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CLERK OF THE BOARD
OF COUNTY COMMISSIONERS
MIAMI-DADE COUNTY, FLORIDA

Memorandum

MIAMI-DADE COUNTY

Date: February 5, 2008

To: Honorable Chairman Bruno A. Barreiro
And Members, Board of County Commissioners

Agenda Item No. 5(E)

From: George M. Burgess
County Manager

Ordinance 08-13

Subject: FY 2006-07 End-Year Supplemental Budget

This item was amended at the January 28, 2007 Budget and Finance Committee meeting to correct a scrivener's error in the Miami-Dade Housing Agency supplemental budget to $6.998 million from $6.274 million. The correction is made in both the memorandum and the attached schedules.

Recommendation

It is recommended that the Board approve the attached supplemental budgets in accordance with the Home Rule Charter and Section 129.06 of the Florida Statutes so that budgets will reflect changes in actual expenditures that have occurred since the Board adopted the FY 2006-07 Budget September 2006.

Scope and Fiscal Impact/Funding Source

Detailed below.

Background

A supplemental budget is required by the Miami-Dade County Charter and state law when expenditures exceed budgeted appropriations. To meet this requirement, supplemental budgets for various funds are needed to reflect extraordinary or unplanned events which occurred since the FY 2006-07 Budget was adopted in September 2006. As we reported on July 19, 2007, certain proprietary operations require supplemental budget adjustments due to changes such as federal and state grant funding, increased utility costs, acquisition of new facilities, and other unanticipated events. In addition, some adjustments included in the supplemental budget are technical in nature. As an example, tourist development, additional transit grant, food and beverage, and professional sports facility tax revenues, which were higher than anticipated in the budget, must be transferred to the appropriate accounts pursuant to ordinances governing the use of these funds. A description of each required supplemental budget adjustment is provided below.

General Fund

The General Fund requires a supplemental budget of $10.368 million. The additional revenue is available to fund expenses and one-time adjustments associated with the community-based organization (CBO) funding cycle alignments, special election costs, general fund replacement of Community Development Block Grant (CDBG) CY 2006 public services allocations, and revenue shortfalls in departments like Team Metro and Housing as detailed in the accompanying amendment. The carryover for the respective offices of the Board of County Commissioners is also appropriated. This supplemental budget is being funded by available general fund carryover and interest revenue in excess of the FY 2006-07 Adopted Budget.

Community Action Agency
The Community Action Agency (CAA) requires a supplemental budget of $2.883 million due to additional grant-related revenues and expenditures associated with Head Start ($755,000) and the Low Income Home Energy Assistant Program ($2.128 million).

Enterprise Technology Services Department (ETSD)
ETSD requires a supplement of $8.271 million in Fund 060 to reflect additional expenditures incurred in the areas of telecommunications, radio communications services, and application development and support. Sufficient revenue has been received to cover these expenditures from customer departments. These additional expenditures include: $3.027 million for telephone services, $1.511 million for telecommunication infrastructure system installation and upgrades, $1.904 million for radio support projects, including support for the Superbowl, $1.057 million to support the implementation of the electronic subpoena system, $569,000 in customer-requested enhancements to County administrative applications such as FAMIS, ADPICS, and ABDS, and $336,000 for customer-requested enhancements to the criminal justice support applications. Under expenditures in other areas partially supported these activities ($133,000).

In addition, a supplement of $386,000 is required to provide sufficient expenditure authority for the transfer of higher than budgeted revenues generated by the traffic ticket surcharge. The additional revenue is utilized to offset operating and maintenance expenditures for the County's 800 megahertz radio system.

Homeless Trust
The Homeless Trust requires a supplemental budget in the amount of $395,000 for federal and state grant dollars received and expended in excess of originally budgeted levels for FY 2006-07. The grants include the U.S. HUD Supportive Housing Program ($169,000), Homeless HUD Initiatives Program ($125,000), State Challenge Grant, State Grant in Aid Coordination Program, State Grant in Aid Prevention Program, and the State Crisis Outplacement Bed Program ($101,000). These federal and state grant dollars funded homeless services including homeless prevention and outreach services, transitional and permanent supportive housing and supportive services for homeless individuals and families.

Housing Agency – Public Housing Division
Analysis continues regarding the financial status of the Miami-Dade Housing Agency (MDHA). The MDHA staff is in the process of finalizing FY 2006-07 year end adjustments and is working closely with a new audit firm. Subsequent to the takeover by U.S. HUD, the staff has been asked to review the FY 2005-06 year end statements as well. At this point, we can report that MDHA posted expenditures in excess of the FY 2006-07 authorized budget of $6.998 million. The excess expenditures in FY 2006-07 occurred due to payments for services from FY 2005-06 that were processed in FY 2006-07 ($2.178 million), additional costs associated with the operations of the Helen Sawyer Assisted Living Facility administered by the Department of Human Services ($841,000), additional costs for security, janitorial services, elevator repairs, and other operating costs ($3.979 million). It is recommended that these expenditures be funded by the Countywide General Fund and a corresponding adjustment is recommended in the accompanying budget amendment. Further changes are anticipated; any adjustments that are confirmed prior to the Board's consideration of these items will be brought to your attention. Adjustments required following approval of these items will be addressed as part of the FY 2008-09 resource allocation process.

Legal Aid

The Legal Aid Program requires a budget supplement of $118,000 to cover personnel and operating expenses primarily attributable to the additional Domestic Violence Victim Services Program implemented at the Hialeah Courthouse during FY 2006-07. The increased expenses are funded by grant revenues.

Office of the Clerk

The Clerk of Court requires a budget supplement of $485,000 to cover expenses related to the redaction project which carried over from the previous fiscal year. It is expected that the redaction project, which removes social security, bank account, and debit and credit card numbers contained within all instruments recorded in the Official Records of the Clerk of the Court, will be completed during the first quarter of FY 2007-08. The additional expenditures are covered by Clerk of Court fees and charges carried over from the prior year.

Miami-Dade Transit

The Miami-Dade Transit Agency requires a supplemental budget of $154,000 due to additional grant-related revenues and expenditures associated with the Transportation Disadvantaged (paratransit) program.

Mom and Pop Program

The Mom and Pop Program requires a supplemental budget of $212,000 to authorize expenditures of unexpended prior year allocations. The expenditures will be funded through the corresponding prior year carryover funds.

Park and Recreation - Metrozoo

The Miami Metrozoo requires a supplemental budget in the amount of $336,000 as a result of higher than budgeted salaries and operating expenditures including separation costs, employee overtime, utilities, repairs, and maintenance, and animal food charges. The additional expenditures are funded from higher than budgeted Metrozoo operating revenue.

People's Transportation Plan

The Public Works Department (PWD) Fund 325 (People's Transportation Plan (PTP) projects) requires a supplemental budget of $15.002 million. The FY 2006-07 Adopted Budget originally programmed only $241,000 of cash-funded PWD PTP capital expenditures and assumed the majority of PTP capital projects would be funded with surtax-backed bond proceeds in Fund 390. Because of the timing of these projects and to avoid the cost of issuing small amounts of debt, additional PTP bonds were not issued in FY 2006-07; therefore $15.002 million in capital project expenses will be spent in Fund 325 funded through a transfer of PTP cash reserves ($14.402 million) from PTP Fund 402 and from Road Impact Fee eligible expenses ($600,000) from Fund 340.

Police Department

The Miami-Dade Police Department (MDPD) requires a supplemental budget of $1.151 million due to higher than budgeted mitigation payments used to fund police services provided in the vicinity of the City of Hialeah Gardens ($11,000), the Town of Medley ($215,000), City of Doral ($726,000), Town of Miami Lakes, ($77,000), and Village of Palmetto Bay ($72,000). These mitigation payments are based on final adjustments to payment calculations. Mitigation payments for the City of North Miami ($30,000) and Florida City ($20,000) were not included in the Adopted Budget.

MDPD also requires a supplemental budget of $499,000 due to higher than budgeted police service provided under contract to the Town of Cutler Bay ($488,000) and contracted Optional Police Services for Florida City ($11,000) which were not contemplated in the adopted budget. Those expenses were funded by additional payments from the municipalities as required in the police service contracts.

Public Health Trust (PHT)

The Public Health Trust (PHT) requires a year-end supplemental budget of $182.689 million to authorize higher than budgeted expenditures attributed primarily to the recently acquired Jackson North Medical Center ($89.218 million), various new programs (such as the Managed Care Psychiatric Program, JMH International Program, Miami International Cardiology Consultant Group, and the Biscayne Imaging Center) that were implemented after the budget was adopted ($53.426 million), and PHT programs and facilities ($40.045 million). The additional costs will be funded with additional patient service revenues.

Solid Waste Management

The Department of Solid Waste Management (DSWM) requires a supplemental budget for Waste Collections Restricted Assets (Fund 470, Subfund CEO) of $22.205 million to cover capital expenditures associated with the purchase of equipment for the bulky trash enhancement included as part of the FY 2006-07 Adopted Budget and waste carts for completing garbage collection automation. The equipment was intended to be funded and spent through a FY 2006-07 Sunshine State Loan that was not issued. DSWM was able to self-finance the equipment with appropriated Disposal Reserves in Fund 490, through a loan to Collections with a 10-year repayment. The loan repayment was made from the funding budgeted in the Collections Operating Fund (Fund 470, Subfund 470) in FY 2006-07 for the Sunshine State loan.

Tourist Development Taxes and Professional Sports Franchise Fees

Supplemental budgets of $868,000, $344,000, and $435,000 for Fund 150 Subfunds 151, 152, and 154, respectively are required to authorize additional transfer of revenues pursuant to the governing ordinances and State Statue. Both Tourist Development Taxes and Professional Sports Franchise Fees are budgeted per Florida Statute Sections 125.0104 and 212.0306 at 95 percent. This supplemental budget distributes the additional actual amount collected, which generated approximately an average of 5.6 percent above the budgeted amount.

As required under Ordinance 07-45, the approval of this item authorizes the Office of Strategic Business Management (OSBM) to process all budget transactions required to execute the year-end supplemental adjustments described above.

Track Record/Monitor

N/A

Attachment

Jennifer Glazer-Moon
Director, OSBM

cmo02108

MEMORANDUM

(Revised)

TO: Honorable Chairman Bruno A. Barreiro and Members, Board of County Commissioners

DATE: February 5, 2008

FROM: R. A. Cuevas, Jr. County Attorney

SUBJECT: Agenda Item No. 5(E)

Please note any items checked.

_____ "4-Day Rule" ("3-Day Rule" for committees) applicable if raised

_____ 6 weeks required between first reading and public hearing

_____ 4 weeks notification to municipal officials required prior to public hearing

_____ Decreases revenues or increases expenditures without balancing budget

_____ Budget required

_____ Statement of fiscal impact required

_____ Bid waiver requiring County Manager's written recommendation

_____ Ordinance creating a new board requires detailed County Manager's report for public hearing

_____ Housekeeping item (no policy decision required)

_____ No committee review

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 5(E)
02-05-08

ORDINANCE NO. **08-13**

ORDINANCE APPROVING AND ADOPTING SUPPLEMENTAL BUDGETS FOR VARIOUS COUNTY DEPARTMENTS AND FUNDS; RATIFYING AND APPROVING IMPLEMENTING ORDERS AND OTHER BOARD ACTIONS WHICH SET CHARGES; APPROPRIATING GRANT FUNDS; PROVIDING SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE

BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA:

Section 1. In compliance with the provisions of Section 1.02(A) of the Miami-Dade County Home Rule Charter and Section 129.06 Florida Statutes, the supplemental budgets attached hereto and made a part hereof are hereby approved, adopted, and ratified, and the budgeted expenditures therein provided are hereby appropriated.

Section 2. All resolutions, implementing orders and other actions taken by the Board of County Commissioners setting fees, charges, and assessments are hereby ratified, confirmed and approved, and may be amended during the year.

Section 3. All grant funds received by the County are hereby appropriated at the levels and for the purposes intended by the grants.

Section 4. If any section, subsection, sentence, clause or provision of this ordinance is held invalid, the remainder of this ordinance shall not be affected by such invalidity.

