



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

## COMMISSION MEMORANDUM

TO: Honorable Mayor Dan Gelber and Members of the City Commission

FROM: Alina T. Hudak, City Manager

DATE: February 22, 2023

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING THE FOURTH AMENDMENT TO THE GENERAL FUND, ENTERPRISE FUNDS, INTERNAL SERVICE FUNDS, AND SPECIAL REVENUE FUNDS BUDGETS FOR FISCAL YEAR 2023 AS SET FORTH IN THIS RESOLUTION AND IN THE ATTACHED EXHIBIT "A."**

### **ADMINISTRATION RECOMMENDATION**

Adopt the Resolution.

### **STRATEGIC PLAN SUPPORTED**

Organizational Innovation – Ensure strong fiscal stewardship

### **BACKGROUND**

The budgets for the General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds for Fiscal Year 2023 were adopted by the Mayor and City Commission on September 28, 2022, through Resolution No. 2022-32334.

The First Amendment to the General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds budgets for FY 2023 was adopted by the Mayor and City Commission on October 26, 2022, through Resolution No. 2022-32382.

The Second Amendment to the General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds budgets for FY 2023 was adopted by the Mayor and City Commission on November 30, 2022, through Resolution No. 2022-32419.

The Third Amendment to the General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds budgets for FY 2023 was adopted by the Mayor and City Commission on February 1, 2023.

Based on the first quarter of the current fiscal year, the year-end surplus of for the General Fund is projected at approximately \$8.0 million, a difference of 2%, and a \$2.1 million in the Resort Tax Fund.

It is important to note that the City's adopted FY 2023 - FY 2027 Capital Improvement Plan (CIP), identified a total of approximately \$1.6 billion in unfunded capital project needs over the next five years. Further, the City's adopted financial policies regarding the Capital Reserve Fund and

Capital Funding (see below) support additional funding for these unfunded capital projects.

- Resolution 2002-24764 requires that at least 50% of annual General Fund revenues in excess of expenditures be transferred to the Capital Reserve Fund.
- Resolution 2006-26341 established a goal of funding at least 5% of the General Fund budget for capital needs. In recent years, this policy has been not been met. In FY 2023, approximately 1.5% (\$6.6 million) of the budget was transferred to Capital Reserve and Pay-as-you-go to fund Capital needs. Had this been funded at the recommended 5%, the transfer should have totaled approximately \$19 million.
- Resolution 2006-26341 requires that one-time revenues shall be used for capital expenditures or one-time expenditures, rather than funding recurring programs.

As a result, I am recommending holding aside as much of the \$8 million surplus as possible for capital funding and for priority initiatives identified by the Commission and staff that will have significant funding impacts, to be evaluated comprehensively for funding as part of the FY 2024 budget development process. However, there are certain one-time needs for priority initiatives for which the Administration is recommending funding at this time.

### **ARTS & CULTURE BOND**

A key objective in the City's 2019 Strategic Plan, Through the Lens of Resilience, is the need for improving the resiliency of arts and cultural institutions in the City, including addressing facility needs and related affordable and/or workforce housing in the City. To support this effort, the City proposed a general obligation bond (GOB) issuance to construct and improve facilities throughout the City of Miami Beach.

On November 8, 2022, almost 65% of the voters approved the issuance of \$159.0 million in bonds for this purpose. Since then, the Administration has been working diligently with City staff and with the institutions to be funded from this bond issuance to evaluate and refine roles and responsibilities, timing of funding needs, etc., while simultaneously preparing the documentation necessary for the issuance of these bonds which require bond counsel, underwriting, financial advisor, and other miscellaneous services.

The anticipated timeline for issuance of the bonds, as presented at the January 27, 2023 Finance and Economic Resiliency Committee, is as follows:

- 1<sup>st</sup> Quarter: Bond Counsel Tax Determination  
Underwriter Recommendation to Commission
- 2<sup>nd</sup> Quarter: Commission 1<sup>st</sup> Public Hearing to Adopt Bond Sale Resolution  
Commission 2<sup>nd</sup> Public Hearing to Adopt Bond Sale Resolution
- By 3<sup>rd</sup> Quarter: Bond Closing (bond proceeds)

One of the first milestones needed to meet the timelines presented above is Commission approval of the underwriter selection which is on today's agenda. This amendment recommends funding for the estimated underwriter costs as well as other issuance costs, as noted below.

