

NB 3. DISCUSS A CITY OF MIAMI BEACH COMPREHENSIVE FINANCIAL POLICY
Applicable Area:

EXHIBIT A

CITY OF MIAMI BEACH COMPREHENSIVE FINANCIAL POLICIES

The City of Miami Beach acknowledges that a primary factor to the long-term sound financial management of its finances is the adoption of formal financial policies that govern the financial management and creditworthiness of the City. This view is supported by bond rating agencies, residents, and the Government Finance Officers Association (GFOA). The following Comprehensive Financial Policies are primarily intended to safeguard the financial resources of the City.

General Fund Balance/Contingency Planning

1. The City of Miami Beach shall maintain the General Fund Emergency Reserve at two (2) months of total expenditures of the General Fund Operating Budget of the ensuing fiscal year for use as defined below.
 - Prior to any expenditures from this reserve, the Mayor and City Commission must declare an emergency affecting life, health, property, or public safety and authorize said expenditures by a six-sevenths (6/7) vote. After any expenditure from said reserve, all reimbursements from State and Federal Agencies for emergency relief are to be redeposited into such reserve. Any amounts disbursed which are not recovered from governmental agencies shall be appropriated from Unassigned Fund Balances of the General Fund to restore the Emergency Reserve to its then established level.
 - If there is an insufficient Unassigned Fund Balance to restore said reserve to its then established level, the Administration is directed to restore the reserve to its appropriate level by transferring available General Fund revenues in excess of expenditures at fiscal year-end and/or with a partial replenishment to be spread over no more than four (4) budget years.
2. The City of Miami Beach shall have a goal to also maintain a General Fund Contingency Reserve equal to one (1) month of the General Fund Operating Budget that, in combination with the Emergency Reserve, represents three (3) months or twenty-five percent (25%) of the General Fund Operating Budget expenditures for the ensuing fiscal year.
 - Said Contingency Reserve shall be increased or decreased annually, based on the ensuing fiscal year's adopted budget, but shall be maintained at a minimum of one (1) month of the then existing General Fund Operating Budget.
 - If there is an insufficient Unassigned Fund Balance to restore said reserve to its then established level, the Administration is directed to restore the reserve to its appropriate level by transferring available General Fund revenues in excess of expenditures at fiscal year-end and/or with a partial replenishment to be spread over no more than four (4) budget years.

Resort Tax Fund Balance/Contingency Planning

1. The City of Miami Beach shall maintain a minimum Resort Tax Emergency Reserve in the 2% Resort Tax Fund of two (2) months of total expenditures of the ensuing fiscal year for use as defined below.
 - Prior to any expenditures from this reserve, the Mayor and City Commission must declare an emergency affecting life, health, property, public safety, or a significant economic impact on resort tax collections, and authorize said expenditures by a five-sevenths (5/7) vote. The Administration is directed to restore the reserve to its appropriate level by transferring available 2% Resort Tax revenues in excess of expenditures at fiscal year-end and/or with a partial replenishment to be spread over no more than within four (4) budget years.
 - Said Emergency Reserve shall be increased or decreased annually, based on the ensuing fiscal year's adopted budget, but shall be maintained at a minimum amount of two (2) months of total revenue of the 2% Resort Tax of the then existing Resort Tax Fund Budget.
2. The City of Miami Beach shall have a goal to also maintain a Resort Tax Contingency Reserve equal to four (4) month of the Resort Tax Operating Budget that, in combination with the Resort Tax Emergency Reserve, represents six (6) months or fifty percent (50%) of the 2% Resort Tax Operating Budget expenditures for the ensuing fiscal year.
 - Said Resort Tax Contingency Reserve shall be increased or decreased, based on the ensuing fiscal year's adopted budget, annually but shall be maintained at a minimum amount of six (6) months of total revenue of the 2% Resort Tax of the then existing Resort Tax Fund Budget.

Other Fund Balance/Contingency Planning

1. The City of Miami Beach shall have a goal to develop and maintain appropriate levels of operating and capital reserves in the applicable Enterprise, Internal Services, and Special Revenues Funds.
2. The City of Miami Beach shall have a goal of maintaining a reserve of one hundred percent (100%) of pending claims in the Risk Management Fund and shall strive to fund two-thirds (2/3) of the estimated value of insurance claims incurred but not reported.

Use of Non-Recurring Revenues - (All Funds)

The City of Miami Beach will use one-time, non-recurring revenue for capital expenditures and/or one-time expenditures and not subsidize recurring personnel, operations, and maintenance costs.

Capital Asset Acquisition and Renewal and Replacement (R&R)

1. **Capital Budget Policy** - The City staff will prepare a five-year capital expenditure and funding plan (the "Capital Improvement Plan") for all relevant funds each fiscal year.

The first year of the Capital Improvement Plan will constitute the budget for the respective fiscal year. Annually and as part of the Capital Improvement Plan development process,

the City staff will prioritize the budget expenditures recognizing the following criteria:

- Regulatory compliance
- Safety
- Criticality of asset renewal and replacement
- Efficiencies in joint project construction with other public agencies
- Availability of funding sources including grants, affordability, and other factors prescribed from time to time
- Impact to the City's resiliency efforts
- Expansion/New Facilities

2. **Capital Renewal and Replacement Fund** - The City shall maintain a dedicated portion of the operating millage for General Fund Capital Renewal and Replacement, which shall be used for capital projects that extend the useful life of the City's General Fund capital assets and shall be limited to projects defined as follows:

- Projects that extend the useful life of an asset by at least 5 years with a threshold value of at least \$25,000; for example the replacement of a major component of the asset such as roofs, HVAC systems, electrical systems, fire alarm systems, sprinkler systems that due to significant deterioration would constrain the remaining useful life of the capital asset or projects that significantly reduce future maintenance cost over the remaining life of the asset in an amount that is greater than the renewal and replacement costs of the project.
- The Mayor and Commission may authorize additional uses of the funds for unforeseen or unanticipated events affecting life, health, property, or public safety subject to a five-sevenths (5/7) vote.
- Appropriation of project specific expenditures from the Capital Renewal and Replacement Fund shall be included in the City Manager's annual budget based on an annual recommendation of the City Manager or his/her designee regarding range of asset life extended; identification of fully depreciated or deteriorated components of City assets; inventory requirements for large capital components of assets; or reduction in maintenance costs over the remaining life of the asset.
- Appropriation of project specific expenditures shall be adopted by the Mayor and City Commission.
- Interest earnings that accrue in the Capital Renewal and Replacement Fund shall be included in the appropriation for the Fund in the following fiscal year.
- Changes among project specific appropriations may be authorized by the City Manager to the extent that no new projects be added, and the total annual allocation is not exceeded.

- During a fiscal year, changes to the total allocation and changes to the list of projects to be funded from the Capital Renewal and Replacement Fund shall require prior approval and authorization by a majority of the City Commission. Excess project specific appropriations not required will be available for re-appropriation the following year.
 - Project specific appropriations that are not expended in a given fiscal year shall remain in the Capital Renewal and Replacement Fund for the life of the project.
3. **Pay-As-You-Go Capital Fund** - The City shall maintain a dedicated portion of the operating millage for Pay-As-You-Go Capital, which will provide dedicated funding for General Fund capital projects and allow for growth over time with property values.
- Appropriation of project specific expenditures shall be adopted by the Mayor and City Commission.
 - Interest earnings that accrue in the Pay-As-You-Go Capital Fund shall be included in the appropriation for the Fund in the following fiscal year.
 - Changes among project specific appropriations may be authorized by the City Manager to the extent that no new projects be added, and the total annual allocation is not exceeded.
 - During a fiscal year, changes to the total allocation and changes to the list of projects to be funded from the Pay-As-You-Go Capital Fund shall require prior approval and authorization by a majority of the City Commission. Excess project specific appropriations not required will be available for re-appropriation the following year.
 - Project specific appropriations that are not expended in a given fiscal year shall remain in the Pay-As-You-Go Capital Fund for the life of the project.
4. **5% Annual Funding for Capital Needs** - The City shall have a goal to fund for the following capital needs as a permanent part of the budget, in an amount not less than five percent (5%) of the annual fiscal operating budget of the General Fund of the City:
- **Capital Renewal and Replacement Fund** - to ensure adequate funding for the renewal and replacement of the City's General Fund facilities to extend the useful life or replace equipment whose useful life has expired.
 - **Capital Reserve Fund** - to help ensure adequate funding related to previously approved capital projects for expenditures due to bids that are over-budget, change orders, or other unforeseen items for General Fund projects.
 - **Pay-As-You-Go Capital Fund** - to ensure adequate on-going reinvestment in capital plant and equipment and avoid deferring capital needs until there is a major bond issue.
 - **Information and Communications Technology Fund** - to help ensure adequate funding for the procurement of new or enhanced information and technology needs of the City.

5. **Use of General Fund Fiscal Year End Surplus** – After fully funding the General Fund reserve goals, the City shall transfer to the Capital Reserve Fund 50% of the annual General Fund revenues in excess of expenditures with the remaining 50% to be transferred to either the Capital Renewal and Replacement Fund or Pay-As-You-Go Capital Fund.
6. **General Fund Interest Income for Capital Projects** – The City shall allocate twenty-five percent (25%) of the total projected interest income in the General Fund, starting in FY 2025, for one-time capital expenditures. The City shall have a goal to increase this percentage by five (5) additional percent each subsequent fiscal year.

Enterprise Fund Policies (excluding Building Fund)

The primary objectives of these following Enterprise Fund financial policies are:

- To maintain strong operations and maintenance programs and provide the necessary funds to finance priority and ongoing capital projects in order to deliver high-quality utility services.
 - To have available funds and access to financial resources to be able to quickly respond to unplanned Capital Improvement Plan projects, emergencies, catastrophic, and Force Majeure Incidents and to allow for the continued ability to provide utility services.
 - To maintain strong financial conditions aimed at preserving and enhancing the Enterprise Fund's credit ratings to minimize capital project financing costs and to promote long-term system sustainability.
 - To maintain reasonable and justified levels of rates and fees over the long run in accordance with good business practices.
1. **Credit Rating Policy (Water, Sewer, and Stormwater Funds)** - The City shall strive to maintain financial performance for the Water, Sewer, and Stormwater Funds consistent with that of utilities with an uninsured bond rating of "AA" or better. A higher credit rating can result in lower borrowing costs and lower rates over the long term for the benefit of the customers of the systems.
 2. **Operating Reserve Policy** - The City will establish and maintain cash-funded Operating Reserves for the Enterprise Funds to provide adequate levels of working capital to i) mitigate current and future risks regarding revenue shortfalls and unanticipated expenses; and ii) ensure stable services and rates.
 - The City will maintain a minimum unencumbered and unrestricted Operating Reserve balance equal to three (3) months or twenty five percent (25%) of the current fiscal year budgeted operating expenses (the Operating Reserve Target).
 - If the Operating Reserve unrestricted balance at the end of the preceding fiscal year is less than the Operating Reserve Target, the City will develop a plan to re-establish the operating reserves over a period not to exceed three (3) fiscal years.
 3. **Renewal & Replacement Reserve Policy** - The City will establish and maintain for the Enterprise Funds an ongoing cash-funded Renewal & Replacement fund for renewals,

replacements, and Capital Improvements.

- The City will maintain for the funds a minimum unappropriated and unencumbered Renewal & Replacement Reserve equal to the prior year's annual depreciation expense (the Renewal & Replacement Reserve Target).
- The Renewal & Replacement Reserve will be in addition to the funds held on deposit for purposes of maintaining a minimum Operating Reserve. It is contemplated that the monies on deposit that are included as a component of the Renewal & Replacement Reserve may be expended on renewals, replacements, and Capital Improvements to meet the overall financial objectives and funding needs of the Enterprise Fund.
- The balances established in this reserve are to:
 - Mitigate risks regarding planned and unanticipated renewals, replacements, and capital expenditures, or increases in materials, labor, or other costs from ongoing or planned projects.
 - Provide for changes in expenditure priorities resulting in the advancement or addition of certain projects.
 - Promote the availability of funds for renewals, replacements, and capital reinvestment for the existing infrastructure, with the intent to limit outages and inability to provide service from equipment or infrastructure failures or because of Force Majeure incidents due to weather events and other occurrences.
 - Ensure reliable service and ameliorate the effects to monthly service rates from unanticipated costs.
- If the Renewal & Replacement Reserve balance at the end of the preceding fiscal year is less than the Renewal & Replacement Reserve Target, the City will develop a plan to re-establish the Renewal & Replacement Reserve in an amount equal to the Renewal & Replacement Reserve Target over a period not to exceed three (3) fiscal years. Compliance with the re-establishment of the Renewal & Replacement Reserve Target may not be achieved through the deferral of maintenance and/or identified capital reinvestment.

4. **Operating Budget Policy** - The annual operating budget for each Enterprise Fund will:

- Be structurally balanced, with revenues sufficient to meet expenses (those that are ongoing in nature).
- Reflect rates set at levels intended to support the direct and indirect costs of the systems, with the intent to provide the lowest reasonable rates over time, not necessarily the lowest fees and user charges during the current or budget fiscal year, and at a level necessary to ensure the adequate maintenance and operations of the systems.
- Reflect these financial policies and include amounts necessary to maintain the

required operating and capital reserves.

5. **Rate and Financial Plan Review Policy (Water, Sewer, and Stormwater Funds)** - The City staff will use a formal forecasting and expenditure monitoring process in the evaluation of the financial positions of the Water, Sewer, and Stormwater Funds.
 - These processes are intended to: i) minimize financing costs through proper planning for Renewal & Replacement and Capital Improvement spending and financing needs; ii) obtain formal endorsement by the City Commission for long-term financial needs and sources of financing; and iii) maintain or strengthen the credit ratings of the Water, Sewer, and Stormwater Funds.
 - The City shall perform a formal rate study at least once every five years, and the City shall adopt a five-year schedule of rates, fees, and charges based on the results of the rate study.
 - As part of the annual financial planning process, the City staff will prepare multi-year operating and capital budgets to ensure rates are sufficient to meet the needs of the utilities.
 - The Water, Sewer, and Stormwater Funds will be run in a business-like manner. Rates and fees will be set to ensure the full recovery of the Water, Sewer, and Stormwater Funds operating and capital expenditures. This practice will ensure that the Water, Sewer, and Stormwater Funds has reduced financial risk and will meet Federal, State, and local regulations as well as service area demands.

Guiding the Design of Programs and Services

1. Budgeting - Grants

- The Administration shall identify all City Commission sponsored grants which contemplate recurring funding to the grantees as a separate line item in the proposed Operating Budget and/or budget presentations made to the City Commission as part of the annual budget process.
- The Administration shall review and make recommendations to the City Commission on recurring grants every three (3) years, to allow for periodic review and approval of all Commission-sponsored initiatives or grant programs which involve recurring funding, and thereby ensure that recurring grants align with the City Commission's evolving budget priorities.

2. Budgeting – Quarterly review

- The Administration shall review and report to the City Commission of adjustments and amendments to the City of Miami Beach Annual Operating Budget for purposes of conforming actual budget expenditures to the adopted budget and shall occur at least once every fiscal quarter.

3. The City of Miami Beach shall create a strategic plan that identifies multi-year strategic priorities with corresponding result measures for each priority.

4. Annually, or as needed, the City of Miami Beach shall use a strategic planning process to

develop initiatives that support the strategic plan priorities.

5. The budget process and format should be performance-based and focused on Key Intended Outcomes and performance measures.
6. Any new initiatives that are not identified in the strategic plan that are greater than 0.5% of budget for the fund impacted per year, or cumulatively, must be first considered as part of the City's annual strategic planning or budget process to develop initiatives.

Debt Management Policy

1. **Ethics Requirements** – City staff, the City Commission, consultants, and underwriters shall be familiar with and adhere to the laws of the State of Florida, and the requirements of Municipal Securities Rulemaking Board (MSRB), as applicable. All debt financing participants shall always maintain the highest standards of professional conduct. There shall be no conflict of interest between the City and any debt-financing participant.

