

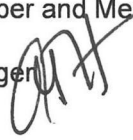
MIAMI BEACH

OFFICE OF THE CITY MANAGER

LTC NO. 210-2022

LETTER TO COMMISSION

TO: Honorable Mayor Dan Gelber and Members of the City Commission

FROM: Alina T. Hudak, City Manager 

DATE: May 26, 2022

SUBJECT: Fiscal Year 2022 Second Quarter Analysis

The purpose of this Letter to Commission (LTC) is to provide the Mayor and City Commission with the status of the Fiscal Year (FY) 2022 operating budget to actual revenues and expenses as of the second quarter ending March 31, 2022, with projections through fiscal year-end September 30, 2022, as set forth in the City's Charter which specifies that "the City Manager shall make public a quarterly report showing the actual expenditures during the quarter just ended against one quarter of the proposed annual expenditures set forth in the budget."

It is important to note that certain assumptions for both revenues and expenditures have been made in these projections, including the projected ongoing impact of COVID-19 on the City's operations that will continue to be refined and adjusted as additional data and information becomes available.

SUMMARY

The FY 2022 budget was adopted to assume a cautiously optimistic rebound in revenues due to the impact of COVID-19 on the City's operations. Based on revenues in the General Fund and Resort Tax Fund trending higher than originally anticipated as of the second quarter of FY 2022, revenues and expenditures as of March 31, 2022, with projections through September 30, 2022, reflect a projected year-end surplus of \$13.5 million in the General Fund and \$15.3 million in the Resort Tax Fund, which is an increase from the surplus projected as of the first quarter of FY 2022 of \$5.1 million and \$6.5 million in the General Fund and Resort Tax Fund, respectively.

Based on the preliminary General Fund revenues and expenditures as of March 31, 2022, with projections through September 30, 2022, the Administration is recommending, as presented at the FY 2023 Commission Budget Retreat on May 20, 2022, that the projected year-end surplus of \$13.5 million be set aside and/or allocated for the following:

- 1) \$5.9 million to reach the General Fund Reserve policy target amount of 3 months, or 25%, adopted by Resolution No. 2019-30954
- 2) \$7.6 million to fund anticipated Capital Project gaps

Similarly, based on preliminary Resort Tax revenues and expenditures as of March 31, 2022, with projections through September 30, 2022, the Administration recommends that the projected year-end surplus of \$15.3 million, as presented at the FY 2023 Commission Budget Retreat on May 20, 2022, be set aside and/or allocated for the following:

- 1) \$3.2 million for FY 2023 Spring Break Programming, which will be discussed more in detail during the development of the FY 2023 budget
- 2) \$5.5 million to reach the Resort Tax Reserve policy target amount of 6 months, or 50%, adopted by Resolution No. 2019-30664
- 3) \$6.6 million to fund anticipated Capital Project gaps

USE OF RESERVES

Should the General Fund items summarized above be approved, as recommended by the City Administration, the projected FY 2022 General Fund reserve would total approximately \$88.5 million, or 25%, which equals approximately 3 months of reserves. The reserve policy for the General Fund is a required 2 months, with a goal of 3 months.

GENERAL FUND	Q1 Reserve Amount	Q2 Reserve Amount
Reserve as of 9/30/2021**	\$87.5 million	\$94.8 million
FY 2022 Budget Amendments (1 st and 2 nd Operating Amendments)	(\$9.9 million)	(\$9.9 million)
72nd Street Project Contribution	(\$3.5 million)	(\$3.5 million)
Additional FEMA Reimbursement for Hurricane Irma	\$1.0 million	\$1.2 million
Additional General Fund Revenues Projected as of Q1/Q2	\$5.1 million	\$15.8 million
Parking Contribution for 500 Alton Road Project	(\$0.6 million)	(\$0.6 million)
Parking Contribution for Ocean Terrace Project	(\$0.3 million)	(\$0.3 million)
Matrix Staffing Report Recommendations (3 Positions in Police)	(\$0.2 million)	(\$0.2 million)
Additional Police Positions (2 New Positions + 1 Reclassification)	(\$0.2 million)	(\$0.2 million)
Resilient Florida Funding Grant Match	(\$0.1 million)	(\$0.1 million)
Housing Relocation from 555 Building to 1701 Meridian		(\$0.3 million)
Lighting on Meridian Avenue in Flamingo Park District		(\$0.2 million)
Municipal Prosecution Program		(\$0.2 million)
Justice Advocate Program		(\$0.1 million)
Diversity Program		(\$0.1 million)
Set Aside/Allocation for Anticipated Capital Project Gaps		(\$7.6 million)
Projected FY 2022 Reserve	\$78.8 million	\$88.5 million

***Based on preliminary balances provided by Finance Department as of 09/30/2021*

For Resort Tax, if the items summarized above are approved, as recommended by the City Administration, the projected Resort Tax reserve would total approximately \$28.6 million, or 50%, which equals approximately 6 months of reserves. The reserve policy for the 2% Resort Tax Fund is a minimum of 3 months, with a goal of 6 months.

