



COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
 FROM: Eric Carpenter, City Manager
 DATE: September 25, 2024 5:01 p.m. Second Reading Public Hearing
 TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING THE FINAL BUDGETS FOR THE GENERAL, G.O. DEBT SERVICE, CITY CENTER RDA AD VALOREM TAXES, NORTH BEACH CRA AD VALOREM TAXES, ENTERPRISE, INTERNAL SERVICE, AND SPECIAL REVENUE FUNDS FOR FISCAL YEAR 2025.

RECOMMENDATION

The Administration recommends that the Mayor and City Commission adopt the attached Resolution which adopts the final budgets for the General, General Obligation (G.O.) Debt Service, City Center Redevelopment Agency (RDA) Ad Valorem Taxes, North Beach Community Redevelopment Agency (CRA) Ad Valorem Taxes, Enterprise, Internal Service, and Special Revenue Funds for Fiscal Year (FY) 2025.

As summarized below, the City’s total final operating budget for FY 2025, net of interfund transfers, is \$877.7 million which includes the General, G.O. Debt Service, Enterprise, and Special Revenue Funds budgets, as well as the City’s contributions to the City Center Redevelopment and North Beach Community Redevelopment Areas. Overall, this represents an increase of \$48.6 million, or 5.9%, over the City’s total operating budget of \$829.1 million that was adopted for FY 2024.

| | FY 2024 Adopted | FY 2025 Budget | \$ Variance | % Variance |
|----------------------------------|----------------------|----------------------|---------------------|-------------|
| General Fund | \$427,648,000 | \$456,164,000 | \$28,516,000 | 6.7% |
| G.O. Debt Service | 16,295,000 | 16,298,000 | 3,000 | 0.02% |
| City Center RDA Ad Valorem Taxes | 31,026,000 | 33,909,000 | 2,883,000 | 9.3% |
| North Beach CRA Ad Valorem Taxes | 1,082,000 | 1,396,000 | 314,000 | 29.0% |
| Enterprise Funds | 289,117,000 | 304,770,000 | 15,653,000 | 5.4% |
| Special Revenue Funds | 148,680,000 | 147,081,000 | (1,599,000) | -1.1% |
| Total All Funds | \$913,848,000 | \$959,618,000 | \$45,770,000 | 5.0% |
| Less Transfers | (84,728,000) | (81,917,000) | 2,811,000 | -3.3% |
| Grand Total All Funds | \$829,120,000 | \$877,701,000 | \$48,581,000 | 5.9% |

Internal Service Funds* \$132,102,000 \$136,208,000 \$4,106,000 3.1%

**Presented for informational purposes only; costs allocated within the General, Special Revenue, and Enterprise Funds, etc.*

BACKGROUND/HISTORY

See information provided below.

ANALYSIS

As outlined in the companion General Operating Millage Agenda Item, Section 200.065, Florida Statutes, specifies the manner in which the City’s budgets must be adopted. First, the final millage rate for both general operating and debt service is adopted, then immediately thereafter, the final

budgets by fund are adopted. The Resolution adopting the final budgets for the General, G.O. Debt Service, City Center RDA Ad Valorem Taxes, North Beach CRA Ad Valorem Taxes, Enterprise, Internal Service, and Special Revenue Funds for FY 2025 is, therefore, presented to you at this time for final adoption.

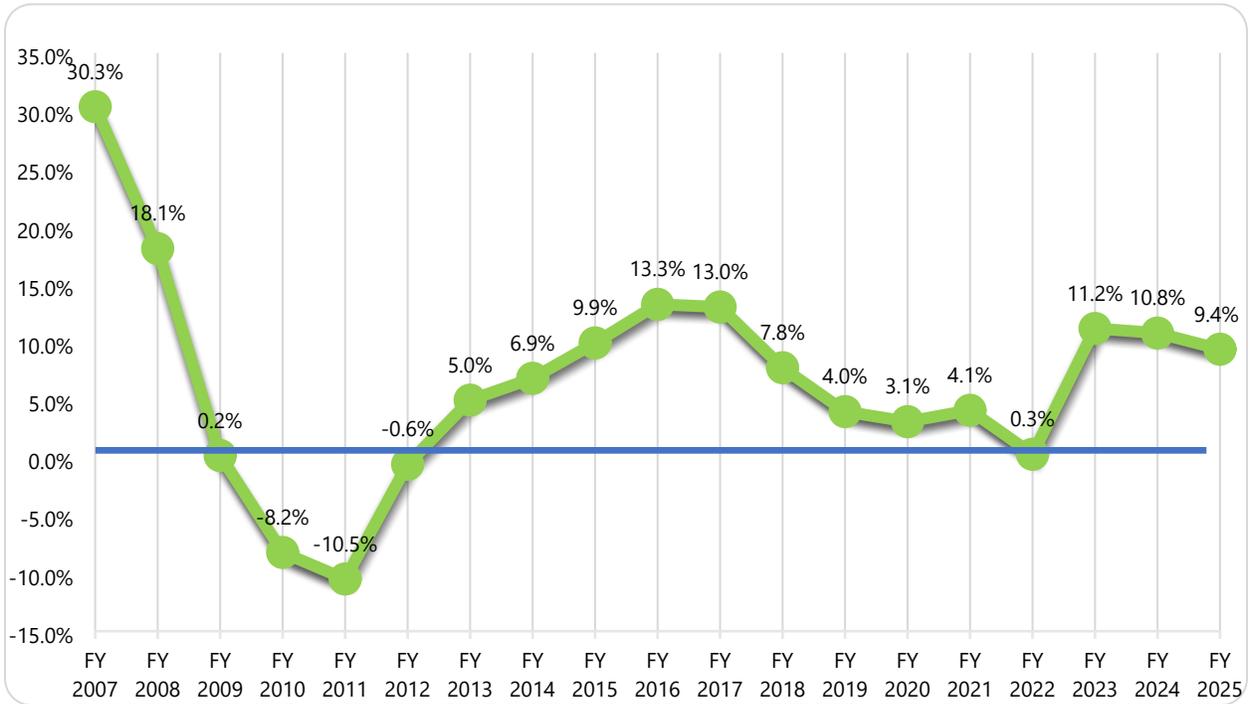
PROPERTY VALUES

On July 1, 2024, the City received the 2024 Certified Taxable Values from the Miami-Dade County Property Appraiser. As summarized below, the City's overall taxable property values increased approximately \$4.8 billion, or 9.4%, from the 2023 Certified Taxable Values of \$51.6 billion to the 2024 Certified Taxable Values of \$56.4 billion, which included a \$4.5 billion, or 8.8%, increase in the City's existing values and a \$0.3 billion increase in new construction values. Within the overall increase, however, property values within the City Center Redevelopment Area and the North Beach Community Redevelopment Area increased by 8.4% and 6.6%, respectively, compared to the previous year.

| | July 2023 Certified | July 2024 Certified | \$ Change | % Change |
|--|-------------------------|-------------------------|------------------------|-------------|
| Property Values: | | | | |
| Existing Values | \$51,560,772,230 | \$56,099,794,992 | \$4,539,022,762 | 8.8% |
| New Construction | - | 297,152,107 | 297,152,107 | 100.0% |
| Total | \$51,560,772,230 | \$56,396,947,099 | \$4,836,174,869 | 9.4% |
| City Center Redevelopment Area | \$6,188,026,922 | \$6,709,447,439 | \$521,420,517 | 8.4% |
| North Beach Community Redevelopment Area | 1,730,558,116 | 1,844,424,002 | 113,865,886 | 6.6% |
| Total (Net of RDA & CRA) | \$43,642,187,192 | \$47,843,075,658 | \$4,200,888,466 | 9.6% |

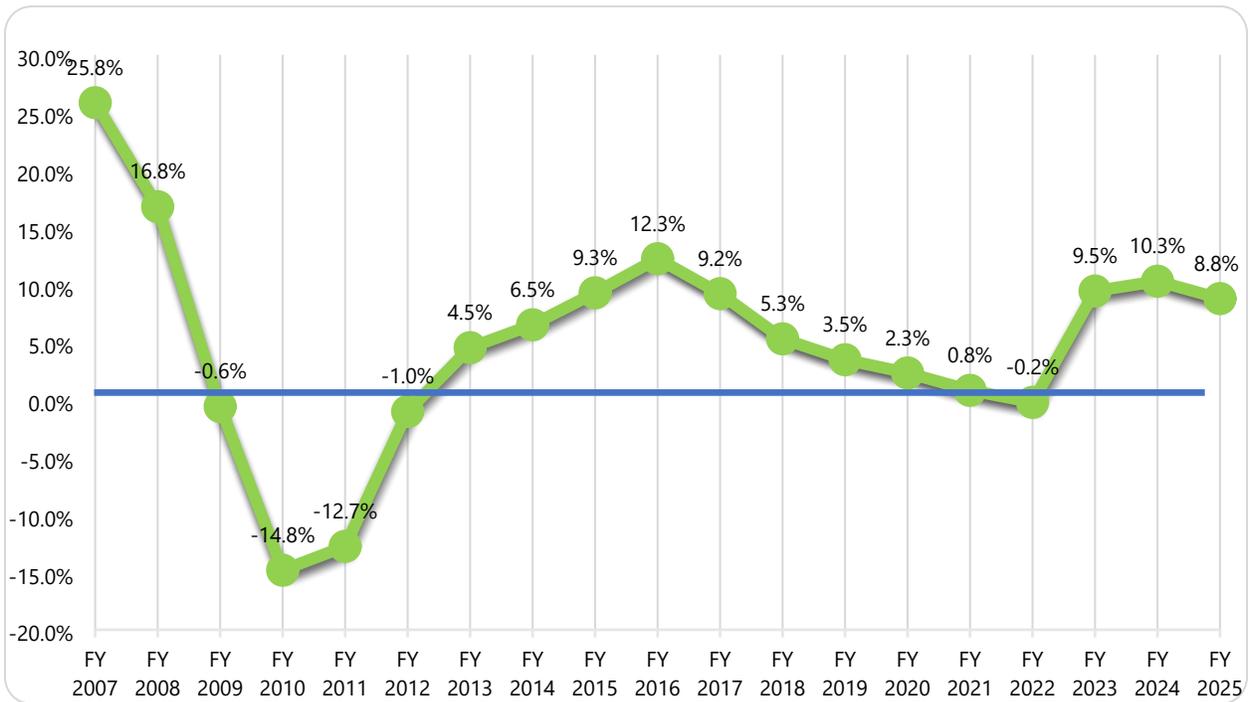
It is important to note that while the City's overall taxable values increased by \$4.8 billion, or 9.4%, compared to the previous year, overall taxable property values within the City since FY 2023 have been increasing at a diminishing rate.

