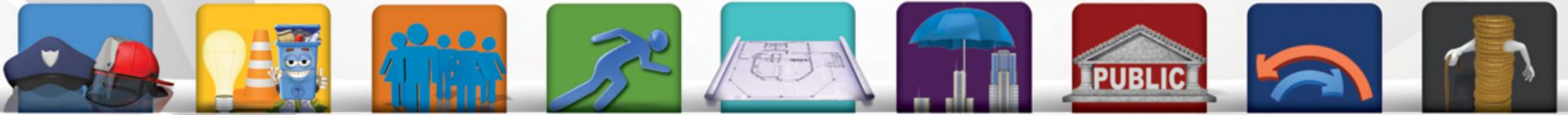




CITY OF MIAMI
Fiscal Year 2013-14
Proposed Budget-in-Brief





CITY OF MIAMI - FISCAL YEAR 2014

Proposed Budget-in-Brief

The Proposed "Budget-in-Brief" is an overview of the City of Miami's Proposed Budget for the 2014 Fiscal Year (October 1, 2013 through September 30, 2014). This report provides taxpayers with pertinent information about the budget proposed by the City's administration for the coming year.

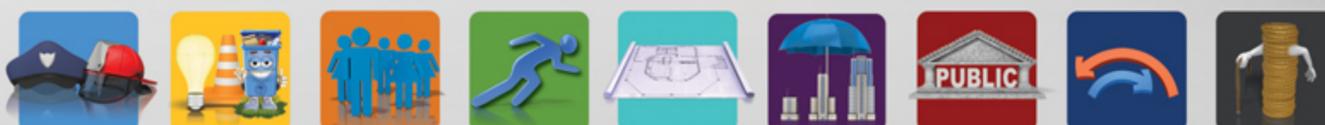
Florida Statutes require that local governments make budget appropriations each year for the period beginning October 1st and ending September 30th, and that each year's budget is balanced. The "Budget-in-Brief" summarizes the government services funded in the Proposed Budget, and the sources of funding that cover these appropriations. This report also provides information on the proposed property tax rate for the 2014 Fiscal Year.

The Proposed General Fund Budget for Fiscal Year 2014 is \$523.59 million and the proposed City property tax rate is 8.4310 mills.

Florida Statutes also require that local governments hold two public hearings on the Proposed Budget before it is adopted by the legislative body.

Public budget hearings are scheduled for Thursday, September 12, 2013, and Thursday, September 26, 2013. Both hearings will be held at 5:05 p.m. at City Hall, 3500 Pan-American Drive in the City Commission Chambers.

The complete Fiscal Year 2014 Proposed Budget is available on the City's website at <http://www.miamigov.com/Budget/pages/>.





Message from the Mayor

July 16th, 2013

Dear Residents of Miami:

Since I took office in November 2009, I have advocated for moderation of spending, lowering of taxes, and the improvement of City of Miami services. I proposed and the City Commission adopted tough budgets that reduced City operational expenses and began the process of reorganizing the City's finances to put us on the path to financial strength. We are now in a position where we can continue to lower taxes and begin measured growth in the services provided to our residents. With the support of the City Commission, we can make changes and establish budgets that will allow us to meet our goals for the betterment of our community in the years to come.

The FY 2013-14 Proposed Budget presented to you is balanced. As you will note, it lowers the overall tax rate paid by our residents to 8.431 from 8.471. This is the third consecutive year of millage reduction (FY 2011-12, FY 2012-13, and FY 2013-14) in the City of Miami. In addition to lowering taxes, this Proposed Budget includes funding for 25 additional police officers and fully funds all firefighter positions so that all active rescue units are manned at all times. In other words, the Proposed Budget will both lower the City's property tax rate and enhance public safety service delivery.

As Mayor, I am proud of what we have accomplished in my first term in office. With the support of the City Commissioners going back to 2010, we took significant steps to ease the burden on the City's taxpayers, while keeping essential services in place. We need only look back a couple of years to see the progress that has been made. We closed budget gaps of \$110 million for FY 2010-11, \$62.5 million for FY 2011-12, and \$40.2 million for FY 2012-13 in order to achieve balanced budgets. Now, in FY 2013-14, we have developed a balanced budget with reduced property taxes, and without the need to change labor contracts, lay-off employees, or reduce services.

The City's financial outlook has also improved. We successfully implemented the FY 2010-11 Budget Plan and ended with an operating surplus for the first time in five years. In FY 2011-12, we had a second consecutive year of surplus, which significantly improved our financial status. We are now projecting a third consecutive year with a surplus, something that has not happened in the City since 2003. The City's General Fund now has a balance of \$57.5 million after it had fallen to the dangerously low level of just \$13.4 million. As noted above, we anticipate that FY 2012-13 will also have a surplus, which will help move us closer to compliance with reserve requirements as stipulated in the City's Financial Integrity Principles.

