



City of Miami Gardens

Office of
The City Manager

CITY MANAGER'S PRELIMINARY BUDGET MESSAGE FOR FY 2009-2010

Dear Mayor and City Council:

I am pleased to present herein Miami Garden's preliminary FY 2009-2010 annual budget. The past year has presented us with some spectacular achievements and daunting challenges. The overwhelming success of the first year of our new police department is extremely gratifying given the skepticism which many displayed at our prospects. In addition to the police success, the City was honored nationally *American City and County Magazine* as a Crown Community and was featured on the *NBC Nightly News* with Brian Williams as the city that works.

Of course, FY 2009 was also never very far from new and difficult challenges: The continuing story of an economy in decline was certainly our greatest challenge, but others such as collective bargaining, attacks on our municipal sovereignty by the County and the State also made for interesting learning experiences.

The FY 2010 Budget Process and the Principal Financial Challenges and Issues Facing the City

In developing this budget message, I have attempted to better identify how our spending is linked to our various strategic planning processes. At various places throughout the message, you will see superscript abbreviations identifying a particular action or expenditure with the corresponding strategic plan that is addressing. These abbreviations are:

(CDMP) = Comprehensive Development Master Plan	(CVS) = Community Visioning Study	(ITSP) = Information Technology Strategic Plan
(441CS) = US 441 Corridor Study	(RTP) = Recreational Trails Plan	(TCMP) = Town Center Master Plan
(TMP) = Transportation Master Plan	(PMP) = Parks Master Plan	(SSA) = Street & Sidewalk Assessment Study

This coming year is positioned to be another year full of successes and continued challenges. Last year, our priorities involved preparing our finances for the

economic downturn, ensuring the success of the new police department and stormwater utility. This year our principal priority continues to addressing the on-going impact of the recession on our revenues. The unprecedented fiscal challenge currently being faced by local government across the nations is compounded by a State Legislature seeming dedicated to the destruction of local government in Florida.

Another key priority to our residents is the challenge of dealing with the ever present threat of crime. Despite the unprecedented success of our new police department during its initial year of operations (20% reduction in serious crime in FY-08 and an additional 15% in FY-09 so far), crime remains at the top of our residents' concern. ^(CVS)

The Federal stimulus initiative is also an important priority in the coming year. Acquiring and managing these funds is both a challenge and an opportunity to address many of our immediate and longer-term community concerns.

Funding a city is difficult in good times, let alone in bad economic times. Miami Gardens has the fortune to be an entitlement City for the ARRA and NSP funds to the tune of almost \$13 million. These will help fund several of our initiatives. In addition, the City has planned ahead for new revenue sources such as the Calder Casino revenue and the red light camera revenue. This has allowed us to program meeting challenges with the known availability of these funds. While there is never enough funding to do all that needs to be done, let alone all that we would like to do, I believe that with the proposed budget for FY-10, we will continue to make a positive difference in the community.

The FY 2009-2010 preliminary budget reflects the funding necessary to continue forward on our vision for Miami Gardens and to provide for the continued fiscal vitality of the City. The past five years have been overwhelming, starting with nothing and developing a vibrant, growing city. It seems that we thrive on such challenges. Despite the loss of significant revenue from the State, the proposed budget reflects our maintaining the City tax rate pursuant to the State's roll-back rules: In order to bring in the same amount of tax revenue as the prior year, this year the roll-back rate actual dictates an increase in the millage. Our millage will go from 5.1488 mills to 5.3734 mills.



The 2009 Jazz festival was a highlight of the City's cultural year and a financial success, breaking even for the first time..

The proposed budget is based on

a level of service comparable to FY-09; however, there are several positive changes: The budget provides for an increase in staffing for the new recreation center complex scheduled to open in March or April 2010, and additional staffing in the City Council's office, events and media, and the City Attorney's office. Finally, the proposed budget anticipates bringing the City Attorney's office in-house.

GENERAL FUND

Staff began the FY-2010 budget process unsure about a number of revenue issues - The continuing economic slowdown and the impact of the FY-09 statewide tax referendum - being the two most significant. This uncertainty has required us to use prudent judgment on budgeting expenditures, especially ones that are not one-time expenditures.

Four years ago, we established an emergency reserve fund to help us reach a minimal responsible reserve within five years. This goal was to have a reserve equal to between 16% and 25% of our budgeted General Fund expenditures. We have managed to build this consistently over this period. As of September 30, 2009, we expect to have an undesignated, unrestricted general fund reserve of \$10.3 million, or 17.96% of our FY-2010 expenditures. Reaching this goal is a significant accomplishment^(CVS) and demonstrates the City Council and City Staff's dedication to fiscally responsible stewardship of the public's money. [See Table #1 below].

TABLE #1: Undesignated Unrestricted General Fund Fund Balance: FY-04 - FY-09

	Actual FY 02-03	Actual FY 03-04	Actual FY 04-05	Actual FY 05-06	Actual FY 06-07	Actual FY 07-08	Estimated** FY 08-09
Tax Allocation			\$ 500,000	\$ 500,000			
Year- End Reverted Funds			\$ 320,802	\$ 1,169,189	\$4,257,711	\$ 700,762	\$ 1,491,553
Cumulative Total in the Reserve 6/30	\$ 1,415,211	\$ 1,362,037	\$ 2,182,839	\$ 3,852,028	\$8,109,739	\$ 8,810,501	\$10,302,0541
General Fund Total Expenses***	\$ 192,187	\$11,175,161	\$33,279,050	\$38,106,974	\$42,385,717	\$51,740,428	\$57,367,878
% Reserve	n/a*	12.19%	6.56%	10.11%	19.13%	17.03%	17.96%

* Partial year. City incorporated May 2003

** Estimated

*** Excluding budgeted fund balance and internal transfers.

In January, 2008, the voters of Florida passed the statewide tax reduction initiative that reduced our FY-09 and subsequent years' property tax revenue. This impact will result in a permanent reduction in tax revenue of at least \$410,000 per year.

Budget Priorities in Difficult Times

Being a relatively new municipality, the list of challenges facing the City is still long. Many of these are faced by all cities: The economy, legislative mandates, resident demands, providing subsidies to Funds that should be self-sustaining, and crime to name only a few. The budget presented here provides for the addressing of these many challenges, though not necessarily to the levels that we would like. We all have to realize that these are extraordinary times and prudence dictates that we not make commitments or take on challenges that we cannot hope to meet until the financial picture improves. The current and continuing visioning process that City Council has undertaken will help clarify our goals and priorities for the balance of this year and for future years.

FY-10's most visible accomplishment will be the completion of the City's new 55,000 square foot recreation center and surrounding 24 acres. ^{(CVS) (PMP)} Though begun in 2008, final completion will take place in early 2010.

Another positive factor in the FY-10 budget is that the City will no longer be obliged to use or pay for County specialized police services, fulfilling another important goal of the Council's Visioning Exercise. ^(CVS)

While FY-09 saw the City assume specialized services from the County, including non-emergency dispatching, it is hoped that FY-10 will see the City assume full 9-1-1 services from the County. ^{(CVS)(ITSP)} This area has been a sore point between the City and County and with financial assistance from the Department of Justice-American Recovery and Reinvestment Act (ARRA stimulus), we may finally be

able to become self-sufficient.



This Police Incident Command Vehicle was purchased in FY-09 with funding from Homeland Security's Urban Area Strategic Initiative.

