

CITY OF MIAMI



PROPOSED BUDGET-IN-BRIEF FISCAL YEAR 2014-15



FROM THE MAYOR

TOMÁS P. REGALADO
Mayor
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I said in my State of the City address that “Miami is Back!” In truth, our current situation is so much more powerful and deep than that. While the present is good the future looks great.

I am pleased to present the proposed budget for Commission consideration. If approved, this would be the fourth year with a reduction in the overall property tax millage rate. This is again a fiscally responsible budget that includes a two-year plan to reach the 20 percent reserve requirement of the Financial Integrity Principles while at the same time improving those services most central to the residents, businesses, and visitors to our City. We are adding Police, Fire, and Public Works positions to respond to the needs in our communities. We are increasing our capital investments in those functions that need them most.

We have, together, endured through some very difficult times in recent years and are just now seeing a recovery take place. It takes just as much discipline and talent to manage growth as it does to manage through a recession. We are implementing a living wage and fully funding the health insurance requirements of the Affordable Care Act for our employees. We have proposed in labor negotiations to convert many of the full-time temporary employees of the City to permanent positions.

So many good things are coming together at the same time. I will echo some of the sentiments expressed at recent City Commission meetings, that elected officials of the City are having richer and more meaningful policy dialogues at every meeting. The City is presenting its first strategic plan in several years. The management of the City is stronger than ever. We are working with our collective bargaining units to come to agreement on the next round of contracts. We are attracting businesses both domestically and internationally to our traditional business centers and to several of the revitalized areas of the City. We achieved the important step of approval for designation as an EB-5 Regional Center for Foreign Investment under the U.S. Citizen and Immigration Services immigrant investment visa program. All of this is happening while our tax base is recovering, construction in the downtown core is underway, and we are proposing to lower our total property tax rate for the fourth year in a row.

I commend the City Manager and his team for the work that they have been doing. And, most importantly, I charge them to do an even better job in the next fiscal year.

Sincerely,

Tomás P. Regalado



FY 2014-15 BUDGET HIGHLIGHTS

The Proposed Budget for FY2014-15 represents 5.2% net growth in the General Fund over the prior year's adopted budget. Some of the key budgetary factors that affect this net growth include:

Reduction to the total City property tax rate

- Overall property tax rate is proposed to be reduced by 0.0460 mills – the fourth year in a row of property tax rate reductions

Enhancements to existing operations

- Enhancements to public safety with the addition of 20 police officers, 22 fire fighters, and 8 public service aides
 - Addition of two public works crews to improve the public right-of-way
 - Addition of staff in other departments, such as Planning and Zoning, NET, GSA, and the City Attorney's Office

Increases of employee compensation and benefits

- Includes funding for wage proposals which contain recurring salary increases
 - Increased cost of pension and healthcare
 - Living wage increases to full-time permanent and temporary employees
 - Proposing through labor negotiations to convert 128 temporary positions to permanent positions

Investments in capital improvements

- Facility repairs in parks, police stations, the Manuel Arttime Theater, and general City buildings
 - Replacement of aging City vehicles
 - Targeted technology improvements

Restoration of fund balance reserves

- Fiscally responsible budgeting of reserves to move the city closer toward achieving the City's 20 percent fund balance goals



FROM THE CITY MANAGER

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The challenge of preparing the FY 2014-15 Proposed Operating and Capital Budgets has been to balance the reality of the current economic recovery with the knowledge that the City is still well below the property tax collection rate of that period prior to the recession. This recovery points to an optimistic future for the City of Miami. Our job has been one of budgeting expectations as well as that of budgeting resources. This is the reason that we are presenting the Proposed Strategic Plan at the same time that we are presenting these budget documents.

Reduced Property Tax Rate

The operating budget includes the general fund, special revenue funds dedicated for specific uses, debt service funds, and the internal service fund. The largest and most flexible of these is the \$552 million general fund and the largest revenue source in that fund is property taxes. We are proposing that the overall property tax millage rate be reduced by 0.0460 mills to be accomplished by decreasing the debt service millage by 0.0777 mills and increasing the operating millage rate by 0.0317 mills. When the property tax roll growth of 7.8 percent is taken into account, property tax collection is projected to be \$239 million of the general fund budget. This marks the fourth year in a row that the City of Miami has reduced the overall tax rate for its citizens.

Growing the City's Reserves

This budget contains \$5 million of required reserves and moves us closer toward achieving the 20 percent fund balance requirement codified in the City's Financial Integrity Principles. In addition to this, over \$16 million of reserves are included to account for uncollectable revenues such as property taxes and any obligations under the collective bargaining agreements.

No Layoffs

This Proposed Budget does not require any position eliminations for budgetary concerns. There are a few positions that are being removed that have either been vacant for some time or are associated with grants that are concluding. Nonetheless, no employees are being laid off to bring expenditures in line with revenues.

Our Employees

The largest category of expenditures in the City's budget is employee wages and benefits (more than 71 percent). Our employees are the lifeblood of the City. They are important to us both professionally and personally; as such, the Proposed Budget contemplates funding for several personnel-related benefits.

These include funding for the wage proposals made by management to the four collective bargaining units (approximately \$5.5 million); our wage proposals are for recurring salary increases. I must reiterate that negotiations must conclude before these benefits can be implemented.

