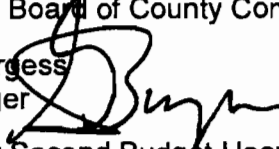


# Memorandum

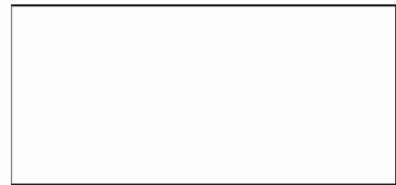


**Date:** September 17, 2009

**To:** Honorable Chairman Dennis Moss  
and Members, Board of County Commissioners

**From:** George M. Burgess  
County Manager 

**Subject:** Information for Second Budget Hearing – FY 2009-10 Proposed Budget



This report accompanies the FY 2009-10 Budget Ordinances for your consideration at the Second budget hearing on September 17, 2009. This document details all adjustments necessary from what was included in the FY 2009-10 Proposed Budget and any actions taken by the Board of County Commissioners at the September 3, 2009 first budget hearing, as well as making recommendations for other adjustments for your consideration. The total value of all adjustments contained in this document is \$34.88 million.

During the first budget hearing on September 3, 2009, the Board of County Commissioners approved the tentative millage rates at the same level as those of FY 2008-09. The countywide, UMSA, Fire, and Library millage rates are 4.8379, 2.0083, 2.1851, and 0.3822 mills respectively. The fiscal impact to each taxing jurisdiction is as follows:

Taxing Unit	FY 2009-10 Proposed Millage	FY 2009-10 Tentative Millage	Revenue Changes
Countywide	4.9201	4.8379	\$ (17,348,000)
UMSA	2.0083	2.0083	\$ -
Fire	2.1847	2.1851	\$ 50,000
Library	0.2570	0.3822	\$ 24,067,000
Countywide Debt	0.3900	0.2850	\$ (20,004,000)
Fire Debt	0.0420	0.0420	\$ -

At the first budget hearing, the net loss in countywide ad valorem revenue, due to the millage rate decrease along with the restoration of the maintenance of effort to Miami-Dade Transit, was reduced from the Countywide Emergency Contingency Reserve, leave a remaining balance of \$16.422 million.

The countywide debt service millage was tentatively set at 0.285 mills. As a result, the corresponding debt service ordinance schedules as well as the Building Better Communities project schedule have been adjusted to reflect the reduction of \$20.04 million in ad-valorem revenues.

The changes in revenue generated by these millage rates have been allocated as appropriate in the attached Ordinance schedules. Adjustments were also made to community redevelopment agency payments as required (-\$823,000). The attached ordinances reflect the changes generated by the millage rates set by the Board on September 3, 2009. The Board is reminded that pursuant to State law, these tentative millage rates approved at the first budget hearing cannot be increased at the second budget hearing.

The ordinances also incorporate the revenue reduction to the Water and Sewer Department resulting from the Board's initial decision not to increase the WASD rates. Other technical changes and adjustments, corrections of scriveners' errors, corrections of appropriation posting errors, and current estimates of grants for agencies and departments, have also been incorporated. Cash carryover for proprietary funds has been adjusted where appropriate.

In order to leverage available resources from various trust fund balances, it is recommended that various ordinances, resolutions and/or restrictions establishing and regulating such trust funds be amended or rescinded. Other resolutions and code requirements are also recommended to be waived in the Proposed Budget, including: Section 2-1799(a)2 relating to expenditure of Emergency Contingency Reserve funds and Section 2-1605 relating to the financial support provided to the Miami-Dade Sports Commission of the Code of Miami-Dade County and repealing resolutions R-829-06 relating to the Roxcy Bolton Rape Treatment Center allocation and R 1255-86 relating to the Minority Business Development Conference Trust Fund. Legislative items recommended to be rescinded or amended are referenced in the corresponding budget ordinances.

We have participated in a number of Budget-related workshops and Committee meetings, in which members of the Board have expressed their concerns regarding services reduced in the Proposed Budget, adjustments to employee salaries, and position reductions. The impact of funding the restoration of certain big-ticket items, such as the five percent salary reduction or restored funding to community-based organizations simply cannot be accomplished without further position reductions. Reductions to departmental budgets at this point will result in additional layoffs.

**Operating Budget Adjustments**

The recommended operating budget adjustments total \$34.88 million and are summarized in the table below and detailed in the following paragraphs. Adjustments are being funded by allocations to reserves and proprietary revenues.

