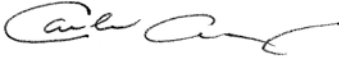




MEMORANDUM OFFICE OF THE MAYOR

DATE: March 27, 2008

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

FROM: 
Carlos Alvarez, Mayor
Miami-Dade County

SUBJECT: Budget Message for Fiscal Year 2008-2009

Section 2.02(G) of the Miami-Dade County Charter requires that I deliver a budgetary address to the people of Miami-Dade County setting forth my funding priorities. This requirement is just one element of the very deliberate, results-oriented resource allocation process that we have been following for the past four years. This progressive process has been extraordinarily successful in providing for all of us a methodology in which to prioritize and allocate the resources available to meet the service demands of our community as we also improve our financial condition. Our financial position is as strong as we have experienced in many years, even after a steady decline in millage rates for each of the past ten years, topped by a substantial rollback for FY 2007-08. In fact, the tax rate reductions adopted for fiscal year 2007-08 were the most extreme in memory. Because of our deliberate process, we have been able to maintain core services without depleting our reserves or using one-time revenues to support on-going operations.

The State Legislature, along with the constitutionally mandated Tax and Budget Reform Commission, are once again contemplating legislation that would substantially impact the ability of local government to provide needed services to our community. In the name of property tax relief, which has really only be targeted at certain types of property owners, these entities continue to attempt to restrict the ability of local governments and schools to generate the revenues needed to address needs at the local level, while continuing to restrict other types of funding and establishing more unfunded mandates for local governments. The latest attempt to implement TABOR restrictions goes beyond taxpayer relief. TABOR stands for "Taxpayer Bill of Rights," but the provisions limit all government growth, whether funded by taxes, user fees, or other revenues. The implementation of such policies in other states has been a dismal failure. I do think that our property tax system is in need of true reform, not just relief for certain taxpayers. We made some recommendations to the Legislature last year toward this end and are prepared to partner with them again to truly fix a broken tax system. However, I believe that it is the responsibility of the locally elected officials to determine tax rates to address the needs of their own communities and that any further restrictions on the Board's ability to establish service levels and requisite tax rates and fee levels should be fought in Tallahassee.

The development of the FY 2008-09 Budget will be a challenge. A \$200 million gap exists between the revenues we project to receive based on the statutory formulas adopted last Legislative Session and the cost of providing the same level of services as currently provided. A funding gap of this magnitude will require us all to face the inevitable: most service growth that had been anticipated will have to be stopped; many services will have to be reduced; some

services will have to be eliminated. It isn't just property tax supported departments that will be impacted. Recent economic downturns are affecting the building industry and the service industry. Revenues throughout our budget, including those in proprietary departments, are in many cases projected to be reduced. Last year we were able to eliminate more than 1,000 positions without any employee layoffs. That will not be possible again this year. We must also be cognizant that the demand for services, particularly at the local level, will increase as the economy declines. We must stand ready to deliver what we can. Every challenge is an opportunity; this is our opportunity to focus on the core functions of local government to ensure we deliver the services our residents expect and need, and to deliver these services with excellence.

Budget Priorities

At my recent State of the County address, I highlighted many accomplishments and areas in which important projects were completed and critical needs were met. It is vital that we continue to support these activities. These include:

- Developing our Airport and Seaport
- Protecting our Environment and Economy
- Providing Affordable Housing and Other Social Services
- Maintaining Public Safety
- Expanding Public Transportation

Our tourism and trade and commerce sectors, provide essential revenues, jobs and economic impact throughout our community. We must continue to properly fund the capital improvement programs at Miami International Airport, our general aviation airports and the Port of Miami. Daily operations at these facilities must also be maintained, as they serve as the gateways to our community. As you know, 95 percent of our visitors, whether here for pleasure or business, arrive by air. As well, it is critical that we expedite the capital improvement plan for the Water and Sewer Department, including maintenance of the existing water and sewer systems.. The Building Better Communities general obligation bond program provides an amazing opportunity for the County to employ local people to be part of an initiative to replace our aging facilities and infrastructure and develop new facilities to support our community for coming decades. Accelerating our capital improvement programs, including Building Better Communities funded projects, is critically important now to help create and preserve construction jobs and keep money flowing through the regional economy.