Overall Property Value Trend

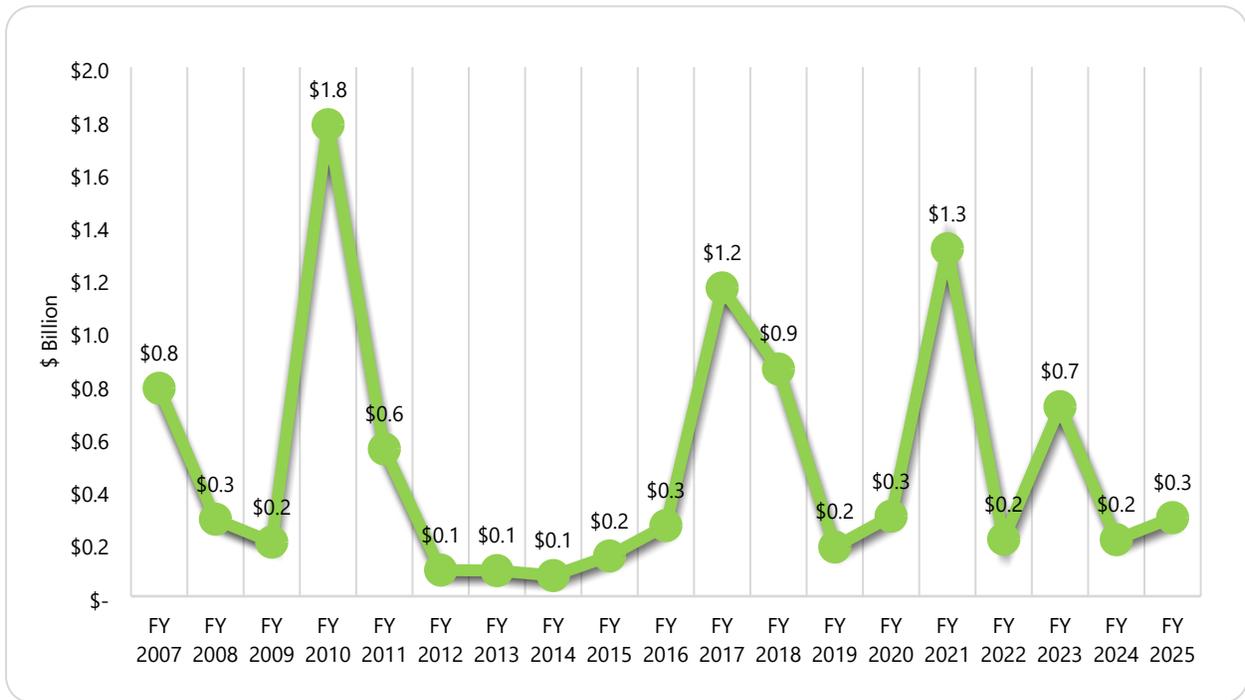


The overall increase in values of \$4.8 billion, or 9.4%, is comprised of a \$4.5 billion, or 8.8%, increase in existing values and a \$0.3 billion increase in new construction values.

Existing Property Value Trend



New Construction Value Trend



COLLECTIVE BARGAINING UPDATE

The Administration is in the process of negotiating with the City's five (5) collective bargaining units as all their agreements will expire on September 30, 2024, with the exception of American Federation of State, County, and Municipal Employees (AFSCME), which expires on April 30, 2025. Agreements are generally negotiated for a three-year period. For this round of negotiations, those years are FY 2025, FY 2026, and FY 2027, with the exception of AFSCME. The five (5) unions are:

1. American Federation of State, County, and Municipal Employees (AFSCME)
2. Communication Workers of America (CWA)
3. Fraternal Order of Police (FOP)
4. Government Supervisors Association of Florida (GSA)
5. International Association of Fire Fighters (IAFF)

The City's goals for these negotiations are to provide fair and sustainable wage increases, incentivize positions and assignments to improve retention and recruitment, manage labor and pension costs for short and long-term sustainability, avoid new and/or increased specialty and incentive pays, and reach a fair labor agreement with each union, reflective of items of importance to both the City and to that union.

To date, the Administration has held numerous negotiation sessions with its unions. Proposals that have been received from the bargaining units have been cost-significant, given the impact of recent inflation and optimism regarding current property values and resort taxes, which is not representative of future trends.

Negotiations are, therefore, ongoing with the goal that tentative agreements will be reached in the next few weeks and months. As each tentative Collective Bargaining Agreement (CBA) is finalized, it is subject to voter approval by union membership and then taken to City Commission for approval. As more information becomes available over time, the Administration will continue to update and refine the related cost projections.

GENERAL FUND BUDGET

The General Fund is the primary source of funding for many City services that are provided such as Police and Fire, as well as Parks and Recreation, Public Works, Code Compliance, among other services. Revenues that fund these services and the various other City services in the General Fund are comprised of ad valorem property taxes, franchise and utility taxes, business license and permit fees, revenue sharing from various statewide taxes, intergovernmental revenues from Miami-Dade County, user fees for services, fines, rents and concession fees, and interest income. Additionally, the City’s 2% Resort Tax Fund contributes funding annually for tourism-related services provided by General Fund departments.

At the July 12, 2024 Finance and Economic Resiliency Committee (FERC) Budget Briefing, the Mayor and City Commission were briefed regarding the preliminary FY 2025 General Fund budget. The preliminary budget represents the cost of providing the same level of services as in the prior year and serves as the baseline of funding for the annual budget development process.

| General Fund | FY 2025 Based on July 1st Values |
|----------------------|--|
| Revenues | \$456,592,000 |
| Expenditures | 440,427,000 |
| Surplus/(Gap) | \$16,163,000 |

The Administration also identified and recommended a combination of one-time and recurring expenditure enhancements and reductions/efficiencies, as well as expenditure refinements, which, if recommended by the FERC, would have resulted in a balanced FY 2025 General Fund budget.

| FY 2025 General Fund Balancing Strategies | \$ |
|---|---------------------|
| Preliminary Surplus/(Gap) | \$16,163,000 |
| Recommended “One-Time” Expenditure Enhancements/Reductions | (2,694,000) |
| Recommended Recurring Expenditure Enhancements/Reductions | (4,557,000) |
| Remaining Surplus/(Gap) | \$8,912,000 |
| Expenditure Refinements (Capital Needs/Collective Bargaining Set aside) | (8,912,000) |
| Net Surplus/(Gap) | \$- |

The FERC accepted most of the Administration’s recommendations summarized above and made several recommendations to include additional expenditure enhancements as part of the FY 2025 General Fund budget.

Adjustments Subsequent to Budget Briefings

Based on the recommendations of the FERC at the July 12, 2024 Budget Briefing, as well as items that were adopted by the Mayor and City Commission at the July 24, 2024 City Commission

meeting, the Administration updated and further refined the FY 2025 General Fund budget. These updates and adjustments are detailed below.

| FY 2025 General Fund Balancing Strategies | \$ |
|---|------------|
| Surplus/(Gap) as of July 12, 2024 FERC Budget Briefing | \$- |
| Recommended "One-Time" Expenditure Enhancements/Reductions | (295,000) |
| Recommended Recurring Expenditure Enhancements/Reductions | (637,000) |
| Revenue Refinements | (404,000) |
| Expenditure Refinements | 1,336,000 |
| Net Surplus/(Gap) | \$- |

Recommended "One-Time" Expenditure Enhancements/Reductions – (\$295,000)

- At the July 12, 2024 Budget Briefing, the FERC recommended funding for the following one-time General Fund enhancements – (\$295,000)
 - Intensity and Density Capacity Analysis – (\$220,000)
 - Mixed-Use Entertainment (MXE) District Revenue and Expenditure Analysis – (\$75,000)

Additional Recommended Recurring Expenditure Enhancements/Reductions – (\$637,000)

- At the July 12, 2024 Budget Briefing, the FERC recommended funding for the following recurring General Fund enhancements – (\$507,000)
 - Two (2) additional full-time Detention Officers in the Miami Beach Police Department (MBPD) – (\$344,000)
 - Set aside funding for proposed amendment to Miami New Drama, Inc. management agreement for the management, maintenance, and promotion of the Colony Theatre, subject to City Commission approval – (\$220,000)
 - Allocate funding in the Fire Department's FY 2025 budget to allow for the reclassification of an existing budgeted position to a full-time Emergency Management Fire Division Chief within the Fire Department instead of adding an additional full-time position which was originally recommended by the Administration – \$200,000
 - Allocate funding for three (3) full-time Area Managers to be funded in the FY 2025 budget instead of one (1) full-time Area Manager and two (2) part-time Cleanliness Assessors which was originally recommended by the Administration – (\$113,000)
 - Additional Funding to the Normandy Fountain Business Association for Normandy Fountain Programming – (\$30,000)
- At the July 24, 2024 City Commission meeting, the Mayor and City Commission approved the following additional enhancements – (\$130,000)
 - Funding for conferences, civic, non-profit, and community events for the City's elected officials, as adopted by Resolution No. 2024-33200 – (\$105,000)
 - Annual grant contribution for Pridelines Miami Beach Project SAFE (Safe Accommodations For Everyone), as adopted by Resolution No. 2024-33181 – (\$25,000)

Revenue Refinements – (\$404,000)

- Finalization of FY 2025 General Fund administrative fees based on cost allocation study completed during FY 2024 – (\$369,000)
- Refinement of other miscellaneous General Fund revenues based on finalization of the proposed FY 2025 budgets – (\$35,000)

Expenditure Refinements – \$1,336,000

- Finalization of FY 2025 Internal Service Department budgets and allocations – \$189,000
- Refinement of other miscellaneous General Fund expenditures based on finalization of the proposed FY 2025 budgets – (\$34,000)
- Adjustment in recommended FY 2025 set aside for unfunded capital needs and collective bargaining – \$1,181,000
 - As a result of the additional adjustments made based on the recommendations of the FERC at the July 12, 2024 Budget Briefing and finalization of the FY 2025 budgets proposed, the set aside for unfunded capital needs and collective bargaining was decreased from \$8,912,000 to \$7,731,000

First Public Hearing

At the first public hearing on September 16, 2024, the Administration presented the proposed FY 2025 General Fund budget to the Mayor and City Commission, which was balanced.

