



## ***TOWN OF MIAMI LAKES***

### ***MEMORANDUM***

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**To:** Honorable Mayor and Town Councilmembers

**From:** Alex Rey, Town Manager

**Subject:** FY 2018-19 Budget Message

**Date:** September 4, 2018

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#### **Recommendation**

It is recommended that Town Council approve the millage rate for Fiscal Year 2018-19 at 2.3353 mills, which is \$2.3353 per \$1,000 of assessed property value. This is the same millage rate as adopted for the prior year, and it remains one of the lowest millage rates in Miami-Dade County. The proposed millage rate is expected to yield \$7,130,200 in ad valorem revenue at 95% of value based on the July 1, 2018 estimated Property Tax Roll, as provided by Miami-Dade County Property Appraiser.

It is also recommended that Town Council adopt Fiscal Year 2018-19 Budget on First Reading of Ordinance, as proposed.

#### **Background**

As the Town enters a sixth year of economic growth attributed to increasing property values and new development, the positive effects of prudent financial decisions over the last few years have allowed us to invest in new community facilities, stormwater infrastructure improvements, enhanced communication and transparency, police resources to accommodate a growing population, beautification projects and improved response times to requests for service through new technologies and process improvement.

The Town's economic development goal is to reinforce, strengthen and promote the livability and sustainability of our neighborhoods, commercial and industrial areas in the face of the current economic climate and changing needs of the population. As such, maintaining the Town's credit rating remains an important part of the Town's plan for sustainable recovery and prosperity. On May 15, 2018, Moody's Investor Service upgraded the Town's bond rating from 'Aa3' to 'Aa2'. Moody's, in commenting on the basis for upgrading the ratings noted that the Town benefits from low debt and pension burdens and a strong stable financial position. Additionally, in 2017, Fitch Ratings upgraded the special obligation bonds rating from 'AA' to 'AA+'. The upgrade focused on the Town's solid revenue framework and expenditure flexibility, nominal fixed carrying costs

and low long-term liability burden. The Town's financial position will continue to remain strong with continued development, and as property values increase and generate more property tax revenues.

While the current and projected development projects bode well for the Town's future economic stability, a new challenge facing Florida municipalities is the proposed constitutional amendment (House Joint Resolution) HJR 7105 which will be placed on the November 8, 2018 ballot which, if approved, would create an additional \$25,000 exemption for homestead properties with assessed values over \$125,000. The estimated revenue loss to the Town of Miami Lakes would be approximately \$350,000 in the first year. However, it is anticipated that property values will increase, and with the addition of new construction to the Tax Roll, ad valorem revenues will also increase thus offsetting the loss from the additional homestead exemption, if passed.

In November 2015, the Town adopted a 2025 Strategic Plan that outlines six goal areas including enhanced mobility, beautification, economic development, sustainability, communication and innovation/technology. Each goal area is supported by Objectives as adopted by the Town Council. Staff has developed specific Initiatives with supporting work plans to accomplish the Goals and Objectives provided for in the 2025 Strategic Plan. Several components of the plan require funding from the General Fund, including beautification and communication initiatives. Specific initiatives discussed at the May 15<sup>th</sup> Budget Workshop are a part of the Fiscal Year 2018-19 Business Plan and included in the Proposed Budget; however, several of these initiatives are currently unfunded due to the lack of available resources, which will be discussed later in this memorandum.

## **FY 2018-19 PROPOSED BUDGET**

The proposed budget is a deliberate balance of revenues and expenditures prepared in accordance with the State of Florida's Truth in Millage process and best serves the Town's prioritization for provision of core services and the Council's Strategic Plan Initiatives. It balances the Town's financial resources with current programming and service levels while maintaining a solid financial position. We were able to balance this fiscal year's budget with recurring revenues and expense savings which allow us to maintain the current level of services expected by our residents and the business community.

The total Budget for Fiscal Year 2018-19 including all Funds is \$50,246,679 as shown in the table below. This represents an increase of \$8,730,579 or 21% as compared to Fiscal Year 2017-18 Adopted Budget, which is primarily attributed to several new grant awards of approximately \$3,828,000, loan proceeds in the amount of \$2,511,743 for MLOP Master Plan, non-ad valorem revenues totaling \$1,668,617 from the newly acquired Special Taxing Districts, increase in ad valorem taxes of \$436,100, and the remaining \$286,119 across the various funds. The details of the increase are discussed later in this memorandum.