**Revenue Budget Recommendations**  
(Dollars in Thousands)

	CW	UMSA	Fire Rescue/ Library	Proprietary/ Other	Total
<b><u>Revenue Adjustments</u></b>					
Aviation - Miami Airport Affairs Committee Revenue Adjustment	0	0	0	(11,324)	(11,324)
Community Action Agency - Grant Funding	0	0	0	2,550	2,550
Countywide General Fund - Admin. Reimbursement from Water and Sewer Dep.	(659)	(269)	0	0	(928)
Corrections and Rehabilitation -Grant Funding	0	0	0	1,440	1,440
Emergency Management - Carryover and Grant Revenue	0	0	0	204	204
Fire Rescue District - Ad-Valorem Revenue, Grant Revenue, and Fees	0	0	0	372	372
Human Services - School Readiness and Voluntary Pre-Kindergarten Grant	0	0	0	2,057	2,057
Homeless Trust - Homeless Prevention and Rapid Re-Housing Program	0	0	0	3,824	3,824
Inspector General - Carryover	0	0	0	300	300
Legal Aid - Guardian Ad-Litem Grant	0	0	0	59	59
Miami-Dade Police - Interagency Revenue	0	0	0	(221)	(221)
Miami-Dade Police - Grant Funding	0	0	0	2,350	2,350
Public Health Trust - Operating Revenue	0	0	0	(35,047)	(35,047)
Public Works - Special Taxing District Revenue	0	0	0	(6,795)	(6,795)
Seaport - Cruise Line Fee Revenue	0	0	0	150	150
Solid Waste - Disposal and Collection Revenue Fund	0	0	0	(1,126)	(1,126)
Water and Sewer - Additional Revenue from Rate Increase	0	0	0	77,209	77,209
<b>Total Revenue Adjustments</b>	<b>(\$659)</b>	<b>(\$269)</b>	<b>\$0</b>	<b>\$36,002</b>	<b>\$35,074</b>

**Expenditure Budget Recommendations**  
 (Dollars in Thousands)

	<u>CW</u>	<u>UMSA</u>	<u>Fire Rescue/ Library</u>	<u>Proprietary/ Other</u>	<u>Total</u>
<b><u>Expenditure Adjustments</u></b>					
Aviation - Operating and Non-Operating Expense	0	0	0	(11,324)	(11,324)
Community Action Agency - Low Income Home Energy Assistance (LIHEAP) and American Recovery and Reinvestment Act (ARRA) grants	0	0	0	3,400	3,400
Community Action Agency - Children's Trust Headstart Program grant	0	0	0	(850)	(850)
Corrections and Rehabilitation - Implement Automated Overtime Management System	0	0	0	600	600
Corrections and Rehabilitation - Implement Expedited Booking Program	0	0	0	840	840
Emergency Management - Operating and pass-through grant expense	0	0	0	204	204
Fire Rescue - Federal Fire Prevention Safety Grant and State Emergency Medical Services Grant	0	0	0	372	372
Homeless Trust - Financial Assistance, Relocation, and Stabilization Operations	0	0	0	3,824	3,824
Human Services - Operating and pass-through grant expense	0	0	0	2,057	2,057
Inspector General - Operating Expense	0	0	0	300	300
Legal Aid - Operating Expense	0	0	0	59	59
Non-Departmental - Tax Equalization Reserve	185	(269)	0	0	(84)
Non-Departmental - Tax Increment Financing	(844)	0	0	0	(844)
Miami-Dade Police - Municipal Contracted Service Operations	0	0	0	(221)	(221)
Miami-Dade Police - Implementation of Police Operations Management System	0	0	0	2,350	2,350
Public Health Trust - Operating Expense	0	0	0	(35,047)	(35,047)
Public Works - Special Taxing District Expense	0	0	0	(6,795)	(6,795)
Seaport - Operating Expense	0	0	0	150	150
Solid Waste - Operating Expense	0	0	0	(156)	(156)
Solid Waste - Departmental Reserve	0	0	0	(970)	(970)
Water and Sewer - Operating Expense	0	0	0	26,788	26,788
Water and Sewer - Cash Requirement per Bond Ordinance	0	0	0	2,798	2,798
Water and Sewer - Reserve Fund	0	0	0	47,623	47,623
<b>Total Expenditure Adjustments</b>	<b>(\$659)</b>	<b>(\$269)</b>	<b>\$0</b>	<b>\$36,002</b>	<b>\$35,074</b>

**General Fund Adjustments**

As part of the proposed budget, the administrative reimbursement from the Water and Sewer Department was inadvertently calculated at 3.4 percent instead of 3.22 percent as required. To correct this, the General Fund Administrative Reimbursement has been reduced to \$17.620 million, which is a reduction of \$928,000 (\$659,000 Countywide and \$269,000 UMSA). The required payment for Tax Increment Financing (TIF) Districts has been amended as a result of the reduction of the countywide rate to 4.8379 mills from the 4.9201 mills that had been proposed (\$844,000). These adjustments offset with a net loss to the general fund of \$84,000, which has been applied to the Tax Equalization Reserve.

**Community Action Agency**

Subsequent to the release of the Proposed Budget, the Community Action Agency received \$3.4 million in additional grant revenues including \$1.3 million for the Low Income Home Energy Assistance Program (LIHEAP) to assist low income residents in paying utility bills and \$2.1 million from the Department of Community Affairs for the American Recovery and Reinvestment Act (ARRA) Weatherization Assistance Program which enables low-income families to permanently reduce their energy bills by making their homes more energy efficient. As a result, the department will require 21 additional positions. In addition, the Proposed Budget included \$850,000 from the Children's Trust Grant that has since been rescinded by the Children's Trust requiring the reduction of 76 Early Head Start slots.