The City has also received a major stimulus grant for the addition of 9 new police officers to restart the old community policing program which was ended when we became a city. While we do currently do some community policing, this

corps of officers dedicated specifically to this approach.

Another planned initiative that will begin in FY-10 is the Phase II Beautification Project for NW 183rd Street from NW 27th Avenue to NW 47th Avenue. ^{(CDMP)(CVS)(TMP)}

One final initiative contained in the FY-10 budget involves the construction of the City's first fueling facility. ^(CVS) Planned for the parking area west of the current police head-quarters, the facility was originally designed for gas and diesel fuels; however, thanks to the block grant received from the U.S. Department of Energy stimulus program, the plans have been expanded to include several "green" fuels including Compressed Natural Gas (CNG), E85 gasoline and bio-diesel. A plug-in facility for hybrid vehicles is also being added. In addition to the facility, the City will be using stimulus funds to convert 40 police vehicles to GNG.

Although not a new initiative, the City's Community Development Department's housing program will be expanding its housing efforts thanks to additional grants received through the ARRA stimulus program. ^(CDMP) This will be a tremendous asset in our addressing many glaring deficiencies in community housing as identified in our long term planning processes and especially the \$6.9 million received to purchase foreclosures. These homes will be renovated and sold to eligible homebuyers.

Major Revenues

In building a budget, we usually look at revenues first. This is what we currently know about FY-10 revenue: [For detail information on all revenues, see Revenue Manual].

- **Ad Valorem or Property Tax:** Ad valorem or property taxes are taxes levied against the taxable value of real and certain personal property. In Miami-Dade County, each municipality sets a tax rate based on its needs and levies this as a dollar cost per \$1,000 of taxable valuation. Using the FY-10 roll-back millage rate of 5.3734, property taxes are expected to generate \$23,089,178.
- **State Revenue Sharing:** Created by the State of Florida to ensure revenue parity among local governments statewide, State Revenue Sharing is comprised of various State-collected revenues including a portion of the State's sales and gas taxes. The State Department of Revenue estimates that State Revenue Sharing, because of the continuing poor statewide economy, will remain the same as budgeted for FY-09, which was cut twice by the state during the year. The General Fund expects to receive \$2,418,000 for FY10. This represents 71.21% of the total received. State law requires the balance (28.79%) go to the Transportation Fund.

- Utility Franchise Taxes:** Franchise taxes are locally levied taxes designed to compensate the municipality for allowing private utility businesses to use the City’s rights-of-way to conduct their business. The Utility Franchise Tax is economy-based revenue. As an area’s growth increases, so does the revenue. They are also affected by weather, especially electric and water. Utility Franchise Tax receipts are expected to experience a small increase next year based on general economic estimates of future construction within the City as estimated by the City’s building department. All franchise taxes except Solid Waste and natural gas are collected by Miami-Dade County on our behalf and remitted back to the City. This revenue is expected to be \$5,809,802 for FY-10. This is \$221,374 over FY-09.
- Utility Taxes:** Utility taxes are paid by the utility customer as a percentage of their bill for using the various utilities services – water, sewer, electric and communications. These taxes are collected by other local governments (except the Communications Service Tax which is collected by the State) and remitted to the City. The portion remitted to the City by the Miami-Dade Water-Sewer Department is net after the City’s portion of a past General Obligation Bond payment is deducted (QNIP Bond). The cities of North Miami Beach and Opa Locka are the other providers in Miami Gardens. Overall Utility Tax budgeted revenue is expected to increase by \$397,242 or 3.65% from \$10,870,000 to \$11,276,242, largely due to higher utility rate and fuel adjustments.
- Half-Cent Sales Tax:** The Half-Cent Sales Tax is levied as a percentage of the retail sales price on all goods and many services purchased in the private sector. For Miami-Dade County, the tax rate is 6½%. This tax is collected by the State of Florida and allocated to cities and counties by statutory formula based largely on population rather than point-of-sale. Because of the economic downturn, the City of Miami Gardens expects to receive \$6,615,000 from this source in FY-10. This is an expected decrease over budgeted FY-09 revenue of 5%.



In FY 09, the City built 4 new playgrounds in various parks. These were funded by State grants and local impact fees. (PMP)

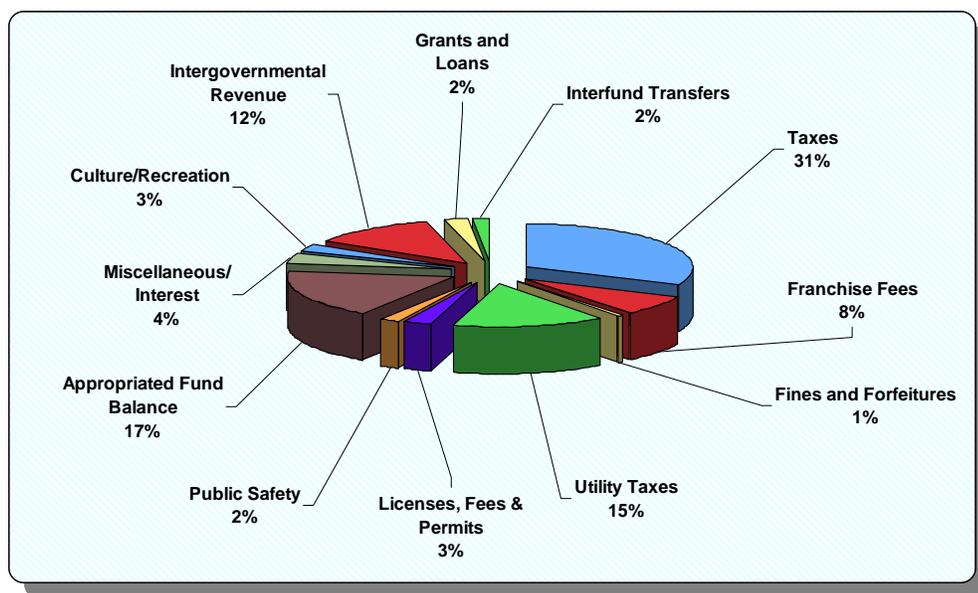
- Other Local Revenues:** Locally derived revenues form a major component of our City budget. These revenues include business tax (occupational) licenses, alarm and landlord permits, certificates of use, parks and recreation fees, interest earnings, other operational revenues, and fines and forfeitures. Some of these revenues are collected by the County, while others are directly collected by the City. Because FY-09 was only our or fourth year in collecting many these revenues, we have been conservative in forecasting a modest increase based on limited trend information.

Many of these revenues are population sensitive and we believe that they will remain fairly steady for the coming year. Total other local revenue is estimated at \$10,217,054 or an increase of 23.4% over FY-09. This primarily due to four factors: A significant increase in ticket sales for the City’s Jazz-in-the-Gardens event, police off-duty revenues which are in great demand, the start-up of the red light camera program, and expected revenue from the new Calder Casino.

The above represent 97% of total General Fund Revenues. Other smaller revenues include such items as internal service charges, fund balance forward and County-shared revenues.

Chart #1 below, depicts the breakdown of the various revenue types as a percentage of total General Fund revenues by general revenue type.