RESORT TAX FUND	Q1 Reserve Amount	Q2 Reserve Amount
Reserve as of 9/30/2021**	\$29.9 million	\$29.9 million
FY 2022 Budget Amendments (1 st and 2 nd Operating Amendments)	(\$0.9 million)	(\$0.9 million)
72nd Street Project Contribution	(\$5.9 million)	(\$5.9 million)
Additional Resort Tax Revenues Projected as of Q1/Q2	\$6.5 million	\$19.1 million
Washington Avenue Milling and Resurfacing Project	(\$1.6 million)	(\$1.6 million)
Additional Police High Impact - Spring Break	(\$0.7 million)	(\$0.7 million)
Ocean Drive Reconfiguration	(\$0.6 million)	(\$0.6 million)
Holiday Lighting Expansion in North Beach	(\$0.3 million)	(\$0.3 million)
SOBE WFF Cash Sponsorship for City Services	(\$0.2 million)	(\$0.2 million)
Washington Avenue Restriping	(\$0.1 million)	(\$0.1 million)
Miami Beach Live - Spring Break	(\$0.1 million)	(\$0.1 million)
FTX Sponsorship		(\$0.2 million)
Set Aside for FY 2023 Spring Break Programming		(\$3.2 million)
Set Aside/Allocation for Anticipated Capital Project Gaps		(\$6.6 million)
Projected FY 2022 Reserve	\$26.0 million	\$28.6 million

**Based on preliminary balances provided by Finance Department as of 09/30/2021

All General Fund, Enterprise Funds, Internal Services Funds, and Special Revenue Funds budgets are projected to be at or below their current FY 2022 amended budgets as of year-end with revenues projected to be equivalent to or in excess of expenditures, except for the Red Light Camera, 5th & Alton Garage, and Biscayne Point and Biscayne Beach Special Taxing Districts Special Revenue Funds, which are detailed further in the forthcoming second quarter analysis.

AMERICAN RESCUE PLAN ACT FUNDS

The American Rescue Plan Act of 2021 (ARPA) is an emergency legislative package intended to “fund vaccinations, provide direct relief to families bearing the brunt of the COVID-19 crisis, and support struggling communities.” The bill provides a total of \$1.9 trillion to governments and other entities such as hospitals, public schools, and universities to promote recovery from the COVID-19 pandemic.

Signed into law by President Biden on March 11, 2021, the bill allocated \$350 billion in fiscal recovery funds to State, Local, Tribal, and Territorial (SLTT) Governments, of which \$45.6 billion was allocated for metropolitan cities, such as the City of Miami Beach, to:

- Respond to the COVID-19 public health emergency or its negative economic impacts including (but not limited to): assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality
- Provide premium pay to eligible State workers, or grants to eligible employers with employees that perform essential work during the COVID-19 public health emergency
- Provide government services to compensate for the reduction in revenue in the community due to the pandemic (budget shortfalls)
- Make necessary investments in water, sewer, or broadband infrastructure

The City of Miami Beach received an allocation of approximately \$23.6 million in one-time federal dollars to address the revenue shortfalls attributed to COVID-19, which the City Commission approved to be used to balance the projected shortfall attributed to COVID-19 in the FY 2022 budget approved on September 30, 2021, through Resolution 2021-31872. To date, approximately \$11.8 million of the total allocation has been received and the remaining balance of \$11.8 million is anticipated to be received during FY 2022.

ANALYSIS

Similar to the balancing plans that the City Administration implemented for FY 2020 and FY 2021 due to the impact of COVID-19 on the City’s operations, the FY 2022 budgets included assumptions based on the expectation of conservative economic activity with gradual growth thereafter. The keys to balancing the budgets for FY 2022 were: (1) reducing non-essential costs as much as possible; (2) allocating ARPA funds received by the City totaling \$23.6 million from the federal government to mitigate the projected ongoing revenue loss attributed to COVID-19; and (3) judiciously using the City’s reserves to make up the difference.

GENERAL FUND

Second Quarter Status

An analysis of the actual six-month operating revenues and expenses for the period October 1, 2021 through March 31, 2022 reveals an operating budget surplus of \$108.6 million. While the actual surplus as of March 31, 2022 may seem unusual when compared to the projection for the current fiscal year ending September 30, 2022, it should be noted that the City receives a large percentage of its annual ad valorem property tax revenues during the first six months of the fiscal year. Ad valorem property tax revenues represent approximately 56.4% of total budgeted revenues adopted for FY 2022 and 67.6% of actual revenues collected during the first six months of FY 2022.

As of March 31, 2022, total revenues collected were approximately 71.4% of the current FY 2022 amended budget, or \$261.3 million. Conversely, expenditures were approximately 41.7% of the current FY 2022 amended budget, or \$152.7 million. It is important to note that there are often delays in expenditures until the close of the fiscal year.

FY 2022 Budget					
General Fund	Adopted Budget	Amended Budget	1/2 of Amended Budget	Actuals as of 03/31/22	Variance from 1/2 Amended Budget Over / (Under)
Revenues	\$ 354,106,000	\$ 366,276,000	\$ 183,138,000	\$ 261,340,189	\$ 78,202,189
Expenditures	\$ 354,106,000	\$ 366,276,000	\$ 183,138,000	\$ 152,732,717	\$ (30,405,283)
Excess of Revenues Over/(Under) Expenditures				\$ 108,607,472	

Year-End Projections

Year-end operating revenues and expenditures projected through September 30, 2022 provide a more realistic indication of any estimated year-end surpluses or shortfalls as of this point in time. While actual revenues and expenses reflected in this analysis are as of March 31, 2022, these projections incorporate more current information that may be available. In addition, these projections assume the use of \$23.6 million in American Rescue Plan Act (ARPA) funds allocated to the City by the federal government.