### **Corrections and Rehabilitation**

The Bureau of Justice Assistance Recovery Act: Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program awarded \$1.440 million to the Miami-Dade Corrections and Rehabilitation Department for its project entitled, "Miami Dade County Criminal Justice System Efficiency Enhancement Project" (approved by the Board of County Commissioners under R-452-09). These funds will be utilized to implement the MDCR Expedited Booking Program (\$840,000), a program that will expedite the booking process by providing funding for the staggered hiring of certified lateral correctional officers to cover staffing needs, additional cameras and mug shots stations for property capture, and shrink wrap equipment and related supplies to reduce wait time for inmate property collection; the grant will also pay for the implementation of the MDCR Telestaff System (\$600,000), an automated overtime/staffing enterprise management system to more effectively manage personnel resources and reduce overtime expenses.

### **Emergency Management**

Subsequent to the release of the FY 2009-10 Proposed Budget, the Department of Emergency Management received confirmation of a higher than anticipated allocation of the Emergency Management Performance Grant (EMP), up from \$160,000 to \$326,000, and unanticipated carryover of \$38,000. As a result of these additional revenues, total operating expenditures should be increased by \$204,000; and, it is recommended that these funds restore one Emergency Management Coordinator position (\$81,000) and operating costs (\$123,000) associated with the grant.

### **Fire Rescue**

Subsequent to the release of the FY 2009-10 Proposed Budget, the Miami-Dade Fire Rescue (MDFR) Department received an award notification for a FEMA Fire Prevention and Safety Grant Program for \$284,000. Also, the State EMS Grant Award was increased by \$88,000. The department appropriation has been adjusted and funds will be passed through to municipalities with Fire Rescue departments as appropriate.

Additionally, the Fire Rescue Ordinance schedule reflects the additional revenue generated by the tentative millage that was approved at the September 3<sup>rd</sup>, 2009 hearing, which has been placed in the Fire District Tax Equalization Reserve (\$50,000).

### **Homeless Trust**

Subsequent to the release of the FY 2009-10 Proposed Budget, the Homeless Trust received confirmation of a grant award for the Homeless Prevention and Rapid Re-Housing Program (HPRP) in the amount of \$3.824 million. It is recommended the funds be allocated for financial assistance, housing relocation and stabilization services, as required by the grant.

### **Human Services**

Subsequent to the release of the Proposed Budget, the Department of Human Services was notified of additional School Readiness grant funding of \$1.970 million for 455 additional child care slots. Additionally, there is a net increase of \$17,000 in grant funding for the child care programs and an increase in grant funding of \$70,000 for the Voluntary Pre-Kindergarten program.

In order to align the services with the FY 2009-10 contracts with Miami-Dade Monroe Early Learning Coalition four additional positions will be needed at no additional cost.

### **Inspector General**

The Office of Inspector General (OIG) has received higher than projected proprietary revenues for fees in the current fiscal year which will result in additional carryover of approximately \$300,000. The Inspector General has requested that three positions (\$289,000) initially proposed to be eliminated in the FY 2009-10 Proposed Budget be restored and that the remaining monies (\$11,000) be reallocated to operations to support the additional positions. According to the Inspector General, by restoring these positions, impacts to the OIG's mandate to provide oversight and conduct reviews of County procurements, programs, and projects will be minimized. It should be pointed out that the Board could reallocate these available funds to other discretionary needs. However, given the Inspector General's request and the fact that these are OIG generated revenues, it is recommended the Inspector General's request be approved. The OIG's revised FY 2009-10 carryover will now reflect \$887,000.

### **Legal Aid**

Subsequent to the release of the FY 2009-10 Proposed Budget, Legal Aid received a grant award from the Florida Statewide Guardian Ad Litem Office in the amount of \$65,000 for a ten-month period from September 1 through June 30, 2010. The FY 2009-10 Proposed Budget will reflect nine months of funding (\$59,000) which will support one full-time attorney for the grant period.

### **Miami-Dade Police**

Two of our cities with contracted police services requested a decrease in service and personnel; the Village of Palmetto Bay requested a decrease of one vacant Police Captain position and the Town of Miami Lakes requested a decrease one vacant Police Officer position. To reflect these adjustments, revenues, expenditures, and corresponding positions have been decreased (\$221,000, two positions).

Additionally, the Bureau of Justice Assistance Recovery Act: Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program awarded \$2.350 million to the Miami-Dade Police Department for its project entitled, "Miami Dade County Criminal Justice System Efficiency Enhancement Project" (approved by the Board of County Commissioners under R-452-09). These funds will be utilized to implement the MDPD Police Operations Management System (POMS), an essential, comprehensive enterprise management system to capture real time incident data and electronically manage case records, streamlining sworn response to emergencies and incidents, enabling increased efficiencies, and improved public safety.