This Proposed Budget continues the movement to a path of financial stability and long-term sustainable growth that was begun nearly four years ago when I was elected Mayor. In the next four years, I look forward to working with all of you to make the City of Miami even better.

Sincerely,

Mayor Tomás Regalado





Message from the City Manager

July 16th, 2013



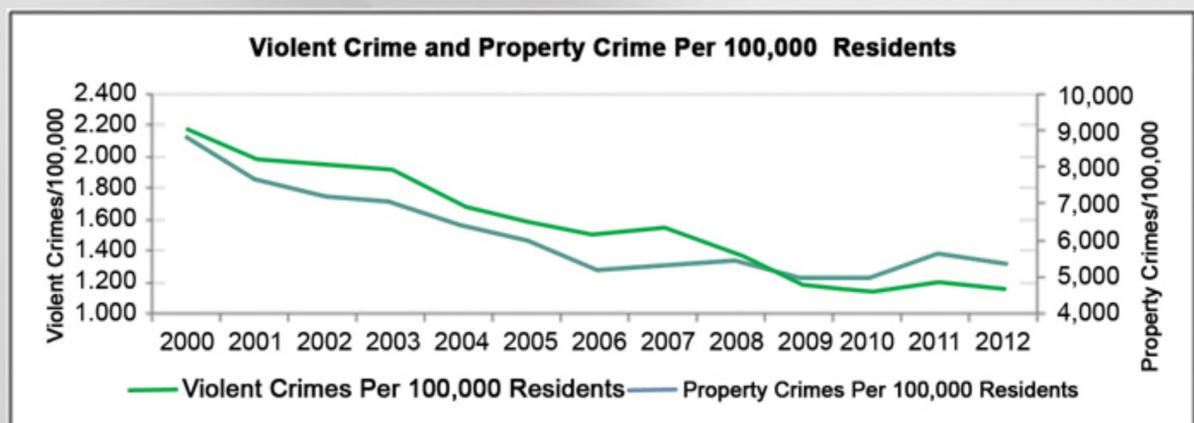
The process of preparing this FY 2013-14 Proposed Budget began in earnest in September of 2012, when the City administration, with the support of our elected officials and in partnership with our unions, negotiated sustainable labor agreements that would be in place for two years. The Mayor, the City Commission, the Administration, and our citizens are very aware of the sacrifices that employees, our most important resource, have made, and we are truly appreciative for this. We were committed to presenting a balanced budget that maintained current levels of service without increasing property taxes. Additionally, we committed to maintaining employee salary and benefit levels, and to abide by the terms of the labor contracts that were ratified in September of 2012 and remain in effect through September of 2014. In this Proposed Budget, we have surpassed those goals.

The FY 2013-14 Proposed Budget presented herein maintains funding for current City services, and allows for expanded services in some categories while reducing the overall millage rate from 8.471 to 8.431. We have achieved the reduction in millage and absorbed significant growth in the cost of employee pension benefits (\$13.93 million), workers compensation (\$4.8 million), and other miscellaneous operating expenses, as well as a reduction in Communication Services Tax revenue (a revenue decrease of \$3.06 million).

As noted above, the Proposed Budget assumes that the City's overall property tax rate will decrease to \$8.431 per thousand dollars of taxable property value for FY 2013-14. Due to the 4.47 percent growth in the City's taxable property value, as published by the Miami-Dade County Property Appraiser on July 1st, 2013, we have the opportunity to reduce the City's debt service millage by 0.0838 and increase the operating millage by just 0.0438 in order to both provide our residents with tax bill relief and partially fund 25 new police officers. The above noted millage changes reduce the overall City of Miami property tax millage rate by 0.04.

One of the City's primary functions is to provide public safety services so that we can have a vibrant, safe, and growing community. This Proposed Budget enhances the level of service and support to both of our public safety departments so that they can continue to provide our residents, visitors, and businesses with excellent service.

The City of Miami Police Department staff has been very effective fighting crime in our City over the past 12 years. As depicted in the table that follows, the City of Miami has experienced a long-term general decline in its crime rate. As our City grows, more resources are needed to maintain the current level of service. Therefore, as noted above, the Proposed Budget reflects the addition of 25 police officers to the Police Department. These officers will augment the current force so that the City can continue to benefit from a declining incidence of crime in our streets. The expense associated with these 25 officers will be funded by the slight increase in the operating millage, as noted above, and the assistance of a federal Community Oriented Policing Services (COPS) grant.