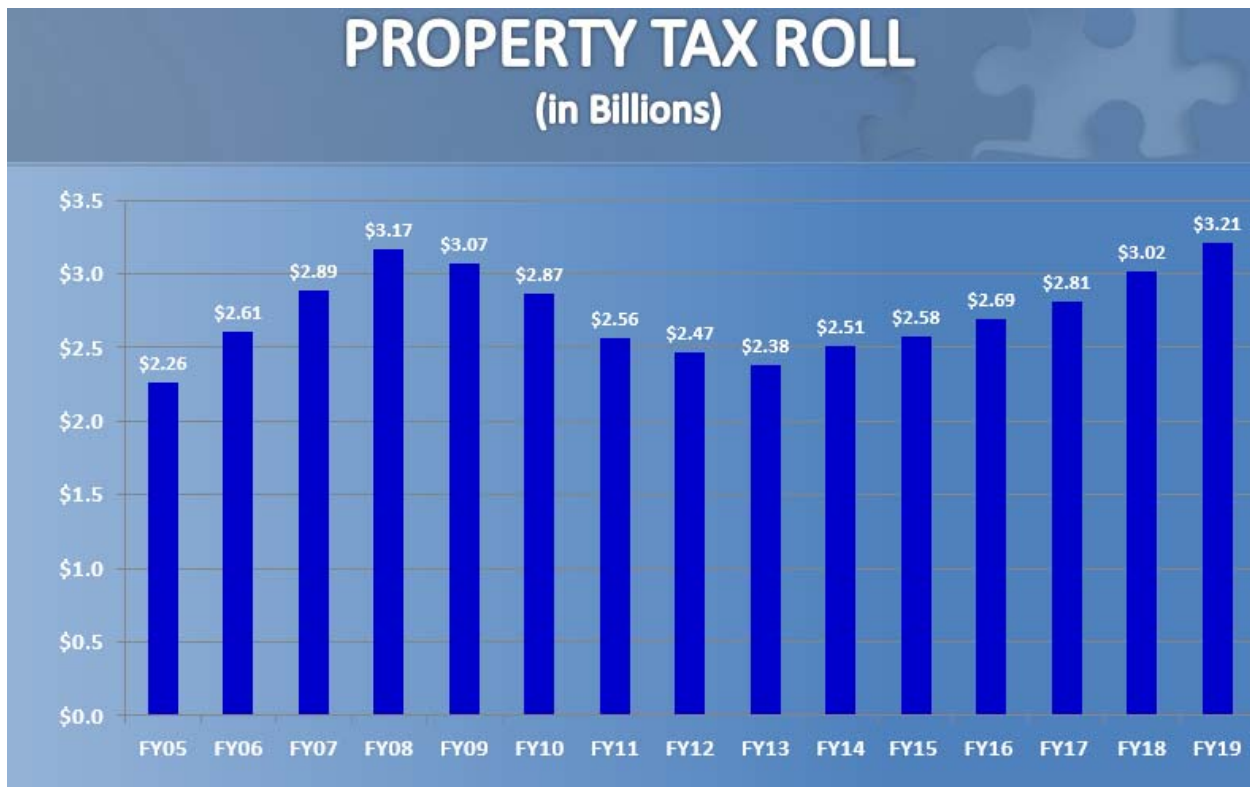
<b>BUDGET SUMMARY</b> <b>Town of Miami Lakes - FY2018-19</b> <b>THE PROPOSED OPERATING BUDGET EXPENDITURES OF THE TOWN OF MIAMI LAKES ARE 21.0% MORE THAN LAST YEAR'S TOTAL OPERATING EXPENDITURES</b>								
<b>Millage per \$1,000</b> <b>General Fund Millage: 2.3353</b> <i>The General Fund Millage is 5.24 percent higher than the State defined Rolled Back Rate</i>								
ESTIMATED REVENUES	General Fund	Special Revenue Funds	Electric Utility Tax Revenue Fund	Debt Service Fund	Capital Projects Fund	Stormwater Utility Fund	Internal Service Fund	Total All Funds
Ad Valorem Taxes: Millage per \$1,000 = 2.3353	7,130,200	-	-	-	-	-	-	7,130,200
Non-Ad Valorem Assessment	-	1,668,617	-	0	-	-	-	1,668,617
Franchise Fees	1,275,000	-	-	-	-	-	-	1,275,000
Charges for Services	-	-	-	-	-	1,100,000	-	1,100,000
Utility Service Taxes	3,287,476	-	372,745	-	-	-	-	3,660,221
Intergovernmental Revenue	4,522,810	1,610,000	-	179,304	6,416,638	-	-	12,728,752
Licenses and Permits	433,500	4,634,434	-	-	-	-	-	5,067,934
Fines & Forfeitures	195,000	50,000	-	-	-	-	-	245,000
Loan Proceeds	-	-	-	-	2,511,773	-	-	2,511,773
Miscellaneous Revenue	349,190	225,000	-	-	16,000	40,000	-	630,190
<b>TOTAL SOURCES</b>	<b>17,193,176</b>	<b>8,188,051</b>	<b>372,745</b>	<b>179,304</b>	<b>8,944,411</b>	<b>1,140,000</b>	<b>-</b>	<b>36,017,687</b>
Transfers In	59,824	-	-	370,745	3,135,177	-	344,429	3,910,175
Fund Balances/Reserves/Net Assets	4,403,908	4,419,132	-	-	1,314,426	181,351	-	10,318,817
<b>TOTAL REVENUES, TRANSFERS &amp; BALANCES</b>	<b>21,656,908</b>	<b>12,607,183</b>	<b>372,745</b>	<b>550,049</b>	<b>13,394,014</b>	<b>1,321,351</b>	<b>344,429</b>	<b>50,246,679</b>
ESTIMATED EXPENDITURES	General Fund	Special Revenue Funds	Electric Utility Tax Revenue Fund	Debt Service Fund	Capital Projects Fund	Stormwater Utility Fund	Internal Service Fund	Total All Funds
General Government	2,751,017	-	2,000	-	-	-	206,657	2,959,674
Transportation	1,261,843	1,223,770	-	-	5,172,647	-	-	7,658,260
Public Safety	8,616,691	1,739,761	-	-	-	-	92,996	10,449,448
Parks, Recreation & Culture	3,389,712	30,727	-	-	4,169,398	-	-	7,589,837
Physical Environment	-	-	-	-	3,837,500	886,346	-	4,723,846
Building, Zoning, Planning & Dev.	558,798	2,194,210	-	-	-	-	44,776	2,797,784
Debt Services	48,855	-	-	550,049	-	85,005	-	683,909
<b>TOTAL EXPENDITURES</b>	<b>16,626,917</b>	<b>5,188,467</b>	<b>2,000</b>	<b>550,049</b>	<b>13,179,545</b>	<b>971,351</b>	<b>344,429</b>	<b>36,862,758</b>
Transfers Out	499,653	2,539,777	370,745	-	-	350,000	-	3,760,175
Fund Balances/Reserves/Net Assets	4,530,338	4,878,939	-	-	214,469	-	-	9,623,746
<b>TOTAL APPROPRIATED EXPENDITURES, TRANSFERS, RESERVES AND BALANCES</b>	<b>21,656,908</b>	<b>12,607,183</b>	<b>372,745</b>	<b>550,049</b>	<b>13,394,014</b>	<b>1,321,351</b>	<b>344,429</b>	<b>50,246,679</b>
THE TENTATIVE, ADOPTED, AND/OR FINAL BUDGETS ARE ON FILE IN THE OFFICE OF THE TOWN CLERK, 8601 MAIN STREET, MIAMI LAKES, FLORIDA 33014 AS A PUBLIC RECORD.								