The Mayor and City Commission brought forth several additional one-time and recurring General Fund expenditure enhancements totaling \$1,013,000 for consideration and inclusion in the FY 2025 General Fund budget. In addition, adjustments in funding for enhancements that were previously recommended for funding in FY 2025 were brought forth.

Based on the most recent current year projections as of the third quarter of FY 2024 and information available, the Administration also identified and recommended several additional opportunities to further refine the General Fund expenditures for FY 2025.

These additional one-time and recurring expenditure enhancements, as well as adjustments, which are summarized below, were approved by the Mayor and City Commission for inclusion in the FY 2025 General Fund budget at the first public hearing on September 16, 2024.

Expenditure Refinements – \$963,000

- A one-time one-month employee and employer health insurance holiday for FY 2025 based on current year claims for the City's self-funded medical and dental health plans trending at lower levels compared to previous years – \$816,000
- Grant award from the State of Florida for senior programming and services to replace existing budgeted expenditures – \$175,000
- Adjustment in FY 2025 General Fund operating contingency – (\$28,000)

Recommended "One-Time" Expenditure Enhancements/Reductions – (\$963,000)

- Purchase and Installation of Decorative Lighting on West Side of Ocean Drive – (\$428,000)
- South Shore Community Center Facility Renewal and Replacement Projects – (\$250,000)
- South Shore Community Center Senior Meals Pilot Program – (\$175,000)
- Palm/Hibiscus Island Aesthetic Lighting Project (split-funded) – (\$60,000)
- Miami Dade College (MDC) First Generation Scholarship Pilot Program – (\$30,000)
- Teacher Appreciation Events – (\$20,000)

Recommended Recurring Expenditure Enhancements/Reductions – (\$-)

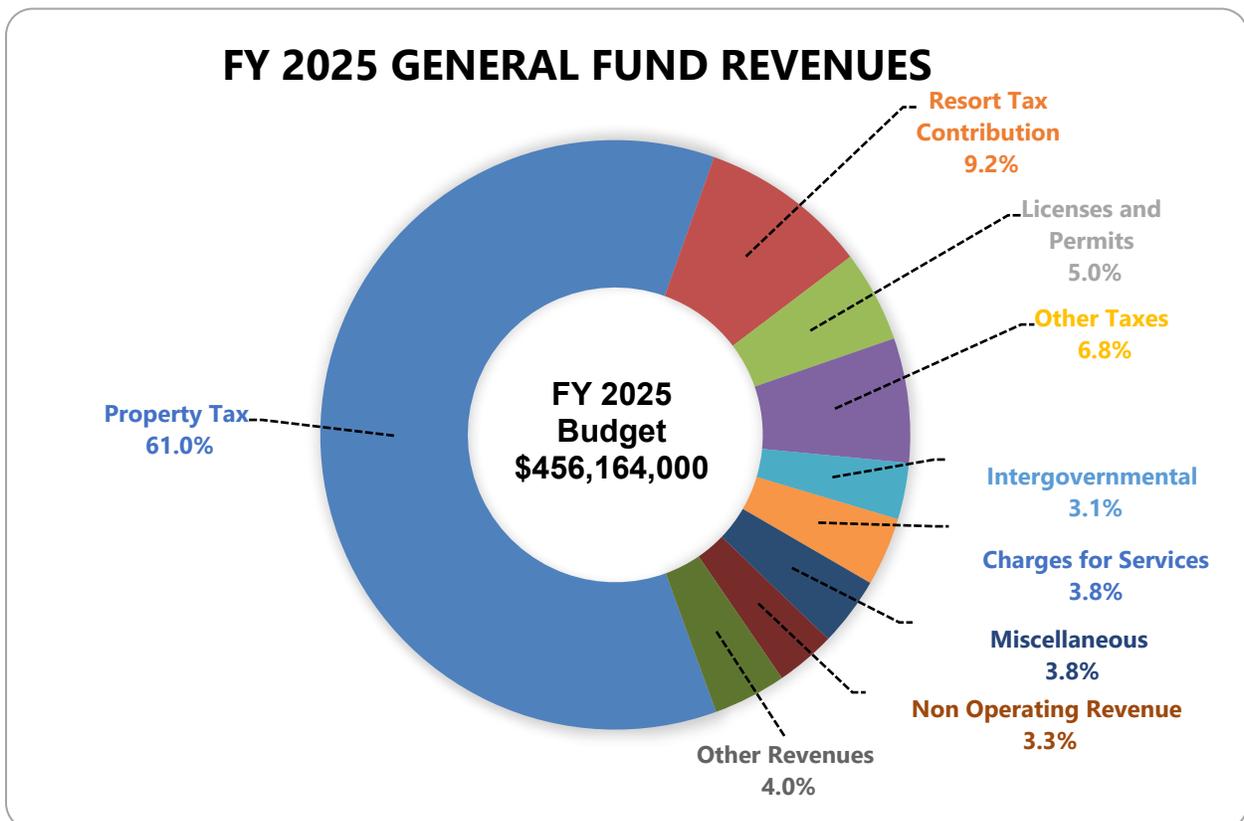
- Additional Funding for UNIDAD Senior Center and Programming – (\$50,000)
- Adjustment in the annual funding allocation for conferences, civic, non-profit, and community events for the City’s elected officials of \$105,000 to \$75,000 – \$30,000
- Adjustment in the set aside for the proposed amendment to the Miami New Drama, Inc. management agreement for the management, maintenance, and promotion of the Colony Theatre from \$220,000 to \$200,000 – \$20,000

FY 2025 GENERAL FUND BUDGET

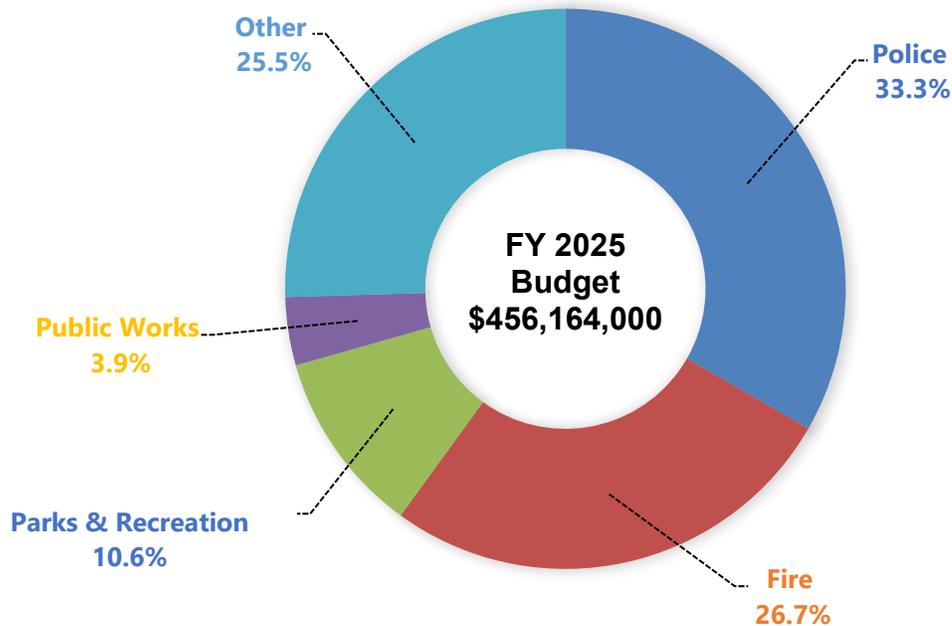
Based on discussion and direction given at the May 20, 2024 Commission Budget Retreat, the two (2) FERC Budget Briefings that were held on June 21, 2024 and July 12, 2024, the additional budget adjustments made over the summer recess, and direction given by the Mayor and City Commission at the first public hearing on September 16, 2024, the Administration proposes the following FY 2025 General Fund budget, which, if approved by the Mayor and City Commission, will result in a **balanced budget** that includes the expenditure enhancements/reductions listed below.

| September 25, 2024 Budget | \$ |
|---------------------------|---------------|
| Revenues | \$456,164,000 |
| Expenditures | 456,164,000 |
| Surplus/(Gap) | \$- |

The charts below reflect the major revenue and expenditure categories of the FY 2025 General Fund budget totaling \$456,164,000.



FY 2025 GENERAL FUND EXPENDITURES



Recommended “One-Time” General Fund Expenditure Enhancements/Reductions – Attachment A – (\$3,952,000)

After an extensive review of the enhancements requested by departments, requests originating from the City’s various Commission Committees, and direction provided by the Mayor and City Commission at various meetings, Attachment A reflects a listing of all FY 2025 expenditure enhancements/reductions with detailed descriptions. The one-time enhancements/reductions summarized below reflect those that are currently recommended for funding in FY 2025 from the General Fund.

Police High Visibility Overtime: (\$1,900,000)

In response to the heightened concerns following the attacks against Israel on October 7, 2023, the Miami Beach Police Department initiated a high-visibility detail aimed at ensuring the safety of local residents, businesses, and religious institutions. This overtime detail addresses the concerns expressed by community members, elected officials, and religious leaders regarding the potential for localized attacks and/or criminal activities targeting individuals of the specific religious faith.

Given the ongoing nature of the potential threat, the overtime detail has been extended. As this need was unforeseen, the expenses associated with this detail were not budgeted for initially. Therefore, it is imperative that additional funding be secured to sustain this critical initiative in the upcoming fiscal year.

Decorative Lighting on West Side of Ocean Drive: (\$428,000)

One-time request to allocate funding to purchase and install decorative lighting along the west side of Ocean Drive as approved by the Mayor and City Commission at the September 16, 2024 City Commission meeting.