Message from the City Manager

The Fire-Rescue Department has also done an outstanding job over the years. Enhancements in technology and officer training have resulted in improved survival rates for those in need of emergency services. For example, an emergency response patient suffering of a heart attack is 38 percent more likely to survive in the care of our Fire-Rescue personnel than with the average department across the nation. In order to maintain our service level, response time, and patient survival rate, and minimize property loss due to fire, we have eliminated attrition from the Department's budget and fully funded all firefighter-paramedic positions. This will allow the return of three units back into service, which had been suspended during the past two years in order to reduce costs. The increased General Fund cost of fully funding the Department's personnel is partially offset by federal grant funding. Additionally, significant resources are allocated for capital needs in the Department. The Proposed Budget increases the General Fund contribution for capital needs to \$1.86 million from the \$911,500 that was provided in FY 2012-13; and \$1.5 million has been identified in Community Development Block Grant funding to purchase firefighting heavy equipment.

Solid waste collection is another core function that the City performs. The City has been able to maintain the same household collection fee while absorbing operating cost increases and maintaining service levels. The implementation of the Automated Single Stream Recycling Program (Recycle Program) has been a tremendous success with City residents and has helped yield budgetary savings. For example, the recycle content has increased from 2,900 tons in FY 2011-12 to a projected 11,000 tons in FY 2012-13. Historically, the City received revenues of \$11.69 per ton for the recycle content. As part of the recently implemented Recycle Program, the City now receives \$41.00 per ton in revenues for the very same material. In addition to the City benefitting from the increased recycle tonnage revenue, all of the waste that is recycled is diverted from going into a landfill. The efficiencies yielded by this program are good both for the environment and the City's finances.

Efficiencies such as these have helped the City maintain the solid waste fee at \$380 per year for each residential unit, meaning that a house in the City of Miami pays just \$2.09 per scheduled garbage, bulk trash, or recycled waste pick-up, the lowest cost of any municipality that operates its solid waste department with the same level of service in Miami-Dade County.

Besides the core services noted above, managing the City's growth in commercial and residential development, along with balancing the needs of residents, visitors, and business owners is extremely important to maintaining and improving the quality of life of our residents and visitors. This Proposed Budget fully funds the 13 positions that were added in the FY 2012-13 Mid-Year Amendment to the Planning and Zoning Department (seven) and Building Department (six) in order to better serve the development community and work with our residents to ensure that the spirit of the Zoning Code is adhered to.

As we move into FY 2013-14, the City's administration aims to proactively address the issue of personnel turnover that will occur during the coming years. We currently have approximately 240 employees, which is about 6.5 percent of our full-time permanent labor force that is scheduled to retire and leave City service in FY 2013-14. While this presents a challenge in terms of loss of institutional knowledge and timely personnel recruitment and replacement, it also provides promotional opportunities for many that have served the City for some time. In order to minimize the disruption that could result from the anticipated retirements, the staff in the Human Resources Department and in the Recruitment section of the Police Department has been augmented so that new hires and or promotions are processed in a timely manner. Additionally, the personnel approval process has been streamlined by eliminating manual paper approvals and manual application processes, along with many other policy improvements.

Additionally, the Proposed Budget begins to address the issue of reducing long-term temporary employees. It provides 19 entry-level positions that will be used to provide promotional opportunity for long-term temporary and part-time employees. These positions will be filled following the rules of the Career Opportunity Program (12 in the Parks Department and seven in Public Works); granting those deserving long-term temporary employees a position with full-time status. The incremental cost of these positions will be absorbed by attrition savings in the respective departments.





Message from the City Manager

In recent years, the City has faced a significant challenge regarding its cash reserves and the deferral of capital needs. In this Proposed Budget the reserve for one-time pay-out events is increased to \$14 million from \$11.31 million in order to set aside enough funding for the anticipated increase in employee retirement activity. Additionally, we continue the practice of maintaining a revenue shortfall reserve of \$10.56 million, beyond the required \$5.0 million Emergency Contingency Reserve in the operating budget. We are proposing these reserves as a safeguard against previous reserve and fund balance challenges, not forgetting that the City's General Fund balance declined from a high of \$141.86 million in FY 2002-03 to a low of \$13.44 million in FY 2009-10. In FY 2010-11, for the first time in five years, the City's General Fund year-end fund balance did not decline, but increased slightly. The FY 2011-12 Comprehensive Annual Financial Report (CAFR) indicates a General Fund balance of \$57.54 million. This Proposed Budget and the aforementioned reserves greatly enhance the likelihood of continuing on this trend towards compliance with the City's Financial Integrity Principles, which requires a year-end fund balance of approximately \$96 million.