A summary of the preliminary General Fund revenues and expenditures as of March 31, 2022, with projections through September 30, 2022, reflects a projected year-end surplus of \$13.5 million, which is an increase of \$8.4 million from the \$5.1 million surplus projected as of the first quarter of the fiscal year, which the City Administration, as presented at the FY 2023 Commission Budget Retreat on May 20, 2022, is recommending be set aside and/or allocated for the following:

- 1) \$5.9 million to reach the General Fund Reserve policy target amount of 3 months, or 25%, adopted by Resolution No. 2019-30954
- 2) \$7.6 million to fund anticipated Capital Project gaps

FY 2022 Budget					
General Fund	Adopted Budget	Amended Budget	Projected	Difference	% Over / (Under)
Revenues	\$ 354,106,000	\$ 366,276,000	\$ 376,278,000	\$ 10,002,000	2.7%
Expenditures	\$ 354,106,000	\$ 366,276,000	\$ 362,808,000	\$ (3,468,000)	-0.9%
Excess of Revenues Over/(Under) Expenditures			\$ 13,470,000	3.7%	

Operating Revenues

Property tax collections for FY 2022 are being projected at 95.0% of total property taxes assessed, which is consistent with the original adopted budget thus allowing for discounts and a level of adjustment for appeals that is consistent with historical levels. The impact of these appeals and adjustments realized for FY 2022 will be received in July 2022 when the City receives its certified property values from the Miami-Dade County Property Appraiser.

As of March 31, 2022, actual operating revenues collected were approximately 71.4% of the current amended budget, or \$261.3 million, with operating revenues through fiscal year-end September 30, 2022 projected at \$376.3 million, which is approximately 2.7%, or \$10.0 million, above the current amended budget. As previously mentioned, these projections are not only based on experience during the first six months of the fiscal year, but also other information available, as well as the use of \$23.6 million of ARPA funds allocated to the City by the federal government.

Revenue categories projected to exceed budget or with significant variances to budget in excess of 10.0%, or \$300,000, are further explained below:

Other Taxes – This category includes franchise taxes for gas and electric, as well as utility taxes for telephone, electricity, and gas and is projected to be above the current amended budget by 2.5%, or \$592,000, primarily due to franchise taxes for electricity and gas trending higher than originally anticipated based on current economic activity.

Licenses and Permits – This category includes business tax receipts, licenses/special use permits, and sidewalk café fee revenues and is projected to be above the current amended budget by 17.3%, or \$2.7 million, primarily due to increased fire, planning, and public works plans review services and permit revenues resulting from increased real estate and economic development activity. It is important to note that of the additional \$2.7 million projected, \$875,000 is attributed to Public Works permit revenues collected earlier in the fiscal year for the 500 Alton Road Project.

Intergovernmental – This category includes local option gas tax, motor fuel tax, sales tax proceeds, and half-cent sales tax proceeds received from Miami-Dade County and the State of Florida and is projected to be 16.2%, or \$2.0 million, above the current amended budget primarily due to sales tax and half-cent sales tax collections trending higher than originally anticipated based on current economic and tourism-related activity.

Charges for Services – This category includes revenues from activities and programs offered by the Parks and Recreation Department such as after school and summer classes, as well as the operations of the Miami Beach and Normandy Shores golf courses, public safety, passport, and lot clearing services, and is projected to be above the current amended budget by 8.2%, or \$1.1 million, primarily due to golf course operations at both the Miami Beach and Normandy Shores golf courses trending higher than originally anticipated based on current economic and tourism-related activity.

Fines and Forfeits – This category, among other things, includes traffic fines, parking fines, and code enforcement violations, and is projected to be above the current amended budget by 114.0%, or \$1.1 million, primarily due to increased levels of code enforcement and police recoveries trending higher than originally anticipated. It is important to note that of the additional \$1.1 million projected, approximately \$800,000 is attributed to police recoveries for service expenditures provided to outside entities.

Interest – This category is comprised of various sources of interest income derived from the City's current investments and is projected to be 28.5%, or \$862,000, above the current amended budget due to realized gains in interest revenues on current investments and anticipated increase in interest rates.

Rents and Leases – This category includes revenues from various rentals and leases of City owned properties. FY 2022 collections are projected to be 9.5%, or \$596,000, above the current amended budget primarily due to the revenues from several of the City's leases, including the Miami Beach Marina, trending higher than originally budgeted since the revenues collected by the City are based on a percentage of the tenants' sales.

Miscellaneous – This category includes revenues from various categories such as concessions, reimbursements, and other revenue categories including beach access fees and advertising. Projected FY 2022 revenues are 7.5%, or \$1.1 million, above the current amended budget primarily due to revenues from lien statement services and planning design review fees trending higher than originally anticipated as a result of increased real estate and development activity.

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

Operating Expenditures

As of March 31, 2022, actual expenses were approximately 41.7% of the current amended budget, or \$152.7 million, with operating expenditures through fiscal year-end September 30, 2022 projected at \$362.8 million, which is approximately \$3.5 million below the current amended budget. As previously mentioned, these projections are not only based on experience during the first six months of the fiscal year, but also more current information available.

General Fund expenditures by department projected to exceed budget or with variances to budget in excess of 10.0%, or \$300,000, are further explained below:

Citywide Accounts – Citywide Accounts are a category of budgeted expenditures related to the City’s overall operations that are not readily identifiable to any specific department. These accounts are projected to be 1.7%, or \$395,000, below the current amended budget primarily due to projected savings in one-time expenditures budgeted in FY 2022, as well as the hold placed on the annual grant payment made to the Miami Beach Garden Conservancy (Botanical Gardens) based on an audit being completed by the Office of the Inspector General (OIG).

Citywide Accounts				
	FY 2022 Amended Budget	FY 2022 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Expenditures	\$ 23,498,000	\$ 23,103,000	\$ (395,000)	-1.7%

While the above-listed General Fund departments comprise those projected to exceed their current amended budgets or with significant variances to budget in excess of 10.0%, or \$300,000, all other General Fund departments are projected to have savings at year-end that may be realigned within the General Fund at year-end, if necessary.