2. Debt Issuance

- The City will utilize its various consultants to determine the amount, timing, and structure of a debt issuance. These professional consultants may include but not be limited to registered financial advisors, bond and disclosure counsel, rate consultants, and general engineering consultants. All such consultants shall provide the City with their relevant written professional opinions as to the projected cost of proposed capital projects and maintenance, the expected revenue to be generated by such projects, and the expected cost of financing such projects along with legal opinions as to the disclosure, authorization, and tax exemption of all such debt issuance.
- Debt repayments should not extend beyond the useful life of the asset financed or 30 years, whichever is less.
- Short-Term Financing - The City may elect to issue short-term financing vehicles such as a line of credit or commercial paper as a bridge for an anticipated funding gap. However, the City will not use short-term borrowing to finance operating needs.

3. Refundings and Defeasance

- Bond refunding of outstanding debt may be pursued when a threshold of Net Present Value (NPV) savings is greater than or equal to five percent (5%). NPV savings shall be calculated using the aggregate amount of savings on a refunding transaction taking into consideration the time value of money and net of all costs of issuance. The City's financial advisor must confirm the calculation that the NPV savings meets the threshold requirement as defined in this paragraph.
- However, a determination that a bond refunding meets the minimum NPV savings threshold will not necessarily result in the City refunding any bond series.

4. Disclosures

- The CFO will coordinate for the City, through a third-party service, annual disclosure filings, as well as other disclosures.
- The City will not disseminate any financial information to any investor or investors where such information is not readily available to all investors. However, general financial information disseminated by the City via means such as the City's web site is for general informational purposes only and is not intended by the City to be relied upon by others for investment purposes.

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, REQUIRING REVIEW AND REPORT TO THE MIAMI BEACH CITY COMMISSION OF ADJUSTMENTS AND AMENDMENTS TO THE CITY OF MIAMI BEACH ANNUAL BUDGET FOR PURPOSES OF CONFORMING ACTUAL BUDGET EXPENDITURES TO THE ADOPTED BUDGET FOR THE CITY, SAID REPORTS TO BE MADE ON AT LEAST A QUARTERLY BASIS FOR THE PRECEDING QUARTER'S ACTIVITIES.

WHEREAS, as the governing body for the City of Miami Beach, the Miami Beach City Commission should be made aware of the fiscal state of the City of Miami Beach; and

WHEREAS, the City Commission should review and approve, if appropriate, on a regular basis any expenditures at variance with the adopted budget; and

WHEREAS, past budget activities involving adjustments in the City's budget have occurred without the knowledge of the City Commission; and

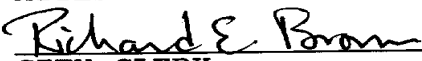
WHEREAS, in order that the City Commission may hereafter be made aware of and approve, if appropriate, previously unapproved expenditures, a review and report to the City Commission of adjustments and amendments to the budget for purposes of conforming actual budget expenditures to the adopted budget is needed, said review to occur on at least a quarterly basis covering the preceding fiscal quarter.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that review and report to the Miami Beach City Commission of adjustments and amendments to the City of Miami Beach Annual Budget for purposes of conforming actual budget expenditures to the adopted budget shall occur at least once every fiscal quarter, said review concerning the preceding quarter's activities.

PASSED and ADOPTED this 27th day of July, 1994.


VICE-MAYOR

ATTEST:


CITY CLERK

LF:JO/ks

(Requested by Commissioner Neisen Kasdin)

(c:\wpdocs\jean\commis\ccquarbd.res)

FORM APPROVED

LEGAL DEPT.

By 

Date

7/25/94

RESOLUTION NO. 96-22014

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ESTABLISHING AND APPROPRIATING ELEVEN PERCENT (TEN MILLION DOLLARS) OF THE 1995/96 FISCAL YEAR BUDGET FOR THE ESTABLISHMENT OF A PERMANENT RESERVE FOR CONTINGENCIES, ESTABLISHING A PROCEDURE FOR ITS USE, AND ESTABLISHING A PROCEDURE FOR ITS REPLACEMENT AFTER USE.

WHEREAS, the Mayor and City Commission recognize the necessity to adequately provide the resources to operate the City in the event of a catastrophe; and

WHEREAS, such resources can be provided by the establishment of a permanent reserve for such contingencies; and

WHEREAS, such reserve shall be maintained until the Mayor and City Commission declare an emergency and authorize its expenditure; and

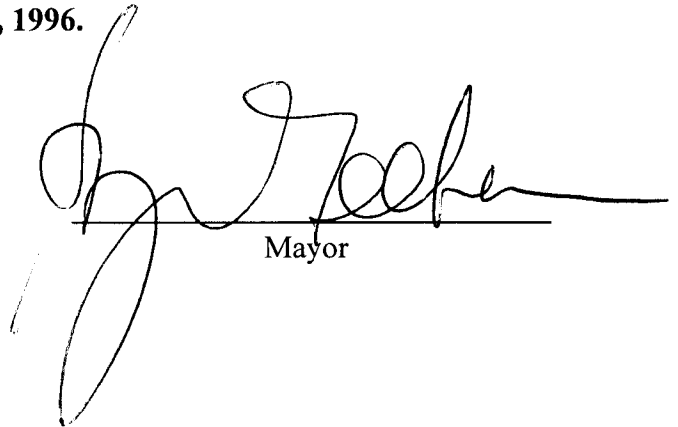
WHEREAS, any amounts expended from such reserve shall be replenished until such reserve shall again be fully funded.

NOW, THEREFORE BE IT RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH as follows:

1. A permanent contingency reserve of \$10,000,000 is hereby established in the General Fund of the City to be held for use in an emergency if and when an emergency is declared and the expenditure of such funds are authorized by a majority of the City Commission.
2. Said reserve shall be increased or decreased annually but shall be maintained at a minimum amount of eleven percent (11%) of the then existing General Fund Budget.

3. Prior to any expenditures from this reserve, the Mayor and City Commission must declare an emergency and authorize said expenditures. After any expenditure from said reserve, all reimbursements from State and Federal Agencies for emergency relief are to be redeposited into such reserve. Any amounts disbursed which are not recovered from governmental agencies shall be appropriated from Undesignated Fund Balances of the General Fund to restore the reserve to its then established level. If there is an insufficient Undesignated Fund Balance to restore said reserve to its then established level, the Administration is directed to restore the reserve to its aforementioned level in an amount of not less than \$1,000,000 annually, by an amendment to the Adopted General Fund Budget.

Passed and Adopted this 5th day of June, 1996.



Mayor

Attest:

Robert Parcher
City Clerk

FORM APPROVED

LEGAL DEPT.

By M. Adell

Date 5/7/96

RESOLUTION NO. 98-22661

**A RESOLUTION OF THE MAYOR AND CITY COMMISSION
OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING
RESOLUTION NO. 96-22014 WHICH ESTABLISHED A
CONTINGENCY RESERVE FUND WHICH SHALL BE
MAINTAINED AT A MINIMUM OF ELEVEN PERCENT (11%)
OF THE ANNUAL GENERAL FUND BUDGET BY
AMENDING THE PROCEDURES FOR ITS USE.**

WHEREAS, the Mayor and City Commission recognize the necessity to adequately provide the resources to operate the City in the event of a catastrophe; and

WHEREAS, such resources can be provided by the establishment of a permanent reserve for such contingencies; and

WHEREAS, such reserve shall be maintained until the Mayor and City Commission declare an emergency and authorize its expenditure; and

WHEREAS, any amounts expended from such reserve shall be replenished until such reserve shall again be fully funded; and

WHEREAS, the Mayor and City Commission passed Resolution No. 96-22014 on June 5, 1996 which established a contingency reserve fund which shall be maintained at a minimum of eleven percent (11%) of the annual General Fund Budget and which established the procedures for its use and replacement; and

WHEREAS, it has now become necessary to amend Resolution No. 96-22014 to further safeguard and clarify the use of the contingency reserve funds.

NOW, THEREFORE BE IT RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH that Resolution No. 96-22014 is hereby amended as follows:

1. A permanent contingency reserve of ~~\$10,000,000~~ is hereby established in an amount not less than eleven percent (11%) of the annual fiscal budget of the General Fund of the City to be held for use in a public emergency if and when an emergency is declared affecting life, health, property or public safety, and the expenditure of such funds is authorized by a five-sevenths (5/7) vote of majority of the City Commission.
2. Said reserve shall be increased or decreased annually but shall be maintained at a minimum amount of eleven percent (11%) of the then existing General Fund Budget.

3. Prior to any expenditures from this reserve, the Mayor and City Commission must declare an emergency affecting life, health, property or public safety and authorize said expenditures by a five-sevenths (5/7) vote. After any expenditure from said reserve, all reimbursements from State and Federal Agencies for emergency relief are to be redeposited into such reserve. Any amounts disbursed which are not recovered from governmental agencies shall be appropriated from Undesignated Fund Balances of the General Fund to restore the reserve to its then established level. If there is an insufficient Undesignated Fund Balance to restore said reserve to its then established level, the Administration is directed to restore the reserve to its aforementioned level in an amount of not less than one million dollars (\$1,000,000) annually, by an amendment to the Adopted General Fund Budget.

Passed and Adopted this 18th day of February, 1998.



Mayor

Attest:



City Clerk

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION


City Attorney

2/9/98
Date

RESOLUTION NO. 2002-24764

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ESTABLISHING A CAPITAL PROJECTS RESERVE IN THE GENERAL FUND AND APPROPRIATING \$1,500,000 OF FISCAL YEAR 2000-2001 GENERAL FUND EARNINGS FROM THE GENERAL FUND UNDESIGNATED FUND BALANCE; AND THAT IN SUBSEQUENT YEARS, ON SEPTEMBER 30TH, WHEN THERE EXISTS AN EXCESS OF GENERAL FUND REVENUES OVER EXPENDITURES ("EARNINGS"), AFTER FUNDING THE INCREASE IN THE CONTINGENCY RESERVE (11% EMERGENCY RESERVE), THE ADMINISTRATION WILL RECOMMEND THE AMOUNT TO BE DEPOSITED INTO THE CAPITAL RESERVE FUND

WHEREAS, the City has embarked on a significant Capital Improvement Program in accordance with the Capital Projects Plan adopted by the Mayor and Commission on July 21, 1999; and

WHEREAS, the projects contained within the Plan have been funded through the issuance of General Obligation Bonds, Water and Sewer Revenue Bonds, Stormwater Revenue Bonds, and from a variety of other sources, including among the sources, grants, tax increment funds, loans, and gas tax; and

WHEREAS, the purpose of establishing this reserve would be to establish "savings account" for projects not funded from bonds, grants, or loans so that funding would be provided on a "pay-as-you-go" basis; and

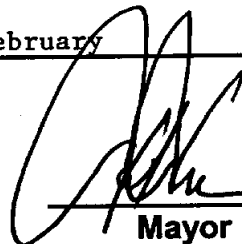
WHEREAS, it will also be used during the implementation of the adopted Capital Improvement Program to provide a source for funding unforeseen capital needs, or for unanticipated project shortfalls when reduction of project scope and/or value engineering efforts are not successful in bringing a project within; and

WHEREAS, it will be used to provide an interim source for funding comprehensive maintenance programs for infrastructure within the community until the annual funding for these programs in the Capital Budget grows to a sufficient level to provide the annual maintenance required.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that a Capital Projects Reserve Fund be established as part of the General Fund; that \$1,500,000 be appropriated from the General Fund Undesignated Fund Balance; and that in subsequent years, on September 30th, when there exists an excess of General

Fund revenues over expenditures ("earnings"), after funding the increase in the Contingency Reserve (11% Emergency Reserve), the Administration will recommend the amount to be deposited into the Capital Reserve fund .

PASSED AND ADOPTED THIS 20th DAY OF February 2002.




Mayor

Attest



City Clerk

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION



City Attorney

11-7-02
Date

**CITY OF MIAMI BEACH
COMMISSION ITEM SUMMARY**



Condensed Title:

A RESOLUTION, ESTABLISHING A CAPITAL PROJECTS RESERVE IN THE GENERAL FUND AND APPROPRIATING \$1,500,000 OF FISCALYEAR 2000-2001 GENERAL FUND EARNINGS FROM THE GENERAL FUND UNDESIGNATED FUND BALANCE

Issue:

The purpose of establishing this reserve would be 1) to establish a "savings account" for projects not funded from bonds, grants or loans, so that funding would be provided on a "pay-as-you-go" basis; 2) to be used during the implementation of the adopted Capital Improvement Program to provide a source for funding unforeseen capital needs, or for unanticipated project shortfalls when reduction of project scope and/or value engineering efforts are not successful in bringing a project within budget.; and 3) to be used to provide an interim source for funding comprehensive maintenance programs for infrastructure within the community until the annual funding for these programs in the Capital Budget grows to a sufficient level to provide the annual maintenance required.

Item Summary/Recommendation:

Adopt the Resolution

Advisory Board Recommendation:

Financial Information:

Amount to be expended:

Source of Funds:

Finance Dept.

| | Amount | Account | Approved |
|-------|-------------|---|----------|
| 1 | \$1,500,000 | FY 2000-2001 General Fund earnings from the Undesignated Fund Balance of the General Fund | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| Total | | | |

Sign-Offs:

| | | |
|---------------------|------------------------|--------------|
| Department Director | Assistant City Manager | City Manager |
| | | |

Agenda Item R7D
Date 2-20-02

CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139
<http://ci.miami-beach.fl.us>



COMMISSION MEMORANDUM

TO: Mayor David Dermer and
Members of the City Commission

DATE: February 20, 2002

FROM: Jorge M. Gonzalez
City Manager

SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ESTABLISHING A CAPITAL PROJECTS RESERVE IN THE GENERAL FUND AND APPROPRIATING \$1,500,000 OF FISCAL YEAR 2000-2001 GENERAL FUND EARNINGS FROM THE GENERAL FUND UNDESIGNATED FUND BALANCE

ADMINISTRATION RECOMMENDATION

Adopt the Resolution.

ANALYSIS

The City has embarked on a significant Capital Improvement Program in accordance with the Capital Plan adopted by the Mayor and Commission on July 21, 1999. The projects contained within the plan have been funded through the issuance of General Obligation Bonds, Water and Sewer Revenue Bonds, Stormwater Revenue Bonds and from a variety of other sources including among the sources grants, tax increment funds, loans, and gas tax.

Purpose

The purpose of establishing this reserve would be threefold. First, it will be used to establish a "savings account" for projects not funded from bonds, grants or loans, so that funding would be provided on a "pay-as-you-go" basis. Establishing a fund for this purpose is a common practice among municipalities who cannot issue bonds or do not want to implement or increase long-term debt obligations programs. Next, it will be used during the implementation of the adopted Capital Improvement Program to provide a source for funding unforeseen capital needs, or for unanticipated project shortfalls when reduction of project scope and/or value engineering efforts are not successful in bringing a project within budget. Finally, it will be used to provide an interim source for funding

comprehensive maintenance programs for infrastructure within the community until the annual funding for these programs in the Capital Budget grows to a sufficient level to provide the annual maintenance required.

This will include maintenance of roads, curb/gutter, sidewalk and streetlights and other infrastructure. It is intended that a program will be established during the upcoming Capital Budget process, which would begin to set aside monies for more significant annual expenditures for these items. These funds would be used to pay annual costs for maintenance programs such as a pavement management program. The fund will allow the maintenance programs to be financed without the need for sporadic large appropriations annualizing spending to allow a level rate over time.

Annual Funding

It is recommended that the initial deposit to this fund be in the amount of \$1,500,000. In subsequent years, when there exists an excess of General Fund revenues over expenditures ("Earnings"), at September 30, it is recommended that the funds first be used to provide for the increase in funding the Contingency Reserve (11% Emergency Reserve) for the ensuing fiscal year, and that the balance of such Earnings be split with 50% going to the Capital Reserve fund and 50% to the General Fund balance.

JMG/PDW

A handwritten signature in black ink, appearing to be 'JMG' or similar, with a stylized flourish extending from the bottom.

2:54:31 p.m.

R7C A Resolution Appropriating An Additional \$1,473,800 To The Reserve For Contingencies In The General Fund (11% Emergency Reserve) From The Undesignated Fund Balance Of The General Fund.

(Finance Department)

ACTION: Resolution No. 2002-24763 adopted. Motion made by Commissioner Bower; seconded by Commissioner Steinberg; Voice vote: 4-0; Absent: Vice-Mayor Smith and Commissioners Cruz and Garcia. Patricia Walker to appropriate the funds.

2:58:36 p.m.

R7D A Resolution Establishing A Capital Projects Reserve In The General Fund And Appropriating \$1,500,000 Of Fiscal Year 2000-2001 General Fund Earnings From The General Fund Undesignated Fund Balance.

