



MEMORANDUM
COMMISSIONER XAVIER L. SUAREZ

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TO: Rebeca Sosa, Chair and
Board of County Commissioners

DATE: September 4, 2014

CC: Mayor Carlos A. Gimenez

RE: Task Force Report

FROM: Xavier L. Suarez
Commissioner, District 7

Please find enclosed the follow-up to my December 2011 Task Force Report.

Xavier L. Suarez

Miami-Dade County Commissioner, District 7

INTRODUCTION

I came into office in 2011 as part of a reform movement sparked by an historic recall. In late 2011, the Board Chairman asked me to head a task force to make recommendations to the Commission as to how the county's government could be streamlined in a meaningful and sustainable way. Some of the conditions I addressed in 2011 continue to stress the county's budget, limit the effectiveness of the services we provide, and strain the critically important county/employee relationship that directly impacts the budget and quality of our services.

When preparing our budget each year, we struggle with the same fundamental issues without addressing the structural problems that make this task so difficult and painful. While our millage rates have remained relatively flat, the growth in property values has not kept up with the cost of operating a budget that includes the following constraints:

- 26 separate county departments, 14 agencies¹, plus three self-supporting enterprises and the Public Health Trust ("PHT").
- 33,000 budgetary codes to manage an operating budget of \$4.41 billion and a capital budget of \$1.64 billion, plus a host of grant programs.
- Approximately 24,000 full-time employees, most subject to collective-bargaining, organized into ten labor unions.
- Approximately four rank-and-file employees to each supervisor ("span of control").
- Roughly 2,000 different salary levels.
- More than 3,000 county employees with annual salaries and benefits that exceed \$100,000.
- Over 4,500 facilities and/or fee-simple lots owned by the county.
- Approximately 112 properties leased by the county.

Now, with the added knowledge that I have gained in my three years in county government, I would like to offer a few recommendations for fiscal year 2014-15 and beyond:

¹ The 14 agencies include: Office of the Board of County Commissioners, Citizens Independent Transportation Trust, Clerk of the Courts, Commission on Ethics & Public Trust, County Attorney's Office, Judicial Administration, Law Library, Legal Aid, Miami-Dade Economic Advocacy Trust, Metropolitan Planning Organization, Office of the Inspector General, Property Appraiser's Office, Public Health Trust Support, South Florida Workforce Investment Board

OPERATIONAL ISSUES & SOLUTIONS

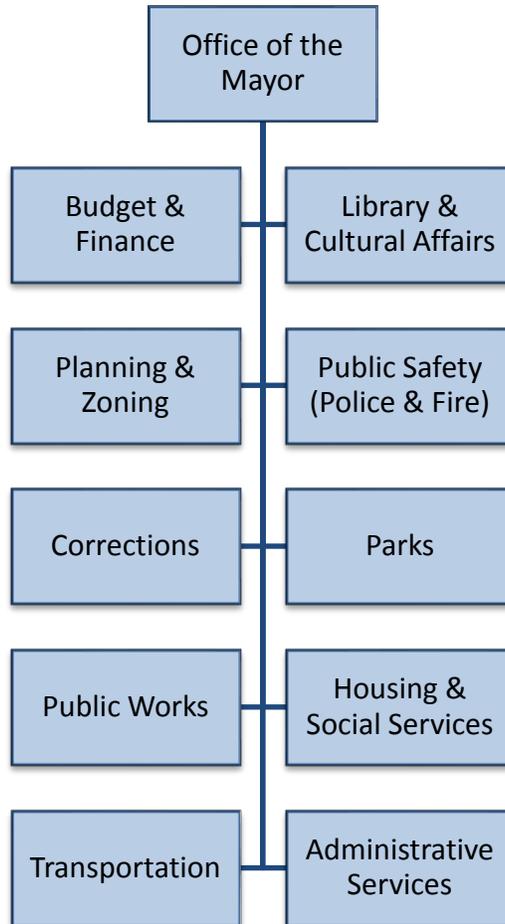
The county has an operating budget of \$4.41 billion. With a budget of this size, it is difficult to understand why we continue to face repeated budget crises in our efforts to provide basic services to our residents. A few issues that must be addressed are:

I. Departmental Organization

Issue A: We currently have 21 departments, including the Regulatory and Economic Resources (RER) department that seems “too big to fail” and is too difficult to manage effectively since its functions are as unclear as its current title.