Educational Enhancements for Additional Services and Equipment: (\$394,000)

One-time funding totaling \$393,163, as discussed and recommended by the Finance and Economic Resiliency Committee (FERC) at its March 22, 2024 meeting and adopted by

the City Commission on May 15, 2024, through Resolution No. 2024-33016, for STEM equipment, STEAM+ and International Baccalaureate (IB) program services, Stop-the-Bleed kits, and virtual tour services pertaining to the anticipated addition of various educational initiatives at the following seven (7) private/charter schools with active memberships on the Quality Education Committee:

1. Lehrman Community Day School - \$45,833
2. Yeshiva Elementary School - \$47,433
3. Temple Beth Sholom Innovation School - \$45,833
4. Mechina of South Florida High School - \$49,466
5. Hebrew Academy Miami - \$51,266
6. Mater Beach Academy - \$104,166
7. The Montessori Academy at St. John's - \$49,166

This enhancement would be budgeted in the Education Compact Fund and funded through a transfer from the General Fund.

South Shore Community Center Renewal and Replacement Project: (\$250,000)

One-time request to allocate and transfer funding from the General Fund to the Capital Renewal and Replacement (CRR) Fund to fund renewal and replacement projects at the South Shore Community Center, including the elevator and generator, as approved by the Mayor and City Commission at the September 16, 2024 City Commission meeting.

Intensity and Density Capacity Analysis: (\$220,000)

One-time funding to retain a consultant to conduct an intensity and density capacity analysis, including analysis and recommendations for individual zoning districts, as discussed and recommended by the Land Use and Sustainability Committee (LUSC) at its March 19, 2024 meeting and Finance and Economic Resiliency Committee (FERC) at its May 24, 2024 meeting and July 12, 2024 FERC Budget Briefing.

Purchase of Four (4) Specialized Pressure Washing Machines: (\$200,000)

This one-time enhancement request is for the purchase of four (4) specialized pressure washing machines for park facilities. The purchase of these rideable specialized pressure washing machines will increase the speed in which staff will be able to service parks.

South Shore Community Center Senior Meals Program: (\$175,000)

Funding for the establishment of a senior congregate meals program at the South Shore Community Center, as approved by the Mayor and City Commission at the September 16, 2024 City Commission meeting.

Feasibility Study for a Compacted Sand Path East of Dunes: (\$100,000)

One-time funding request for feasibility analysis to potentially pursue creating a compacted sand path east of the dune system for pedestrians which would require permitting and approvals from the State of Florida, as discussed and recommended by the Public Safety and Neighborhood Quality of Life Committee (PSNQLC) at its February 14, 2024 meeting and adopted by the City Commission on April 3, 2024, through Resolution No. 2024-33000.

Small Business Grants: (\$100,000)

Grants offered to Miami Beach small businesses experiencing economic hardship to support and service the small business community with practical and attainable access to capital to bridge short-term financial gaps, as discussed and recommended by the Finance and Economic Resiliency Committee (FERC) at its June 28, 2024 meeting. This request was presented at the July 12, 2024 FERC Budget Briefing as recommended. The City Commission subsequently adopted a Resolution on July 24, 2024 accepting the recommendation of the FERC to include funding in the FY 2025 budget for this request.

These grants, which would be offered in increments of up to \$5,000 per business, would provide critical assistance to small businesses across the City, facilitating the urgent deployment of capital and support to help these businesses, ensuring that these enterprises not only endure the slower economic periods but also achieve sustainability year-round.

Mixed-Use Entertainment (MXE) District Revenue and Expenditure Analysis: (\$75,000)

One-time funding request in an amount not to exceed \$75,000 for the City to engage a consultant to provide an updated Mixed-Use Entertainment District (MXE) revenue and expenditure analysis, as discussed and recommended by the Finance and Economic Resiliency Committee (FERC) at the July 12, 2024 FERC Budget Briefing.

Palm/Hibiscus Island Aesthetic Lighting: (\$60,000)

One-time request to allocate and transfer funding from the General Fund to the Capital Pay-As-You-Go (PayGo) Fund to fully fund the installation of aesthetic lighting in Palm/Hibiscus Island as approved by the Mayor and City Commission at the September 16, 2024 City Commission meeting. The total cost is estimated at \$300,000, of which \$240,000 in funding has been identified in the capital budget through the re-alignment of funding from other projects leaving a balance of \$60,000 that is needed to fully fund this lighting project.

Miami Dade College (MDC) First Generation Scholarship Program: (\$30,000)

One-time request to provide funding for Miami Dade College (MDC) first generation college scholarships for Miami Beach residents, as approved by the Mayor and City Commission at the September 16, 2024 City Commission meeting.

This enhancement would be budgeted in the Education Compact Fund and funded through a transfer from the General Fund.

Teacher Appreciation Events: (\$20,000)

One-time request to allocate funding to organize a teacher appreciation event during the month of May to create a memorable experience that celebrates the selfless dedication of teachers in Miami Beach, as approved by the Mayor and City Commission at the September 16, 2024 City Commission meeting.

This enhancement would be budgeted in the Education Compact Fund and funded through a transfer from the General Fund.

Recommended Recurring General Fund Expenditure Enhancements/Reductions – Attachment A – (\$5,194,000)

Similar to the one-time expenditure enhancements/reductions, Attachment A also reflects a listing of all recurring FY 2025 expenditure enhancements/reductions with detailed descriptions. The recurring enhancements/reductions summarized below reflect those currently recommended for funding in FY 2025 from the General Fund.

Additional Transfer to PayGo Capital based on Projected General Fund Interest Income: (\$2,043,000)

Using General Fund interest income for one-time expenditures is a prudent financial strategy for local governments, particularly given the volatility of interest rates. Interest rates can fluctuate significantly due to economic conditions, monetary policy, and market forces. Relying on interest income for recurring expenditures is risky, as a decline in rates could lead to a decline in expected revenues and cause an unexpected shortfall. By using interest income for one-time expenditures, the City would avoid creating budget gaps, if

interest income decreases.

As a result, the City Administration recommends allocating 25% of the projected FY 2025 interest income in the General Fund (approx. \$8.2 million) to be transferred for one-time capital expenditures. Based on the FY 2025 projections, this would equate to approximately \$2.0 million. The percentage of General Fund interest income to be allocated for one-time capital expenditures will be increased by 5% per fiscal year on a recurring basis.

Additional Full-Time Detention Officers (2) for Miami Beach Police Department: (\$344,000)

The addition of two (2) full-time Detention Officer in the Police Department will aid Police Officers from being pulled from patrol activities in order to conduct jail and/or transport duties. Currently, the Police Department has eight (8) full-time Detention Officer positions budgeted. These additional positions will allow for the Police Department to be able to staff three (3) Detention Officers per shift with an additional position in order to improve operational effectiveness, as discussed and recommended by the Finance and Economic Resiliency Committee (FERC) at the July 12, 2024 FERC Budget Briefing.

Additional Full-Time Non-Sworn Positions (4) for Real Time Intelligence Center: (\$325,000)

This request for four (4) additional non-sworn full-time Real Time Crime Specialist positions will increase the operational hours of the Real Time Intelligence Center (RTIC). The current staffing level, which includes two full-time positions, provides for one shift, from 11 am to 7 pm. This enhancement will extend operations to two shifts, from 6 am to 4 pm and 3 pm to 1 am, 7 days a week. In addition, this increased staffing level will allow for up to 24-hour coverage during high-impact periods.

This request is being submitted by the Police Department for consideration in the FY 2025 budget based on direction from the City Commission at the January 31, 2024 City Commission meeting, through Resolution No. 2024-32894, as well as discussed and recommended by the Finance and Economic Resiliency Committee (FERC) at its May 24, 2024 meeting.

Three (3) Full-Time Area Managers: (\$325,000)

During the FY 2024 budget process, the concept and idea of Area Managers with a distinct focus on specific geographic areas of the City was raised for consideration, which the City Commission did not proceed with at that time. This request is being revisited and the concept is proposed to be implemented as part of the FY 2025 budget.

The Administration's recommendation was to add one (1) full-time Area Manager and two (2) part-time Cleanliness Assessors that would conduct four (4) assessments per block per year, which amounts to a total of approximately 9,600 block assessments per year throughout North, Middle, and South Beach. At the July 12, 2024 Finance and Economic Resiliency Committee (FERC) Budget Briefing, the FERC recommended that the original request of three (3) full-time Area Managers be recommended for funding commencing in the FY 2025 budget. These positions will be added to the Public Works Control Room Division.

Educational Initiatives Enhancements: (\$224,000)

Recurring funding totaling \$189,252, as discussed and recommended by the Finance and Economic Resiliency Committee (FERC) at its March 22, 2024 meeting and adopted by the City Commission on May 15, 2024, through Resolution No. 2024-33016, for educational initiatives/programs such as the math and reading interventionist programs at the following seven (7) private/charter schools with active memberships on the Quality Education Committee:

1. Lehrman Community Day School - \$28,725.75
2. Yeshiva Elementary School - \$20,840.25
3. Temple Beth Sholom Innovation School - \$10,326.25
4. Mechina of South Florida High School - \$6,946.75
5. Hebrew Academy Miami - \$41,868.25
6. Mater Beach Academy - \$73,785.75
7. The Montessori Academy at St. John's - \$6,759.00

This request also includes one (1) full-time Education Compact Coordinator position totaling \$84,748 (incl. salaries and benefits) needed to develop, implement, and manage these initiatives/programs, which is partially offset based on the proposed re-alignment of \$50,000 allocated for the outsourced management of the STEAM program by the Bass Museum to be used to fund this position. This enhancement would be budgeted in the Education Compact Fund and funded through a transfer from the General Fund.

Full-Time Municipal Service Worker (MSW) II Positions (4) – Parks Division: (\$224,000)

As Parks services and demand continues to grow and in response to the Resident Survey results pertaining to cleanliness, the requests for the rapid delivery of services and turnaround times increases. This enhancement is to facilitate this through the addition of four (4) full-time Municipal Service Worker II (MSW II) positions for the north and south ends of the City. These positions would provide litter control services, cleaning in the parks, and other parks services citywide.