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

ENTERPRISE FUNDS

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

An analysis of the actual six-month operating expenses for the period October 1, 2021 through March 31, 2022, reveals that all Enterprise Funds have actual expenses that are less than one half of their current amended budgets. It is important to note that this is not representative of typical trends for a full fiscal year, as there is often a lag in processing of expenditures, particularly those billed by outside entities for services provided.

ENTERPRISE FUNDS							
	Sanitation	Sewer	Storm Water	Water	Parking	Building	Convention Center
FY 2022 Adopted Budget	22,170,000	52,916,000	31,911,000	35,032,000	43,477,000	17,449,000	27,332,000
Budget Amendment - 10/13/21	0	0	0	0	0	0	0
Budget Amendment - 11/22/21	1,130,000	2,321,000	1,952,000	3,494,000	681,000	7,000	1,228,000
Budget Amendment - 03/09/22	0	0	0	0	0	0	0
FY 2022 Amended Budget	23,300,000	55,237,000	33,863,000	38,526,000	44,158,000	17,456,000	28,560,000
1/2 Adopted Budget	11,085,000	26,458,000	15,955,500	17,516,000	21,738,500	8,724,500	13,666,000
1/2 Amended Budget	11,650,000	27,618,500	16,931,500	19,263,000	22,079,000	8,728,000	14,280,000
Revenues as of 03/31/22	10,245,705	26,284,392	15,316,989	16,299,727	22,782,175	8,980,447	4,066,008
Expenditures as of 03/31/22	10,002,137	24,050,702	10,738,272	16,794,902	13,602,682	7,195,492	2,266,046
Expenditures Above/(Below) 1/2 Amended Budget	(1,647,863)	(3,567,798)	(6,193,228)	(2,468,098)	(8,476,318)	(1,532,508)	(12,013,954)
% Variance	-7.1%	-6.5%	-18.3%	-6.4%	-19.2%	-8.8%	-42.1%

Year-end operating revenue and expenditure projections through September 30, 2022 provide a more realistic indication of any anticipated year-end surpluses or shortfalls as of this point in time. While the actual revenues and expenses presented above are as of March 31, 2022, the year-end projections incorporate more current information.

Revenues for all Enterprise Funds are projected to be equivalent to or in excess of expenditures as of year-end. In addition, all Enterprise Fund budgets are projected to be under their current amended budgets. Enterprise Fund budgets with variances to budget in excess of 10.0%, or \$300,000, are further explained below:

Parking – Based on the Parking Enterprise Fund’s FY 2022 second quarter projections, revenues are projected to exceed expenditures resulting in a projected surplus of approximately \$2.7 million that would be available to be set aside for renewal and replacement of existing Parking assets or future operating expenditures should these projections be realized at year-end. The projected surplus is attributed to a combination of factors which include Parking revenues trending above budget and the continued vacancy of existing budgeted positions due to hiring challenges that the department has been encountering. Due to the uncertainty of Parking’s revenues, the surplus projected as of the second quarter may be different as of year-end; therefore, trends will continue to be monitored over the coming months.

Other significant variances in the Enterprise Funds to note are detailed below.

Convention Center – Based on the Convention Center Fund’s FY 2022 second quarter projections, revenues are projected to exceed expenditures resulting in a projected surplus of approximately \$2.8 million that would be available to be set aside for renewal and replacement of existing Convention Center assets or future operating expenditures should these projections be realized at year-end. The projected surplus is attributed to a combination of factors, including an anticipated Convention Development Tax (CDT) bonus to be received from Miami-Dade County for FY 2022 based on an increase in Convention Development Tax receipts collected and projected savings in personnel and operations-related expenditures based on activity in the Convention Center. Due to changes in the scheduling of events, the surplus projected as of the second quarter may be different as of year-end; therefore, trends for the Convention Center’s operations will continue to be monitored over the coming months.

ENTERPRISE FUNDS							
	Sanitation	Sewer	Storm Water	Water	Parking	Building	Convention Center
FY 2022 Adopted Budget	22,170,000	52,916,000	31,911,000	35,032,000	43,477,000	17,449,000	27,332,000
Budget Amendment - 10/13/21	0	0	0	0	0	0	0
Budget Amendment - 11/22/21	1,130,000	2,321,000	1,952,000	3,494,000	681,000	7,000	1,228,000
Budget Amendment - 03/09/22	0	0	0	0	0	0	0
FY 2022 Amended Budget	23,300,000	55,237,000	33,863,000	38,526,000	44,158,000	17,456,000	28,560,000
FY 2022 Projections:							
Charges for Services	18,148,500	53,139,000	32,622,000	34,216,000	42,527,000	14,279,000	18,572,000
Other	4,997,500	2,020,000	1,083,000	4,085,000	3,846,000	2,945,000	12,495,000
FY 2022 Revenue Projections	23,146,000	55,159,000	33,705,000	38,301,000	46,373,000	17,224,000	31,067,000
\$ Over/(Under) Amended Budget	(154,000)	(78,000)	(158,000)	(225,000)	2,215,000	(232,000)	2,507,000
% Over/(Under) Amended Budget	-0.7%	-0.1%	-0.5%	-0.6%	5.0%	-1.3%	8.8%
FY 2022 Expenditure Projections	23,146,000	55,159,000	33,705,000	38,301,000	43,637,000	17,224,000	28,271,000
\$ Over/(Under) Amended Budget	(154,000)	(78,000)	(158,000)	(225,000)	(521,000)	(232,000)	(289,000)
% Over/(Under) Amended Budget	-0.7%	-0.1%	-0.5%	-0.6%	-1.2%	-1.3%	-1.0%
Revenues Over/(Under) Expenditures	0	0	0	0	2,736,000	0	2,796,000

As additional information becomes available these projections will continue to be further refined.