It is understood that the four existing enterprises (Aviation, Seaport, WASD, and PHT) should continue functioning under their current accounting and management configuration.

Recommendation: Consolidation of the aforementioned 21 departments into no more than ten, as follows:



The general public should understand through these ten departments exactly what the county is and how it serves the constituents.

II. Duplicative Services

Issue A: The county continues to provide many of the same services as municipalities. An example is illustrated in the case study below regarding the separate county and city emergency operations centers.

Case Study: Emergency Operations Center

The City of Miami facility is located two blocks from the main county building and houses similar equipment to that of the county. It operates 24 hours a day, is built to resist a Category 5 hurricane and has communications capabilities that equal those of the county. Most importantly, it receives power from underground cable lines that do not get knocked out during the most intense hurricanes, such as Hurricane Andrew in 1992.

✦ **Recommendation:** The county should work together with municipalities to reduce the duplication of services and eliminate wasteful spending and layers of bureaucracy through inter-local agreements. Substantial savings can be achieved using economies of scale, which by consolidating services such as emergency operations, IT and information call centers would reduce the overall cost for both municipalities. By consolidating and streamlining services, substantial savings may not be easily quantified, yet they are attainable.

III. Personnel (Span of Control)

Issue A: Our bureaucracy is top-heavy, standing at a 4.2 to 1 span of control², meaning one supervisor for just over four field employees. That is roughly twice as much management as the average in the private sector, where sophisticated professionals and supervisors are needed to do research and development, client development and (in regulated industries) government relations. We do not need any of those managerial/professional positions.

Case Study: Fire Rescue Department (comparing 2011 to today)

Fire Rescue Department: Breakdown of “Non-Civilian” Positions by Salary

Title	Employees	Average Adjusted Salary	Average Total Compensation ³
Fire Chief	1	\$196,320	\$260,963
Assistant Fire Chief	2	\$160,257	\$218,000
Fire Division Chief	11	\$146,531	\$197,575
Chief Fire Officer	72	\$142,593	\$182,709
Fire Captain	202	\$116,921	\$152,189
Fire Lieutenant	400	\$100,976	\$132,918
Firefighter	1134	\$83,186	\$111,758

² According to the Commission Auditor’s figure provided in August, 2014.

³ Total compensation includes FICA, MICA, Group Life and Retirement.

*A simple analysis of the Fire Rescue Department budget and its current budget woes effectively demonstrates on a micro level the issues that our county government faces as it becomes increasingly bureaucratic. In 2011, Fire Rescue had over 2,000 positions; for fiscal year 2014, they have 1,822 full-time equivalents. In 2011, there were 689 positions that could, by title, be defined as supervisory (Lieutenants, Captains, Chief Fire Officers, Division & Assistant Chiefs) compared to 688 today. The ratio of supervisory personnel to rank-and-file (“span of control”) was close to 2:1 in 2011. Today, using the same methodology, if we continue to measure span of control as higher ranked firefighters (in title and salary range) to regular firefighters, **the Fire Rescue Department is functioning at a 1.6:1 span of control.** Eliminating the ranks above fire captain would still only yield a span of control of 1.9:1 — a shockingly low ratio of employees to supervisors.*

Maintaining the existing span of control of less than 2:1 is unacceptable considering the current state of Miami-Dade County’s budget and our efforts to remain sustainable in the future. The justification given in 2011 for the 2:1 span of control was that rescue and other vehicles are manned by a minimum of three firefighters, of which one should be supervisory.

- ✦ **Case Study Recommendation:** Streamlining this department should start with the elimination of all ranks above captain, leaving only chief and one assistant chief resulting in the **elimination of no less than 84 positions for a savings of more than \$15 million**, not counting overhead. (Note: Overhead can be defined as the cost of operations not directly related to providing a service i.e., administrative space, assigned county vehicles, etc...) In this year’s budget, the Fire Rescue Department has a \$25 million commitment of general fund revenue. Therefore, the county would have an extra \$15 million in the general fund. Even if the savings were reinvested in hiring new firefighters, the span of control would still sit at 2.1:1. Based on comparative studies with other municipalities, **a reasonable and effective span of control figure for Miami-Dade County Fire Rescue should be at least double what it is today.**

**Span of Control
for Comparable Fire Rescue Departments**

Miami-Dade	1.6 : 1
City of Miami	2.6 : 1
City of Chicago	3.4 : 1
City of Portland	5 : 1
City of Houston	3.6 : 1

Issue B: If a supervisor demonstrates that an employee is required to take on additional duties or assignments within their area, that employee can be designated a “leadworker.” This form of supplemental pay results in a one-step salary adjustment — approximately 5% of the employee’s current base salary. In practice, the leadworker becomes a temporary supervisor, although there isn’t a change in their job classification.

