

# MESSAGE FROM THE MAYOR

July 8, 2014



Dear Fellow Residents of Miami-Dade County,

I am pleased to submit to you the FY 2014-15 Proposed Budget and Multi-Year Capital Plan. We continue to make progress, both as a community and as a government, toward a future that promises economic potential, fiscal sustainability, and wide-ranging opportunities for development. This is the first Proposed Budget in a decade that does not utilize one-time revenues to support operations and is the basis for a balanced five-year forecast.

When I was elected Mayor, you tasked me with transforming the way our government serves the public. This Proposed Budget is one more step along that path, focusing on our core missions of public safety, services for our youth and the elderly, and street level services that touch and improve people's lives. I have heard residents call for us to stretch every public dollar. In response, this Budget continues to hold the line on maintaining the current total regional property tax rate, with marginal adjustments to individual rates in order to support a reduced Library budget, but keeping the overall rate flat.

While the economy has improved, I am cognizant that recovery is still tenuous, as reflected in the weak performance of the Gross Domestic Product (GDP) for the United States for the first quarter of 2014. The Bureau of Economic Analysis released a final estimate which showed output in the U.S. declining at an annual rate of 2.9 percent. This is relative to fourth quarter 2013, when real GDP grew just 2.6 percent. Although economists and investors are largely viewing this downward trend as temporary, we must make decisions that will protect our community during this period of recovery and ensure that Miami-Dade County government operates with sustainable budgets going forward.

Since the beginning of my administration, the budgets I have proposed have closed nearly \$800 million in gaps created because the costs of doing business have exceeded the resources available. Over the past three years, we have cut \$260 million in cost - \$190 million of which is recurring, maximized the use of available one-time revenues, eliminated more than 2,800 positions, and saved more than \$400 million in personnel costs through retirement rate adjustments, health care cost controls, and concessions negotiated with our labor organizations.

This budget closes a gap of over \$200 million more in the property-tax supported general fund alone. Even though the economy continues to recover - property values have increased and spending has driven growth in other revenues - we faced a shortfall this year as the budget development process began in January. The shortfall was largely caused by increases in personnel costs driven by rising health insurance and pension costs, as well as the snapback of many of the concessions negotiated as part of the current labor agreements. In the general fund, snapbacks alone accounted for more than \$40 million of additional payroll cost and health care cost increases added another \$25 million. The total increase in personnel cost is over \$100 million, when merit increases, pension cost increases, and the elimination of the 5 percent group health contribution made by employees are included.

To close this year's budget gap, I accelerated our organizational transformation and pulled all of my Department Directors and Senior Staff together to develop ideas to truly change the way we deliver service. Through this effort, more than \$56 million in additional cost savings was identified throughout the organization, which included nearly \$12 million in the general fund. Beyond these savings, another \$80 million was identified through continued deferral of maintenance and replacement costs, continuation of concessions for non-bargaining employees under my purview, and reductions to back office and support functions, operating reserves, and other general government support costs. The July 1 property tax roll estimates which were slightly higher than our original estimates, resulted in an additional \$28 million in revenue. After targeted adjustments to certain rates and fees and improved projections were calculated, a gap of \$64 million remained in the general fund.

Again, I brought my Department Directors and Senior Staff together to identify reductions that, while impacting service, would focus on maintaining to the extent possible street level services and those functions that are part of our core mission in supporting this community. This has been a very difficult task and reductions identified include:

- Moving toward a service model that utilizes non-traditional work schedules to maximize the availability of personnel throughout the organization
- Reducing mowing and maintenance cycles in our green spaces, including rights-of-ways, medians and parks and targeted operating hour adjustments
- Increased response time to pothole, flooding, sign, guardrail and signal repairs, illegal dumping, and graffiti removal

- Redirecting non-residential drug rehabilitation services to private providers
- Postponing Correctional Officer and Police Officer training classes planned for the upcoming fiscal year and eliminating civilian positions in both the Corrections and Rehabilitation and Police departments
- Reducing overtime costs due to training and other requirements as part of the federal agreement by redeploying Correctional Officers from Boot Camp, back office and support activities
- In order to maintain as many police district personnel on street patrol as possible, redeploying Police Officers and Supervisors from administrative and support positions, specialized units, and proactive enforcement initiatives

Details regarding these adjustments and the resulting service impacts are included as part of the Executive Summary, as well as described within each departmental narrative in the Proposed Budget documents.

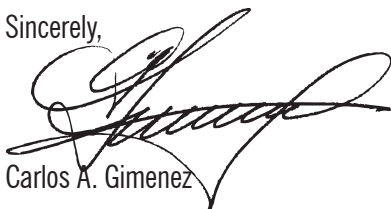
While we have been putting this budget together, my administration has also been actively pursuing negotiations with our labor organizations in order to mitigate some or all of these proposed cutbacks. The revenue improvements and indirect service reductions that have been identified before the \$64 million of direct service cuts, are enough to cover all of the non-personnel service cost increases, as well as a portion of the increased costs for employees' salaries and benefits.

Because I will not support increasing the tax rates, there are four options before us.

- My Proposed Budget strategically shifts a portion of the millage rates from the Fire Rescue District (0.0289 mills – the amount that was transferred from Library to Fire Rescue in FY 2011-12) and Countywide (0.0366 mills) to the Library District (an increase of 0.0655 mills). This provides \$11.975 million to offset the nearly \$20 million loss of carryover in the Library District and reduces revenues by \$3.33 million in the Fire District budget and \$7.320 million in the Countywide budget. This option allows us to keep all libraries open. It assumes no concessions from the labor organizations and incorporates service reductions noted earlier, resulting in the elimination of 898 budgeted positions, 228 of which are sworn positions in the Police Department, and a net reduction of 657 positions.
- However, with this millage strategy and successful negotiations, we could largely avoid the service reductions and significantly decrease the number of positions eliminated. We could restore all of the budgeted sworn positions in the Police Department and potentially limit the number of budgeted positions eliminated from the Library Department to less than 60. Any concessions successfully negotiated with our labor organizations -- be they continuation of the concessions due to snap back, adjustments to the application of supplemental pay, health plan redesign, or other concessions-- will allow for the buyback of direct service cuts – and could reduce the total budgeted position eliminations by more than 75 percent.
- One alternate is to keep the millage rates the same for each taxing district. Assuming no concessions, while we could potentially restore 80 budgeted positions to the Police Department, we would still be eliminating nearly 150 Police Officer positions and we would be faced with significantly reduced hours of operations and the potential elimination of almost 200 budgeted positions in the Library Department.
- If we were to keep the same millage rates, and were successful in our negotiations, we could potentially restore all budgeted sworn positions in the Police Department. However, we would still be faced with significantly reduced hours of operation in our libraries throughout the community and the potential elimination of more than 150 budgeted positions in the Library.

This year, through the efforts of Chairwoman Rebeca Sosa and Finance Committee Chairman Esteban Bovo, the Board of County Commissioners has been engaged in the budget development process since the beginning. Moreover the submission of the Proposed Budget is not the end of this process. Over the coming months, my staff and I will be meeting with individual Commissioners to discuss priorities for funding, as well as holding a series of Town Hall meetings so that we may hear input from our residents. I look forward to meeting with you to communicate how this proposed budget addresses my vision of Miami-Dade County as a leading global metropolis with a robust and sustainable economy, vibrant neighborhoods, and a diverse and engaged community, and how we can continue to work together to make this a reality for all of us.

Sincerely,



Carlos A. Gimenez

Mayor