



City of
Miami Gardens
Florida

October 1, 2004

*Office of
The City Manager*

CITY MANAGER'S BUDGET MESSAGE

Dear Mayor and City Council:

Enclosed is Miami Garden's FY 2004-2005 annual budget. This budget marks a milestone in the City's short history as being the first budget that we can truly call ours. It also marks the beginning of making Miami Gardens a unique place to work and live, reflecting those priorities that will define us in the years to come.

The budget reflects what I believe is the minimum funding necessary to ensure the long term vitality of the City, and should provide sufficient funds to carry out the City's vision of a community where residents can enjoy the services they have long sought. I believe that the residents of Miami Gardens saw what service levels they had as part of the unincorporated area and concluded that this area deserved and desired more: More enforcement of quality of life issues; better parks and code enforcement, more beautification, more influence on the direction of their community, and more say in those issues that matter in our everyday lives.

This budget is a watershed in the City's history as it is the first official municipal budget and as such, we do not have a rollback rate. Recognizing this, State law provides this one-time opportunity for the City Council to set the initial operating rate without dealing with the rollback provision. It recognizes that we are no longer unincorporated and that the initial municipal rate will usually differ from the old unincorporated rate. This budget reflects this difference by setting a revised property tax rate for the City's initial rate.

GENERAL FUND

The Budget Process

Staff began the FY 2005 budget process knowing that it would be a challenging year. As a result of County imposed charges, our finances for the past two fiscal years were continually under pressure. That, coupled with the general lack of basic financial information, made an already difficult job almost impossible. I believe we are finally emerging from this fiscal cloud, and with the FY 2004-2005 budget, should begin to make a noticeable difference in the lives of our residents.

Principal Financial Challenge Facing The City

As City Council knows, we have little or no reserve funds, planned or otherwise, in the current year's budget. One of the key features of the FY 04-05 budget is our addressing this critical financial concern. The absolute minimum cash reserve a City should have would be an amount equal to two months of operations, or about 8% of the operating budget. Healthy cities, and cities that want to undertake capital projects, should have twice that amount. Most cities have from 16% to 24%. Many events can interrupt a city's revenue flow: Hurricanes, droughts and other natural disasters, economic downturns, and changes in laws, are just some of the possibilities. A healthy reserve is critical to

meeting those and other unknowns. Another benefit of a healthy reserve is that it is a key factor in determining the City's bond rating. The quality of a city's bond rating has a direct impact on the cost to a city to borrow monies for capital improvements. Finally, a healthy reserve is important in providing sufficient funds for operational cash flow.

A key feature of the recommended budget is a planned build-up in our undesignated cash reserve to an appropriate level. We cannot realistically do this in one year as that would require a significant tax increase. I believe that with a planned program and careful expenditure approach in our operations, we can achieve the goal in a timely, responsible manner.

In order to achieve this goal, the budget includes a millage increase of .1822 mill (approximately \$500,000) with the proceeds dedicated this to the building of a reserve. The table below illustrates this concept.

TABLE #1: Estimated Undesignated Fund Balance - FY/05 to FY/08

	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 07-08
.1822 Mill	500,000	525,000	550,000	600,000	630,000
Cumulative Total in the Reserve	500,000	1,025,000	1,575,000	2,175,000	2,805,000
General Fund Total	32,000,000	33,600,000	35,200,000	36,960,000	38,800,000
% Reserve	1.56%	3.1%	4.85%	5.9%	7.2%

Other Challenges

Being a new municipality, the list of challenges facing the City is indeed long. Many of these are faced by all cities: the economy, mandates, resident demands, and crime to name a few. However, as a new City, we face some particular challenges that will consume much of our time in the coming year, in particular, the establishment of viable and effective

service delivery systems. We are starting from nothing and must develop the administrative infrastructure that most cities take for granted: Forms, processes, rules, ordinances, fee schedules, employee hiring and training, and equipment acquisition. With no history or mechanisms to accomplish these tasks, it will be a difficult year in that while we are acquiring, developing and these assets, we still must provide services to the residents. To accomplish this in a timely manner, we have utilized outside contracting to a large extent. This will continue until we can establish our own in-house resources. Some service may continue to be outsourced indefinitely.