(Finance Department)

ACTION: Resolution No. 2002-24764 adopted as amended. Motion made by Commissioner Bower with Vice-Mayor Smith's amendment; seconded by Commissioner Gross; Voice vote: 6-0; Absent: Vice-Mayor Smith. Patricia Walker to appropriate the funds.

AMENDMENT:

Amendment made by Vice-Mayor Smith indicating that any excess of General Fund revenues over expenditures, by September 30, be used to increase the Contingency Reserve, and that rather than 50% going to the Capital Reserve Fund and 50% to the General Fund, that any balance of such earnings be placed into the Capital Reserve Fund with the amount to be determined and recommended by the Administration on an annual basis.

Jorge Gonzalez, City Manager, explained that to draw on this fund, the Administration would request an appropriation from the Commission. The Administration will try to develop criteria which will govern how these monies are used. This is a pot of last resort money. Every other funding method will be explored before using this money for capital projects. Patricia Walker to handle.

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ESTABLISHING A CAPITAL RENEWAL AND REPLACEMENT FUND TO PROVIDE A DEDICATED SOURCE OF FUNDING FOR CITY CAPITAL RENEWAL AND REPLACEMENT PROJECTS THAT EXTEND THE USEFUL LIFE OF GENERAL FUND ASSETS; ESTABLISHING A PROCEDURE FOR ANNUAL APPROPRIATION OF FUNDS; ESTABLISHING A PROCEDURE FOR THEIR USE; AND ADOPTING THE FISCAL YEAR (FY) 2004/05 BUDGET FOR THE FUND, IN THE AMOUNT OF \$1,347,070.

WHEREAS, the City has a significant infrastructure investment that includes 322 buildings, structures and facilities; 472 acres of recreational open space; over 25 miles of inland canals, oceanfront beaches, City-owned seawalls; and 140 miles of paved streets; with associated swales landscaped medians, street and landscape lights, and curbs and gutters; and

WHEREAS, despite \$27.4 million budgeted in the Fiscal Year (FY) 2004/05 General Fund Operating Budget for general ongoing maintenance, as well as \$4.25 million in potential funding from the proposed Miami-Dade County General Obligation Bond issue for Old City Hall; the Sixth Street Community Center; Flagler Monument; and Scott Rakow Youth Center improvements (carpets, ADA, pressure cleaning, ceiling tile, electrical, A/C), there remains \$1,816,000 in immediate renewal and replacement needs without funding; and

WHEREAS, the City is procuring a consultant to develop a proactive schedule of renewal and replacement needs for the City's existing infrastructure that will require additional funding in future years; and

WHEREAS, as a result of the City's ongoing \$400 million Capital Improvement Program, there will be a significant additional increase in renewal and replacement needs; and

WHEREAS, annual capital renewal and replacement needs compete for General Fund resources with other needs, such as public safety, with the result that capital renewal and replacement needs may be deferred; and

WHEREAS, bond rating agencies, (Fitch, Moody's, and Standard & Poor's) view renewal and replacement policies as a significant criteria in assessing a government's credit worthiness; and

WHEREAS, the Mayor and City Commission recognize the need to establish a dedicated source of funding to ensure annual renewal and replacement of the City's General Fund capital assets on an ongoing basis; and

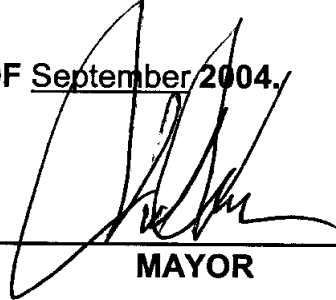
WHEREAS, on September 9 2004, the Mayor and City Commission tentatively adopted the proposed millage rate of 7.425 mills, which included 0.126 mills dedicated for capital renewal and replacement.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, as follows:

1. A permanent Capital Renewal and Replacement Fund is hereby established to be used for capital projects that extend the useful life of the City's General Fund assets.
2. The Capital Renewal and Replacement Fund shall be funded annually, commencing in Fiscal Year 2004/05, through a transfer from the General Fund.
3. The initial annual transfer from the General Fund to the Capital Renewal and Replacement Fund, for Fiscal Year 2004/05, shall be the amount of \$1,347,070.
4. In subsequent fiscal years, the Fund will be increased by, at a minimum, the amount which would represent the value of the debt service millage reduction resulting from growth in the assessment value of the tax base. It is expected that this increase should not result in a total combined millage rate greater than in the preceding fiscal year.
5. Appropriation of project specific expenditures from the Capital Renewal and Replacement Fund shall be included in the City Manager's annual proposed budget, and shall be adopted by the Mayor and City Commission annually during the City's second public hearing on the budget.
6. Interest earnings that accrue in the Capital Renewal and Replacement Fund shall be included in the appropriation for the Fund in the following fiscal year.
7. Changes among project specific appropriations may be authorized by the City Manager to the extent that no new projects be added and the total annual allocation is not exceeded.
8. Changes to project specific appropriations may be authorized by the City Manager to the extent needed to replace \$4.25 million in potential funding from the proposed Miami-Dade County General Obligation Bond issue for Old City Hall; Sixth Street Community Center; Flagler Monument; and Scott Rakow Youth Center improvements.
9. During a fiscal year, changes to the total allocation and changes to the list of projects to be funded from the Capital Renewal and Replacement Fund shall require prior approval and authorization by a majority of the City Commission. Excess project specific appropriations not required will be available for re-appropriation the following year.

10. Project specific appropriations that are not expended in a given fiscal year shall remain in the Capital Renewal and Replacement Fund for the life of the project.
11. The City of Miami Beach hereby adopts the FY 2004/05 Capital Renewal and Replacement Fund Budget, in the amount of \$1,347,070, as provided in Attachment A.

PASSED AND ADOPTED THIS 28th DAY OF September 2004.




MAYOR

Attest:



CITY CLERK

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION



City Attorney

9-22-04

Date

RESOLUTION NO. 2005-25832

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING RESOLUTION 2004-25697 WHICH ESTABLISHED A CAPITAL RENEWAL AND REPLACEMENT FUND TO PROVIDE A DEDICATED SOURCE OF FUNDING FOR CITY CAPITAL RENEWAL AND REPLACEMENT PROJECTS THAT EXTEND THE USEFUL LIFE OF GENERAL FUND ASSETS; ESTABLISHED A PROCEDURE FOR ANNUAL APPROPRIATION OF FUNDS; ESTABLISHED A PROCEDURE FOR THEIR USE; AND ADOPTED THE FISCAL YEAR (FY) 2004/05 BUDGET FOR THE FUND, IN THE AMOUNT OF \$1,347,070.

WHEREAS, the Mayor and Commission adopted Resolution 2004-24697 on September 28, 2004 establishing a capital renewal and replacement reserve to provide a dedicated source of funding for capital renewal and replacement projects that extend the useful life of general fund assets including the initial annual transfer from the General Fund to the Capital Renewal and Replacement Fund, for Fiscal Year 2004/05, in the amount of \$1,347,070; and

WHEREAS, on September 28th 2004, the Mayor and Commission further directed that more stringent criteria be established regarding the use of these funds; and

WHEREAS, the City has a significant infrastructure investment that includes 322 buildings, structures and facilities; 472 acres of recreational open space; over 25 miles of inland canals, oceanfront beaches, City-owned seawalls; and 140 miles of paved streets; with associated swales landscaped medians, street and landscape lights, and curbs and gutters; and

WHEREAS, despite \$27.4 million budgeted in the Fiscal Year (FY) 2004/05 General Fund Operating Budget for general ongoing maintenance, as well as \$4.25 million funding from the proposed Miami-Dade County General Obligation Bond issue for Old City Hall; the Sixth Street Community Center; Flagler Monument; and Scott Rakow Youth Center improvements, there remains \$1,816,000 in immediate renewal and replacement needs without funding; and

WHEREAS, the City in process of developing a proactive schedule of renewal and replacement needs for the City's existing infrastructure that will require additional funding in future years; and

WHEREAS, as a result of the City's ongoing \$400 million Capital Improvement Program, there will be a significant additional increase in renewal and replacement needs; and

WHEREAS, annual capital renewal and replacement needs compete for General Fund resources with other needs, such as public safety, with the result that capital renewal and replacement needs may be deferred; and

WHEREAS, bond rating agencies, (Moody's, and Standard & Poor's) view renewal and replacement policies as a significant criteria in assessing a government's credit worthiness; and

WHEREAS, the Mayor and City Commission recognize the need to maintain a dedicated source of funding to ensure annual renewal and replacement of the City's General Fund capital assets on an ongoing basis; and

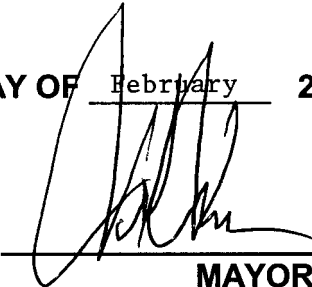
WHEREAS, there is a need to maintain flexibility in the use of the funds in the event that the City Commission is faced with an emergency project or event.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that Resolution 2004-24697 is hereby amended as follows:

1. A permanent Capital Renewal and Replacement Fund is hereby established to be used for capital projects that extend the useful life of the City's General Fund assets shall be limited to projects defined as follows:
 - A. Projects that extend the useful life of a asset by at least 5 years with a threshold value of at least \$25,000; for example the replacement of a major component of the asset such as roofs, HVAC systems, electrical systems, fire alarm systems, sprinkler systems that due to significant deterioration would constrain the remaining useful life of the asset,
 - OR
 - B. Projects that significantly reduce future maintenance cost over the remaining life of the asset in an amount that is greater than the renewal and replacement costs of the project.
2. The Mayor and Commission may authorize additional uses of the funds for unforeseen or unanticipated events affecting life, health, property or public safety subject to a five-sevenths (5/7) vote.
3. The Capital Renewal and Replacement Fund shall be funded annually, commencing in Fiscal Year 2004/05, through a transfer from the General Fund.
4. The initial annual transfer from the General Fund to the Capital Renewal and Replacement Fund, for Fiscal Year 2004/05, shall be the amount of \$1,347,070.
5. In subsequent fiscal years, the Fund will be increased by, at a minimum, the amount which would represent the value of the debt service millage reduction resulting from growth in the assessment value of the tax base. It is expected that this increase should not result in a total combined millage rate greater than in the preceding fiscal year.

6. Appropriation of project specific expenditures from the Capital Renewal and Replacement Fund shall be included in the City Manager's annual proposed budget based on an annual recommendation of the City Manager or his designee regarding range of asset life extended; identification of fully depreciated or deteriorated components of City assets; inventory requirements for large capital components of assets; or reduction in maintenance costs over the remaining life of the asset.
7. Appropriation of project specific expenditures shall be adopted by the Mayor and City Commission.
8. Interest earnings that accrue in the Capital Renewal and Replacement Fund shall be included in the appropriation for the Fund in the following fiscal year.
9. Changes among project specific appropriations may be authorized by the City Manager to the extent that no new projects be added and the total annual allocation is not exceeded.
10. During a fiscal year, changes to the total allocation and changes to the list of projects to be funded from the Capital Renewal and Replacement Fund shall require prior approval and authorization by a majority of the City Commission. Excess project specific appropriations not required will be available for re-appropriation the following year.
11. Project specific appropriations that are not expended in a given fiscal year shall remain in the Capital Renewal and Replacement Fund for the life of the project.
12. The City of Miami Beach hereby amends the FY 2004/05 Capital Renewal and Replacement Fund Budget, in the amount of \$1,347,070, as provided in Attachment A.

PASSED AND ADOPTED THIS 23rd DAY OF February 2005.



MAYOR

Attest:



CITY CLERK

**APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION**

 2/18/05

City Attorney **Date**

ATTACHMENT A

| PROJECT | FY 2004/05 REVISED | COMMENTS |
|--|-----------------------|--------------|
| Old City Hall | \$500,000 | Criteria 1.A |
| Replace Floors at Fire Station 1 and 3 | 120,000 | Criteria 1.A |
| Police Station Emergency Chiller Replacement | 120,000 | Criteria 1.A |
| Police Gun Range Air Handling Unit | 30,000 | Criteria 1.A |
| Replacing two A/C units at Fire Station 1 | 40,000 | Criteria 1.A |
| Public Works Operations Yard A/C Replacement | 80,000 | Criteria 1.A |
| Police Station Water Sealing | 63,000 | Criteria 1.A |
| City Hall Water Sealing | 63,000 | Criteria 1.A |
| Fire Station 1 Domestic Water Line Replacement | 45,000 | Criteria 1.A |
| Replace Three Air Handlers at the Police Station | 99,000 | Criteria 1.A |
| Public Works Fire Alarm System Replacement | 10,500 | Criteria 2 |
| | | |
| Contingency for Unforeseen Needs | 176,570 | |
| | | |
| TOTAL | \$1,347,070 | |

**CITY OF MIAMI BEACH
COMMISSION ITEM SUMMARY**



Condensed Title:

Amend Resolution 2004-25697 which established a Capital Renewal and Replacement Fund to provide a dedicated source of funding for city capital renewal and replacement projects that extend the useful life of General Fund assets.

Issue:

Whether to amend Resolution 2004-25697 to establish more stringent criteria for the use of these funds as directed by the Mayor and Commission?

Item Summary/Recommendation:

Amend Resolution 2004-25697 to establish more stringent criteria for the use of these funds by summarizing the criteria into three critical areas; include a preamble/whereas clause pertaining to emergency use of funds; and provide a provision for emergency use of the funds.

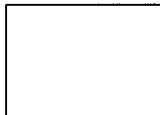
Advisory Board Recommendation:

Approved by the Finance and Citywide Projects Committee on February 17, 2005.

Financial Information:

Amount to be expended:

Source of
Funds:



Finance Dept.

| | Amount | Account | Approved |
|-------|--------|---------|----------|
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| Total | | | |

Sign-Offs:

| Department Director | Assistant City Manager | City Manager |
|---------------------|------------------------|--------------|
| | | |

AGENDA ITEM R7K
DATE 2-23-05

CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139
www.ci.miami-beach.fl.us



COMMISSION MEMORANDUM

To: Mayor David Dermer and
Members of the City Commission

Date: February 23, 2005

From: Jorge M. Gonzalez
City Manager

Subject: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING RESOLUTION 2004-25697 WHICH ESTABLISHED A CAPITAL RENEWAL AND REPLACEMENT FUND TO PROVIDE A DEDICATED SOURCE OF FUNDING FOR CITY CAPITAL RENEWAL AND REPLACEMENT PROJECTS THAT EXTEND THE USEFUL LIFE OF GENERAL FUND ASSETS; ESTABLISHED A PROCEDURE FOR ANNUAL APPROPRIATION OF FUNDS; ESTABLISHED A PROCEDURE FOR THEIR USE; AND ADOPTED THE FISCAL YEAR (FY) 2004/05 BUDGET FOR THE FUND, IN THE AMOUNT OF \$1,347,070.**

ADMINISTRATION RECOMMENDATION

Adopt the Resolution.

ANALYSIS

At the second Budget Hearing on September 28, 2004, the Commission adopted Resolution No. 2004-25697, establishing a Capital Renewal and Replacement fund for general fund assets and procedures for appropriation and use of funds. Through the Resolution, the Commission approved the appropriation of \$80,000 for the replacement of floors at Fire Station No.'s 1 and 3. The balance of funds in the amount of \$1,267,070 was placed in reserves and the Commission directed the Administration to provide the Finance and Citywide Projects Committee with additional criteria for project specific appropriations from the Capital Renewal and Replacement Fund. A proposed set of additional criteria was reviewed by the Finance and Citywide Projects Committee on December 14, 2004. At that meeting, the Committee instructed the administration to:

- Summarize the criteria into three critical areas
- Include a preamble/whereas clause pertaining to emergency use of funds
- Provide a provision for emergency use of the funds

The attached resolution amending Resolution No. 2004-25697, establishing a Capital Renewal and Replacement fund, incorporates these items. On February 17, 2005, the Finance and Citywide Projects Committee approved the resolution. The criteria incorporated are:

1. The permanent Capital Renewal and Replacement Fund established to be used for capital projects that extend the useful life of the City's General Fund assets shall be limited to projects defined as follows:
 - A. Projects that extend the useful life of a asset by at least 5 years with a threshold value of at least \$25,000; for example the replacement of a major component of the asset such as roofs, HVAC systems, electrical systems, fire alarm systems, sprinkler systems that due to significant deterioration would constrain the remaining useful life of the asset
 - OR
 - B. Projects that significantly reduce future maintenance cost over the remaining life of the asset in an amount that is greater than the renewal and replacement costs of the project.
2. The Mayor and Commission may authorize additional uses of the funds for unforeseen or unanticipated events affecting life, health, property or public safety subject to a five-sevenths (5/7) vote.

