

MIAMI BEACH

COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members
FROM: Eric Carpenter, City Manager
DATE: June 11, 2025
TITLE: DISCUSS APPROVED DEAUVILLE FINES AND LAWSUIT SETTLEMENT

RECOMMENDATION

The City Administration ("Administration") recommends that the Finance and Economic Resiliency Committee ("FERC" or "Committee") discuss this item and provide input.

The Administration recommends that while the FERC evaluates a one-time grant program to utilize 30% of the fines collected from the Deauville settlement, it also carefully considers several critical factors that will significantly impact the General Fund budget, beginning in FY 2026:

1. The City's increasing unfunded capital improvement program
2. Long-term General Fund financial projections indicating a potential shortfall in upcoming fiscal years
3. The passage of Amendment 5 in November 2024, which increases the homestead exemption and further constrains the growth of taxable property values

These considerations are essential to ensure that decisions regarding a one-time grant program to utilize 30% of the fines collected from the Deauville settlement align with the City's broader long-term financial stability and strategic priorities. If the Committee recommends funding a one-time grant program to utilize 30% of the fines collected from the Deauville settlement, the Administration recommends it be considered as part of the FY 2026 budget process.

BACKGROUND/HISTORY

On April 23, 2025, Commissioner Tanya Bhatt sponsored a resolution (item C7AU) to approve the Deauville Fines and Lawsuit Settlement. The resolution was pulled from the consent agenda for discussion. Among several discussion topics, Commissioner Dominguez requested that 30% of fines be utilized for a one-time resident grant program to assist in funding repairs/special assessments to surrounding residential buildings.

The Mayor and City Commission ("City Commission") referred the grant program to FERC for discussion.

ANALYSIS

The Deauville settlement was for \$6.3 million. Of this amount \$841,797 will cover outstanding utility bills and \$87,409 will cover outstanding city invoices/licensing, court fees, etc. The remaining amount of \$5,371,052 of the settlement is related to the special magistrate fines. See attached Exhibit A Deauville Settlement Agreement Financial Breakdown.

Per Resolution 2016-29500, attached as Exhibit B, no less than twenty percent (20%) of all one-time unrestricted capital payments to the City of \$500,000 or more, including, but not limited to, payments

received through lease renegotiations, money judgements from lawsuits, audit findings, or any other lump sum payments shall be deposited to a trust fund for capital or acquisition costs associated with mass transit excluding reasonable costs and any capital replacement costs associated with the transaction that resulted in the receipt of the one-time cash payment.

Twenty percent (20%) of the fines of \$5,371,052 is \$1,074,210, leaving a remaining \$4,296,841. If FERC recommends thirty percent (30%) of the fines be utilized for a one-time resident grant program to assist in funding repairs/special assessments to surrounding residential buildings, this will amount to \$1,289,052. These fines would be recognized as revenue to the City in FY 2025 and would become a surplus for the General Fund. Any General Fund surplus, according to the City of Miami Beach Comprehensive Financial Policies under consideration, states:

Use of General Fund Fiscal Year End Surplus – After fully funding the General Fund reserve goals, the City shall transfer to the Capital Reserve Fund 50% of the annual General Fund revenues in excess of expenditures with the remaining 50% to be transferred to either the Capital Renewal and Replacement Fund or Pay-As-You-Go Capital Fund.

The Administration wants to reemphasize the large unfunded capital program that could use this funding infusion including the possible “purchase” of the 7605 Collins Avenue building for \$6.53 million to create a Marine Science Education Center and Museum that the Commission approved at the May 2025 Commission meeting for consideration during the FY 2026 budget process.

FISCAL IMPACT STATEMENT

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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 City Administration (“Administration”) recommends that the Finance and Economic Resiliency Committee (“FERC” or “Committee”) discuss this item and provide input.

Applicable Area

North Beach

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 Laura Dominguez
Commissioner Tanya K. Bhatt

Co-sponsor(s)

Condensed Title

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