Additionally, properly funding the City's pensions cost approximately \$8.9 million more than in the prior year (this includes \$3.4 million of Chapter 175 funds for firefighters). To continually provide adequate health insurance coverage to our employees, additional funding is provided (\$4.1 million). We are also proposing funding for implementation of the Living Wage Ordinance effective October 1, 2014 (\$1.8 million), which will increase the wages of more than 180 full-time employees to more than \$12.50 per hour. Pending negotiations with the AFSCME 871 and 1907 collective bargaining units, 128 long-term temporary positions may be converted to permanent status, thereby providing retirement benefits to this group.

Service Improvements

While developing the Strategic Plan, staff conducted a citizens' survey that revealed that two of the most important services noted by the respondents were *public safety and economic stability*. In accordance with these needs and with the new Strategic Plan, the City administration has prepared targeted service improvements:

- Add 20 new Police Officers for patrol services and eight Public Service Aides (\$835,000)
- Add 22 new Firefighters (more than \$1 million)

- Add two new crews in Public Works to address potholes and tree trimming (\$418,000)
- Increase funding to support events and festivals in the City (\$150,000)
- Add improvements and a temporary position at the Little Haiti Cultural Center and the Caribbean Marketplace (\$91,000)
- The addition of eight positions in the City Attorney's Office (\$583,000) in addition to the six positions approved in the FY 2013-14 mid-year amendment

Capital Investments

During the economic downturn, the City deferred maintenance on much of its physical infrastructure. The Proposed Budget includes \$5.95 million of capital investments from the general fund throughout the City to such areas as:

- Park facility roofs, air conditioning units, and other repairs (\$1.33 million)
- Replacement vehicles in the General Services Administration (GSA) (\$1 million)
- Carpet replacement at the Miami Riverside Center and other GSA repairs (\$445,000)
- Police facility roof and water intrusion repairs, and carpet replacements (\$975,000)
- Manuel Artime Theater and office tower repairs (\$300,000)
- Information technology improvements Citywide (\$265,000)
- Communications equipment improvements at City Hall (\$100,000)
- Replacement of the legislative information system (\$75,000)
- Office reconfigurations for the City Attorney (\$50,000)
- Citywide beautification and drainage projects (\$457,000)
- Wagner/Seybold Canal cleanup project (\$950,000)

In addition to the above general fund capital improvements, impact fee collection has increased greatly. These funds are restricted for capital enhancements or capacity improvements and are budgeted throughout the City. The Proposed Budget includes:

- Parks (\$34.9 million)
- Fire-Rescue (\$4.8 million)
- Police (\$2.4 million)
- GSA (\$2.2 million)

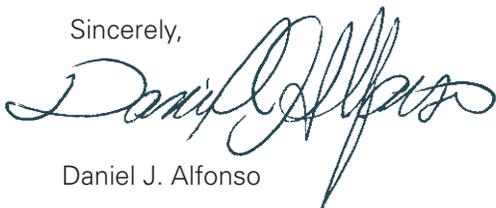
Next Steps

The Commission will have the opportunity to set the proposed property tax millage rate and discuss the exact dates for the two September Budget Hearings at the July 24, 2014 regular Commission Meeting. Staff is available to meet between now and the completion of the budgeting process.

In the meantime, there are some items that staff will study over the summer. The metrics for each department as presented in the budget narratives can be improved, especially to include quality measures and outcome improvements. We will also study the daycare programs provided in the City's parks, renting versus buying vehicles for Police command staff, and in-house versus contracting for services in the public right-of-way. We will study the proper responsibilities of grants financial management in addition to the revenue and funding levels of the E-911 program. The results of each of these studies will be presented to the City Commission at the first Budget Hearing.

In conclusion, the Proposed Budget lowers the property tax rate, builds reserves and continues to keep the City on a path to achieve the Financial Integrity Principles, does not eliminate any positions for budgetary reasons, includes measured increases of employee compensation and benefits, addresses strategic needs for service, and begins a reinvestment in our capital infrastructure. This is proposed within the constraints of our available resources and the principles of a new Strategic Plan. We remain committed to having a City budget that spends within its means and properly manages its resources to ensure both short-term and long-term stability.