### **Public Health Trust**

Attached to this document is a memorandum from Dr. Eneida Roldan, President and Chief Executive Officer of the Public Health Trust which includes recommendations to balance the PHT budget. The proposal adjusts revenues and expenses downward by \$35.047 million. The recommendations include, but are not limited to, the outsourcing of Inpatient and Outpatient Correction Health Services, restructuring the Primary Care and Ambulatory Care Program, which includes the closure of Juanita Mann and North Miami Primary Care Clinics, and reducing funding levels for community-based organizations, and for Community Health of South Dade, Inc. Doris Ison and Martin Luther King, Jr. Clinical Campesina centers. Also, adjustments have been made to executive compensation and various administrative and managerial positions (Attachment A). It is requested by Dr. Roldan and the PHT Board that the recommendations in Attachment A be amended into the budget.

### **Public Works**

As noted in the FY 2009-10 Proposed Budget, a revised updated budget has been completed for the Special Taxing Districts. The revised budget reflects a decrease of \$6.795 million, to \$29.623 million from \$36.418 million. The reduction reflects operational needs that were anticipated from new developments that did not materialize. In addition, an adjustment is also required to correct operational line items within the taxing district.

### **Seaport**

The Seaport Department is adding seven Security Officer positions to meet security requirements in lieu of using overtime to oversee terminal security functions requested by cruise terminal tenants. Additional costs of \$360,000 will be offset with decreased overtime (\$210,000) and reimbursement of \$150,000 from the cruise lines.

### **Solid Waste**

Department of Solid Waste Management (DSWM) revenues and expenses are proposed to be adjusted based on contracts and interlocal agreements by a net reduction of 1.1 percent from the Proposed Budget (according to the estimated July "Consumer Price Index (CPI) South, All Urban Consumers," issued by the United States Bureau of Labor Statistics). As such, a reduction is proposed to revenues such as waste disposal and landscaper coupon fees (\$1.126 million) as well as to expenditure contracts such as the waste-to-energy contract, the private disposal contract, and recycling collection contracts (\$1.174 million) with a corresponding increase in reserves (\$48,000). Additionally, \$1.018 million needs to be moved from the reserves to operating expenses to cover salary expenses for currently budgeted staff; this funding was inadvertently left in reserves when it should have been allocated to operations.

### **Transit**

At the September 3<sup>rd</sup>, 2009 budget hearing, the Board restored the 3.5 percent increase to the general fund maintenance-of-effort payment (\$4.886 million) and funded this action by using the County's Emergency Contingency Reserve. This change was incorporated into the ordinance schedules. As a result of this action, 50 bus operator positions will be restored as well as 500,000 revenues miles.

### **Aviation**

The FY 2009-10 Proposed Budget recommended \$697.139 million for the operation of the Miami-Dade Aviation Department (MDAD). A revised budget approved by the Miami Airport Affairs Committee (MAAC) without objections, reflects a decrease of \$11.324 million to \$685.815 million. Included in the revised budget is a reduction of \$3.179 million in aviation fees and charges (to \$276.286 million from a proposed \$279.465 million), rental revenues are being revised to reflect an increase of \$4.037 million (to \$101.947 million from a proposed \$97.910 million), commercial operations revenues are being revised to reflect a decrease of \$3.971 million (to \$179.258 million from a proposed \$183.229 million), and cash carryover is being revised to reflect a decrease of \$211,000 (to \$55.151 million from a proposed \$55.362 million). Other adjustments include a decrease in the transfer from the improvement fund of \$8 million (to \$57 million from a proposed \$65 million). As part of these adjustments, the landing fee rate, currently at \$1.18 per 1,000 pound unit in FY 2008-09 will be increased by \$0.74, to \$1.92 per 1,000 unit in FY 2009-10; this revision reflects a decrease of \$0.04 from the recommended \$1.96 per 1,000 pound unit in the FY 2009-10 Proposed Budget. Airline cost per enplaned passenger, currently at \$16.48 in FY 2008-09 will increase by \$1.33 to an estimated enplaned passenger cost of \$17.81 in FY 2009-10; this revision reflects a decrease of \$0.38 per enplaned passenger from the recommended \$18.19 enplaned passenger cost in the FY 2009-10 Proposed Budget.

**Miami-Dade Aviation Department Revenue Reconciliation:**

<b>Description</b>	<b>Amount (\$000)</b>
FY 2009-10 Proposed Revenues	\$697,139
Reduction in Aviation Fees and Charges	-3,179
Increase in Rental Revenue	4,037
Reduction in Commercial Operations	-3,971
Reduction in Cash Carryover	-211
Reduction Transfer from Improvement Fund	-8,000
<b>FY 2009-10 Revised Proposed Revenues</b>	<b>\$685,815</b>

Departmental expenditures will be adjusted by a corresponding \$11.324 million to \$685.815 million. To appropriately reflect the \$11.324 expenditure reductions, adjustments are made to the operating as well as non-operating expenditures.

Operational adjustments include a net reduction in expenditures of \$13.504 million (to \$394.209 million from the FY 2009-10 Proposed Budget of \$407.713 million). Expenditure adjustments include a \$418,000 increase of salaries to reflect a revision in the elimination of 83 positions to restore four positions to offset functions performed by outside contractors. Additionally, a decrease is being programmed in utility and outside contractual agreements of \$7.6 million and in other operating expenditures by \$6.322 million to reflect a revised forecast of FY 2009-10 requirements for operations and maintenance.