Additional Funding for Miami New Drama Management Agreement: (\$200,000)

Set aside funding in the FY 2025 budget to potentially increase the City's current annual contribution of \$500,000 to Miami New Drama, Inc. per the current management agreement by up to \$220,000 for a total amount of up to \$720,000 for the management, maintenance, and promotion of the Colony Theatre, subject to approval and execution of an amended management agreement between the City and Miami New Drama, Inc., as discussed and recommended by the Finance and Economic Resiliency Committee (FERC) at the July 12, 2024 FERC Budget Briefing.

At the September 16, 2024 City Commission meeting, the increase in the annual allocation of up to \$220,000 for Miami New Drama, Inc. that was originally discussed and recommended by the FERC at the July 12, 2024 Budget Briefing was reduced by \$20,000 to \$200,000.

Miami-Dade County Crime Lab Staffing: (\$200,000)

This enhancement would provide funding for the employment of two (2) Criminologist Technicians in the Miami-Dade County Crime Lab for the purpose of processing marijuana and other illegal controlled substances, as discussed and adopted by the City Commission on January 31, 2024, through Resolution No. 2024-32900.

Contracted Bus Services for After-School Program Pick-ups: (\$175,000)

Through this enhancement, the Parks and Recreation Department can provide children with dedicated school bus routes, which operate Monday through Friday. The primary issue currently being faced is the persistent difficulty in securing and retaining qualified bus drivers with the necessary Commercial Driver's Licenses (CDLs). The shortage of skilled personnel has reached a critical point, threatening the consistent provision of transportation services for our participants. Additionally, the frequency of employee callouts has further exacerbated staffing challenges. These unforeseen absences strain the existing workforce and compromise the reliability of the school bus route, impacting the punctuality and safety of participants who commute to our after-school programs.

Preventative Maintenance for Aquatic Facilities: (\$120,000)

Currently, the Parks and Recreation Department does not have an established preventative maintenance plan for the City's pool pump rooms and equipment at each

aquatic facility. This request is for the establishment of a preventative maintenance plan. Having dedicated funding for this plan will support troubleshooting and diagnostics, while providing essential repairs, which will decrease the need for emergency repairs and allow the aquatics division to properly plan and budget for any equipment replacements over time.

Additional Full-Time Assistant City Attorney II Position for Municipal Prosecution Program: (\$115,000)

The City, by and through the City Attorney's Office and its two (2) Municipal Prosecutors, currently prosecutes criminal defendants arrested by the Miami Beach Police Department when any defendant is solely arrested for one (1) or more criminal City Ordinance violations. In addition to the many varied criminal City Ordinance violations for which a defendant can be arrested (including several offenses that have been added within the last year), the Mayor and City Commission have also adopted seven (7) State law violations, by specific reference, thereby making those seven (7) State law offenses also arrestable pursuant to the City Code (and thereby prosecuted by the City's Municipal Prosecutors, and not by the State Attorney's Office).

Since May 1, 2022, the City's Municipal Prosecutors have handled approximately 950 cases (and the vast majority of cases require multiple court appearances, along with work in between court appearances) prior to a final disposition (i.e., plea, trial, sentencing, etc.) being reached.

From January 1, 2024 - June 30, 2024, the two (2) Municipal Prosecutors have handled approximately 317 cases, as compared to 198 cases handled during the same period of the previous year. Moreover, it is anticipated that the caseload will continue to grow for the reasons stated herein.

Camillus House Health Concern Initiative: (\$100,000)

On July 26, 2023, the Mayor and City Commission approved the one-time reallocation of \$100,000 of unexpended FY 2023 funds originally allocated to the Camillus House Lazarus Program to Camillus House Health Concern, through Resolution No. 2023-32693. Camillus House Health Concern provides specialized medical outreach to persons experiencing homelessness. On October 20, 2023, the City executed a services agreement with Camillus Health Concern for specialized medical outreach to persons experiencing homelessness. The vendor conducts weekly visits to persons identified by the Homeless Outreach Services team and provides a variety of medical services, which have resulted in positive engagements. In response to the Resident Survey results pertaining to homelessness concerns in the city, this enhancement will allow the city to continue with both general health and mental health services for the homeless.

The program is currently funded as a pilot and the Administration recommends renewing the program agreement on a recurring basis.

Full-Time Human Resources Records Technician Position: (\$76,000)

This request is for a full-time Human Resources Records Technician position that will be responsible for managing a records program for the Human Resources Department, including the retention, storage and maintenance of records, and development of records management procedures to ensure that the Human Resources Department keeps current with state laws governing public records.

Funding for Conferences, Civic, Non-Profit, and Community Events for Elected Officials: (\$75,000)

This request is to allocate funding in the Office of the Mayor and City Commission's annual operating budget to enable each Elected Official to have the ability to incur up to \$15,000 in expenses associated with attending various educational conferences and seminars, and other civic, non-profit, and community events to carry out their public duties, including

the purchase of tickets, conference registration fees, and travel expenditures, as adopted by the City Commission on July 24, 2024, through Resolution No. 2024-33200.

At the September 16, 2024 City Commission meeting, the Mayor and City Commission approved that the total allocation of \$105,000 be reduced by \$30,000 to \$75,000.

Additional Funding - Rock Ensemble: (\$70,000)

Young Musicians Unite (YMU) provided a proposal for a Miami Beach Rock Ensemble as an afterschool enrichment through the City's current free afterschool enrichment program, which would include accessibility to charter and private schools. This request for support from YMU for a Miami Beach Rock Ensemble afterschool program is for the following schools, as discussed and recommended by the Finance and Economic Resiliency Committee (FERC) at its April 19, 2024 meeting and adopted by the City Commission on May 15, 2024, through Resolution No. 2024-33017.

1. Miami Beach Fienberg Fisher K-8 - \$25,000
2. Miami Beach Nautilus Middle - \$25,000
3. Miami Beach Sr. High - \$20,000 (in addition to the \$30,000 already budgeted)

This enhancement request would be budgeted in the Education Compact Fund and funded through a transfer from the General Fund.

Additional Funding - Pre-K Scholarships Lottery Program: (\$57,000)

Increase funding for Pre-K Scholarships Lottery Program by an additional \$57,000 for FY 2025, as adopted by the City Commission at its December 13, 2023 meeting, through Resolution No. 2023-32862, which amended Resolution No. 2021-31935 to increase the number of Pre-K scholarships by 19 to a total number 177 and recommended the consideration of an additional \$57,000 as part of the FY 2025 budget process for the 2025-2026 school year and each year thereafter.

This enhancement request would be budgeted in the Education Compact Fund and funded through a transfer from the General Fund.

Additional Funding - State Lobbyist Services: (\$54,000)

Additional funding for State Lobbyist services to advocate for the City during the 2025 Florida Legislative Session, as discussed and recommended by the Finance and Economic Resiliency Committee (FERC) at its April 19, 2024 meeting and adopted by the City Commission on May 15, 2024, through Resolution No. 2024-33025.

Miami Beach Police Department (MBPD) LGBTQ Outreach Initiatives: (\$54,000)

This request is to allocate dedicated funding in the Miami Beach Police Department's annual budget for LGBTQ outreach initiatives, comprised of educational and promotional items, trainings and conferences, personnel, hospitality, and community events and programs, as discussed and recommended by the Finance and Economic Resiliency Committee (FERC) at its June 28, 2024 meeting.

The recommendation of the FERC included that funding for these initiatives be adjusted annually to account for inflation. However, at the July 12, 2024 FERC meeting, the Administration recommended that the annual allocation recommended by the FERC remain the same due to potential fluctuations in annual property values and other General Fund revenues that are impacted by economic and market conditions.

Additional Funding – UNIDAD: (\$50,000)

Additional funding for UNIDAD for the operations of the North Beach Senior Center and programming as approved by the Mayor and City Commission at the September 16, 2024 City Commission meeting.

Request to Reclassify Existing Full-Time Assistant City Clerk Positions: (\$50,000)

There is a salary grade discrepancy between the current classification of the Assistant City Clerk position and other Assistant Director roles within our City. As observed, all other Assistant Director positions within the City are classified at u27. However, the Assistant City Clerk position stands as the singular Assistant Departmental directory role currently classified as u23. The responsibilities, duties, and scope of work of the Assistant City Clerk position closely align with those of the Assistant Director roles, warranting a reconsideration of its classification to be more in line with the established u27 classification and upgrade the u23 paygrade to a u26 paygrade. This would ensure equitable alignment with other roles of similar responsibilities within the Clerk's department. To note, the Records Manager reports to the Assistant City Clerks, but the Records Manager and the Assistant City Clerk share the same paygrade of u23.

Full-Time Emergency Management Fire Division Chief Position: (\$47,000)

Currently, the Deputy Fire Chief of Operations is supervising seven (7) Division Chiefs and five major programs, which has reached the limit of span of control and is hampering efficiency. This includes overseeing Domestic Preparedness & Homeland Security and managing the City of Miami Beach's Emergency Operations Center (EOC), which was previously supervised by an Emergency Management Director position that was eliminated when these operations were transitioned over to the Fire Department.

Adding a full-time Emergency Management Fire Division Chief is crucial to effectively managing these programs, ensuring comprehensive oversight, and maintaining high operational standards across all departments that will lead to continuity and improved service delivery and enhanced disaster management capabilities. This position will oversee and manage the City of Miami Beach Emergency Operations Center (EOC), disaster preparedness, recovery, and mitigation efforts citywide, as well as response of the Special Operations Teams, Marine Operations, SWAT Medics, the Florida FEMA Urban Search and Rescue Team, and FEMA reimbursement programs.

At the July 12, 2024 Finance and Economic Resiliency Committee (FERC) Budget Briefing, the FERC recommended that funding be allocated to allow for the reclassification of an existing position within the Fire Department to fulfill this need in the FY 2025 budget.

Part-Time Office Associate IV Position: (\$39,000)

Although existing staff resources have initially absorbed the Sister Cities Program transition during FY 2024 as a result of Ordinance No. 2024-4599 that was adopted by the City Commission on March 13, 2024, due to the anticipated level of increased Sister Cities engagement and the limited staffing resources within the Economic Development Department, an additional Office Associate IV Part-Time position is being requested. This addition would assist in balancing the needs of the Economic Development Department overall, which would allow existing staff to fully take on the Sister Cities Program without weakening productivity and continuity of existing programs and services in the Economic Development Department. In addition, this position will provide auxiliary assistance with the department's multiple programs that promote business expansion, attraction, and retention.