Sincerely,

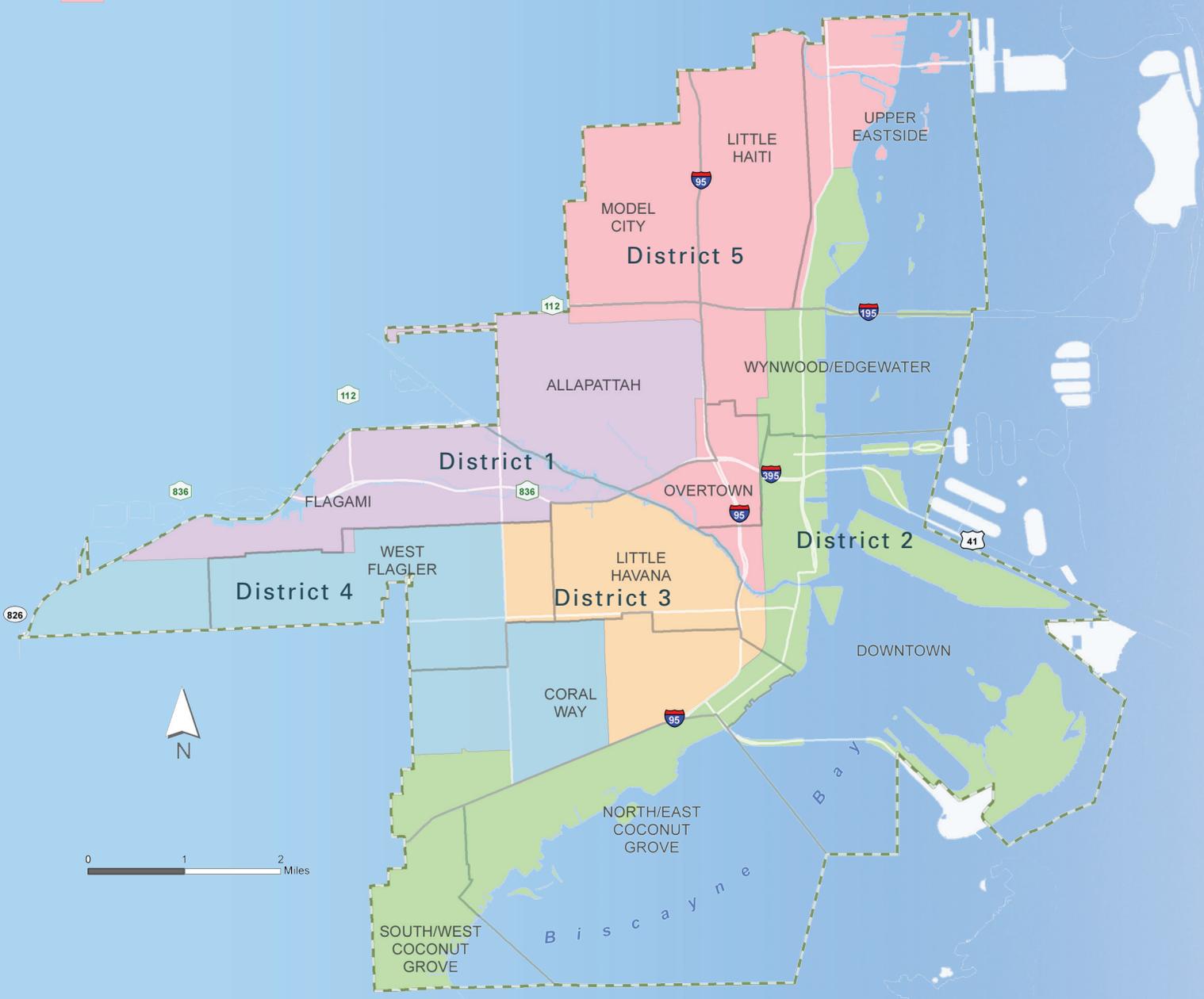


Daniel J. Alfonso

CITY DISTRICTS

Commission Districts

- District 1: Commissioner Wilfredo (Willy) Gort
- District 2: Commissioner Marc Sarnoff
- District 3: Commissioner Frank Carollo
- District 4: Commissioner Francis Suarez
- District 5: Commissioner Keon Hardemon