Section 5. This ordinance shall become effective ten (10) days after the date of enactment unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

PASSED AND ADOPTED: **February 5, 2008**

Approved by County Attorney as
to form and legal sufficiency:

R. A. Cuevas, Jr.

COUNTYWIDE GENERAL FUND

Revenues:	**BUDGET 2006-07**
Previously Approved Revenues	$1,382,354,000
Unallocated Carryover for FY 2005-06	2,604,000
Additional Interest Earnings	6,199,000
Total	$1,391,157,000

Expenditures:	
Previously Approved Expenditures	$1,382,354,000
Additional Expenditures	8,803,000
Total	$1,391,157,000

UNINCORPORATED MUNICIPAL SERVICE AREA GENERAL FUND

Revenues:	**2006-07**
Previously Approved Revenues	$479,830,000
Unallocated Carryover for FY 2005-06	1,565,000
Total	$481,395,000

Expenditures:	
Previously Approved Expenditures	$479,830,000
Additional Expenditures	1,565,000
Total	$481,395,000

MUNICIPAL SERVICES TRUST FUND
Mitigation Payments
(Fund 030, Subfund 011, Project 011002)

Revenues:	**2006-07**
Previously Approved Revenues	$15,000
Additional City of Hialeah Gardens Mitigation Payment	11,000
Total	$26,000

Expenditures:	
Previously Approved Expenditures	$15,000
Additional MDPD Expenditures in the vicinity of the City of Hialeah Gardens	11,000
Total	$26,000

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MUNICIPAL SERVICES TRUST FUND
Mitigation Payments
(Fund 030, Subfund 011, Project 011003)

Revenues:	**2006-07**
Previously Approved Revenues	$274,000
Additional Town of Medley Mitigation Payment	215,000
Total	$489,000

Expenditures:	
Previously Approved Expenditures	$274,000
Additional MDPD Expenditures in the vicinity of the Town of Medley	215,000
Total	$489,000

MUNICIPAL SERVICES TRUST FUND
Mitigation Payments
(Fund 030, Subfund 011, Project 011004)

Revenues:	**2006-07**
Previously Approved Revenues	$0
City of North Miami Mitigation Payments	$30,000
Total	$30,000

Expenditures:	
Previously Approved Expenditures	$0
MDPD Expenditures in the vicinity of the City of North Miami	30,000
Total	$30,000

MUNICIPAL SERVICES TRUST FUND
Mitigation Payments
(Fund 030, Subfund 011, Project 011005)

Revenues:	**2006-07**
Previously Approved Revenues	$0
Florida City Mitigation Payments	20,000
Total	$20,000

Expenditures:	
Previously Approved Expenditures	$0
MDPD Expenditures in the vicinity of Florida City	20,000
Total	$20,000

MUNICIPAL SERVICES TRUST FUND
Mitigation Payments
(Fund 030, Subfund 021, Project 021003)

Revenues:	**2006-07**
Previously Approved Revenues	$8,052,000
Additional City of Doral Mitigation Payment	726,000
Total	$8,778,000

Expenditures:	
Previously Approved Expenditures	$8,052,000
Additional MDPD Expenditures in the vicinity of the City of Doral	726,000
Total	$8,778,000

MUNICIPAL SERVICES TRUST FUND
Mitigation Payments
(Fund 030, Subfund 026, Project 026003)

Revenues:	**2006-07**
Previously Approved Revenues	$1,685,000
Additional Town of Miami Lakes Mitigation Payment	77,000
Total	$1,762,000

Expenditures:	
Previously Approved Expenditures	$1,685,000
Additional MDPD Expenditures in the vicinity of the Town of Miami Lakes	77,000
Total	$1,762,000

MUNICIPAL SERVICES TRUST FUND
Mitigation Payments
(Fund 030, Subfund 027, Project 027003)

Revenues:	**2006-07**
Previously Approved Revenues	$1,556,000
Additional Village of Palmetto Bay Mitigation Payment	72,000
Total	$1,628,000

Expenditures:	
Previously Approved Expenditures	$1,556,000
Additional MDPD Expenditures in the vicinity of the Village of Palmetto Bay	72,000
Total	$1,628,000

MIAMI-DADE POLICE DEPARTMENT (MDPD)
Municipal Police Services Account
(Fund 030, Subfund 046, Projects 046001 and 046002)

Revenues:	**2006-07**
Previously Approved Revenues	$5,410,000
Additional MDPD Contractual Payments from Town of Cutler Bay	488,000
Total	$5,898,000

Expenditures:	
Previously Approved Expenditures	$5,410,000
Additional MDPD Expenditures for the Town of Cutler Bay	488,000
Total	$5,898,000

CLERK OF THE COURTS
Non-Court Related Clerk Fees
(Fund 030, Subfund 036)

Revenues:	**2006-07**
Previously Approved Revenues	$29,252,000
Additional Carryover	485,000
Total	$29,737,000

Expenditures:	
Previously Approved Expenditures	$29,252,000
Additional Expenditures	485,000
Total	$29,737,000

MIAMI-DADE POLICE DEPARTMENT (MDPD)
Municipal Police Services Account
(Fund 030, Subfund 047, Projects 047001 and 047002)

Revenues:	**2006-07**
Previously Approved Revenues	$0
Additional MDPD Contractual Payments from City of Florida City	11,000
Total	$11,000

Expenditures:	
Previously Approved Expenditures	$0
Additional MDPD Expenditures for City of Florida City	11,000
Total	$11,000

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MOM AND POP BUSINESS GRANTS PROGRAM
(Fund 030, Subfund 041)

Revenues:	**2006-07**
Previously Approved Revenues	$1,950,000
Carryover	212,000
Total	$2,162,000

Expenditures:	
Previously Approved Expenditures	$1,950,000
Additional Expenditures	212,000
Total	$2,162,000

ENTERPRISE TECHNOLOGY SERVICES
(Fund 060, Subfund 004)

Revenues:	**2006-07**
Previously Approved Budget	$118,992,000
Additional Revenues	5,244,000
Total	$124,236,000

Expenditures:	
Previously Approved Expenditures	$118,992,000
Additional Expenditures	5,244,000
Total	$124,236,000

ENTERPRISE TECHNOLOGY SERVICES
Internal Service Fund
(Fund 060, Subfund 005)

Revenues:	**2006-07**
Previously Approved Revenues	$16,601,000
Additional Revenues	3,027,000
Total	$19,628,000

Expenditures:	
Previously Approved Expenditures	$16,601,000
Additional Opearting Expenditures	3,027,000
Total	$19,628,000

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LEGAL AID SOCIETY
(Fund 100, Subfund 103)

Revenues:	**2006-07**
Previously Approved Budget	$3,403,000
Additional Grant Revenue	118,000
Total	$3,521,000

Expenditures:	
Previously Approved Operating Expenditures	$3,403,000
Additional Operating Expenses	118,000
Total	$3,521,000

ENTERPRISE TECHNOLOGY SERVICES DEPARTMENT
800 Megahertz Radio System Maintenance
(Fund 100, Subfund 104, Project 104141)

Revenues:	**2006-07**
Previously Approved Revenues	$1,000,000
Additional Surcharge Revenue	$386,000
Total	$1,386,000

Expenditures:	
Previously Approved Expenditures	$1,000,000
Additional Expenditures	386,000
Total	$1,386,000

PARK AND RECREATION
Miami Metrozoo
(Fund 125, Subfund 126)

Revenues:	**2006-07**
Previously Approved Revenues	$12,892,000
Additional Revenue	336,000
Total	$13,228,000

Expenditures:	
Previously Approved Expenditures	$12,892,000
Operating Expenditures	336,000
Total	$13,228,000

TOURIST DEVELOPMENT TAX
(Fund 150, Subfund 151)

Revenues:	**2006-07**
Previously Approved Revenues	$16,502,000
Additional Tourist Tax Collections	868,000
Total	$17,370,000

Expenditures:	
Previously Approved Expenditures	$16,502,000
Additional Expenditures	868,000
Total	$17,370,000

TOURIST DEVELOPMENT SURTAX
(Fund 150, Subfund 152)

Revenues:	**2006-07**
Previously Approved Revenues	$5,291,000
Additional Tourist Tax Collections	344,000
Total	$5,635,000

Expenditures:	
Previously Approved Expenditures	$5,291,000
Additional Expenditures	344,000
Total	$5,635,000

PROFESSIONAL SPORTS FRANCHISE FACILITY TAX
(Fund 150, Subfund 154)

Revenues:	**2006-07**
Previously Approved Revenues	$8,250,000
Additional Tourist Tax Collections	435,000
Tota;	$8,685,000

Expenditures:	
Previously Approved Expenditures	$8,250,000
Additional Expenditures	435,000
Total	$8,685,000

PEOPLE'S TRANSPORTATION PLAN
(Funds 325)

Revenues:	**Total**
Previously Approved Transfer from People's Transportation Plan (Fund 402)	$241,000
Amended Transfer from Fund 340 Road Impact Fees	600,000
Amended Transfer from People's Transportation Plan (Fund 402)	14,402,000
Total	$15,243,000

Expenditures:	
Previously Approved Expenditures	$241,000
Amended Additional Expenditures in Fund 325	15,002,000
Total	$15,243,000

Non-Capital Grants
(Fund 413, Subfund 413)

Revenues:	**2006-07**
Previously Approved Grant Revenues	$20,772,000
Additional State of Florida Grant Revenues	154,000
Total	$20,926,000

Expenditures:	
Previously Approved Grant Expenditures	$20,772,000
Additional Grant Eligible Expenditures	154,000
Total	$20,926,000

SOLID WASTE MANAGEMENT
Waste Collection
(Fund 470, Restricted Asset, Subfund CEO)

Revenues:	**2006-07**
Previously Approved Revenues	$7,864,000
Loan from Waste Disposal Operations	21,700,000
Additional Carryover from FY 2005-06	505,000
Total	$30,069,000

Expenditures:	
Previously Approved Operating Expenditures	$7,864,000
Heavy Equipment and EZ Go Waste Cart Purchases	22,205,000
Total	$30,069,000

COMMUNITY ACTION AGENCY
(Fund 630)

Revenues:	**2006-07**
Previously Approved Revenues	$83,023,000
Additional Revenues	2,883,000
Total	$85,906,000

Expenditures:	
Previously Approved Expenditures	$83,023,000
Additional Operating Expenditures	2,883,000
Total	$85,906,000

HOMELESS TRUST
Grants
(Fund 720, Subfund 720)

Revenues:	**2006-07**
Previously Approved Revenues	$0
U.S. Housing and Urban Development Grant Revenues	294,000
Total	$294,000

Expenditures:	
Previously Approved Expenditures	$0
U.S. Housing and Urban Development Grant Expenditures	294,000
Total	$294,000

HOMELESS TRUST
Grants
(Fund 720, Subfund 723)

Revenues:	**2006-07**
Previously Approved Revenues	$19,766,000
Additional Florida Department of Children and Family State Grants	101,100
Total	$19,867,100

Expenditures:	
Previously Approved Expenditures	$19,766,000
Additional Florida Department of Children and Family Grant Expenditures	101,100
Total	$19,867,100

MIAMI-DADE HOUSING AGENCY
Public Housing Operations
Fund 750

Revenues:	**2006-07**
Previously Approved Revenues	$58,903,000
General Fund Transfer	6,998,000
Total	$65,901,000

Expenditures:	
Previously Approved Expenditures	$58,903,000
Additional Operating Expenditures	$6,998,000
Total	$65,901,000

PUBLIC HEALTH TRUST
Operating Budget
Including Funded Depreciation

Revenues:	**2006-07**
Previously Approved Revenues	$1,553,246,000
Jackson North Medical Center	97,604,000
Managed Care Psychiatric Program	35,491,000
JMH International Program	3,747,000
Miami International Cardiology Consultant Group	14,054,000
Biscayne Imaging Center	2,388,000
Existing JMH Programs	29,405,000
Total	$1,735,935,000

Expenditures:	
Previously Approved Expenditures	$1,553,246,000
Jackson North Medical Center	89,218,000
New Programs:	
Managed Care Psychiatric Program	34,912,000
JMH International Program	3,747,000
Miami International Cardiology Consultant Group	12,778,000
Biscayne Imaging Center	1,989,000
Existing JMH Programs	40,045,000
Total	$1,735,935,000

Memorandum

MIAMI-DADE COUNTY

Supplement to
Agenda Item No. 5(E)

Date: February 5, 2008

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Supplemental Information Regarding the FY 2006-07 End-of-Year Budget Adjustments

During the Budget and Finance Committee meeting of January 28, 2008 the committee requested information regarding the Miami-Dade Housing Agency budget amendments and supplemental adjustments for FY 2005-06 to present. The committee also requested copies of all correspondence advising the Board of County Commissioners about the need for budget amendment and supplemental adjustments for any County departments. Attached for your review are copies of the first quarter projections memo dated March 20, 2007 (Attachment 1), the FY 2006-07 mid-year supplemental budget item adopted by the Board on June 26, 2007 Ordinance No. 0-07-83 (Attachment 2), and end-of-year budget adjustments memo dated July 19, 2007 (Attachment 3). As you will note several departments were able to absorb potential overruns within the authorized budget.

The chart below details the Miami-Dade Housing Agency budget and corresponding mid-year and end-of-year adjustments.

Miami-Dade Housing Agency Budget
(dollars in 000's)

		Amendment		Supplement	
	Budget	Mid-Year	End-of-year	**Mid-Year**	End-of-Year
FY 2007-08	74,386				
FY 2006-07	79,945		7,967		6,998
FY 2005-06	78,466		4,057		

Should you need any additional information please contact Jennifer Glazer-Moon, Director, Office of Strategic Business Management (OSBM) directly.