In summary, the Proposed Budget addresses key areas within the constraints of our available resources, while also planning for future needs. As the economy recovers, we must be cognizant of establishing a level of spending that is sustainable for the future, and we must also continue to look for ways in which government can facilitate economic development and job-creation. This Proposed Budget will move us in that direction. We are committed to having a City budget that spends within its means and properly manages its finances and resources to ensure both short-term and long-term stability.

Sincerely,

Johnny Martinez, P.E.
Manager, City of Miami





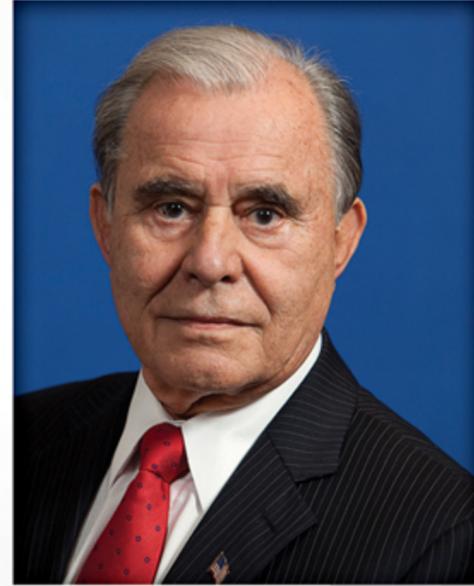
City Officials



Marc Sarnoff
Commission Chairman
Commissioner District 2



Tomás P. Regalado
Executive Mayor



Wifredo Gort
Commission Vice-Chairman
Commissioner District 1



Johnny Martinez
Chief Administrator / City Manager



Frank Carollo
Commissioner District 3



Francis Suarez
Commissioner District 4



Michelle Spence-Jones
Commissioner District 5





General Fund

The General Fund is the City's primary operating fund and the predominant component of the annual budget. The General Fund accounts for all activities of the City, except those that are legally or contractually required to be accounted for in other funds. The majority of services provided to taxpayers are funded through General Fund appropriations.

The FY 2014 Proposed General Fund Budget is \$523.59 million.

Budget Highlights

The FY 2014 Proposed Budget of \$523.39 million represents a net expenditure increase of approximately \$17.39 million over the FY 2013 Adopted Budget. This net increase is the result of...

Enhancements to existing operations:

- Addition of 25 police officers
- Addition of four human resources generalist positions to support hiring process
- Addition of six full-time positions in the Building Department and seven full-time positions in the Planning and Zoning Department
- Increased allocation for capital needs in the Fire-Rescue Department

Increases in cost of employee compensation and benefits:

- Negotiated police officer wage increase
- Increase in budget reserve for accumulated leave pay-outs due to anticipated retirements
- Pension benefit cost increase
- Worker's compensation cost increase

Identified operating efficiencies:

- Public Works Lane Closure Special Revenue funds used for maintenance projects resulting in savings to the General Fund
- Savings from new agreement with Solid Waste contractor for clean yard waste disposal services
- Renegotiated copier contract resulting in citywide savings

Reduction to Total City property tax rate:

