

**Condensed Title:**

A Request For Approval To Issue A Request For Proposals (RFP) For A Revenue Enhancement Service.

**Key Intended Outcome Supported:**

Ensure Expenditure Trends Are Sustainable Over The Long Term.

**Supporting Data (Surveys, Environmental Scan, etc.):** N/A

**Issue:**

Shall the City Commission approve the issuance of a Request for Proposals?

**Item Summary/Recommendation:**

The Administration proposes that the City issue a Request for Proposals (RFP) to select a qualified consulting firm to conduct a revenue enhancement study that includes, but it is not limited to: an inventory of City revenue sources (with the exception of taxes); provide a comparison with national and local agencies; identify areas where the City is below market; recommend areas where there is the potential to generate additional revenues; and conduct supporting cost analysis for any recommended increases to cost-based fees.

The objective of this RFP is to provide a comparison with national and local agencies; identify areas where the City is below market; recommend areas where there is the potential to generate additional revenues; and conduct supporting cost analysis for any recommended increases to cost-based fees.

**THE ADMINISTRATION RECOMMENDS ISSUANCE OF THE RFP.**

**Advisory Board Recommendation:**

N/A

**Financial Information:**

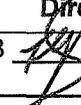
Source of Funds:		Amount	Account	Approved
<div style="border: 1px solid black; width: 50px; height: 50px; display: flex; align-items: center; justify-content: center;">  </div> OBPI	1			
	2			
	3			
	4			
	<b>Total</b>			

Financial Impact Summary: N/A

**City Clerk's Office Legislative Tracking:**

Gus Lopez, extension 6641

**Sign-Offs: Department**

Director	Assistant City Manager	City Manager
KB  GL _____		JMG 

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# MIAMI BEACH

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

## COMMISSION MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: October 14, 2009

SUBJECT: **REQUEST FOR APPROVAL TO ISSUE A REQUEST FOR PROPOSALS (RFP) FOR A REVENUE ENHANCEMENT STUDY.**

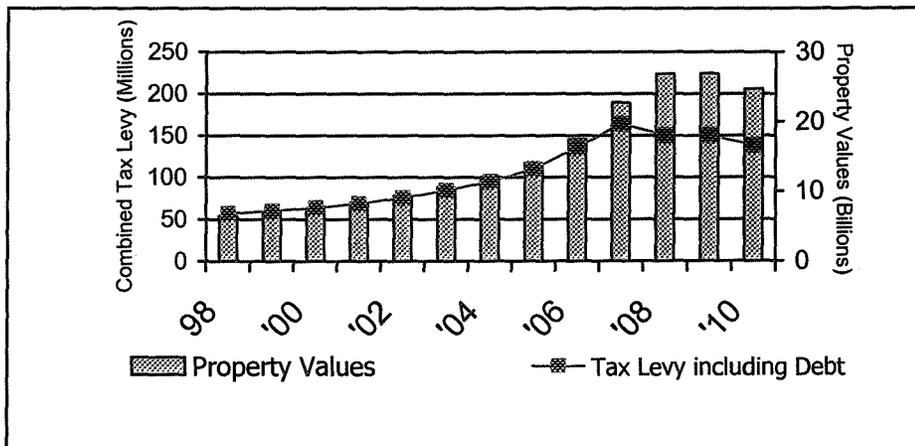
### ADMINISTRATION RECOMMENDATION

Approve issuance of the RFP.

### BACKGROUND

Over the last several years, the City of Miami Beach has adopted budgets that provided tax and fee relief, while at the same time providing improved services that address needs and priorities identified by our community (primarily in public safety, cleanliness, landscaping and beautification, recreation and cultural arts programming, renewal and replacement funding for our facilities, and building/development functions); and providing structural changes that enhance capital funding and reserves. However, these objectives have become increasingly more challenging in the last three years. Between FY 2007/08 and FY 2008/09, the General Fund absorbed almost \$28 million in reductions, and more than \$31 million across all funds.

The development of the FY 2009/10 Work Plan and Budget faced similar challenges, primarily due to a 14.8 percent decline in values of existing properties (although offset by 6.6 percent as a result of new construction - an unprecedented \$1.8 billion), as well as increases in salaries and fringes, primarily due to increasing pension costs as a result of negative pension investment earnings due to the downturn in the market. In fact, the combined tax levy in FY 2009/10 is similar to FY 2005/06 levels, despite increases in expenditures such as salaries, pension and health care costs, fuel, etc.



The adopted FY 2009/10 Work plan and Budget incorporates an additional \$16.2 million in General Fund reductions (and \$17.2 million Citywide), for a total of almost \$50 million in reductions in three years.

Further, the adopted budget includes \$3.5 million in employee “Give-Backs” in the General Fund which must be bargained with our labor unions. While we are hopeful to reach agreement on these proposed adjustments, should they not materialize, we will have to identify alternate, commensurate revenue and/or expenditure adjustments to ensure a balanced budget by the end of FY 2009/10.