Attachments

Jennifer Glazer-Moon
Director, OSBM

cmo09308

Memorandum

MIAMI-DADE

Date: March 20,2007

To: Honorable Carlos Alvarez, Mayor
Honorable Bruno A. Barreiro, Chairperson
and Members, Board of County Commissioner

ATTACHMENT 1

From: George M. Burgess
County Manager

Subject: First Quarter Projections

For your information, attached is a report on departments for which we have budgetary concerns based on first quarter performance and year-end projections. Remedial plans are being prepared for each department. Please contact Jennifer Glazer-Moon, Director, Office of Strategic Business Management or me directly if you have any questions.

cc: Denis Morales, Chief of Staff, Office of the Mayor
Assistant County Managers
Charles Anderson, Commission Auditor
Clerk of the Board

cmo08607

Memorandum

Date: February 27, 2007

To: George M. Burgess
County Manager

From: Jennifer Glazer-Moon. Director
Office of Strategic Business Management

Subject: First Quarter Projections

As part of our FY 2007-08 Resource Allocation Process, we have analyzed first quarter actual financial results. Although most departments are performing within budget, we have concerns about the departments listed below due to a variety of issues ranging from non-performing revenues to higher than expected workloads.

Based on the financial data collected as of December 31, 2006, we have itemized below highlights of some of the issues affecting the subject departments. As we proceed with our Resource Allocation Process, departments are being asked to prepare remedial actions to reduce and eliminate (where possible) budgetary shortfalls.

Carnival Center for the Performing **Arts** (Center)

Due to higher than expected occupancy costs, including utilities, security and police services and building maintenance, the Center is expecting a $4.3 million shortfall by the end of the fiscal year. At the time the budget was being developed, the Center estimated these monthly costs to be approximately $306,000, compared to $616,000 actually being spent as of the end of the first quarter. In addition, ticket revenues are currently 41% below budget, which are partially offset by corresponding event costs reductions of 35%. Facility usage was budgeted at a 65% occupancy rate for events, but is only averaging 58%. Revenues from concessions and merchandise sales are also lower than expected. Revenues for parking and rentals are higher than anticipated, and therefore may partially offset under performing ticket sales revenues. At this point, it is anticipated the Center will require, within the next two months, a mid-year funding adjustment to continue operations once available cash has been depleted.

Corrections and Rehabilitation

The department is experiencing higher than anticipated staffing requirements due to an increase in hospital care details, additional security posts, a higher than anticipated inmate population, and unbudgeted special police operations, among other unanticipated operational demands. To meet the unanticipated staffing needs, the department is increasing the utilization of overtime beyond the budgeted level. As a result, it is projected that the department will experience a **$4** million operational budget shortfall, unless immediate action is taken.

Elections

Projected expenditures are expected to be $3.1 million higher than budgeted, due to additional resources necessary to pay for the countywide election in January and the District 13 election in December. Neither of these elections were budgeted as they were not officially on the election calendar when the budget was adopted.

Seaport

The Seaport is currently projecting an operating shortfall at the end of FY 2006-07 of approximately $10 million. This operational shortfall is comprised of *$6.5* million of lost revenues as a result of cargo customers moving operations to competing port facilities and lower than expected cruise passenger loads. Expenditures in excess of budget *($3.5* million) include unrealized savings in security operations. As part of the department's strategy to cover for this expected shortfall, a portion of debt service obligations currently budgeted under the Port's operating budget, may have to be paid from proceeds generated as a result of the dredging settlement payments.

Transit

Miami-Dade Transit (MDT) may face a gap of approximately $8.4 million that includes a revenue shortfall of $3.08 million and expenditures in excess of budget of $5.35 million. The revenue shortfall results primarily from bus fare-box and from certain other under performing revenues including bus token sales and miscellaneous non-operating revenues. The revenue projection may be prematurely underestimated based on the strong performance shown in these categories late last fiscal year relative to the *2006* mid-year projection. Excess expenditures relative to budget for the initial projection in bus operations have been driven mainly due to a bus schedule/line-up which exceeds available resources primarily in the form of straight time and overtime hours and how those hours are distributed across all routes and runs.

We will continue to work closely with all departments to monitor actual performance relative to the adopted budget and keep you informed of any concerns.

C: Carlos Alvarez, Mayor
Assistant County Managers
Michael Hardy. Executive Director. Carnival Center for the Performing Arts
Timothy Ryan. Director, Corrections and Rehabilitation
Lester Sola, Director, Department of Elections
Bill Johnson, Director, Seaport
Roosevelt Bradley, Director, Transit
Charles Anderson, Commission Auditor
OSBM Budget Analyst Staff

jgm05807

ATTACHMENT 2

OFFICIAL FILE COPY
CLERK OF THE BOARD
OF COUNTY COMMISSIONERS
MIAMI-DADE COUNTY, FLORIDA

Memorandum

MIAMI-DADE COUNTY

Date:	June 26, 2007
To:	Honorable Chairman Bruno A. Barreiro And Members, Board of County Commissioners
From:	George M. Burgess County Manager
Subject:	FY 2006-07 Mid-Year Supplemental Budget

Amended
Agenda Item No. 5(K)

O#07-83

Recommendation

It is recommended that the Board approve the attached supplemental budgets in accordance with the Home Rule Charter and Section 129.06 of the Florida Statutes so that budgets will reflect changes in projected expenditures that have occurred since the September 2006 budget hearings.

Scope and Fiscal **Impact/Funding** Source

Detailed below

Background

A supplemental budget is required by the Home Rule Charter and state law when expenditures exceed budgeted appropriations. To meet this requirement, supplemental budgets for various funds are needed to reflect extraordinary or unplanned events which occurred since the FY 2006-07 Budget was adopted in September 2006. It is anticipated that during the fiscal year certain proprietary operations may require supplemental budget adjustments due to changes such as federal and state grant funding, increased energy costs, acquisition of new buildings, and other unanticipated events. At this time a number of adjustments are required to meet the above mentioned requirements. A description of each required supplemental budget is provided below.

Convention Development Tax/Carnival Center for the Performing Arts

The Carnival Center for the Performing Arts requires an additional $4.1 million to cover the costs associated with higher than expected costs for occupancy including utilities, security and police services, and building maintenance. Despite using estimates from other facilities, these costs have been significantly higher than budgeted due to the building's unique design characteristics and location. Staff of the Office of Strategic Business Management (OSBM), Cultural Affairs, and General Services Administration has been working closely with Carnival Center staff to identify operational changes in order to mitigate these expenses as much as possible. Based on current cash flows, the PAC Trust will run out of cash by June 15th. These additional costs will be funded in part by the County through a reimbursement to the Convention Development Tax revenues from savings in the project's construction budget and from future designated multi-year County funding. Discussions are ongoing with the PAC

Trust and Foundation to provide cash to continue operations until this supplemental budget allocation is considered by the Board as well as to help fund this shortfall. The increased subsidy of $4.1 million from the County increases the total County operating subsidy to the Carnival Center for the Performing Arts to $7.854 million. Any funding from the Performing Art Center Trust and Foundation will, dollar for dollar, reduce this additional public sector support. The Foundation will be meeting on May 16th to determine what, if any, additional private sector support can be provided. More detailed explanation of the revenue shortfalls can be found in the separate status report provided to you.

End-of-Year Adjustments

At this time, I would like to inform the Board that the following departments may require an end-of-year general fund budget amendment and/or supplemental budget associated with technical adjustments, higher than anticipated operating expenses, such as separation costs and wage adjustments, and appropriation of additional revenues received throughout the year (federal and/or state grants).

General Fund Amendment

- *Board of County Commissioners,* for the appropriation of unexpended FY 2005-06 office carryover and expenses associated with additional positions incorporated into the Office of Commissioner Auditor as per Resolution No. 506-07;
- *Elections* for expenditures associated with the December 2006 District 13 and January 2007 countywide elections;
- *Medical Examiner's Office* for expenses associated with higher then budgeted Special Risk Retirement back pay and termination payouts;
- *Alliance for Human Services* for the extension of three months of funding to all community-based organizations (CBOs) to align the funding cycle to the County's fiscal year; in addition, two public service contracts that were inadvertently omitted from the CBO funding list; five CBOs approved by the Board through Resolution R 1423-06, need to be incorporated;
- *Office of Community and Economic Development* for expenditures associated with public services allocations in FY 2006;
- *Miami-Dade Housing Agency* to cover potential deficit in the current fiscal year shortfalls and payments owed to County departments for services provided in prior fiscal years;
- *Office of Historic Preservation and Office of the County Manager* for expenses associated with separation costs;

Other Revenues

- *Performing Arts Center* for expenses associated with additional funding received through the Board approved Sunshine State Loan agreement Resolution 202-07;

- *Legal Aid* for expenses associated with additional personnel costs that will be funded by additional revenues;
- *Metropolitan Planning Organization* for expenses associated with the South Florida Regional Transportation Authority van pool program;
- *Public Works* will require a technical adjustment to transfer funding from PTP Fund 402 to Fund 325 of Public Works for pay-as-you-go-capitalprojects;
- *Public Health Trust* for expenditures associated with new facilities and revenues realized throughout the fiscal year;
- *Seaport* for expenditures in excess of budget including unrealized savings in security operations.

OSBM staff continues to work with each of these departments to ensure potential end-of-year adjustments are minimized to the extent possible.

Track Record/Monitor
NIA

Attachment

Jennifer Glazer-Moon, Director, OSBM

cmo12307

'CONVENTION DEVELOPMENT TAX
(Fund 160)

Revenues:	**Total**
Previously Approved Revenues	$53,889,000
Reimbursement from Performing Arts Special Obligation Bond (Fund 360)	$3,100,000
Total	$56,989,000

Expenditures:	
Debt Service Fund **(Project 206100, 206300, 298500)**	$15,613,000
Payment to the City of Miami Beach	4,500,000
Transfer to Cultural Affairs (Museum Operating Grants) (Fund 030. **Subfund** 033)	2,975,000
Park and Recreation (Fund 040)	1,000,000
Cultural Affairs Grants	1,000,000
Performing Arts Center Trust Subsidy	7,854,000
Payment to the City of Miami	2,000,000
American Airlines Arena-related Costs	6,400,000
North and South Dade Operating Subsidy	770,000
Transfer to **Vizcaya** Operating Subsidy (Fund 450, **Subfund** 001)	856,000
Reserve for Future Payments	13,021,000
Other Costs	1,000,000
Total	$56,989,000

MEMORANDUM

(Revised)

TO: Honorable Chairman Bruno A. Barreiro and Members, Board of County Commissioners

DATE: June 26, 2007

FROM: Murray A. Greenberg, County Attorney

SUBJECT: Amended Agenda Item No. 5(K)

Please note any items checked.

_____	"4-Day Rule" ("3-Day **Rule**" for committees) applicable if raised
_____	6 weeks required between first reading and public hearing
_____	4 weeks notification to municipal officials required prior to public hearing
_____	Decreases revenues or increases expenditures without balancing budget
_____	Budget required
_____	Statement of fiscal impact required
_____	Bid waiver requiring County Manager's written recommendation
_____	Ordinance creating a new board requires detailed County Manager's report for **public** hearing
_____	Housekeeping item (no policy decision required)
✓	**No** committee review

Approved _____ Mayor

Veto _____

Override _____

Amended

Agenda Item No. 5(K)

6-26-07

ORDINANCE NO. **07-83**

ORDINANCE APPROVING AND ADOPTING SUPPLEMENTAL BUDGETS FOR VARIOUS COUNTY DEPARTMENTS AND FUNDS; RATIFYING AND APPROVING ADMINISTRATIVE ORDERS AND OTHER BOARD ACTIONS WHICH SET CHARGES; AUTHORIZING FEES CONSISTENT WITH APPROPRIATIONS; APPROPRIATING GRANT FUNDS; PROVIDING SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE

BE IT ORDAINED BY THE BOARD OF COUNTY COMMTSSIONERS OF MIAMI-DADE COUNTY, FLORIDA:

Section 1. In compliance with the provisions of Section 1.02(A) of the Miami-Dade County Home Rule Charter and Section 129.06 of the Florida Statutes, the supplemental budgets attached hereto and made a part hereof are hereby approved, adopted, and ratified, and the budgeted expenditures therein provided are hereby appropriated.

Section 2. All resolutions, administrative orders and other actions taken by the Board of County Commissioners setting fees, charges, and assessments as well as all fees, charges and assessments, consistent with appropriations adopted herein, are hereby ratified, confirmed and approved, and may be amended during the year.

Section 3. All grant funds received by the County are hereby appropriated at the levels and for the purposes intended by the grants.

Section 4. With the exception of the amendments to the budget specifically approved in this ordinance, all other provisions of the budget remain unchanged.

Section 5. The County's grant of the operational subsidies approved herein and **any** prospective funding is conditioned upon the Performing Arts Center Trust's agreement to an amendment to the Operating Agreement that would accord the County Manager and the Commission Auditor the right to oversight. Such amendment will,be subject to ratification by this Board.

Section 6. If any section, subsection, sentence, clause or provision of this ordinance is held invalid, the remainder of this ordinance shall not be affected by such invalidity.

