

MESSAGE FROM THE CITY MANAGER

ALINA T. HUDAK

September 14, 2022

Honorable Mayor Dan Gelber and Members of the City Commission:

Last year at this time we faced the challenge of flat property values and revenue uncertainty due to the ongoing impacts of the COVID-19 pandemic. Since then, our local economy has experienced a robust recovery with property values increasing by 11.2% and the City's highest ever resort tax collections. While it is unclear how long this economic recovery will last, the City's current financial position has improved significantly even as millage rates remain at a historically low level.

The FY 2023 Proposed Budget includes several significant enhancements that directly relate to resident feedback in the recent Community Survey that prioritized public safety, homelessness, and cleanliness. During the last year and a half we have faced urgent visitor-driven public safety issues in our Art Deco Cultural District. This budget makes permanent 17 police officers added last year on a one-time basis to provide a higher level of service in the Art Deco Cultural District and adds two more police officers from the Smith & Wollensky lease approved by voters in 2021 for a total of four to enhance security in South Beach. We have also experienced a dramatic increase in boat traffic on our waterways and I am proposing to double the staffing for the Marine Patrol unit to provide stronger coverage seven days a week. To improve emergency response times across the City, I propose to add an additional Fire Rescue unit of 14 positions. This unit will also operate the new fire boat to provide proactive patrols of our waterways from a new location in Maurice Gibb Memorial Park. This budget also includes the proposed conversion of 29 part-time Park Rangers to full-time over 3 years to add coverage on Ocean Drive, the Beachwalk from 46 to 79 streets, and partial coverage for rovers in various neighborhood parks. This budget will make permanent six code officers added last year on a one-time basis for enhanced coverage in the Art Deco Cultural District and three more officers to address short-term rentals. I am also recommending the addition of a new Homeless Outreach after-hours team to provide much-needed services from 7 p.m. to 3 a.m. To help enhance cleanliness, we are adding Sanitation crews to increase the service levels in North Beach and along the Beachwalk.

The FY 2023 Proposed Budget includes significant funding for enhanced security and programming for spring break, funds to increase the frequency of trolley services from 30 to 20 minutes and several economic development initiatives to spur post-COVID-19 economic recovery.

I am pleased to report that we now have the highest reserve levels in the City's history in our General and Resort Tax funds. Our General Fund Reserves — or rainy day funds — are currently projected at \$88.5 million, which is more than the pre-COVID-19 reserve of \$80.6 million. In the Resort Tax Fund, our projected reserve of \$28.6 million is higher than the pre-COVID-19 reserve of \$15.2 million. Over and above these levels, we have identified additional excess reserve amounts of approximately \$15 million to date that are proposed to be redirected to address funding gaps in our capital projects from high cost inflation. Due to the successful management of our reserves and the strong budget balancing plans employed since COVID-19 began, the City has been able to maintain its AA+ credit rating despite significant fiscal challenges.



MESSAGE FROM THE CITY MANAGER CONT'D

The FY 2023 Proposed Budget also includes funding to address the projected financial impacts from collective bargaining agreements with the City's five unions for the three-year period of FY 2022, FY 2023, and FY 2024. At this time, the Administration has reached tentative agreements with the International Association of Fire Fighters, the Fraternal Order of Police, the American Federation of State, County, and Municipal Employees, and the Government Supervisors Association of Florida. The Administration continues to negotiate with the Communication Workers of America with hopes of reaching an agreement in the next few weeks and months.

I hereby transmit the Proposed Work Plan and Operating Budget for Fiscal Year 2023, commencing on October 1, 2022 and ending on September 30, 2023, including the Proposed Work Plan, the Proposed Operating Budget, the Proposed Capital Budget and the associated Capital Improvement Plan for FY 2023 through FY 2027.

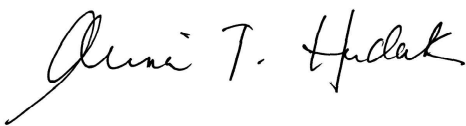
The total Proposed General Fund Operating Budget is \$382.6 million, which is \$28.5 million or 8.1% more than the FY 2022 Adopted Budget of \$354.1 million. This amount reflects the post-COVID-19 recovery in revenues, especially Resort Taxes, and numerous public safety enhancements. The City's Proposed FY 2023 Operating Budget totals \$732.8 million which includes the General Fund, General Obligation Debt Service, Enterprise Funds, Special Revenue Funds and the City's transfers to the Redevelopment Districts. This amount is net of 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 May 20 and budget briefings to the Finance and Economic Resiliency Committee on July 15 and July 22. 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, Assistant City Managers, 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 and Fernando Pestana, Senior Management and Budget Analysts; Kyle Teijeiro, Management and Budget Analyst; Daniel Perez, Intern; and Daniela Martinez, Office Associate V.

Respectfully submitted,



Alina. T Hudak
City Manager