



City of North Miami Beach, Florida

City Manager's Office

MEMORANDUM

TO: Mayor and City Commission

FROM: Darvin E. Williams, JD, MBA, MPH, City Manager

DATE: June 17, 2026

SUBJECT: Fiscal Challenges, Organizational Restructuring, and Position Eliminations

Mayor and Commissioners:

Since assuming the position of City Manager in February 2026 and the additional responsibilities of Interim Chief Financial Officer in March 2026, Administration has consistently advised the Mayor and Commission that the City of North Miami Beach is facing a series of significant financial challenges that, if not aggressively addressed, could threaten the City's long-term financial stability.

These challenges are not theoretical. They are immediate, measurable, and potentially severe. Taken together, they require decisive action to reduce expenditures, improve operational efficiency, and preserve the City's ability to deliver essential public services.

At present, the City's Fiscal Year 2025-2026 Budget is operating with an approximate deficit of \$12 million. This deficit was balanced through the use of reserve funds, including approximately \$4 million that was utilized to support recurring operating expenditures such as salaries and employee benefits. While reserves can provide temporary relief during periods of financial stress, the use of one-time funds to support recurring expenses is not financially sustainable and creates structural budget challenges that must be corrected. The City's reserve fund balance serves as a critical safeguard that allows the City to respond to emergencies, natural disasters, economic downturns, litigation, infrastructure failures, and other unforeseen events.

As a result of the current fiscal year's operating deficit, City reserves are projected to decline to approximately \$5 million by September 30, 2026. As a matter of sound financial management, Administration intends to recommend a formal reserve policy requiring the City to maintain unrestricted reserves sufficient to fund approximately three months of operating expenditures. Achieving that objective will require a disciplined, multi-year financial recovery strategy focused on reducing recurring expenditures, rebuilding reserves, and addressing both current and anticipated fiscal challenges.

Recently, the City learned that approximately \$4.8 million in federal American Rescue Plan Act (ARPA) funds were not properly obligated and expended within required federal deadlines. As a result, the United States Department of the Treasury is demanding repayment of approximately \$3.2

million. This unanticipated liability places additional pressure on an already strained financial position.

The City is also facing a significant threat to one of its major revenue sources. On June 12, 2026, Governor Ron DeSantis signed HB 1451 into law. The legislation contains a phased implementation schedule that will ultimately result in the loss of approximately \$9 million to \$10 million in annual surcharge revenue currently collected from water utility customers residing outside the City's municipal boundaries. The loss of this revenue stream will have a substantial impact on the City's financial position and will require significant expenditure reductions and operational adjustments to offset the resulting budget shortfall.

Compounding these challenges, the Florida Legislature has approved a proposed constitutional amendment that is expected to appear on the November ballot. If approved by voters, the measure would significantly expand the homestead exemption and could substantially reduce municipal property tax revenues statewide over time. Such reductions would have a significant adverse effect on North Miami Beach's future revenue projections and long-term fiscal planning.

Given these realities, Administration must continue taking proactive measures to align expenditures with anticipated revenues and preserve the City's financial health. While every expenditure category is under review, personnel costs represent the largest component of the City's operating budget and therefore must be carefully evaluated.

Administration's restructuring strategy prioritizes the preservation of frontline positions that directly impact residents, including public works personnel, parks maintenance employees, utility workers, drainage crews, customer service personnel, and other operational staff responsible for delivering essential municipal services. These employees perform the work that residents see and rely upon every day. Preserving these positions and maintaining service levels remain among Administration's highest priorities.

Currently, the City employs more than 400 full-time employees and more than 100 part-time employees. When compared to municipalities of similar population and service levels, North Miami Beach maintains a management structure that includes numerous executive, deputy director, assistant director, and managerial positions. While many of these positions have provided value to the organization, the City's current financial circumstances require a reevaluation of whether all layers of management remain necessary and financially sustainable.

Administration's approach differs significantly from traditional workforce reduction strategies. Rather than implementing broad layoffs that disproportionately impact frontline employees and directly affect service delivery, Administration has conducted a deliberate review of executive and upper-management positions throughout the organization. This approach is designed to minimize impacts to residents while preserving the workforce responsible for delivering daily municipal services.

The analysis conducted by Administration focused exclusively on organizational needs, reporting relationships, operational efficiencies, service delivery requirements, spans of control, and fiscal sustainability. No position was selected for elimination based upon the performance, tenure, leave status, or personal circumstances of any individual employee. These organizational changes were developed through a review of departmental structures, operational requirements, and budgetary needs and would be implemented regardless of the incumbency status of any individual employee.

Administration has identified opportunities to reduce management layers and eliminate duplicative leadership positions. In several departments, the organizational structure contains multiple executive layers consisting of a Director, Deputy Director, Assistant Director, Manager, and Supervisor. Administration's review determined that several departments can continue operating effectively with fewer management layers while maintaining appropriate oversight, accountability, and service delivery standards. This restructuring is intended to align organizational resources with operational needs, eliminate unnecessary duplication of leadership functions, improve communication and accountability, accelerate decision-making, and reduce administrative overhead.

Eliminating certain executive and senior management positions provides several benefits. These positions generally represent some of the highest compensated classifications within the organization and carry significant salary and benefit costs. In many instances, the duties associated with these positions can be absorbed by department directors or redistributed among existing supervisory staff without negatively impacting service delivery. Reducing management layers also creates a more streamlined chain of command and allows the City to redirect limited financial resources toward essential services and operational priorities.

Accordingly, after careful review of departmental operations, organizational structure, and fiscal conditions, Administration is moving forward with the elimination of the following positions:

- Assistant Chief Information Officer, Information Technology
- Assistant Director, Community Development
- Assistant Director, Public Works
- Assistant Risk Management Director, Human Resources
- Chief Information Officer, Information Technology
- Chief of Staff, City Manager's Office
- Deputy Director, Library Services
- Deputy Director, Parks and Recreation
- Deputy Director, Public Utilities
- Director, Financial Services
- Operations Manager, Public Works
- Public Affairs Manager, Public Utilities
- Senior Management Analyst, City Manager's Office
- Special Projects Manager, Financial Services
- Strategy and Innovation Manager, Public Works

The result of these position eliminations will generate annual savings exceeding \$2.9 million. Equally important, Administration does not anticipate any reduction in service levels to residents as a result of these changes. All affected positions are executive-level or senior management classifications, and the restructuring has been designed specifically to preserve frontline staffing and operational capacity.

These organizational changes are one component of a broader strategy to strengthen the City's financial position, improve operational efficiency, rebuild reserves, and ensure that limited public resources are directed toward services that most directly benefit our residents.

Administration remains committed to identifying additional efficiencies, pursuing new revenue opportunities, reducing unnecessary expenditures, and preserving the long-term fiscal sustainability of the City of North Miami Beach. Additional recommendations and budgetary measures will be

presented to the Mayor and Commission as part of the Fiscal Year 2026-2027 budget development process.

I appreciate the continued support of the Mayor and Commission as we undertake these difficult but necessary actions to protect the financial future of our City.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Darwin E. Williams". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Darwin E. Williams, JD, MBA, MPH
City Manager