## I. TAX ROLL, MILLAGE RATE, AND AD VALOREM REVENUE

### Property Tax Roll Value

The estimated roll value from Miami-Dade County Property Appraiser on July 1, 2018 reflects a gross taxable value of \$3,213,878,488, which includes an increase of \$66,873,140 in new construction and improvements. As compared to the certified taxable value for the previous year of \$3,017,332,354, the July 1, 2018 figures shows an increase of \$196.5 million or 6.5%, a positive economic indicator of the continued increase in both residential and commercial property developments.

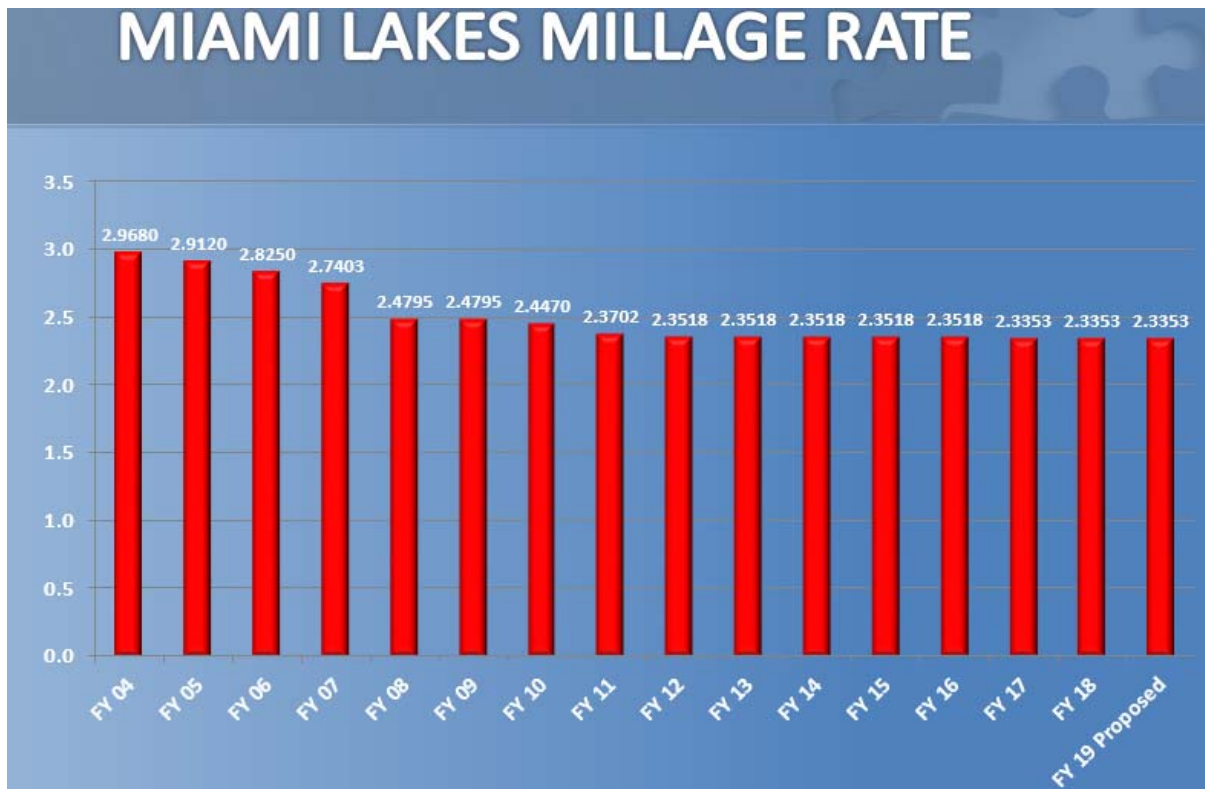
As seen in the graph below, Property Tax Roll value has been steadily on the rise since FY 2014 reflecting continuous economic recovery and growth and we have finally surpassed the FY 2008 Property Tax Roll.