CHART #1: General Fund Revenues for FY-10

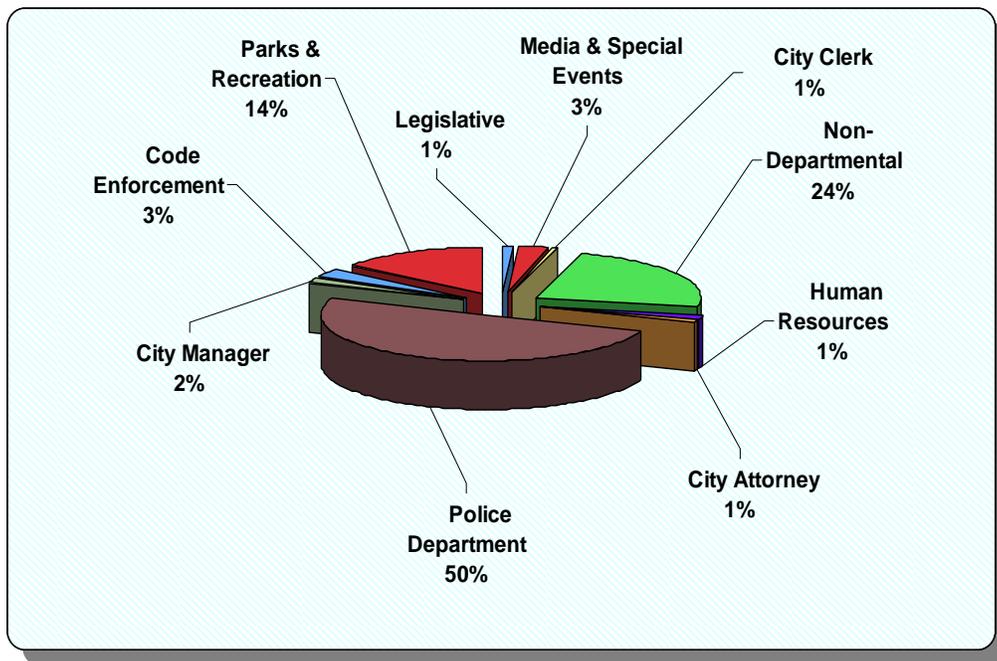


Expenditures

The other side of constructing 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 cost-of-living increases, merit increases, and increases in employee benefit expenses. This year, most of the personnel-related increases are a result of these factors.

The FY-10 budget includes a 10% estimated increase in health insurance premiums, a 2% cost-of-living adjustment (COLA) 1% effective on October 1, 2009, and an additional 1% effective April 1, 2010, a 3% funding pool for merit increases. The budget continues the 3% City match for voluntary employee 457 contributions. ^(CVS)

CHART #2: General Fund Expenditures for FY-10



Transfers

Transfers represent internal transactions between budget Funds. Transfers may appear as revenues in some cases while at other times they appear as expenditures, depending on whether a Fund is making or receiving a transfer. One of the largest of these transfers is the General Fund administrative charge to non-General Fund activities. This charge is based on actual past usage of General Fund assets (personnel, finance, legal, management and legislative support, etc.) and is charged to the Transportation Fund, Development Services Fund, CDBG Fund,

Stormwater Fund and the General Services Fund. The budget also contains transfers (expenditures) to the General Services Fund for services they provide such as purchasing, information Technology (IT), fleet management as well as a share of the City Hall facility, and associated general, citywide insurance costs. The Debt Service Fund also accepts transfer for bond payments based on actual debt service attributable to each fund's usage of bond proceeds.

Increases In the FY 09-10 Budget

The following areas involve major increases over the FY-09 budget.

- **Equipment.** General citywide replacement vehicles and computer equipment. Each piece of equipment is examined by the City's Fleet Manager or IT Director respectively, and is only replaced if it makes financial sense to do so relative to its on-going cost of maintenance.
- **Supplies.** Supplies, computers and furniture for all new positions, and additional start-up supplies for the City Attorney and the new recreation center.
- **Personnel.** The budget provides for an overall increase in Full-Time Equivalent (FTE) positions from 573 in FY 08-09 to 599 in FY 09-10. The largest of these increases occurs in the recreation budget and represent the initial staffing of the new community center (17.5 positions).^{(CDMP) (CVS) (PMP)} Also the bringing in-house of the City Attorney's office will add three (3) new positions.^(CVS) A major reorganization in the Code Enforcement and Building Services departments resulted in a decrease of four (4) positions and an almost \$300,000 per year savings.^(CVS) When the economy picks up again, some of these positions will have to be re-added to handle the increase in work.

General Fund Summary

The FY 09-10 budget provides 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. The staffing levels and some of the cuts made in the FY-09 budget due to lower revenues cannot be sustained in the long term; however, I believe that we will be able to operate effectively for the coming year. Miami Gardens remains one of the lower taxed cities of our size in the Miami-Dade or Broward County area. Despite what we see happening all around us in terms of layoffs, freezes and other drastic budgetary actions, Miami Gardens remains financially strong and continues to be able to withstand the financial assault on our revenues by the State and the economy.

TRANSPORTATION FUND

Four years later and the Transportation Fund is still dealing with the effects of Hurricane Wilma. Responding to Wilma's damage impacted the finances of the Transportation Fund very hard, spending over \$8 million on clean-up but recouping only about 93% of our costs from the state and F.E.M.A. Because we were a new city at the time, the Transportation Fund did not have a large reserve balance when the storm hit. The loss of over \$500,000 left the Fund without a reserve; this coupled with the economic downturn, has led to the General Fund having to subsidize the Fund to a small extent. A subsidy was budgeted for FY-09; however, prudent expenditures have eliminated the need for it in the current year. We have again budgeted a small subsidy of \$101,755 for FY-10 with the anticipation that we may not have it use it as was the case in FY-09. As the economy starts to pick up hopefully in FY-10, a major priority in this Fund will be to rebuild its reserve.



Hurricane Wilma hit Miami Gardens extremely hard in October, 2005. The City expended over \$8 million in cleanup.

One aspect that could help this is if the City begins to receive its share of the County's Transportation sales tax revenue. This revenue is shared by the County with 31 other City; however not with Miami Gardens, Doral and Cutler Bay. In the 2009 State Legislative session, the City was able to get a special act passed that directs the County to share this tax revenue with all cities.^(CVS) For Miami Gardens, this would mean between \$2 and \$3 million a year.

As indicated above, an overall decrease in road travel has impacted the City's receipt of gas taxes and the Fund's largest source of revenue – State Revenue Sharing – has also been hit hard by the economy. Because of these factors, we have had to cut back on our street paving and sidewalk improvement programs. Some relief is coming via ARRA stimulus funds.

We do have the funding reserved for the Phase 2 beautification program for NW 183rd Street and for several other minor beautification projects.^{(CDMP) (CVS) (TMP)} Also, FY-10 should see the NW 7th Avenue reconstruction project begin.^(TMP) This project is being funded out of County transportation impact fees. We continue to look for grants to enhance this and other projects.

