



**COMMISSION MEMORANDUM**

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: November 20, 2024 2:05 p.m. Public Hearing

TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING THE SEVENTH AMENDMENT TO THE GENERAL FUND, ENTERPRISE FUNDS, INTERNAL SERVICE FUNDS, AND SPECIAL REVENUE FUNDS BUDGETS FOR FISCAL YEAR 2024 AS SET FORTH IN THIS RESOLUTION AND IN THE ATTACHED EXHIBIT "A."

**RECOMMENDATION**

The Administration recommends that the Mayor and City Commission adopt the attached Resolution.

**BACKGROUND/HISTORY**

The budgets for the General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds for Fiscal Year (FY) 2024 were adopted by the Mayor and City Commission on September 27, 2023, through Resolution No. 2023-32785.

The First Amendment to the General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds budgets for FY 2024 was adopted by the Mayor and City Commission on November 28, 2023, through Resolution No. 2023-32837.

The Second Amendment to the General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds budgets for FY 2024 was adopted by the Mayor and City Commission on February 21, 2024, through Resolution No. 2024-32932.

The Third Amendment to the General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds budgets for FY 2024 was adopted by the Mayor and City Commission on April 3, 2024, through Resolution No. 2024-32997.

The Fourth Amendment to the General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds budgets for FY 2024 was adopted by the Mayor and City Commission on May 15, 2024, through Resolution No. 2024-33068.

The Fifth Amendment to the General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds budgets for FY 2024 was adopted by the Mayor and City Commission on June 26, 2024, through Resolution No. 2024-33147.

The Sixth Amendment to the General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds budgets for FY 2024 was adopted by the Mayor and City Commission on July 24, 2024, through Resolution No. 2024-33218.

**ANALYSIS**

**GENERAL FUND**

The year-end analysis for FY 2024 reflects that the General Fund has a preliminary operating surplus of approximately \$30.9 million.

FY 2024 Budget					
General Fund	Adopted Budget	Amended Budget	Projected	Difference	% Over / (Under)
Revenues	\$ 427,648,000	\$ 440,999,000	\$ 458,694,000	\$ 17,695,000	4.0%
Expenditures	427,648,000	440,999,000	427,785,000	(13,214,000)	-3.0%
<b>Excess of Revenues Over/(Under) Expenditures</b>			<b>\$ 30,909,000</b>		

Of the preliminary FY 2024 General Fund year-end surplus of \$30.9 million, the Administration is recommending that approximately \$3.1 million be carried forward into FY 2025 to fund goods and/or services that were procured in FY 2024, but not received and/or provided due to the timing between fiscal years.

Similarly, the Administration is recommending that approximately \$7.2 million be carried forward into FY 2025 for General Fund projects that were originally budgeted in FY 2024, but not completed that are still ongoing.

After accounting for the FY 2024 to FY 2025 General Fund carryforwards recommended, the Administration is recommending that the remaining preliminary FY 2024 General Fund surplus of approximately \$20.5 million be set-aside and/or appropriated as follows:

- Set aside \$4.0 million to fully fund the City's General Fund reserve target of 25%, or 3 months, based on the Adopted FY 2025 General Fund Budget of \$456.2 million (this is in addition to the \$3.1 million set-aside that was included in the Adopted General Fund budget) pursuant to the City's General Fund reserve policy that was adopted by the City Commission, through Resolution No. 2019-30954
- Appropriate and transfer \$3.2 million in FY 2024 based on the combined FY 2024 surplus of the Miami Beach and Normandy Shores Golf Courses' operations to the Capital Pay-As-You-Go (PayGo) Fund to fund a portion of the upcoming Miami Beach Golf Course Renovation Project
- Set aside an additional \$1.0 million for a total of \$2.0 million for one or more future one-time expenditures that support initiatives to proactively address the issue of homelessness within the City, subject to review and approval by the City Commission, as adopted by the Mayor and City Commission on May 15, 2024, through Resolution No. 2024-33052
- Set aside \$273,000 in FY 2024 to be appropriated in the FY 2025 budget for the installation of wrap lights on median trees along the portion of Washington Avenue from 5<sup>th</sup> to 17<sup>th</sup> Street as adopted by the Mayor and City Commission on October 30, 2024
- Set aside \$125,000 in FY 2024 to be appropriated in the FY 2025 budget for the purchase of additional emergency shelter beds at the Salvation Army and Sundari Foundation, Inc. dba Lotus House Shelter to be designated for persons experiencing homelessness pursuant to Resolution Nos. 2024-33188 and 2024-33315 that were adopted by the Mayor and City Commission on July 24, 2024 and October 30, 2024, respectively
- Set aside \$75,000 in FY 2024 to be appropriated in the FY 2025 budget for the design, fabrication, and installation of neighborhood welcoming signage at the main entrances to the Nautilus Neighborhood as adopted by the Mayor and City Commission on October 30, 2024