Concurrent with the establishment of a dedicated renewal and replacement reserve for general fund assets, the City is developing of a schedule of renewal, replacement, and routine maintenance requirements for the City's buildings, structures and facilities. Major tasks to develop this schedule include 1) inspecting the City's buildings, structures and facilities; 2) procuring Capital Planning and Management Solution software and inputting the inspection results; and 3) forecasting component requirements for the life of each asset. The City anticipates completing this process for 5 buildings this calendar year – City Hall, Old City Hall, Police, the 777 Building, and Carl Fisher Clubhouse/21st Street Auditorium). The process for the remaining facilities and structures is planned to be completed within the next 4 years. As the renewal and replacement requirements are identified for the major components, they will be incorporated into future year project lists for review by the Mayor and Commission during the budget process. Routine maintenance requirements identified will be addressed elsewhere.

JMG\KGB



RESOLUTION NO. 2006-26341

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING CITY OF MIAMI BEACH FINANCIAL POLICIES RELATING TO STABILIZATION FUNDS; FUND BALANCE; CONTINGENCY PLANNING AND CASH RESERVES; USE OF NON-RECURRING REVENUES; CAPITAL ASSET ACQUISITION, MAINTENANCE, REPLACEMENT AND RETIREMENT; AND GUIDING THE DESIGN OF PROGRAMS AND SERVICES

WHEREAS, the City's Budget Advisory Committee (BAC), with support from the City Administration, has begun analyzing the City's existing financial policies, and recommended an initial set of additional financial policies for consideration by the City Commission; and

WHEREAS, the City has several existing formal financial policies that provide the framework for budget development and adoption and for financial management which are governed by Florida State Statute, the City Charter; and by prior adopted policies of the Mayor and City Commission; and

WHEREAS, the City also has several informal policies subject to implementation by the City administration; and

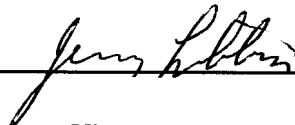
WHEREAS, the National Advisory Council on State and Local Budgeting and the Government Finance Officers Association recommends that jurisdictions establish and adopt policies to help frame resource allocation decisions, and to help guide service provision and capital asset acquisition, maintenance, replacement, and retirement.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, hereby adopts the financial policies contained in Exhibit A: City of Miami Beach Financial Policies Relating to Stabilization Funds; Fund Balance; Contingency Planning and Cash Reserves; Use of Non-Recurring Revenues; Capital Asset Acquisition, Maintenance, Replacement and Retirement; and Guiding the Design of Programs and Services.

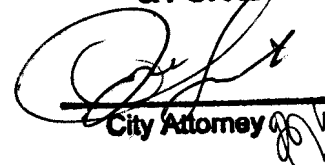

PASSED AND ADOPTED THIS 21st DAY OF September 2006.

Attest:


CITY CLERK
Robert Parcher


Vice-Mayor Jerry Libbin

**AS TO
FORM & LANGUAGE
& FOR EXECUTION**


City Attorney 
Date 9/16/06

RESOLUTION NO.

2014-28543

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE (FCWPC) AND ADOPTING A CITY OF MIAMI BEACH FINANCIAL POLICY FOR THE ESTABLISHMENT OF A RESERVE IN THE RESORT TAX FUND

WHEREAS, the Mayor and City Commission recognize the necessity to adequately provide the resources to operate the City in the event of a catastrophe; and

WHEREAS, such resources can be provided by the establishment of a permanent reserve for such contingencies; and

WHEREAS, the City's Budget Advisory Committee (BAC), with support from the City Administration, has recommended the adoption of a financial policy for the establishment of a reserve in the Resort Tax Fund; and

WHEREAS, the National Advisory Council on State and Local Budgeting and the Government Finance Officers Association recommends that jurisdictions establish a policy governing the appropriate level of reserves for key funds.

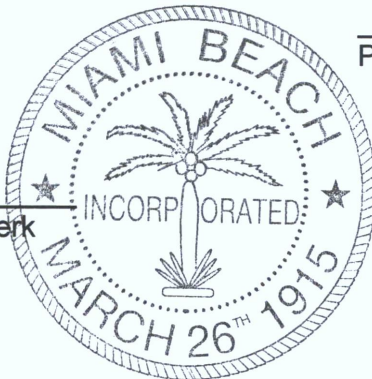
WHEREAS, the Finance and Citywide Projects Committee (FCWPC) met on March 21, 2014, and recommended that the City Commission adopt a City of Miami Beach financial policy for the establishment of a reserve in the Resort Tax Fund.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, that the Mayor and City Commission hereby accept the recommendation of the Finance and Citywide Projects Committee and adopt a City of Miami Beach financial policy for the establishment of a reserve in the Resort Tax Fund; which policy is attached and incorporated as Exhibit "A" to this Resolution.

PASSED AND ADOPTED this 23rd day of April, 2014.

Attest:

Rafael Granado, City Clerk



Philip Levine, Mayor

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION

City Attorney

Date

4-1-14

EXHIBIT A

CITY OF MIAMI BEACH FINANCIAL POLICY FOR THE ESTABLISHMENT OF A RESERVE IN THE RESORT TAX FUND

1. The City of Miami Beach shall maintain a minimum reserve in the Resort Tax Fund (Fund 160) of two months of total revenue of the 2% resort tax and shall have a goal of maintaining a minimum reserve equal to three months of total revenue of the 2% resort tax.
2. Said goal of three months of total revenue of the 2% resort tax shall be established within the timeframe of ten years effective as of October 1, 2014.
3. A permanent contingency reserve is hereby established in an amount not less than two months of total revenue of the 2% resort tax in the Resort Tax Fund to be held for use in a public emergency if and when an emergency affecting life, health, property, public safety, or a significant economic impact on resort tax collections, and the expenditure of such funds is authorized by a five-sevenths (5/7) vote of the City Commission.
4. Said contingency reserve shall be increased or decreased annually, but shall be maintained at a minimum amount of two months of total revenue of the 2% resort tax of the then existing Resort Tax Fund Budget.
5. Prior to any expenditures from this reserve, the Mayor and City Commission must declare an emergency affecting life, health, property, public safety, or a significant economic impact on resort tax collections, and authorize said expenditures by a five-sevenths (5/7) vote. The Administration is directed to restore the reserve to its aforementioned level in an amount of not less than five hundred thousand dollars (\$500,000) annually, by an amendment to the Adopted Resort Tax Fund Budget.

Condensed Title:

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE (FCWPC) TO ADOPT A CITY OF MIAMI BEACH FINANCIAL POLICY FOR THE ESTABLISHMENT OF A RESERVE IN THE RESORT TAX FUND

Key Intended Outcome Supported:

Ensure expenditure trends are sustainable over the long term
Improve the City's overall financial health and maintain overall bond rating

Item Summary/Recommendation:

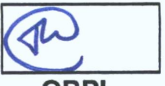
Resort Taxes are a relatively volatile funding source as tourism is vulnerable to sudden changes in economic conditions and natural hazards. In addition, the Resort Tax Fund currently transfers \$32.9 million to the General Fund to cover eligible tourism-related expenditures. This increases the risk factor as any significant negative impacts to resort tax revenues will impact programs and services in both the Resort Tax Fund as well as the General Fund. It is prudent and fiscally responsible to create a sufficient reserve to insure against fluctuations in cash flow.

The City does not currently have a formal reserve policy for the Resort Tax Fund. In practice, the City has maintained two months of operating expenses (net of debt service and transfers) as an informal reserve policy the same as adopted reserve policies for the General Fund and Enterprise Funds. Two months of operating expenses is a low reserve amount for this fund as debt service and transfers are a significant portion of overall expenditures.


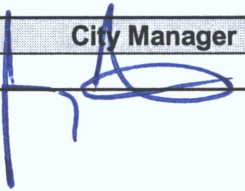
In Letter to Commission (LTC) number 422-2013, the Budget Advisory Committee (BAC) requested that the Mayor and Commission support the BAC's recommendation for a proposed reserve policy for the Resort Tax Fund.

The BAC's proposed reserve policy for the Resort Tax Fund was reviewed by the Finance & Citywide Projects Committee (FCWPC) on March 21, 2014. The proposed policy was approved with the following change: the ultimate goal of a reserve equaling six-months of total 2% resort tax revenue was revised to three-months of total revenue. City Administration was directed to prepare a resolution for Commission consideration adopting policies similar to the recommendations of the BAC, with the slight change of the ultimate goal of a reserve of three months total 2% resort tax revenue instead of six months.

Financial Information:

| Source of Funds: | Amount | Account |
|---|--------|---------|
|  | | |
| OBPI | | |

Financial Impact Summary:**Sign-Offs:**

| Department Director | Assistant City Manager | City Manager |
|---|------------------------|---|
|  | |  |





MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: April 23, 2014

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE (FCWPC) TO ADOPT A CITY OF MIAMI BEACH FINANCIAL POLICY FOR THE ESTABLISHMENT OF A RESERVE IN THE RESORT TAX FUND**

ADMINISTRATION RECOMMENDATION

The Administration recommends that the City Commission adopt the attached Resolution which establishes a City of Miami Beach financial policy for the establishment of a reserve in the Resort Tax Fund.

BACKGROUND

Resort Taxes are a relatively volatile funding source as tourism is vulnerable to sudden changes in economic conditions. In addition, the Resort Tax Fund currently transfers \$32.9 million to the General Fund to cover eligible tourism-related expenditures. This increases the risk factor as any significant negative impacts to resort tax revenues will impact programs and services in both the Resort Tax Fund as well as the General Fund. It is prudent and fiscally responsible to create a sufficient reserve to insure against fluctuations in cash flow.

The City does not currently have a formal reserve policy for the Resort Tax Fund. In practice, the City has maintained two months of operating expenses (net of debt service and transfers) as an informal reserve policy the same as adopted reserve policies for the General Fund and Enterprise Funds. Two months of operating expenses is a low reserve amount for this fund as debt service and transfers are a significant portion of overall expenditures.

In Letter to Commission (LTC) number 422-2013, the Budget Advisory Committee (BAC) requested that the Mayor and Commission support the BAC's recommendation for a proposed reserve policy for the Resort Tax Fund.

The BAC's proposed reserve policy for the Resort Tax Fund was reviewed by the Finance & Citywide Projects Committee (FCWPC) on March 21, 2014. The proposed policy was approved with the following change: the ultimate goal of a reserve equaling six-months of total 2% Resort Tax revenue was revised to three-months of total revenue. City Administration was directed to prepare a resolution for Commission consideration adopting policies similar to the recommendations of the BAC, with the slight change of the ultimate goal of a reserve of three months total 2% Resort Tax revenue instead of six months.

The BAC and FCWPC recommend the following reserve policy for the Resort Tax Fund (Fund 160):

1. The City of Miami Beach shall maintain a minimum reserve in the Resort Tax Fund of two months of total revenue of the 2% resort tax and shall have a goal of maintaining a minimum reserve equal to ~~six~~ three months of total revenue of the 2% resort tax.
2. Said goal of ~~six~~ three months of total revenue of the 2% resort tax shall be established within the timeframe of ten years effective as of October 1, 2014.
3. A permanent contingency reserve is hereby established in an amount not less than two months of total 2% resort tax revenues of the annual fiscal budget in the Resort Tax Fund to be held for use in a public emergency if and when an emergency affecting life, health, property, public safety, or a significant economic impact on resort tax collections, and the expenditure of such funds is authorized by a five-sevenths (5/7) vote of the City Commission.
4. Said contingency reserve shall be increased or decreased annually but shall be maintained at a minimum amount of two months of total 2% resort tax revenues of the then existing Resort Tax Fund Budget.
5. Prior to any expenditures from this reserve, the Mayor and City Commission must declare an emergency affecting life, health, property, public safety, or a significant economic impact on resort tax collections, and authorize said expenditures by a five-sevenths (5/7) vote. The Administration is directed to restore the reserve to its aforementioned level in an amount of not less than five hundred thousand dollars (\$500,000) annually, by an amendment to the Adopted Resort Tax Fund Budget.

ANALYSIS

The Government Finance Officers Association (GFOA) recommends a minimal reserve policy of two months of operating expenses or two months of total revenues. The GFOA recommends that in establishing a policy governing the appropriate level of reserves, a government should consider a variety of factors including:

- The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of reserves may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile)
- The fund's perceived exposure significant one-time outlays (e.g., disasters, immediate capital needs, etc.)
- The potential drain upon general fund resources from other funds as well as the availability of resources in other funds

The proposed reserve policy proposes to set a floor reserve of at least two months of total 2% resort tax revenue of the Resort Tax Fund (Fund 160). Based on the net cash available as of 9/30/13, the fund currently meets the minimum reserve requirement of two months of total 2% resort tax revenue in the policy. The goal would be to increase the reserve to ~~six~~ three months of total 2% resort tax revenues over the period of the next ten years or sooner.

| | |
|---|--------------|
| Preliminary net cash available as of 9/30/13* | \$10,942,051 |
| Reserve equal to 2 months of total 2% resort tax revenues | \$7,946,833 |
| Reserve equal to 3 months of total 2% resort tax revenues | \$11,920,250 |
| Reserve equal to 4 months of total 2% resort tax revenues | \$15,893,667 |
| Reserve equal to 5 months of total 2% resort tax revenues | \$19,867,083 |
| Reserve equal to 6 months of total 2% resort tax revenues | \$23,840,500 |

Note: Actual net cash available as of 9/30/13 will not be available until the City's Comprehensive Annual Financial Report (CAFR) is completed in May.

CONCLUSION

The proposed reserve policy for the Resort Tax Fund addresses the volatility of this key funding source to minimize potential future negative impacts from unforeseen events. The policy would help ensure continuity of operations in both the Resort Tax Fund and the General Fund and maintain or improve the City's credit ratings. Administration recommends adoption of the attached resolution.

JLM: JW



RESOLUTION NO. 2018-30429

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA SETTING 1) THE PROPOSED OPERATING MILLAGE RATE; 2) THE REQUIRED DEBT SERVICE MILLAGE RATE; 3) THE CALCULATED "ROLLED-BACK" RATE; AND, 4) THE DATE, TIME, AND PLACE OF THE FIRST PUBLIC HEARING TO CONSIDER THE MILLAGE RATES AND BUDGETS FOR FISCAL YEAR (FY) 2018/19; AND, FURTHER, AUTHORIZING THE CITY MANAGER TO TRANSMIT THIS INFORMATION TO THE MIAMI-DADE COUNTY PROPERTY APPRAISER IN THE FORM REQUIRED BY SECTION 200.065, FLORIDA STATUTES.