Revenues

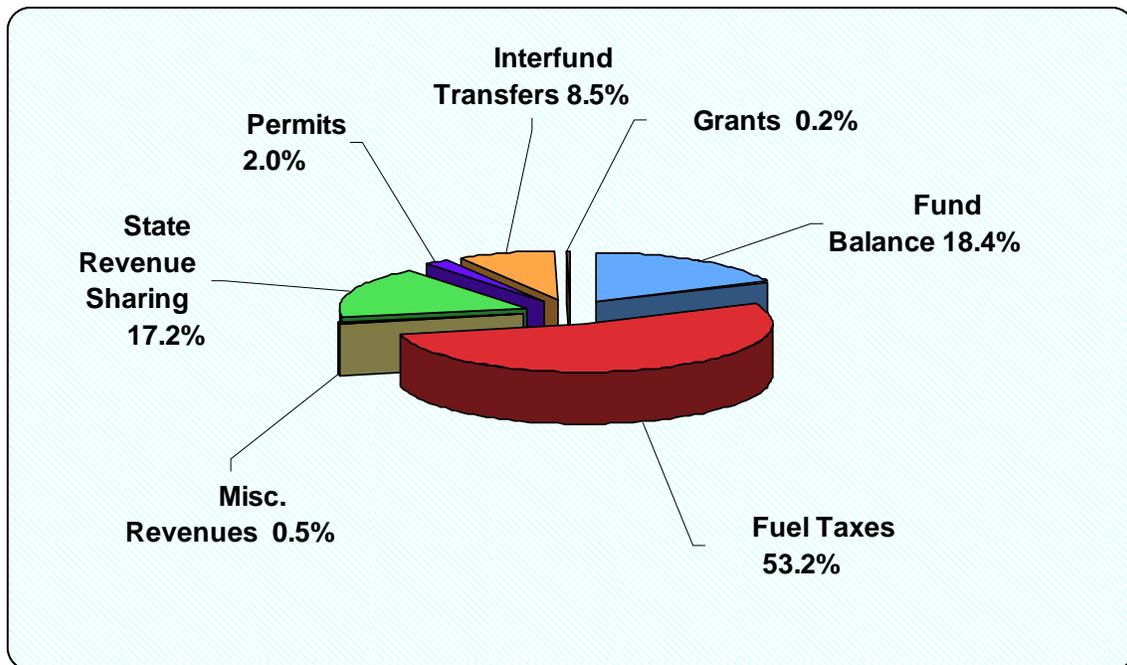
The Transportation Fund has three principal sources of operating revenue that comprise 93% of total Fund revenue. Two of these are local gas taxes enacted by the County and state and shared with the municipalities. The First Local Option Gas Tax is a 3-cent per gallon levy by the County Commission that is expected to

bring the City \$660,000 in revenue for FY-10, about the same as FY-09. This estimate is provided by the state. The Second Local Option Gas Tax is also estimated by the State, and the City's FY 09-10 allocation is expected to be \$1,675,000, again, about the same as last year.

The third major revenue in the Transportation Fund is State Revenue Sharing. State statutes require that 27.34% of all City allocated State Revenue Sharing must be used for transportation expenses. The other 77.66% is revenue to the General Fund. State Revenue Sharing is estimated by the State to be \$950,000 for FY-10. Total Transportation Fund revenues (including Fund Balance Forward) are expected to decrease by 5.7% over FY-09, again due largely to the national economic crisis.

All of these revenues are economy-based and vigilance must continue to be maintained during the year to ensure receipts are reflecting budgeted amounts.

CHART #3: Transportation Fund Revenues by Percentage



Expenditures

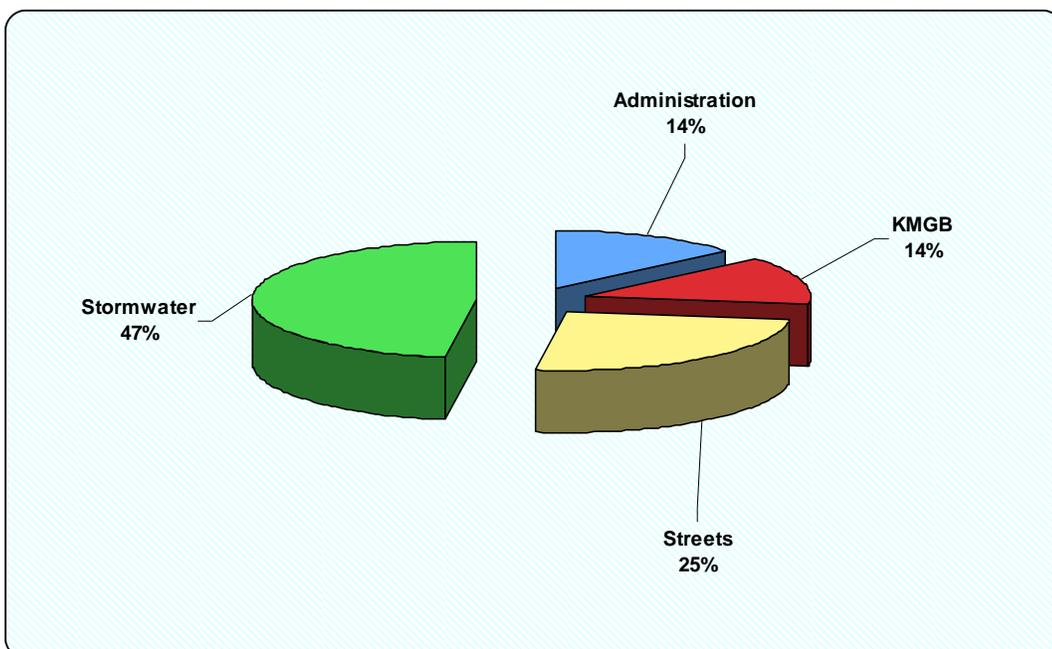
Because almost all of the activities of the City's Public Works Department concern roads and road rights-of-way, the entire operation of the Public Works Department is budgeted within the Transportation Fund. The only public works-type activity not funded in the Transportation Fund is the City's stormwater

activities. These employees are housed in public works and work under the supervision of public works but are funded from the City's Stormwater Utility Fund.

The *Keep Miami Gardens Beautiful* (KMGB) program continues in the new budget at slightly reduce levels; however, sufficient funds are available in their operating account, Stormwater Utility, and the CIP Fund to continue their present activities and enhance their tree planting.^(CVS) KMGB has had an extremely successful year in working with community groups to enhance the looks of many neighborhoods and bring the Phase I beautification program for NW 183rd Street to completion. Phase II from NW 27th Avenue to NW 47th Avenue is in design and expected to be bid during FY-10.^{(TMP)(CVS)} KMGB has been very aggressive in seeking sponsors and grants to maintain and enhance their program success. During FY-09, Miami Gardens' beautification program was recognized nationally by winning the Keep America Beautiful's Rodgers Award for our anti-litter Public Service Announcements. We also received the national Tree City designation for the fourth straight year.

The operating budget contains no funds for street paving in FY-10. It is hoped that by using interest earnings in the Capital Projects Fund, we can still undertake some badly needed paving in the Bunche Park area.^(SSA) ARRA funds will cover some re-paving, but only on federally assisted roads. We have developer funds to begin some improvements on the 12th Avenue Palmetto entry ramp and the design should start in FY-10.^{(CVS)(TMP)} This will serve as a template for future Palmetto projects.

CHART #4: Transportation Fund Expenditures by Division



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 Division of the Department of Code Compliance.

The Planning & Zoning Services Department is divided into two divisions: Comprehensive Planning and Current Planning. The Comprehensive Planning Division was responsible for developing the City's first Comprehensive Development Master Plan (CDMP) and for processing amendments to the existing County Comprehensive Plan as they apply to the City. In FY-07, the Department completed and received approval by the State for the CDMP. It also won a state planning award for innovation in land use. The Current Planning Division handles re-zoning requests, the Federal Flood Insurance Program, and other developer-related activities. During FY-09, the department completed an overhaul of the City's sign regulations and began work on a complete revision of the City's land development regulations. ^(CDMP) This process will continue into early FY-10.