The remaining preliminary FY 2024 General Fund surplus, after accounting for the recommended General Fund carryforward encumbrances and appropriations from FY 2024 to FY 2025 and the additional set-asides and/or appropriations that were listed above, is approximately \$11.8 million.

It is important to note that when there exists an excess of General Fund revenues over expenditures, remaining funds after funding the increase in the City's reserve, should be deposited in the Capital Reserve Fund in accordance with Resolution No. 2002-24764. The Administration recommends that this policy be waived and that the remaining FY 2024 General

Fund surplus of \$11.8 million be appropriated and transferred to the Capital PayGo Fund in FY 2024 for the Fire Station #1 project.

FY 2024 General Fund		\$
<b>Projected Year-End Surplus/(Gap)</b>		<b>\$30,909,000</b>
Recommended FY 2024 to FY 2025 Encumbered Carryforwards		(3,146,200)
Recommended FY 2024 to FY 2025 Unencumbered Carryforwards		(7,243,800)
<b>Surplus/(Gap) Net of Carryforward Requests Recommended</b>		<b>\$20,519,000</b>
Set aside to fully fund General Fund reserve at 25%, or 3 months, based on adopted FY 2025 General Fund budget (2019-30954)		(4,001,000)
FY 2024 golf courses surplus for MB Golf Course Renovation Project		(3,261,000)
Additional set aside of \$1.0 million for one-time homeless initiatives for total allocation of \$2.0 million (2024-33052)		(1,000,000)
Washington Avenue wrap lighting (10/30/2024 Commission meeting)		(273,000)
Additional emergency shelter beds (2024-33188 and 2024-33315)		(125,000)
Nautilus Neighborhood entrances welcoming signage (10/30/2024 Commission meeting)		(75,000)
<b>Net Remaining Surplus/(Gap) for Capital Projects</b>		<b>\$11,784,000</b>
Transfer to Capital PayGo for Fire Station #1 Project		(11,784,000)
<b>Net Remaining Surplus/(Gap)</b>		<b>\$0</b>

## PROPOSED GENERAL FUND AMENDMENTS

Consistent with the quarterly analysis and projections that were provided by the Administration through Letters to Commission on the status of the FY 2024 budget, the preliminary year-end expenditures reflect that all General Fund departments, except for those that will be detailed below, are projected to have savings at year-end. In addition, based on the preliminary FY 2024 General Fund surplus and the Administration's recommendations on allocating the surplus, the following amendments are being proposed for the FY 2024 General Fund budget through the appropriation of additional revenues that were collected over and above the current year amended budget.

For a detail of General Fund revenues by category and expenditures by department, refer to the attached Exhibit A.

### Operations

Preliminary FY 2024 year-end expenditures reflect that the following General Fund departments are projected to exceed their current FY 2024 amended budgets and as such the current FY 2024 amended budgets for Police and Fire are proposed to be amended by \$2.1 million and \$293,000, respectively.

**Police** – The Police department is projected to be 1.4%, or \$2.1 million, above the current amended budget primarily due to the usage of unbudgeted police overtime for unanticipated initiatives and staffing details, primarily related to enhanced high police visibility throughout the City that resulted from the Israel attacks that occurred in October 2023 to ensure public safety and enhanced staffing for traffic mitigation.

Police				
	FY 2024 Amended Budget	FY 2024 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Expenditures	\$ 146,877,000	\$ 148,959,000	\$ 2,082,000	1.4%

**Fire** – The Fire department is projected to be 0.3%, or \$293,000, above the current amended budget due to additional personnel services expenditures associated with the usage of unbudgeted fire overtime that was required by the department to maintain minimum shift staffing requirements throughout the City as a result of periodic staffing shortages that were encountered during the fiscal year.

