



TOWN OF MIAMI LAKES MEMORANDUM

To: Honorable Mayor and Town Councilmembers

From: Edward Pidermann, Town Manager

Subject: FY 2020-21 Budget Message

Date: September 22, 2020

Recommendation

It is recommended that Town Council approve the millage rate for Fiscal Year 2020-21 at 2.3127 mills, which is \$2.3127 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 \$7,990,628 in ad valorem revenue at 95% of value based on the July 1, 2019 estimated Property Tax Roll, as provided by Miami-Dade County Property Appraiser.

It is also recommended that Town Council adopt Fiscal Year 2020-21 Budget on First Reading of Ordinance, as proposed.

Background

As the Town enters its eighth 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. In 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. In 2019, Fitch Ratings affirmed the special obligation bonds rating at '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 thereby generating more property tax revenues.

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 may require funding from the General Fund, including beautification and communication initiatives. Specific initiatives which will be discussed at the tentative Strategic Plan Workshop scheduled for March 19th and 20th 2021.

FY2020-21 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, expense savings, deferral of filling vacancies, reducing operational outlays, which allow us to maintain the current level of services expected by our residents and the business community.

The total Budget for Fiscal Year 2020-21 including all Funds is \$42,860,378 as shown in the table below. This represents a decrease of \$3,029,081 or 7.30% as compared to Fiscal Year 2019-20 Adopted Budget, which is primarily attributed to less grants awarded, and a decrease in general revenues due to the Covid19 pandemic. The details of the decrease are discussed later in this memorandum.

| BUDGET SUMMARY | | | | | | | | |
|--|-------------------|-----------------------|-----------------------------------|-------------------|-----------------------|-------------------------|-----------------------|-------------------|
| Town of Miami Lakes - FY2020-21 | | | | | | | | |
| THE PROPOSED OPERATING BUDGET EXPENDITURES OF THE TOWN OF MIAMI LAKES ARE 8.4% LESS THAN LAST YEARS TOTAL OPERATING EXPENDITURES | | | | | | | | |
| Millage per \$1,000 | | | | | | | | |
| General Fund Millage: 2.3127 | | | | | | | | |
| The General Fund Millage is 4.68% percent higher than the State defined Rolled Back Rate | | | | | | | | |
| 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 = 2.3127 | 8,040,628 | - | - | - | - | - | - | 8,040,628 |
| Non-Ad Valorem Assessment | - | \$1,397,560 | - | - | - | - | - | 1,397,560 |
| Franchise Fees | 1,208,000 | - | - | - | - | - | - | 1,208,000 |
| Charges for Services | 140,288 | - | - | - | - | 1,114,699 | - | 1,254,987 |
| Utility Service Taxes | 2,994,009 | - | 555,991 | - | - | - | - | 3,550,000 |
| Intergovernmental Revenue | 4,122,036 | 1,748,897 | - | 171,824 | \$6,804,615 | - | - | 12,847,372 |
| Licenses and Permits | 388,901 | 1,835,000 | - | - | - | - | - | 2,223,901 |
| Fines & Forfeitures | 195,000 | 25,000 | - | - | - | - | - | 220,000 |
| Miscellaneous Revenue | 71,000 | 59,500 | - | - | \$0 | 5,000 | - | 135,500 |
| TOTAL SOURCES | 17,159,862 | 5,065,957 | 555,991 | 171,824 | 6,804,615 | 1,119,699 | - | 30,877,948 |
| Transfers In | - | - | - | 553,991 | \$1,147,000 | - | 377,088 | 2,078,079 |
| Fund Balances/Reserves/Net Assets | 3,501,181 | \$4,706,317 | - | 293,780 | \$1,402,962 | 111 | - | 9,904,351 |
| TOTAL REVENUES, TRANSFERS & BALANCES | 20,661,043 | 9,772,274 | 555,991 | 1,019,595 | 9,354,577 | 1,119,810 | 377,088 | 42,860,378 |
| ESTIMATED EXPENDITURES | | | | | | | | |
| General Government | 2,792,187 | - | 2,000 | - | - | - | 226,253 | 3,020,440 |
| Transportation | 1,171,393 | 1,300,725 | - | - | 5,506,569 | - | - | 7,978,687 |
| Public Safety | 8,599,350 | 1,517,974 | - | - | - | - | 101,814 | 10,219,138 |
| Parks, Recreation & Community Engagement | 3,180,555 | - | - | - | 1,127,157 | - | - | 4,307,712 |
| Physical Environment | - | - | - | - | 2,108,559 | 894,332 | - | 3,002,891 |
| Building, Code, Planning & Zoning | 518,246 | 2,566,761 | - | - | - | - | 49,021 | 3,134,028 |
| Debt Services | 141,538 | - | - | 709,359 | - | 86,785 | - | 937,682 |
| TOTAL EXPENDITURES | 16,403,270 | 5,385,460 | 2,000 | 709,359 | 8,742,285 | 981,117 | 377,088 | 32,600,579 |
| Transfers Out | 478,067 | 924,021 | 553,991 | - | - | 122,000 | - | 2,078,079 |
| Fund Balances/Reserves/Net Assets | 3,779,706 | 3,462,793 | - | 310,236 | 612,292 | 16,693 | - | 8,181,720 |
| TOTAL APPROPRIATED EXPENDITURES, TRANSFERS, RESERVES AND BALANCES | 20,661,043 | 9,772,274 | 555,991 | 1,019,595 | 9,354,577 | 1,119,810 | 377,088 | 42,860,378 |
| THE TENTATIVE, ADOPTED, AND/OR FINAL BUDGETS ARE ON FILE IN THE OFFICE OF THE TOWN CLERK, 6601 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, 2020 reflects a gross taxable value of \$3,636,955,722, which includes an increase of \$160,033,451 in new construction and improvements. As compared to the certified taxable value for the previous year of \$3,321,693,913, the July 1, 2020 figure shows an increase of \$315.2 million, 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.