<b>Estimated Issuance Costs</b>	<b>\$ Amount</b>
Underwriting Services	\$ 600,000
Bond Counsel, Financial Advisor, and Other	\$ 900,000
<b>Total</b>	<b>\$1,500,000</b>

It is recommended that these expenditures of \$1.5 million be funded from the General Fund surplus projected as of the first quarter of FY 2023 to be appropriated in the FY 2023 Citywide Accounts budget in the General Fund.

### **FIRE BOAT**

On December 8, 2021, the Mayor and City Commission adopted Resolution No. 2021-31934 authorizing the City's Fire Department to accept a surplus donation from Miami-Dade County of one MetalCraft vessel to be refurbished and used by the City's Fire Department for marine fire-fighting, search and rescue operations, and to provide secondary source of water in waterfront fires where the existing domestic supply would not be capable of sustaining the necessary volumes of water needed to extinguish a fire.

On May 4, 2022, the Mayor and City Commission adopted Resolution No. 2022-32135 authorizing the City Manager to negotiate an agreement with MetalCraft for the refurbishment of this vessel received by the City from Miami-Dade County in the amount of \$433,260.60.

Upon the vessel's arrival to the facility for refurbishment and following a detailed examination of the vessel, additional damage to the haul was identified. In addition, inflationary pressures in the industry have resulted in the costs for parts and labor required under the initial proposal to increase. Consequently, the total cost related to the refurbishment of the City's vessel has increased by \$232,256.07.

Based on the preliminary first quarter actuals for FY 2023 with projections through September 30, 2023, distributed via Letter to Commission, the Administration is recommending that \$233,000 of the surplus projected in the General Fund for FY 2023 as of the first quarter be appropriated in the Fire Department's General Fund budget to fund the additional costs associated with the refurbishment of the City's vessel.

### **COMMISSION CHAMBER RENOVATION**

As part of the Adopted FY 2022 Capital Budget approved by the Mayor and City Commission on September 30, 2021, through Resolution No. 2021-31875, \$900,000 in funding was allocated to fund the cost of the Commission Chambers Renovation project. The scope of this project addresses ADA compliance issues and enhances the chamber's lighting, acoustics, and audio/visual technology.

The construction phase of the project was originally slated to commence in December 2022 and run through March 2023; however, the bid received significantly exceeds the current amount allocated in the budget for this project. The Facilities and Fleet Management Department is currently working with the design consultant to revise the permit drawings to rebid the project sometime next month, with a goal of commencing during the Summer of 2023.

The Architect of Record for the project believes the cost of this project will be approximately \$2.0 million; therefore, additional funding in the amount of \$1.1 million is being requested in order to execute this project. As a result, it is recommended by the Administration that \$1.1 million of the

General Fund surplus projected as of the first quarter of FY 2023 be appropriated in the General Fund and transferred to the Capital Reserve Fund to fund the projected gap for this project.

### **SPECIAL TAXING DISTRICTS**

Since the voters of the Allison Island Security Guard Special Taxing District approved the transfer of control of this District from Miami-Dade County to the City, the annual operating budget for the operations and maintenance of this District has been developed in conjunction with the City's overall annual operating budget.

Based on a request received by the City from the Allison Island Security Guard Special Taxing District, this proposed amendment is to appropriate \$8,000 from the District's fund balance to fully fund the purchase and installation of license plate reader cameras in the District based on the proposal received and approved by the District.

### **CONCLUSION**

The Administration recommends that the Mayor and City Commission adopt the Fourth Amendment to the General Fund, Enterprise Fund, Internal Service Fund, and Special Revenue Fund budgets for FY 2023 described herein and further detailed in the attached Exhibit "A."