Fire				
	FY 2024 Amended Budget	FY 2024 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Expenditures	\$ 116,467,000	\$ 116,760,000	\$ 293,000	0.3%

### Capital Transfers

The Administration's approach during the FY 2025 capital budget process was to fund all critical renewal and replacement projects to extend the useful life of City facilities and to fund as many key existing projects with budget gaps. It also took into consideration the need to allocate funding to address improvements to many public-facing assets, including parks and recreation facilities and to fund public safety enhancements.

As a result, this proposed budget amendment recommends the appropriation of a total of \$15.0 million in the FY 2024 General Fund budget from the preliminary FY 2024 General Fund surplus to be transferred to the Capital PayGo Fund. As was discussed during the FY 2025 budget development process and recommended by the Administration in the quarterly projections that were provided through Letters to Commission, the combined surplus of the Miami Beach and Normandy Shores Golf Courses' operations for FY 2024, which is approximately \$3.2 million, is recommended to be utilized to fund a portion of the upcoming Miami Beach Golf Course Renovation Project and \$11.8 million, which represents the remaining preliminary FY 2024 General Fund surplus after accounting for all of the other General Fund recommendations that were detailed above, is recommended to be allocated to the Fire Station #1 capital project.

### RESORT TAX

Overall, preliminary FY 2024 Resort Tax revenues are projected to be approximately \$3.4 million, or 2.8%, below the current amended FY 2024 Resort Tax budget while Resort Tax expenditures are projected to be \$4.2 million, or 3.5%, below the current amended FY 2024 Resort Tax budget resulting in a preliminary surplus of \$822,000 for FY 2024.

RESORT TAX FUND							
	FY 2024 Adopted Budget	FY 2024 Amended Budget	Preliminary Actuals as of 09/30/2024	% Actual of Amended Budget	FY 2024 Year End Projections	Over/(Under) Amended Budget	% Over/(Under) Amended Budget
<b>Revenues</b>							
2% Resort Tax	76,614,000	76,614,000	69,663,792	90.9%	73,891,000	(2,723,000)	-3.6%
Miscellaneous Revenues	1,844,000	1,844,000	2,544,765	138.0%	2,395,000	551,000	29.9%
Fund Balance/Retained Earnings/PY Surplus	1,756,000	2,844,000	0	0.0%	3,537,000	693,000	24.4%
1% Resort Tax (QOL)	18,810,000	18,810,000	1,697,063	9.0%	17,861,000	(949,000)	-5.0%
Additional 1% Resort Tax for Convention Center	18,810,000	18,810,000	16,970,634	90.2%	17,861,000	(949,000)	-5.0%
<b>Total Revenues</b>	<b>117,834,000</b>	<b>118,922,000</b>	<b>90,876,253</b>	<b>76.4%</b>	<b>115,545,000</b>	<b>(3,377,000)</b>	<b>-2.8%</b>
<b>Expenditures</b>							
General Fund Contribution	46,107,000	46,107,000	46,107,000	100.0%	46,107,000	0	0.0%
Sanitation Fund Contribution	3,152,000	3,152,000	3,152,000	100.0%	3,152,000	0	0.0%
Contribution to GMCVB	9,357,000	9,357,000	6,660,033	71.2%	9,094,000	(263,000)	-2.8%
Contribution to VCA	3,679,000	3,679,000	3,342,468	90.9%	3,547,000	(132,000)	-3.6%
Contribution to Mt. Sinai	1,000,000	1,000,000	1,000,000	100.0%	1,000,000	0	0.0%
Other Operating/Other Uses	16,919,000	18,007,000	14,508,264	80.6%	16,101,000	(1,906,000)	-10.6%
Transfer to NB, MB, SB Capital, Transp. and Arts (QOL)	18,810,000	18,810,000	16,970,634	90.2%	17,861,000	(949,000)	-5.0%
Add'l 1% Conv. Center Debt Service & Cap. Ren & Repl.	18,810,000	18,810,000	0	0.0%	17,861,000	(949,000)	-5.0%
<b>Total Expenditures</b>	<b>117,834,000</b>	<b>118,922,000</b>	<b>91,740,398</b>	<b>77.1%</b>	<b>114,723,000</b>	<b>(4,199,000)</b>	<b>-3.5%</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>	<b>0</b>	<b>0</b>	<b>(864,145)</b>		<b>822,000</b>	<b>822,000</b>	
Encumbered FY 2024 to FY 2025 Carryforwards Recommended					(53,700)		
Unencumbered FY 2024 to FY 2025 Carryforward Recommended					(768,300)		
<b>Excess of Revenues Over/(Under) Expenditures</b>					<b>0</b>		

Similar to the General Fund, the Administration is recommending that \$53,700 be carried forward into the FY 2025 Resort Tax budget to fund goods and/or services that were procured in FY 2024, but not received and/or provided due to the timing between fiscal years.