### Millage Rate

At the July 17, 2018 Town Council Meeting, the Council established the proposed millage rate 'cap' at 2.3353 mills, which is \$2.3353 per \$1,000 of assessed property value, via Resolution No. 18-1557. This is the same rate as the prior fiscal year, and is the seventh lowest millage rate among the thirty-five municipalities in Miami-Dade County, and well below the statutory limit of 10.0 mills. Since its first year of incorporation, the Town has steadily reduced the millage rate, and maintained the same low rate since 2012 for five consecutive years. In 2017, the millage rate was further reduced to an all-time low of 2.3353 mills, the same as the current year's rate. For FY 2019, the Proposed Budget provides for no increase to the millage rate, remaining unchanged at 2.3353 mills for the third consecutive year.

Given the Town's strategic goals to invest in the Town's future and the expected impact of the additional homestead exemption, I believe it is prudent to retain the millage at the current rate. The chart below depicts the millage rate since the Town's incorporation.



#### **Rolled-Back Rate**

Based on the proposed millage rate of 2.3353, the rolled-back rate for FY 2019 is 2.2190. The rolled-back rate would provide the same ad valorem tax revenue as was levied during the prior year exclusive of new construction and improvements. The proposed millage rate of 2.3353 is 5.24% higher than the current year aggregate rolled-back rate. The State Department of Revenue required methodology for calculating the rolled-back rate uses the roll value after the Value Adjustment Board action. The Town's prior year final gross taxable value is \$2,990,214,426 which is \$27.1 million less than the preliminary July 1 base roll figure of \$3,017,332,354. The rolled-back rate would generate \$355,085 less in ad valorem revenue as compared to the proposed rate of 2.3353.

#### **Ad Valorem Revenue**

The FY 2018-19 Budget was developed using the proposed millage rate of 2.3353. This millage rate will generate property tax revenues or ad valorem (calculated at 95% for budget purposes) in the amount of \$7,130,200. The impact is approximately \$436,000 or 6.5% increase in ad valorem revenue for the General Fund.

## **II. FY 2018-19 BUDGET HIGHLIGHTS – BY FUND**

### **GENERAL FUND**

The FY 2018-19 Proposed General Fund Operating Budget totals \$21,658,908 and includes \$3,921,908 in unassigned fund balance which is discussed later in this memorandum. The General Fund Operating Budget is 17,735,000, an overall increase of approximately \$692,676 or 4.1% as compared to the prior year's Amended Budget. The Budget includes \$482,000 carry-over from the prior year which is allocated for litigation reserves (\$400,000), parks system and strategic plan software investment (\$45,000), social media plan (\$27,000) as approved by Town Council earlier this year, and balance from not holding special elections in August (\$10,000) due to Seat 3 went unopposed.

In addition to the core services, this year's budget provides funding for enhanced public safety in schools, increased level of service for tree trimming to provide aesthetics tree pruning along the Town's major corridors, additional mowing cycles on Palmetto Circle, parks grounds improvements, software upgrades and new platform acquisition, funding for general elections, a transfer for capital improvements towards MLOP Master Plan, infrastructure renewal and replacement sinking fund, and reserves for litigation and committees' donations. The budget also accommodates increases to health insurance cost, as well as the increased cost of base police patrol services passed through our contract with Miami-Dade County.

Given that this budget will be a transition to the new Town Manager, the following actions have been incorporated into the budget:

- The Town Manager's position is budgeted for the full year at the current rate to provide more flexibility to the Town Council.
- The Deputy Town Manager position, recently vacated, will not be filled for the first three months of the year. The position is funded as of January 1, 2019, in the event the Town Council wants to bring the new Town Manager earlier than my schedule departure date of March 31, 2019.
- The Assistant to the Town Manager will be handling the Special Taxing Districts and School Crossing Guard as part of her duties. A new vacant position will be available to the new Town Manager to re-assign duties as he or she sees fit.

A summary of the General Fund Budget is presented below comparing FY 2018-19 Proposed Budget to the FY 2017-18 Year-end Projection.