ATH/KGB/TOS

**Exhibit "A"**

GENERAL FUND	FY 2023 Amended Budget	4th Budget Amendment	FY 2023 Revised Budget
<b>REVENUES</b>			
<b>Operating Revenues</b>			
Ad Valorem Taxes	\$ 220,605,000		\$ 220,605,000
Ad Valorem- Capital Renewal & Repl.	\$ 1,944,000		\$ 1,944,000
Ad Valorem- Pay-As-You-Capital	\$ 3,974,000		\$ 3,974,000
Ad Valorem- Normandy Shores	\$ 282,000		\$ 282,000
Other Taxes	\$ 25,010,000	1,550,000	\$ 26,560,000
Licenses and Permits	\$ 18,040,000	750,000	\$ 18,790,000
Intergovernmental	\$ 14,175,000		\$ 14,175,000
Charges for Services	\$ 14,489,000	533,000	\$ 15,022,000
Fines & Forfeits	\$ 1,264,000		\$ 1,264,000
Interest Earnings	\$ 5,577,000		\$ 5,577,000
Rents & Leases	\$ 6,967,000		\$ 6,967,000
Miscellaneous	\$ 15,753,000		\$ 15,753,000
Resort Tax Contribution	\$ 39,227,000		\$ 39,227,000
Other Non-Operating Revenue	\$ 13,905,000		\$ 13,905,000
Use of General Fund Reserves/Prior Year Surplus	\$ 16,239,000		\$ 16,239,000
<b>Total General Fund</b>	<b>\$ 397,451,000</b>	<b>\$ 2,833,000</b>	<b>\$ 400,284,000</b>
<hr/>			
	FY 2023 Amended Budget	4th Budget Amendment	FY 2023 Revised Budget
<b>APPROPRIATIONS</b>			
<b>Department</b>			
Mayor and Commission	\$ 2,809,000		\$ 2,809,000
City Manager	\$ 4,290,000		\$ 4,290,000
Marketing and Communications	\$ 2,983,000		\$ 2,983,000
Office of Management and Budget	\$ 1,678,000		\$ 1,678,000
Org. Dev Performance Initiatives	\$ 3,321,000		\$ 3,321,000
Finance	\$ 8,042,000		\$ 8,042,000
Procurement	\$ 3,101,000		\$ 3,101,000
Human Resources/Labor Relations	\$ 3,124,000		\$ 3,124,000
City Clerk	\$ 1,933,000		\$ 1,933,000
City Attorney	\$ 7,654,000		\$ 7,654,000
Housing & Community Services	\$ 6,057,000		\$ 6,057,000
Planning	\$ 6,074,000		\$ 6,074,000
Environment & Sustainability	\$ 2,386,000		\$ 2,386,000
Tourism and Culture	\$ 3,661,000		\$ 3,661,000
Economic Development	\$ 2,993,000		\$ 2,993,000
Code Compliance	\$ 6,886,000		\$ 6,886,000
Parks & Recreation (incl. Golf Courses)	\$ 44,084,000		\$ 44,084,000
Property Management General Fund	\$ 3,848,000		\$ 3,848,000
Public Works	\$ 17,112,000		\$ 17,112,000
Capital Improvement Projects	\$ 6,003,000		\$ 6,003,000
Police	\$ 133,070,000		\$ 133,070,000
Fire	\$ 101,803,000	233,000	\$ 102,036,000
Citywide (incl. Operating Contingency)	\$ 18,039,000	1,500,000	\$ 19,539,000
<b>Subtotal General Fund</b>	<b>\$ 390,951,000</b>	<b>\$ 1,733,000</b>	<b>\$ 392,684,000</b>
<hr/>			
<b>TRANSFERS</b>			
Normandy Shores	\$ 282,000		\$ 282,000
Pay-As-You-Go Capital Fund	\$ 3,974,000		\$ 3,974,000
Info & Comm Technology Fund	\$ 300,000		\$ 300,000
Capital Reserve Fund	\$ 0	1,100,000	\$ 1,100,000
Capital Renewal & Replacement	\$ 1,944,000		\$ 1,944,000
<b>Subtotal Transfers</b>	<b>\$ 6,500,000</b>	<b>\$ 1,100,000</b>	<b>\$ 7,600,000</b>
<hr/>			
<b>Total General Fund</b>	<b>\$ 397,451,000</b>	<b>\$ 2,833,000</b>	<b>\$ 400,284,000</b>