CITY OFFICIALS

TOMÁS P. REGALADO

Mayor

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WIFREDO (WILLY) GORT

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MARC D. SARNOFF

Commissioner, District 2

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FRANK CAROLLO

Commissioner, District 3

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FRANCIS SUAREZ

Commissioner, District 4

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(305) 250-5420



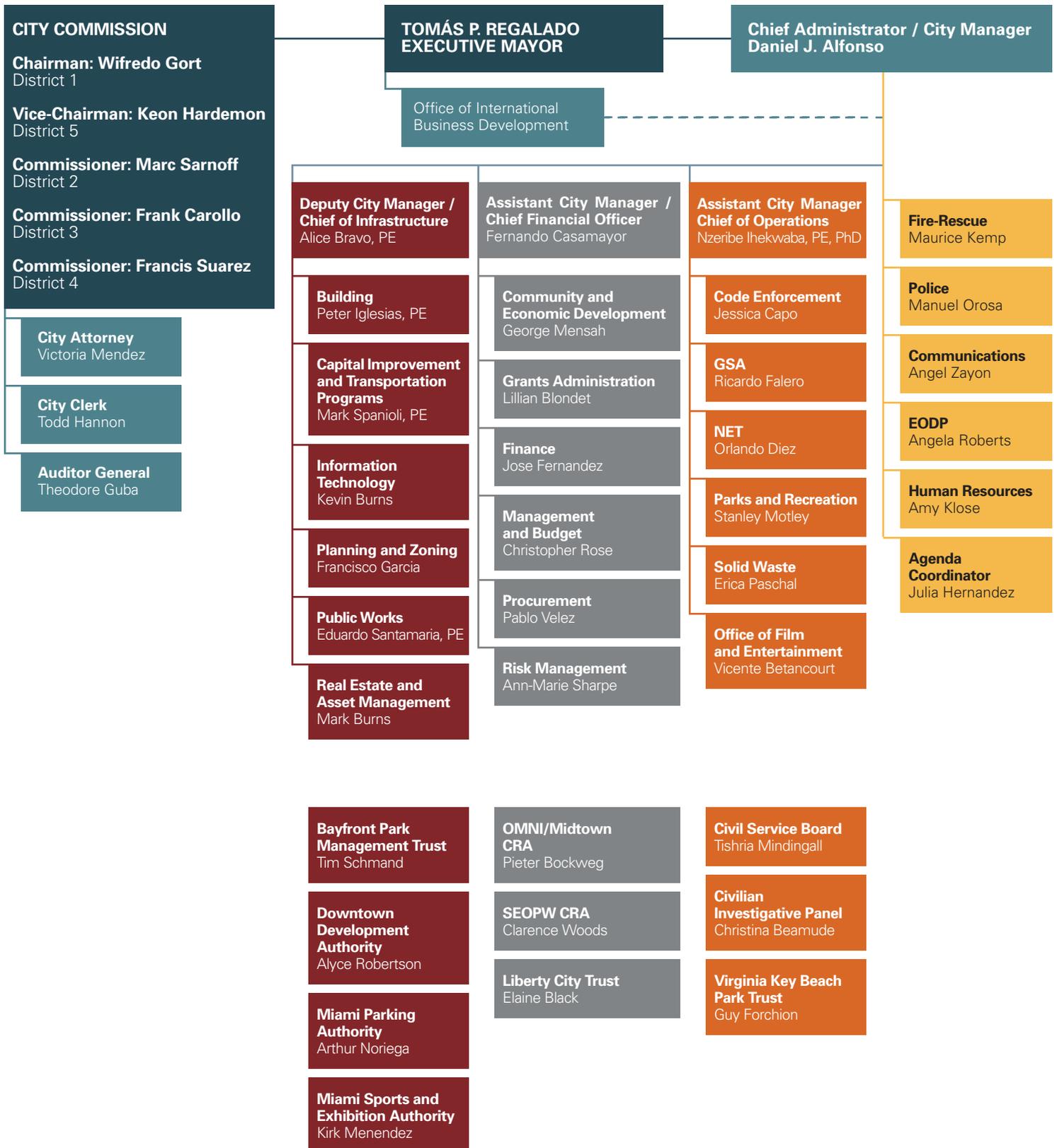
KEON HARDEMON

Commissioner, District 5

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CITY ORGANIZATION





FY2014-15 BUDGET OVERVIEW

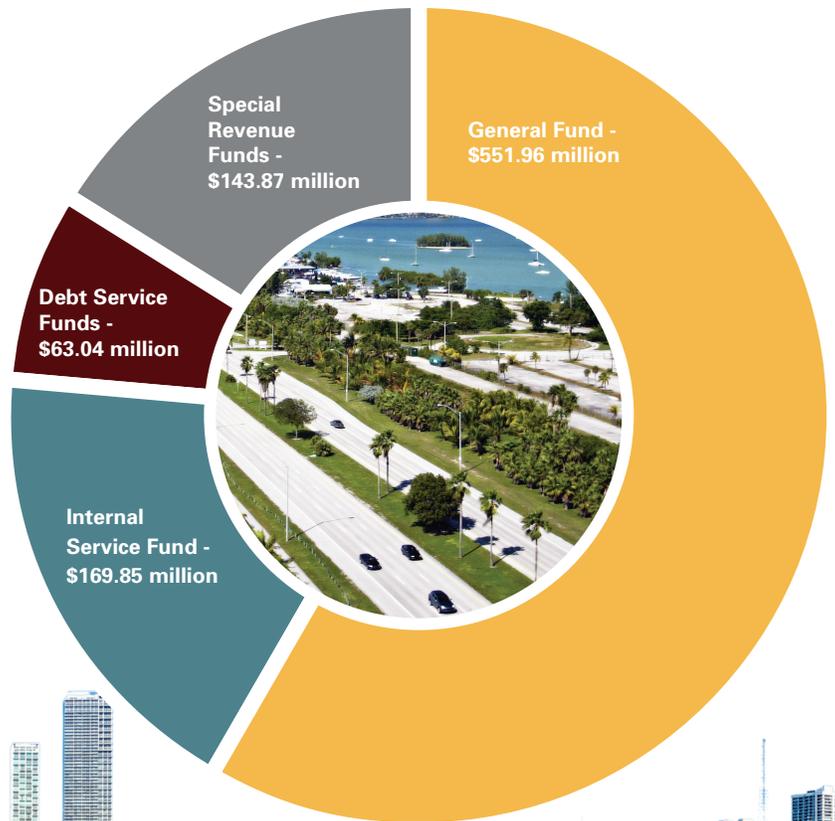
The City's Proposed Operating Budget for FY2014-15 is \$928.73 million