Major Revenues (For a detailed definition of individual revenues, please see Glossary)

In building a budget, we usually look at revenues first. This is what we currently know about FY/05 revenue:

- **Ad Valorem or Property Tax:** Property tax revenues for FY/05 increased by 13.7% over FY 04. As a newly incorporated city, we are not subject to the roll-back provision of state law. In other words, we will receive all of this increase based on the unincorporated millage rate. In order to meet the demands of a new city, the City Council set the initial municipal millage at 3.6484 mills. This is expected to generate \$11,067,557; however, state law allows the city to only budget 95% of this figure. The net total expected is \$10,514, 179.
- **State Revenue Sharing:** Created by the State to ensure revenue parity among local governments statewide, State Revenue Sharing is expected to increase by 41% for FY/05 over FY/04. These figures were provided by the State. The City expects to receive \$3,858,029 for FY 05. Of this, 65% goes to the General Fund and 35% goes to the Transportation Fund.
- **Utility Franchise Taxes:** As with other economy-based revenues, Utility Franchise Tax receipts are also expected to experience a moderate increase next year. All of these taxes, are collected by the County on our behalf and remitted to the City. This revenue is expected to be \$3,110,020 for the coming year.
- **Utility Taxes:** Utility taxes are paid by the utility customer using to the various utilities services – water, sewer, electric and communications. These taxes are collected by the County and remitted to the City after the QNIP payment is deducted. The Communications Service Tax is estimated and collected by the State and remitted to us. A modest increase of 1 ½% is expected. The estimate for FY 05 is \$8,622,991.

- **Half-Cent Sales Tax:** This is one of our major State-shared revenues. We received \$5.9 million from this source in FY 04. We would have received approximately \$6.5 for next year's budget; however, thanks to the Florida Legislature changing the formula, we will lose all of this potential income, and will receive another \$5.9 for FY 05.
- **Other Local Revenues:** Local derived revenues form a major component of our City budget. These revenues include licenses, permits, fees and other operational revenues, and fines and forfeitures. Some of these revenues are collected and retained by the County, with a credit being applied to the City, while others are directly collected by the City. Since many of these are new charges to the City, most are based on our best estimates of future activity levels. Because of unreliable figures from the County on past collections, we anticipate a reduction of several hundred thousand dollars in these revenues; however, we believe that the revised figures are more reflective of what the actual activity will be. Total other revenue is estimated at \$2,096,800.
- **Transfers:** Transfers represent transactions between City Funds. This budget contains a transfer from the Transportation Fund to the General Fund for the various internal services provided (personnel, finance, legal, management and legislative support, etc). A percentage allocation system was used which was based on the overhead charged to the City by the County in our interlocal. A more accurate system will be developed in the coming year. Because the Development Services Fund revenues do not cover the entire cost of their operations, there is a transfer from the General Fund to the Development Services Fund to balance the budget. Net transfers to the general fund are a negative \$5,935.

Expenditures

The other side of building a budget is expenditures. Some increases in expenditures are automatically built into any subsequent year's budget. The largest of these are generally employee costs such as increased staffing levels, cost-of-living increases, merit increases, and increases in employee benefit expenses. This year, most the personnel-related increases are a result of staffing up the City's new departments.

The budget does contain a reserve for employee salary increases for FY 04-05. This includes a proposed 2 ½% cost of living allowance adjustment (COLA), and pool for merit increases, and a small reserve for market adjustments if needed.

Non-Personnel-Related Increases

In addition to personnel increases, the following areas involve major increases over the FY 04 budget. These increases are mainly due to the new operations and programs.

- Equipment. Start-up equipment for our new City.
- Supplies. Start up supplies for the new positions for our new operations.
- Contingencies. Budgeted working capital reserves have be established for each fund.
- Reserve. Budgeted plan for establishing the City's Reserve Fund.
- Capital Project Reserve. The FY 04-05 budget includes the establishment of a dedicated Capital Improvement Project Fund (CIP). Similar to the reserve build-up account described above, the Capital Projects Fund was initiated with a dedicated tax increase of 1.822 mills. No projects are anticipated in this first year so that the funds accrued could be held as an emergency reserve until such time as the general fund accumulates sufficient fund balance to serve as the City's emergency reserve. The CIP monies also will assist in maintaining sufficient cash flow during this initial operating year.
- County Debt. One of the biggest challenges that the City faced in FY 03-04 was to resolve the reported \$6.5 million in debt owed the County since incorporation. During the year, this was negotiated down to \$3.5 million and the County agreed to take repayment over a 10 year period, interest free. The first installment of this planned repayment in is the FY 04-05 budget.