- ✦ **Recommendation:** In order to protect the employee and maintain a streamlined budget, restrictions must be placed on the leadworker designation. A reasonable time limit should

be negotiated and enforced. If after a set time, the employee is still required to take on the additional responsibilities, that permanent status should be reflected in a change in job title and base pay or the supplemental pay must be suspended.

Since the increase is built into the steps, it is difficult to ascertain the total savings that can be generated by restricting leadworker designations. However, we currently have 665 employees receiving this supplement and can assume the savings would be substantial.

Incidentally, this practice indicates another level of supervision within the county that is not transparent to the public and tells us that **the span of control is even more out of control than previously mentioned.**

Issue C: After significant time spent analyzing our payroll, it has become clear that we cannot cut the salaries of employees taking home less than \$50,000 a year while continuing to pay a select few more than \$150,000 a year. Imposing cuts of 5% to 10% and taking away the benefits of our lowest earning employees is clearly affecting our hard-working staff's morale.

In a June 23, 2014 piece for The Miami Herald⁴, Doug Hanks analyzed the top 551 salaries in Miami-Dade County. He determined that:

Combined, the 551 employees in our chart earned \$90 million in 2013. That amounts to about 6 percent of the total \$1.6 billion in compensation recorded in the county's payroll database last year.

[...]Overall the county's fire department accounted for the largest share of the 551 best-paid slots. The fire department has 173 workers on the list, earning a total of \$27 million. Police took the No. 2 ranking with 151 workers earning \$23 million followed by the attorney's office at No. 3 with 45 workers earning about \$10 million.

Recommendation: Some union representatives have expressed that when faced with the prospect of more salary cuts and the elimination of positions, they prefer the reduction in positions, with the assertion that the employees they represent cannot survive on these reduced incomes. Therefore, we should look at these top 551 salaries and begin identifying possible reductions there.

These reductions should be guided by a span of control figure that's both reasonable and possible to achieve: 7:1. This ratio emerged when comparing Miami-Dade to similar municipalities and private sector organizations. The necessary eliminations are outlined in the following chart:

Total County Employees	23,616
# of Supervisors at 4.2:1	4,537
# of Supervisors at 7:1	2,952
Positions to Eliminate	1,585

⁴ Hanks, Doug. "A Look at Miami-Dade Government's 500 Best-paid Workers." *The Miami Herald* [Miami, FL] 23 June 2014: n. pag. Web

The majority of employees in the county are part of bargaining units (unions). However, there are over 7700 employees that do not take part in collective bargaining. Many of these non-bargaining employees are appointed, at-will managers under the Mayor’s purview. We can begin the process of streamlining the bureaucracy to a 7:1 span of control by eliminating these supervisory positions which average roughly \$150,000 in total compensation. By taking this action, **the county would save over \$230 million in salaries alone.**

✦ **Recommendation:** Salaries for all county employees (excluding constitutional officers and county attorneys) should be capped at \$150,000⁵.

**Savings Garnered by Capping Salaries at \$150,000 for Miami-Dade County Employees
(excluding CAO)**

Department	Employees Earning \$150,000≤	Current Average Adjusted Salaries	Total Salaries	Savings
Fire	86	\$169,111	\$14,543,581	\$1,643,581
Police	48	\$162,982	\$7,823,157	\$623,157
Water & Sewer	9	\$258,983	\$2,330,847	\$980,847
Aviation	9	\$188,310	\$1,694,792	\$344,792
Transit	8	\$172,303	\$1,378,425	\$178,425
Corrections	8	\$171,417	\$1,371,336	\$171,336
Medical Examiner	6	\$199,312	\$1,195,872	\$295,872
Mayor's Office (Not Inc. Mayor)	5	\$218,226	\$1,091,130	\$341,130
I.T.	4	\$163,475	\$653,900	\$53,900
Other (≤ 3Employees Earning over \$150,000)	28	\$187,521	\$5,250,588	\$1,043,014
Total	211			\$5,683,628

