



Town of Miami Lakes Memorandum

To: Honorable Mayor and Council

From: Alex Rey, Town Manager

Subject: Adoption of Budget for Fiscal Year 2016-17

Date: September 20, 2016

Recommendation:

It is recommended the Town Council adopt the Fiscal Year 2016-17 Budget as amended on second reading and presented in Exhibit A to the Ordinance.

Background:

The Town Manager's FY 2016-17 Budget Message presented at the first Budget Hearing is attached for reference.

CHANGES FROM FIRST READING

There are three modifications made to the Proposed Fiscal Year 2016-17 Budget after the first Budget Hearing held on September 6, 2016. These modifications include 1) restoring the Committees Budget to their full request, 2) reducing the Town's landscape maintenance mowing cycles from 35 to 32 cycles per year in pocket parks and landscaped areas, and 3) obtaining authorization from the Dunnwoody Lake developer to utilize the contribution for education funds for educational and youth related projects. In addition, based on contracts awarded at the Council Meeting on September 6, 2016, the Proposed Budget on second reading includes a reduction to the property, casualty and liability insurance appropriation, as well as allocates funds for the direct purchase of the LED Street Light Program.

Due to the fact that the LED Street Light expense is budgeted in the Special Revenue Fund - Peoples Transportation Plan (PTP 80%), the need for a transfer to the Capital Projects Fund in the amount of \$365,600 is eliminated, and partially off-set by the transfer of \$4,400 to the General Fund, and thereby reduces the total FY 2016-17 Budget from \$35,958,572 to \$35,597,972. The changes are described below and summarized in Attachment 1 to this memorandum.

1) Restore Committees' Budgets – (\$18,600)

Staff was directed to restore the Committees budgets to their full request for FY 2016-17. These include the Economic Development Committee (\$7,000), Youth Activities Task Force (\$3,900) and Cultural Affairs Committee (\$7,700).

2) Reduce Mowing Cycles - \$9,526

Presently, the Town's grounds maintenance contracts for neighborhood pocket parks, beach parks, Park East and Park West that are set to be expire and rebid in 2017 provide for 35 landscape mowing cycles. Staff was directed to reduce the mowing cycles from 35 to 32 cycles for a savings of approximately \$3,175 per cycle.

3) Authorization to utilize Contribution for Education funds - \$4,400

Per the Dunnwoody Lake development agreement, the developer's contribution for educational purposes in the amount of \$300,000 was intended to be spent for educational purposes for improvements to impacted schools in the Town. Council directed staff to obtain the current and previous owner's authorization to utilize the contribution for education funds for town-wide educational purposes and youth related educational programs. The Town Attorney is currently pursuing the developer's consent. Staff is in communication with the Owners and we are hoping to have an update prior to the second Budget Hearing.

This Proposed Budget for Second Reading allocates \$4,400 of the funds to the Educational Advisory Board for such purposes. Additionally, as directed at the Zero Based Budget Workshop, \$25,000 was previously allocated from the developer's contribution for education to the Educational Advisory Board; these amounts represent approximately 50% of the Education Advisory Board budget. The balance from the Contribution for Education funds in the amount of \$270,600 remains in contingency in the Special Revenue Fund for future allocation.

4) Insurance Adjustment - \$4,674

The Property, Casualty and Liability Insurance contract was awarded at the September 6, 2016 Council Meeting. As a result, this Budget adjusts the proposed allocation for insurance from \$242,950 to the newly awarded contractual obligation for FY 2016-17 in the amount of \$238,276. This amount is apportioned between the General Fund (\$215,326) and the Special Revenue Fund – Transit (PTP 20%) (\$22,950).

5) LED Street Light Program - \$365,000

At the September 6, 2016 Regular Council meeting, staff was directed to fund the conversion of approximately 915 Town-owned High Pressure Sodium (HPS) cobra head street lights to Light Emitting Diode (LED) lights with Peoples' Transportation Plan (PTP 80%) funds in lieu of pursuing a financing agreement. The LED retrofit project is expected to reduce energy cost by approximately 65% or \$26,000, maintenance cost by at least 45% or approximately \$45,000 per year on the Town owned streetlights, and staff monitoring cost of \$2,000 per year, for a total savings of \$73,000 per year.