The Administration is also recommending that \$768,300 be carried forward into the FY 2025 Resort Tax budget for projects that were originally budgeted in the FY 2024 Resort Tax budget that have not been completed and are still ongoing.

After accounting for the recommended Resort Tax carryforward encumbrances and appropriations from FY 2024 to FY 2025 that total \$822,000 combined, the Resort Tax budget is balanced. As a result, no budget amendment is proposed for the FY 2024 Resort Tax budget.

## ENTERPRISE, INTERNAL SERVICES, AND SPECIAL REVENUE FUNDS

The City accounts for those goods and/or services provided by a department to external users for which a fee is charged as Enterprise Funds. The City's Sanitation, Water, Sewer, Storm Water, Parking, Convention Center, and Building operations comprise this category of Proprietary Funds.

Similarly, the City accounts for goods and/or services provided by one department to other departments citywide on a cost reimbursement basis as Internal Service Funds. Central Services, Fleet Management, Information Technology, Facilities Management, Risk Management (Self Insurance), Inspector General, and Medical and Dental comprise this category of Proprietary Funds.

Lastly, Special Revenue Funds consist of revenues and expenditures that are legally restricted and/or committed for specific purposes, other than debt service and/or capital projects. Special Revenue Funds, which include Resort Tax previously detailed above, also include Transportation and People's Transportation Plan (PTP) Fund operations, 7<sup>th</sup> Street and 5<sup>th</sup> & Alton Garage operations, the Tourism and Hospitality Scholarship Program, Information and Communications Technology Fund, Education Compact Fund, Franchise Waste Haulers and Sustainability Contributions, the Residential Housing Program, Red Light Camera Program operations, Emergency 911 Fund, Miami Beach Cultural Arts Council, Normandy Shores and the City's three Security Guard Special Taxing Districts (Biscayne Point, Biscayne Beach, and Allison Island), Miami City Ballet, Art in Public Places (AiPP) operations, Tree Preservation and Commemorative Tree Trust Funds, Beachfront Concession Initiatives Program, Beach Renourishment, Resiliency, Sustainability and Resiliency, and Biscayne Bay Protection Trust Funds, Police Unclaimed Property and Crash Report Sales Funds, Police Confiscation Trust Funds (Federal and State), Police Training and School Resources Fund, and the Adopt-a-Bench and Brick Paver Programs, among others.

All Enterprise, Internal Services, and Special Revenue Funds budgets are projected to be at or below their current FY 2024 amended budgets as of year-end, except for the specific Enterprise, Internal Services, and Special Revenue Funds that will be detailed further in the following section for which budget amendments are being proposed as part of this item.

The preliminary year-end analysis for FY 2024 reflects that there are approximately \$3.9 million of encumbrances in the Enterprise Funds, \$1.5 million of Internal Services Funds encumbrances, and \$2.5 million of Special Revenue Funds encumbrances (not including Resort Tax) for FY 2024 goods and/or services that were procured, but not received, that are recommended to be carried forward into the respective FY 2025 operating budgets.

It is also recommended that appropriations of approximately \$6.5 million in the Enterprise Funds, \$2.1 million in the Internal Services Funds, and \$5.7 million in the Special Revenue Funds (not including Resort Tax) be carried forward into the respective FY 2025 operating budget for projects that were originally budgeted in FY 2024 that have not been completed and are still ongoing.