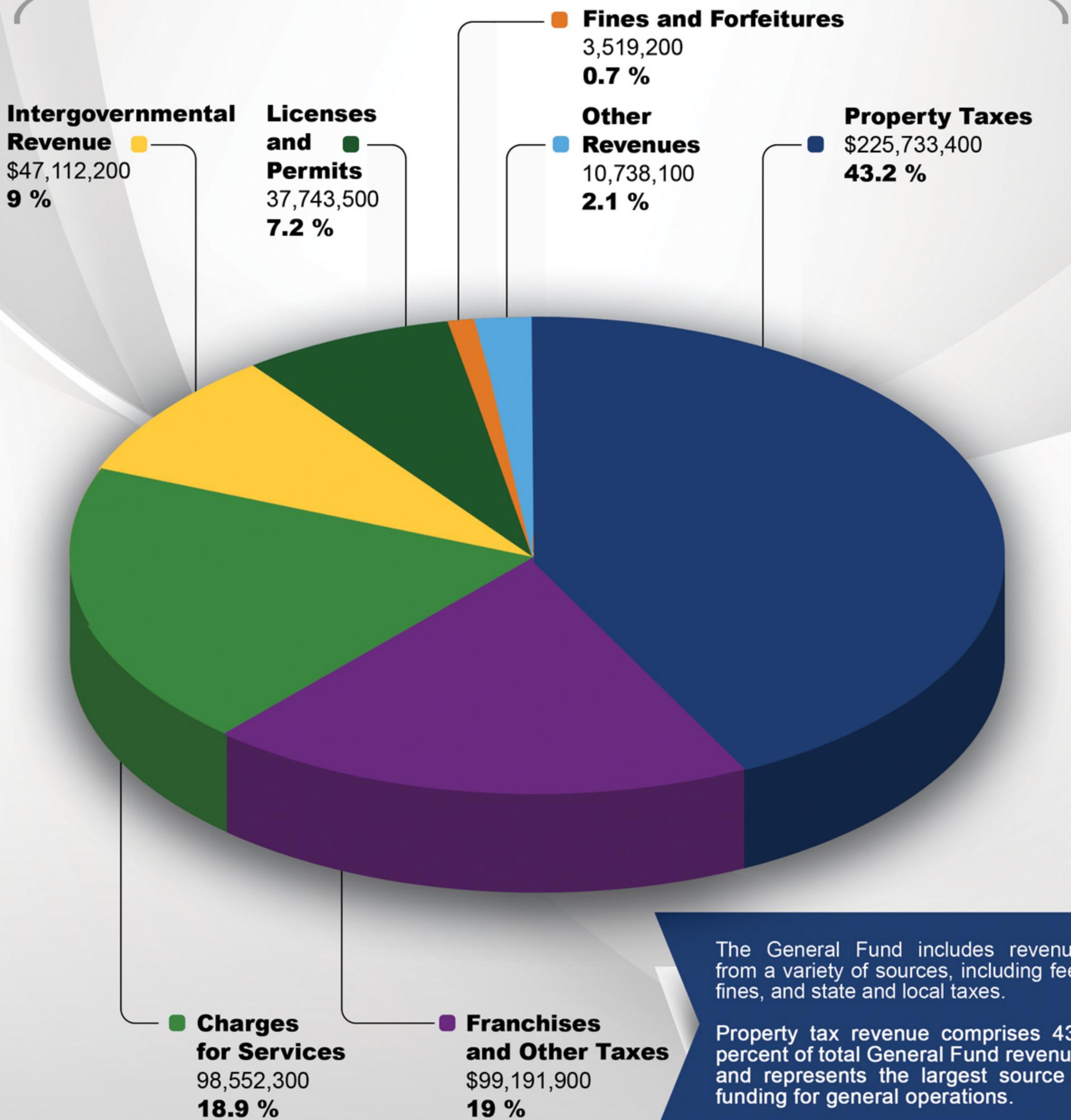
- FY 2013 total property tax rate: 8.4710
- FY 2014 total property tax rate: 8.4310
- Reduction of 0.0400 mills





Where the Money Comes From:

General Fund Revenue Sources Total \$523,590,600



The General Fund includes revenues from a variety of sources, including fees, fines, and state and local taxes.

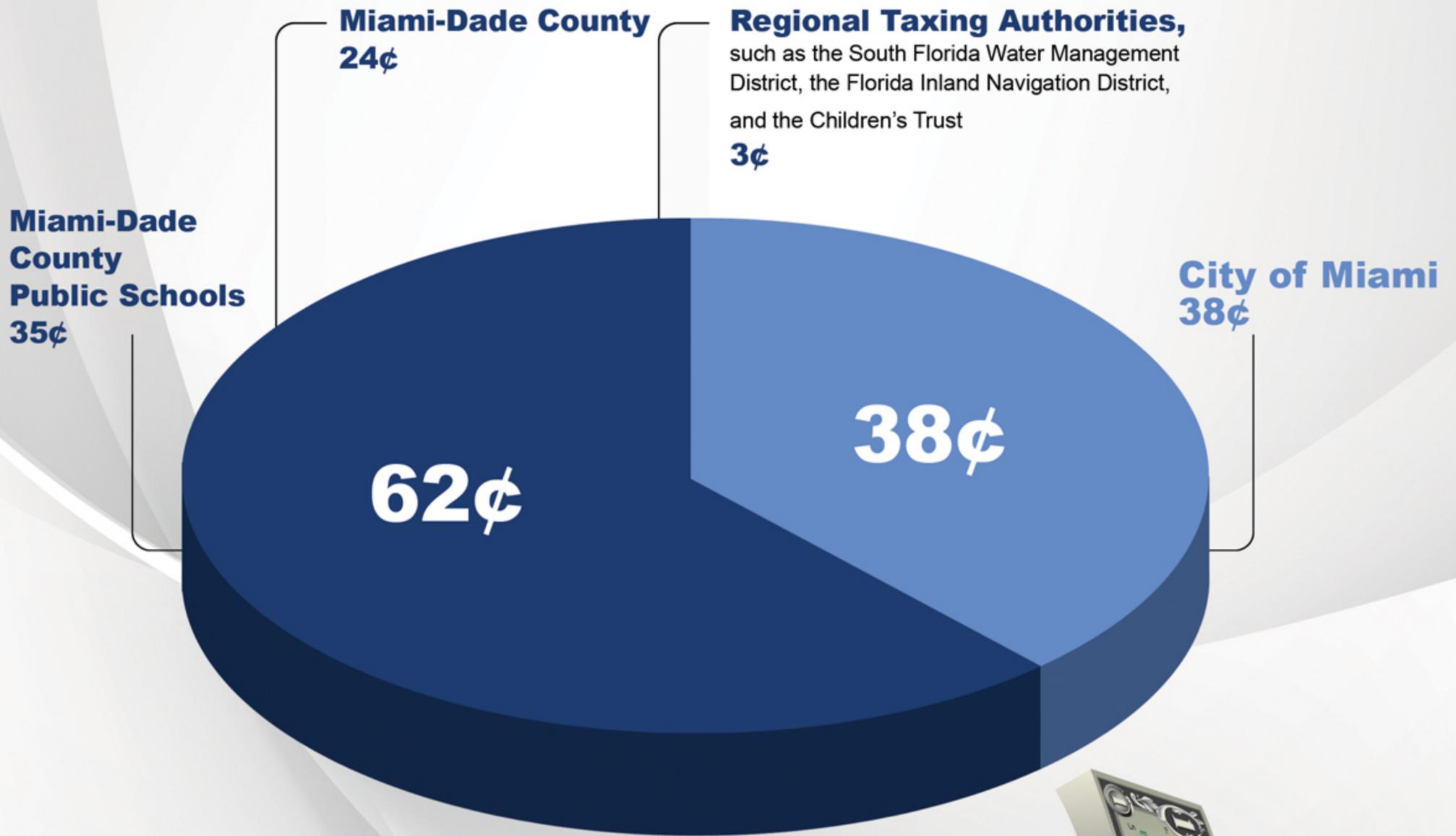
Property tax revenue comprises 43.2 percent of total General Fund revenues and represents the largest source of funding for general operations.