Once USHUD has released the Miami-Dade Housing Agency from its current oversight structure, we will have to make some tough decisions about the provision of affordable housing in Miami-Dade County. Federal subsidies are grossly inadequate to meet the low income housing needs throughout our community. While the decline in the housing market may make some opportunities available to us, we will need to dedicate resources in order to ensure that affordable and workforce housing are available in future years. Until our economy improves, the demand for housing and other social services is likely to increase. Beginning in FY 2008-09, we must establish an outcome oriented, results based process to allocate resources to community-based organizations to leverage the maximum amount of services possible with the increasing limited amount of funding available.

It is important that we maintain the resources we have dedicated to public safety in our community. During bad economic times, criminal activities tend to increase, so it is critical that we remain proactive in our efforts to keep crime at low levels. These efforts include the juvenile diversion programs provided through our Department of Juvenile Services, as well as the after school programs and other activities funded through the Park and Recreation Department, Library and cultural programs that give children structured outlets for their free time. The Police

Department, Fire and Rescue, and Corrections and Rehabilitation must continue to receive the funding needed to protect our residents. As well, careful review of the public safety agencies must continue to ensure that we are deploying our limited resources in the most effective way possible. Future capital needs of each of these entities must also be supported and multi-year commitments of funding will be necessary to be ready for the years to come.

We must continue to press the federal government to support our local transportation needs. There were many promises made before the passage of the People's Transportation Plan Surtax. Since that time, projections have been revised to better reflect our transit system's revenue performance and the increasing cost of operations and construction. We have also looked more closely at the continued cost of maintaining the existing transit system. For a number of years, we have been discussing the issue of using surtax funding to support only the new, expanded portions of our transit service. It is becoming clear that we must leverage all available revenues to support the existing system to make sure we have a firm foundation on which to build new transit lines. By revising our plans, I am confident we can regain federal approval and funding for the Orange Line, but some tough decisions regarding current service and fare levels will have to be made.

There are many other essential things that we do as a County. Included among these, the Presidential Election will be held on November 4, 2008, in the first quarter of FY 2008-09, employing a new technology as directed by the State. While the building industry is currently experiencing a slowdown, we must still support the zoning and permitting processes. Planning for our future – both through the Comprehensive Development Master Plan and the County Strategic Plan rewrite – must continue to be supported. The 311 Answer Center and NEAT teams have proven to be extremely successful in enhancing the quality of life of our residents. These services and host of others are considered to be the core services of our government by different of our constituencies. It is also crucial that we maintain the internal support functions necessary to enable our externally focused departments to have the resources they need to provide the core services. Balancing all of this in a year with limited resources will not be easy.

I am looking forward to working with all of you as we progress through the budget development process. My staff will continue to serve as a resource to you through your deliberations, working closely with the Commission Auditor as you develop your priorities and then ultimately as any adjustments are made to the Proposed Budget once it is released. Last year we accomplished an amazing feat: unanimous approval of all of the budget ordinances. As I said during my State of the County address, in these uncertain economic times, government must live within its means and do more with less. I am confident that we can live up to our community's expectations.

c: Honorable Harvey Ruvin, Clerk of Courts
 Honorable Joseph P. Farina, Chief Judge, Eleventh Judicial Circuit
 Honorable Bennett H. Brummer, Public Defender
 Honorable Katherine Fernandez-Rundle, State Attorney
 Robert Cuevas, County Attorney
 Marvin O'Quinn, President/CEO, Public Health Trust
 George Burgess, County Manager
 Denis Morales, Chief of Staff
 County Executive Office Staff
 Department Directors
 Charles Anderson, Commission Auditor