and address low density areas where additional hydrants may be needed (\$150K)
 - Upgrade old diesel tanks to remain compliant with DERM requirements (\$51K)
- Recurring enhancements
 - Funding for sewer system evaluation survey program to address consent decree requirements (\$400K)
 - Enhance emergency maintenance and repairs for unplanned issues such as sewer main breaks (\$200K)

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Sanitation Fund



- Pending items from Zero-based budget exercise
 - Recycling fee pass-through (\$231K) pending
 - Alternate side parking program implementation (\$228K) on-hold pending COVID-19
- Parking department changes
 - Revenue contribution from parking for sanitation services has been reduced, resulting in significant impact of \$1.5 million

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Sanitation Fund



- Reductions totaling \$1.2 million
 - Reduce temporary labor (\$506K)
 - Eliminate 11 positions (\$559K)
 - Eliminate Big Belly contract (\$105K)
 - Miscellaneous (\$88K)
- May result in decreased response time to service requests in areas such as RDA, NBRC & MXE and lower cleanliness scores
- Additional efficiencies and cost saving opportunities will continue and be evaluated over next 3 to 6 months

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Convention Center Fund



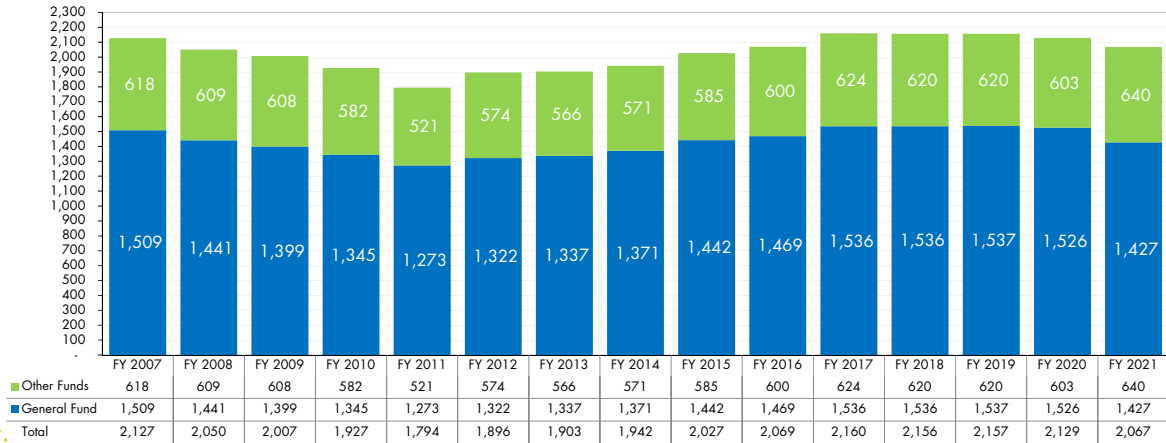
- Reserve at the end of FY 2019 totaled \$12.9M
 - Projected to use \$4.0M during FY 2020, assuming no events between now and September 30th
 - Assumes \$2.2M of revenue from U.S. Army Corps of Engineers for Alternate Care Facility
 - Projected to use \$4.8M during FY 2021
 - If planned events are canceled or rescheduled, impact may be larger
- Projected reserve by end of FY 2021 would be \$4.1M

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Position Count Trend

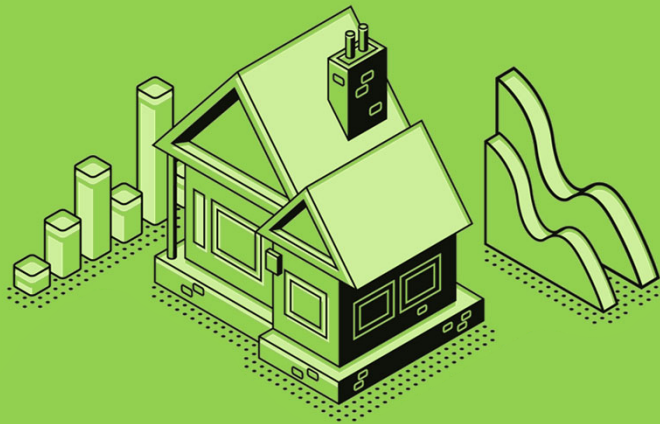


Positions are 3% less (60 full-time positions) in FY 2021 than in FY 2007



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Proposed Millage Rate



Preliminary Millage Rate



	FY 2020	FY 2021	Inc/(Dec)
General	5.6298	5.6298	0.0000
CRR	0.0235	0.0235	0.0000
PAYGO	0.0755	0.0755	0.0000
Total Operating	5.7288	5.7288	0.0000
Debt Service	0.2933	0.3227	0.0294
Total Combined	6.0221	6.0515	0.0294