IV. Note on Other Operational Savings

Undoubtedly, these personnel savings would be accompanied by some measure of overhead savings. Each position that is eliminated results in a reduction in fringe benefits and corresponding overhead costs such as office space, equipment, etc. Calculating overhead at 15% of adjusted salaries, **the total savings would amount to about \$270 million.**

⁵ In 2012, per-capita income in Miami-Dade County was \$38,860. The annual salary of a circuit court judge is \$146,808. The annual salary of each member of the President’s cabinet, including U.S. Attorney General Eric Holder, is capped \$199,700. <http://edr.state.fl.us/content/area-profiles/county/miamidade.pdf>

**CAPITAL SPENDING RELATED
ISSUES & SOLUTIONS**

The following are capital expenses that continue to burden our finances with increased maintenance expenses and unrealized potential revenue:

I. Vehicle Fleet

Issue A: Miami-Dade County’s light vehicle fleet currently has 6,991 vehicles. With a total workforce of 23,616, the ratio of employees to cars is roughly three and a half employees per “light” vehicle in our fleet.

✦ **Recommendation: Permanent Reduction of County Light Vehicle Fleet**

Habitually, the administration has looked at reducing our inventory of light vehicles. There has been an on-going effort to reduce the fleet at auction. However, we have disposed of vehicles at a very low rate relative to the size of our fleet. The **loaner pool** (cars available to miscellaneous departments on an as-needed basis) **can be drastically reduced or completely eliminated** with the implementation of a car sharing program offered by a private company (such as Car2go, ZipCar, etc...) Other municipalities such as San Francisco have successfully offered municipal car sharing programs. Immediate savings cannot be quantified, as there is a need for evaluation of the entire take-home vehicle program and its participants.

Light Fleet Inventory

Department	Number of vehicles	Department	Number of vehicles
Admin OFC of Courts	4	Metro Planning Organization	1
Animal Services	35	Miami-Dade Police	2993
Aviation Department	373	Property Appraiser	23
CAHSD	50	PHCD	174
Clerk of Courts	18	PROS	370
Comm on Ethics	1	Public Defender	3
Comm, Info and Outreach	5	PWWM Collection	99
Corrections Rehabilitation	244	PWWM Disposal	60
County Commission	21	PWWM Public Works	233
Cultural Affairs	5	RER	282
Elections Department	8	Seaport	100
Fire Rescue	349	SFWIB	1
FM Pool/Loaner Vehicles	343	State Attorney	1
Internal Services	127	State/Co Health	45
ISD Fleet	22	Transit Agency	188
Medical Examiner	7	Vizcaya	4
Juvenile Services Department	3	Water and Sewer	702
Libraries	21		
ITD	7	Total	6,991

✦ **Recommendation: Elimination of all Non-Essential Take-Home Vehicles**

The county currently funds about 2,517 take-home vehicles for personnel. About one-fifth of all take-home vehicles are not currently being used to provide emergency or protective services. **Limiting take-home vehicle privileges to the Miami-Dade Police Department and other emergency personnel** who reside within county limits would help achieve long-term savings versus the present system in which take-home vehicles are awarded to other personnel not performing these essential and/or emergency services.

II. Facilities

Facilities Inventory

Status	Count
In Use	3703
Infill	206
Leased	112
New Property	116
Neighborhood Stabilization Program	9
Sold	1
Surplus	179
Excess	265
Closing Pending	26
Total:	4617

Issue A: The total number of properties that Miami-Dade County owns is 4,617.

The county owns approximately 444 properties that are designated “surplus” or “excess.” Also, of the 116 properties listed as “new property,” 55 properties are either vacant land or buildings. The total assessed value of the 560 aforementioned properties is **\$7.294 billion.**

The county is currently the lessor (receives rent) of 112 properties.

✦ **Recommendation: More Aggressive Infill Program**

The “Infill Housing Initiative” program at first glance appears to be successful; however, the program needs to be more aggressive in turnaround time to encourage redevelopment of vacant property. Each County Commissioner can be given a role in the process by reviewing the properties in their district and providing recommendations — working jointly

with the administration to use these assets as catalysts for economic development.

✦ **Recommendation: Sell Commercially Viable or Vacant Space**

Any commercially viable space should be sold to the highest private bidder, which would have the effect of (1) infusing cash into the treasury, (2) eliminating management costs of the facility sold and (3) creating an *ad valorem* tax stream of revenues.

✦ **Recommendation: Lease Property with Potential Future Use**

Properties with high land values, expected to continue to rise in value can also be leased at market rate, provided it is at a reasonable rate for a stream of revenue (similar to taxes), allowing the land to increase in value yet remain available for sale should a future capital need arise.