The Building Services Division of the Department of Code Compliance is responsible for all administering the Florida Building Code. Its activities include development plan review, building inspections during construction, and unsafe structures enforcement.

Because of the sharp downturn, it has become necessary to make some adjustments in the staffing in the City's Building Services area. In FY-09, I asked the Deputy City Manager and Assistant City Manager over the building department to take a comprehensive look at the building function and see if changes could be made that would bring us down staff-wise, better reflecting the current economic reality. ^(CVS)

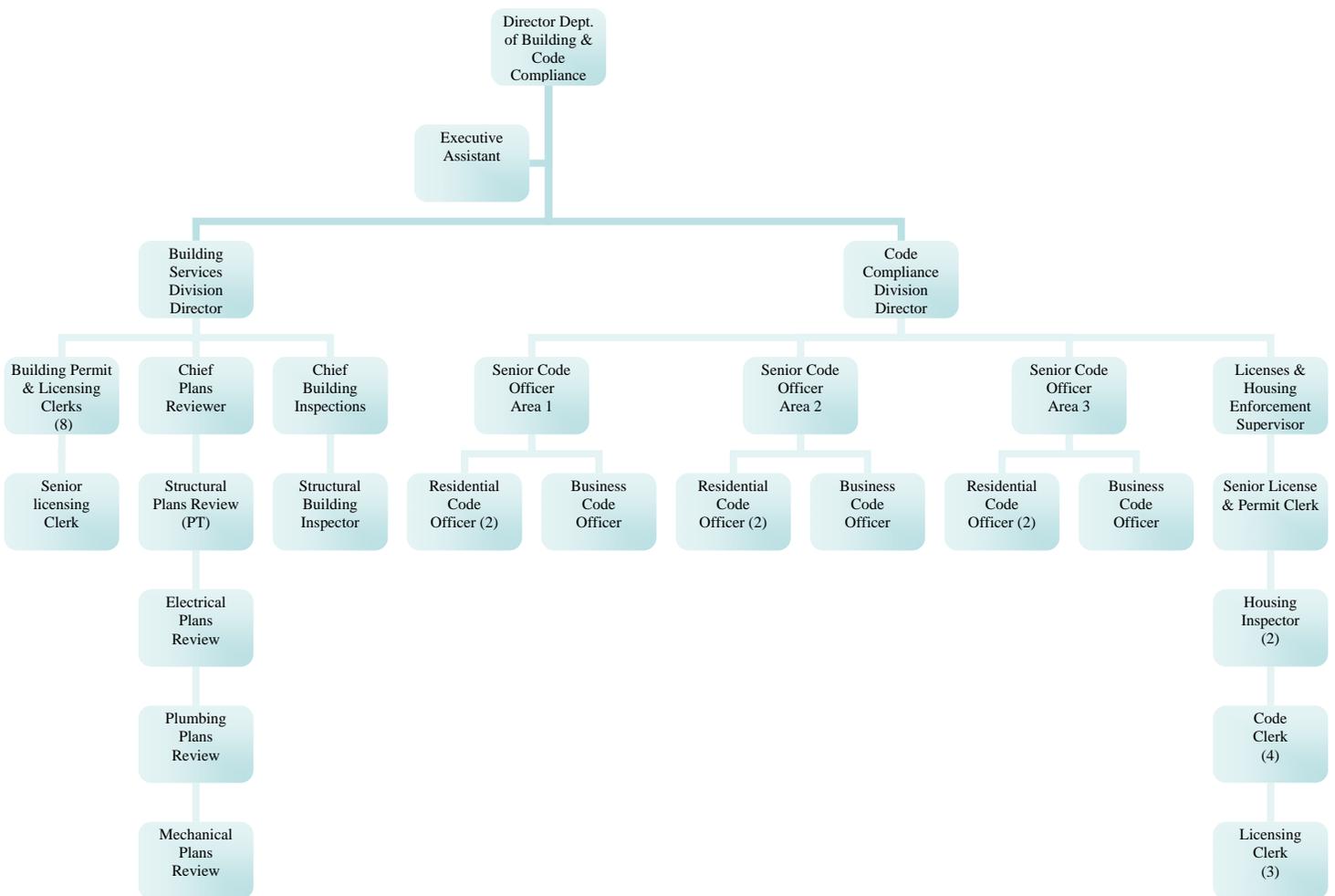


Proposed \$85M new Calder Casino and Race Course addition to be completed in FY-10.

Their analysis proposed a re-organized code enforcement operation that takes into consideration both the current slowdown in building activity and the current rise in traditional code enforcement activity due to our added emphasis on housing codes enforcement and the added activity associated with so many foreclosures. The proposed re-organization results in an overall cost savings of over \$325,000 for FY-10 and should lead to better service and better enforcement of all city codes. It should also help in coordinating activities of the two related functions.

As part of the re-organization, the City will be eliminating 11 positions but will be creating 7 new positions. It is hoped that some of the personnel whose positions are being eliminated, can fill some of the newly created positions. In creating the Department of Building Code Compliance, a new director will be hired to oversee this department. The emphasis will be on executive management skill rather than programmatic skill. Technical administrative skill will be vested in two division heads, The Division of Building Services and the Division of Code Compliance.

CHART #5: Department of Building and Code Compliance



Revenues

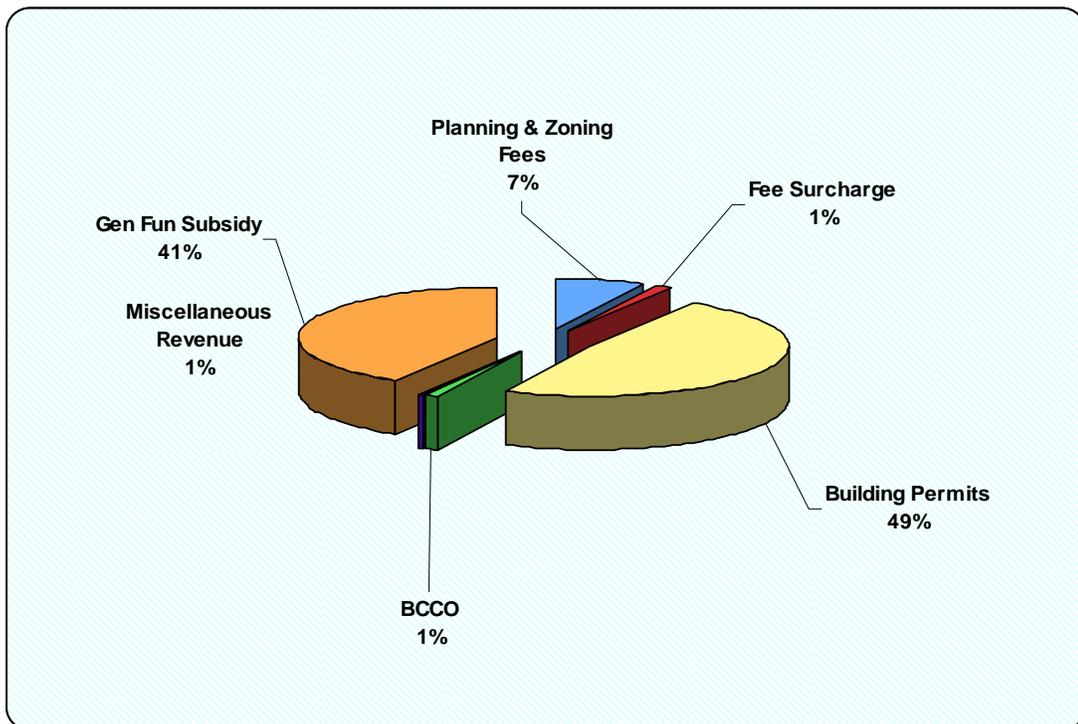
Generally, these developer-related activities generate sufficient income to cover their associated costs; however, since the economic slowdown began in FY-08, not only has the Fund utilized all of its reserves, but it has required a major subsidy