Fully funding the LED Street Light Program from PTP 80% reduces the transfer to the Capital Projects Fund for transportation improvements, which ultimately reduces the funding for NW 59th Avenue Extension, Public Works Storage Yard and Boat Yard to \$191,334. This results in a decrease to the Capital Projects Fund from \$5,174,503 to \$4,809,503.

Items 1 through 4 result in a net increase of \$4,400 to the FY 2016-17 General Fund Operating Budget to \$15,861,001, due to the transfer-in from the Special Revenue Fund.

ALTERNATIVES TO BUDGET CHANGES

An alternative approach to the above changes that impact the General Fund that would not reduce the level of service delivered to the community and maintain the aesthetics of the Town of Miami Lakes is presented below:

- a) Preserve the Cultural Affairs Committee (-\$7,700) and Youth Activity Task Force (-\$3,900) budgets as initially proposed. In our discussions with the Committees, we believe that they have implemented their desired enhancements within the existing resources;
- b) Restore mowing cycles back to 35 cycles per year (\$9,526);
- c) Reverse the total allocation to the Education Advisory Board from the developer's contribution for education (\$29,400); and,
- d) Reduce travel, education and training budget (see chart below) from \$38,300 across Mayor, Council and all General Fund Staff to \$10,974. This action would eliminate the majority of the planned travel and training for FY 2016-17. Travel would be reserved only to pursue funding for specific legislation directly affecting the Town. (\$27,326).

Account/Description	Mayor and Council	Administration (All GF Staff)	Total
Travel & Per Diem	\$10,500	\$10,000	\$20,500
Education & Training	\$7,800	\$10,000	\$17,800
Total	\$18,300	\$20,000	\$ 38,300

OTHER BUDGET DISCUSSION ITEMS

At the first Budget Hearing, staff was also directed to calculate the millage rate at which homesteaded property owners protected by the CPI cap would have no tax increase, as well as provide a salary survey of positions and compensation in the industry as benchmarked against the Town's. Below is a summary response:

Millage Rate for Homesteaded Properties

The taxable assessed property value represents the total assessed value adjusted for growth caps on homesteads (Save our Homes) less allowable and qualified exemptions such as two (2) \$25,000 Homestead exemptions, additional Senior Homestead exemption and the Disability exemption. Pursuant to Section 193.155(1), F.S., property tax valuation shall not exceed the lower of three percent of the assessed value of the property for the prior year, or the percentage change in the Consumer Price Index (CPI) for all urban consumers. The 2016 CPI rate is 0.7%.

Based on the assessed value percentage increase of 0.7% allowable by law, the millage rate that would ensure homesteaded property owners do not experience a tax increase is 2.3353 mills, or .0165 mills less than the proposed millage rate of 2.3518. The impact to the budget would be a reduction in Ad Valorem revenue of approximately \$44,000 per year.

Salary Survey

The 2016 salary survey (attached) benchmarks against 10 Miami-Dade County municipalities of comparable population to Miami Lakes including: Palmetto Bay, Doral, North Miami Beach, Homestead, Aventura, Pinecrest, Hialeah Gardens, Coral Gables, Cutler Bay and Sunny Isles Beach. The population of these municipalities ranges from 18,223 in Pinecrest to 50,000 in Doral. Miami Lakes currently has approximately 30,000 residents.

The survey shows that in the vast majority of positions, Town of Miami Lakes employees are below the average. The cost of bringing all positions to average compensation is approximately **\$360,000 per year** plus the corresponding increase in benefits. This represents an under-compensation of roughly 13% across the board. In addition, we have identified several Miami Lakes employees who serve multiple roles where comparable municipalities staff multiple people to do these jobs.

Attachments:

FY 2016-17 Budget Message

Attachment 1 - Budget Hearing Changes Summary

Attachment 2 - Salary Survey

Ordinance

Exhibit A- FY 2016-17 Proposed Budget Line Item Detail