GENERAL FUND SUMMARY

The recommended FY 04-05 budget provides for what I believe is the minimum level of City operations necessary to responsibly carry out our duties, to address our fiscal and fiduciary responsibilities, and to provide the foundation for the vision our residents had when they incorporated. This budget requires an initial municipal property tax rate of a

3.6484 mills. This rate is the minimum that I believe is necessary to carry out all of the City's activities in a responsible and fiscally prudent manner, and to establish Miami Gardens as a viable city for the future. While no one likes taxes, this rate is far less than some of the figures thrown out last year at the Council's October workshop and places the City as one of the three lowest tax-burden cities in Miami-Dade County.

TRANSPORTATION FUND

The good news for FY 04-05 is that the Transportation Fund is relatively healthy. This is in large part due to the fact that the state has enacted certain shared taxes that are restricted to transportation uses only. These include the two local option gas taxes, and the state-mandated 65%-35% split of the State Revenue Sharing (SRS) revenue – 65% goes to the General Fund and 35% goes to the Transportation Fund. Because of these dedicated revenues, we will have sufficient revenue to begin public works operations, and to initiate several important programs, including a repaving and sidewalk repair program, and a major right-of-way landscaping program for the City.

Revenues

Transportation Fund revenues are expected to increase by 6% over current year according to estimates obtained from the State of Florida. All of these revenues are economy-based and vigilance must be maintained during the year to ensure receipts are reflecting budgeted amounts.

Expenditures

Because almost all of the activities of the City's new Public Works Department concern roads and road rights-of-way, the entire operation of the Public Works Department has been budgeted within the Transportation Fund. The *Keep Miami Gardens Beautiful* program continues in the new budget with some enhanced funding for beautification projects. New programs for street paving, bus benches, and sidewalk repair, as well as for major right-of-way landscaping efforts have also been included in the budget. Traffic signs and signals continue to be maintained by Miami-Dade County as they are funded through countywide millage.

DEVELOPMENT SERVICES FUND

The City's Development Services Fund was created to account for those activities that are principally designed to serve the City's development community. The Fund consists of the two operating departments: The Planning and Zoning Services Department and the Building Services Department.

The Planning & Zoning Services Department is itself divided into two divisions: Comprehensive Planning and Current Planning. The Comprehensive Planning Division is responsible for developing the City's first Comprehensive Development Master Plan and for processing amendments to the existing County Comprehensive Plan as they apply to the City. The Current Planning Division handles zoning and re-zoning requests and other developer-related activities.

The Building Services Department is responsible for administering the Florida Building Code as well as the Federal Flood Insurance Program. Its activities include development plan reviews and building inspections during construction.

Revenues

Generally, these developer-related activities generate sufficient income to cover their associated costs. This should be true for the Building Services Department; however it is generally not true for the Planning & Zoning Services Department. Any deficit in this fund must be covered by a transfer from the General Fund. For FY 05, this transfer is approximately \$374,000. A 15% surcharge on all Fund services is included in the budget to help with initial start-up costs; however, even this does not fully cover all of the Building Services Department's costs.

Expenditures

Most expenditures in this Fund are salary related. While most of the costs are for in-house staff, the Building Services Department contains funds for the contracting of inspections and plan review services with a private firm. This was recommended after extensive discussions with surrounding cities and towns and based on their experience in hiring in-house staff.

STORMWATER UTILITY

The City of Miami Gardens Stormwater Utility is current administered by Miami-Dade County Department of Environmental Regulation and Management (DERM). It is expected that during FY 04-05, the City will be in a position to take over the responsibility for this operation; however, our first priority is to get our Public Works program up and running.

BUDGET SUMMARY

Fiscal year 2003-2004 has been an exhausting, and exhilarating, and frustrating, and rewarding process for all involved. The City's built-in links to Miami-Dade County have added a tremendous financial burden to the City. As we have shown time-after-time, we have been able to provide municipal services far cheaper than the County. We like to think that we have provided these services in a far better manner also. The County's unconscionable demand that the City pay for Countywide specialized police services directly from our budget, while other 30 cities in the County receive this service through their countywide taxes, has placed a unfair and discriminatory burden on Miami Gardens' residents unlike that of any other City in Miami-Dade County. It is not right, and the City will be taking action in FY 04-05 to try and change this ill-conceived County policy.