**TOWN OF MIAMI LAKES**  
**GENERAL FUND SUMMARY**

ACCOUNT NAME/DEPARTMENT	FY2016-17 ACTUALS	FY2017-18 AMENDED BUDGET	FY2017-18 YEAR-END PROJECTION	FY2018-19 PROPOSED BUDGET	VARIANCE FY19 PROPOSED VS. FY18 PROJ. \$ CHANGE	% CHANGE
<b>Revenues</b>						
Ad Valorem Taxes	6,267,176	6,694,100	6,792,622	7,130,200	337,578	5.0%
Franchise Fees	925,699	925,000	1,272,507	1,275,000	2,493	0.2%
Utility Service Tax	3,033,033	3,309,213	3,189,242	3,287,476	98,234	3.1%
Intergovernmental Revenues	4,815,291	4,511,100	4,452,182	4,522,810	70,628	1.6%
Permits & Fees (Non-Building Dept.)	547,118	597,835	444,468	433,500	(10,968)	-2.5%
Fines & Forfeitures	224,887	200,000	185,660	195,000	9,340	5.0%
Miscellaneous Revenues	784,637	259,634	334,427	349,190	14,763	4.4%
<b>Sub-total Recurring Revenues</b>	<b>16,597,841</b>	<b>16,496,882</b>	<b>16,671,108</b>	<b>17,193,176</b>	<b>522,068</b>	<b>3.2%</b>
Interfund Transfers	286,522	0	16,950	59,824	42,874	0.0%
Prior Year Carry-Over Funds	0	545,442	545,442	482,000	(63,442)	-11.6%
<b>Sub-total Other Revenues</b>	<b>286,522</b>	<b>545,442</b>	<b>562,392</b>	<b>541,824</b>	<b>(20,568)</b>	<b>-3.7%</b>
<b>Total Revenues</b>	<b>16,884,363</b>	<b>17,042,324</b>	<b>17,233,500</b>	<b>17,735,000</b>	<b>501,500</b>	<b>2.9%</b>
<b>Expenditures</b>						
Town Mayor & Council	327,469	369,979	363,711	387,870	24,159	6.6%
Town Clerk	209,212	167,620	155,996	255,315	99,319	63.7%
Town Attorney	559,651	330,000	320,000	230,000	(90,000)	-28.1%
Administration	3,151,934	1,988,670	1,956,557	1,917,833	(38,724)	-2.0%
Police and School Crossing Guards	7,701,732	8,246,227	8,200,605	8,616,691	416,085	5.1%
Planning and Code Compliance	473,011	502,523	478,435	443,688	(34,746)	-7.3%
Zoning	383,720	120,532	114,229	115,110	881	0.8%
Parks & Community Services	2,260,213	2,496,966	2,484,105	2,560,751	76,646	3.1%
Community Engagement & Outreach	542,888	600,878	554,123	601,111	46,988	8.5%
Special Events - Committees	219,714	253,425	230,815	227,850	(2,965)	-1.3%
Public Works	1,041,234	1,105,185	1,026,088	1,261,843	235,756	23.0%
QNIP	153,423	153,423	153,423	48,855	(104,568)	-68.2%
Non-Departmental	87,243	400,000	0	568,430	568,430	100.0%
<b>Sub-total Expenditures</b>	<b>17,111,445</b>	<b>16,735,427</b>	<b>16,038,087</b>	<b>17,235,347</b>	<b>1,197,259</b>	<b>7.5%</b>
Transfers Out	0	306,897	304,561	499,653	195,093	64.1%
<b>Total Expenditures</b>	<b>17,111,445</b>	<b>17,042,324</b>	<b>16,342,648</b>	<b>17,735,000</b>	<b>1,392,352</b>	<b>8.5%</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ (227,082)</b>	<b>\$ 0</b>	<b>\$ 890,852</b>	<b>\$ 0</b>	<b>\$ (890,852)</b>	<b>-100.0%</b>

## **FACTORS AFFECTING FY 2017-18 PROPOSED BUDGET**

### **I. REVENUES**

General Fund Revenues are primarily unrestricted in nature and fund a variety of services including town administration, police patrol, general public works, community outreach and parks services. Property Taxes remain the Town's largest revenue source, comprising 41% of 2019 budgeted General Fund revenues, followed by Intergovernmental Revenues (i.e. Half-Cent Sales Tax, Communications Services Tax and State Revenue Sharing) at 26%, followed by Utility Services Taxes 19%, FPL Franchise Fees 8%, Permits and Fees 3% and the remainder from Fines and Forfeitures and other miscellaneous revenues.

The total revenues available for allocation in FY19 General Fund Budget is \$17,735,000 including carryovers. As compared to the prior year's projections and as indicated in the chart above, this represents an increase of approximately \$501,500 or 2.9%. The increase is primarily the net result of a 5% increase in Ad Valorem taxes (\$337,578), a modest increase in Utility Services Taxes (\$98,234 or 3.1%) and Intergovernmental Revenues (\$70,628 or 1.6%) which is the State estimated pass-through revenues. It should be noted that FPL Franchise Fee payment received in 2018 was \$347,507 or 38% more than the Amended Budget. All other revenue categories remain static.

### **II. EXPENSES/SIGNIFICANT BUDGET CHANGES**

The FY 2018-19 Proposed Expense Budget is \$1.39 million or 8.5% more than the prior year's projected expenses. This is a result of the carryover of funds from the prior year that was earmarked for litigation reserves (\$400,000) and specific one-time expense (\$82,000), plus the increase in revenues as mentioned above. This allows the Budget to provide for the increase in base police patrol services that is passed through the Town's contract with Miami-Dade County, as well as increases in the cost of providing services and maintenance of our infrastructure.

The significant changes affecting the Proposed Budget are described below:

- **Staffing** – The General Fund Budget includes 32.5 full-time equivalent positions, five part-time, eight seasonal and seven part-time seasonal positions. As compared to the prior year, we have transferred the Office Specialist and 50% of the cost of the Public Works Manager position that were previously funded by Stormwater Utility Fund to the General Fund to accurately reflect the duties of these positions. In addition, a new position was created, Special Projects Manager, to administer the contracts of the 6 Special Taxing Districts, School Crossing Guards and special projects, as assigned. The net effect of these changes to the General Fund is an increase of 2.5 full time equivalency.



In keeping with the business model of the Town, we continue to maintain a small professional staff with core competencies in specialized areas and contract out many of the service delivery functions when it provides long-term savings to do so.