Body Cameras for Homeless Program Operations: (\$38,000)

The Miami Beach Police Department recently negotiated an agreement for body-worn cameras and ancillary equipment. In response to the Resident Survey results pertaining to homelessness concerns in the city, this enhancement would fund three (3) body-worn cameras to be utilized by the Homeless Outreach Division while transporting persons experiencing homelessness in City vehicles.

Additional Funding for Film Incentive Program: (\$33,000)

Joint efforts are being led through a partnership between the Miami-Dade County Film Office, the Greater Miami Convention and Visitors Bureau (GMCVB), and the City of

Miami Beach Tourism and Culture Department to promote and incentivize film productions to return to the South Florida area. Prospective filmmakers can combine the City's film incentive with the County's new film incentive, aiding our goal of attracting film production to South Florida, and Miami Beach specifically. As a result, this request is to increase funding for the Film Incentive Program from \$67,000 to \$100,000.

Additional Funding for Normandy Fountain Programming: (\$30,000)

This request is to increase the annual contribution to the Normandy Fountain Business Association by \$30,000 from the current amount budgeted of \$60,000 to \$90,000 commencing in FY 2025 to be used for Normandy Fountain Programming, as discussed and recommended by the Finance and Economic Resiliency Committee (FERC) at the July 12, 2024 FERC Budget Briefing.

Pridelines Miami Beach Project SAFE Grant: (\$25,000)

Annual grant in the amount of \$25,000 for Pridelines Miami Beach Project SAFE (Safe Accommodations For Everyone) in view of the importance of this organization and the public purposes served by this programming, as discussed and recommended by the Public Safety and Neighborhood Quality of Life Committee (PSNQLC) at the July 10, 2024 meeting.

This enhancement request would be budgeted in the Education Compact Fund and funded through a transfer from the General Fund. The City Commission subsequently adopted a Resolution on July 24, 2024 accepting the recommendation of the PSNQLC to include funding in the FY 2025 budget for this request.

Additional Funding for Sister Cities: (\$15,000)

To provide greater transparency and direct control of the Sister Cities Program, on February 23, 2024, the Finance and Economic Resiliency Committee (FERC) recommended re-establishing the City's Administration of the Sister Cities Program with oversight by a Council appointed by the Mayor and City Commission, and with the City Administration, via the Economic Development Department, providing program support and serving as liaison to the council, which was adopted by the City Commission on March 13, 2024, through Ordinance No. 2024-4599.

The Sister Cities Program has had an annual City allocation of \$25,000 to cover related expenses (travel costs, lodging, food & beverage, etc.) for delegation visits. Though not all Sister Cities are routinely active, it is anticipated that as existing Sister Cities and elected officials become more engaged in a meaningful and methodical manner, more activity and costs will be generated. An additional \$15,000 toward the Sister Cities Program budget, as recommended by the FERC on February 23, 2024, would better align with the forecasted level of activity and estimated costs.

Additional Funding for Beachfront Café Assessments (Café Index): (\$4,000)

This request seeks additional funding to support the inclusion of forty (40) more cafes currently in operation along public beachfront properties. Generally, this program aims to enhance the quality of outdoor dining for the City's residents and visitors. The Cafe Index provides valuable data to ensure that all assessed cafes align with the City's vision of being cleaner, safer, more beautiful, and vibrant. It also ensures that these cafes are operated and maintained at the highest level of service and quality, fitting for a recognized world-class international resort destination like the City. At the request of Public Works, the addition of these cafes will allow assessors to better evaluate compliance with the City's standards outlined in the outdoor dining concession program. This enhancement covers an additional 40 beachfront cafe assessments at a rate of \$100 for each assessment one time per year.

Impact of Recommended Internal Service Fund Department Enhancements on the General Fund: (\$82,000)

For FY 2025, there are several expenditure enhancements recommended for the City's various Internal Service Fund Departments, such as the Information Technology Department and Risk Management Division of the Human Resources Department. The amount reflected of \$82,000 represents the portion of the total expenditure enhancements recommended for the Internal Service Fund Departments for FY 2025 that will impact the General Fund budget since a large part of each Internal Service Fund Departments' total operating budget is charged back to other City departments and funds based on the services that are provided.

GENERAL FUND RESERVES

The General Fund reserve as of September 30, 2023 is \$106.9 million, which is the equivalent of three (3) months, or 25%, based on the adopted FY 2024 General Fund budget of \$427.6 million. The current reserve policy for the General Fund is a requirement of two (2) months with a goal of three (3) months pursuant to Resolution No. 2019-30954 that was adopted by the City Commission on September 11, 2019. As of September 30, 2023, the City has achieved the 25% General Fund reserve goal.

Based on the General Fund budget for FY 2025, the updated reserve goal for the General Fund increases by approximately \$7.1 million to \$114.0 million, which is the equivalent of three (3) months, or 25%, of the FY 2025 General Fund budget of \$456.2 million.

Of the additional \$7.1 million General Fund reserve requirement based on the General Fund budget for FY 2025 of \$456.2 million, approximately \$3.1 million is included in the General Fund budget leaving a difference of approximately \$4.0 million that will be evaluated as part of the year-end process for FY 2024.

RESORT TAX FUND

The Resort Tax Fund is a Special Revenue Fund that consists of three main components: (1) a 2% Resort Tax comprised of a 2% Bed Tax and 2% Food & Beverage Tax; (2) a 1% Bed Tax for Quality of Life (QOL) capital projects, transportation initiatives, and arts and culture; and (3) a 1% Bed Tax dedicated to the repayment of outstanding debt service for Resort Tax bonds issued as part of the most recent Convention Center renovation and expansion project, as well as funding for renewal and replacement of Convention Center assets.

2% Resort Tax

At the July 12, 2024 FERC Budget Briefing, the Mayor and City Commission were briefed regarding the FY 2025 2% Resort Tax Fund budget. Based on actual 2% Resort Tax collections as of March 2024, which assumed FY 2025 Resort Tax collections to remain flat over FY 2024 projections and the offsetting expenditure adjustments that were presented at the July 12, 2024 FERC Budget Briefing, the FY 2025 2% Resort Tax budget was balanced. These projections remain consistent based on the most recent collections data received as of July 2024.

| 2% Resort Tax | FY 2025 |
|----------------------|----------------|
| Revenues | \$75,615,000 |
| Expenditures | 75,615,000 |
| Surplus/(Gap) | \$- |

The FERC accepted the Administration's recommended FY 2025 2% Resort Tax budget summarized above and made a recommendation to include one (1) expenditure enhancement as part of the FY 2025 budget.

Adjustments Subsequent to Budget Briefings

Based on the recommendations of the FERC at the July 12, 2024 Budget Briefing, the Administration updated the FY 2025 2% Resort Tax budget. These adjustments are detailed further below.

| FY 2025 2% Resort Tax Fund Balancing Strategies | \$ |
|---|-------------|
| Surplus/(Gap) as of July 12, 2024 FERC Budget Briefing | \$- |
| Recommended “One-Time” Expenditure Enhancements/Reductions | (1,000,000) |
| Revenue Refinements | 1,000,000 |
| Net Surplus/(Gap) | \$- |

Recommended “One-Time” Expenditure Enhancements/Reductions – (\$1,000,000)

- At the July 12, 2024 Budget Briefing, the FERC recommended funding for the following one-time Resort Tax enhancement:
 - One-time funding to support the various Miami Beach-based arts and culture organizations that were impacted by the State of Florida’s unprecedented budget cuts – (\$1,000,000)

Revenue Refinements – \$1,000,000

- Use of Resort Tax reserves to provide support to the various Miami Beach-based arts and culture organizations that were impacted by the State of Florida’s unprecedented budget cuts – \$1,000,000

FY 2025 2% RESORT TAX BUDGET

Based on discussion and direction given at the May 20, 2024 Commission Budget Retreat, the two (2) FERC Budget Briefings that were held on June 21, 2024 and July 12, 2024, the additional budget adjustments made over the summer recess, and direction given by Mayor and City Commission at the first public hearing on September 16, 2024, the Administration proposes the following FY 2025 2% Resort Tax budget, which, if approved by the Mayor and City Commission, will result in a **balanced budget** that includes the expenditure enhancements listed below.

| September 25, 2024 Budget | \$ |
|---------------------------|--------------|
| Revenues | \$76,615,000 |
| Expenditures | 76,615,000 |
| Surplus/(Gap) | \$- |

Recommended “One-Time” Resort Tax Enhancements/Reductions – Attachment A – (\$1,000,000)

Attachment A reflects all FY 2025 expenditure enhancements/reductions requested with detailed descriptions. The one-time enhancements/reductions summarized below reflect those currently recommended for funding in FY 2025 from the 2% Resort Tax Fund budget.

Miami Beach Cultural Anchors and Cultural Presenters Grants: (\$1,000,000)

The City of Miami Beach supports various arts and culture organizations through various grants and sponsorship awards. These organizations also rely on funding from the Florida state budget to meet their programming and/or operational needs. During the 2025 state budget process, the State of Florida Division of Arts and Culture recommended funding for various Miami Beach arts and culture organizations (Cultural and Museum Grants), which was vetoed by the Florida Legislature. Prior to the veto, these various arts and culture organizations in the City of Miami Beach were collectively expecting a total of \$960,351.36 in funding.

This one-time request is to provide grants in a total amount of up to \$1.0 million from the City's Resort Tax reserves in FY 2025 to support these Miami Beach-based arts and culture organizations that have been impacted by the unprecedented State budget cuts, as recommended by the Finance and Economic Resiliency Committee (FERC) at the July 12, 2024 Budget Briefing.

On September 11, 2024, the Mayor and City Commission approved grants totaling approximately \$493,000; however, at the September 16, 2024 City Commission meeting the Mayor and City Commission directed the Administration to leave the \$1.0 million budgeted in FY 2025 pending the outcome of Miami-Dade County's decision on funding of these cultural anchors and presenters.