Your Property Tax Bill

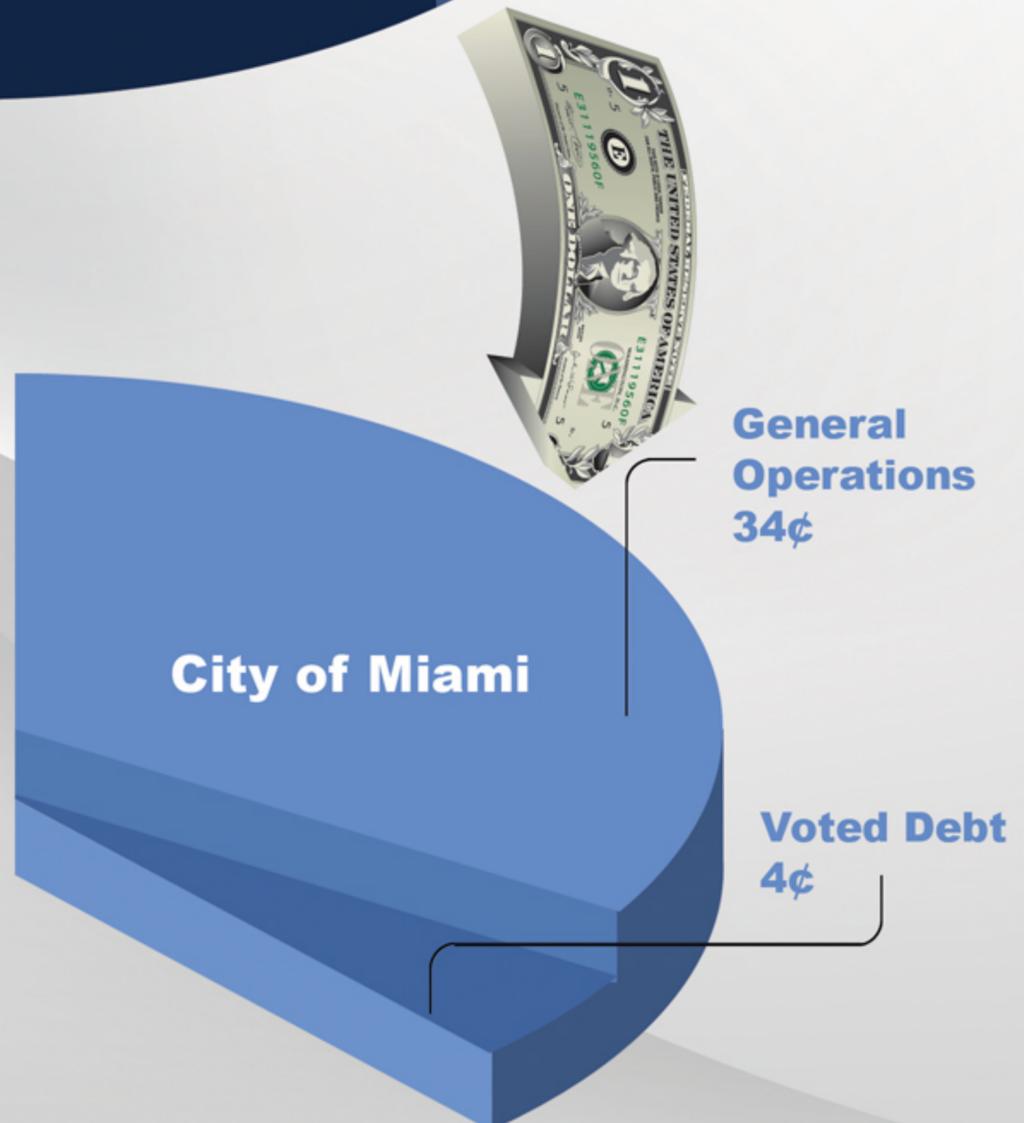
Your property tax bill includes not only City of Miami taxes, but also county, schools, and other regional taxes that pay for services such as education, environmental services, libraries, and support for children and families. In Fiscal Year 2013, **each dollar** paid in property taxes by a City of Miami resident was allocated as follows:

