

## COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members

FROM: Eric Carpenter, City Manager

DATE: January 24, 2025

TITLE: DISCUSS A CITY OF MIAMI BEACH COMPREHENSIVE FINANCIAL POLICY

### **RECOMMENDATION**

The City Administration ("Administration") recommends that the Finance and Economic Resiliency Committee ("FERC" or "Committee") recommend approval of the City of Miami Beach Comprehensive Financial Policies to the Commission.

### **BACKGROUND/HISTORY**

On October 30, 2024, the Mayor and City Commission ("City Commission") referred Item C4O to the FERC, to discuss the creation of a Comprehensive Financial Policy for the City of Miami Beach.

### **ANALYSIS**

The Government Finance Officers Association (GFOA) strongly advocates for the adoption of formalized financial policies, recognizing their critical role in supporting strategic and sustainable financial management. By implementing comprehensive written policies, governments can enhance fiscal discipline, ensure consistency in decision-making, and position themselves for long-term success. These policies serve as a robust framework to guide financial practices providing a clear roadmap that empower governments to:

- Institutionalize good financial management practices - Formal policies usually outlive their creators, and, thus, promote stability and continuity. They also prevent the need to re-invent responses to recurring issues.
- Clarify and crystallize strategic intent for financial management - Financial policies define a shared understanding of how the organization will develop its financial practices and manage its resources to provide the best value to the community.
- Define boundaries - Financial policies define limits on the actions staff may take. The policy framework provides the boundaries within which staff can innovate in order to realize the organization's strategic intent.
- Support good bond ratings and thereby reduce the cost of borrowing.
- Promote long-term and strategic thinking - The strategic intent articulated by many financial policies necessarily demands a long-term perspective from the organization.
- Manage risks to financial condition - A key component of governance accountability is not to incur excessive risk in the pursuit of public goals. Financial policies identify important risks to financial condition.
- Comply with established public management best practices - The Government Finance Officers Association (GFOA), through its officially adopted Best Practices endorsement of National Advisory Council on State and Local Budgeting (NACSLB) budget practices and the GFOA

Distinguished Budget Presentation Award Program, has recognized financial policies as an essential part of public financial management.

Over time, the City Commission has adopted numerous resolutions to establish guidance on critical financial policies, addressing areas such as capital reserves, fund balance management, allocation of nonrecurring revenues, utilization of annual surpluses, and funding strategies for capital projects. Certain policies, such as the application of General Fund interest earnings toward capital projects, have been embedded within annual budget resolutions. Recognizing the need for a more cohesive and efficient approach, the Administration recommends consolidating all previously issued Commission directives on financial policies into a single, comprehensive framework. This consolidation will streamline policy implementation, enhance transparency, and ensure alignment with the City's long-term financial goals.

The following is a list of Commission resolutions that were used as the framework for the recommended set of Financial Policies:

1. Resolution #94-21258 – Conforming Actual Budget Expenditures to the Adopted Budget
2. Resolution #96-22014 – Establishing of a Permanent Reserve for Contingencies in the General Fund
3. Resolution #98-22661 – Establishing of Permanent Reserve for Contingencies in the General Fund (Amended)
4. Resolution #2002-24764 – Capital Reserve Policy
5. Resolution #2004-25697 – Establishing a Capital Renewal and Replacement Fund
6. Resolution #2005-25832 – Establishing a Capital Renewal and Replacement Fund (Amended)
7. Resolution #2006-26341 – Stabilization Funds, Fund Balance, Contingency Planning and Cash Reserves, Use of Non-Recurring Revenues, and Capital Asset Acquisition, Maintenance, and Replacement
8. Resolution #2014-28543 – Establishing of a Reserve in the Resort Tax Fund
9. Resolution #2018-30429 – Establishing a Capital Pay-As-You-Go (PAYGO) Fund
10. Resolution #2019-30664 – Establishing of a Reserve in the Resort Tax Fund (Amended)
11. Resolution #2019-30954 – Updated General Fund Reserve Policy
12. Resolution #2023-32647 – Recommendation to Commission on Recurring Grants every 3 years
13. Resolution #2024-33340 – Updated General Fund Reserve Emergency Policy

## **FISCAL IMPACT STATEMENT**

N/A

## **Does this Ordinance require a Business Impact Estimate?** (FOR ORDINANCES ONLY)

The Business Impact Estimate (BIE) was published on .

See BIE at: <https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notice/>

## **FINANCIAL INFORMATION**

## **CONCLUSION**

The Administration recommends that the Finance and Economic Resiliency Committee recommend approval of the City of Miami Beach Comprehensive Financial Policies to the Commission.

**Applicable Area**

Citywide

**Is this a “Residents Right to Know” item,  
pursuant to City Code Section 2-17?**

No

**Is this item related to a G.O. Bond  
Project?**

No

**Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481,  
includes a principal engaged in lobbying?** No

If so, specify the name of lobbyist(s) and principal(s):

**Department**

Finance

**Sponsor(s)**

Commissioner Joseph Magazine

**Co-sponsor(s)**

**Condensed Title**

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