The coming year promises to be an exciting time in the City's history. I believe that FY 04-05 has the potential of shaping the future of Miami Gardens far into the future. Under the adopted budget, we will set the stage for a true transformation of our community. Unfortunately, the price of this future is a modest property tax increase. Because this is of interest to the community, I think it is important to put the increase into perspective.

What Other Cities In Miami-Dade County Pay In Taxes

First, it is important to look at the residents of the City of Miami Gardens pays in property taxes relative to other Miami-Dade cities. One way to do this is to look at the *per capita* or per person tax burden. This is the amount each man, woman and child pays in property taxes. As is clearly illustrated in the Table below, Miami Gardens residents

pay one of the lowest tax burdens in the County. In fact, we are the **second lowest** among cities in Miami-Dade County. This is one of the main reasons that services to this area were often poor or non-existent.

Table #2: Per Capita Impact of Property Taxes in Selected Miami-Dade Cities

City	Population	Tax Rate in Mills	Per Person Impact
Miami	366,496	8.8500 mills	\$418
Florida City	8,229	8.9000 mills	\$247
North Miami	59,996	8.5000 mills	\$211
North Miami Beach	42,178	7.5000 mills	\$236
Miami Beach	88,972	7.2990 mills	\$870
Hialeah	231,270	6.1200 mills	\$155
Opa-Locka	15,261	9.8000 mills	\$284
Miami Gardens (Proposed)	105,300	3.6484 mills	\$100

When most people think about property taxes, they only see their total tax bill. For the average Miami Gardens homeowner, their total tax bill equals about \$2,000 per year. This includes City taxes, County taxes, School Board taxes, Fire Department taxes, and various special district taxes (library, drainage, etc). What many people do not fully understand is that of that \$2,000, **only \$210 goes to the City of Miami Gardens**. So, when we say that our City taxes are going up, this means an increase in ONLY in the City’s portion.

Looking at the new tax rate only; how much will it cost the average homeowner over the current rate? Below is a table reflecting the cost of the increase on homes of various values:

Table #3: Average Cost of New Tax Rate Per Homeowner

Assessed Value of Home Before Homestead Exemption	Taxable House Value After Homestead Exemption	Current Tax Rate 2.447 mills	New Tax Rate 3.6484 mills	Yearly Increase	Monthly Increase
\$75,000	\$50,000	\$122	\$182	\$60	\$5.00
\$100,000	\$75,000	\$184	\$274	\$90	\$7.50
\$111,000	\$86,000	\$210	\$314	\$104	\$8.66
\$125,000	\$100,000	\$245	\$365	\$120	\$10.00
\$150,000	\$125,000	\$306	\$465	\$159	\$13.25
\$175,000	\$150,000	\$367	\$547	\$180	\$15.00

Red = Average house value in Miami Gardens after homestead exemption

Thus, the new City tax rate will cost the average homeowner in the City of Miami Gardens, about \$104 extra per year or \$8.66 per month for a total City tax bill of \$314.00.

What does a resident get for this \$314 a year? Some of the activities included in this year's budget include:

* **Fully Staffed Police Department Operating Only Within The City Of Miami Gardens.** In the past, the Miami Gardens area was patrolled by three County sub-stations stretching from Aventura to the west suburbs and from the Broward line to 103rd Street in Miami. Now, all of the City is served from the Carol City Station on NW 27th Avenue and the officers patrol exclusively within our City boundaries.