Section 7. This ordinance shall become effective ten (10) days after the date of enactment unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

PASSED AND ADOPTED: June 26, 2007

Approved by County Attorney as
to form and legal sufficiency: RAC for MAG

Prepared by:

R. A. Cuevas, Jr.

Memorandum COUNTY

Date: June 26, 200.7

Supplement to
Agenda Item No. 5(K)

To: Honorable Chairman Bruno A. Barreiro and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Supplemental Information - Manager's Report on the Performing Arts Center

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The attached report was distributed to your respective offices on May 30, 2007, and is being provided again here for your information.

Assistant County Manager

Memorandum

MIAMI-DADE COUNTY

Date: May 30,2007

To: Honorable Carlos Alvarez, Mayor
Honorable Chairman Bruno A. Barreiro and Members,
Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Report on the Carnival Center for the Performing Arts

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In my February 27,2007 memorandum regarding the finances of the Carnival Center for the Performing Arts (Center), I advised you that the Performing Arts Center Trust (PACT) is experiencing serious financial problems related to its first year of operations. I also indicated my concern and that I would conduct a complete review of the PACT to include all aspects of management and operations of the physical plant. This report will detail the financial situation of the PACT, provide a specific recommendation to address the current year's operating shortfall, and an analysis of key operational areas critical to the success of the Center.

The Center is facing an operational deficit of approximately $4.1 million in the current fiscal year and is projected to run out of cash in the middle of June. To cover this shortfall, I am recommending a mid-year supplemental budget adjustment in the amount of $4.1 million and expect additional funding to come from the private sector in order to offset public sector support. While additional County funding support is needed at this time, I am very disappointed with the present situation. I realize the first year of operations of a sophisticated and complex facility such as the Center is difficult and that the budget projections clearly missed the mark. However, the PACT is the independent non-profit corporation responsible for the professional management of this County-owned facility and simply must do a better job to address the financial management and operational issues facing the Center.

As detailed later in this report, the additional funding required is due to higher than expected occupancy costs, which include utilities, maintenance related services, and security expenses. The PACT was instructed to take all possible immediate measures to reduce ifs operating expenses and inaease revenues, however, such actions are not enough to offset the current year's shortfall. I believe there are operational efficiencies that can be achieved and although such efficiencies will not materialize this fiscal year, improvements must be forthcoming in the immediate future. It should be noted that the PACT is already spending advance ticket sale revenues, in addition to managing its accounts payables and advancing private sector funding from the Performing Arts Center Foundation's annual operating commitment to help maintain sufficient cash flow to operate. These measures are what are enabling the PACT to extend its cash flow into the end of next month when it will run out of money.

It is important to note that an operational subsidy for the PACT was always assumed and included in the budget. The increase of $4.1 million of county funding that is recommended as part of the mid-year supplemental budget will come from the following revenues already committed to the Performing Arts Center project: a portion of the future multi-year County funding that has been designated for the Performing Arts Center's operations ($1 million); and from savings from the Performing Arts Center construction project budget ($3.1 million). The savings in the construction project budget are a result of aggressive claims mitigation and tightened cost controls realized during our recent project close-out. The overall project budget included funding sources such as Convention Development Tax (CDT) revenues that may be used for operational expenses. It also is important to note that in order to open the Center as committed in September 2006, the building was turned over to the PACT with a Temporary Certificate of

Occupancy just one month prior in August. Upon taking over the Center, the PACT did assume responsibility for an incremental portion of spill-over capital-related expenses in occupancy costs while the HVAC (air conditioning) and lighting systems underwent testing and fine tuning. We are fortunate to have been able to capture savings in the **construction** budget to help **offset** the current year operating shortfall. I believe this is an appropriate course of action in that the needed funding comes from within the overall project budget as opposed to having to identify funding outside of the project.

As previously stated, an additional $1 million, of the $4.1 million, **required** to cover the shortfall will come from already programmed future designated multi-year County funding for the Center. During FY 2005-06, discussions resulted in a recommended $11.054 million in CDT revenues from FY 2006-07 through FY 2009-10 to provide an operational subsidy for the PACT. The mid-year supplemental budget adjustment of $4.1 million from the County increases the total County operating subsidy to the Center from $3.754 million to $7.854 million for FY 2006-07.

The Performing Arts Center Foundation is expected to raise funds to address the **PACT's** operating shortfall and offset public sector funding. I am disappointed with the current level of private sector support for operations. As such, I have met with leadership from the Performing Arts Center Foundation to stress the importance of increased fund raising to address the financial situation of the PACT. First and foremost, the private sector must ensure that the PACT has sufficient funding in place to maintain operations until the Board is able to consider the mid-year supplemental budget adjustment. In this regard, the Foundation has indicated it will address any cash flow needs of the PACT. I **recognize** that the Foundation already has been advancing funding this year for operational revenues and that additional fund raising efforts are difficult at best under the current circumstances. However, the solution to cover the **PACT's** financial situation must continue to be pursued as a partnership with the private sector.

The County is also finalizing negotiations of an amendment to the **Interlocal** Agreement among the County. the City of Miami, and the Omni Community Redevelopment Agency. This amendment will provide for 35% of the tax increment revenues generated in the Omni Community Redevelopment District to be used to offset additional capital financings provided by the County to complete the construction of the Center. These increased Omni tax increment revenues will pay for debt service on County performing arts center bonds, which will in **turn** free up CDT revenues that can be used to support the occupancy costs of the Center and establish a public sector operating endowment for the Center.

Six-Month Status Report

With the dose of the second quarter of the opening year of the Carnival Center for the Performing Arts, **this** memorandum provides a six-month status report and **recommendations** in regard to four key areas **critical** to the success of this major new **cultural** complex:

1. The FY 2006-2007 Operating Budget
2. **Facility** Building Systems
3. Occupancy Costs
4. Management Assessment

The Center is the largest public-private partnership ever accomplished by Miami-Dade County. **The** operation of the Center represents the next stage of this partnership for the **facility** that is owned by **County** and managed by the PACT, a non-profit corporation that operates the complex through an Operating Management Agreement **(R-480-06)** with the County.

While we have much to celebrate in regard to the **Center's** architectural, artistic and acoustical excellence, we have deployed a County team to carefully review the causes of operating budget overruns, the initial

performance of major building systems, the effectiveness of contracted services being utilized by the PACT in such areas as security and maintenance, and the execution of administrative and programming activities by the facility's staff. It is important to underscore that this review will be ongoing and that the findings and recommendations included in this report will continue to be updated to evaluate each of these areas through the completion of the Center's first season of operation and beyond.

A team of County staff from my office, the Office of Strategic Business Management (OSBM), General Services Administration (GSA), the County's Performing Arts Center Management Office and the Department of Cultural Affairs continue to work with the PACT to assess the four key areas listed above. The actions listed below are the recommendations resulting from this review. Based on our significant concerns about each of these areas, I am instituting more intensive County oversight to ensure that these recommendations are implemented, monitored closely and adjusted as required to achieve acceptable results. The balance of this report provides the background information assembled from our evaluation of these issues and the key factors that contributed to these recommendations.

1) The Center's FY 2006-2007 Operating Budget

The Office of Strategic Business Management (OSBM) has been working closely with the PACT's Finance Department to review the actual performance of the PACT's budget against the operating forecast for its inaugural season. It is important to note that in developing an operating budget for one of the nation's largest new cultural complexes to open in the last several decades, there was little in the way of direct comparables to use in forecasting this budget. The Center is the largest set of purpose-built facilities (i.e., separate halls built specifically for music and theatrical productions) to open in the United States in more than 30 years. This type of complex provides a number of specialized features that make it different from most of the other performing arts facilities opened in Florida and across the nation in recent years. The Center's two separate theater buildings provide the challenge of securing multiple points of access and the complexity of regulating building systems for various combinations of activities in each building (e.g., both buildings with performances versus one building with a performance and the other with a rehearsal, etc.).

During FY 2002-03, while the Center was under construction, the PACT contracted with WH Management to develop a five-year operating pro forma for the Center with year one of operating being FY 2006-07. The pro forma took into account all aspects of the budget needs for a center of this caliber, including staffing and administrative overhead, programming and marketing, and utilities and maintenance. The pro forma was submitted by the PACT to Miami-Dade County as part of its FY 2006-07 budget submission and served as the basis for the $3.754 million of CDT funds allocated by the County to the PACT to support its current year operations. The pro forma was reviewed by OSBM and the concern was raised that the pro forma developed by the PACT in FY 2002-03 was not significantly revised prior to the FY 2006-07 budget submission. However, the PACT was firm on the projections submitted for the occupancy costs of the facility.

An account of the Center's expenses and revenues is attached to this report and its projections are based on the first six months of reported budget activity (Attachment 1). In several key budget areas, actual costs have exceeded projections and calculations which PACT staff used to develop the FY 2006-07 budget For the purposes of this analysis, OSBM and the PACT's Finance Department are continuing to review and monitor the Center's budget based on the two main categories of expenses: A) Occupancy (including utilities, maintenance and security); and B) Operations (covering programming, marketing and administration); as well as projected revenues generated by the Center.

A) Occupancy Costs

While not the sole cause of the Center's budget variances, the single largest factor driving

the budget overruns were the inaccurate assumptions used to project the complex's occupancy costs. These **occupancy** costs principally include utilities, insurance, maintenance and related **services,** and security expenses. In the PACT approved pm **forma,** an estimate of **$7.50** per square foot was utilized based on the average of current occupancy costs at 27 other major performing arts centers across the United **States.** The Center's actual costs to date have averaged $15.62 per square foot. In utilizing the 'comparable" **facilities'** actual numbers, the PACT did not take into account a number of important factors: the significant difference in building types (single halls versus the Center's two buildings); higher costs of start-up operations costs (compared against facilities that have had time to stabilize their occupancy costs); the need to match projections to real-world service demands and cost impacts (increase in electricity and natural gas); **cubic** feet versus square feet to measure air conditioning usage, and idiosyncrasies in the way that occupancy costs are accounted for in other performing arts centers.

The table below compares monthly occupancy expenses – budgeted **vs.** 'actual" –for the Center's first six months. The budgeted amount was not split into expense categories since the **PACT's** pro **forma** analysis only provided gross **occupancy** cost data. Overages in occupancy costs are **directly** related to higher than expected electricity bills, unbudgeted additional security services, contracted cleaning and maintenance costs, and overhead for contracted services to operate building systems.

	Budget Per Month'	Actual Average (to date)	Percent Change
Utilities		**$ 214.815**	
security	$ 306,250	$ 151,714	
Cleaning **and Maintenance**		$ 281,315	
Total	**$ 306,250**	**$ 647,844**	**111.3%**

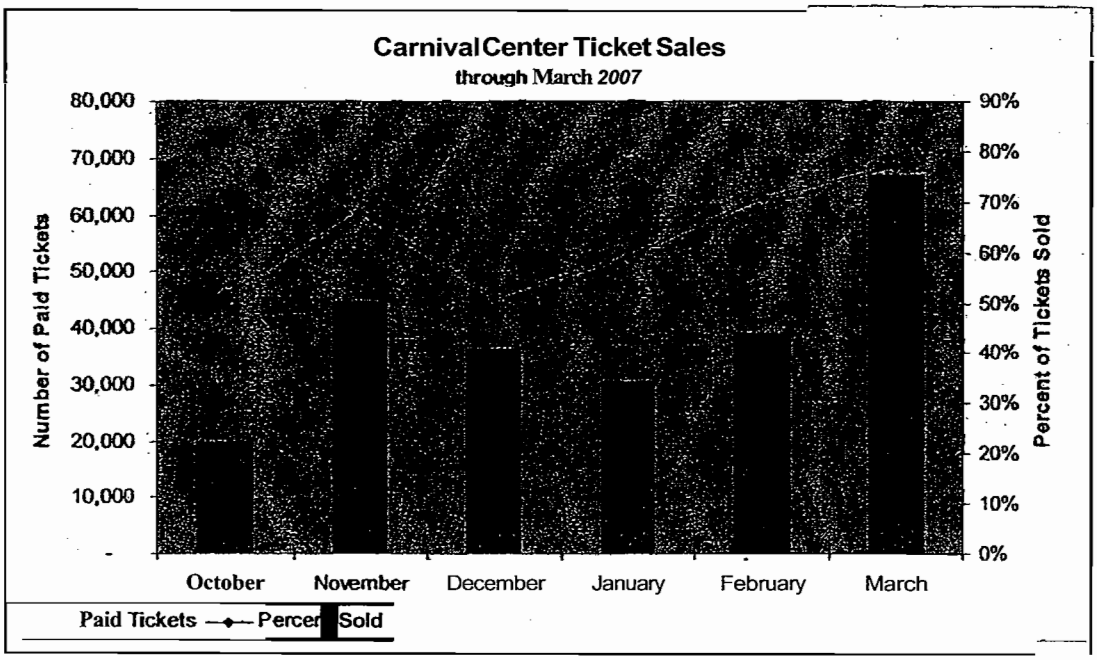
'Occupancy costs were not budgeted separately in FY 2006-07

Occupancy costs have averaged approximately $340,000 per month over the originally budgeted amount, leading to the $4.1 million projected year end **deficit.**

B) Operations

In addition to budgeted occupancy cost variances, the Center initially has experienced slower progress than expected for reaching its projections for ticket sales. **However,** based on better than expected performance of rentals for performances and special events, the financial impact of slower ticket sales has been mitigated. It should be pointed out that OSBM staff has been working cooperatively with the **PACT's** staff to develop reductions in the current year PACT budget to balance the operating side of its budget this fiscal year. These budget reductions include freezing vacant positions and reducing marketing costs while increasing in-house public relations efforts.

