

Memorandum



Date: September 18, 2013

To: Honorable Juan Zapata
Commissioner, District 11

From: Carlos A. Gimenez
Mayor

A handwritten signature in black ink, appearing to read "Carlos A. Gimenez".

Subject: Allocation of General Fund subsidy to Community-based Organizations, Cultural Programs and Miami-Dade Transit

In recent discussions, you have raised concerns regarding the allocation of the general fund subsidies to community-based organizations (CBOs), cultural programming, and Miami-Dade Transit. The following explanations expound on the information already included in the FY 2013-14 Proposed Budget.

Miami-Dade Transit

The general fund subsidy to Miami-Dade Transit (MDT) is increased on an annual basis by 3.5 percent, pursuant to Ordinance 05-250, an amendment to the People's Transportation Plan (PTP) which established "maintenance of effort" (MOE) payment with an annual increase. That increase equates to \$5.678 million for FY 2013-14. The most substantial part of the increase in the MDT total budget from FY 2012-13 to FY 2013-14 is a change in the accounting treatment for federal operating grants and debt service payments. Past practice was to budget these grants as reductions to expense and debt service payments were not reflected in the department's budget. To improve transparency this year we are showing the grants as revenues and showing the expenses offsetting the revenues and showing the debt service payments as a non-operating expense. This requires an increase in the MDT expenditure authority of \$88.727million and is supported by grant revenue and PTP surtax.

Because general fund revenue is the most discretionary of the revenues allocated to MDT, the distribution of the general fund subsidy amongst activities is derived once other revenues have been allocated. Because of the changes noted above, especially the impact of the treatment of grant revenue and use of the PTP surtax, as well as the transfer of positions from the Operating Support division to the Metrobus division to better reflect their activities, the general fund subsidy to those two divisions varied substantially from FY 2012-13 to FY 2013-14. As we've discussed we are in the midst of an analysis of our route structure to improve the efficiency of our routes. The results will be implemented for FY 2014-15.

Community-based Organizations (CBOs) and Cultural Grants

For a number of years, the subsidy to CBOs has been allocated between the Countywide and UMSA general fund budgets similar to many other activities subsidized by the County that serve residents that are part of municipalities and residents in the unincorporated area. The allocation methodology is based on budgetary policies and not on statutory requirements or limitations. Attached is an excerpt of Volume 1 of the FY 2013-14 which generally describes how allocations between the Countywide and UMSA general fund budgets are accomplished for certain operating departments and the County's central administration. The allocation of the subsidies to CBOs between Countywide and UMSA follow the same general methodology.

In determining any allocation between the two budgets, we utilize population, the relative size of the Countywide and UMSA property tax rolls, and the direct service delivered to ensure that no taxpayer is paying for services for which he or she does not have access and that no taxpayer is paying twice for the same service. The allocation of funding for CBOs is based on population and the relative size of the property tax rolls because all residents could potentially access the services provided. For FY 2013-14, this distribution resulted in an allocation of costs of 60 percent from the countywide budget and 40 percent from the UMSA budget.

For FY 2013-14, we applied the same methodology to the cultural grants subsidized by the general fund. In prior years, cultural grants have been split between the Countywide and UMSA budgets as well as solely funded by Countywide budget. By applying this methodology to cultural grant funding this year, we were able to avoid further reductions to activities subsidized by the countywide budget. Because the UMSA budget did not suffer the same limitations as the countywide budget this year, we had the flexibility to make this shift without impacting UMSA services.

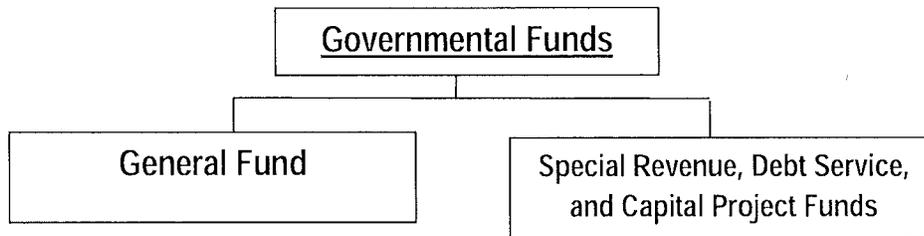
If you require additional information or would like to discuss this issue further, please feel free to contact Edward Marquez, Deputy Mayor, at 305-375-1451.

c: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners
Robert A. Cuevas, Jr., County Attorney
Jennifer Moon, Director, Office of Management and Budget
Office of the Mayor Senior Staff
Charles Anderson, Commissioner Auditor

FY 2013-14 Proposed Budget and Multi-Year Capital Plan

Governmental Funds

Governmental funds account for most of the County's basic services. Taxes, intergovernmental revenues, charges for services, and proceeds from bond sales principally support the activities reported in these funds. There are nine enterprise funds reported in the County's annual financial report that are considered proprietary funds.