FY 2010/11 is expected to present even more challenges. The basis of FY 2009/10 property taxes are the certified values from the Miami-Dade County property appraiser’s office as of January 1, 2009, while the basis of property taxes for FY 2010/11 will be the certified values as of January 1, 2010. Declines in values of existing properties between January 1 2009 and January 1, 2010 are anticipated, although the degree of the decline is unknown at this time, and the offset experienced by new construction as of January 1, 2009 is not anticipated to be there for this year. A decline in total values similar to the past year, results in an additional property tax loss of approximately \$10 million.

In addition, pension costs are projected to increase for at least two reasons:

- The October 1, 2008 pension actuarial valuations (which determined the annual required contribution for FY 2009/10) assumed a rate of return between 8.4 and 8.5 percent, depending on the plan. Although final earnings have not yet been determined by either plan, it is anticipated that the plans will have experienced a loss or at best break even.
- Based on the smoothing approach used in actuarial valuations, only 1/5<sup>th</sup> of the loss that occurred during FY 2007/08 has been recognized as part of contribution requirement for FY 2009/10, and an additional 1/5<sup>th</sup> will need to be recognized for the FY 2010/11.

Based on preliminary analysis by the City’s pension actuary, it is anticipated that pension costs could increase by approximately \$6 million just due to the investment declines for the last two years, of which approximately \$5 million would be attributable to the General Fund.

Together, the impact of property value declines and increased pension costs could result in an impact of \$15 million, which could be greater depending on actual certified values as of January 1, 2010; final actuarial valuations as of October 1, 2009, and the impacts of other potential expenditure increases.

As you know, we are pursuing pension reform as one of the methods to reduce expenditures going forward. However, we cannot possibly address a gap of this magnitude solely through pension changes or other reductions to our employees, in addition to the reductions being sought for FY 2009/10. And, although we will continue to challenge all City Departments to once again identify potential efficiencies, these are unlikely to be sufficient to address a gap of this magnitude. It is not anticipated that it will be possible to continue to significantly reduce expenditures without significant reductions in service levels. Accordingly, it is important that we begin to analyze other opportunities.

## **ANALYSIS**

The Administration proposes that the City issue a Request for Proposals (RFP) to select a qualified consulting firm to conduct a revenue enhancement study that includes, but it is not limited to: an inventory of City revenue sources (with the exception of taxes); a comparison with other national and local entities; identification of areas where the City is below market; recommended areas where there is the potential to generate additional revenues; and cost analyses for any recommended increases to cost-based fees.

Results of the inventory and recommendations would be presented by the consultant to the City Manager, Commission Committees, and Commission. Further the consultant will be required to provide written guidelines (process and procedures) for the implementation of the accepted revenue enhancements.

## **EVALUATION PROCESS**

The procedure for response, evaluation and selection will be as follows:

- RFP issued
- Receipt of responses.
- Opening and listing of all responses received.
- An Evaluation Committee, appointed by the City Manager, shall meet to evaluate each response in accordance with the requirements of this RFP. If further information is desired, respondents may be requested to make additional written submissions or oral presentations to the Evaluation Committee.

The Evaluation Committee will recommend to the City Manager the response(s) that the Evaluation Committee deem to be in the best interest of the City by using the following criteria for selection:

- |   |           |
|---|-----------|
| ○ Qualifications of Individuals assigned to work with the City        | 35 points |
| ○ Consultant(s) experience and past performance with similar projects | 20 points |
| ○ Proposed Fees   | 35 points |
| ○ Methodology and Approach  | 10 points |
- After considering the recommendation(s) of the Evaluation Committee, the City Manager shall recommend to the City Commission the response or responses, acceptance of which the City Manager deems to be in the best interest of the City.
  - The City Commission shall consider the City Manager's recommendation(s) in light of the recommendation(s) and evaluation of the Evaluation Committee and, if appropriate, approve the City Manager's recommendation(s). The City Commission may reject the City Manager's recommendation(s) and select another response or responses. In any case, City Commission shall select the response or responses, acceptance of which the City Commission deems to be in the best interest of the City. The City Commission may also reject all proposals.
  - Negotiations between the selected respondent and the City take place to arrive at agreement terms. If the City Commission has so directed, the City may proceed to

negotiate an agreement with a respondent other than the top ranked respondent if the negotiations with the top ranked respondent fail to produce a mutually acceptable agreement within a reasonable period of time.

- A proposed contract or contracts are presented to the City Commission for approval, modification and approval, or rejection.
- If and when a contract or contracts acceptable to the respective parties is approved by the City Commission, the Mayor and City Clerk sign the contract(s) after the selected respondent(s) has (or have) done so.

Should the Mayor and Commission authorize the issuance of this RFP, all procurement rules (i.e. Code of Silence, etc.) will apply.

### **CONCLUSION**

The Administration recommends that the Mayor and the City Commission authorize the issuance of a Request for Proposals (RFP) for a Revenue Enhancement Study.

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