These projections will continue to be refined as additional information becomes available.

SPECIAL REVENUE FUNDS

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

An analysis of the actual six-month operating revenues and expenses for the period October 1, 2021 through March 31, 2022, reveals that all Special Revenue Funds have actual expenses that are less than one half of their current amended budgets primarily due to expenditures that are typically incurred in the latter part of the fiscal year, except for the 5th & Alton Garage, as a result of an increased level of operations. It is important to note that actuals incurred through March 31, 2022 are not always representative of trends for a full fiscal year.

Year-end operating revenue and expenditure projections through September 30, 2022 provide a more realistic indication of any anticipated year-end surpluses or shortfalls as of this point in time. While the actual revenues and expenses presented above are as of March 31, 2022, the year-end projections incorporate more current information, if available.

As of the second quarter of FY 2022, revenues for all Special Revenue Funds are projected to be equivalent to or in excess of expenditures as of year-end with the exception of the Red Light Camera Fund that is subsequently explained below. Further, all Special Revenue Funds are projected to have savings at year-end, including some with significant variances to budget in excess of 10.0%, or \$300,000, except for the 5th & Alton Garage Fund and Biscayne Point and Biscayne Beach Special Taxing Districts Special Revenue Funds, which are also further detailed below.

Red Light Camera Fund – This fund is projected to be 44.0%, or \$626,000, below the current amended budget and expenditures are projected to be in excess of revenues by \$310,000 due to delays in the deployment and installation of an additional five red light cameras that were planned as part of the new proposed agreement, as well as revenues from the currently existing cameras trending lower than budgeted since some cameras are or are anticipated to be offline for various reasons. As a result, if this projection is realized at year-end, the \$310,000 shortfall in the Red Light Camera Fund will need to be transferred to and funded by the General Fund for the current fiscal year.

Red Light Camera				
	FY 2022 Amended Budget	FY 2022 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Revenues	\$ 1,423,000	\$ 487,000	\$ (936,000)	-65.8%
Expenditures	\$ 1,423,000	\$ 797,000	\$ (626,000)	-44.0%
Surplus/(Shortfall)	\$ 0	\$ (310,000)	\$ (310,000)	

5th & Alton Garage Fund – This fund is projected to be 26.2%, or \$177,000, above its current amended budget. This is primarily attributed to an increased in the level of operations taking place at this garage from what was originally anticipated for the current fiscal year as a result of COVID-19. Although this fund is projected to exceed the current amended budget, the additional expenditures are projected to be offset by additional revenues collected and available fund balance, if necessary, should these projections be realized at year-end.

5th & Alton Garage				
	FY 2022 Amended Budget	FY 2022 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Revenues	\$ 676,000	\$ 853,000	\$ 177,000	26.2%
Expenditures	\$ 676,000	\$ 853,000	\$ 177,000	26.2%
Surplus/(Shortfall)	\$ 0	\$ 0	\$ 0	

Biscayne Point and Biscayne Beach Special Taxing Districts – The Biscayne Point and Biscayne Beach Special Taxing Districts are projected to be 5.2%, or \$12,000, and 2.2%, or \$5,000, above their current amended budgets. This is primarily attributed to increases in the costs for utilities, as well as unforeseen repairs made in both guardhouses. Although these funds are projected to exceed their current amended budgets, the additional expenditures are projected to be offset using available fund balance in both funds, if necessary, should these projections be realized at year-end.

Biscayne Point Special Taxing District				
	FY 2022 Amended Budget	FY 2022 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Revenues	\$ 229,000	\$ 241,000	\$ 12,000	5.2%
Expenditures	\$ 229,000	\$ 241,000	\$ 12,000	5.2%
Surplus/(Shortfall)	\$ 0	\$ 0	\$ 0	

Biscayne Beach Special Taxing District				
	FY 2022 Amended Budget	FY 2022 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Revenues	\$ 232,000	\$ 237,000	\$ 5,000	2.2%
Expenditures	\$ 232,000	\$ 237,000	\$ 5,000	2.2%
Surplus/(Shortfall)	\$ 0	\$ 0	\$ 0	

Other significant variances in the Special Revenue Funds to note are detailed below.

Transportation – While the projections for the Transportation Fund do not meet the previously mentioned criteria above requiring a variance explanation, it is important to note that revenues are projected to exceed expenditures by approximately \$3.4 million since the operations of this fund are primarily supported by 60% of 1% Resort Tax Quality of Life (QOL)

collections that have exceeded budget for the first seven months of the current fiscal year and are projected to exceed budget for the remaining five months, which may be utilized to enhance transportation-related services in an upcoming budget amendment.

Transportation				
	FY 2022 Amended Budget	FY 2022 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Revenues	\$ 9,023,000	\$ 12,194,000	\$ 3,171,000	35.1%
Expenditures	\$ 9,023,000	\$ 8,818,000	\$ (205,000)	-2.3%
Surplus/(Shortfall)	\$ 0	\$ 3,376,000	\$ 3,376,000	

E-911 and PTP – While the E-911 Fund and People’s Transportation Plan (PTP) Fund projections do not also meet the previously mentioned criteria requiring a variance explanation, it is important to note that the expenditures incurred in these funds are based mostly on fees that are collected by voice communications service providers (wireless, wireless prepaid, and non-wireless) and half-cent surtax revenues collected by Miami-Dade County that are subsequently allocated and remitted to the City annually. Revenues in both of these funds are projected to be in excess of expenditures as of year-end by \$502,000 and \$682,000 in the E-911 Fund and PTP Fund, respectively. Therefore, should these additional projected revenues be realized at year-end, it will be recommended by the City Administration that the budgets for these funds be amended at year-end to permit for additional allowable expenditures to be charged back accordingly from the Fire Department’s General Fund operations and Transportation’s Other Special Revenue Fund operations.