The General Fund is the County's primary operating fund. It is used to account for the financial resources of the general government, except those required to be accounted for in another fund. Within the general fund, the operating budget separates Countywide expenditures (for regional services) from UMMSA expenditures (for municipal services). That separation ensures that residents pay only for the services they receive. Some services are easy to differentiate: health care, mass transit, correctional facilities operations and support, and elections, for example are all countywide services. Many departments, including Miami-Dade Police, Parks, Recreation and Open Spaces, Public Works and Waste Management, and Regulatory and Economic Resources, however, provide both regional and municipal services and their general fund subsidies are allocated between the countywide revenues and UMMSA revenues as appropriate. Each department's allocation is reviewed annually.

Police services provided in the unincorporated area are similar to police services provided by municipal police departments. These services include uniform police patrols, general investigative services, school crossing guard program services, and community-based crime prevention programs. Criminal and other specialized investigative activities primarily serve the unincorporated area, but also provide support to municipalities on an as needed basis. Those costs are allocated between the Countywide and UMMSA budgets based on relative workloads during the previous fiscal year. Countywide police functions are generally the sheriff's functions and include the crime laboratory, court services, civil process, warrants, public corruption investigations, and portions of the communications and records bureaus. The expenditures of overall support functions such as the director's office, the legal and professional compliance bureaus, and information technology are allocated in accordance with the overall department-wide allocation between Countywide and UMMSA budgets. Non-reimbursed costs of police presence supporting municipal police departments at events of countywide significance are also considered countywide functions. The allocation of the police budget is 30 percent to the Countywide budget and 70 percent to the UMMSA budget for FY 2013-14.

The Parks, Recreation and Open Spaces Department expenditures are divided similarly. Community and neighborhood parks, and community pools provide local services to the residents of the surrounding neighborhoods, and roadside maintenance and landscaping are supported by the UMMSA budget. Countywide park facilities and programs serve all county residents and include regional parks such as Amelia Earhart, Ives Estates, Tamiami, and Tropical parks, metropolitan parks, Zoo Miami, cultural facilities, natural areas, and

FY 2013-14 Proposed Budget and Multi-Year Capital Plan

beaches. Administrative support and construction (planning, design, development, and maintenance) costs are allocated between the Countywide and UMSA budgets on the basis of the relative costs of direct services. Some countywide park facilities such as marinas and tennis centers generate revenues to support their operations and require little if any property tax support. As a result of this year's review of the cost allocation method and service reductions, countywide support in this fiscal year is 29 percent compared to 68 percent in FY 2012-13.

General Fund support to planning and administration functions within the Regulatory and Economic Resources Department is allocated based on proportions of workload that relates to the unincorporated area as compared to the overall county. Because most planning activities such as charrettes, development reviews, preparation of special planning studies, and support of community councils are local in nature, the costs are allocated to the unincorporated area budget. Costs associated with the review of Developments of Regional Impact, areawide economic forecasting and census related activities, however, are included in the countywide budget because of their countywide significance. In FY 2013-14, UMSA General Fund support of the planning function in the Regulatory and Economic Resources Department will remain at 9 percent as in FY 2012-13.

The Public Works and Waste Management Department's unincorporated area budget provides funding for local right-of-way maintenance activities which include minor debris removal, pothole patching, paving, resurfacing, and sidewalk repair. Countywide public works responsibilities such as traffic signalization and signage, traffic engineering design, mosquito control, arterial road maintenance, and bridge operations are funded from Countywide funds. Several direct services are both Countywide and UMSA funded. These include right-of-way surveying and land acquisition, and highway engineering. As in the case of the Parks, Recreation and Open Spaces Department, some public works services, such as causeways and special taxing districts, are self-supporting and require no property tax support. Administrative costs are allocated on the basis of the relative costs of direct services. Of the total recommended General Fund support, countywide support next fiscal year will be 79 percent compared to 80 percent in the previous year.

The cost of the County's central administration, which supports operating departments, is apportioned based on the ratio of countywide versus unincorporated area operating costs across the entire general fund. This allocation for FY 2013-14 is 73 percent to the Countywide budget and 27 percent to the UMSA budget, as compared to 74 percent and 26 percent respectively in FY 2012-13. In some cases, specific functions within a particular central administrative department are funded from either the countywide or unincorporated area budget depending on the population served while other functions may be funded differently. For example, the Information Technology Department has administrative functions funded by Countywide and UMSA general fund however other services provided are funded through internal service charges such as telephone and radio services.

Revenue allocation is more clearly defined and usually based on statutory guidelines. Counties are authorized to collect certain revenues, as are municipalities. In accordance with state law and the Home Rule Charter, the unincorporated area realizes revenues comparable to those received by municipalities in Miami-Dade County. More detail on revenue allocations is provided.