- **FRS Contribution** – The Florida Retirement System employer contribution rate increased slightly from 7.92% to 8.26% for regular employees as of July 1, 2018. The rate increase has no significant impact to the Budget.
- **Group Health Insurance** – Based on prior years' trend, we are anticipating a 15% increase in group health insurance premium. In keeping with the Employee Retention Program, the Town has implemented various wellness activities with the goal of reducing health care premium cost and improving employee morale. (\$74,840)
- **Election Cost** – Funds have been allocated for the cost of piggy-backing on Miami-Dade County's general election for 3 Seats on the Council (\$25,000) and mail-in ballot (\$25,000) for a debt service referendum.
- **Police Services** – The Police Department's Budget of \$8,709,686 includes contracted police patrol services and the school crossing guards, and represents 49% of the General Fund operating budget, and an overall increase of approximately \$363,000 or 4.4% as compared to prior year Amended Budget. This is primarily a result of the union negotiated agreement for Miami Dade Police Department that are passed through to the Town as well as funding for enhanced police presence in schools (\$130,000). The increased cost of the base police patrol services contract for FY 2019 is \$227,000.

The chart below is a summary of net change for contracted Police Patrol Services:

POLICE PATROL SERVICES	FY 2017-18 ADOPTED BUDGET	FY 2018-19 PROPOSED BUDGET	NET CHANGE	
- Police Salaries	\$4,462,451	\$4,590,986	\$128,535	3%
- Overtime	320,000	320,000	0	0%
- School Security	0	130,000	130,000	100%
- Social Security	275,252	313,661	38,409	14%
- Retirement	1,053,719	1,118,361	64,642	6%
- Group Health Insurance	637,500	714,002	76,502	12%
- Other fringe benefits	137,949	96,647	(41,302)	-30%
<b>Total Personnel Services</b>	<b>6,886,871</b>	<b>7,283,657</b>	<b>396,786</b>	<b>6%</b>
<b>Fleet Maintenance &amp; Operations</b>	<b>539,878</b>	<b>473,350</b>	<b>(66,528)</b>	<b>-12%</b>
<b>Insurance</b>	<b>282,900</b>	<b>266,300</b>	<b>(16,600)</b>	<b>-6%</b>
<b>County Overhead Cost</b>	<b>436,351</b>	<b>479,693</b>	<b>43,342</b>	<b>10%</b>
<b>TOTAL PATROL SERVICES</b>	<b>\$8,146,000</b>	<b>\$8,503,000</b>	<b>\$357,000</b>	<b>4.4%</b>

- **Legal Fee Settlement/Reserves** – A reserve for the potential settlement of legal fees in the case of Michael Pizzi vs town of Miami Lakes is included in Non-Departmental. This amount is the balance carried over from the prior year's reserve for legal fees (\$400,000).
- **Inter-fund Reimbursements** – During the normal course of business, the General Fund provides administrative, legal, accounting and technical support to the proprietary and special revenue funds. As such, these Funds reimburse the General Fund a percentage of total cost for services provided, which is shown as a reimbursement to salaries in Administration Department for transparency purposes. These include the Building Department (\$235,682), Stormwater Utility (\$105,000), CITT Peoples Transportation Plan (\$60,750) and the six Special Taxing Districts (\$127,428).
- **Committees** – The FY 2019 Budget provides for a total allocation of \$227,850 to the Committees, which is at the same level as the prior year. However, the following committees have requested increases totaling \$44,550 in their budgets, justifications of which were presented to Council at the 2<sup>nd</sup> Budget Workshop held on July 10, 2018 as follows: Cultural Affairs - \$8,200, Economic Development - \$2,800, Elderly Affairs - \$7,400, Neighborhood Improvement - \$700, Public Safety - \$1,900, Veterans - \$6,300, and Youth Activity Task Force - \$17,250. Consequently, the Budget provides \$44,000 which will be held in reserves in the event donations are received to offset the requested increases.
- **Facilities Renewal and Replacement Plan** – With the construction of the new facilities and improvements to parks facilities and structures, staff has developed a work plan to fund a long-term renewal and replacement schedule for major repairs and enhancements. To implement this program, a sinking fund will be required for an annual contribution of \$150,000. The FY19 Budget provides funds for the first annual payment.
- **Transfers** - The Budget provides for the transfer of funds to the Capital Projects Fund (\$200,000) for MLOP Master Plan project, and to the Facilities Maintenance Fund (\$299,653) for the General Fund's portion of Government Center facility maintenance.

### III. FUND BALANCE

In accordance with the Town's audited financials as reported in the FY 2016-17 Comprehensive Annual Financial Report (CAFR), the General Fund unassigned fund balance at the beginning of FY 2017-18 is \$4,349,056. During the year, Council earmarked/assigned \$836,000 for Hurricane Irma expenses that are not expected to be reimbursed by FEMA, and at the end of the year, FY 2018 operations are estimated to result in a surplus of approximately \$890,852. This increases the General Fund's unassigned fund balance to \$4,403,908.

The estimated surplus at the end of FY 2017-18 (\$890,852) is mostly from not spending the full amount of litigation reserves, the increase in FPL Franchise Fees. As such, the FY 2018-19 Budget includes \$482,000 carry-over from the prior year fund balance to re-program the litigation reserves (\$400,000), invest in parks system and strategic plan software (\$45,000), social media plan (\$27,000) and election cost (\$10,000). This reduces the unassigned fund balance to \$3,921,908.

The Town's reserve policy ordinance requires that we maintain 15% of budgeted general fund expenditures on hand as a reserve whenever possible. Given that, \$2,660,250 from the fund balance is required to remain as Reserves, which leaves the Town with an undesignated or unrestricted reserve of \$1,261,658.