The Center's ticket sales are continuing to increase and, to date, the Center is averaging ticket sales of **64%,** compared to the budgeted projection of 65%. The current projection assumes a ticket sales average of **65%,** based on steady progress now being made to achieve the budgeted goal by the end of this fiscal year.



Operating Revenues

- ***Show Revenue***

The Carnival Center for the Performing Arts' revenues are realized in different ways depending on the type of show presented at the facility.

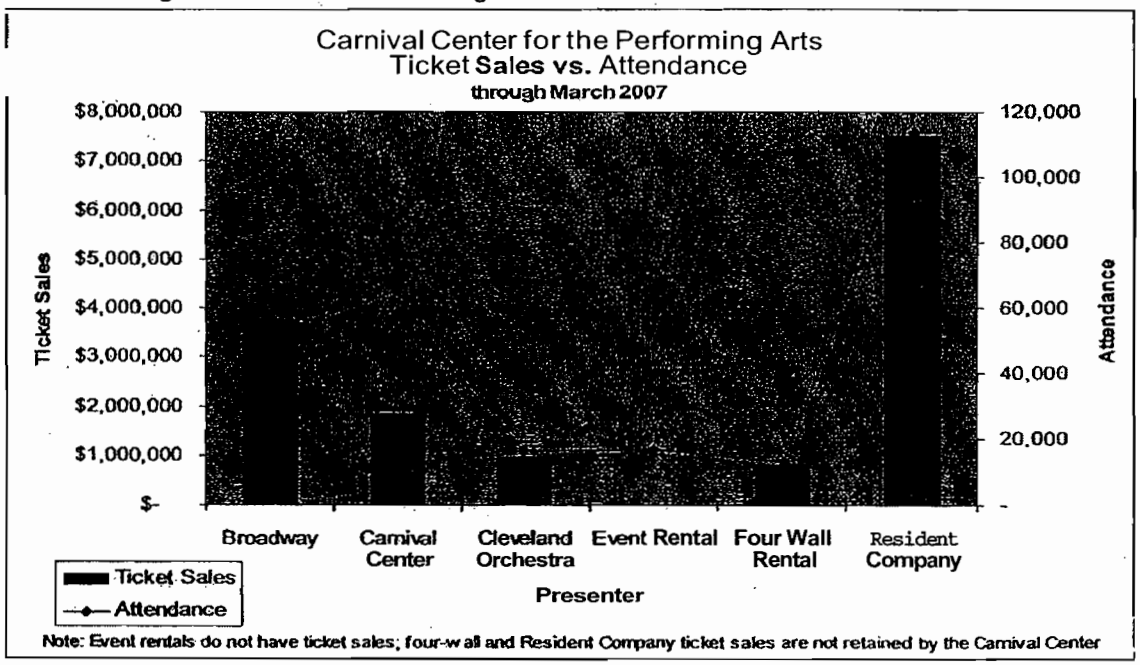
Center presentations and Broadway productions include shows that are the responsibility of the Center and revenues are realized through ticket sales, box office fees, concessions, and merchandise sales. For FY 2006-07, the Center scheduled 204 shows, including Broadway productions, and expects to end the season with 193 shows presented. This slight reduction in the number of shows presented by the Center is due to a net increase in usage by resident companies (3 shows) and four-wall shows (8 shows) (i.e., outside companies that rent the performance spaces) and cancellations of shows (2 shows) because of low ticket sales and budgeted shows (9 shows) which were not contracted. Broadway productions were scheduled for 48 shows and met budget targets.

Resident companies, including Miami City Ballet, Florida Grand Opera, Concert Association of Florida, and the New World Symphony, make up 22% of shows at the Center. Similar to four-wall rentals, revenues realized from these shows do not include ticket sales because the facility is rented to these organizations. Consequently, revenues to the Center from a resident company show include rent, net parking, concessions, facility chargebacks, box office fees, and merchandise sales.

	FY 2006-07 Budget		FY 2006-07 Projection	
	Number of Shows	Show Revenue	Number of Shows	Show Revenue
Carnival Center/Broadway *	204	$ 10,166,000	193	$ 8,155,000
Miami City Ballet **	17	$ 180,000	22	$ 222,000
Florida Grand Opera**	44	$ 624,000	46	$ 652,000
Concert Association of Florida **	16	$ 114,000	18	$ 128,000
New World Symphony **	10	$ 66,000	4	$ 26,000
Other four-wall rentals **	123	$ 637,000	131	$ 684,000
Total	**414**	**$ H.787.000**	**414**	$ 9,867,000

* Show revenue includes only ticket sales revenues (other revenues include box office fees. concessions, and merchandise sales)

** Show revenue includes only rental fees; (other revenues include facility chargebacks. box office fees. and stagehand fees



Note: Event rentals do not have ticket sales; four-w all and Resident Company ticket sales are not retained by the Carnival Center

- ***Other Revenues***

The FY 2006-07 Projection in the chart below is based on the experience of six months of operations. It indicates that through the end of the year, the PACT is projecting **$13.818** million of revenues through ticket sales and rental revenues, and $14.012 million through box office fees, parking, concessions, Miami-Dade County subsidy, Performing Arts Center Foundation subsidy, and merchandise sales. It should be noted that in this first year of operations, the PACT is testing its budget assumptions through actual results and adjusting its strategies to achieve a balanced operating budget. Consequently, variances on the operating side of the budget, including **reductions** in overall ticket sales, are able to be offset by maximizing other earned revenue sources **(e.g.,** outside rentals). The chart below summarizes these major budget line items and includes the additional

Miami-Dade County subsidy recommended for the Carnival Center for the Performing Arts as a mid-year supplement and is subject to approval by the Board of County Commissioners.

	FY 2006-07 Budget	FY 2006-07 Projection
Ticket Revenues	$ 10,166,378	$ 8,155,000
Rental Revenues	$ 2,334,000	$ 3,625,000
Facility Chargebacks*	$ 463,890	$ 2,038,000
Box Office Fees	$ 2,295,926	$ 1,903,000
Parking Revenues'	$ 163,979	$ 1.098.000
Concessions	$ 467,550	$ 446,000
Merchandise Sales	$ 81,990	$ 40,000
Foundation Subsidy	$ 2,227,586	$ 2,227,586
County Funding	$ 3,754,000	$ 7,854,000
Other Revenues	$ 0	$ 443,000
Total Revenues	$ ***21,955,299***	$ ***27,829,586***

*net budgeted

Afler a thorough review of the **PACT's** budgeted and projected revenues and expenses for the current fiscal year, there will be a **$4.1** million gap in balancing the **Center's** FY 2006-07 budget. As mentioned previously. the consequence of additional funding not being provided to the Center is that the PACT will not be able to make payments on contractual obligations required for occupancy-related operations. which will seriously jeopardize its current and future business viability. Advance ticket sales receipts for the FY 2007-08 Center season are being used as a temporary means to partially bridge fund current expenses and revenues from the additional private **sector** fund raising will be critical to help cover operating expenses until the proposed mid-year supplemental budget is considered by the Board. It is essential for the PACT to replace the 'borrowed" revenues (which result from ticket buyers purchasing subscriptions now for next season) in order to have adequate revenue to help cover the expenses of these shows next season. Based on PACT cash flow projections and with the advancement of the Foundation commitment (Attachment 2), the PACT wilt run out of cash at the beginning of July.

Recommendations

A mid-year supplemental budget is recommended to the Board for the Center to meet only the verifiable costs of higher than expected occupancy expenses (utilities, maintenance, and security). As mentioned earlier, the recommended source of these funds will be eligible revenues from savings in the project's capital budget and from future designated multi-year County funding. I recommend this amount as a maximum, based on projections of occupancy costs that take into account the measures outlined in **this** report to stabilize these expenses. If approved, these additional County funds are to be provided on a monthly basis after **OSBM's** substantiation of the **facility's** actual costs for these specific occupancy expenses. This approach increases the level of County oversight that has been instituted during the last several months of our review.

Since the **complex** is owned by Miami-Dade County, the recommendation for County support of the Center is targeted only to help cover the occupancy costs of the buildings. This approach ensures the key **functions** required to secure, operate and maintain the building systems of this major public asset are being supported and implemented adequately. Our prerequisite for recommending the allocation of County assistance for the Center's occupancy costs is to confirm that these **functions** are being carried out in the most responsible, efficient and cost effective way possible. Conversely, it is our position that it is the responsibility of the operator of the Center, the PACT, to cover all the operating costs of their staff and administrative overhead. programming and marketing of the complex.

2) Facility Building Systems

The Carnival Center for the Performing Arts is the most complex building project ever undertaken by Miami-Dade County. The Center was built based on a design that created a 'building within a building' in order to acoustically separate the audience chambers from the surrounding "noisy" public and back of house spaces (i.e., lobbies, restrooms, dressing rooms, chiller plant, loading docks, etc.). This structure required specialized design of all of the buildings' systems (including air conditioning, electrical and plumbing) to achieve the goals set for noise elimination. In addition, the sound. communications and theater systems are distinguished by innovative features (e.g., large movable concrete doors of the reverberation chambers in the Concert Hall) and state-of-the-art technology that have proven to produce one of the great new performing arts centers in our nation.

Typically, buildings of this complexity would undergo at least a six-month commissioning period that would allow for the testing of building systems and training of staff. However, due to the Center's completion in August 2006 and the 'beginning of a new season in October 2006, it was necessary to compress the testing and training period. This enabled PACT staff to honor its contractual agreements with the first season's renters of the buildings and with the audience members who purchased tickets and subscriptions. While a number of the problems with the building systems might have been detected during a longer commissioning period, it should be noted that even with a longer 'ramp up" phase, issues with buildings of this complexity are only completely learned over the course of their first three years of operations.

During the first several months of operations, a number of issues with the building systems have been identified that affected the efficiency of operations and impacted audiences' experiences in attending Center events. The Performing Arts Center Management Office has been working with the PACT to identify the causes of these building system problems and to implement solutions.

Air Conditioning System (HVAC)

From the Center's opening in September 2006, there have been complaints by audience members and concerns by the PACT as to the ability of the air conditioning system (HVAC) to perform at an acceptable level. While these concerns primarily have targeted the performance halls, several support and ancillary areas also have been an issue. As such, a thorough review and analysis was completed by the County's Performing Arts Management Office to determine if the HVAC system was, in fad, designed correctly and installed correctly. The result of the analysis proved that the HVAC system is performing as designed and being operated correctly.

Over the course of time. performances with various occupancy levels were studied to reach a conclusion as to the goals outlined above. The final tests were held the week of March 12" through March 17th. This week was selected as it provided sold out shows in both facilities on the same night. This situation provided the "worst case scenario" as far as occupancy load for the mechanical systems. During the week, representatives from the mechanical designer (i.e., air conditioning), the Construction Manager. the contractors, the PACT, Johnson Controls (the operator) and Ron Austin, project manager, were present to witness testing. Over the course of the week, a number of adjustments were made to the system and then the system was put in automatic mode. At each of the tested performances, the system performed as designed and without the need for manual control. However, during the week, it was discovered by the mechanical designer that the number of return air "mushrooms" (i.e., intake vents) under the 2nd tier seating bank in the Ziff Ballet Opera House was insufficient to return the amount of air necessary to maintain the 70 - 72 degree temperature and 50% humidity range allowed by design. The temperature and humidity were monitored at this level every 60 seconds during all performances over the week. Unfortunately, the lack of floor penetrations allowed the temperature to reach 75 degrees and 55%

humidity for a 20-minute period during a Saturday evening performance. The solution proposed by the design engineer was to cut additional return air grilles into the ceiling above the audience at this level. To validate this solution, the ushers were asked to crack open the doors every 15 to 20 minutes to allow the 2nd tier to vent in the same manner as the new return grilles. This solution worked effectively and helped to significantly reduce the number of complaints experienced over the course of the weekend. In order to minimize the impact to the performances scheduled in the Ziff Ballet Opera House, new grilles were added on March 25th and 26th.

As to the ancillary areas, there were additional deficiencies with respect to missing returns at the Concert Hall south lantern, Ziff Ballet Opera House banquet hall lobby and Ziff Ballet Opera House main hall side circulations. Corrections to each of these areas have been completed.

In summary, all of the test participants agreed that the systems are performing as designed and are being operated correctly.