Millage Rate

At the July 14, 2020 Town Council Meeting, the Council established the proposed millage rate 'cap' at 2.3127 mills, which is \$2.3127 per \$1,000 of assessed property value, via Resolution No. 20-1691. In keeping the millage rate flat we will continue to be the sixth 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 reduced to 2.3353 mills, and in 2019 was further reduced to an all-time low of 2.3127, the same as the current year's proposed rate. The Proposed Budget provides for no increase to the millage rate, remaining unchanged at 2.3127 mills for the third consecutive year.



Rolled-Back Rate

Based on the proposed millage rate of 2.3127, the rolled-back rate for FY 2021 is 2.2094. 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 2.3127 is 4.68% 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 \$3,321,693,913 which is \$315.2 million less than the preliminary July 1 base roll figure of \$3,636,955,722. The current proposed millage rate of 2.3127 is based on the gross taxable value which includes new construction and improvements increasing the assessed value. The roll back rate of 2.2094 is based on the adjusted taxable value which excludes new construction and improvements that increase the assessed value. As a result, the roll back rate of 2.2094 would generate \$356,912 less in ad valorem revenue as compared to the proposed millage rate of 2.3127.

Ad Valorem Revenue

The FY 2020-21 Budget was developed using the proposed millage rate of 2.3127. This millage rate will generate property tax revenues or ad valorem (calculated at 95% for budget purposes) in the amount of \$7,990,628. The impact is approximately \$596,204 or 8% increase in ad valorem revenue for the General Fund.

II. FY2020-21 BUDGET HIGHLIGHTS – BY FUND

GENERAL FUND

The FY2020-21 General Fund Operating Budget totals \$20,661,043 and includes \$3,501,181 in fund balance which is discussed later in this memorandum. The total General Fund Operating Budget is \$17,358,562 an overall decrease of approximately \$279,641 or 1.59% as compared to the prior year's Amended Budget. The Budget includes \$198,700 carry-over from the prior year which is allocated to re-program the litigation reserves and a reserve for committees in the event donations are received to offset requested increases (\$40,000).

In addition to the core services, this year's budget provides funding for parks grounds improvements and software upgrades. Funding for general elections, infrastructure renewal and replacement sinking fund and reserves for litigation and committees' donations. The budget also accommodates the FRS rate increases, health insurance costs, as well as the cost of base police patrol services passed through our contract with Miami-Dade County.

A summary of the General Fund Budget is presented below comparing the FY2019-20 Adopted, Amended and Year-end Projection.