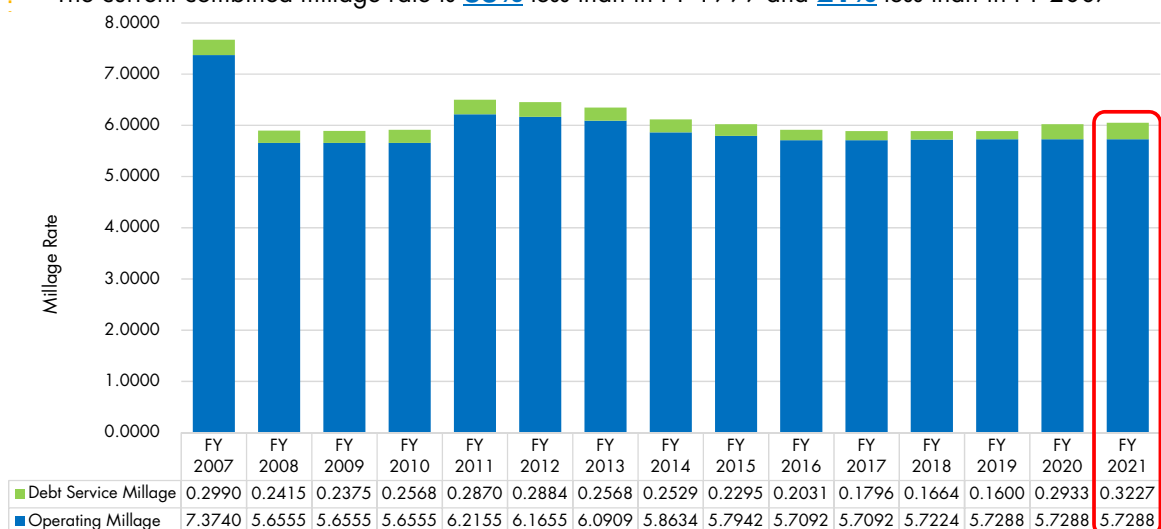
- Preliminary FY 2021 budget assumes no change in the operating millage rate of **5.7288**
- Debt service portion of the millage rate estimated to increase to 0.3227 per debt service schedule for 1st tranche and future tranches of G.O. Bond Program
- Will adopt maximum millage rate on July 29th

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Combined Millage

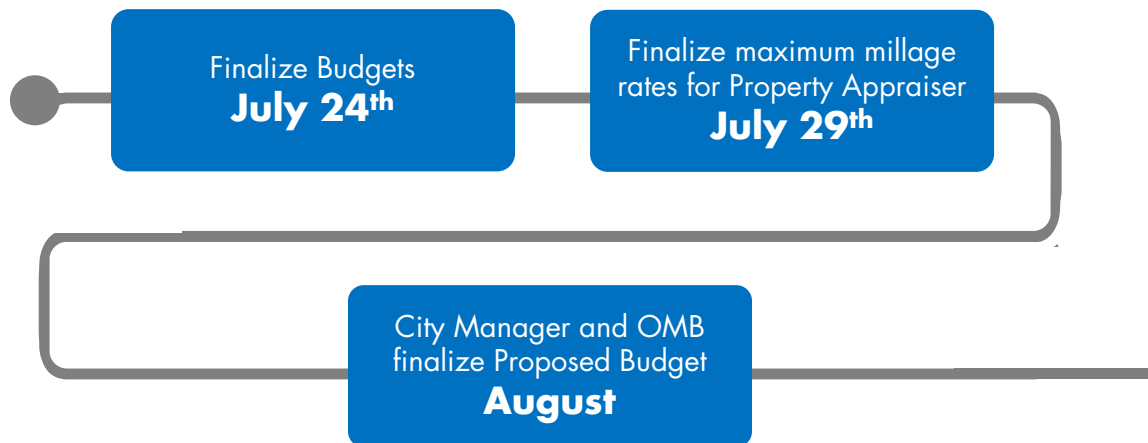


The current combined millage rate is **33%** less than in FY 1999 and **21%** less than in FY 2007



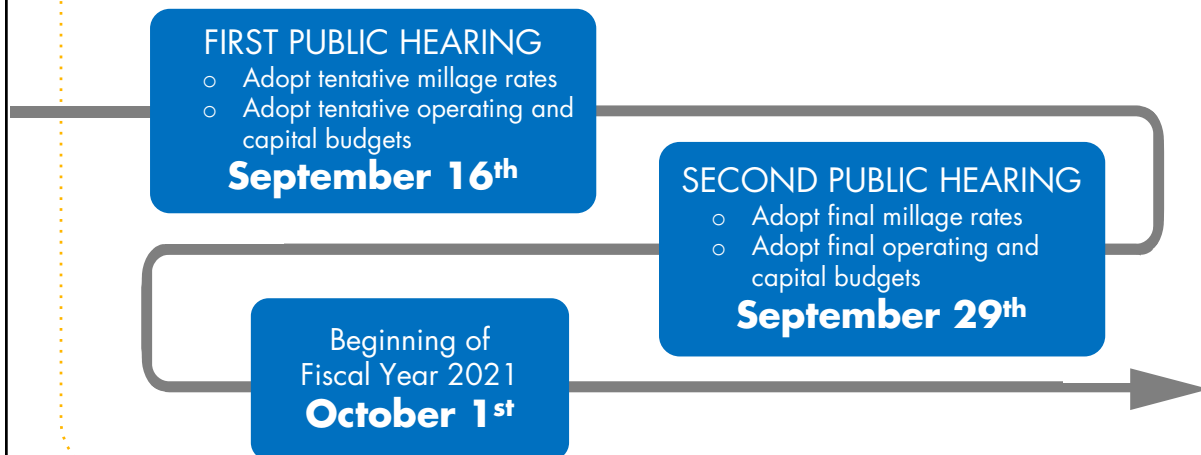
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Next Steps



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Next Steps



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Thanks!