E-911				
	FY 2022 Amended Budget	FY 2022 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Revenues	\$ 591,000	\$ 1,093,000	\$ 502,000	84.9%
Expenditures	\$ 591,000	\$ 591,000	\$ 0	0.0%
Surplus/(Shortfall)	\$ 0	\$ 502,000	\$ 502,000	

People's Transportation Plan (PTP)				
	FY 2022 Amended Budget	FY 2022 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Revenues	\$ 3,560,000	\$ 4,242,000	\$ 682,000	19.2%
Expenditures	\$ 3,560,000	\$ 3,560,000	\$ 0	0.0%
Surplus/(Shortfall)	\$ 0	\$ 682,000	\$ 682,000	

RESORT TAX FUND

The City’s Resort Tax Fund is primarily supported by taxes collected pursuant to Chapter 67-930 (Section 6) of the Laws of Florida, as amended, and Section 5.03 of the City of Miami Beach Charter, as amended. This legislation authorizes the use of Resort Taxes for the promotion of the tourism industry, which includes, but is not restricted to the following: Publicity, advertising, news bureau, promotional events, convention bureau activities, capital improvements and the maintenance of all physical assets in connection therewith; and for the payment of the reasonable and necessary expenses of collecting, handling, and processing of said tax.

Typically, the City has considered the following services as “Services Related to the Promotion of Tourism:”

- Police Officers serving entertainment areas
- A portion of Fire Rescue services from Fire Stations 1 & 2
- Ocean Rescue services
- Sidewalk pressure cleaning in South, Middle and North Beach visitor areas
- South Beach sanitation
- Enhanced Code Compliance/Enforcement provided to respond to evening entertainment area violations and staffing of special events
- Other Code Compliance/Enforcement activities in tourism and visitor related facilities/areas
- Tourism and Cultural Development Department and the Cultural Arts Council
- Museums and Theatres (Garden Center, Bass Museum, Colony and Byron Carlyle Theatres)
- Golf courses (net of revenues)
- Memorial Day and other special event costs
- Homeless services
- July 4th, Visitor Center funding, Holiday Lights, MDPL, Orange Bowl, etc.

These allowable uses have led to increased tourism-related activities, such as special events including Art Basel and the Air and Sea Show.

The City is highly dependent on the tourism and hospitality industry. Therefore, due to the impact of COVID-19 on the City's resort taxes, the FY 2022 budget was adopted to assume a cautiously optimistic rebound in revenues.

2% Resort Tax

Based on the first seven months of actual collections, total two percent Resort Tax revenues for FY 2022 are projected to be 29.3%, or \$17.7 million, above the current amended budget as of year-end, with the remaining months in the current fiscal year projected at 15.0% over FY 2019 collections for the month of May, 10.0% over FY 2019 collections for the months of June and July, and 5.0% over FY 2019 collections for the months of August and September. The projections for the remainder of the fiscal year are based on monthly collection trends that factor in seasonality since, historically, a large percentage of the City's resort taxes are normally collected during the winter and spring months of the year.

Total FY 2022 two percent Resort Tax expenditures are projected to be 3.9%, or \$2.3 million, above the current amended budget as of year-end, primarily due to an increase in the projected contributions to the Miami Beach Visitor and Convention Authority (VCA) and Greater Miami Convention & Visitors Bureau (GMCVB) of \$1.0 million and \$1.9 million, respectively, since the contributions to both the VCA and GMCVB are based on a percentage of two percent Resort Tax collections that are projected to exceed the current amended budget for FY 2022. The combined increase in the projected contributions to the VCA and GMCVB of \$2.9 million for FY 2022 is, however, projected to be partially offset by savings of \$272,000 in the budgeted two percent subsidy to the 1% Resort Tax (Convention Center) that is no longer projected to be needed since projected 1% Resort Tax revenues (Convention Center) are projected to exceed the required debt service coverage for FY 2022 and \$265,000 in personnel and operating-related savings attributed primarily to various vacancies that departments are in the process of trying to fill.

1% Resort Tax (Quality of Life)

The proceeds of the one percent bed tax for quality of life, as adopted through Resolution No. 2018-30512, and continuing in FY 2022, unless otherwise amended by the City Commission, are to be utilized as follows: 60% allocated for Transportation initiatives in tourist-related areas; 10% allocated equally among North Beach, Middle Beach and South Beach for capital projects that enhance Miami Beach's tourist related areas; and 10% allocated to various arts and cultural programs.

One percent bed tax revenues for FY 2022 are projected to be 41.2%, or \$5.0 million, above the current amended budget as of year-end. Concurrently, since transfers for Transportation initiatives in tourism-related areas, North, Middle, and South Beach quality of life projects, and various arts and cultural programs that are funded by the Cultural Arts Council are based directly on the proceeds of the one percent bed tax collected for quality of life, one percent Resort Tax expenditures are equally projected to be 41.2%, or \$5.0 million, above the current amended budget as of year-end, of which \$3.0 million is allocated to Transportation initiatives in tourism-related areas, \$1.5 million allocated to North, Middle, and South Beach quality of life projects equally, and \$501,500 allocated for various arts and cultural programs that are funded by the Cultural Arts Council.