The City's Proposed Capital Budget for FY2014-15 is \$62.75 million

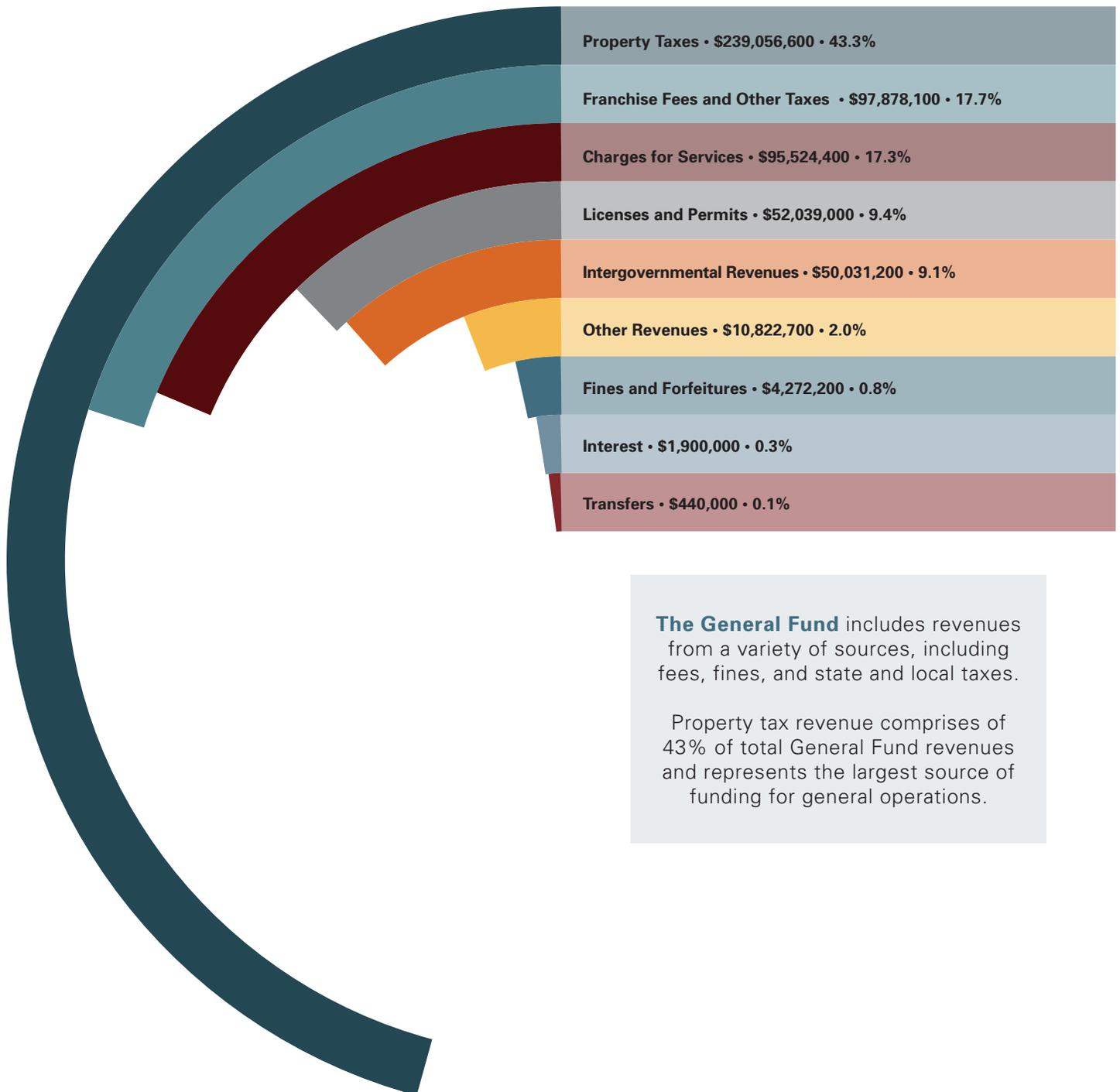
FY2014-15 Operating Budget

The City's operating budget is comprised of four separate fund groups. The General Fund is the City's primary operating fund. The Special Revenue Funds are used to account for revenues that are restricted to a specific purpose. The Debt Service Funds are used to account for proceeds of City issued debt and repayments of principal and interest. The Internal Service Fund is used to account for internal cost allocation between various City cost centers.