from the General Fund to balance. The Fund is expected to end FY-09 with a deficit of some \$1.4 million. This is on top of a \$1.8 million subsidy for FY-08. Total budgeted revenues (excluding the subsidy) are expected to increase by \$219,462 from FY-09 to FY-10, or 9.5%, but not enough to eliminate the need for the General Fund loan. The reorganization should help on the expenditure side of the balance sheet. It is not clear at this point whether the fund will be self-sustaining for FY-11; however, hopeful signs from the development community point to better days ahead. Total expected revenues (including subsidy) for FY-10 are estimated to be \$4,332,692. The General Fund will have to again subsidize this fund in the amount of \$1,795,130 for FY-10. When the Fund and the economy recover, it is anticipated that the Fund will re-pay the General Fund for its support.



Starting FY 07-08 and still continuing today, growth in the City suffered a conspicuous downturn, following the national trend. One bright spot has been Coconut Cay which continues to experience slower but steady sales.

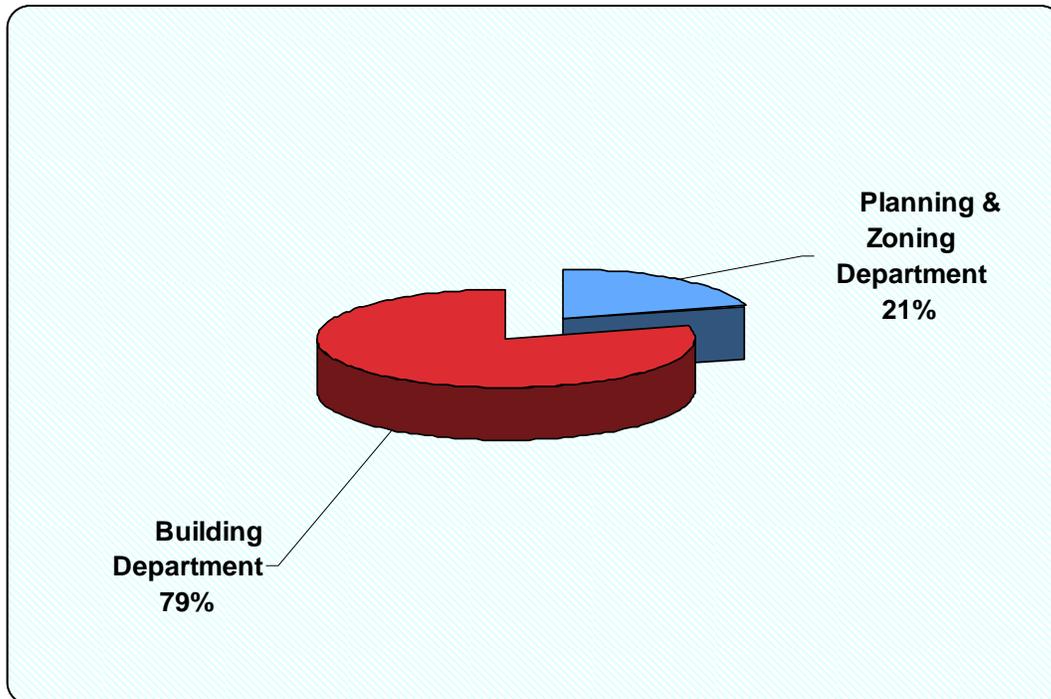
CHART #6: Development Services Fund Revenues by Percentage



Expenditures

Most expenditures in the Development Services Fund are salary related. Despite the reduction of personnel, expenditures for the Fund are anticipated to increase by \$457,469 from \$3,875,223 to \$4,332,692 for FY-10 over FY-09. This is mainly due to a more accurate internal allocation of administrative costs developed by the City Finance Department.

CHART #7: Development Services Fund Expenditures by Percentage



STORMWATER UTILITY

Operation of the City of Miami Gardens Stormwater Utility was assumed from Miami-Dade County in March 2007. Eleven (11) staff persons were hired in FY-08 to begin field operations. These employees operate through the Public Works Streets Division. For FY-10, the division still has eleven (11) employees to carry out its responsibilities which include street cleaning, drainage basin cleaning, canal cleaning, and repair of existing drainage facilities.

The City has been successful in receiving a number of grants to supplement City funds for stormwater projects. A top priority for FY-10 will be to get several earlier grant award projects underway. ^(TMP)

The City's Stormwater fee is \$4 per month for each Residential Equivalent Unit (REU), or approximately 1,500 square feet of impervious surface. This fee has not been increased since 1991.

Revenues

100% of the operating revenue for the Stormwater Utility comes from the Stormwater Utility Fee imposed on resident's utility bills. There are approximately 70,000 REUs in Miami Gardens. Fees are expected to generate \$3,395,000 in revenue. This revenue is collected on behalf of the City by either the City of North Miami Beach's Water Utility or by the County's Water & Sewer Department on their bills. A small number of residents are not on either system and are billed directly by the City.



Street Flooding in Coconut Cay after a 2" rain event.

Expenditures

Expenditures in the Stormwater Utility involve operations (staff) and projects. For FY-10, the two largest expenditures are \$800,000 for canal cleaning, and a \$972,554 payment to the County for debt service related to capital projects completed when the City was still a part of unincorporated Miami-Dade County.

GENERAL SERVICES FUND

Unlike the other non-General Fund funds, which essentially stand alone and are audited as separate entities, the General Services Fund is similar to an internal service fund. It acts as a service agency for the City's fleet and equipment. This is helpful in tracking and accounting for items that cross all departments. In addition, the General Services Fund is responsible for vehicle maintenance, general City Hall expenditures such as space and insurance, and the City's Information Technology infrastructure.

This Fund provides a central point where the City can monitor vehicle performance and coordinate preventative and unscheduled maintenance fleet-wide. Large, costly expenditures for the City's Information Technology operations are also budgeted here to minimize the impact on individual departmental budgets in any one year.

Also included in this fund is the City's Purchasing Department. When the City's audit is completed, this Fund is consolidated with the General Fund.

Revenues

The major revenue sources for the General Services Fund are the "payments" (transfers) that the various departments make to pay for services rendered in the current fiscal year. For FY-10 this amounts to \$8,404,606.