WHEREAS, Section 200.065, Florida Statutes, has specified the method by which municipalities set the millage rate and adopt an annual budget; and

WHEREAS, development of the FY 2018/19 budget began early in the year and has included several discussions with the City Commission that included a review of priorities, economic projections and their impacts on the budget, preliminary projected revenues, and expenditures; and

WHEREAS, over the last several years, the City of Miami Beach has adopted budgets that have provided tax and fee relief, while at the same time providing improved levels of services that address needs and priorities identified by the community; and

WHEREAS, maintaining and enhancing the City's priorities have become increasingly more challenging due to a slowdown in the increase of property values, declining property tax rates, and increasing personnel costs which include pension-related costs; and

WHEREAS, the July 1, 2018 Certification of Taxable Value from the Miami-Dade County Property Appraiser reflects a 4.0 percent increase in citywide property tax values from the July 1, 2017 tax roll certification, a 5.1 percent increase in property tax values in the City Center Redevelopment Area (RDA), and a 3.8 percent increase in property tax values outside the City Center RDA, which directly impacts the City's General Fund property tax revenues; and

WHEREAS, the City's current general operating millage rate is comprised of a general millage, which funds operating costs in the General Fund, and a renewal and replacement millage, which provides a dedicated source of funding for capital renewal and replacement projects that extend the useful life of General Fund capital assets; and

WHEREAS, at the May 24, 2018 Commission Budget Workshop, and at the June 8, 2018 and July 13, 2018 Finance and Citywide Projects Committee budget briefings for the development of the proposed FY 2018/19 operating and capital budgets, the Administration recommended that the general operating millage rate be comprised of an additional millage rate established for "Pay-As-You-Go" (PAYGO) capital funds, which will provide dedicated funding for General Fund capital projects and allow for growth over time with property values; and

WHEREAS, at the May 24, 2018 Commission Budget Workshop, and at the June 8, 2018 and July 13, 2018 Finance and Citywide Projects Committee budget briefings for the development

of the proposed FY 2018/19 operating and capital budgets, the Administration recommended that the proposed FY 2018/19 "Pay-As-You-Go" (PAYGO) millage rate be set to the equivalent of the \$2,400,000 already proposed in the FY 2018/19 operating budget based on the July 1, 2018 Certification of Taxable Value from the Miami-Dade County Property Appraiser; and

WHEREAS, based on the July 1, 2018 Certification of Taxable Value received from the Miami-Dade County Property Appraiser, the consensus was to set the total operating millage, including the additional millage rate established for dedicated "Pay-As-You-Go" (PAYGO) capital funds that would be offset entirely by a decrease in the City's general millage rate, at 5.7288 mills and to set the voted debt service millage rate at 0.1660 mills, for a total combined millage rate of 5.8888 mills, which is the same as the total combined millage rate adopted in FY 2017/18; and

WHEREAS, the City of Miami Beach is required to notify the Miami-Dade County Property Appraiser of the Proposed Millage Rates, the "rolled-back" rate, and the date, time, and place of the first public hearing; and

WHEREAS, the January 1, 2017 tax roll declined by \$758.1 million between the certified July 1, 2017 valuation and the final July 1, 2018 valuation due to appeals and adjustments, which is part of the reason why the FY 2018/19 "rolled-back" rate is 5.4727, which is 0.2497 mills lower than the adopted FY 2017/18 total general operating millage rate of 5.7224 mills.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND THE CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the following recommendations of the Administration be and are hereby ratified for transmittal to the Miami-Dade County Property Appraiser, as specified in Section 200.065, Florida Statutes:

1) Proposed Millage Rates for FY 2018/19:

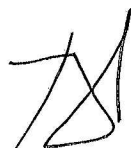
| | |
|---------------------------------------|---------------------|
| General Millage | 5.6298 mills |
| Capital Renewal & Replacement Millage | 0.0235 mills |
| Pay-As-You-Go (PAYGO) Millage | <u>0.0755 mills</u> |
| Total General Operating Millage | 5.7288 mills |
| Voted Debt Service Millage | <u>0.1600 mills</u> |
| Total Combined Millage | 5.8888 mills |

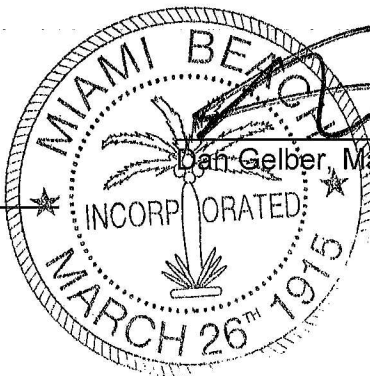
2) "Rolled-Back" Rate 5.4727 mills



3) The first public hearing to consider the proposed millage rates and budgets for FY 2018/19 shall be held on Wednesday, September 12, 2018, at 5:01 P.M., in the City Commission Chambers at 1700 Convention Center Drive, 3rd Floor, Miami Beach, Florida 33139.

PASSED and ADOPTED, this 25th day of July, 2018.

ATTEST:

 8/6/18
Rafael E. Granado, City Clerk




APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION
City Attorney  7/19/18
Date

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Jimmy L. Morales, City Manager
DATE: July 25, 2018

SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA SETTING 1) THE PROPOSED OPERATING MILLAGE RATE; 2) THE REQUIRED DEBT SERVICE MILLAGE RATE; 3) THE CALCULATED "ROLLED-BACK" RATE; AND, 4) THE DATE, TIME, AND PLACE OF THE FIRST PUBLIC HEARING TO CONSIDER THE MILLAGE RATES AND BUDGETS FOR FISCAL YEAR (FY) 2018/19; AND, FURTHER, AUTHORIZING THE CITY MANAGER TO TRANSMIT THIS INFORMATION TO THE MIAMI-DADE COUNTY PROPERTY APPRAISER IN THE FORM REQUIRED BY SECTION 200.065, FLORIDA STATUTES.

RECOMMENDATION

See attached Memorandum.

Legislative Tracking

Budget and Performance Improvement

ATTACHMENTS:

Description

- Memo - FY 2018/19 Proposed Millage

MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Dan Gelber and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: July 25, 2018

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA SETTING 1) THE PROPOSED OPERATING MILLAGE RATE; 2) THE REQUIRED DEBT SERVICE MILLAGE RATE; 3) THE CALCULATED "ROLLED-BACK" RATE; AND, 4) THE DATE, TIME, AND PLACE OF THE FIRST PUBLIC HEARING TO CONSIDER THE MILLAGE RATES AND BUDGETS FOR FISCAL YEAR (FY) 2018/19; AND, FURTHER, AUTHORIZING THE CITY MANAGER TO TRANSMIT THIS INFORMATION TO THE MIAMI-DADE COUNTY PROPERTY APPRAISER IN THE FORM REQUIRED BY SECTION 200.065, FLORIDA STATUTES**

ADMINISTRATION RECOMMENDATION

The Administration recommends that the Mayor and City Commission adopt the attached Resolution, which authorizes the City Manager to transmit the following information to the Miami-Dade County Property Appraiser:

1) Proposed Millage Rates for FY 2018/19:

| | |
|---------------------------------------|---|
| General Millage | 5.6298 mills |
| Capital Renewal & Replacement Millage | 0.0235 mills |
| Pay-As-You-Go (PAYGO) Millage | <u>0.0755 mills</u> |
| Total General Operating Millage | 5.7288 mills |
| Voted Debt Service Millage | <u>0.1600 mills</u> |
| Total Combined Millage | 5.8888 mills (same as last fiscal year) |

2) "Rolled-Back" Rate (Truth in Millage) 5.4727 mills

3) The first public hearing to consider the proposed millage rates and budgets for FY 2018/19 shall be held on Wednesday, September 12, 2018, at 5:01 p.m., in the City Commission Chambers at 1700 Convention Center Drive, 3rd Floor, Miami Beach, Florida 33139.

The "rolled-back" millage rate for FY 2018/19 is the millage rate required to produce the same level of property tax revenues in the General Fund in FY 2018/19 as anticipated to be received in FY 2017/18. It is important to note that the January 1, 2017 citywide tax roll declined by almost \$758.1 million between the July 1, 2017 certified valuation and the July 1, 2018 final valuation due to appeals, adjustments, etc., which is part of the reason the FY 2018/19 "rolled-back" millage rate is 0.2497 mills lower than the FY 2017/18 general operating millage rate and is lower than it would have been if the "rolled-back" rate was only adjusted for the increase in revenues generated

by higher property values. The area outside of the City Center Redevelopment Area (RDA), which impacts General Fund revenues directly, decreased in value by approximately \$525.2 million during the same period.

The proposed millage provides funding to offset increases for personnel costs, such as a 1 percent cost of living adjustment, effective April 1, 2019; a 5% step increase for all Fraternal Order of Police (FOP) and International Association of Fire Fighters (IAFF) personnel; 0-3% percent performance-based merit increase for all non-FOP and IAFF personnel; the impact of annualized costs for expenditures added per direction received from the City Commission during FY 2017/18; and other increases for operating and internal services funds expenditures.

In FY 2017/18, the Administration adopted a total combined millage rate for the City of Miami Beach of 5.8888 mills, which is the lowest rate in at least 20 years.

There are two main components to the City's total combined millage rate: the operating millage rate and the voted debt service millage rate. The operating millage rate, which is comprised of a general and a renewal and replacement millage, funds operating costs in the General Fund while the debt service millage rate funds debt service for previously issued General Obligation (G.O.) bonds. In FY 2018/19, the projected debt service payment is \$5.9 million, which requires the levy of a voted debt service millage rate of 0.1600 mills. The FY 2018/19 debt service millage rate is 0.0064 mills less than in FY 2017/18 and this difference is proposed to be applied to the general operating millage rate, as approved by the Finance and Citywide Projects Committee (FCWPC) at the June 8, 2018 and July 13, 2018 budget briefings.

Commencing FY 2018/19, as presented and recommended during the City Commission's Budget Workshop held on May 24, 2018, and approved by the FCWPC at the June 8, 2018 and July 13, 2018 budget briefings, the operating millage rate will be comprised of an additional millage rate for Pay-As-You-Go (PAYGO) capital funds, which will provide dedicated funding and allow for growth over time with property values. This additional dedicated millage rate, equivalent to \$2.4 million included in the proposed FY 2019 General Fund budget, will be offset entirely by a decrease in the City's general millage rate. Overall, the City's total combined millage rate for FY 2018/19 is proposed to remain flat as reflected below:

| | FY 2017/18 Adopted | FY 2018/19 Proposed | Inc / (Dec) |
|--|-----------------------|------------------------|---------------|
| General | 5.6989 | 5.6298 | (0.0691) |
| Capital Renewal & Replacement | 0.0235 | 0.0235 | 0.0000 |
| Pay-As-You-Go (PAYGO) | 0.0000 | 0.0755 | 0.0755 |
| Total General Operating Millage | 5.7224 | 5.7288 | 0.0064 |
| Debt Service | 0.1664 | 0.1600 | (0.0064) |
| Total Combined Millage | 5.8888 | 5.8888 | 0.0000 |

ANALYSIS OF PROPERTY VALUES IN MIAMI BEACH

On July 1, 2018, the City received the 2018 Certification of Taxable Value from the Miami-Dade County Property Appraiser's Office indicating that the taxable value for the City of Miami Beach was \$38.9 billion, which included \$186.1 million in new construction. Property taxes comprise approximately 54% of total General Fund revenues.

The following table shows the difference between the preliminary June 1, 2018 values and certified July 1, 2018 values, and the impact on projected FY 2018/19 property tax revenues:

| | June 2018 Preliminary | July 2018 Certified |
|---|--------------------------|------------------------|
| Property Assessment | | |
| Existing Values | 38,556,000,000 | 38,701,545,195 |
| New Construction | 97,000,000 | 186,115,906 |
| Total | 38,653,000,000 | 38,887,661,101 |
| City Center RDA | 5,927,316,190 | 5,993,199,959 |
| Citywide Total | 32,725,683,810 | 32,894,461,142 |
| Property Tax Revenue Projection | 181,200,000 | 182,168,000 |
| Property Tax Revenue Projection Variance | | 968,000 |

The preliminary June 1, 2018 property tax revenue projections assumed the City Center RDA would increase by approximately 3.9 percent over the certified July 1, 2017 values based on historical trends. However, based on the certified July 1, 2018 values received, the City Center RDA increased approximately 5.1% over the certified July 1, 2017 values, thereby slightly decreasing the citywide total by a greater percentage than originally projected.

The comparative assessed values for the City Center RDA increased from \$5.7 billion to \$6.0 billion, which is an increase of approximately \$290 million, or 5.1 percent, over the certified 2017 values. Citywide values, excluding the City Center RDA district, increased from \$31.7 billion to \$32.9 billion, which is an increase of \$1.2 billion, or 3.8 percent, over the certified 2017 values.

Comparative Assessed Values Citywide vs. City Center RDA

| | January 1, 2017 Value (in billions) | | | | January 1, 2018 Value (in billions) | | |
|--|---------------------------------------|---|-----------------------------|--------|---------------------------------------|----------------------------|--------|
| | July 1, 2017 (FY2017/18 Budget) | Revised Value (FY2017/18 Projection) | Change in 2017 Values | % Chg. | July 1, 2018 (FY2018/19 Budget) | \$ Change (in billions) | % Chg. |
| Total Citywide | \$ 37.397 | \$ 36.639 | \$ (0.758) | -2.0% | \$ 38.888 | \$ 1.491 | 4.0% |
| City Center RDA | \$ 5.703 | \$ 5.470 | \$ (0.233) | -4.1% | \$ 5.993 | \$ 0.290 | 5.1% |
| Citywide - Net of City Center RDA | \$ 31.694 | \$ 31.169 | \$ (0.525) | -1.7% | \$ 32.894 | \$ 1.200 | 3.8% |

VALUE OF ONE MILL OF TAXABLE VALUE

The first building block in developing a municipal budget is the establishment of the value of one mill of taxation, wherein the mill is defined as \$1.00 of ad valorem tax for every \$1,000 of property value. For the City of Miami Beach, the value for each mill for the proposed FY 2018/19 budget is determined by the 2018 Certification of Taxable Value, which has been set at \$38.9 million. Florida Statutes permit a discount of up to five percent for early payment discounts, delinquencies, etc. Therefore, the 95 percent value of one mill citywide is \$36.9 million. Net of Center City RDA tax increment available to the General Fund, the value of one mill at 95 percent is approximately \$31.8 million.

DETERMINING THE VOTED DEBT SERVICE MILLAGE LEVY

The General Obligation (G.O.) Bond debt service payment for FY 2018/19 is projected to be \$5.9 million. Based on the July 1, 2018 certified taxable values received from the Miami-Dade County Property Appraiser's Office, this debt service payment would require the levy of a voted debt service millage of 0.1600 mills, which represents a decrease of 0.0064 mills over the FY 2017/18 voted debt service levy of 0.1664 mills.

IMPACT OF PROPOSED MILLAGE LEVY IMPACT ON PROPERTY OWNERS**Homesteaded Properties**

In 1992, voters approved an amendment to the Florida Constitution known as Amendment 10, or Save Our Homes (SOH). SOH is an assessment limitation, or "cap", on increases in the assessed value of a homestead residence. Those increases are limited to 3% or the percent change in the CPI (Consumer Price Index), whichever is less. The "cap" goes into effect beginning the year after a homestead exemption is granted.

Based on the January 1, 2018 homesteaded property values as of July 1, 2018, the median value of homesteaded property in Miami Beach was \$186,172 and the average was \$473,353 (assuming a 2.1 percent increase over 2017 median and average homesteaded property values pursuant to SOH). The impact of the proposed millage rate adjustment to homesteaded properties in Miami Beach would be an increase of \$24 for the median and an increase of \$58 for the average value homesteaded property as reflected in the table below:

| Homesteaded Properties | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| | FY 2017/18 | | FY 2018/19 | |
| | Median** | Average** | Median | Average |
| Preliminary Taxable Value** | \$ 182,343 | \$ 463,617 | \$ 186,172 | \$ 473,353 |
| City of Miami Beach | | | | |
| Operating | \$ 1,043 | \$ 2,653 | \$ 1,067 | \$ 2,712 |
| Voted Debt | 30 | 77 | 30 | 76 |
| Total Miami Beach | \$ 1,073 | \$ 2,730 | \$ 1,097 | \$ 2,788 |
| \$ Change in Taxes | | | | |
| Operating | | | \$ 24 | \$ 59 |
| Voted Debt | | | - | (1) |
| Total Miami Beach | | | \$ 24 | \$ 58 |
| **Source: Miami-Dade County Property Appraiser's - 2017-average-median-homestead-residential-values file | | | | |

Historical Perspective

It is important to note that in prior years, the City of Miami Beach significantly reduced tax rates as property values increased. Between FY 1999/00 and FY 2009/10, property tax rates declined approximately 2.8 mills. In FY 2007/08 alone, the property tax rate declined by approximately 1.8 mills with annual savings to the average homesteaded property of over \$400. In addition, in FY 2005/06 and FY 2006/07, the City funded \$200 and \$300 homeowner dividends paid to homesteaded property owners in the City. Further, the proposed City of Miami Beach combined millage rate for FY 2018/19 is the lowest it has been in at least 20 years and is equivalent to the total combined millage rate adopted in FY 2017/18.

STATUTORY REQUIREMENTS

Florida Statute 200.065, entitled "Method of Fixing Millage," establishes specific guidelines that must be used by all local government entities in setting millage (property tax) rates. Under the Florida Statute, the City is required, within 35 days of receipt of the "Certification of Taxable Value" (received July 1, 2018), to advise the Miami-Dade County Property Appraiser of the proposed general operating millage rate, the calculated "rolled-back" rate and the date, time, and place of the first public hearing to consider the proposed millage rates and budgets for FY 2018/19. The required debt service millage rate must also be set at the same time as the general operating millage.