Lighting Systems

While the HVAC system was the most significant system that was evaluated and adjusted, the lighting control systems are continuing to be reviewed. The following provides an update on the three different systems that are incorporated into the project:

Exterior Public Light System. This is the primary system that allows the exterior lights to be timed for on/off and allows Johnson Controls (JCI), the firm hired by the PACT to operate the building management systems, to economize electrical usage. This system is on a parallel control panel to the building management system and is designed to allow for zones of lighting and receptacles to be controlled by a master computer. The installation of this system was behind schedule and consequently, the training of JCI personnel had to occur after the Center's opening. The system was evaluated by the architect's electrical engineer and determined to be installed and operating carrectly when turned over to the PACT/JCI.

2. AMX Dimming System. The interior public spaces are set up on the building AMX dimming system. This system is designed to work off the main dimmer racks located in the dimmer rack rooms located throughout the building. This system had wiring issues that had to be corrected. For example, this system controls the lobby and main house side circulation corridors. When the Center opened and the side circulation zones were dimmed, the lights in the restrooms would also dim. These types of issues took about two months after the opening to correct. Additionally, damage was incurred just after the opening when a sprinkler line leaked onto a dimmer control rack that controlled the house lights in the Ziff Ballet Opera House. At the end of March, the company that installed the system was back at the site finishing the programming and troubleshooting of the Knight Concert Hall, Ziff Ballet Opera House and Rehearsal Hall spaces. It is expected that the systems will be completed and signed off by Fisher Dachs Associates (FDA) by the end of June.

3. Production Lighting System for the Performance Spaces. Designed by FDA, this system has continued to work correctly since the opening of the Center.

Magnetic Card Security System

The last remaining system that has not been turned over to the PACT is the magnetic card security system. All the work for the system has been completed and the PACT is in the process of scheduling the training with JCI and the McRobert's Security team. The training is expected to be completed by the end

of May.

3) Occupancy Costs

The adjustments outlined above that have been made to major building systems are designed to achieve greater customer satisfaction but are expected to produce **only modest** savings in utilities costs.

As discussed earlier in this report, the higher than projected occupancy costs in the PACT budget result from a combination of two factors; the first and most significant factor is an inaccurate occupancy cost **projection.** The second key factor, less significant in explaining the cost **overruns** but **critical** to our **future** efforts, is a lack of sufficient cost containment controls in the Center's service contracts, utilities and other occupancy costs. Our approach to this issue is to identify ways for the PACT to reduce the costs of utilities, maintenance and security as much as possible, to help the PACT strengthen internal cost control processes and procedures, and thereby stabilize these expenses at more reliable. appropriate levels. The County's GSA was assigned to complete a review of the utility rates and the **PACT's** contracted services for cleaning and maintenance, HVAC operations and security to identify ways to reduce these costs.

Perhaps the most immediate observation of the GSA review was that the occupancy cost factor used to set the Center's baseline budget was **poorly** crafted. Derived from the average of various major performing arts centers across the United States, the average of the surveyed centers was used for the Center's five-year baseline budget. In light of the broad differences among these centers, and the unique complexities of the Center, comparables more weighted to larger, newer, and more technologically equipped performing arts centers would have **likely** yielded better projections. The error was compounded by the fact that survey data was outdated, and not reflective of post-survey increases in various cost categories. Also, the cost rate in the **PACT's** pro **forma** was applied against a smaller square footage (476,000) figure rather than the actual size (525.000 square feet). Consequently, the **PACT's** baseline budget per square **foot** was not realistic for the premises.

This approach would have forecasted occupancy costs higher than the $7.50 per square foot utilized by the PACT. In fact, the PACT is now reviewing better comparables from larger Florida performing arts centers to determine a better set of benchmarks against which to measure its progress on managing these costs. For example, for 2006, occupancy costs for the Broward Center for the Performing Arts were $10.85 per square foot, for the **Kravis** Center in West **Palm** Beach, $10.93 per square foot, and for the Tampa Bay Performing Arts Center. **$8.20** per square foot. The fact still remains that these other venues have had years to stabilize their costs and that the Center is a larger and more complex facilii. The PACT projection for occupancy costs did not take into account: 1) the higher expense load required for a start-up center over an established facility, and; 2) the extraordinary increases **recently seen** in utility charges that, for example, the 30% increase in the cost of electricity from 2005 to 2006, and higher for natural gas. As an ongoing business practice, it is essential for the PACT to continue to update annual projections based on an assessment of any anticipated increases in particular cost categories.

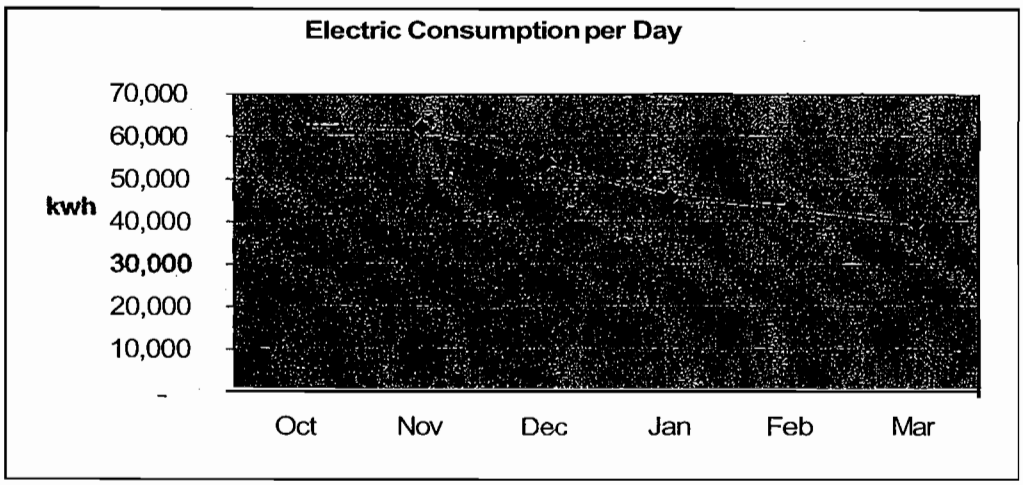
Utility Expenses

Utilities staff from GSA reviewed the electricity billing data available for the six months of operations and conducted an assessment of the data against the current and alternative rate structures utilized by Florida Power and **Light** (FPL) to charge for electricity use. Staff recommends that FPL be asked to reevaluate actual consumption patterns, now that the Center is in operation, and review potential alternative rate tariffs and credits, a process that the PACT recently commenced with FPL Very preliminary observations from this review suggest that it may be possible to realize some savings with a shift from the current FPL rate structure or tariff ('General Service, Large **Demand**") to a 'Time of Use" tariff.

In short, if the Center's highest demand period occurs during **FPL's** 'off-peak" times, the **facility** would save

under this particular rate structure. Results are not yet conclusive, however, since the hours identified as "peak" and 'off-peak" during the summer are not the same as those identified as "peak" and "off-peak' in the winter months. What is saved during certain months may be eliminated in other months. In any case, even if no change immediately is made as a result of this review, it is clear that the facility's electricity consumption pattern should be reevaluated after the completion of a full year of operation, and again after 18 months to two years, by which time facility use patterns and system operations would have stabilized to the point that long-term judgments will be more accurate. The following table demonstrates the current downward trend in electricity consumption since the Center's opening. Although this cannot be fully explained with the onset of hotter summer months, it is likely that system adjustments made thus far are having an impact on usage.

Also as a part of that FPL review, it may be possible to secure some savings from fee waivers for which the Center may be eligible. Those are being investigated at the present time, and action will be taken immediately to implement any viable opportunities. The waiver or credit opportunities under review could result in savings of as much as $4,000 to $5,000 per month.



Other Utilities

With GSA's assistance as needed. PACT staff are working with Miami-Dade Water and Sewer Department for the implementation of 'deduct metering," which would enable the Center to avoid paying sewer maintenance fees for all water use that does not require sewage treatment services (e.g. exterior fountains, cooling towers). The PACT is also pursuing alternative options for purchasing natural gas that may enable the Center to take advantage of the same wholesale transmission rates that are utilized by GSA, Water and Sewer, and other County departments.

Contracted Building Services

As mentioned previously, there was no period between the substantial completion of construction and the opening of the Center during which to break in building systems and operating procedures. One of the resulting impacts of this schedule was a deasion by the PACT to outsource the day-today management and administration of the facility, leaving it primarily in the hands of contracted industry professionals, and focusing the attention of internal staff on events production, marketing and operations. From a technical perspective, the decision appears to have worked out well; however, success has come at a cost to the Center. The PACT contracts with Johnson Controls. Inc. (JCI) to directly provide maintenance services

and building management systems monitoring, and to administer subcontracts for all other building services, including janitorial services, trash removal, pest control, landscaping, window washing, fire alarm maintenance, emergency generator servicing and elevator maintenance. Per the contract, JCI receives a 22% mark-up for general administration and profit. Security services are provided through a separate contract with **McRoberts** Security that is not administered by **JCI.**

Both firms are highly reputable; however, the contracts were written to give the firms a great deal of **flexibility** in operational and billing practices. During the first six months of operation, the **contract** structure provided the PACT and the firms with substantial latitude to respond to the unusual or unexpected situations that occur during the start-up phase of new buildings. Nevertheless, that flexibility comes at the expense of cost containment practices, or incentives to hold costs down.

At **this** point, it is time to reevaluate all of the Center's facility service needs and adjust the approach as appropriate. **GSA's** review of the Center's experience **to-date** suggests that a more **cost-efficient** and reliable approach would be for the PACT to develop a more substantial in-house capability, and to use outside contracts as supplements or to provide specialized services. The quality of the buildings' interior finishes, the care required for its high-tech equipment, and the specialized needs of providing quality service and security to diverse audiences all speak to the advantages that come from having capable, incentive-driven internal staff perform as many of these functions as possible. Where outside services are required, they should be competitively bid and secured through fixed-price contracts that also contain provisions allowing for special services, as well as for reductions and additions to basic service. The PACT has begun to work on these recommendations for immediate and long-term action that are identified **below.**

Immediate Actions:

- ***Review and renegotiate the Johnson Controls and McRoberts contract.*** Each subcontract will be reviewed in detail to ensure that contract provisions are appropriately favorable to the Center, **and that** pricing reflects the ***current*** scope of work. The PACT is currently working to renegotiate **these** contracts. If necessary provisions of existing County service contracts, where cost effective, will be incorporated to strengthen PACT contracts.

Intermediate Actions:

- ***Review staffing levels of current service contracts*** to ensure that staffing matches up well to both the scope and timing of work. GSA's review suggests that the current contract utilization is overwhelmingly dictated by the desire to 'manage risk." This is not surprising, given the abrupt transition from construction to full operations. the exceptionally high profile of the Center's first season, and the resulting imperative to avoid any kind of facility or infrastructure failures. Current staffing of these services are being reviewed to take into account such factors as seasonal variation periods.

- ***Transition from contracted services to in-house staff support.*** This effort is being considered and decisions will be made on a service-by-service basis. The decision for one service category could be to make a 100% shift, **e.g.** replace all contract maintenance with PACT employees. Another consideration is to hire a year-round employee base that is routinely or seasonally supplemented by contract personnel, **e.g.** for janitorial services. Other services will certainly be left to outside professional contractors, **e.g.** elevator maintenance, fire alarms servicing and certification, etc.

4) **Management** Assessment

In **addition** to the focus of improving building systems and **reducing** occupancy costs, it also is necessary

to evaluate the performanceof the PACT during this opening season to assess the **effectiveness** and efficiency of its operating the Center on behalf of the County. The professional experience necessary to operate and program major cultural complexes like the Center requires extensive staff expertise in performing arts management including: box office, ticketing software and other front-of-house functions; industry-specific knowledge of backstage and performance systems; proficiency with delivering customer service in such areas as membership, volunteers, concessions and catering; familiarity and **credibility with** national and **international** sources for booking entertainers and performing arts organizations; and the array of sophisticated business, fundraising and administrative skills required to operate a major non-profit corporation.

If we do not see the improvements necessary in the financial management and operational **efficiencies** of the Center, we will pursue all options available to the County under the Operating Management Agreement that we have with the PACT. This includes, but is not limited to, looking at the viability of different models for operating the Center, ranging from outsourcing the management of the facility to more direct operational involvement by the County.

A national arts management firm will be employed by the County to conduct an operational assessment of the PACT in order to review operating **practices** and make recommendations to enhance the effectiveness of its administration in programming, marketing and outreach to the community. This work will be overseen by our Department of Cultural Affairs and completed by July 2007. A report will be provided to the Board once this management assessment is completed.

There have been a number of requests made by members of the Board of County Commissioners for more information about the affordability of the Center's ticket prices, the degree to which its programming, staff and volunteer Board reflect the diversity of our community, outreach efforts to welcome all segments of our community to its performances and programs, and an assessment of current parking and valet operations. A report from the PACT addressing these issues is attached. I want to also take this opportunity to underscore the fact that more than 2,500 dedicated parking spaces were secured for the Center this season and that the **PACT's** program to offer advance purchase parking in conjunction with ticket reservations has been successful. In addition, as outlined in the memorandum accepted by the Board on April 9, 2007, we are working on several options to establish permanent parking for the Center.