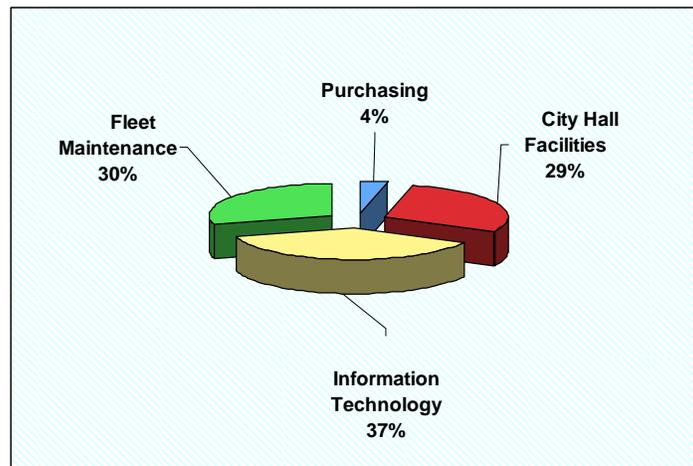
For FY-10, the City will not have to issue bonds or lease-purchase agreements as funds remain from the FY-09 equipment issue. We have done this almost yearly since becoming a city. By paying over a five year period, the impact on any particular budget is minimal. As a tax-exempt government, our interest rates are well below market and make this a highly viable method to finance equipment. The City will have to issue approximately \$4.2 million in bonds if the City receives the Department of Justice ARRA-COPs grant for 27 additional officers. ^(CVS)

Expenditures

The General Services Fund's principal expenditures are for the purchase of budgeted vehicles and equipment and the provision of routine support services. Major purchases include cars, trucks and other major rolling stock, and major non-vehicular equipment such as computer hardware and software. Capital equipment with a life of five years and cost of \$5,000 or more, is generally paid from this fund.

In addition to vehicle and equipment purchases, this internal service fund is used to account for several inter-organizational support services such as purchasing, information technology and fleet management. It also pays for a number of expenditures that are citywide in nature such as utility bills, vehicle gas and maintenance, and liability insurance. Bills are paid from this Fund and payments are collected from the various departments' budgets in proportion to their use.

CHART #8: Functional Expenditures - General Services Fund



The Special Revenue Fund was established in FY-06 to assist in the accounting for and tracking of certain revenues that come to the City that have restricted uses. These include parks and police impact fees and Law Enforcement Education Trust Fund revenues. For FY-10, it is anticipated that we will spend some of these funds on recreation capital needs. New revenues include an anticipated additional \$62,100 in Impact Fess and \$5,000 in accrued interest.

CAPITAL PROJECTS FUND



Entrance Sign and landscaping installed as part of the NW 27th Avenue Beautification project. The project was funded in the CIP with local bond funds and DOT and County grants.

The Capital Projects Fund was initiated in FY-05 with a dedicated tax increase of \$500,000. No projects were undertaken from these funds during its first two years so that the accrued monies could be held as an emergency reserve and cash flow reserve until such time as the General Fund accumulated sufficient fund balance to meet these purposes.

The City has been very successful in securing outside financial commitments for its future capital projects. Most capital-related grants are accounted for in this fund. The FY-10 budget also includes a transfer from the General Fund to the CIP Fund for several projects including the City sidewalk, street paving and street beautification programs.

Revenues

Revenues in the Capital Project Fund generally consist of four types: Grants, Bonds, transfers from operating departments and interest earnings. We have budgeted \$21,684,765 in grants for various projects. Most of these funds are from Miami-Dade County through several county-wide bond issues approved by the voters. Federal ARRA grants account for \$500,000 of this total.



The City's renovated Public Works building was occupied in late FY-09

Expenditures

There are five employees budgeted in this fund: A Capital Projects Manager, two projects managers and one administrative position. In that the City has embarked on almost \$50 million worth of capital improvements over the next several years, professional management for these projects was added in FY-09 to ensure timely completion and follow up on grant requirements. Many of the capital projects are multi-year projects and may not actually begin in FY-10. The funds are carried over to the subsequent year's budget until used or released.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

A new Fund established in mid-year FY-2007 was the Community Development Block Grant Fund. The City is designated an entitlement city for the purposes of receiving Community Development Block Grant funds from USHUD. The City was notified by HUD that our allocation For FY-10 will be \$1,377,547 or about the same as for FY-09. However, the City does expect to receive an additional \$371,207 in FY-10 under the ARRA.



Projects and programs in the CBDG Fund are based on the priorities established by City Council in the yearly Action Plan as approved by HUD.

In FY-09, the City received \$6.7M in funds from the Federal Neighborhood Stabilization Program as will be purchasing 35 foreclosed homes for rehabilitation and resale to qualified buyers during FY-2010. The City expects to receive and additional \$5,000,000 in FY-10.

STATE HOUSING INITIATIVE PARTNERSHIP FUND

In July 2007, the City was awarded a \$600,000 allocation for housing initiatives by the state's S.H.I.P. program. FY-10 funding is expected to be \$51,000 because of severe State cutbacks. This Fund was established to account for these revenues. Expenditures are managed through the Community Development Department.

DEBT SERVICE FUND

For FY-09, the City established a consolidated Debt Service Fund from which all bonded debt and capital lease payments are made. Individual operating funds transfer their proportionate share of such debt through the budgetary process. This fund provides the public with a quick view of the City's outstanding debt obligations

in any particular year. Additional detail on the City's debt can be found in the Appendix titled *Budget-Related Tables and Graphs*.

BUDGET SUMMARY

Fiscal Year 2008-2009 has proven to be an active year for the City. The nationwide recession has and continues to have, a significant negative effect on the activity level of the City's planning and building departments. Dealing with this issue has been challenging to say the least, but we are now moving forward.

FY-09 also marked the completion of projects on which we have worked so hard for since the City's incorporation: NW 183rd Phase I beautification improvements, the addition of three new playgrounds in our parks, the commencement of construction of the Miami Gardens Community Center, the purchase of 14 acres to be used as a senior center and gardens, ^{(CDMP) (PMP) (CVS)} and the renovation of a building to our first public works facility^(TMP) among others.



Aerial view of construction progress on the new Miami Gardens Recreation Center. It is scheduled to open in early FY-10. ^(PMP)

Challenges include dealing with Legislative mandates and municipal revenue reduction schemes that seem to pop up ever session, the additional statewide tax cut ballot initiative approved by the Legislature on the last day of the FY-09 session, and an economy that remains in recession mode. Finding sufficient funds to improve infrastructure will remain a key challenge.

Initiatives New For FY 2009-2010

The future of the City of Miami Gardens continues to be full of promise and hope, now more than ever. FY-10 will see the second phase of our comprehensive planning process completed – the development of our own land development regulations. This comprehensive adoption process requires significant input from the community if they are to truly reflect the community's vision.

Maintaining our relatively low tax rate while providing the services needed and demanded by our residents is an important guiding principal in preparing our FY-10 budget. ^(CVS) Miami Gardens remains one of the lowest taxed major cities in Miami-

Dade or Broward counties (see Table #2 below). This is good for our residents, and good for the future. This enables us to remain fiscally strong with the flexibility to deal with whatever challenges and opportunities that we may face in the future.

Unfortunately, the State Legislature will not let cities, counties and school boards carry out their constitutional responsibilities without petty interference and assaulting our revenue base. Their “we know better than local officials” actions at the 2007- 2009 Legislative sessions have placed all local governments in jeopardy of fiscal decline. This past session, on the last day without notice to anyone, the Legislature again passed and called a statewide referendum on the ballot for 2010 that will have additional drastic fiscal effects on local government revenues.