RESORT TAX RESERVES

The 2% Resort Tax reserve as of September 30, 2023 is \$40.1 million, which is the equivalent of six (6) months, or 50%, based on the adopted FY 2024 2% Resort Tax budget of \$80.2 million. The current reserve policy for the 2% Resort Tax budget is a minimum of two (2) months with a goal of six (6) months pursuant to Resolution No. 2019-30664 that was adopted by the City Commission on January 16, 2019. As of September 30, 2023, the City has achieved the six (6) months, or 50%, Resort Tax Fund reserve goal.

Based on the FY 2025 2% Resort Tax budget, the updated reserve goal for the 2% Resort Tax Fund decreases by \$1.8 million to \$38.3 million, which is the equivalent of six (6) months, or 50%, of the FY 2025 2% Resort Tax budget of \$76.6 million.

The City's 2% Resort Tax reserves will be re-evaluated again as part of the year-end process for FY 2024.

FY 2025 ENTERPRISE FUNDS BUDGETS

The City accounts for those goods and services provided by a particular department to external users for which a fee is charged as Enterprise Funds. The City's Water, Sewer, Storm Water, Building, Parking, Convention Center, and Sanitation operations comprise this category of proprietary funds. The FY 2025 Enterprise Funds budgets total \$304.8 million. This represents an increase of approximately \$15.7 million, or 5.4%, from the adopted FY 2024 Enterprise Funds budgets totaling \$289.1 million, primarily due to the following:

- Water reflects an overall increase of approximately \$2.0 million, or 4.4%, primarily due to an increase in the costs for wholesale water purchased from Miami-Dade County's Water and Sewer Department (WASD) based on projected consumption and an increase in the rates for wholesale water purchased in FY 2025 from WASD. In addition, the FY 2025 budget includes a "true-up" expenditure adjustment based on notification from WASD of the results of the prior year's audited operations, as well as an increase in the budgeted set aside for future renewal and replacement of Water capital assets and reserves for future projects that is based on projected revenues in excess of expenditures for FY 2025.
- Sewer reflects an overall decrease of approximately \$76,000, or 0.1%, primarily due to a decrease in costs for sanitary sewer treatment services provided by Miami-Dade County's

Water and Sewer Department (WASD) based on projected usage and a decrease in the rates for sanitary sewer services provided by WASD for FY 2025 of 3.35%. In addition, the FY 2025 budget includes a “true-up” expenditure reduction of \$2.0 million based on notification from WASD of the results of the prior year’s audited operations. These reductions are mostly offset by an increase in the budgeted set aside for future renewal and replacement of Sewer capital assets that is based on projected revenues in excess of expenditures for FY 2025.

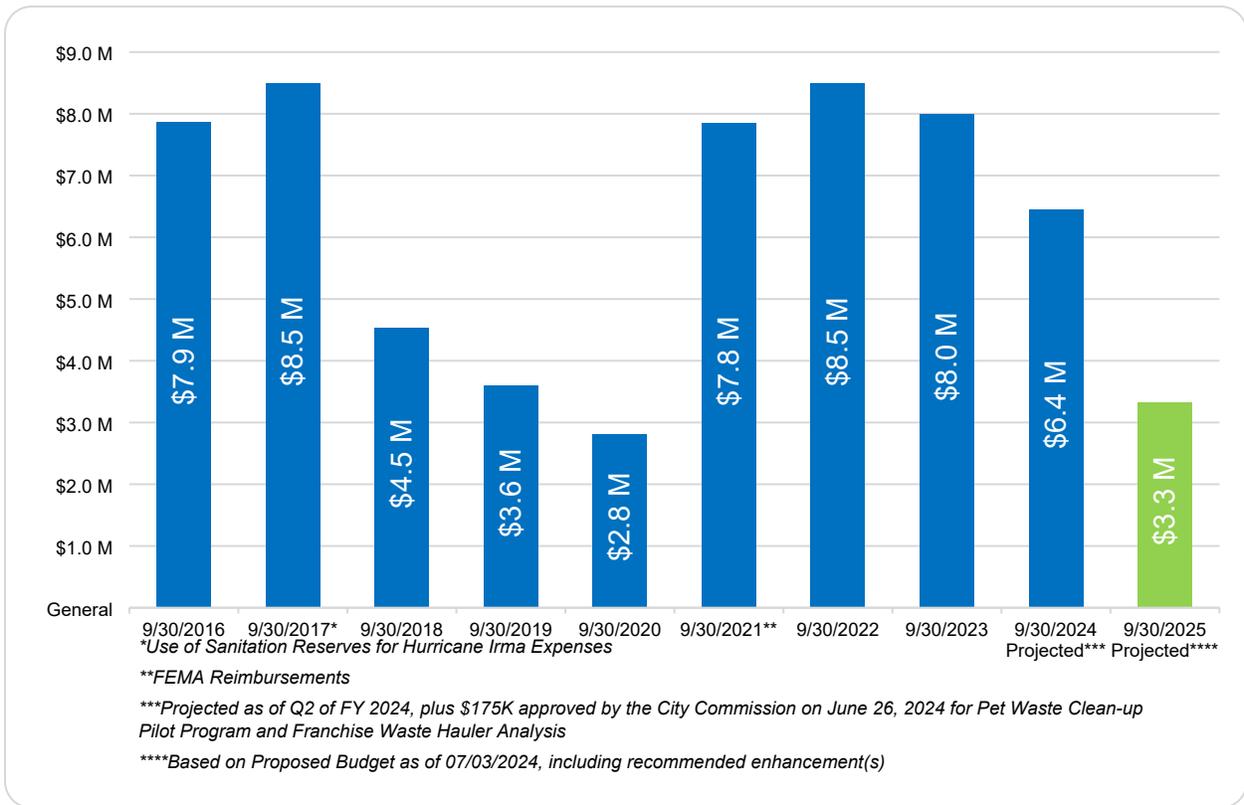
- Storm Water reflects an overall increase of approximately \$1.8 million, or 4.7%, primarily due to an increase in the budgeted set aside for future renewal and replacement of Storm Water capital assets and reserves for future projects that is based on projected revenues in excess of expenditures for FY 2025.
- Building reflects an overall increase of \$457,000, or 2.4%, primarily due to increases personnel expenditures resulting from applicable merit increases and increases in the City’s premiums for health and life insurance for all City employees budgeted in FY 2025.
- Parking reflects an overall increase of approximately \$6.1 million, or 11.5%, primarily due to an increase in the budgeted set aside for reserves for future projects that is based on projected revenues in excess of expenditures for FY 2025.
- The Convention Center Fund reflects an overall increase of \$2.9 million, or 6.3%, primarily due to the number of events anticipated in FY 2025, which is 71, compared to 43 events budgeted in FY 2024, resulting in an increase in projected personnel and operating expenditures necessary to host these anticipated events in FY 2025.

Sanitation Fund Budget

Over the last several years, the Sanitation Fund has had a structural imbalance where the fees charged to users for services provided and revenues collected have not been sufficient to cover the costs for the services being provided by Sanitation. As part of the FY 2020 budget development process, the Administration performed a Zero-Based Budget (ZBB) exercise for the Sanitation Fund to identify multiple expenditure and revenue options to close the structural imbalance, of which only certain items were approved by the Mayor and City Commission to be implemented.

At the July 12, 2024 FERC Budget Briefing, the Administration presented the preliminary FY 2025 Sanitation Fund budget to the Mayor and City Commission, along with a series of potential balancing options, both immediate/short-term and longer-term, to address the structural imbalance in the Sanitation Fund. In addition, the Administration presented a list of Sanitation Fund enhancements both recommended and not recommended, which, if approved by the FERC, would have resulted in a \$3.1 million gap to be funded from available Sanitation fund balance for FY 2025.

| Sanitation Fund | FY 2025 |
|--------------------------------|----------------------|
| Revenues | \$23,471,500 |
| Expenditures | 26,587,000 |
| Surplus/(Gap) | (\$3,115,500) |
| Use of Sanitation Fund Balance | 3,115,500 |
| Net Surplus/(Gap) | \$- |



The FERC accepted the Administration’s recommendations and made several recommendations to include additional expenditure enhancements as part of the FY 2025 Sanitation Fund budget.

Adjustments Subsequent to Budget Briefings

Based on the recommendations of the FERC at the July 12, 2024 Budget Briefing, the Administration updated and further refined the Sanitation Fund budget proposed for FY 2025. These updates are detailed below.

| FY 2025 Sanitation Fund | |
|---|----------------------|
| Balancing Strategies | |
| | \$ |
| Surplus/(Gap) as of July 12, 2024 FERC Budget Briefing | (\$3,115,500) |
| Recommended “One-Time” Expenditure Enhancements/Reductions | (30,000) |
| Recommended Recurring Expenditure Enhancements/Reductions | (759,000) |
| Revenue Refinements | 141,500 |
| Expenditure Refinements | (43,000) |
| Net Surplus/(Gap) | (\$3,806,000) |

Recommended “One-Time” Expenditure Enhancements/Reductions – (\$30,000)

- At the July 12, 2024 Budget Briefing, the FERC recommended funding for the following one-time Sanitation Fund enhancements
 - Additional one-time funding for the City’s Cat Program – (\$30,000)

Recommended Recurring Expenditure Enhancements/Reductions – (\$759,000)

- At the July 12, 2024 Budget Briefing, the FERC recommended funding for the following recurring Sanitation Fund enhancements
 - Six (6) full-time Sanitation positions for the Residential Area Sidewalk Pressure Cleaning program – (\$759,000)

Revenue Refinements – \$141,500

- Refinement of miscellaneous Sanitation Fund revenues based on updated FY 2024 projections and finalization of the proposed FY 2025 budgets – \$141,500

Expenditure Refinements – (\$43,000)

- Finalization of FY 2025 Internal Service Department budgets and allocations – (\$336,000)
- Finalization of FY 2025 Administrative Fees charged by General Fund based on cost allocation study completed during FY 2024 – \$293,000

First Public Hearing

Similar to the General Fund, based on the most recent current year projections as of the third quarter of FY 2024, the Administration identified additional opportunities to further refine the Sanitation Fund expenditures for FY 2025.