Allocation of Each Dollar Paid in Property Taxes - FY 2013



Even when the City's tax rate remains the same, you may pay more taxes if the value of your property increases or if other taxing authorities increase their tax rates.

A portion of the City's property tax rate supports general operations, while another portion pays for debt service costs related to voter-approved debt. In FY2013, for each dollar paid in property taxes, 34 cents supported the City's general operations and 4 cents supported debt service.





Your Property Tax Bill

FY 2012-13 Total Adopted Millage Rate 8.4710

General Operations 7.5710
 General Obligation Debt 0.9000

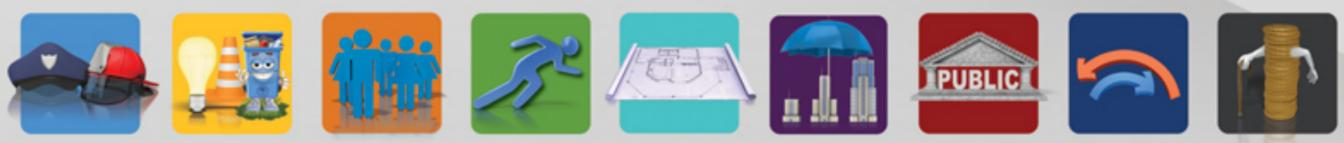
FY 2013-14 Total Proposed Millage Rate – 8.4310

General Operations 7.6148
 General Obligation Debt 0.8162

The City's total proposed property tax rate for FY2014 is 8.4310, a reduction of 0.0400 from last year's total tax rate.