FY2020-21 Proposed Budget
September 22, 2020

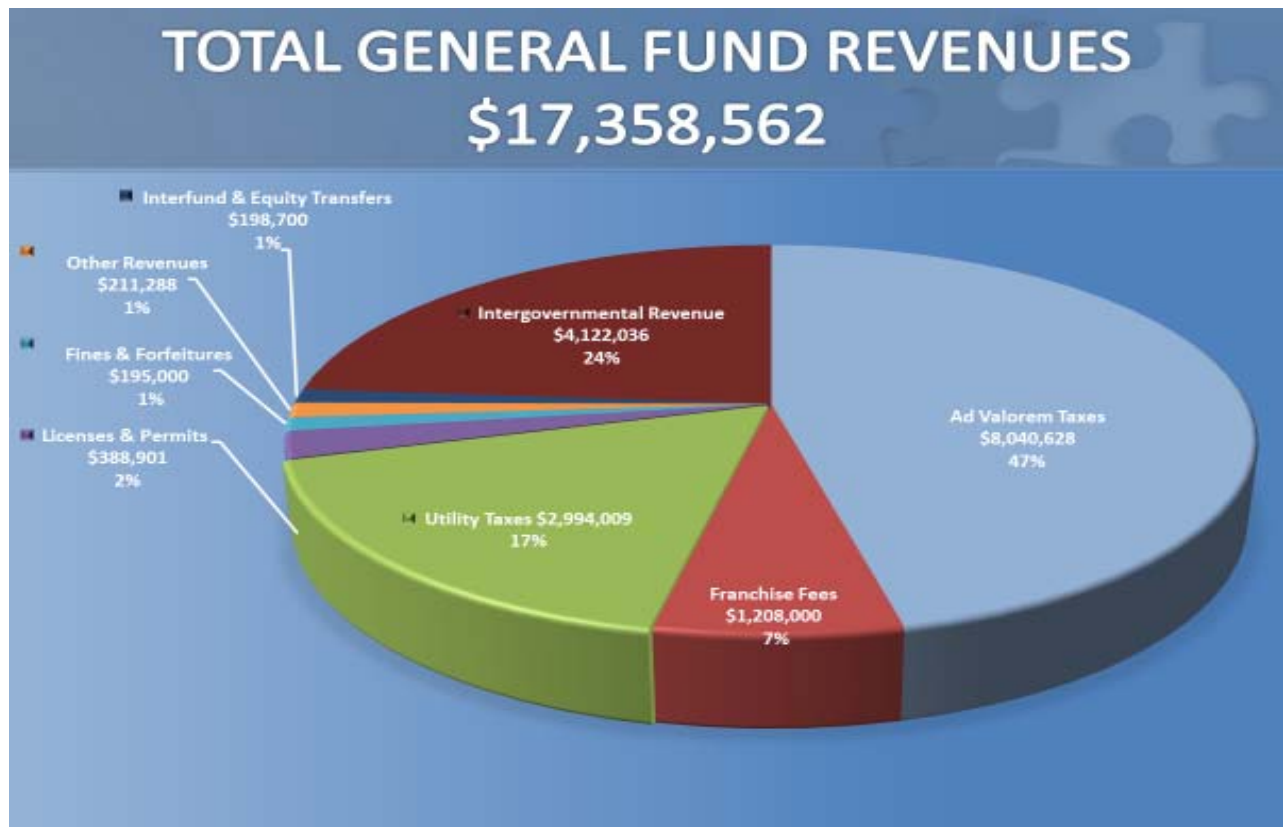
| ACCOUNT NAME | FY2018-19 ACTUALS | FY2019-20 ADOPTED BUDGET | FY2019-20 AMENDED BUDGET | FY2019-20 YEAR END PROJECTION | FY2020-21 PROPOSED BUDGET | FY2020-21 PROPOSED VS FY2019-20 ADOPTED | % CHANGE | FY2020-21 PROPOSED VS FY2019-20 AMENDED | % CHANGE | FY2020-21 PROPOSED VS FY2019-20 YEAR-END PROJECTION | % CHANGE |
|--|----------------------|--------------------------------|--------------------------------|-------------------------------------|---------------------------------|---|----------------|---|----------------|--|----------------|
| Revenues | | | | | | | | | | | |
| Ad Valorem Taxes | \$7,148,392 | \$7,444,424 | \$7,444,424 | \$7,342,942 | \$8,040,628 | \$596,204 | 8.01% | \$596,204 | 8.01% | 697,686 | 9.50% |
| Franchise Fees | \$1,130,788 | \$390,000 | \$390,000 | \$439,830 | \$1,208,000 | \$818,000 | 209.74% | \$818,000 | 209.74% | 768,170 | 174.65% |
| Utility Service Tax | \$2,860,586 | \$2,883,601 | \$2,883,601 | \$3,027,456 | \$2,394,009 | \$104,408 | 3.61% | \$104,408 | 3.61% | (33,447) | -1.10% |
| Communications Service Tax | \$1,130,732 | \$1,181,000 | \$1,181,000 | \$1,078,104 | \$982,855 | (\$198,145) | -16.78% | (\$198,145) | -16.78% | (95,249) | -8.83% |
| State Revenue Sharing | \$788,227 | \$807,000 | \$807,000 | \$733,526 | \$778,673 | (\$28,327) | -3.51% | (\$28,327) | -3.51% | 33,147 | 5.23% |
| Alcoholic Beverage License | \$17,735 | \$20,000 | \$20,000 | \$15,620 | \$20,000 | \$0 | 0.00% | \$0 | 0.00% | 4,380 | 28.04% |
| Half-Cent Sales Tax | \$2,431,403 | \$2,518,000 | \$2,518,000 | \$2,212,399 | \$2,340,508 | (\$177,492) | -7.05% | (\$177,492) | -7.05% | 127,509 | 5.76% |
| Grants/FEMA Reimbursement | \$8,079 | \$0 | \$0 | \$0 | \$0 | \$0 | 0.00% | \$0 | 0.00% | 0 | 0.00% |
| Permits & Fees (Non-Building Dept.) | \$442,283 | \$424,500 | \$424,500 | \$400,812 | \$388,301 | (\$35,599) | -8.39% | (\$35,599) | -8.39% | (11,911) | -2.97% |