The Carnival Center for the Performing **Arts is** one of our community's great achievements and has put Miami-Dade County on the map as a place that is making significant investments in the **quality** of its citizens' lives and in its competitiveness as a major international center for business, tourism and **entertainment**. We must not lose sight of what we have accomplished in opening the Center – the creation of one of the world's most important and outstanding new performing arts centers. We are continuing to devote significant County staff and financial resources not only to the essential work of detecting and curing deficiencies in building systems and ensuring efficient and effective operations but also, and most importantly, to guarantee the success of the Center in this inaugural year. We are committed to making this outstanding new complex one that **serves** all of our **citizens** now and enables future generations to enjoy the benefits of the leadership and resolve that created the Carnival Center for the Performing Arts.

Attachments

CARNIVAL CENTER
707 THE PERFORMING ARTS

Attachment 1

Projection For the Year Ending September 30.2007

	2007 Budget	2007 Projection
Revenue		
Tiiet Sales	$ 10,166,378	$ 8.155.000
Rental Revenue	2,334,075	3,625,000
Facility Chargebacks (1)		2,038,000
Box Office Fees	2,759,741	1.903.000
Parking Revenue	163.979	1,098,000
Concessions	467.550	446.000
Merchandise Sales	81.990	40,000
Contributions-Foundation	2,227,586	2,227,586
Contributions County	3,754,000	3,754,000
Other		443,000
Total Revenue	***$ 21,955,299***	***$ 23,729,586***
Expenditures		
Salaries	$ 4,093,453	$ 3,897,000
Payroll Taxes and Employee Benefits	1,082,627	974,000
Stagehands	-	1,882,000
Marketing and Communications	1,827,723	1,773,000
Outside Printing	182,939	150,000
Complimentary Tickets	-	150,000
Accounting & Auditing Svcs.	15,000	40,000
Legal Fees	50,000	25,000
Show/Event Fees	9,210,698	8,290,586
Professional Services	783,137	784,000
Food Services	-	-
Security Services	300,000	1,720,000
Utilities, General Repairs & Maint	3,097,825	5,809,866
General/Public Liab. Insurance	277,179	326,000
Office Rent	-	-
Equipment and Other Rental	29,936	75,000
Fulfillment Expenses	-	53,000
Parking Expenses	-	985,000
Tool Replacements	11,087	5,000
Communications	105,329	150,000
Bank Charges	88,690	270,000
Publications	4,435	10,000
Licenses & Fees	6,423	30,000
Memberships	11,860	20,000
Travel and Entertainment	83,315	95,000
Professional Development	16,631	8,000
Recruitment	35,000	6,000
Postage and Couriers	22,174	100,000
Other General Operating	11,087	5,000
Office/Computer Supplies	405,194	140,000
Show/Event Supplies	755,033	-
Capital Expenditures	-	-
Depreciation	-	62,000
Total Expenses	***$ 22,506,775***	***$ 27,835,452***
Operating Surplus (Deficit)	***(551,476)***	***(4,105,866)***

Notes:

(1) This was originally included in Rental Revenues and includes charge backs lo shows on event-related items

** Given that this is the first year of operations of the Carnival Center, the PACT was unable lo project certain expenses and revenues associated with usage of the facility. These expenses are offset by equivalent revenues (typically, chargebacks assessed to renters) and the PACT updates its budget on an o rg basis lo reflect these activities. An example of this is the need for additional stagehands by renters. Renters of the facility notify the Carnival Center of their stagehands needs and pay the full cost of the additional stagehands to the Carnival Center, thus havmg the expense completely offset by the revenue. Consequently, although the Carnival Center's overall revenues appear lo be higher than budgeted. this is accounted for by these offsetting expenses.*

Attachment 2

CARNIVAL CENTER
FOR THE PERFORMING ARTS

Cash Flow Analysis

	October	November	December	January	February	March	April	May	June	July	August	September
Beginning Cash Balance	$ 3,325	$ 3,304	$ 2,439	$ 2,044	$ 1,671	$ 757	$ 890	$ 1,358	$ 641	$ 744	$ (1,051)	$ (2,703)
Cash Revenues												
Operating Revenue	720	1,162	1,864	1,371	1,073	441	1,090	814	588	512	191	658
Foundation Subsidy	185	185	185	185	185	370	185	185	562	-	-	-
County Support	939	-	-	939	-	1,877	-	-	-	-	-	-
	1,844	1,347	2,049	2,495	1,258	2,688	1,275	999	1,150	512	191	658
Cash Expenses	(1,865)	(2,212)	(2,444)	(2,868)	(2,172)	(3,855)	(1,347)	(2,416)	(1,547)	(2,607)	(2,154)	(2,355)
Ending Operating Cash Balance	$ 3,304	$ 2,439	$ 2,044	$ 1,671	$ 757	$ (410)	$ 818	$ (59)	$ 244	$ (1,351)	$ (3,014)	$ (4,400)
Borrowings from Advance Ticket Sales						1,300	540	700	500	300	311	300
Ending Cash Balance	$ 3,304	$ 2,439	$ 2,044	$ 1,671	$ 757	$ 890	$ 1,358	$ 641	$ 744	$ (1,051)	$ (2,703)	$ (4,100)

* . Amount borrowed from Advance Ticket Sales. $ 2,651

OFFICE OF THE PRESIDENT

CARNIVAL CENTER
FOR THE PERFORMING ARTS

MEMORANDUM

Date: May 16, 2007

To: Honorable Chairman Bruno A. Barreiro and Members,
Board of County Commissioners

From: Michael C. Hardy
President & CEO, Carnival Center for the Performing Arts

Subject: Progress Report to Miami-Dade Board of County Commissioners

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As noted in the County Manager's status report to the County Commission about the Carnival Center, this report addresses requests made by members of the Board for more information regarding:

- The affordability of Carnival Center ticket prices
- The degree to which the Center's programming, staff and volunteer Board reflect the diversity of our community, and what outreach efforts are in place to welcome all segments of our community to Carnival performances and programs
- An assessment of current parking and valet operations.

Affordability of Ticket Prices

In addition to performances presented by Carnival Center, a number of other organizations rent the Carnival Center and set their ticket prices independently of the Center. During the first six months of Center operations, average ticket prices for these groups are as follows:

Carnival Center	$44.93
Outside promoters	$61.07
Broadway	$65.53
Resident Companies	$66.59
Cleveland Orchestra	$71.35

Carnival Center has the lowest average prices of all users by a considerable margin.

In addition, during the first six months of operations, over 36,000 free or discounted tickets have been provided to our community through the following programs:

- "H.O.T. Tickets" (Half Off Tickets), a Carnival Center program, provides a 50% discount to students, seniors and military on the day of performance
- "Carnival Center-United Way" offers free tickets to many performances through United Way agencies
- "Culture Shock", a Miami-Dade County program, sells tickets for $5 to high school and college students aged 13-22
- "Golden Tickets", a Miami-Dade County program, offers free tickets to seniors 62 and older

1300 BISCAYNE BOULEVARD
MIAMI, FLORIDA 33132
TELEPHONE 786 468 2202
MHARDY@CARNIVALCENTER.ORG
WWW.CARNIVALCENTER.ORG

- "Broadway Across America", in partnership with Carnival Center, has specially priced $18 tickets for student groups
- And next year, based on demand, Carnival Center Presents shows will increase the number of tickets sold at its lowest price of $15 for all shows, making 200 tickets per show available at that price beginning when tickets first go on sale.

Diversity and Outreach

Carnival Center's programming is the among the most diverse in the United States. By the end of the first season, we will have presented 62 events with a total of 224 performances. The season includes 12 world premieres, five commissioned by Carnival Center. In terms of diversity, the programs include over 18 different genres (jazz, dance, theater, etc.) and artists from India, Spain, Portugal, Switzerland, Canada, Brazil, S. Africa, Cuba, French Guiana, Denmark, Colombia, Cape Verde, Venezuela, Argentina, France, Israel, Australia, Mexico, and Guinea. Although we have not surveyed the audience to determine its demographic mix, any observer of the audiences for Carnival Center presentations can readily see that we are serving an extraordinarily diverse group of citizens. Some shows draw audiences that are largely composed of one ethnicity or nationality (Brazilians for *Gilberto Gil*, African Americans for *Carmen Lundy* or *Diane Reeves*, Cuban Americans for *Lisette and Willy Chirino)*, but the typical audience is a mixture of many groups: it is a Miami audience.

In addition to the performances on our stages, the programming and education staff have created over 40 separate outreach programs during the first six months of operations, spread throughout Miami-Dade County. In public schools, community centers, after-care programs, clinics, shelters and universities, these programs have reached over 10,000 youngsters and adults from all social and economic strata in the County. A complete list of these activities is attached to this report.

Staff and Board Diversity

The Board of Directors of the Performing Arts Center Trust is 56% male, 46% female. In terms of ethnic diversity, the board is equally Hispanic (34%), Black (32%) and White (34%).

The total 91 member staff of Carnival Center is 44% male, 56% female. The ethnic distribution throughout the entire staff is Hispanic (43%), Black (9%), White (47%) and Asian (1%); at the senior staff level it is 38% male and 62% female with Hispanic (30%), Black (6%), White (61%) and Asian (3%). It is an important goal of the Center to increase the Hispanic and Black representation within this senior staff group.

Parking and Valet Operations

Parking at Carnival Center is the most obvious customer service issue. In spite of that, in a recent survey of over 600 audience members 75% of the respondents reported satisfaction with their parking arrangements at the Center. However, and just as importantly, the *perception* that it is difficult to park at the Center continues to be a serious problem for us.

Carnival Center currently manages an inventory of 2500 self-park spaces which are located in surface lots and in the Omni Garage, all within a block of the Center. These spaces can be pre-sold to ticket buyers or accessed on nights of performance. To improve service to these lots, the Center is currently collecting bids from companies who could provide a shuttle bus service to our customers.

The valet parking service initially had long waits for cars after performances, but it has improved a great at the Ziff Ballet Opera House. For that theater the parking area immediately across the street became available for valet after the construction trailers were moved. At the Knight Concert Hall, which does not have a nearby lot and where the valet drop off area is much smaller than the Opera House, valet parking on busy nights is still a serious problem. We are currently negotiating with the Miami Herald to utilize a lot which would help improve the situation there.

The ultimate solution, and the one our patrons continue to call for, is for covered parking with a sky bridge into the Center, similar to the arrangements available at the Broward Center. Carnival Center has worked closely with Assistant County Manager Roger Carlton who is spearheading the negotiations for this permanent solution, and we are very appreciative of his dedication and persistence in this difficult matter.

Public Perception

Some recent local news coverage has painted a negative and unbalanced picture of the Carnival Center. While the Center has experienced some initial problems, including the serious issue of its occupancy costs, there have also been many successes. The vast majority of the nearly 300,000 people who have attended the Center during its first six months have been thrilled by their experience. Our recent audience survey reported that 87% of the respondents had an excellent or good experience and were highly satisfied with the service they received.

Local media coverage of Carnival Center has also neglected to focus on many outstanding successes. In our first season, The Cleveland Orchestra sold out all performances, as did the New World Symphony. The Miami City Ballet, experienced an increase of 25% in attendance and 40% in revenue in their first season here. In the Ballet's twenty-one year history, their top two concerts in terms of attendance were both at the Carnival Center (Don Quixote and Giselle). In its very first season, Carnival Center has held one-third more total events than either the Broward or Kravis centers which have been open for years. These are only a few of the success stories of our first season.

The Center's management has responded quickly and responsibly to operational problems as they have arisen. Departments have been reorganized, under-performing staff have been replaced, and board-staff committees and County task forces have rigorously evaluated and challenged management to improve. We have made mistakes, but we have learned from them. This is a normal first year learning curve.

Finally, it is also worthwhile to note that press coverage of the Carnival Center beyond some local outlets has been far more positive. As a reminder that Miami-Dade County has much to be proud of, portions of that coverage are listed on the following page.

Carnival Center for the Performing Arts
In the News...

