

Date: August 23, 2013

To: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

From: Carlos A. Gimenez 
Mayor

Subject: FY 2013-14 Budget Update for Committee of the Whole

On August 26, 2013, the Board of County Commissioners will be holding a Committee Meeting of the Whole to discuss the FY 2013-14 Proposed Budget. Since the release of my Proposed Budget and the setting of the tentative millage rates last month, much work has been done to address the reductions necessary to keep the operating millage rates flat for next fiscal year. Also, additional challenges have come up for the General Fund. This memorandum serves to update you on our progress.

We have held three Town Hall meetings – at the North Dade Regional Library, Palmetto Bay Town Hall, and Aventura City Hall – and have three more scheduled prior to the first budget hearing. Hundreds of people have attended these meetings and made their voices heard, primarily regarding the Library taxing District, Animal Services and Fire Rescue District. My staff has scheduled individual meetings with each of you to provide you with details on adjustments and address your concerns.

Libraries

Over the past few weeks, my administration has worked through a detailed process in the development of a final recommendation for a sustainable library operational budget. Last week we announced that we were close to completing our work and shared that the number of potential library branch closures was down to four and that the number of impacted employees had been lowered from 251 to 192. To move toward a sustainable library system in the future, we must shift our perspective on how library services in Miami-Dade are currently funded. Dissolving the current restrictive library taxing district to provide for countywide library services would afford us the flexibility needed to respond to the entire community's priorities.

To that end, over the next few months the following steps will be taken: a study of library services within the library taxing district and provided by municipalities that are not part of the library taxing district will be completed, including an operational and fiscal analysis. Additionally, a community working group will be convened to assess the study's results and address the following critical questions:

- What is the most fiscally effective way to deliver library services of substantial benefit to all County residents?
- What services do we currently provide in our libraries that must continue over the next 5 years? 10 years? What services will need to be phased out, modified, enhanced or introduced over the next 5 years? 10 years?
- If dissolving the library taxing district to provide countywide library services is not a viable option, what strategies should be considered to sustain library service levels with the established revenue levels?

The study and the working group's suggestions will guide our consideration of our options.

With this process in mind, we have finalized a two-year plan that will allow us to keep all library branches open and reduce the number of impacted full-time library employees to 169. Schedules including specific days and times for branches are still being finalized, and will be shared in the next couple of weeks inclusive of stakeholder input, but Miami-Dade Library Public Library System will provide a total of 1,624 hours of services/access to libraries per week in the coming fiscal year versus the current 2,016 hours per week. The number of staff available at libraries during operating hours will also be reduced from the current levels.

Fire Rescue District

Since July, we have worked diligently to develop a strategy to keep as many suppression and rescue units in service as possible. Originally we reported a worst case scenario which would have taken as many as six units out of service and required up to 149 layoffs. By improving revenue collections and expanding revenue opportunities, as well as reducing transfers for administrative and information technology support and shifting positions and funding from overhead to operations, we are able, at this point, to restore all but three suppression units and will issue layoff notices to 59 firefighters. No stations will be closed; suppression units would only be eliminated from multi-company stations. In addition, no rescue units will be eliminated. However, we have become aware of a grant opportunity through the US Department of Homeland Security, Federal Emergency Management Agency, Grants Program Directorate called the Staffing for Adequate Fire and Emergency Response (SAFER) grant. The first priority for funding from this grant is the rehiring of laid-off firefighters. The goal of the program is to assure that communities maintain fire staffing levels. If we are successful in obtaining this grant, the funding will be available for two years and allow us to keep all units in service and provide us with time to plan for our options once the grants funding is ended. If the grant cannot be secured, then layoffs (beyond the 59 noted above) may be necessary because final grant notification will not happen until approximately one month into the fiscal year.

Animal Services

The FY 2013-14 Proposed Budget increased the budget of the Animal Services Department by \$4 million in order to continue implementation of no-kill policies and programs. We have already made significant progress to increase the save rates over the past two year. Since 2010, the save rate for dogs has improved to 78 percent from 61 percent. For cats, we have improved the save rate from 18 percent to 60 percent since 2010. This funding will be used to expand adoption events, efforts to return lost animals to owners, foster programs and rescue partnerships, and to continue Trap/Neuter/Release (TNR) programs for cats. We will also be expanding care and disease prevention programs, increasing free and low-cost sterilization options, furthering community outreach, and creating grant programs for surrender prevention, large animal rescue and responsible pet ownership. Plans include working with existing community and rescue groups to achieve these goals. Construction of the new shelter is funded and planned to begin in FY 2013-14. As the Board is aware, this is a 40 percent increase to ASD's budget and represents a significant commitment on the County's part for animal welfare.

Additionally, I continue to support the creation of the Animal Services Advisory Board and will be providing the Board of County Commissioners with a recommendation for its establishment in the near future. I will task the Animal Services Advisory Board with the monitoring of implementation of additional programs and ask them to assess the efforts toward achieving no kill. At that point, we will be better able to review future recommendations.