After setting the proposed FY 2018/19 millage rate, the Commission may, at any time prior to the final adoption, lower the rates by adjusting priorities. However, increasing the millage rate may only be accomplished by an expensive mailing and advertising process to every property owner on Miami Beach. The City's proposed operating millage rate as well as that of other taxing authorities will be included in the Truth-in-Millage (TRIM) statement sent to each property owner in the City.

MAXIMUM MILLAGE DETERMINATION

As presented at the May 24, 2018 Budget Workshop, and June 8, 2018 and July 13, 2018 FCWPC budget briefings, the proposed FY 2018/19 operating millage rate, which includes a dedicated millage for Pay-As-You-Go (PAYGO) capital funds and allows for growth over time with property values equivalent to \$2.4 million included in the FY 2018/19 proposed General Fund budget and entirely offset by a decrease in the City's general millage, is 5.7288 mills. Based on the July 1, 2018 Certification of Taxable Value received from the Miami-Dade County Property Appraiser, the levy of 5.7288 mills would generate approximately \$182.2 million in General Fund property tax revenues, which is an increase of \$6.8 million over FY 2017/18 budgeted property tax revenues Citywide (net of the City Center RDA).

| | July 2017 Certified | July 2018 Certified |
|---|--------------------------------|--------------------------------|
| Property Assessment | | |
| Existing Values | 36,538,197,107 | 38,701,545,195 |
| New Construction | 858,865,383 | 186,115,906 |
| Total | 37,397,062,490 | 38,887,661,101 |
| City Center RDA | 5,702,556,459 | 5,993,199,959 |
| Citywide Total | 31,694,506,031 | 32,894,461,142 |
| Property Tax Revenue Projection | 175,363,000 | 182,168,000 |
| Property Tax Revenue Projection Variance | | 6,805,000 |

Further, pursuant to State Statute, the City may elect to approve millage rates above the "rolled-back" rate up to the constitutional cap of 10 mills, subject to the following votes by the Commission or referendum:

- Option I: A majority approval of the Commission is required to approve a millage up to 6.1024 mills (equivalent to a 1.47% increase in Property Tax revenues). The 1.0147 increase is the State per capita personal income gain for the prior calendar year.

- Option II: A two-thirds approval (5 of 7 votes) of the Commission is required to approve a millage up to 6.7126 mills (equivalent to a 10% increase in Property Tax revenues above Option I).
- Option III: A unanimous approval of the Commission or referendum is required to approve a millage above 6.7126 mills.

Adoption of the proposed FY 2018/19 total general operating millage rate of 5.7288 mills, therefore, requires a majority approval (4 of 7 votes) by the City Commission per the State of Florida's Truth-in-Millage (TRIM) requirements.

FIRST PUBLIC HEARING

The first public hearing on the proposed operating millage rate and budget for FY 2018/19 must be held no later than 80 days, or earlier than 65 days, from the start of the TRIM calendar (July 1st). Other guidelines are: 1) The public hearing cannot be scheduled on a Sunday or on those days utilized by Miami-Dade County or the Miami-Dade County School Board for their public hearing; 2) If on a day other than Saturday, it must be held after 5:00 P.M.; and, 3) must be held immediately following discussion of the tentative millage and budget of its principal taxing authority (City of Miami Beach).

Based on these guidelines, the first hearing must be held between September 3, 2018 and September 18, 2018. These dates are unavailable for the following reasons:

| | |
|--------------------|---|
| September 9 and 16 | Sundays |
| September 3 | Labor Day |
| September 5 | Miami-Dade County School Board Public Hearing |
| September 6 | Miami-Dade County Public Hearing |

Of the remaining days available, it is recommended that the first public hearing be set for Wednesday, September 12, 2018 at 5:01 P.M., in the City Commission Chambers at 1700 Convention Center Drive, 3rd Floor, Miami Beach, Florida 33139, immediately following the City of Miami Beach's public hearing.

JLM/JW/TOS

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE & CITYWIDE PROJECTS COMMITTEE AT ITS NOVEMBER 30, 2018 MEETING AND ADOPTING THE RESORT TAX RESERVE POLICY, AS SET FORTH IN THE ATTACHED EXHIBIT A, WHICH SHALL REPLACE AND SUPERCEDE THE RESORT TAX POLICY SET FORTH IN RESOLUTION NO. 2014-28543, AND WHICH IS CONSISTENT WITH RECOMMENDATIONS OF THE MAYOR'S BLUE RIBBON EMERGENCY RESPONSE COMMITTEE AND THE CITY'S BUDGET ADVISORY COMMITTEE.

WHEREAS, the Mayor and City Commission recognize the necessity to adequately provide the resources to operate the City in the event of a catastrophe; and

WHEREAS, such resources can be provided by the establishment of a permanent reserve for such contingencies; and

WHEREAS, the Mayor's Blue Ribbon Emergency Response Committee (BRERC) and the City's Budget Advisory Committee (BAC), with support from the City Administration, has recommended the revision of the existing financial policy, set forth in Resolution No. 2014-28543, for the establishment of a reserve in the Resort Tax Fund; and

WHEREAS, the National Advisory Council on State and Local Budgeting and the Government Finance Officers Association recommends that jurisdictions establish a policy governing the appropriate level of reserves for key funds; and


WHEREAS, the Finance and Citywide Projects Committee (FCWPC) met on November 30, 2018, and recommended that the City Commission revise the existing City of Miami Beach financial policy for the establishment of a reserve in the Resort Tax Fund; and

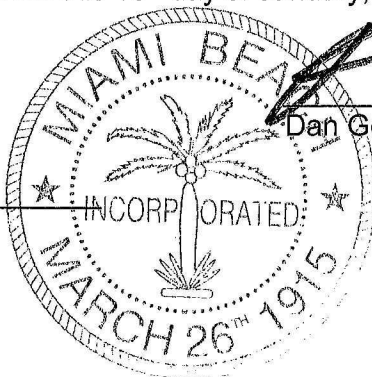
WHEREAS, consistent with recommendations of the FCWPC, the BAC, and the BRERC, the Financial Policy for the Establishment of a Reserve in the Resort Tax Fund, as set forth in Exhibit A, should be adopted and should replace and supercede the Resort Tax Reserve Policy set forth in Resolution No. 2014-28543.


NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, that the Mayor and City Commission hereby accept the recommendation of the Finance and Citywide Projects Committee at its November 30, 2018 meeting and hereby adopt the Resort Tax Reserve Policy, as set forth in the attached Exhibit A, which shall replace and supercede the Resort Tax Policy set forth in Resolution No. 2014-28543, and which is consistent with the recommendations of the Mayor's Blue Ribbon Emergency Response Committee and the Budget Advisory Committee.

PASSED AND ADOPTED this 16th day of January, 2019.

ATTEST:


Rafael E. Granado, City Clerk




Dan Gelber, Mayor

**APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION**


City Attorney

1-18-19
Date

EXHIBIT A

CITY OF MIAMI BEACH FINANCIAL POLICY FOR THE ESTABLISHMENT OF A RESERVE IN THE RESORT TAX FUND

1. The City of Miami Beach shall maintain a minimum reserve in the Resort Tax Fund (Fund 160) of two months of total revenue of the 2% resort tax and shall have a goal of maintaining a minimum reserve equal to six months of total revenue of the 2% resort tax.
2. Said goal of six months of total revenue of the 2% resort tax shall be established within the timeframe of ten years effective as of October 1, 2019.
3. A permanent contingency reserve is hereby established in an amount not less than two months of total revenue of the 2% resort tax in the Resort Tax Fund to be held for use in a public emergency if and when an emergency affecting life, health, property, public safety, or a significant economic impact on resort tax collections, and the expenditure of such funds is authorized by a five-sevenths (5/7) vote of the City Commission.
4. Said contingency reserve shall be increased or decreased annually, but shall be maintained at a minimum amount of two months of total revenue of the 2% resort tax of the then existing Resort Tax Fund Budget.
5. As the reserve level increases over time to meet the six month goal, the minimum required 2% Resort Tax reserve will increase above the initial two months, as a moving floor, beginning an attainment of the remaining target. For example, once the reserve attains the four month target at the end of a fiscal year, the minimum reserve would increase to three months and so on, until the six month minimum reserve is achieved.
6. Prior to any expenditures from this reserve, the Mayor and City Commission must declare an emergency affecting life, health, property, public safety, or a significant economic impact on resort tax collections, and authorize said expenditures by a five-sevenths (5/7) vote. The Administration is directed to restore the reserve to its aforementioned level in an amount of not less than five hundred thousand dollars (\$500,000) annually, by an amendment to the Adopted Resort Tax Fund Budget.

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Jimmy L. Morales, City Manager
DATE: January 16, 2019

SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE AT ITS NOVEMBER 30, 2018 MEETING TO REVISE THE RESORT TAX RESERVE POLICY CONSISTENT WITH RECOMMENDATIONS OF THE MAYOR'S BLUE RIBBON EMERGENCY RESPONSE COMMITTEE AND BUDGET ADVISORY COMMITTEE.

Legislative Tracking

Budget and Performance Improvement

Sponsor

Commissioner Micky Steinberg

ATTACHMENTS:

Description

- ▣ Resort Tax Reserve Policy Memorandum

COMMITTEE MEMORANDUM

TO: Members of the Finance & City Wide Projects Committee

FROM: Jimmy L. Morales, City Manager

DATE: January 16, 2019

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE & CITYWIDE PROJECTS COMMITTEE AT ITS NOVEMBER 30, 2018 MEETING TO REVISE THE RESORT TAX RESERVE POLICY CONSISTENT WITH RECOMMENDATIONS OF THE MAYOR'S BLUE RIBBON EMERGENCY RESPONSE COMMITTEE AND BUDGET ADVISORY COMMITTEE**

Recommendation

The Administration recommends the approval of the resolution accepting the recommendation of the Finance & Citywide Projects Committee at its November 30, 2018 meeting to revise the existing Resort Tax Reserve Policy.

Background

At the May 18, 2018 Finance & Citywide Projects Committee, the recommendations of the Mayor's Blue Ribbon Emergency Response Committee were discussed. This Committee was created to make recommendations to the Mayor and City Commission regarding proactive measures and response plans to address any emergencies in the City and to protect and enhance the Miami Beach brand. Of the five recommendations, two involved the Resort Tax Fund:

- The Committee recommends that sufficient funds from the RDA be released into the resort tax reserve in order to fund the Commission policy of a three-month goal.
- The Committee recommends that a referral be made to the Finance & Citywide Projects Committee to examine what the triggers to use reserve tax dollars should be set and discuss what else can be done to maximize return of resort tax dollars.

The Finance Committee reviewed the proposed revised Resort Tax Reserve Policy at its November 30, 2018 meeting based on recommendations by the Budget Advisory Committee.

Analysis

Resort Taxes are a relatively volatile funding source as tourism is vulnerable to sudden changes in economic conditions. In addition, the Resort Tax Fund currently transfers \$35.8 million to the General Fund to cover eligible tourism-related expenditures. This increases the risk factor as any significant negative impacts to resort tax revenues will impact programs and services in both the Resort Tax Fund as well as the General Fund. It is prudent and fiscally responsible to maintain a sufficient reserve to insure against fluctuations in cash flow.

The Government Finance Officers Association (GFOA) recommends a minimal reserve policy of two

REVISED RESORT TAX RESERVE POLICY

Page 2

months of operating expenses or two months of total revenues. The GFOA recommends that in establishing a policy governing the appropriate level of reserves, a government should consider a variety of factors including:

- The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of reserves may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile)
- The fund's perceived exposure significant one-time outlays (e.g., disasters, immediate capital needs, etc.)
- The potential drain upon general fund resources from other funds as well as the availability of resources in other funds

The current Resort Tax Reserve Policy was adopted in 2014 and developed through recommendations from the Budget Advisory Committee and Finance & Citywide Projects Committee. The Budget Advisory Committee recently reviewed the existing policy at their September 11, 2018 and October 9, 2018 meetings and made a formal motion via an LTC on October 22, 2018 that recommends changes to the policy as shown below.

The objectives of the proposed changes to the policy are to increase the goal of a minimum reserve from three months to six months and create a moving floor where the minimum reserve increases over time until it reaches six months. The amount of reserve in the minimum reserve is subject to an emergency provision and five-sevenths vote by Commission. These changes address the concerns of the Mayor's Blue Ribbon Emergency Response Committee. The Resort Tax Reserve is currently funded at the targeted three months of total revenue of the 2% resort tax after having been near the two month minimum reserve for the last two years.

REVISED RESORT TAX FUND RESERVE POLICY

1. The City of Miami Beach shall maintain a minimum reserve in the Resort Tax Fund (Fund 160) of two months of total revenue of the 2% resort tax and shall have a goal of maintaining a minimum reserve equal to ~~three~~ six months of total revenue of the 2% resort tax.
2. Said goal of ~~three~~ six months of total revenue of the 2% resort tax shall be established within the timeframe of ten years effective as of October 1, ~~2014~~ 2019.
3. A permanent contingency reserve is hereby established in an amount not less than two months of total revenue of the 2% resort tax in the Resort Tax Fund to be held for use in a public emergency if and when an emergency affecting life, health, property, public safety, or a significant economic impact on resort tax collections, and the expenditure of such funds is authorized by a five-sevenths (5/7) vote of the City Commission.
4. Said contingency reserve shall be increased or decreased annually, but shall be maintained at a minimum amount of two months of total revenue of the 2% resort tax of the then existing Resort Tax Fund Budget.
5. As the reserve level increases over time to meet the six month goal, the minimum required 2% Resort Tax reserve will increase above the initial two months, as a moving floor, beginning an attainment of the remaining target. For example, once the reserve attains the four month target at the end of a fiscal year, the minimum reserve would increase to three months and so on, until the six month minimum reserve is achieved.

REVISED RESORT TAX RESERVE POLICY

Page 3

6. Prior to any expenditures from this reserve, the Mayor and City Commission must declare an emergency affecting life, health, property, public safety, or a significant economic impact on resort tax collections, and authorize said expenditures by a five-sevenths (5/7) vote. The Administration is directed to restore the reserve to its aforementioned level in an amount of not less than five hundred thousand dollars (\$500,000) annually, by an amendment to the Adopted Resort Tax Fund Budget.

Conclusion

The Administration recommends the approval of the resolution accepting the recommendation of the Finance & Citywide Projects Committee at its November 30, 2018 meeting to revise the existing Resort Tax Reserve Policy, which addresses concerns from the Mayor's Blue Ribbon Emergency Response Committee and Budget Advisory Committee. The proposed changes to the reserve policy for the Resort Tax Fund address the volatility of this key funding source to minimize potential future negative impacts from unforeseen events. The policy would help ensure continuity of operations in both the Resort Tax Fund and the General Fund and maintain or improve the City's credit ratings.

JLM/JW

RESOLUTION NO. 2019-30954

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE AT ITS JULY 26, 2019 MEETING, AND AMENDING AND RESTATING RESOLUTION NO. 2006-26341, WHICH ADOPTED THE CITY OF MIAMI BEACH FINANCIAL POLICIES RELATING TO STABILIZATION FUNDS; FUND BALANCE; CONTINGENCY PLANNING AND CASH RESERVES; USE OF NON-RECURRING REVENUES; CAPITAL ASSET ACQUISITION, MAINTENANCE, REPLACEMENT AND RETIREMENT; AND GUIDING THE DESIGN OF PROGRAM AND SERVICES, TO INCORPORATE REVISIONS TO THE STABILIZATION FUNDS AND FUND BALANCE/CONTINGENCY PLANNING AND CASH RESERVES POLICY (GENERAL FUND RESERVE POLICY), AS SET FORTH IN THE ATTACHED EXHIBIT A, WHICH SHALL REPLACE AND SUPERSEDE THE GENERAL FUND RESERVE POLICY SET FORTH IN RESOLUTION NO. 2006-26341, AND WHICH IS CONSISTENT WITH THE RECOMMENDATION OF THE CITY'S BUDGET ADVISORY COMMITTEE.