#### IV. UNFUNDED NEEDS/UNADDRESSED ITEMS

The FY 2018-19 Proposed General Fund Budget does not include funding for various projects and initiatives identified as priorities or are necessary for operational purposes. These include:

- **Merit/Cost of Living Increases \$52,000** – As a result of salary surveys conducted in 2017, an employee retention plan was developed which provided for a 2% cost of living adjustment in 2017 and 2018. This year's budget does not include an across the board adjustment for additional compensation or cost of living increase.
- **West Lakes Neighborhood Reforestation Program \$100,000** – The Beautification Master Plan has identified trees per street for reforestation in the West Lakes neighborhood for a total of \$500,000 phased over a 5-year period. The goal is to enhance the visual appearance of the neighborhood by removing invasive swale trees and installing native trees consistent with the Town's Tree Management Plan. This project was funded for 2 consecutive years in FY17 and FY18 from general funds (\$166,500) and grant awards (\$33,500) for the removal and replacement of 2/5 of the canopy. Additional funding is required at \$100,000 each year over the next 3 years to complete the program.
- **New Virtual Town Hall (website) \$60,000** – Funding is required to develop and brand Miamilakes-fl.gov as a technology hub for all digital services available to key stakeholders including businesses, residents, visitors, employees and government. This will encourage citizenship engagement, web traffic, social media engagement, reduce walk-in, phone calls and customer service hours.
- **Sustainability Action Plan \$15,000** – A sustainable city is one that builds economic, environmental, and social prosperity while ensuring it has essential resources for future generations. The goal is to reduce energy consumption, conserve resources, support economic growth and enhance quality of life. Funds are required to contract with a consultant to perform a sustainability study to taking steps towards a greener, more resilient and sustainable Miami Lakes.

- **Healthy Miami Lakes Master Plan \$10,000** - One of the goals of the 2025- Strategic Master Plan is to improve the health and vitality of residents of all ages through sports and wellness. Funding is required to contract with a consultant to develop a master plan for the entire community to include seniors, special needs and young adults.
- **Smart Cities Strategic Road Map \$25,000** – A goal of the 2025 Strategic Master Plan is for the Town to achieve national recognition as a model town for creativity, education, innovation, use of technology, and safety. The Town Council agrees by way of Resolution 17-1441 approved in May 2017 that it is in the best interest of the Town to pursue and develop a Smart Cities Strategic Road Map that will allow the Town to develop policy and identify potential public and private funding opportunities for these initiatives. Funds are required to contract with a consultant to develop this road map.

**The total unfunded projects in FY 2018-19 for the General Fund is \$262,000.**

### **SPECIAL REVENUE FUNDS**

**Building Department Fund** – The Building Department’s FY19 Proposed Budget is \$4,814,366. This budget reflects a decrease in revenues of approximately \$518,000 or 18% as the new residential construction and development that began in FY 2016 has begun to taper off. Notwithstanding, construction and development continues to be steady and robust, and as such, we are anticipating \$2.3 million in revenues from building permit activities. The operating cost of the Building Department including staffing and inspections services is \$2,238,986, and the Fund reflects a healthy fund balance of \$2,575,380.

**Impact Fees Fund** – This Fund includes parks, public safety and a contribution in lieu of road impact fees from new developments including Senior Village, Lucida, Royal Oaks Island and the Alari Office Building. Revenues from these developments including carry-over from prior year and interest income are estimated at \$2,391,995 from parks impact fees, \$430,597 from public safety impact fees, and \$641,934 contribution from developer in lieu of road impact fees. The total FY 2018-19 Proposed Budget is \$3,464,523 and can only be used to fund the cost of additional capital resources required to maintain and accommodate projected population growth due to new development. Funds are allocated for Senior Center Interior Buildout (\$500,000), MLOP Master Plan Implementation (\$328,743), license plate recognition software and mobile speed radar (\$245,000), widening of NW67th Avenue (\$489,934) and the adaptive signalization project (\$152,000). This Fund has a reserve of \$1,748,846.

**Mobility Fee Trust Account Fund** – Per Ordinance #16-192, the mobility fee is restricted for infrastructure capital improvements and improving the multimodal network included in the Town’s Capital Improvement Element (CIE) of the Comprehensive Plan. Revenues are estimated at \$335,000 from Lucida, Royal Oaks Island, 77<sup>th</sup> Court Office Building Alari Office Building Garage development. Funds are appropriated for an update on the alternative to concurrency

system (\$20,500) and a transfer to Capital Projects Fund for construction of Business Park East (NW 60<sup>th</sup> Avenue). This Fund has no reserves.

**People's Transportation Plan** – The total proposed budget for FY 2018-19 is \$1,102,122 and includes 80% share of revenues from the half-cent discretionary sales surtax (\$975,000), prior year carry-over funds (\$122,122) and interest income (\$5,000). The budget provides for staffing at 50% of cost to manage the programs for planning, mobility and implementation of the Transportation Summit initiatives. The budget also includes funding for street lighting utilities and its maintenance (\$324,400), funds for traffic studies as needed and other transportation related activities. A transfer of \$650,000 to the Capital Projects Fund is budgeted for NW 59 Avenue extension project (\$500,000) and the roadway portion of Royal Oaks drainage and roadway improvement (\$150,000). This fund has no reserves.

**Transit** – The budget includes the 20% share of revenues from the half-cent discretionary sales surtax (\$240,000) and prior year carry-over funds (\$144,888) for a total budget of \$384,888. These funds are restricted for transit operations and cover the full cost of operating the on-demand/flex route circulator service, and maintenance of bus shelters and bus stop signs. Staffing is funded at 50% of cost to manage the program, transit and traffic issues. This fund has a reserve of \$28,741.