**Exhibit "A"**

ENTERPRISE FUNDS	FY 2023 Amended Budget	4th Budget Amendment	FY 2023 Revised Budget
<b>REVENUE/APPROPRIATIONS</b>			
Building	\$ 18,090,000		\$ 18,090,000
Convention Center	\$ 29,607,000		\$ 29,607,000
Water	\$ 39,932,000		\$ 39,932,000
Sewer	\$ 59,180,000		\$ 59,180,000
Stormwater	\$ 34,966,000		\$ 34,966,000
Sanitation	\$ 24,821,000		\$ 24,821,000
Parking	\$ 47,458,000		\$ 47,458,000
<b>Total Enterprise Funds</b>	<b>\$ 254,054,000</b>	<b>\$ 0</b>	<b>\$ 254,054,000</b>

INTERNAL SERVICE FUNDS	FY 2023 Amended Budget	4th Budget Amendment	FY 2023 Revised Budget
<b>REVENUE/APPROPRIATIONS</b>			
Information Technology	\$ 20,694,000		\$ 20,694,000
Risk Management	\$ 24,862,000		\$ 24,862,000
Central Services	\$ 1,064,000		\$ 1,064,000
Office of Inspector General	\$ 2,180,000		\$ 2,180,000
Property Management	\$ 12,849,000		\$ 12,849,000
Fleet Management	\$ 24,928,000		\$ 24,928,000
Medical and Dental Insurance	\$ 46,159,000		\$ 46,159,000
<b>Total Internal Service Funds</b>	<b>\$ 132,736,000</b>	<b>\$ 0</b>	<b>\$ 132,736,000</b>

SPECIAL REVENUE FUNDS	FY 2023 Amended Budget	4th Budget Amendment	FY 2023 Revised Budget
<b>REVENUE/APPROPRIATIONS</b>			
Education Compact	\$ 155,000		\$ 155,000
IT Technology Fund	\$ 582,000		\$ 582,000
Residential Housing	\$ 994,000		\$ 994,000
Sustainability	\$ 1,082,000		\$ 1,082,000
Tree Preservation Fund	\$ 282,000		\$ 282,000
Commemorative Tree Trust Fund	\$ 4,000		\$ 4,000
Resort Tax	\$ 111,313,000		\$ 111,313,000
Tourism and Hospitality Scholarships	\$ 81,000		\$ 81,000
Cultural Arts Council	\$ 2,990,000		\$ 2,990,000
Waste Haulers	\$ 109,000		\$ 109,000
Normandy Shores	\$ 282,000		\$ 282,000
Biscayne Point Special Taxing District	\$ 230,000		\$ 230,000
Allison Island Special Taxing District	\$ 236,000	8,000	\$ 244,000
Biscayne Beach Special Taxing District	\$ 234,000		\$ 234,000
5th & Alton Garage	\$ 844,000		\$ 844,000
7th Street Garage	\$ 3,213,000		\$ 3,213,000
Transportation Fund	\$ 14,294,000		\$ 14,294,000
People's Transportation Plan	\$ 4,227,000		\$ 4,227,000
Police Confiscation Fund - Federal	\$ 90,000		\$ 90,000
Police Confiscation Fund - State	\$ 66,000		\$ 66,000
Police Unclaimed Property	\$ 15,000		\$ 15,000
Police Crash Report Sales	\$ 116,000		\$ 116,000
Police Training Fund	\$ 67,000		\$ 67,000
Red Light Camera Fund	\$ 1,216,000		\$ 1,216,000
E-911 Fund	\$ 767,000		\$ 767,000
Art in Public Places (AIPP)	\$ 202,000		\$ 202,000
Beachfront Concession Initiatives	\$ 116,000		\$ 116,000
Beach Renourishment	\$ 1,564,000		\$ 1,564,000
Resiliency Fund	\$ 1,974,000		\$ 1,974,000
Sustainability and Resiliency	\$ 194,000		\$ 194,000
Biscayne Bay Protection Trust Fund	\$ 6,000		\$ 6,000
Adopt-A-Bench Program	\$ 20,000		\$ 20,000
<b>Total Special Revenue Funds</b>	<b>\$ 147,565,000</b>	<b>\$ 8,000</b>	<b>\$ 147,573,000</b>