WHEREAS, on September 21, 2006, the City Commission adopted Resolution No. 2006-26341, which formalized the City's financial policies relating to Stabilization Funds; Fund Balance; Contingency Planning and Cash Reserves; Use of Non-Recurring Revenues; Capital Asset Acquisition, Maintenance, Replacement and Retirement; and Guiding the Design of Programs; and

WHEREAS, on January 16, 2019, the City Commission adopted Resolution No. 2019-30664, which revised the City's Resort Tax Reserve Policy to address the concerns of the Mayor's Blue-Ribbon Emergency Response and Budget Advisory Committees; and

WHEREAS, at the May 21, 2019 Commission Budget Workshop, the Administration recommended a revision of the City's General Fund Reserve Policy to help maintain or improve the City's credit rating and financial position; and

WHEREAS, at the July 26, 2019 Finance and Citywide Projects Committee meeting, the Committee recommended a revision of the City's General Fund Reserve Policy to help maintain or improve the City's credit rating and financial position; and

WHEREAS, the Government Finance Officers Association (GFOA) recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the General Fund for Generally Accepted Accounting Principles (GAAP) and budgetary purposes; and

WHEREAS, the GFOA recommends that the adequacy of unrestricted fund balance in the General Fund should take into account each government's own unique circumstances; for example, governments that may be vulnerable to natural disasters, more dependent on a volatile revenue source, or potentially subject to cuts in state aid and/or federal grants, may need to maintain a higher level in the unrestricted fund balance; and

WHEREAS, the GFOA recommends, at a minimum, that general purpose governments, regardless of size, maintain an unrestricted budgetary fund balance in their general fund of no less than 2 months of the general fund budget; and


WHEREAS, the City of Miami Beach's current reserve policy is consistent with the GFOA's minimum General Fund reserve recommendation, and the City's current reserve policy establishes an 11% reserve of the General Fund Operating Budget for emergencies and a goal to maintain a General Fund Reserve for Contingencies equal to 6% of the General Fund Operating Budget, for a combined total of 17%, which represents 2 months of the General Fund Operating Budget expenditures; and

WHEREAS, in light of the City's vulnerability to storm events and dependence on volatile Resort Tax revenues, the objective of the proposed changes to the General Fund Reserve Policy is to increase the required reserve for emergencies from 11% to 17%; increase the goal for reserve for contingencies from 6% to 8%; and effectively increase the total reserve target from 17% to 25%, or from 2 months to 3 months of the City's General Fund Operating Budget; and

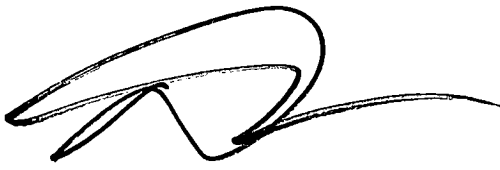
NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND THE CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, the Mayor and City Commission hereby accept the recommendation of the Finance and Citywide Projects Committee at its July 26, 2019 meeting, and amending and restating Resolution No. 2006-26341, which adopted the City of Miami Beach Financial policies relating to Stabilization Funds; Fund Balance; Contingency Planning and Cash Reserves; Use of Non-Recurring Revenues; Capital Asset Acquisition, Maintenance, Replacement and Retirement; and Guiding the Design of Programs, to incorporate revisions to the Stabilization Funds and Fund Balance/Contingency Planning and Cash Reserves Policy (General Fund Reserve Policy), as set forth in the attached Exhibit A, which shall replace and supersede the General Fund Reserve Policy set forth in Resolution No. 2006-26341, and which is consistent with the recommendation of the City's Budget Advisory Committee.

PASSED and ADOPTED, this 11th day of September, 2019.

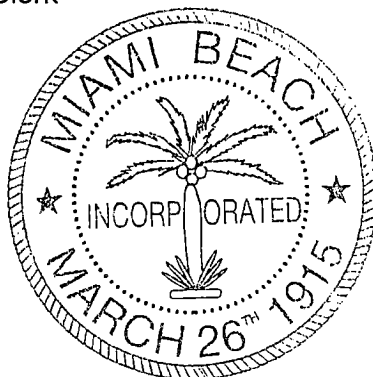
ATTEST:




Rafael E. Granado, City Clerk



Dan Gelber, Mayor



**APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION**


City Attorney

8/29/19

Date

EXHIBIT A

CITY OF MIAMI BEACH FINANCIAL POLICIES RELATING TO STABILIZATION FUNDS; FUND BALANCE; CONTINGENCY PLANNING AND CASH RESERVES; USE OF NON-RECURRING REVENUES; CAPITAL ASSET ACQUISITION, MAINTENANCE, REPLACEMENT AND RETIREMENT; AND GUIDING THE DESIGN OF PROGRAMS AND SERVICES

Stabilization Funds & Fund Balance/Contingency Planning and Cash Reserves

1. The City of Miami Beach shall maintain the Emergency Reserve at ~~seventeen~~ eleven percent (~~44~~ 17%) of the General Fund Operating Budget of the ensuing year (~~44~~ 17% Emergency Reserve) for use as defined in resolution 98- 22661.
2. The City of Miami Beach shall have a goal to also maintain a General Fund Reserve for Contingencies equal to at least ~~six~~ eight (~~6-8%~~) of the General Fund Operating Budget that, in combination with the ~~44~~ 17% Emergency Reserve, represents ~~two-three~~ (~~2-3~~) months of the General Fund Operating Budget expenditures.
3. Said reserve shall be increased or decreased annually but shall be maintained at a minimum of ~~six~~ eight percent (~~6%~~ 8%) of the then existing General Fund Operating Budget.
4. Once the General Fund Reserve for Contingencies goal of eight percent (8%) is initially achieved, if the amount falls below the ~~six~~ eight percent (~~6~~ 8%) level, a plan of action will be required to increase the reserves over three (3) to seven (7) years to at least ~~six~~ eight percent (~~6~~ 8%) and a percentage of any additional undesignated fund balance shall be earmarked toward attainment of the ~~six~~ eight percent (~~6~~ 8%) level.
5. The City of Miami Beach shall have a goal to develop and maintain appropriate levels of reserves in the Enterprise Funds as in the General Fund.
6. The City of Miami Beach shall have a goal of maintaining a reserve of one hundred percent (100%) of pending claims in the Risk Management Fund and shall strive to fund two-thirds (2/3) of the estimated value of insurance claims incurred but not reported.

Use of Non-Recurring Revenues

The City of Miami Beach will use one-time, non-recurring revenue for capital expenditures or one time expenditures and not to subsidize recurring personnel, operations and maintenance cost.

Capital Asset Acquisition, Maintenance, Replacement and Retirement

1. The City shall maintain a dedicated portion of operating millage for General Fund Capital Renewal and Replacement as defined in Resolution 2005-25832.

2. The City shall have a goal to fund for the following capital needs as a permanent part of the budget in an amount not less than five percent (5%) of the annual fiscal operating budget of the General Fund of the City:
 - **Capital Renewal and Replacement** – to ensure adequate funding for the renewal and replacement of the City’s General Fund facilities to extend the useful life or replace equipment whose useful life has expired.
 - **Capital Reserve Fund** – to help ensure adequate funding related to previously approved capital projects for expenditures due to bids that are over-budget, change orders, or other unforeseen items for General Fund projects.
 - **Pay-As-You-Go Capital Fund** – to ensure adequate on-going reinvestment in capital plant and equipment and avoid deferring capital needs until there is a major bond issue. The City of Miami Beach Resolution 2018-30429, dated July 25, 2018, established a dedicated millage commencing in FY 2019 to continue funding General Fund capital projects while simultaneously allowing for growth over time with property values.
 - **Capital Investment Upkeep Fund** – to help ensure adequate funding for General Fund non-facility related upkeep.
 - **Information and Communications Technology Fund** – to help ensure adequate funding for the procurement of new or enhanced information and technology needs of the City.
3. The City shall strive to achieve as a goal that annual General Fund revenues in excess of expenditures shall be transferred to the Capital Reserve Fund.
4. The City shall have a goal to develop and maintain appropriate levels of capital reserves in the Enterprise Funds as in the General Fund.

Guiding the Design of Programs and Services

1. The City of Miami Beach shall create a strategic plan that identifies multi-year strategic priorities (~~Key Intended Outcomes~~) with corresponding result measures for each priority.
2. Annually, the City of Miami Beach shall use a strategic planning process to develop initiatives that support the strategic plan priorities.
3. The budget process and format shall be performance-based and focused on Key Intended Outcomes and performance measures.
4. Any new initiatives not core to the City’s core mission or Key Intended Outcomes identified in the strategic plan that is greater than 0.5% of budget for the fund impacted per year, or cumulatively, shall be first considered as part of the City’s annual strategic planning process to develop initiatives.

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Jimmy L. Morales, City Manager
DATE: September 11, 2019

SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE AT ITS JULY 26, 2019 MEETING, AND AMENDING AND RESTATING RESOLUTION NO. 2006-26341, WHICH ADOPTED THE CITY OF MIAMI BEACH FINANCIAL POLICIES RELATING TO STABILIZATION FUNDS; FUND BALANCE; CONTINGENCY PLANNING AND CASH RESERVES; USE OF NON-RECURRING REVENUES; CAPITAL ASSET ACQUISITION, MAINTENANCE, REPLACEMENT AND RETIREMENT; AND GUIDING THE DESIGN OF PROGRAM AND SERVICES, TO INCORPORATE REVISIONS TO THE STABILIZATION FUNDS AND FUND BALANCE/CONTINGENCY PLANNING AND CASH RESERVES POLICY (GENERAL FUND RESERVE POLICY), AS SET FORTH IN THE ATTACHED EXHIBIT A, WHICH SHALL REPLACE AND SUPERSEDE THE GENERAL FUND RESERVE POLICY SET FORTH IN RESOLUTION NO. 2006-26341, AND WHICH IS CONSISTENT WITH THE RECOMMENDATION OF THE CITY'S BUDGET ADVISORY COMMITTEE.

RECOMMENDATION

See attached Memorandum

Legislative Tracking

Office of Management and Budget

Sponsor

Commissioner Samuelian

ATTACHMENTS:

Description

- Memo-Amend General Fund Reserve Policy
- Resolution

COMMITTEE MEMORANDUM

TO: Members of the Finance & Citywide Projects Committee

FROM: Jimmy L. Morales, City Manager

DATE: September 11, 2019

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE AT ITS JULY 26, 2019 MEETING, AND AMENDING AND RESTATING RESOLUTION 2006-26341 TO INCORPORATE REVISIONS TO THE GENERAL FUND RESERVE POLICY, AS SET FORTH IN THE ATTACHED EXHIBIT A, WHICH SHALL REPLACE AND SUPERSEDE THE GENERAL FUND RESERVE POLICY SET FORTH IN RESOLUTION 2006-26341, AND WHICH IS CONSISTENT WITH THE RECOMMENDATION OF THE CITY'S BUDGET ADVISORY COMMITTEE**

Background

On September 21, 2006, the City Commission adopted the City's financial policies relating to Stabilization Funds; Fund Balance; Contingency Planning and Cash Reserves; Use of Non-Recurring Revenues; Capital Asset Acquisition, Maintenance, Replacement and Retirement; and Guiding the Design of Programs and Services by adopting Resolution 2006-26341.

On January 16, 2019, the City Commission accepted the recommendation of the Finance and Citywide Projects Committee to revise the City's Resort Tax Reserve Policy, which addressed the concerns of the Mayor's Blue-Ribbon Emergency Response and Budget Advisory Committees.

At the May 21, 2019 Commission Budget Workshop, the Administration recommended a revision of the City's General Fund Reserve Policy to help maintain or improve the City's credit rating and financial position.

At the July 26, 2019 Finance and Citywide Projects Committee meeting, the Committee recommended a revision of the City's General Fund Reserve Policy to help maintain or improve the City's credit rating and financial position.

Analysis

The Government Finance Officers Association (GFOA) recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the General Fund for GAAP and budgetary purposes.

The adequacy of unrestricted fund balance in the General Fund should take into account each government's own unique circumstances. For example, governments that may be vulnerable to natural disasters, more dependent on a volatile revenue source, or potentially subject to cuts in state aid and/or federal grants, may need to maintain a higher level in the unrestricted fund

RESTATE AND REVISE RESOLUTION 2006-26341 TO REVISE THE GENERAL FUND
RESERVE POLICY

Page 2

balance.

The GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their General Fund of no less than 2 months of the General Fund budget.

Miami Beach's current reserve policy is consistent with the GFOA's minimum General Fund reserve recommendation. The City's current reserve policy establishes an 11% reserve of the General Fund Operating Budget for emergencies. In addition, the City has a goal to maintain a General Fund Reserve for Contingencies equal to 6% of the General Fund Operating Budget. In combination, the total of 17% represents 2 months of the General Fund Operating Budget expenditures.

In light of the City's vulnerability to storm events and dependence on volatile Resort Tax revenues, the objective of the proposed changes to the General Fund Reserve Policy is to:

- Increase the required reserve for emergencies from 11% to 17%
- Increase the goal for reserve for contingencies from 6% to 8%
- Increase the total reserve target from 17% to 25% or from 2 months to 3 months of operating revenues.

The current General Fund reserve is estimated to be 20.3% or \$67.1 million. This amount meets the proposed required 17% emergency reserve and 3.2% of the proposed 8% goal for reserve for contingencies.

Budget Advisory Committee Endorsement

On July 17, 2019, the Budget Advisory Committee reviewed the proposed revision to the General Fund Reserve Policy. Although there were not enough members present to form a quorum to approve a motion to recommend this proposed revision, the members in attendance endorsed the proposed change to the City's General Fund Reserve Policy.

General Fund Reserve Policy (Blackline Version)

1. The City of Miami Beach shall maintain the Emergency Reserve at seventeen ~~eleven~~ percent (~~11~~ 17%) of the General Fund Operating Budget of the ensuing year (~~11~~ 17% Emergency Reserve) for use as defined in resolution 98- 22661.
2. The City of Miami Beach shall have a goal to also maintain a General Fund Reserve for Contingencies equal to at least ~~six~~ eight (~~6-8%~~) of the General Fund Operating Budget that, in combination with the ~~11~~ 17% Emergency Reserve, represents ~~two-three~~ (2-3) months of the General Fund Operating Budget expenditures.
3. Said reserve shall be increased or decreased annually but shall be maintained at a minimum of ~~six~~ eight percent (~~6%~~ 8%) of the then existing General Fund Operating Budget.
4. Once the General Fund Reserve for Contingencies goal of eight percent (8%) is initially achieved, if the amount falls below the ~~six~~ eight percent (~~6~~ 8%) level, a plan of action will

RESTATE AND REVISE RESOLUTION 2006-26341 TO REVISE THE GENERAL FUND
RESERVE POLICY

Page 3

be required to increase the reserves over three (3) to seven (7) years to at least ~~six~~ eight percent (8%) and a percentage of any additional undesignated fund balance shall be earmarked toward attainment of the ~~six~~ eight percent (8%) level.

- 5. The City of Miami Beach shall have a goal to develop and maintain appropriate levels of reserves in the Enterprise Funds as in the General Fund.*
- 6. The City of Miami Beach shall have a goal of maintaining a reserve of one hundred percent (100%) of pending claims in the Risk Management Fund, and shall strive to fund two-thirds (2/3) of the estimated value of insurance claims incurred but not reported.*

Conclusion

The revision to the City's reserve policy addresses the City's exposure to weather events and dependence on volatile Resort Tax revenues and will help ensure continuity of operations during emergencies and maintain or improve the City's credit ratings.

The attached resolution amends and restates Resolution 2006-26341 to incorporate revisions to the General Fund Reserve policy and is consistent with the recommendations of the Finance and Citywide Project Committee and the Budget Advisory Committee.

JLM/JW/TOS

RESOLUTION NO. 2023-32647

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, DIRECTING THE ADMINISTRATION TO IDENTIFY ALL CITY COMMISSION-SPONSORED GRANTS WHICH CONTEMPLATE RECURRING FUNDING TO THE GRANTEES AS A SEPARATE LINE ITEM IN THE PROPOSED OPERATING BUDGET AND/OR BUDGET PRESENTATIONS MADE TO THE CITY COMMISSION; AND FURTHER, REQUIRING THE ADMINISTRATION TO REVIEW AND MAKE RECOMMENDATIONS TO THE CITY COMMISSION ON RECURRING GRANTS EVERY THREE (3) YEARS, TO ALLOW FOR PERIODIC REVIEW AND APPROVAL OF ALL COMMISSION-SPONSORED INITIATIVES OR GRANT PROGRAMS WHICH INVOLVE RECURRING FUNDING, AND THEREBY ENSURE THAT RECURRING GRANTS ALIGN WITH THE CITY COMMISSION'S EVOLVING BUDGET PRIORITIES.