✦ **Recommendation: Bring Services Closer to the User**

Ultimately, most administrative services of the county should be concentrated in the Stephen P. Clark building, whose 29 stories are enough to manage a governmental entity.

The county’s basic municipal services have not substantially changed in half a century and are inherently decentralized. Satellite offices should be housed in municipalities or other government facilities in order to provide services similar to those previously provided by our Neighborhood Resource Officers but with a greater range of functions—providing superior, direct service to residents. We would never be able (or want) to consolidate 265 parks, 65 fire stations, 12 police stations, sewage and waste disposal facilities and commuter transit stations — not to mention a requisite number of jails and court facilities.

However, as to all other administrative facilities, given the speed and facility of modern communication, it is inefficient for a county like ours to require more administrative space than what is contained in a 29-story building.

At minimum, a total of two administrative facilities can be sold due to consolidation. The total current estimated value of said real estate is \$118,079,283 million.^{6,7}

FINANCING AND DEBT RELATED ISSUES AND SOLUTIONS

Issue A: The county continues to expand its physical presence by committing special taxes, user fees, franchise fees, etc., in order to finance projects.

Debt by Type of Bond	Total Debt Outstanding	% of Total Debt
General Obligation Bonds	\$1,410,886,000	9.62%
Special Obligation Bonds	\$4,424,617,000	30.16%
Revenue Bonds	\$8,836,731,000	60.23%
Total	\$14,672,234,000	100%

✦ Recommendation: Voter Approval for Special Debt

Special obligation bonds and revenue bonds, issued by enterprises such as the airport, seaport, and WASD, should be approved by voters and used sparingly when it is clear that our current capacity is inefficient for short-term needs.

✦ Recommendation: Immediate Cessation of Committing Special Revenues

Convention Development Tax revenues and other special revenue sources should be focused on and dedicated to basic needs. Resources should be allocated in a sustainable manner and our debt structure must be considered in a sustainable realistic manner. The recent Heat and Dolphins “deals,” crafted and negotiated in hundreds of pages with complex formulas and multiple scenarios, sinking funds and variable returns on our subsidies are, for the average citizen, unfathomable.

✦ Recommendation: Sustainable Debt

When we commit to making improvements that match long-term debt with long-term needs, we create a sustainable debt. By reconfiguring our debt structure we will effectively manage our debt.

⁶ Two properties that we believe could be consolidated without affecting the quality of service include the Transit building at 701 NW 1st Ct, valued at \$83,554,942, and the Fire Rescue Emergency Operations center at 9300 NW 41st St, valued at \$34,524,341.

CONCLUSION

These recommendations are not intended as stop-gap solutions to our budget shortfalls but as measures that will begin the process of stripping down the county government to its core competencies. We were elected with a clear mandate to reform. Many of the county's employees are dedicated and hardworking leaders in our community. Unfortunately, our organization is bloated. We carry capital that we are either not equipped to manage or that does nothing but drain resources from our community. We are weighed down by debt.

We have lost sight of our sole purpose for existing — to provide the basic services required to maintain the well-being of our community. Lots sit empty, unused vehicles depreciate, subsidies are doled out to billion-dollar corporations, but the grass is overgrown, water pipes are eroding, emergency response times are increasing and library services are dwindling.

The county can regain its focus by consolidating departments, identifying and eliminating duplicative services and removing excess layers of bureaucracy and their associated costs. I've done a preliminary inventory of our capital assets and have identified properties and fleets of vehicles that we can shed tomorrow. I commend the work of the Compensation and Benefits Committee led by Commissioner Jordan and while endorsing their current recommendations hope they'll revisit the overwrought pay plan soon. Efficiency and effectiveness in government, and high employee morale and pride, go hand in hand.

To chart the path to becoming one of the world's greatest cities, we need to start considering how each decision will affect our ability to meet our obligations in 10, 20 or 100 years. A lean, sustainable government means that we can stop putting out fires and start innovating.

Imagine a Miami-Dade where county services are provided in an efficient, sophisticated manner by a well-trained and motivated workforce. We can be a model county with mass transit that serves millions, modern libraries, parks and greenways that link our citizens, reduced crime levels and infrastructure designed to mitigate the effects of climate change. Imagine Miami-Dade's tourism industry thriving alongside global tech industries that attract and retain the best and brightest.