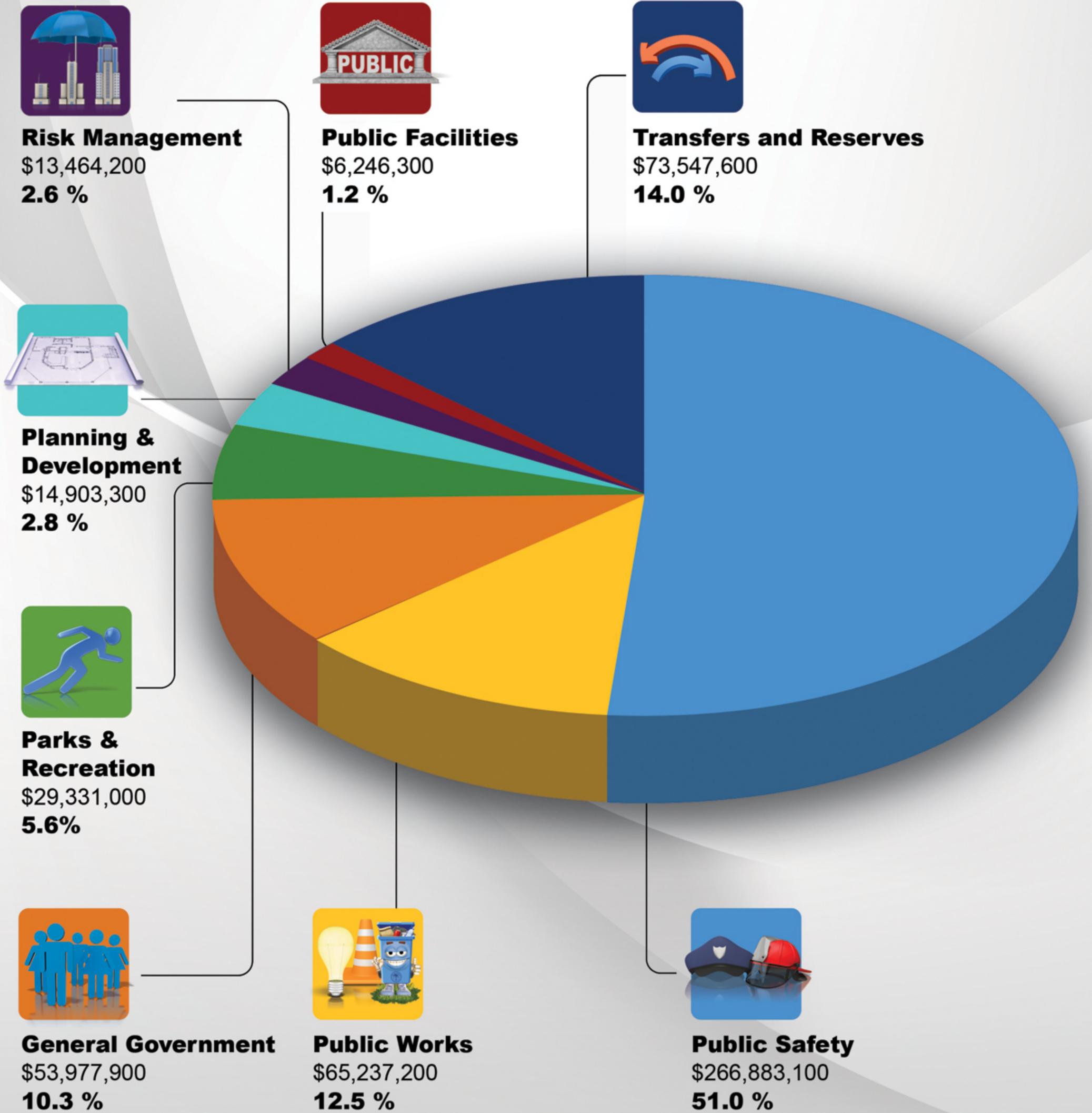
| Taxable Assessed Value | | 123,000 | 500,000 | 1,000,000 |
|-------------------------|---------------|--------------|--------------|--------------|
| FY2013 Taxes | 8.4710 | 1,042 | 4,236 | 8,471 |
| FY2014 Taxes | 8.4310 | 1,037 | 4,216 | 8,431 |
| Taxpayer Savings | | 5.00 | 20.00 | 40.00 |





General Fund Budget by Function

Total \$523,590,600





General Fund Budget by Department

Change from FY 2013 to FY 2014



| | FY 2013 Adopted | FY 2014 Proposed |
|--|----------------------------|-----------------------------|
|  Public Safety | | |
| Fire-Rescue | 99,804,800 | 99,584,700 |
| Police | 156,963,000 | 167,298,400 |
|  Public Works | | |
| GSA | 20,519,900 | 21,267,300 |
| Public Works | 16,907,700 | 16,376,400 |
| Solid Waste | 26,852,500 | 27,593,500 |
|  General Government | | |
| Auditor General | 1,071,400 | 1,078,200 |
| CIP and Transportation | 4,531,000 | 5,180,800 |
| City Attorney | 5,768,800 | 6,104,600 |
| City Clerk | 1,455,500 | 1,508,500 |
| City Manager | 2,847,000 | 2,924,700 |
| Civil Service | 393,700 | 370,900 |
| Code Compliance | 4,417,300 | 4,533,700 |
| Commissioners | 2,416,100 | 2,489,100 |
| Communications | 924,900 | 939,100 |
| Equal Opportunity and Diversity Programs | 314,200 | 329,400 |
| Finance | 7,743,200 | 7,906,200 |
| Grants Administration | 833,100 | 931,100 |
| Human Resources | 3,087,800 | 3,566,700 |
| Information Technology | 11,034,100 | 8,544,100 |
| Management and Budget | 1,535,400 | 1,670,600 |
| Mayor | 883,500 | 957,200 |
| Neighborhood Enhancement Team (NET) | 3,495,800 | 3,376,000 |
| Procurement | 1,440,300 | 1,567,000 |
|  Parks and Recreation | 29,002,100 | 29,331,000 |
|  Planning and Development | | |
| Building | 7,711,500 | 9,082,500 |
| Planning and Zoning | 4,781,500 | 5,820,800 |
|  Risk Management | 13,565,500 | 13,464,200 |
|  Public Facilities | 5,901,400 | 6,246,300 |
|  Pension Administration | 657,600 | - |
|  Transfers and Reserves (Non-Departmental) | 69,337,100 | 73,547,600 |
| TOTAL | 506,197,700 | 523,590,600 |