WHERE THE MONEY COMES FROM

General Fund Revenue Sources
Total: \$551,964,200

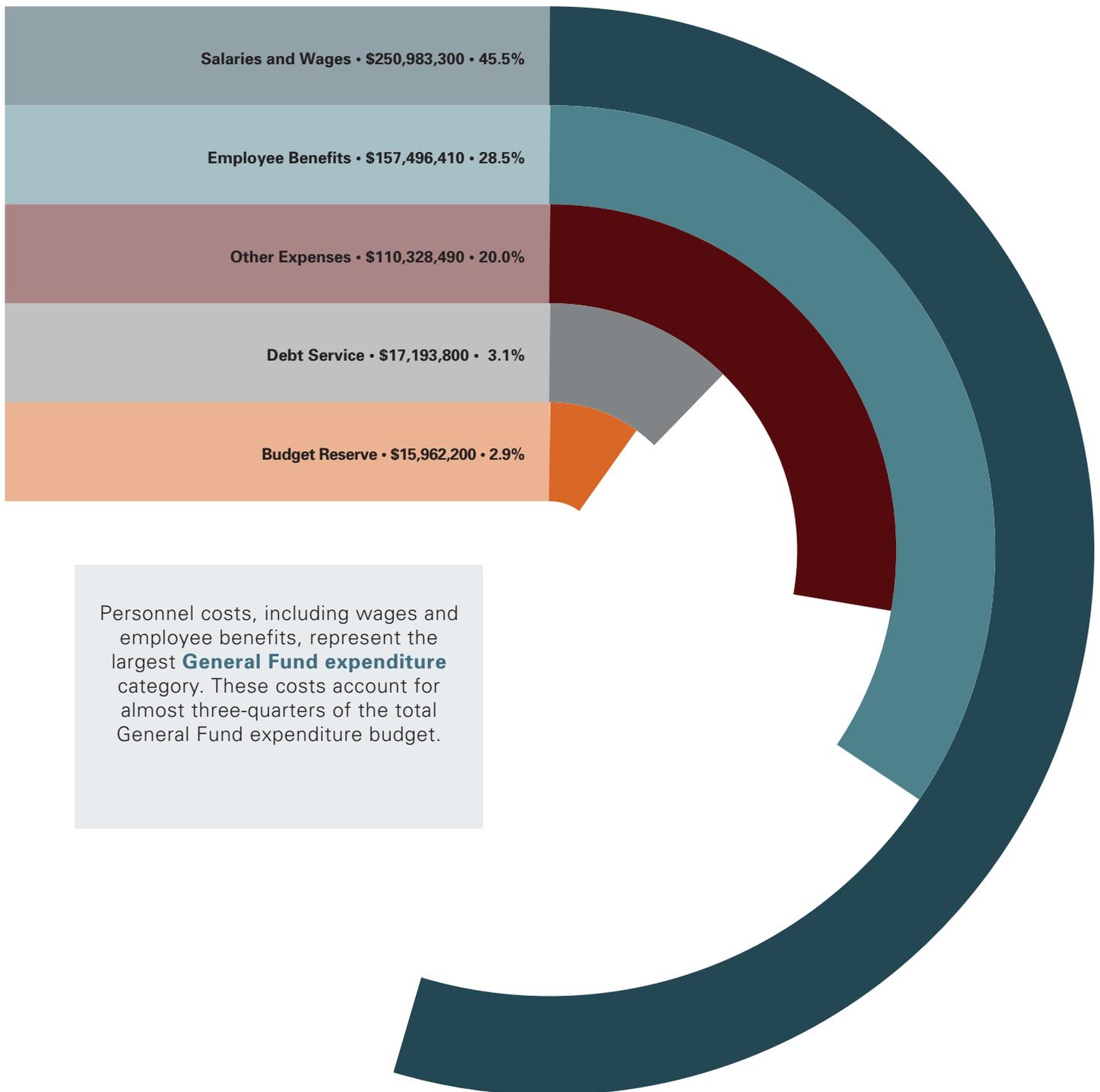


The General Fund includes revenues from a variety of sources, including fees, fines, and state and local taxes.

Property tax revenue comprises of 43% of total General Fund revenues and represents the largest source of funding for general operations.

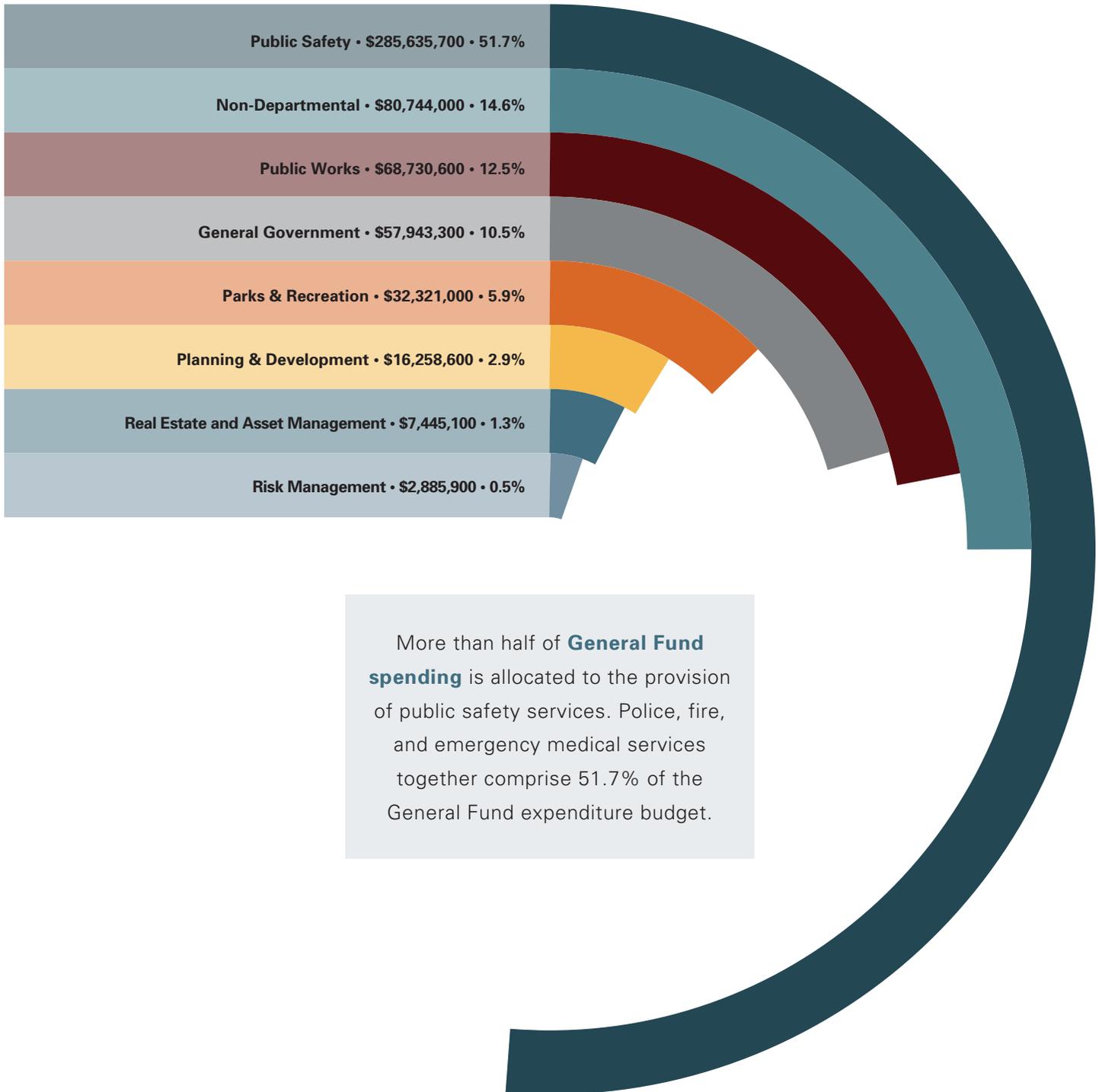
WHERE THE MONEY GOES

(EXPENDITURES BY CATEGORY)



WHERE THE MONEY GOES

(EXPENDITURES BY FUNCTION)