New Challenges

Subsequent to the release of my Proposed Budget, several changes to revenues and expenditures have become known and we must make further reductions to balance the budget. We received our

2013 franchise fee payment from Florida Power and Light. This payment is based on six percent of the gross revenues for FPL's prior fiscal year, less property taxes paid. The actual payment was \$5 million less than we had projected due to reduced gross revenues paid to FPL. Calculations of the precise payments to the Community Redevelopment Agencies (CRAs) based on the July 1, 2013 property tax rolls and the tentative millage rates generated will require payments that are \$2.8 million in excess of what was budgeted. Reductions to the administrative reimbursement payments, information technology funding model, and rent payments from Fire Rescue and Library due to their reduced budgets impacted the General Fund by an additional \$2.188 million. Finally, when the Community Development Block Grant accounts were transferred to the Public Housing and Community Development Department, an obligation for the General Fund to reimburse for prior year administrative activity was established. We will begin a plan to address that obligation with a \$500,000 payment to PHCD from the General Fund. The total impact of all of these changes is \$10.577 million.

In order to balance the budget in the General Fund, we have identified the following adjustments. Funded vacant positions will be eliminated in the Office of Management and Budget, the Commission Auditor, the Office of Intergovernmental Affairs, and Regulatory and Economic Resources (RER) and hiring will be delayed in the Office of the County Attorney. The Office of Countywide Healthcare Planning will be eliminated. For functions that cannot be absorbed by existing staff, we will partner with the Public Health Trust and the Health Council of South Florida to ensure our efforts are continued. Because of a lack of interest, the Cultural Access Network Grant program will be scaled back. Based on updated information, the funding reserved to address the impacts of the federal sequestration on the Head Start and Early Head Start programs can be reduced. Expenditures for unsafe structure demolition by RER for the current year have been below budget and therefore funding may be carried over in the Capital Outlay Reserve and the subsidy for this activity can be reduced for FY 2013-14. One NEAT team and one pothole crew in the Public Works and Waste Management Department will be eliminated and other operating expenditures will be reduced in Traffic Operations. The funding for the Sports Commission will be eliminated and support will be provided by the Parks, Recreation and Open Spaces Department and membership payments to various Chambers of Commerce will be adjusted. Finally, line item adjustments and utilization of improved revenue projections for other departments in the general fund with no impacts to services will be detailed in the first change memo provided in advance of the first budget meeting.

A potential issue impacting our budget in the current and next fiscal year has also come to our attention. Because we are catching up on the determination of appeals from property owners regarding the value of their properties, we have made several years' worth of refunds in the current fiscal year. In a typical year, budgeting ad valorem revenue at 95 percent of the value of the tax roll, as required by state law, provides enough flexibility to be able to pay these refunds. However, applying more than one year's worth of refunds in a single fiscal year has put added pressure on our revenues. We will not know the actual impact of this outlay until we close our financial books at the end of the fiscal year. As we learn more we will keep the Board apprised and any adjustments that are necessary will be provided to the Board for consideration as part of the end of year budget adjustments.

It is important to reiterate that my Proposed Budget does not include funding to return the concessions to the employees that are currently at impasse, nor does it eliminate the five percent contribution to group health that employees are currently making. The impact to the General Fund of the restoration of the five percent contribution is \$22 million and the other concessions at impasse is \$15 million in FY 2013-14. Significant service impacts and layoffs would be necessary in order to fund this expense – or any portion of it – based on the millage rates advertised.

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Finally, it has been asked what would be necessary should the BCC wish to increase one or more millage rates at the first budget hearing. In order to renotice all property owners, the currently scheduled second budget hearing would need to be delayed and new notices would be sent to all affected properties. Assuming the millage change would be countywide and affect all properties, renoticing would cost about \$700,000. Notices would be sent approximately three to four weeks following the first budget hearing, and the second budget hearing would be moved to mid-October. This would also delay the mailing of tax bills by approximately 30 days. The County would operate in the new fiscal year based on the current fiscal year appropriations.

Should you have any questions before the Committee of Whole meeting, please feel free to contact Deputy Mayor Edward Marquez at 305-375-1451.

c: Honorable Harvey Ruvin, Clerk, Circuit and County Courts
Honorable Bertila Soto, Chief Judge, Eleventh Judicial Circuit
Honorable Katherine Fernandez-Rundle, State Attorney
Honorable Carlos Martinez, Public Defender
Honorable Carlos Lopez-Cantera, Property Appraiser
Joseph Centorino, Executive Director, Commission on Ethics and Public Trust
Robert A. Cuevas, Jr., County Attorney
Patra Liu, Interim Inspector General
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Charles Anderson, Commission Auditor
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Mayor 11113