**Transportation Gas Tax Fund** – Funding is restricted for transportation related activities that include sidewalk replacement, pothole repairs, pressure cleaning of the rights of ways, road striping and signs, etc. At the proposed budget of \$506,940, the Town will maintain the same level of service as the prior year with a reserve of \$111,940.

**Special Taxing Districts** – In 2014, Town residents who were living within special taxing districts in the Town of Miami Lakes expressed interest in transferring these services to the Town with the goal of receiving hometown services. On November 8, 2016, Miami-Dade County voters approved a Charter Amendment authorizing a municipality to act as the governing body for special taxing districts within their municipalities. Once the amendment was approved, the residents of six special taxing districts within the Town presented a petition to be transferred from the County, and the Town Council approved the request on September 5, 2017. On January 21, 2018, elections within the districts' boundaries were conducted via mail-in ballot. All six districts received a majority vote ratifying the transfer to the Town.

The Town organized public meetings with the resident of each district to discuss preferred level of services and the preliminary rates. Their recommendations are included in the Proposed Budget for Fiscal Year 2018-19.

### **DEBT SERVICE FUND**

The Debt Service Fund for FY 2018-19 now only includes the Series 2010, Special Obligation Bond interest payment (\$548,499) and fees (\$1,550) for Government Center, which is funded by the Electric Utility Tax revenues of \$370,745 and Federal Direct Payment subsidy (interest reimbursement) estimated at \$179,304.

### **CAPITAL PROJECTS FUND**

The Five-Year Capital Improvement Program aligns with the Town's 2025 Strategic Plan. Mobility remains the Town's #1 strategic goal. For FY 2018-19, investment in transportation projects represent 40% of the Capital Improvement Program, followed by 31% investment in parks and facilities improvements, and 29% investment in stormwater improvements. The Capital Projects Budget totals \$13,394,014 and projects are grouped into the three categories as summarized below:

- **Parks and Facilities Improvements** - Parks capital improvements for FY 2018-19 total \$4,169,398 and include funds to begin construction on MLOP Master Plan (\$3,159,398), for the Senior Center Interior Build-out (\$500,000); ROP LED Light Retrofit of two sports fields (\$250,000); replace roof and air condition unit at MLOP Storage Facility (80,000); Par 3 Park design (\$150,000) and to redevelop the SW vacant parcel at Royal Oaks Park for passive community use (\$30,000). Funds are available from loan proceeds, grant award, Parks Impact Fees and developer's contribution for parks improvements.
- **Transportation Improvements** – Revenue sources for transportation improvements include Local Option Gas Tax, FDOT Grants, County Investment Grant Program, Peoples' Transportation Plan (PTP 80%), Mobility Fees, Developer's Contribution in lieu of Road Impact Fees, Interest Income for a total of \$5,360,149. This amount is appropriated among various projects including NW 59<sup>th</sup> Avenue Extension that includes the Public Works Storage Yard and the Boat Yard (\$2,340,500), complete street implementation at Business Park East on NW 60<sup>th</sup> Avenue (\$1,115,000), construction of Safe Routes to School (\$685,400), Palmetto and NW 67<sup>th</sup> Avenue Widening (\$441,747) in conjunction with Windmill Gate Road improvements (\$190,000), milling and resurfacing of Miami Lakeway South between NE 67<sup>th</sup> Avenue and Lake Candlewood Court (\$200,000), and a study of SMART ideas to improve transportation within the Town (\$50,000).
- **Stormwater Improvements** – Three major projects are budgeted for FY 2018-19: West Lake Drainage and Roadway Improvement- Phase III (\$1,962,500); Royal Oaks Drainage and Roadway Improvement – Phase 1 (\$1,000,000) as well as Phase II of the Canal Bank Stabilization project (\$875,000) on NW 170<sup>th</sup> Street, from the eastern property line of 7831 NW 169 Terrace continuing westbound for approximately 3,200 linear feet. Revenue

sources for these projects include a DHA/FEMA Grant, FDEP Grant, State of Florida legislative appropriation, Stormwater Utility Fees and PTP 80% funds.

### **STORMWATER UTILITY FUND**

Stormwater Utility fees for FY 2018-19 are essentially at the same level as the prior year. The Budget totals \$1,321,351 and includes an appropriation to acquire an asset management software (\$44,000) and a transfer to the Capital Projects Fund (\$350,000) towards funding Royal Oaks Drainage and Roadway Improvement project.

### **FACILITY MAINTENANCE FUND**

This internal service fund captures all costs associated with the operations, maintenance and repairs of the Town's Government Center. The cost of centralized services is allocated among the General Fund's Administration and Police Departments, and the Building Department Fund. The FY 2018-19 Budget totals \$344,429.

### **Conclusion**

We are pleased to present a structurally balanced budget that provides a responsible allocation of public resources that maintains the Town of Miami Lakes as a safe, attractive and vibrant community. This budget adequately provides for the operational needs of the Town with no increase to the millage rate. Notwithstanding, the cost of doing business continues to increase, public safety, healthcare, construction and maintenance services continue to rise, and the Town's capital infrastructure must be maintained and improved. There are challenges expected in the coming years and we will need to foster a climate that promotes economic development as well as explore new revenue initiatives beyond ad valorem to be able to accomplish the goals set forth by the 2025 Strategic Plan. As such, we remain committed to managing our resources in a financially stable manner and continue to offer exceptional quality of service to our residents.