**Miami Dade Aviation Department Operating Expenditure Reconciliation:**

<b>Description</b>	<b>Amount (\$000)</b>
<b>FY 2009-10 Proposed Operating Expenditures</b>	<b>\$407,713</b>
Increase of Salaries	418
Reduction of Other Operating	-13,922
<b>FY 2009-10 Revised Operating Expenses</b>	<b>\$394,209</b>

Non-operational expenditures will be adjusted to reflect an increase of \$2.180 million, to \$291.605 million from the FY 2009-10 Proposed Budget of \$289.426 million. This adjustment reflects a decrease of \$1.958 million in cash reserves, an increased transfer of \$1.188 million towards the Improvement Reserve Fund, an increased transfer of \$7 million to the debt service fund, and a reduction of \$4.050 million to the transfer to the Reserve Maintenance Fund.

**Miami Dade Aviation Department Non-Operating Expenditure Reconciliation:**

<b>Description</b>	<b>Amount (\$000)</b>
<b>FY 2009-10 Proposed Non-Operational Expenditures</b>	<b>\$289,426</b>
Reduction to Cash Reserve	-1,958
Increase Transfer to Improvement Fund	1,188
Increase Transfer to Debt Service Fund	7,000
Reduction to Reserve Maintenance Fund	-4,050
<b>FY 2009-10 Revised Non-Operational Expenditures</b>	<b>\$291,606</b>

Other non-operating fund changes include an \$18.113 million increase in the Improvement Fund expenditure authority to reflect a decreased transfer from the Revenue Fund of \$8 million and increased cash carryover of \$26.113 million. The Reserve Maintenance Fund requires an expenditure adjustment to reflect a decrease of \$5.562 million due to decreased cash carryover and transfers from the Revenue Fund. The Interest and Sinking Fund will require an adjustment in expenditure authority to reflect an increased transfer of \$7 million from the Revenue Fund.

**Water and Sewer**

The Water and Sewer Department (WASD) FY 2009-10 Proposed Budget included a water and wastewater retail rate increase of six percent based on the Board approved U.S. Department of Labor cost index for water and sewer utilities and an additional 12 percent adjustment to fund increased debt service payments and additional positions to comply with current and future regulatory demands. The Proposed Budget included a wholesale water rate increase of 17 percent, a wholesale wastewater rate increase of 21 percent, and a wholesale water rate increase of 14.6 percent for Hialeah. In addition, the Proposed Budget included increases to other minor operating fees generating an additional \$194,000. At the first budget hearing, the Board did not approve rate increases and tentatively approved maintaining the same rates and fees as in FY 2008-09. I strongly urge the Board to not keep the water and sewer rates flat.

Without these rate adjustments, the following amendments are required to balance the WASD operating budget. Operating expenditures will be reduced by eliminating approximately 100 existing positions and 146 positions from proposed enhancements and reducing the transfer to the Renewal and Replacement Fund (\$10 million). The administrative reimbursement to the General Fund will be reduced by \$3.471 million to \$15.134 million from the proposed \$18.605 million, including a calculation adjustment of \$985,000 as described previously. A transfer of \$30.735 million from the Rate Stabilization Fund and \$17.278 million from the Water and Sewer General Reserve Fund will be made to support the operating budget, which will deplete these reserves at the end of FY 2009-10. By depleting these reserves, the department's primary debt service coverage will drop to 1.31 instead of the Proposed Budget debt service coverage ratio of 1.55, but will remain above the required coverage ratio of 1.1. The State Revolving Loan debt service coverage will drop to 1.75 instead of the Proposed Budget debt service coverage of 3.87, but will remain above the required coverage ratios of 1.15. Finally, the wholesale water and wastewater rates need to be adjusted to properly reflect the regional expenditure share of the operational cost reductions described above. From the current year rates, the wholesale water and wastewater rates will still experience an increase, but not as high as those increases submitted as part of the Proposed Budget. The wholesale water rate will go to \$1.6752 per thousand gallons from \$1.4649 per thousand gallons, the wholesale wastewater rate will go to \$1.995 per thousand gallons from \$1.6869 per thousand gallons, and the City of Hialeah wholesale water rate go to \$1.56 per thousand gallons from \$1.3636 per thousand gallons. Overall, these adjustments will reduce the department's proposed operating budget to \$400.208 million from \$427.980 million.

Again, we strongly recommend that the Board reconsider the actions taken at the first budget hearing. Maintaining rates flat does not provide the department the necessary resources to fulfill its commitments as it pertains to the 20-year Consumptive Water Use Permit with the South Florida Water Management District, and it forces the department to deplete its operating reserves to balance its budget, which will ultimately impact its credit ratings and future debt service costs above the estimates included in the Proposed Budget. Therefore, our first and most preferred recommendation would be that the Board approve as in prior years, an adjustment to its retail water and wastewater rate utilizing a Maintenance Index of six percent based on the United States Labor, Bureau of Labor Statistics, 2008 Consumer Price Index (CPI), All Urban Consumers, Water and Sewerage Maintenance US City Average and an additional rate increase of 12 percent to support capital expansion needs. It is also recommended that miscellaneous fee adjustments be made as proposed (\$194,000). These recommended rates and fees will generate an additional \$77.209 million and give the department the necessary resources to comply with the 20-year Consumptive Water Use Permit requirements; to restore current positions; to hire an additional 146 positions to operate newly completed Water and Sewer equipment and facilities, such as the high level disinfection (HLD) system at the South District Wastewater Treatment Plant; to provide additional oversight of capital projects; for reduce inflow and infiltration into the wastewater collection system to regulate peak flows; and to maintain reserves at \$47.623 million in anticipation of future debt obligation related to the department's multi-year capital plan. This recommendation will allow the

