

MESSAGE FROM THE CITY MANAGER

ALINA T. HUDAK

September 17, 2021

Honorable Mayor Dan Gelber and Members of the City Commission:

Last year at this time we hoped that the COVID-19 pandemic would be behind us in a few months. Unfortunately, the impact of COVID-19 continued to affect us throughout FY 2021 and will likely continue to do so into FY 2022. I would like to take this opportunity to express how proud I am of all the City staff who have made significant personal and professional sacrifices during this difficult time, while continuing to deliver outstanding services to the community.



My first budget process as City Manager was uniquely challenging due to the financial impact of COVID-19. The City experienced significant revenue losses in FY 2020, FY 2021 and is projected to be negatively affected in FY 2022 as well. Thankfully, we have been able to successfully mitigate these revenue losses through aggressive expenditure reductions, prudent use of reserves, the receipt of \$41.1 million in CARES Act funds and the award of \$23.6 million in American Rescue Plan Act funds. As a result, the temporary budget challenges from COVID-19 have been largely addressed.

The other big challenge that directly affects our ongoing financial position is the low growth in property values that translates to property tax revenues growing at a slower rate than operating expenditures. Property values have been growing at a slow rate for the last four years and in FY 2022 they will only grow 0.3%. This translated into a budget gap in the General Fund of \$3.9 million that we were able to close using different strategies without reducing public-facing services or raising the millage rate. In fact, the overall combined millage rate remains the same as last year at 6.0515 or \$6.05 for every \$1,000 of assessed valuation — one of the lowest rates in our City's history.

Despite these budgetary challenges, we found a way to augment our public safety resources to deal with urgent visitor-driven issues in our Art Deco Cultural District. Between FY 2021 and FY 2022, the budget reflects 26 additional police officers on the street. This includes 17 new officers funded on a one-time basis for the next three years, seven repurposed police officers from the Cops in Schools program and two more police officers funded through the new Smith & Wollensky agreement, which is up for approval by voters in November. Also included is \$1.5 million for a new Real-Time Crime Center and two crime analyst positions to actively monitor security cameras and enhance police response. We have included initiatives to stimulate recruitment of police officers, including the highest signing bonus in Miami-Dade County and a housing stipend for sworn police and fire personnel who live in Miami Beach. To further underscore our commitment to the safety and well-being of the residents and visitors of Miami Beach, we supplemented our police staffing on weekends beginning in June, and we will continue to do so through the end of 2021. We have been using officers from other agencies until our new officers can be brought on board. This budget includes a total of \$1 million for additional police staffing and \$2.4 million for spring break programming in 2022.

We have also addressed significant code enforcement issues. The FY 2022 Budget includes six new code enforcement officer positions that will be dedicated to the Art Deco Cultural District and three new positions to provide proactive enforcement of short-term rentals. Both of these enhancements are funded on a one-time basis, similar to the police officer positions mentioned earlier. They will be reevaluated for permanent funding in three years once our fiscal position improves.

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The FY 2022 Budget includes several economic development initiatives to spur post-COVID recovery and new license plate readers to smooth resident re-entry into the City following an evacuation or shutdown. The budget also includes funding for a new intelligent transportation system to improve traffic.

Given our current budget constraints, I feel that we have successfully found creative solutions by prudently using one-time funds to enhance our public safety resources. Our General Fund Reserves — or rainy day funds — are currently projected at \$79.7 million, which is only slightly lower than the pre-COVID reserve of \$80.6 million. In the Resort Tax Fund, our FY 2022 projected reserve of \$21.6 million is higher than the pre-COVID reserve of \$15.2 million. Due to the successful management of our reserves and the strong budget balancing plans employed since COVID-19 started, the City has been able to maintain its AA+ credit rating in an environment where many other cities are being downgraded.

I hereby transmit the Proposed Work Plan and Operating Budget for Fiscal Year 2022, commencing on October 1, 2021 and ending on September 30, 2022, including the Proposed Work Plan, the Proposed Operating Budget, the Proposed Capital Budget, and the associated Capital Improvement Plan for FY 2022 through FY 2026.

The total Proposed General Fund Operating Budget is \$353.6 million, which is \$3.5 million or 1% more than the FY 2020 Adopted Budget of \$350.1 million. The City's Proposed FY 2022 Operating Budget totals \$674.6 million (less than 1% more than in FY 2020) which includes the General Fund, General Obligation Debt Service, Enterprise Funds, Special Revenue Funds, and the City's transfer to the Redevelopment District. This amount is net of Internal Service Funds and Interfund Transfers.

As in past years, the Proposed Work Plan and Budget was developed through an intensive review process with our City Commission. Preliminary budget information was provided at a budget workshop on June 4 and budget briefings to the Finance and Economic Resiliency Committee on June 18, July 16, and July 23. I am confident this budget will enable the City to continue delivering outstanding services to our residents, businesses, and visitors as we ensure our long-term sustainability.

I would like to thank Mayor Dan Gelber and the members of the Miami Beach City Commission for your continued guidance, support, and leadership with the budget process and in helping to accomplish so much on behalf of our residents and for the entire Miami Beach community.

I would also like to thank the Budget Advisory Committee and Chairperson Mojdeh Khagan as well as all City staff who worked hard over the last year to respond to changes in priorities from the City Commission. I would particularly like to thank my Deputy City Manager and Assistant City Manager and all Department and Division Directors. I appreciate all of us working together towards developing a balanced budget that will help improve our community. In addition, I would like to recognize and thank John Woodruff, CFO; Tameka Otto Stewart, Budget Director; Richard Ajami, Budget Officer; Ayanna DaCosta-Earle, Fernando Pestana, and Pedro De Faria, Senior Management and Budget Analysts; Kyle Teijeiro, Management and Budget Analyst; and Daniela Martinez, Office Associate V.

Respectfully submitted,



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City Manager