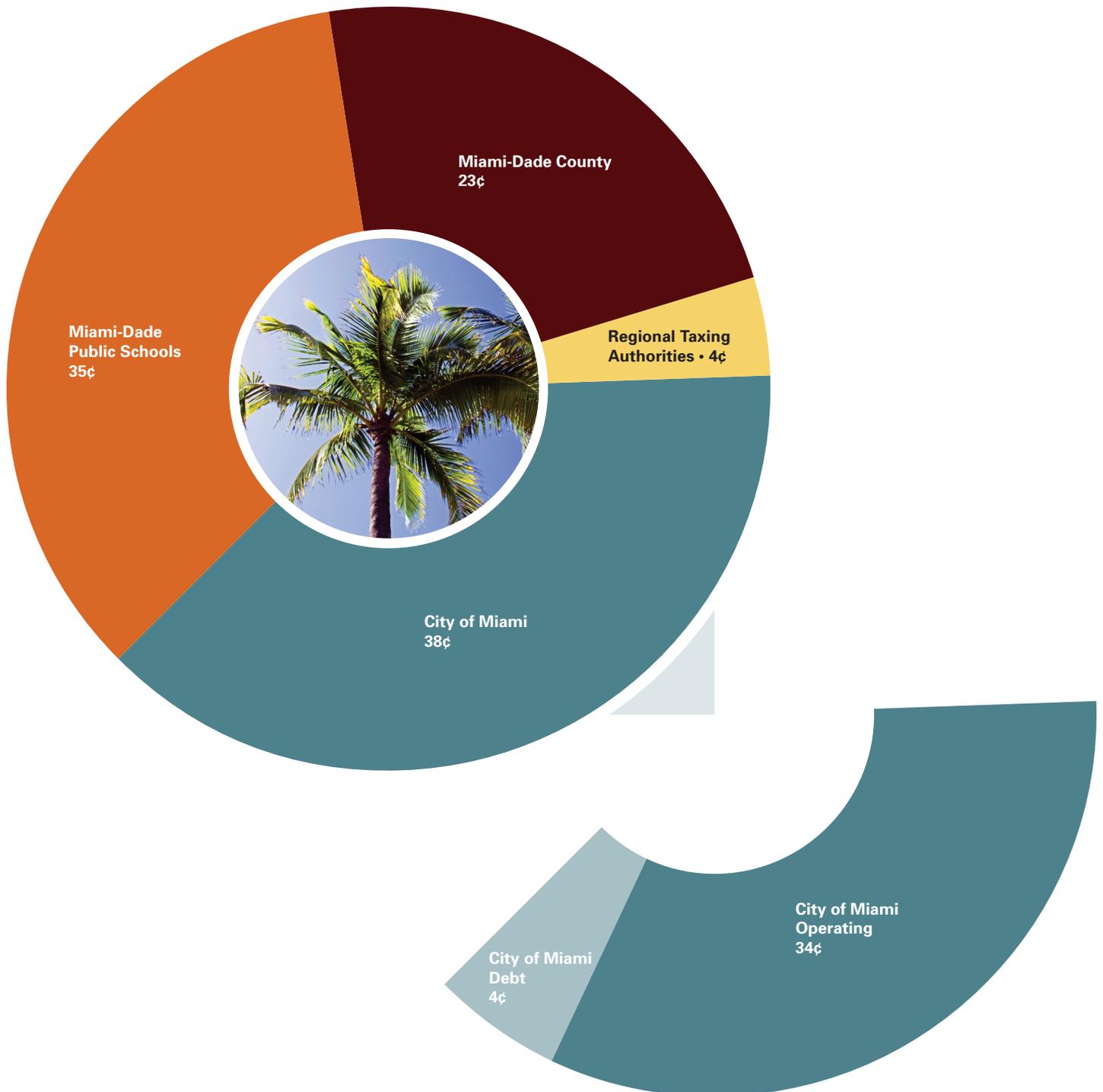


GENERAL FUND BUDGET BY DEPARTMENT

	FY 2013-14 BUDGET	FY 2014-15 BUDGET	FY 2013-14 POSITIONS	FY 2014-15 POSITIONS
Public Safety				
Fire-Rescue	\$99,634,700	\$109,471,300	783	809
Police	\$168,483,100	\$176,164,400	1,555	1,580
Public Works				
GSA	\$20,626,500	\$21,185,400	132	133
Public Works	\$16,376,400	\$18,015,500	94	110
Solid Waste	\$27,593,500	\$29,529,700	226	226
General Government				
Agenda Coordination	\$0	\$298,200	0	3
Auditor General	\$1,078,200	\$1,148,300	9	9
Capital Improvement and Transportation Programs	\$5,157,200	\$5,077,100	45	43
City Attorney	\$6,104,600	\$7,397,700	41	55
City Clerk	\$1,508,500	\$1,509,900	13	12
City Manager	\$2,924,700	\$2,466,400	24	17
Civil Service	\$370,900	\$419,400	3	3
Code Compliance	\$4,533,700	\$4,584,100	52	52
Commissioners	\$2,489,100	\$2,854,700	31	32
Communications	\$1,572,800	\$1,133,600	11	12
Equal Opportunity and Diversity Programs	\$329,400	\$340,100	3	3
Office of Film and Entertainment	\$0	\$335,900	0	4
Finance	\$8,010,800	\$8,363,900	70	70
Grants Administration	\$931,100	\$1,037,900	44	40
Human Resources	\$3,566,700	\$3,816,400	34	38
Information Technology	\$8,544,100	\$8,566,300	62	62
Management and Budget	\$1,755,600	\$1,793,700	13	15
Mayor	\$957,200	\$1,006,400	11	12
Neighborhood Enhancement Team	\$3,376,000	\$3,763,900	38	75
Procurement	\$1,567,000	\$2,029,400	15	19
Community and Economic Development	\$0	\$0	40	38
Parks and Recreation	\$26,143,500	\$32,321,000	192	272
Planning and Zoning				
Building	\$9,282,500	\$9,615,600	78	78
Planning and Zoning	\$5,820,800	\$6,643,000	48	55
Risk Management	\$12,964,200	\$2,885,900	19	19
Real Estate and Asset Management	\$6,465,400	\$7,445,100	41	41
Non-Departmental	\$73,734,400	\$80,744,000	0	0
TOTAL	\$524,902,600	\$551,964,200	3,727	3,937