department to continue its operation into FY 2010-11 with only a maintenance index rate increase. These adjustments will change the department's proposed operating budget to \$426.996 million, which will increase its operating budget by \$26.788 million, and increase its cash requirement per bond ordinance by \$2.798 million. If the recommendations are approved, the average 6,750 gallon monthly retail water and wastewater customer will experience an annual bill increase of \$6.43 per month. The wholesale rate adjustments will be the same as those advanced to you as part of the Proposed Budget. The recommend rates and fees can be found in Attachment B to this document.

However, should the Board decide to approve a lower water and wastewater rate increase than recommended above, an alternative would be to increase the retail rates by the six percent maintenance index and along with an additional rate increase of six percent for the proposed capital enhancements mentioned above. This adjustment will allow the department to operate at the same level as the prior year and to implement the enhancements described in the recommendation above but the department will only be able to maintain a reserve of \$24.724 million instead of \$47.623 million. This adjustment in reserves may impact the department's credit ratings and future debt service costs may be above the estimates included in the Proposed Budget. Additionally, this alternative will require an additional rate increase of approximately eight percent above the maintenance index rate for FY 2010-11 to provide funding for debt service obligations related to the department's multi-year capital plan. If this recommendation is approved, the average 6,750 gallon monthly retail water and wastewater customer will experience a bill increase of \$4.29 per month. The wholesale rate and other operating fee adjustments will be the same as those advanced to you as part of the Proposed Budget.

A third alternative would adjust the retail water and wastewater customer rate by the maintenance index rate and other operating fees beginning on October 1, 2009 and phase-in an additional six percent beginning April 1, 2010. This adjustment will allow the department to operate at the same level as the prior year and provide additional revenue from the phase-in to implement the enhancements described in the recommendation above, but the department will only be able to maintain a reserve of \$16.2 million instead of \$47.623 million. This adjustment in reserves may impact the department's credit ratings and future debt service costs may be above the estimates included in Proposed Budget. In addition, this alternative will require a larger rate increase above the maintenance index rate for FY 2010-11 to provide funding for debt service obligations related to the department's multi-year capital plan. If this third alternative is approved, the average 6,750 gallon monthly retail water and wastewater customer will experience on October 1, 2009 an increase of \$2.14 per month and beginning on April 1, 2010 will experience additional increase of \$2.15 per month. Additionally, the wholesale rate and other operating fee adjustments will be the same as those advanced to you as part of the Proposed Budget.

### **Promotional Funding**

Attachments C and D are the reports on Airport and Seaport promotional funds as required by Administrative Order 7-32.

### **Recommended Fee Adjustments**

The Board is reminded that the Self-Supporting Budget Ordinance (Agenda Item F) includes the proposed fee changes that were recommended in the FY 2009-10 Proposed Budget tentatively adopted by the Board during the September 3<sup>rd</sup> meeting. Fee adjustments include, but are not limited to, adjustments to: Building Code Compliance permitting fees, Department of Environmental Resources Management permitting fees, Planning and Zoning fees, miscellaneous Park and Recreation fees, Solid Waste disposal tipping fees based on the Consumer Price Index (CPI), various Seaport fees and rates, and Aviation landing fees. Fee adjustments are detailed in each departmental narrative included in the FY 2009-10 Proposed Resource Allocation and Multi-Year Capital Plan book, Volume 2.

## **Capital Budget/Capital Improvement Plan (CIP) Updates**

### **Building Better Communities (BBC) General Obligation Bond (GOB) Program**

Since 2005, the County has issued an aggregate total of \$699.6 million of BBC GOB bonds in four issuances. The first of those, the \$250 million Series 2005, which included a bond premium of \$16 million, has been spent (\$266 million). The second of those issuances, the \$99.6 million Series 2008A, has been earmarked for the Seaport Tunnel Project; all proceeds remain on deposit. Of the third and fourth issuances (Series 2008B and 2008B-1), which totaled \$350 million, \$264.7 million is projected to be spent by this fiscal year end leaving \$85.3 million available to provide funding towards approximately \$181 million of obligations, comprised of \$51 million for ball park project and \$130 million for other BBC projects. Obligations are defined as executed grant agreements, other agreements approved by the Board, design or construction contracts awarded, or any legally mandated actions by the courts. At least \$146 million of these obligations must be funded in FY 2009-10, \$30 million in FY 2010-11, and the remainder, \$5 million, in FY 2011-12. Therefore, the County must issue at least \$95.7 million plus issuance costs in the near term to meet its existing obligations under the BBC GOB Program.