## **PROPOSED AMENDMENTS TO THE ENTERPRISE, INTERNAL SERVICES, AND SPECIAL REVENUE FUNDS**

### **Enterprise Funds**

**Convention Center** – Consistent with the quarterly projections that have been provided by the Administration through Letters to Commission for FY 2024, the Convention Center Fund budget is projected to be above the current amended budget by approximately \$5.5 million, or 12.1%, due to the 98 events that took place during FY 2024 compared to the 43 events that were anticipated when the FY 2024 budget was developed last year. Although expenditures are projected to exceed the current amended budget, revenues are projected to be above the current amended budget by approximately \$7.6 million, or 16.6%, resulting in a projected surplus of approximately \$2.1 million that will be available to be set aside for the future renewal and replacement of Convention Center assets and/or operating and other expenditure obligations. This proposed amendment is to, therefore, appropriate the additional revenues and expenditures projected for FY 2024 as a result of the additional events that were held at the Miami Beach Convention Center during FY 2024.

<b>Convention Center</b>				
	FY 2024 Amended Budget	FY 2024 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Revenues	\$ 45,694,000	\$ 53,290,000	\$ 7,596,000	16.6%
Expenditures	45,694,000	51,229,000	5,535,000	12.1%
Surplus/(Shortfall)	\$ -	\$ 2,061,000	\$ 2,061,000	

### **Internal Services Funds**

**Risk Management** – As noted in the quarterly projections provided by the Administration through Letters to Commission during FY 2024, the City's actuary has advised that the Risk Management Fund is projected to be 1.8%, or \$484,000, above the current amended budget due to increases in general liability and law enforcement claims and reserves for claims incurred but not reported (IBNR) that are trending higher than budgeted based on the latest actuarial projections and claims experience. As a result, this proposed amendment is to appropriate additional Risk Management revenues that were collected from legal settlements and other miscellaneous revenues to offset the unforeseen increase in claims experience and case reserves to be recorded as of FY 2024.

Risk Management				
	FY 2024 Amended Budget	FY 2024 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Revenues	\$ 26,870,000	\$ 28,106,000	\$ 1,236,000	4.6%
Expenditures	26,870,000	27,354,000	484,000	1.8%
Surplus/(Shortfall)	\$ -	\$ 752,000	\$ 752,000	

### Special Revenue Funds

**Police Unclaimed Property** – Florida Statutes sets forth the procedure for unclaimed evidence that is in the custody of the Miami Beach Police Department and permanently vests in the Miami Beach Police Department sixty (60) days after the conclusion of a criminal proceeding. As part of the FY 2025 budget that was adopted by the City Commission on September 25, 2024, through Resolution No. 2024-33294, unclaimed property in the custody of the Miami Beach Police Department in excess of the statutory period set forth by Florida Statutes will be placed in the City's General Fund moving forward. As a result, this proposed amendment is to appropriate \$31,000 in funding that is available in the Police Unclaimed Property Fund to be transferred to the General Fund for costs incurred during FY 2024.

Police Unclaimed Property				
	FY 2024 Amended Budget	FY 2024 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Revenues	\$ 18,000	\$ 49,000	\$ 31,000	172.2%
Expenditures	18,000	18,000	-	0.0%
Surplus/(Shortfall)	\$ -	\$ 31,000	\$ 31,000	

**Board-up Demolition Services** – Florida Statutes specifically preclude the use of Building funds from any other purposes except for enforcement of the Florida Building Code. As such, the Board-up Demolition Services Fund is used solely by the City's Building Department for fees collected that are related to board-up and demolition services that are provided. This proposed budget amendment is to appropriate \$7,000 in funding that is available in the Building Board-up Demolition Services Fund to be utilized by the Building Department for costs that were incurred during FY 2024 for board-up and demolition services.

Board-up Demolition Services				
	FY 2024 Amended Budget	FY 2024 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Revenues	\$ -	\$ 7,000	\$ 7,000	100.0%
Expenditures	-	-	-	0.0%
Surplus/(Shortfall)	\$ -	\$ 7,000	\$ 7,000	

### FISCAL IMPACT STATEMENT

See the 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 the information provided above.

## **CONCLUSION**

The Administration recommends that the Mayor and City Commission adopt the Seventh Amendment to the General Fund, Enterprise Fund, Internal Services Fund, and Special Revenue Fund budgets for FY 2024 as previously detailed and reflected in the attached Exhibit "A," which is necessary to comply with Florida Statute, Section 166.241, that provides that the City has 60 days following the end of the fiscal year to amend a budget for that year.

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?** No

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

## **Department**

Management and Budget

## **Sponsor(s)**

## **Co-sponsor(s)**

## **Condensed Title**

2:05 p.m. PH, Adopt 7th Amendment to FY 2024 Operating Budget. OMB