- * **Enhanced Police Operations For FY 05 With Additional Police Aides**: The FY 04-05 budget adds new Police resources to Miami Gardens. New Police Aide positions will free up sworn officers for more patrol work and enhance the department's presence in the City.
- * **Enhanced Code Enforcement - 7 Officers**: The City currently has four Code Enforcement Officers. The new budget increases this to 7 full-time employees. The City's recent successes with street vendors has increased the demand for stronger enforcement within neighborhoods, particularly in the areas of junked vehicles and overgrown lots. Code enforcement is a key component of the proposed budget.
- * **Street Paving Program - \$500,000/year – Citywide**: The City of Miami Gardens has numerous streets in poor condition and paving has been a hit or miss proposition. The new budget includes \$500,000 to begin a multi-year program to repave our worst streets, and to implement a planned paving program to ensure that the streets do not again fall into widespread disrepair.
- * **Sidewalk And Pothole Repair Programs – Citywide**: In addition to streets, many sidewalks in the City are in deplorable condition. The new budget includes funds to start addressing the worst of these vital pedestrian links, and to establish a continuing program to maintain sidewalks in serviceable condition. In addition, the City will undertake a survey of existing sidewalks and determine missing "links" and other areas where new sidewalks are needed.
- * **Street and Rights-of-Way Landscaping Program** – Citywide: Pride in an area begins with the way it looks, to ourselves and to others. Landscaping of major rights-of-way is one way in which we can attract and keep businesses and industries that provide an important job base for the community. The budget includes funding for major landscaping programs for our major thoroughfares and for neighborhood streets also.
- * **Upgraded Parks**: The 16 Parks that were transferred to the City by Miami-Dade County have not been upgraded in many years. Irrigation systems are failing and buildings have long outlived their usefulness. The City is proposing major improvements at virtually all of its parks beginning with the new budget year. New recreation buildings are planned for Brentwood Park, Scott Park, Carol Park and for

the currently undeveloped Carol City Community Center Park on NW 199th Street at 32d Avenue. This latter park will include an indoor pool, gymnasium, health center and an outdoor track. Other improvements planned include a shelter at Buccaneer Park, new, safe drinking water for the parks, new irrigation systems to ensure that the sports fields can handle all of the league play, and new restroom facilities.

* **Local Building Permits Office And Approval**: Another big change contained in the budget is the City's assuming control of its own planning, zoning and building departments. No longer will Miami Gardens' residents have to go to Coral Gables to get permits, rather, they can come to their own City offices. Streamlined procedures will speed the process and save residents and businesses time and money.

* **Local Planning & Zoning Office**: During the next two years, the City's new Planning Department will begin the process of developing the City's own Comprehensive Development Master Plan. Through scores of neighborhood meetings, the Department along with residents, businesses and others, will chart the City's future as an independent City.

* **Litter Removal Program**: Litter and beautification are major concerns to Miami Gardens' residents and the FY 05 budget proposes to address these problems through our *Keep Miami Gardens Beautiful* Program. Only several months old, the program has already had considerable success in mobilizing neighborhoods to tackle these issues.

* **Increased School Crossing Guards**: The safety of the City's children is at the top of the budget's priority list for FY 04-05. The budget adds additional school crossing guards beyond the number provided previously by the County.

Most of all, residents get **LOCAL GOVERNMENT**. Routine questions, assistance and permits are handled in Miami Gardens, not in downtown Miami or south Miami-Dade County. No longer will an elected board consisting of officials who don't even live in Miami Gardens, be deciding the City's fate on these services. A local City Council consisting of your neighbors will now chart the City's future. This is the way government was meant to be.

Final Thoughts

The future of the City of Miami Gardens is full of promise and hope. Unfortunately, there are also some challenges of which we need to be aware. On the plus side, FY 04-05 will mark the beginning of developing our own Comprehensive Development Master Plan. This process, and resulting document, will be a key element in the future of the City. Through scores of neighborhood meetings, community surveys, charrettes and workshops, and other data gathering techniques, residents, businesses, elected officials and others will come together to define and refine the City's future vision. This shared vision will shape our future actions as a community. No process in a City's evolution is more important than this. From the Comp Plan, City officials will be able to provide services the community wants at service levels that are appropriate.

A major challenge that we constantly face is that most of our revenues are economy-based. We saw over the past five years what happens when the economy goes through a recession. While the economy has picked up some from the dark days of the past several years, it would not take much negative news or performance to once again plunge us into another recession. This is why it is critical that the City build an appropriate reserve so that we can temper any major downturn in revenue.

Finally, I sincerely thank the Mayor and City Council for the opportunity you have given me to serve the residents of Miami Gardens as your first City Manager. It is a privilege and honor I share with the other members of your City staff. I know that by working together, we can make the future of Miami Gardens truly something special, and I look forward to the journey.

I also want to thank my staff for the hard work in preparing this budget and to Chris Wallace and his staff at New Community Strategies for their assistance in this effort.

Respectfully Submitted,
Dr. Danny O. Crew
City Manager