YOUR PROPERTY TAX BILL

Allocation of Each Dollar Paid in Property Taxes - FY 2014



MILLAGE AND PROPERTY TAX

FY 2013-14 TOTAL ADOPTED MILLAGE RATE 8.4310 MILLS

General Operations: 7.6148

General Obligation Debt: 0.8162

FY 2014-15 TOTAL ADOPTED MILLAGE RATE 8.3850 MILLS

General Operations: 7.6465

General Obligation Debt: 0.7385

The City's total proposed property tax rate for FY2015 is 8.3850, a reduction of 0.0460 from last year's total tax rate.

Total Assessed Value

\$123,000
Average Homestead

\$500,000

\$1,000,000

FY 2014
Taxes
8.4310

\$1,037

\$4,216

\$8,431

FY 2015
Taxes
8.3850

\$1,031

\$4,193

\$8,385

Taxpayer Savings

\$5.66

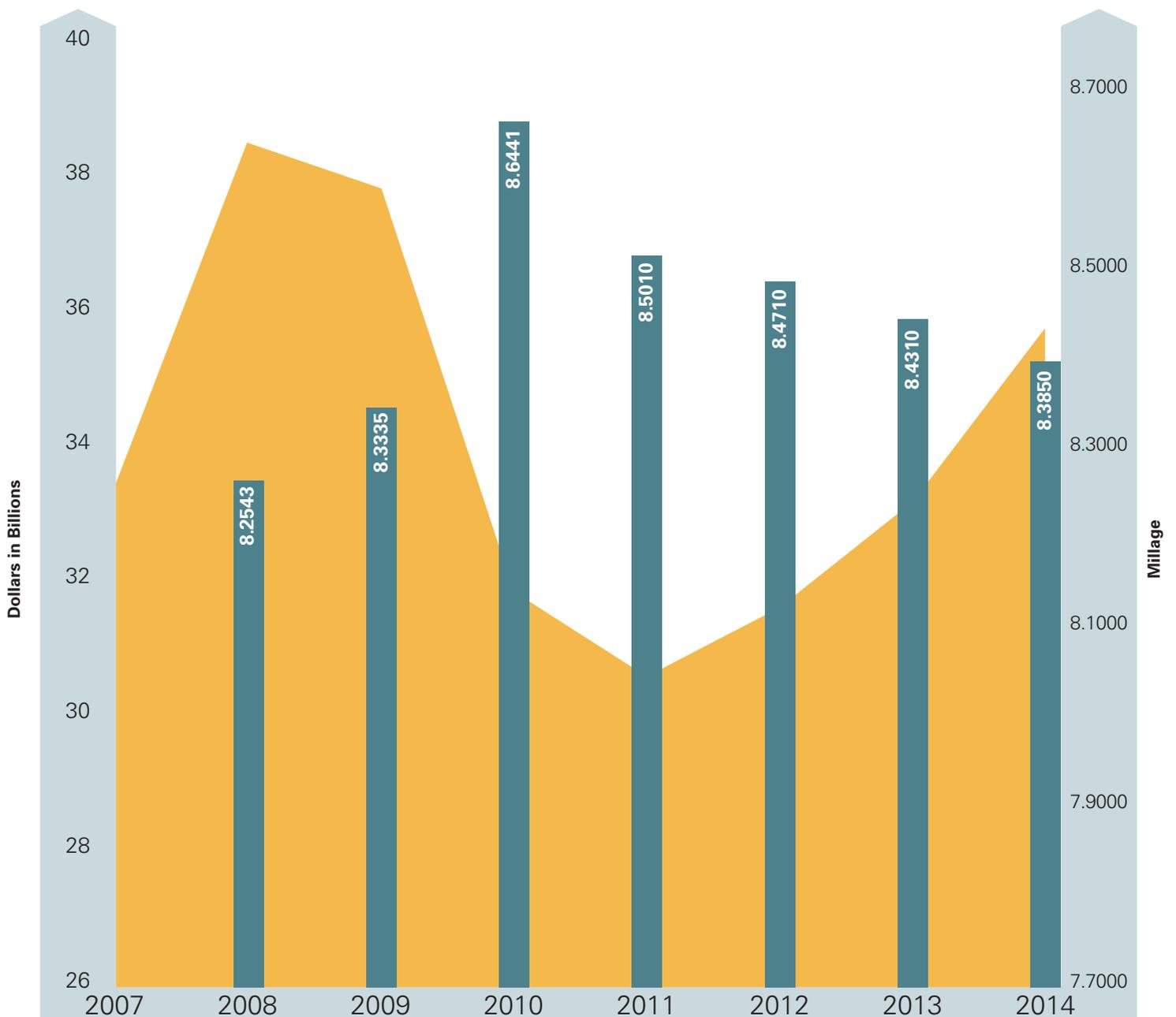
\$23.00

\$46.00

TAX ROLL AND MILLAGE HISTORY

Net Assessed Valuation of Taxable Property and Total City Millage Rate

- Taxable Assessed Value
- Total Millage Rate



FINANCIAL HISTORY

Revenues, Expenditures, and General Fund Ending Balance

- GF Ending Fund Balance
- GF Revenues
- GF Expenditures