1% Resort Tax (Convention Center)

Lastly, the proceeds of the additional one percent bed tax levied solely for the purposes of expanding, enlarging, renovating, and/or improving the Miami Beach Convention Center, including debt service related thereto, as well as providing Capital Renewal and Replacement funding for the Miami Beach Convention Center, are projected to be 38.1%, or \$4.7 million, above the current amended budget as of year-end. Since the proceeds of the additional one percent bed tax must first provide for the payment of debt service and any excess, based on proceeds, be set-aside for Capital Renewal and Replacement funding for the newly renovated and expanded Miami Beach Convention Center, additional one percent bed tax expenditures are also projected to be 38.1%, or \$4.7 million, above the current amended budget as of year-end.

It is important to note that the 1% Resort Tax (Quality of Life) budget is different from the 1% Resort Tax (Convention Center) budget due to the impact of COVID-19 on Resort Tax revenues and the City's cautiously optimistic rebound in revenues, which required the FY 2022 1% Resort Tax (Convention Center) budget to include a \$272,000 subsidy from the 2% Resort Tax to fund the required annual debt service for FY 2022. As noted above, since the FY 2022 revenues are projected to exceed the budget, it is anticipated that the transfer from the 2% Resort Tax will not be necessary.

Total Resort Tax

Overall, due to actual Resort Tax collections exceeding budget for the first seven months of the fiscal year and collections for the remaining months of the current fiscal year projected at 15.0% over FY 2019 collections for the month of May, 10.0% over FY 2019 collections for the months of June and July, and 5.0% over FY 2019 collections for the months of August and September, combined Resort Tax revenues are projected to be 32.3%, or \$27.4 million, above the current amended budget as of year-end, while expenditures are projected to be 14.2%, or \$12.1 million, above the current amended budget resulting in a projected surplus of \$15.3 million as of year-end, which the City Administration is recommending, as presented at the FY 2023 City Commission Budget Retreat on May 20, 2022, be set aside and/or allocated for the following:

- 1) \$3.2 million for FY 2023 Spring Break Programming to be discussed more in detail during the development of the FY 2023 budget
- 2) \$5.5 million to reach the Resort Tax Reserve policy target amount of 6 months, or 50%, adopted by Resolution No. 2019-30664
- 3) \$6.6 million to fund anticipated Capital Project gaps

RESORT TAX FUND							
	FY 2022 Adopted Budget	FY 2022 Amended Budget	Actuals as of 03/31/22	% Actual of Amended Budget	FY 2022 Year End Projections	Over/(Under) Amended Budget	% Over/(Under) Amended Budget
Revenues							
2% Resort Tax	50,920,000	53,166,000	33,981,512	63.9%	70,791,000	17,625,000	33.2%
Miscellaneous Revenues	368,000	368,000	74,426	20.2%	411,000	43,000	11.7%
Fund Balance/Retained Earnings	5,910,000	6,766,000	0	0.0%	6,766,000	0	0.0%
1% Resort Tax (QOL)	12,184,000	12,184,000	7,806,043	64.1%	17,200,000	5,016,000	41.2%
Additional 1% Resort Tax for Convention Center	12,456,000	12,456,000	7,806,043	62.7%	17,200,000	4,744,000	38.1%
Total Revenues	81,838,000	84,940,000	49,668,025	58.5%	112,368,000	27,428,000	32.3%
Expenditures							
General Fund Contribution	24,866,000	24,866,000	12,433,000	50.0%	24,866,000	0	0.0%
Sanitation Fund Contribution	3,040,000	3,040,000	1,520,000	50.0%	3,040,000	0	0.0%
Contribution to GMCVB	6,889,000	6,889,000	2,731,249	39.6%	8,796,000	1,907,000	27.7%
Contribution to VCA	2,445,000	2,445,000	1,187,649	48.6%	3,398,000	953,000	39.0%
Contribution to Mt. Sinai	1,000,000	1,000,000	0	0.0%	1,000,000	0	0.0%
Other Operating/Other Uses	18,758,000	21,820,000	13,993,110	64.1%	21,283,000	(537,000)	-2.5%
Marketing	200,000	240,000	50,981	21.2%	240,000	0	0.0%
Transfer to NB, MB, SB Capital, Transp. and Arts (QOL)	12,184,000	12,184,000	7,806,043	64.1%	17,200,000	5,016,000	41.2%
Add'l 1% Conv. Center Debt Service & Cap. Ren & Repl.	12,456,000	12,456,000	6,112,151	49.1%	17,200,000	4,744,000	38.1%
Total Expenditures	81,838,000	84,940,000	45,834,183	54.0%	97,023,000	12,083,000	14.2%
Excess of Revenues Over/(Under) Expenditures	0	0	3,833,842		15,345,000	15,345,000	

CONCLUSION

All General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds budgets are projected to be at or below their current FY 2022 amended budgets as of year-end with revenues projected to be equivalent to or in excess of expenditures, except for the Red Light Camera, 5th & Alton Garage, and Biscayne Point and Biscayne Beach Special Taxing Districts Special Revenue Funds. These projected shortfalls and overages, if realized at year-end, will be closed using a mix of sweeping savings from other funds and use of available fund balance.

The assumptions in the second quarter projections will continue to be proactively monitored between now and the development of the third quarter projections, as well as during the development of the FY 2023 budget, and any material variances will be disclosed and discussed at upcoming Finance and Economic Resiliency Committee (FERC) and/or City Commission meetings.