"A triumph of comfort and convenience...friendly and courteous staff...a design success. Be proud Miamians, you have a superb new concert hall." *Martin Brookspan, voice of "Live from Lincoln Center"*

"Al igual que el Lincoln Center en Nueva York o el Sydney Opera House en Australia, el Miami Performing Arts Center está llamado a convertirse en un referente a la ciudad en la que se levanta." *Casas magazine (Peru)*

"Miami: Hotter than Ever. Even if you don't have time to catch the Miami City Ballet, stop by architect Cesar Pelli's new Carnival Center for the Performing Arts. The design is a show in itself. *O, the Oprah Magazine*

"I believe history will judge the Knight Concert Hall as one of the best halls built in the last two or three decades." *Cleveland Orchestra Music Director Franz Welser-Möst*

Miami's sonic gem. Here's what a great orchestra sounds like when it plays in a hall where sound came first in the conception." *Chicago Sun Times*

One of "10 great places to turn the heat up in Miami" *USA Today*

"The most important contribution the Carnival Center makes to our community goes beyond the merit of or attendance at any single show. The Center's singular contribution is the attempt to forge a center for our deeply fragmented community." *Category 305*

"Miami's artistic heat is on the rise." *Cleveland Plain Dealer*

"MPAC promises to be more than a great architectural structure – it is already commissioning work from local artists and arts organizations." *Diario Las Americas*

"The PAC will be making cultural history. Miami-style." *Raina MacLeod, Success South Florida*

"Even before inaugural performances slated for October, the multi-venue complex has sparked a building boom." *Richmond Times-Dispatch*

"Miami is trying to remake its business district into a place where people live, shop and play ...Anchoring this effort is the immense Miami Performing Arts Center." *New York Times*

"Con el mensaje explícito de que sus puertas se abren para todo el mundo, la dirección artística del Centro de Artes Escenicas (PAC) ha preparado una celebración inaugural que abarcará cuatro jornadas en las que se buscara abrazar la diversidad sociocultural de Miami." *El Nuevo Herald*

"... a stunning group of buildings wrapped in glass and granite- undoubtedly the new landmark of downtown Miami." *Ocean Drive*

"...the centerpiece of the city's developing media and entertainment district, which is revitalizing the downtown area with the twin economic engines of art and culture." *Urbana Magazine*

"...one of the most wonderful and challenging aspects is the opportunity it provides for presenting an extraordinary range of events from the spectrum of past and present artistic achievement." *Entertainment News & Views*

"There's a new reason to go to Miami, and it has nothing to do with the beach." *Washington Times*

Memorandum

MIAMI-DADE COUNTY

Supplement #2 to
Agenda Item No. 5(K)
June 26, 2007

Date: June 11, 2007

To: Honorable Chairman Bruno A. Barreiro and Members,
Board of County Commissioners

From: Carlos Alvarez
Mayor

Subject: Supplemental Information to Ordinance Approving and Adopting Supplemental Budgets; Memorandum from the Mayor

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The above-referenced item includes an additional $4.1 million for the Carnival Center for the Performing Arts (Center). The County Manager released a detailed memorandum on May 30, 2007, describing the financial and operational issues during the first year of Center operations that led to the need for this additional funding. While I am disappointed with the current financial situation, I am supportive of this item and recognize that the end goal is to ensure the Center is being managed appropriately and efficiently going forward.

C: George M. Burgess, County Manager

STATE OF FLORIDA)
) SS:
COUNTY OF MIAMI-DADE)

I, HARVEY RUVIN, Clerk of the Circuit and County Courts, in and for Miami-Dade County, Florida, and Ex-Officio Clerk of the Board of County Commissioners of said county, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of Ordinance 07-83, adopted by the Board of County Commissioners, at its meeting of June 26, 2007, as appears of record.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on this 28th day of December, A.D., 2007.

HARVEY RUVIN, Clerk
Board of County Commissioners
Miami-Dade County, Florida

By: _____
Deputy Clerk

ATTACHMENT 3

Memorandum

MIAMI-DADE COUNTY

Date: July 19, 2007

To: Honorable Bruno A. Barreiro, Chairman
And Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Information Regarding FY 2006-07 End-of-Year Budget Adjustments

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At your June 26 meeting, during consideration of the FY 2006-07 Mid-Year Supplemental Budget Ordinance, more detailed information regarding the potential end-of-year general fund amendments and/or supplemental budget adjustments that the Board was alerted to in the transmittal memorandum of that item was requested. Additional information regarding departments now expected to exceed certain line item appropriations or require budget amendments have also been included, pursuant to Ordinance 07-45. All of the adjustments noted below have been included in the projections used in the development of the FY 2007-08 Proposed Budget.

- *Board of County Commissioners*, for the appropriation of unexpended FY 2005-06 office carryover and expenses associated with additional positions incorporated into the Office of Commissioner Auditor as per Resolution No. 506-07

During FY 2005-06, the individual district budgets of the Board of County Commissioners were not fully expended. As in the past, this funding is carried forward and an amendment is required in order make this funding available as part of the FY 2006-07 BCC operating budgets. In addition, through the approval of Resolution No. 506-07, the BCC approved the addition of nine positions for the Office of Commission Auditor. It is estimated that the cost of these positions will be $874,000. The end-of-year amendment will include the actual funding necessary to cover these positions depending on how many have been filled by the end of the year.

- *Elections* for expenditures associated with the December 2006 District 13 and January 2007 countywide elections

The Elections Department is expected to require a budgetary amendment for FY 2006-07 to pay for increased expenditures associated with unbudgeted special elections during the first half of FY 2006-07. Resolutions calling for these elections were not approved by the Board of County Commissioners until after October 1, 2006. The first of these was held in Commission District 13 only on December 19, 2006 and cost approximately $285,000 to conduct. A countywide election was held on January 23, 2007 and cost approximately $2.8 million to conduct. The Elections Department has initiated actions to absorb as much of the cost of holding these two special elections within its existing appropriation of $17.432 million. The current project anticipates a Countywide General Fund budget amendment of $2.568 million.

- *Medical Examiner's Office* for expenses associated with higher then budgeted Special Risk Retirement back pay and termination payouts

The Medical Examiner's Office anticipates exceeding the authorized budget for expenditures related to unanticipated special risk retirement fringes ($290,000), separation costs ($45,000), additional communications equipment for emergency operations ($50,000), additional security requirements ($37,000), and expenses related to providing unanticipated photographic services to law enforcement agencies ($117,000). It is now anticipated that these expenses will be funded with higher carryover and trust fund revenues.

- *Office of Community and Economic Development* for expenditures associated with public services allocations in FY 2006:

As the Board was apprised at its September 2006 budget hearings and through correspondence sent by the County to federal Housing and Urban Development, the County exceeded its Community Development Block Grant (CDBG) Public Service cap in both FY 2005 and FY 2006. A payment in the amount of $2.4 million was made to the Miami-Dade County CDBG Line of Credit to address the FY 2005 over-expenditure. In order to address the FY 2006 over-expenditure of $3.759 million, no public services allocations were made and a payment of $797,000 will be made to the CDBG Line of Credit. In addition, an amendment to the Countywide General Fund is required to make this payment ($797,000) and to authorize the use of countywide funding provided to those agencies previously funded with CDBG dollars that were reimbursed from County pooled resources ($4 million) for the period of October 2006 through April 2007.

- *Alliance for Human Services* for the extension of three months of funding to all community-based organizations (CBOs) to align the funding cycle to the County's fiscal year; in addition, two public service contracts that were inadvertently omitted from the CBO funding list; five CBOs approved by the Board through Resolution R 1423-06, need to be incorporated.

A budget amendment of $5.942 million is required to fund a three-month extension of the FY 2006-07 community-based organizations (CBO) contract awards through the Alliance for Human Services. During the December 19, 2006 meeting, through the approval of Resolution R 1423-06, there were five Community Development Block Grant (CDBG) public service grants that were added to the list of public service grants being transferred to the general fund category: Best Buddies ($10,000), Fifty-Five Years and Up ($20,000), Florida Venture ($15,000), Little Havana Activities and Nutrition Center ($25,000), and Victim Services ($10,000). In addition, when the public Service contracts were transferred from CDBG funding to the general fund, there were two organizations that were inadvertently left off the list of grants, Unidad of Miami Beach, Inc. ($7,500) and New Jerusalem Community Development Corporation ($21,000). In order to align the grant funding with the County's fiscal year, all AHS and CDBG public service contracts require a three-month time and funding extension. The Office of Community and Economic Development has also advised that the allocation provided to Community Economic Development Improvement Association (CEDIA) ($11,250) needs to be transferred to Galata, Inc. who will serve as a fiscal administrator for CEDIA.

- *Miami-Dade Housing Agency* to cover potential deficit in the current fiscal year shortfalls and payments owed to County departments for services provided in prior fiscal years.

It is projected that the Miami-Dade Housing Agency will require a Countywide General Fund budget amendment for the Public Housing Program of $7.87 million to cover FY 2005-06 expenditures including utilities, insurance, security services, and elevator maintenance ($2.13 million); additional operating expenses for the Helen Sawyer Assisted Living Facility ($250,000)

which is administered by the Department of Human Services; and janitorial services ($320,000). In addition, an amendment is required to cover payables to other County Departments ($5.17 million) for services provided in prior fiscal years. The MDHA FY 2006-07 projections include Documentary Stamp Surtax funds ($3 million) to cover expenditures in the Public Housing Program. The Department may require supplemental budget authority for these expenditures.

- *Office of Historic Preservation, Procurement-Small Business Affairs Unit (former Department of Business Development), Office of the County Manager, and County Attorney* for expenses associated with separation costs:

An unbudgeted leave payout associated with the retirement of the current Director of the Office of Historic Preservation entering the Deferred Retirement Option Plan this fiscal year and departure of the Director and several employees of Small Business Affairs Unit (formerly the Department of Business Development) will require personnel expenditures in excess of the current appropriations. In addition, there have been a number of separations from the Office of the County Manager and County Attorney's Office that will require additional funding.

- *Legal Aid* for expenses associated with additional personnel costs that will be funded by additional revenues

Legal Aid has a small budget of predominantly personnel expense. Currently there are no vacant positions. Two overage positions were approved for Legal Aid to operate the Self Help Unit, funded with program fees. It is anticipated that the approved personnel budget will be exceeded and Legal Aid may require a supplemental budget adjustment to be supported by the program fees.

- *Metropolitan Planning Organization* for expenses associated with the South Florida Regional Transportation Authority van pool program

The Metropolitan Planning Organization (MPO) was budgeted in FY 2006-07 to phase out the Van Pool program to the South Florida Regional Transportation Authority. Due to technical differences in negotiating this transfer, a decision was made to defer this transfer. This program is fully funded through federal grants.

- *Public Works* will require a technical adjustment to transfer funding from PTP Fund 402 to Fund 325 of Public Works for pay-as-you-go-capital projects

Expenditures to be funded with this revenue were included in the original budget, approved by the Board in September 2006, but assumed to be capitalized with available bond proceeds. Subsequently, it was determined that these expenditures were not suitable for bond funding and more appropriately funded with pay-as-you-go funding ($4.095 million). The projects performed with this funding include the design and installation of loop detectors, signage, pavement markings.

- *Seaport* for expenditures in excess of budget including unrealized savings in security operations

The FY 2006-07 Adopted Budget for the Seaport assumed $3.5 million in security savings. This was to be achieved by amending the Department's Facility Security Plan (FSP), which in return would have given the Seaport the ability to replace sworn police officers with non-sworn security

personnel and reduce the overtime associated with the sworn officers. Due to delays in amending the FSP and difficulty in obtaining additional sworn officers in the first quarter, the Department is only forecasted to realize savings of $700,000.

At this time, we would like to make the Board aware of additional adjustments that may be necessary in the end-of-year budget amendment.

- *Animal Services Department* associated with costs as a result of more adoptions than anticipated in the development of the budget, increased cost and usage of pharmaceutical supplies, reclassification of positions and reduced revenues

The Animal Services Department requires an amendment of $300,000 to cover the cost associated with separation costs ($25,000), reclassification of three Veterinarian positions ($45,000), increased cost and usage of pharmaceutical supplies as a result of higher save rate of animals ($100,000), other operating expenses ($40,000), and reduced revenues ($88,000). Funding will be provided from the Countywide General Fund ($300,000)

- *Team Metro* for expenses associated with separation costs and unrealized carryover

The Team Metro Department requires an amendment of $200,000 to cover unrealized carryover. The FY 2006-07 Adopted Budget assumed a carryover of $393,000 which did not materialize due to the impacts of the 2006 hurricane season on the Department's revenues. However, due to savings in other areas, it is anticipated that net funding of $200,000 will be needed from the Countywide General Fund.

In February, once we had reviewed the budgetary performance of departments during the first quarter of FY 2006-07, we reported to you a number of departments for which we had budgetary concerns. In addition to those noted above, at the time Miami-Dade Transit was projected to overspend the authorized budget. Since that time, changes have been implemented, including a new line up that eliminated certain routes, to ensure expenditures are within the authorized funding. The Corrections and Rehabilitation Department has also implemented saving initiatives that will make an end-of-year amendment unnecessary at this point. OSBM staff continues to work with each of these departments to ensure potential end-of-year adjustments are minimized to the extent possible. The adjustments noted above represent 0.4 percent of the FY 2006-07 Adopted Budget.

Pursuant to Ordinance 07-45, it is required that we report any budget transactions to reallocate appropriations amongst a department's line item appropriations at the last meeting in July. No such transactions have been processed this fiscal year.

Should you have any questions, please contract Jennifer Glazer-Moon, Director, Office of Strategic Business Management, at (305) 375-5143.

c: Honorable Carlos Alvarez, Mayor
Denis Morales, Chief of Staff
Jennifer Glazer-Moon, Director, Office of Strategic Business Management
Charles Anderson, Commission Auditor

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