While maintaining the State mandated roll-back tax rate, the budget contains a number of new initiatives for the coming year, the most ambitious of which is the opening of the City’s new Community Center. The budget contains



FY-10 will be a year of decision on moving forward with the City’s first City Hall

\$1.8 million to fully staff the new center.

This was allocated without any increase in taxes or fees.

The coming year promises to continue this exciting progress through the completion of the new Community Center, commencement of the NW 7th Avenue road reconstruction project,^(TMP) renovation of one of the buildings on the new 14 acre site for the senior center,^{(PMP) (CVS)} and the start of the design process for an eventual new City Hall in the town center area.^{(TCS) (CDMP)}

Beautification continues as an important priority City. Funds have been reserved to undertake Phase II of the NW 183rd Street Beautification Project (NW 27th Avenue west to the City line).^{(CVS) (TMP)} This will complete the beautification of the City’s main East-West corridor. Additional beautification projects funded for FY-10 are the Palmetto Expressway’s NW 17th Avenue entrance ramp the US 441 median improvement program.^{(CVS) (TMP) (441CS)} During FY-10, Florida DOT will be resurfacing US 441 through the City and at our request and expense, they will install irrigation sleeves under the new surface.^(441CS)

Finally, the federal ARRA Stimulus program will enable the City to undertake several major initiatives. The City has received almost \$7 million thus far and has applied for an additional \$11.5 million under the program.

One of our first initiatives will be to add various alternate fuel to the City's proposed new fueling station for our fleet.^(TMP) In



The NW 7th Avenue will transform the area with medians, traffic circles and other amenities.

addition to regular gasoline and diesel, we are looking at adding E85, bio-diesel and Compressed Natural Gas (CNG) capabilities. We will also convert 40 police detective vehicles to CNG.^(CVS) Other stimulus initiatives will be a significant increase in police overtime for special operations including the NFL Super Bowl XLV, the NFL Pro Bowl and the BCS Orange Bowl, all in early FY-10. These and other initiative should keep everyone busy this year and should bring a better standard of community to all residents.

The ARRA in conjunction with the earlier federal Neighborhood Stabilization Program (NSP), will enable the City to purchase dozens of foreclosed properties, renovate them, and then resell them to qualified buyers, including first time homebuyers.^(CVS) ^(CDMP) This will significantly strengthen our neighborhoods and community.

Taxes and Taxpayers

Of interest to almost any taxpayer reading the budget is “how does this affect me?” The good news is that Miami Gardens is still one of lowest taxed major cities in Miami Dade or Broward counties. Table #2 below illustrates the relative tax burden on residents of Miami Gardens as compared to surrounding cities. The per capita tax burden is the amount that each resident pays on the average. When looking at your tax bill, it is important to remember that less than 25% of your tax bill goes to the City of Miami Gardens; 75% goes to Miami-Dade County, the School Board, the County Fire District and to several other special taxing districts. The City tries hard to get the most from each tax dollar.

TABLE #2: Comparative Tax Burden, Selected Miami-Dade Cities

City	Population	Tax Rate in Mills*	Per Capita Tax Burden
Miami Beach	94,040	5.8970 mills	\$1,780
Miami	406,242	7.9202 mills	\$796
Opa-Locka	15,146	8.0084 mills	\$485
Homestead	59,415	5.1585 mills	\$455
North Miami	69,688	6.9318 mills	\$374
North Miami Beach	40,879	7.3939 mills	\$343
Hialeah	228,157	6.5400 mills	\$316
Miami Gardens	111,171	5.3734mills	\$218

Another question often asked is: “Is the City borrowing too much and putting us in debt?” Below are the two key statistics used to evaluate whether a city is borrowing too much. The first, TABLE #3, is the City’s Taxable Value-to-Debt Ratio. A ratio of 0.0 to 3.0 is considered low. 3.0 to 6.0 is considered moderate and above 6.0 is considered high. In spite of the fact that we are a new municipality with many start-up costs, our ratio is very low.

TABLE #3: Debt to Taxable Assessed Value Ratio

	Taxable Assessed Value	Bonded Debt	Debt Ratio
Miami Gardens	\$4,503,604,818	\$ 66,334,610	1.47%

Another recognized measure of whether a city is borrowing too much is the per capita debt figure. As demonstrated in TABLE #4 below, Miami Gardens has a relatively low per capita debt burden.

TABLE #4: Debt Burden Per Capita Florida Cities

North Miami Beach	\$3,179
Palm Bay, FL	\$2,697
Tampa	\$2,550
Port Orange	\$2,226
Orlando	\$2,150
Ft. Lauderdale	\$1,900
Tamarac	\$1,890
Sarasota	\$1,557
St. Petersburg	\$1,400
Miami	\$1,200
Hollywood	\$1,146
Jupiter	\$885
Coral Springs	\$736
Miami Gardens	\$596

Final Thoughts for FY-10

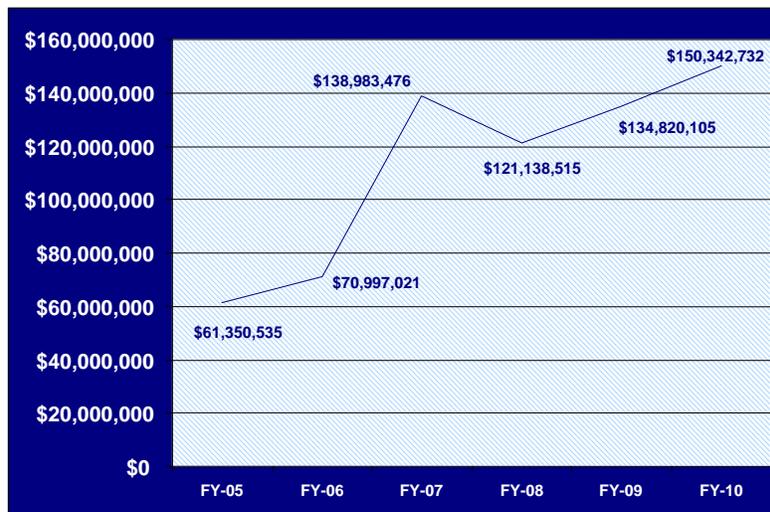
A major challenge that we constantly face is that most of our revenues are economy-based and we are currently facing the third year of an economic slowdown. And, as stated earlier, the Legislature has almost guaranteed additional reductions after 2010. This is why it is critical that the City continue building an appropriate reserve so that we can temper any major downturn in revenue. It is estimated that at year-end FY-09, the City will add an additional \$300,000 to the General Fund reserve. ^(CVS)

TABLE #5: City Millage Rate History



Perspective: It is important to note, as I frequently do, that this City was not expected to survive as a viable municipality. We have all heard this theme echoed around the County. I think that the FY-10 budget puts this to rest. When we adopted our first real budget in FY-05 (there were County-adopted budgets in 2003 and 2004), we had a total funds budget of \$39,000,000. Compare this to today:

TABLE #6: Total All-Funds Budget



Finally, I want to thank the Mayor and City Council for the continuing opportunity to serve you and the residents of Miami Gardens as your 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. I also especially want to thank Patricia Varney, Denese Williams, and the finance staff for their assistance in this effort.

Respectfully Submitted,

Danny O. Crew

Dr. Danny O. Crew
City Manager