Expenditure Refinements – \$114,000

- A one-time one-month employee and employer health insurance holiday for FY 2025 based on current year claims for the City's self-funded medical and dental health plans trending at lower levels compared to previous years – \$114,000

FY 2025 Sanitation Fund Budget

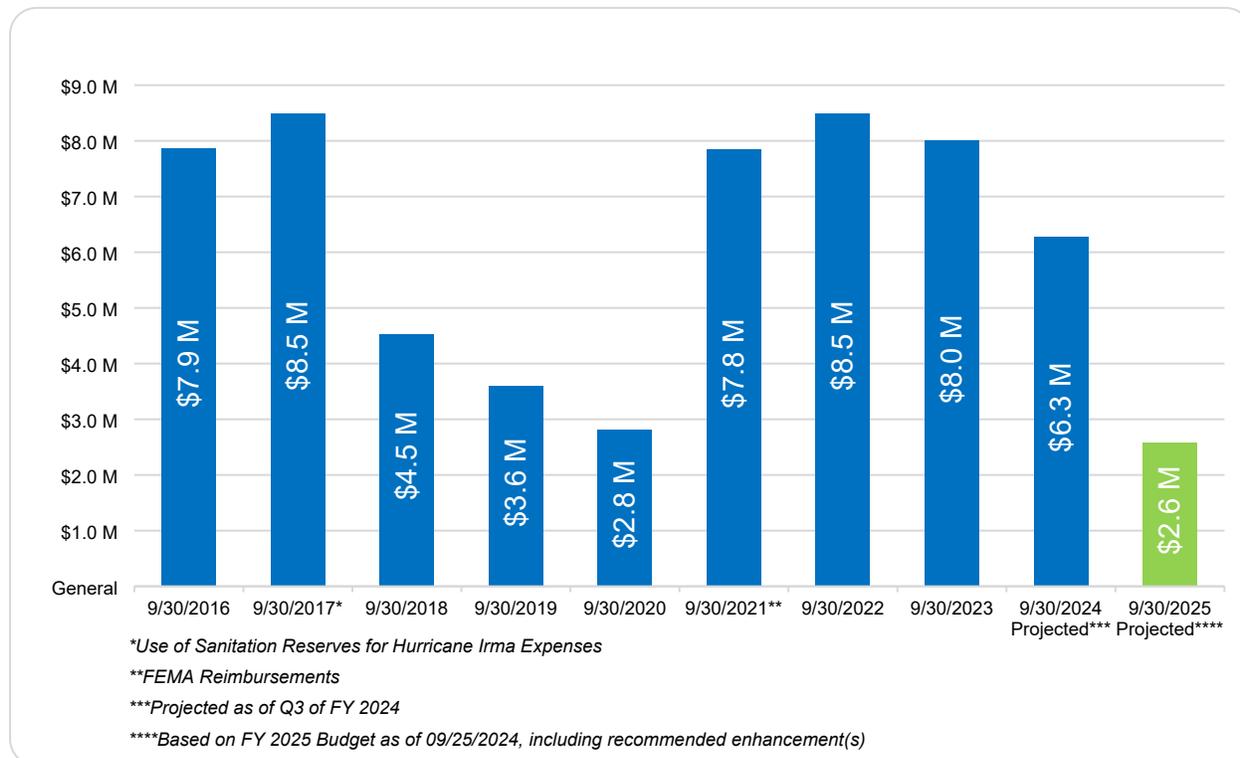
Based on discussion and direction given at the May 20, 2024 Commission Budget Retreat, the two (2) FERC Budget Briefings that were held on June 21, 2024 and July 12, 2024, the additional adjustments made over the summer recess, and direction from the Mayor and City Commission at the first public hearing on September 16, 2024, the Administration proposes the following FY 2025 Sanitation Fund budget, which, if approved by the Mayor and City Commission, will result in a \$3.7 million gap to be funded from available Sanitation fund balance for FY 2025.

| September 25, 2024 Budget | \$ |
|--------------------------------|----------------------|
| Revenues | \$23,613,000 |
| Expenditures | 27,305,000 |
| Surplus/(Gap) | (\$3,692,000) |
| Use of Sanitation Fund Balance | 3,692,000 |
| Net Surplus/(Gap) | \$- |

As of the fiscal year ending September 30, 2023 (FY 2023), there is approximately \$8.0 million available for appropriation in the Sanitation Fund. Based on current year projections, which have been updated as of the third quarter of FY 2024 and include several initiatives/programs that were

approved by the Mayor and City Commission mid-year to be funded from Sanitation’s fund balance during FY 2024, as well as the FY 2025 Sanitation Fund budget proposed, the table below shows the Sanitation Fund’s projected fund balance as of FY 2025.

For these reasons, it is recommended that the potential balancing options, both immediate/short-term and longer-term, that were presented by the Administration at the July 12, 2024 FERC Budget Briefing continue to be considered/approved by the Mayor and City Commission.



FY 2025 INTERNAL SERVICE FUNDS BUDGETS

The City accounts for goods and services provided by one department to other departments citywide on a cost reimbursement basis as Internal Service Funds. Central Services, Facilities and Fleet Management, Information Technology, Risk Management, Medical and Dental, and the Office of the Inspector General comprise this category of proprietary funds. The FY 2025 budgets for the Internal Service Funds total \$136.2 million, which is an increase of \$4.1 million, or 3.1%, over the total budgets for the Internal Service Funds adopted for FY 2024 of \$132.1 million, primarily due to the following:

- Central Services reflects an overall decrease of \$28,000, or 2.4%, primarily due to one-time expenditures that were budgeted in FY 2024 for the scheduled replacement of vehicles, machinery, and equipment.
- Facilities Management reflects an overall increase of \$553,000, or 4.3%, primarily due to one-time expenditures budgeted in FY 2025 for the scheduled replacement of vehicles, machinery, and equipment.
- Fleet Management reflects an overall decrease of \$831,000, or 4.2%, primarily due to the costs associated with vehicles, machinery, and equipment that are scheduled for replacement in FY 2025.
- Information Technology reflects an overall increase of \$456,000, or 2.3%, primarily due to personnel enhancements that are recommended in the FY 2025 budget to augment the City’s existing cybersecurity capabilities, develop, and maintain public safety and citywide

analytics and dashboards, and maintain, troubleshoot, and repair City-owned enterprise systems.

- Risk Management reflects an overall increase of approximately \$1.2 million, 4.6%, primarily due to projected increases in the renewal rates across most lines of insurance, including windstorm and flood, for the City's existing assets, and increases in workers compensation and liability payments based on claims experience and actuarial projections.
- The Medical and Dental Fund budget increased by approximately \$2.5 million, or 5.0%, primarily due to medical and prescription claims that are trending below historical trends based on current year actuarial projections and claims experience compared to the prior two fiscal years that have increased an average of approximately 10.0% annually.
- The Office of the Inspector General reflects an overall increase of \$223,000, or 12.9%, primarily due to personnel and staffing changes that have been completed in an effort for the department to retain qualified and experienced personnel in the currently competitive job market.

Internal Service costs are primarily allocated to the General Fund and Enterprise Fund departments, as well as Special Revenue Funds. The Risk Management Fund does, however, reimburse the General Fund for the cost of legal services provided.

Attachment A reflects a complete list with detailed descriptions of all the FY 2025 expenditure enhancements/reductions requested for the Enterprise, Internal Service and Special Revenue Funds budgets, as well as those that are recommended for funding in the FY 2025 budgets.

USE OF ONE-TIME REVENUES FOR RECURRING EXPENDITURES

The City's current policy regarding the use of one-time revenues states that "the City of Miami Beach will use one-time, non-recurring revenue for capital expenditures or one-time expenditures and not subsidize recurring personnel, operations, and maintenance costs." The FY 2025 budget for the Sanitation Fund requires the use of fund balance for recurring operating expenditures as set forth in the final budgets presented for FY 2025.

As a result, it is recommended that the Mayor and City Commission waive this policy, as adopted by Resolution No. 2006-26341, providing for the one-time use of fund balance to be utilized for the FY 2025 Sanitation Fund budget for recurring personnel, operations, and maintenance costs. During the upcoming fiscal year, the Administration will continue to explore and recommend further actions to ensure that these funds move toward being structurally balanced.

POSITION TRENDS

Based on the recommended enhancements detailed above for FY 2025, as well as the enhancements and other adjustments that have been approved mid-year during FY 2024, the full-time position count is 43 positions, or 1.9%, more in FY 2025 than in FY 2024, which is comprised of six (6) additional public safety positions and 37 non-public safety positions.

Public safety positions reflect six (6) additional full-time positions in the Police Department to enhance staffing of the Real Time Intelligence Center and augment staffing to improve operational effectiveness.

Non-public safety positions include six (6) full-time positions added in the Office of the Mayor and City Commission to better serve the public, six (6) full-time positions for the implementation of the Residential Area Sidewalk Pressure Washing Program, four (4) full-time positions to enhance services throughout the City's park facilities, three (3) full-time Area Manager positions, three (3) full-time Information Technology positions to augment and enhance the City's existing cybersecurity capabilities, various public dashboards, and enterprise systems, a full-time

Municipal Prosecutor to enhance the City's existing Municipal Prosecution Program, and 14 other full-time positions across various operational and administrative departments to address increased operational demand.

FISCAL IMPACT STATEMENT

See information provided above.

Does this Ordinance require a Business Impact Estimate?

(FOR ORDINANCES ONLY)

If applicable, the Business Impact Estimate (BIE) was published on:

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

FINANCIAL INFORMATION

See information provided above.

CONCLUSION

The Administration recommends that the Mayor and City Commission adopt the Resolution which adopts the final budgets for the General, G.O. Debt Service, City Center RDA Ad Valorem Taxes, North Beach CRA Ad Valorem Taxes, Enterprise, Internal Service, and Special Revenue Funds budgets for FY 2025.

Attachment A – FY 2025 One-Time Expenditure Enhancements and Reductions

Attachment A – FY 2025 Recurring Expenditure Enhancements and Reductions

EC/JDG/TOS/RA

Applicable Area

Citywide

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

Yes

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?

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

Department

Management and Budget

Sponsor(s)

Co-sponsor(s)

Condensed Title

5:01 p.m. 2nd Rdg, PH, Adopt Final Budgets-Gen./GO/RDA/North Beach CRA/Ent./Int.
Serv./Spec. Rev. Funds. OMB