It is important to recognize that the BBC GOB Program was conceived as a cash-flowed bond program and therefore, works somewhat the same as a pay-as-you-go funded capital plan. The County can only fund bond projects to the extent near-term (one to five year outlook) projected capacity – driven by the size of the tax roll, millage, remaining prior year cash carryover, interest rates and debt structure - allows for the issuance of bonds. This requires us to prioritize funding by first ensuring that we meet obligations and second, make well-reasoned choices about what projects can commence and be completed within remaining projected available funding. At 0.285 mills, as tentatively approved by the Board at the first budget hearing, the County would be able to issue \$51 million required for the ballpark project including issuance costs and up to an additional \$280 million in FY 2009-10 under the above assumptions, which would fund the remainder of current obligations (\$130 million), leaving \$235 million to continue projects and/or start new projects including \$85.3 million of current carryover proceeds as indicated above. While no projects will be canceled or cut, it is clear that the overall timing of projects will be impacted and the program may well extend at least five to ten years beyond the original 15 year planning horizon, unless debt service rates are increased in future years to ensure needed infrastructure projects proceed.

### **Capital Outlay Reserve (COR)**

The Americans With Disabilities Act of 1990, Title II requires local governments to make programs, services and activities accessible to persons with disabilities. Over the past 10 years, the Board has appropriated a total of \$16.824 million of pay-as-you-go funding in the COR to address ADA-related barrier removal projects and to fund required reasonable accommodation projects. The Board has also appropriated \$894,000 in the COR to fund ADA improvements at election polling sites. During August, updated spending projections indicated there will be committed carryover remaining from prior years to complete or fund ADA projects in local and area-wide parks as well as minor general government projects (\$500,000) and at elections polling locations (\$66,000). Both amounts are recommended to be added to the list of COR committed carryover projects to continue funding these projects as required under federal law.

### **Fire Rescue**

On June 2, 2009 the Board approved Resolution No. R-721-09 authorizing certain reallocations of Capital Asset Acquisition Series 2002A and Series 2004A bond proceeds and 2006 Sunshine State loan proceeds to other Fire Rescue capital projects. Updates to Fire Rescue capital project schedules, including reallocating bond proceeds consistent with Board action, as well as updating pro rata interest earnings through July 2009, are recommended to be made to the capital budget for second reading as

noted below. In addition, technical adjustments are required for the Fire Rescue Special Obligation Bonds Fund 360 for the training facility. The Fire Rescue impact fee schedule noted in the Proposed Budget Volume I is corrected to align with the project schedules in Volume III for first reading, and it is recommended that for the ordinance at second reading, the Fire Impact Fee appropriation is adjusted as shown below:

Description	Capital Budget/CIP As Proposed	Recommended Changes Consistent with R-721-09 or Other	Comment or Other Recommended Changes
MDFR Fleet Facility (project no. 371920, page 15, Volume III)	\$2 million of Future Financing	Add \$5.675 million of 2006 Sunshine State Loan Proceeds	Allows for deferral of future financing
West Miami Station #40 (project no. 378780, page 16, Volume III)	\$425,000 of Impact Fees and \$1.5 million of Future Financing	Add \$47,000 of Capital Asset Series 2002 Interest	None
Sunny Isles Station #10 (project no. 3729990, page 20, Volume III)	\$3.225 million of 2006 Sunshine State Loan Proceeds	Add \$250,000 of 2006 Sunshine State Loan Proceeds	Correct revenue title to Capital Asset interest allocation from \$132,000 Series 2002A; \$52,000 Series 2004A; \$204,000 Series 2004B; and, \$242,000 of 2006 Sunshine State interest
Doral North Station #69 (project no. 3724431, page 22, Volume III)	\$1.67 million of Series 2004A Capital Asset Acquisition Bond Proceeds	Add \$630,000 of Series 2004A Capital Asset Acquisition Bond Proceeds; add \$443,000 of Series 2002A Capital Asset Acquisition Bond Proceeds	Reduce Fire Impact Fees from \$2.343 million to \$1.269 million
Fire Rescue Training Center (Fund 360)	\$18.094 million of Series 2002 Proceeds, \$3.97 million of 2002 interest and \$5.5 million of 1994 interest	Decrease proceeds by \$199,000; increase 2002 interest by \$155,000 and 1994 interest by \$58,000	Technical correction to proceed and interest allocations
Fire Impact Fees (Fund 341)	\$5.625 million FY 2009-10 proposed appropriation	None	Reduce FY 2009-10 appropriation to \$5.074 million and adjust capital project schedules accordingly

**Other Special Obligation Bond or Loan Updates**

Certain recommended appropriation adjustments and interest allocations are required for the FY 2009-10 Capital Budget based on needs or updates identified during August, or as otherwise noted below. All other debt proceeds or interest allocations programmed in the Capital Budget are consistent with originally approved debt ordinances and series resolutions or as approved by the Board in prior years' budget authorizations.

