



Town of Miami Lakes Memorandum

To: Honorable Mayor & Councilmembers

From: Edward Pidermann, Town Manager

Subject: Increase in the Town's Budgetary Contingency Reserve

Date: February 18, 2020

Recommendation:

It is recommended that the Town Council pass the proposed Ordinance which will increase the Town's Budgetary Reserve from 15% to 20%.

Background:

The Town of Miami Lakes Code, Division 2, Chapter IV, requires that the Town retain a 10% budgetary reserve. The Town Code further provides that in the event the Town issues long-term debt, the mandatory budgetary reserve shall increase to 15%, and will remain 15% during the duration of long-term debt service. According to the Code, once the long-term debt service has concluded, the budgetary reserve would revert to 10%. During the year 2011, the Town issued long-term debt in order to finance the construction of a Town Hall. Accordingly, since 2011 the Town has maintained a minimum of 15% budgetary reserves.

During the November 2019 Town Council Meeting, Councilman Josh Dieguez presented a new business item for the purpose of amending the Town Code to provide for a minimum budgetary reserve of 20%. This change was proposed in order to provide the Town greater fiscal security in the event of an economic downturn.

The proposed ordinance amends Section 2-102 to provide for a 20% reserve. Additionally, the Ordinance removes Section 2-106 which allows for the budgetary reserve to revert to 10% at the conclusion of long-term debt service.

Attachments:
Ordinance