ATH/JW/TOS

EXHIBIT A

CITY OF MIAMI BEACH FY 2022 GENERAL FUND 2ND QUARTER							
	FY 2022 Adopted Budget	FY 2022 Amended Budget	Actuals as of 03/31/22	% Actual of Amended Budget	FY 2022 Year End Projections	Over/(Under) Amended Budget	% Over/(Under) Amended Budget
REVENUES							
Ad Valorem Taxes	196,201,000	196,201,000	173,001,828	88.2%	196,201,000	0	0.0%
Ad Valorem Taxes - Pay-As-You-Go Capital	2,616,000	2,616,000	2,616,000	100.0%	2,616,000	0	0.0%
Ad Valorem Taxes - Capital Renewal & Replacement	815,000	815,000	815,000	100.0%	815,000	0	0.0%
Ad Valorem Taxes - Normandy Shores	252,000	252,000	252,000	100.0%	252,000	0	0.0%
Other Taxes	23,986,000	23,986,000	10,283,947	42.9%	24,578,000	592,000	2.5%
Licenses and Permits	15,054,000	15,888,000	14,542,341	92.2%	18,628,800	2,740,800	17.3%
Intergovernmental	11,598,000	12,066,000	5,728,487	47.5%	14,020,000	1,954,000	16.2%
Charges for Services	13,192,000	13,192,000	8,910,369	67.5%	14,277,000	1,085,000	8.2%
Fines and Forfeitures	966,000	966,000	1,604,020	166.0%	2,067,000	1,101,000	114.0%
Interest	2,662,000	3,024,000	2,556,051	84.5%	3,886,000	862,000	28.5%
Rents and Leases	6,091,000	6,288,000	3,635,858	57.8%	6,884,000	596,000	9.5%
Miscellaneous	14,196,000	14,702,000	6,240,141	42.4%	15,811,200	1,109,200	7.5%
Other-Resort Tax Contribution	24,866,000	24,866,000	12,433,000	50.0%	24,866,000	0	0.0%
Other-Non-Operating Revenues	14,214,000	14,214,000	6,843,438	48.1%	14,221,000	7,000	0.0%
Fund Balance/Retained Earnings	3,797,000	13,600,000	0	0.0%	13,600,000	0	0.0%
American Rescue Plan Act (ARPA) Funds	23,600,000	23,600,000	11,777,709	49.9%	23,555,000	(45,000)	-0.2%
TOTAL REVENUES	354,106,000	366,276,000	261,340,189	71.4%	376,278,000	10,002,000	2.7%
EXPENDITURES							
Mayor & Commission	2,644,000	2,644,000	1,228,220	46.5%	2,632,000	(12,000)	-0.5%
City Manager	4,858,000	5,078,000	2,111,422	41.6%	4,788,000	(290,000)	-5.7%
Marketing and Communications	2,356,000	2,356,000	1,009,341	42.8%	2,227,000	(129,000)	-5.5%
Office of Management and Budget (prev. OBPI)	1,507,000	1,528,000	639,858	41.9%	1,450,000	(78,000)	-5.1%
Org. Dev Performance Initiatives	1,701,000	2,118,000	483,313	22.8%	2,081,000	(37,000)	-1.7%
Finance	6,526,000	6,537,000	2,954,326	45.2%	6,475,000	(62,000)	-0.9%
Procurement	2,800,000	2,857,000	1,228,965	43.0%	2,704,000	(153,000)	-5.4%
Human Resources/Labor Relations	2,926,000	2,954,000	1,264,001	42.8%	2,949,000	(5,000)	-0.2%
City Clerk	1,802,000	1,860,000	785,288	42.2%	1,757,000	(103,000)	-5.5%
City Attorney	6,160,000	6,603,000	2,679,378	40.6%	6,361,000	(242,000)	-3.7%
Housing & Community Services	3,538,000	4,075,000	1,300,126	31.9%	3,791,000	(284,000)	-7.0%
Planning	5,014,000	6,085,000	2,250,846	37.0%	5,926,000	(159,000)	-2.6%
Environment & Sustainability	1,300,000	1,349,000	411,718	30.5%	1,230,000	(119,000)	-8.8%
Tourism and Culture	3,445,000	3,467,000	895,728	25.8%	3,425,000	(42,000)	-1.2%
Economic Development	1,578,000	1,652,000	450,939	27.3%	1,642,000	(10,000)	-0.6%
Code Compliance	6,550,000	6,585,000	2,995,504	45.5%	6,486,000	(99,000)	-1.5%
Parks & Recreation (including Golf courses)	38,632,000	39,057,000	14,804,934	37.9%	38,852,000	(205,000)	-0.5%
Property Management	2,502,000	2,518,000	1,062,832	42.2%	2,401,000	(117,000)	-4.6%
Public Works	15,001,000	15,222,000	5,447,321	35.8%	14,952,000	(270,000)	-1.8%
Capital Improvement Projects	5,752,000	5,840,000	2,412,009	41.3%	5,624,000	(216,000)	-3.7%
Police	121,229,000	124,836,000	56,581,360	45.3%	124,636,000	(200,000)	-0.2%
Fire	95,995,000	97,557,000	45,234,446	46.4%	97,316,000	(241,000)	-0.2%
Citywide (incl. Operating Contingency)	15,182,000	18,390,000	4,501,155	24.5%	17,995,000	(395,000)	-2.1%
Normandy Shores	252,000	252,000	0	0.0%	252,000	0	0.0%
Capital Renewal & Replacement	815,000	815,000	0	0.0%	815,000	0	0.0%
Info & Comm Technology Fund	300,000	300,000	0	0.0%	300,000	0	0.0%
Pay-As-You-Go Capital Fund	3,741,000	3,741,000	0	0.0%	3,741,000	0	0.0%
TOTAL EXPENDITURES	354,106,000	366,276,000	152,732,717	41.7%	362,808,000	(3,468,000)	-0.9%
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES	0	0	108,607,472	29.7%	13,470,000	13,470,000	