Description	Capital Budget/CIP As Proposed	Recommended Changes	Comment
Capital Asset Acquisition Series 2009 – West Lot Multi-Purpose Facility (project no. 111620, page 350, Volume III)	\$330,000 programmed for FY 2009-10 appropriation	Increase FY 2009-10 appropriation from \$330,000 to \$6 million from future year expenditure plan	Project must be accelerated due to construction of the Children's Courthouse
Sunshine State Loan Series L 2008, Earned Interest (Ordinance No. 08-06)	Allocate \$55,000 of earned interest to Public Housing Agency one time relocation setup costs (project no. 809850, page 297, Volume III)	Funding will reimburse one-time costs for technology-related equipment required in departmental offices	Public Housing Safety and Security Project Equipment and Ward Towers Closeout funded through this financing
Quality Neighborhood Improvement Program (Fund 361, Sub-funds 312, 001, 002, 003, 004,005 and 006)	Total proposed FY 2009-10 programmed appropriation equals \$49.835 million, all phases	Reduce total FY 2009-10 appropriation to \$38.661 million, all phases	Technical updates and adjustments for Office of Capital Improvements programming

**Public Health Trust**

In past years, the County has been able to provide additional funding to the PHT to offset service impacts. One way that the County has provided assistance has been to issue bonds to finance capital projects throughout the Jackson Health System. The last of that assistance was the \$45 million in bonds, originally scheduled to be issued in September 2007 that was finalized this summer. While the debt service on those bonds is a County responsibility, the PHT will work with the County staff during the annual budget process to ensure there are no negative effects on the County budget as a result of this County assistance to PHT.

Adjustments are recommended to the Public Health Trust (PHT) capital ordinance all years' schedule to reflect results of the recent sale of the Public Facilities Revenue Bonds Series 2009. Prior year revenues now reflect a net increase in JMH revenue bond proceeds of \$13.624 million and now total \$144.988 million. In addition, programmed FY 2009-10 JMH Depreciation Reserve Account revenue is decreased by \$16.3 million from \$50.732 million to \$34.432 million, and programmed FY 2009-10 JMH Foundation revenue is increased by \$1.397 million from \$1.553 million to \$2.95 million. Overall, the FY 2009-10 proposed appropriation is decreased by \$1.279 million from \$154.612 million to \$153.333 million. For all years programmed expenditure, resulting program adjustments are recommended as follows:

Description	All Years PHT Capital Program As Proposed	Recommended Program Adjustment	Final Recommended All Years PHT Capital Program
Computer Equipment	\$30.961 million	increase by \$9.263 million	\$40.224 million
Health Care Equipment	\$12 million	decrease by \$3.449 million	\$8.551 million
Health Care Facility Improvements	\$123.79 million	decrease by \$20.717 million	\$103.073 million
Infrastructure Improvements	\$137.14 million	Increase by \$13.624 million	\$150.764 million
Total	\$303.891 million	\$1.279 million net decrease	\$302.612 million

**Pay Plan**

Attached is a Pay Plan that is consistent with the Proposed Budget, incorporating the five percent reduction across all classifications. This document may be amended by the Board based on actions taken relative to employee salaries prior to or at the second budget hearing. The Pay Plan contains updates that clarify Pay Plan language and provisions. It also includes the addition of new classifications, the abolition of obsolete classifications, and occupational code and title changes. The pay rates reflected in the Pay Plan will be administered in accordance with the provisions of the Living Wage Ordinance 99-44.

**Position Adjustments**

In some instances, the above recommendations will adjust the number of positions in the FY 2009-10 Proposed Budget. The adjustments included in this memorandum increase the total number of recommended positions by 104 to 27,699. This is 1,833 positions less than authorized in FY 2008-09, of which 1,139 are vacant. The recommendations being advanced to you require staffing adjustments as well as correct scrivener errors in the Finance, Fire, Government Information Center, Planning and Zoning, and the Police department position counts as summarized below. Attachment E includes the Tables of Organization associated with the personnel changes recommended below.

<u>Department</u>	<u>FY 2009-10</u>		<u>Revised</u>		<u>Purpose</u>
	<u>Proposed</u>	<u>Recommended</u>	<u>FY 2009-10</u>	<u>Proposal</u>	
	<u>Budget</u>	<u>Adjustments</u>			
Aviation	1,431	4	1,435	Reinstate four positions	
Community Action Agency	157	21	178	Add 21 positions- grant funded	
Emergency Management	18	1	19	Reinstate one position - grant funded	
Finance	322	1	323	Correct scrivener's error of one position	
Fire Rescue	2,581	1	2,582	Correct scrivener's error of one position	
Government Information Center	207	5	212	Correct scrivener's error of five position	
Human Services	412	4	416	Add four positions - grant funded	
Inspector General	35	3	38	Reinstate three positions	
Legal Aid	42	1	43	Add one position - grant funded	
Planning and Zoning	134	1	135	Correct scrivener's error of one position	
Police	4,338	5	4,343	Eliminate two and correct scrivener's error of seven positions	
Seaport	410	7	417	Add seven positions	
Transit	3,151	50	3,201	Reinstate 50 positions associated with MOE funding	
Other County Departments	14,357	-	14,357		
<b>Total</b>	<b>27,595</b>	<b>104</b>	<b>27,699</b>		

**Attachments**

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