WHEREAS, every year, the City of Miami Beach awards grants to a wide variety of individuals and entities, including, but not limited to, grants for the benefit of education, art and music, environment, and vulnerable and disenfranchised groups; and

WHEREAS, many such grants are awarded on a recurring basis, with the grant agreement subject to renewal at the discretion of the City Administration; and

WHEREAS, at the May 2023 City Commission Budget Workshop, the City Commission reviewed a number of recurring grants it was not previously aware of; and

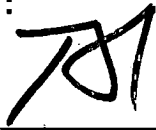
WHEREAS, in the interest of good governance, fiscal responsibility, and in the best interests of the City, the Mayor and City Commission desire to ensure that City Commission-sponsored grants involving recurring funding are presented to the City Commission as part of the annual budget process, and to require the Administration to periodically review and make recommendations on whether to continue such recurring grant programs every three (3) years, in order to ensure that recurring grants align with the City Commission's evolving budget priorities.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commission hereby direct the Administration to identify all City Commission-sponsored grants which contemplate recurring funding to the grantees as a separate line item in the proposed Operating Budget and/or budget presentations made to the City Commission as part of the annual budget process; and further, require the Administration to review and make recommendations to the City Commission on recurring grants every three (3) years, to allow for periodic review and approval of all

Commission-sponsored initiatives or grant programs which involve recurring funding, and thereby ensure that recurring grants align with the City Commission's evolving budget priorities.

PASSED and **ADOPTED** this 28 day of June, 2023.

ATTEST:



JUL - 5 2023

Rafael E. Granado, City Clerk



Dan Gelber, Mayor

(sponsored by Commissioner David Richardson)



**APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION**



City Attorney

6-20-23
Date

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Rafael A. Paz, City Attorney
DATE: June 28, 2023

SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, DIRECTING THE ADMINISTRATION TO IDENTIFY ALL CITY COMMISSION-SPONSORED GRANTS WHICH CONTEMPLATE RECURRING FUNDING TO THE GRANTEEES AS A SEPARATE LINE ITEM IN THE PROPOSED OPERATING BUDGET AND/OR BUDGET PRESENTATIONS MADE TO THE CITY COMMISSION; AND FURTHER, REQUIRING THE ADMINISTRATION TO REVIEW AND MAKE RECOMMENDATIONS TO THE CITY COMMISSION ON RECURRING GRANTS EVERY THREE (3) YEARS, TO ALLOW FOR PERIODIC REVIEW AND APPROVAL OF ALL COMMISSION-SPONSORED INITIATIVES OR GRANT PROGRAMS WHICH INVOLVE RECURRING FUNDING, AND THEREBY ENSURE THAT RECURRING GRANTS ALIGN WITH THE CITY COMMISSION'S EVOLVING BUDGET PRIORITIES.

ANALYSIS

Pursuant to the request of Commissioner David Richardson, the above-referenced Resolution is submitted for consideration by the Mayor and City Commission at the June 28, 2023 Commission meeting.

SUPPORTING SURVEY DATA

N/A

FINANCIAL INFORMATION

N/A

Is this a "Residents Right to Know" item, pursuant to City Code Section 2-14?

No

Does this item utilize G.O. Bond Funds?

No

Legislative Tracking

Office of the City Attorney

Sponsor

Commissioner David Richardson

ATTACHMENTS:

Description

- ▣ Resolution

RESOLUTION NO. 2024-33340

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING AND RESTATING RESOLUTION NO. 2019-30954, WHICH RE-ADOPTED AND AMENDED THE CITY OF MIAMI BEACH EXISTING FINANCIAL POLICIES SET FORTH IN RESOLUTION NO. 2006-26341 RELATING TO STABILIZATION FUNDS; FUND BALANCE; CONTINGENCY PLANNING AND CASH RESERVES; USE OF NON-RECURRING REVENUES; CAPITAL ASSET ACQUISITION, MAINTENANCE, REPLACEMENT AND RETIREMENT; AND GUIDING THE DESIGN OF PROGRAM AND SERVICES, TO INCORPORATE REVISIONS TO THE STABILIZATION FUNDS AND FUND BALANCE/CONTINGENCY PLANNING AND CASH RESERVES POLICY (GENERAL FUND RESERVE POLICY), AS SET FORTH IN THE ATTACHED EXHIBIT A, WHICH SHALL REPLACE AND SUPERSEDE THE GENERAL FUND RESERVE POLICY SET FORTH IN RESOLUTION NO. 2019-30954, TO REQUIRE A 6/7th SUPERMAJORITY VOTE OF THE CITY COMMISSION IN ORDER TO APPROPRIATE ANY FUNDS FROM THE GENERAL FUND RESERVES THAT WOULD REDUCE THE GENERAL FUND RESERVE BELOW THE 17% EMERGENCY RESERVE OF THE GENERAL FUND OPERATING BUDGET OF THE ENSUING YEAR.

WHEREAS, on September 11, 2019, the City Commission adopted Resolution No. 2019- 30954, which last amended and formalized the City's financial policies relating to Stabilization Funds; Fund Balance; Contingency Planning and Cash Reserves; Use of Non-Recurring Revenues; Capital Asset Acquisition, Maintenance, Replacement and Retirement; and Guiding the Design of Programs; and

WHEREAS, the Government Finance Officers Association (GFOA) recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the General Fund for Generally Accepted Accounting Principles (GAAP) and budgetary purposes; and

WHEREAS, the GFOA recommends that the adequacy of unrestricted fund balance in the General Fund should take into account each government's own unique circumstances; for example, governments that may be vulnerable to natural disasters, more dependent on a volatile revenue source, or potentially subject to cuts in state aid and/or federal grants, may need to maintain a higher level in the unrestricted fund balance; and

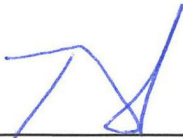
WHEREAS, the GFOA recommends, at a minimum, that general purpose governments, regardless of size, maintain an unrestricted budgetary fund balance in their general fund of no less than 2 months of the general fund budget; and

WHEREAS, in light of the City's-vulnerability to storm events and dependence on volatile Resort Tax revenues, the City Commission, in Resolution No. 2019-30954, increased the required reserve for emergencies from 11% to 17%; increased the goal for reserve for contingencies from 6% to 8%; and effectively increased the total reserve target from 17% to 25%, or from 2 months to 3 months of the City's General Fund Operating Budget; and

WHEREAS, the City Commission, in Resolution 2019-30664, adopted a Resort Tax Reserve Policy that, *inter alia*, required a supermajority vote (5/7th) of the City Commission in order to expend funds in the Resort Tax Reserve Emergency Fund; and

WHEREAS, the City Commission wishes to further ensure the stability and integrity of the General Fund Reserve by amending the City of Miami Beach Financial policies relating to Stabilization Funds; Fund Balance; Contingency Planning and Cash Reserves; Use of Non-Recurring Revenues; Capital Asset Acquisition, Maintenance, Replacement and Retirement; and Guiding the Design of Programs, to incorporate revisions to the Stabilization Funds and Fund Balance/Contingency Planning and Cash Reserves Policy (General Fund Reserve Policy), as set forth in the attached Exhibit A, to similarly require a 6/7th supermajority vote of the City Commission in order to expend funds in the General Fund Reserve Emergency Fund.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND THE CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, the Mayor and City Commission hereby amend and restate Resolution No. 2019-30954, which re-adopted and amended the City of Miami Beach existing financial policies set forth in Resolution no. 2006-26341 relating to stabilization funds; fund balance; contingency planning and cash reserves; use of non-recurring revenues; capital asset acquisition, maintenance, replacement and retirement; and guiding the design of program and services, to incorporate revisions to the Stabilization Funds and Fund Balance/Contingency Planning and Cash Reserves Policy (General Fund Reserve Policy), as set forth in the attached Exhibit A, which shall replace and supersede the general fund reserve policy set forth in Resolution No. 2019-30954, to require a 6/7th supermajority vote of the City Commission in order to appropriate any funds from the general fund reserves that would reduce the general fund reserve below the 17% emergency reserve of the general fund operating budget of the ensuing year.



Rafael E. Granado, City Clerk

NOV 05 2024



Mayor Steven Weiner

(Sponsored by Commissioner Joseph Magazine)



APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION



City Attorney

10/22/2024

Date

RR

EXHIBIT A

CITY OF MIAMI BEACH FINANCIAL POLICIES RELATING TO STABILIZATION FUNDS; FUND BALANCE; CONTINGENCY PLANNING AND CASH RESERVES; USE OF NON-RECURRING REVENUES; CAPITAL ASSET ACQUISITION, MAINTENANCE, REPLACEMENT AND RETIREMENT; AND GUIDING THE DESIGN OF PROGRAMS AND SERVICES

Stabilization Funds & Fund Balance/Contingency Planning and Cash Reserves

1. The City of Miami Beach shall maintain the Emergency Reserve at seventeen percent (17%) of the General Fund Operating Budget of the ensuing year (17% Emergency Reserve) for use as defined in resolution 98- 22661.

1a. Any appropriation, or series of related appropriations, of any funds from the general fund reserves that would reduce the general fund reserve below the 17% emergency reserve of the general fund operating budget of the ensuing year must be approved by a 6/7th supermajority vote of the City Commission.
2. The City of Miami Beach shall have a goal to also maintain a General Fund Reserve for Contingencies equal to at least eight (8%) of the General Fund Operating Budget that, in combination with the 17% Emergency Reserve, represents three (3) months of the General Fund Operating Budget expenditures.
3. Said reserve shall be increased or decreased annually but shall be maintained at a minimum of eight percent (8%) of the then existing General Fund Operating Budget.
4. Once the General Fund Reserve for Contingencies goal of eight percent (8%) is initially achieved, if the amount falls below the eight percent (8%) level, a plan of action will be required to increase the reserves over three (3) to seven (7) years to at least eight percent (8%) and a percentage of any additional undesignated fund balance shall be earmarked toward attainment of the eight percent (8%) level.
5. The City of Miami Beach shall have a goal to develop and maintain appropriate levels of reserves in the Enterprise Funds as in the General Fund.
6. The City of Miami Beach shall have a goal of maintaining a reserve of one hundred percent (100%) of pending claims in the Risk Management Fund and shall strive to fund two-thirds (2/3) of the estimated value of insurance claims incurred but not reported.

Use of Non-Recurring Revenues

The City of Miami Beach will use one-time, non-recurring revenue for capital expenditures or one time expenditures and not to subsidize recurring personnel, operations and maintenance cost.

Capital Asset Acquisition, Maintenance, Replacement and Retirement

1. The City shall maintain a dedicated portion of operating millage for General Fund Capital Renewal and Replacement as defined in Resolution 2005-25832.

2. The City shall have a goal to fund for the following capital needs as a permanent part of the budget in an amount not less than five percent (5%) of the annual fiscal operating budget of the General Fund of the City:
 - **Capital Renewal and Replacement** - to ensure adequate funding for the renewal and replacement of the City's General Fund facilities to extend the useful life or replace equipment whose useful life has expired.
 - **Capital Reserve Fund** - to help ensure adequate funding related to previously approved capital projects for expenditures due to bids that are over-budget, change orders, or other unforeseen items for General Fund projects.
 - **Pay-As-You-Go Capital Fund** - to ensure adequate on-going reinvestment in capital plant and equipment and avoid deferring capital needs until there is a major bond issue. The City of Miami Beach Resolution 2018-30429, dated July 25, 2018, established a dedicated millage commencing in FY 2019 to continue funding General Fund capital projects while simultaneously allowing for growth over time with property values.
 - **Capital Investment Upkeep Fund** - to help ensure adequate funding for General Fund non-facility related upkeep.
 - **Information and Communications Technology Fund** - to help ensure adequate funding for the procurement of new or enhanced information and technology needs of the City.
3. The City shall strive to achieve as a goal that annual General Fund revenues in excess of expenditures shall be transferred to the Capital Reserve Fund.
4. The City shall have a goal to develop and maintain appropriate levels of capital reserves in the Enterprise Funds as in the General Fund.

Guiding the Design of Programs and Services

1. The City of Miami Beach shall create a strategic plan that identifies multi-year strategic priorities with corresponding result measures for each priority.
2. Annually, the City of Miami Beach shall use a strategic planning process to develop initiatives that support the strategic plan priorities.
3. The budget process and format shall be performance-based and focused on Key Intended Outcomes and performance measures.
4. Any new initiatives not core to the City's core mission or Key Intended Outcomes identified in the strategic plan that is greater than 0.5% of budget for the fund impacted per year, or cumulatively, shall be first considered as part of the City's annual strategic planning process to develop initiatives.

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: City Attorney Ricardo J. Dopico

DATE: October 30, 2024

TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING AND RESTATING RESOLUTION NO. 2019-30954, WHICH RE-ADOPTED AND AMENDED THE CITY OF MIAMI BEACH EXISTING FINANCIAL POLICIES SET FORTH IN RESOLUTION NO. 2006-26341 RELATING TO STABILIZATION FUNDS; FUND BALANCE; CONTINGENCY PLANNING AND CASH RESERVES; USE OF NON-RECURRING REVENUES; CAPITAL ASSET ACQUISITION, MAINTENANCE, REPLACEMENT AND RETIREMENT; AND GUIDING THE DESIGN OF PROGRAM AND SERVICES, TO INCORPORATE REVISIONS TO THE STABILIZATION FUNDS AND FUND BALANCE/CONTINGENCY PLANNING AND CASH RESERVES POLICY (GENERAL FUND RESERVE POLICY), AS SET FORTH IN THE ATTACHED EXHIBIT A, WHICH SHALL REPLACE AND SUPERSEDE THE GENERAL FUND RESERVE POLICY SET FORTH IN RESOLUTION NO. 2019-30954, TO REQUIRE A 6/7TH SUPERMAJORITY VOTE OF THE CITY COMMISSION IN ORDER TO APPROPRIATE ANY FUNDS FROM THE GENERAL FUND RESERVES THAT WOULD REDUCE THE GENERAL FUND RESERVE BELOW THE 17% EMERGENCY RESERVE OF THE GENERAL FUND OPERATING BUDGET OF THE ENSUING YEAR.

RECOMMENDATION

BACKGROUND/HISTORY

ANALYSIS

The attached resolution is presented by the sponsor, Commissioner Joseph Magazine, for the consideration of the Mayor and City Commission.

FISCAL IMPACT STATEMENT

N/A

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-notices/>

FINANCIAL INFORMATION

CONCLUSION

Applicable Area

Citywide

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

No

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

No

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

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

Department

City Attorney

Sponsor(s)

Commissioner Joseph Magazine

Co-sponsor(s)

Condensed Title

Req. 6/7th Supermajority Vote to Appropriate General Fund Emergency Reserve. (Magazine)
CA



COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Eric Carpenter, City Manager
DATE: October 30, 2024
TITLE: REFERRAL TO THE FINANCE AND ECONOMIC RESILIENCY COMMITTEE TO DISCUSS A CITY OF MIAMI BEACH COMPREHENSIVE FINANCIAL POLICY.

RECOMMENDATION

The Administration recommends approving a referral to the Finance & Economic Resiliency Committee to discuss the creation of a Comprehensive Financial Policy.

BACKGROUND/HISTORY

Over the years the Commission has passed various resolutions providing direction on various financial policies on topics including but not limited to capital reserves, fund balances, use of non-recurring revenues, use of annual surpluses, and funding for capital projects. Some financial policies have been included in annual budget resolutions such as use of General Fund interest earning towards capital projects. The Administration believes it is in the best interest of the City to consolidate all prior Commission direction on financial policies into one comprehensive financial policy.

ANALYSIS

FISCAL IMPACT STATEMENT

N/A

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-notices/>

FINANCIAL INFORMATION

N/A

CONCLUSION

Applicable Area

Citywide

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

No

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

No

**Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481,
includes a principal engaged in lobbying?**

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

Department

Finance

Sponsor(s)

Commissioner Joseph Magazine

Co-sponsor(s)

Condensed Title

Ref: FERC - City of Miami Beach Comprehensive Financial Policy. (Magazine) FN