| Fines & Forfeitures | \$195,519 | \$185,000 | \$185,000 | \$225,068 | \$195,000 | \$10,000 | 5.41% | \$10,000 | 5.41% | (30,068) | -13.36% |
| Miscellaneous Revenues | \$386,602 | \$306,650 | \$306,650 | \$315,705 | \$211,288 | (\$35,362) | -31.10% | (\$35,362) | -31.10% | (104,417) | -33.07% |
| Sub-total Recurring Revenues | \$16,540,406 | \$16,166,175 | \$16,166,175 | \$15,798,062 | \$17,159,862 | \$993,687 | 6.15% | \$993,687 | 6.15% | 1,361,800 | 8.62% |
| Interfund Transfers | \$50,623 | \$420,000 | \$551,551 | \$551,551 | \$0 | (\$420,000) | -100.00% | (\$551,551) | -100.00% | (551,551) | -100.00% |
| Transfers In | \$0 | \$431,317 | \$431,317 | \$431,317 | \$0 | (\$431,317) | -100.00% | (\$431,317) | -100.00% | (431,317) | -100.00% |
| Prior Year Carry-Over Funds | \$1,275,000 | \$342,500 | \$489,160 | \$489,160 | \$198,700 | (\$143,800) | -41.99% | (\$290,460) | -59.38% | (290,460) | -59.38% |
| Sub-total Other Revenues | \$1,325,623 | \$1,193,817 | \$1,472,028 | \$1,472,028 | \$198,700 | (\$395,117) | -83.36% | (\$1,273,328) | -86.50% | (1,273,328) | -86.50% |
| Total Revenues | \$17,866,029 | \$17,359,992 | \$17,638,203 | \$17,270,090 | \$17,358,562 | (\$1,430) | -0.01% | (\$279,641) | -1.59% | 88,472 | 0.51% |
| Expenditures | | | | | | | | | | | |
| Town Mayor & Council | \$364,060 | \$361,608 | \$361,608 | \$344,597 | \$380,060 | \$18,452 | 5.10% | \$18,452 | 5.10% | 35,463 | 10.29% |
| Town Clerk | \$232,765 | \$206,247 | \$206,247 | \$210,281 | \$220,354 | \$14,707 | 7.13% | \$14,707 | 7.13% | 10,672 | 5.08% |
| Town Attorney | \$257,448 | \$215,000 | \$358,800 | \$344,660 | \$215,000 | \$0 | 0.00% | (\$143,800) | -40.08% | (129,660) | -37.62% |
| Administration | \$1,819,261 | \$1,847,603 | \$1,922,355 | \$1,980,416 | \$1,379,173 | \$131,570 | 7.12% | \$56,818 | 2.96% | (1,243) | -0.06% |
| Police & School Crossing Guards | \$8,658,557 | \$8,817,140 | \$8,817,140 | \$8,656,755 | \$8,597,050 | (\$220,090) | -2.50% | (\$220,090) | -2.50% | (59,705) | -0.69% |
| Planning & Zoning | \$239,069 | \$245,304 | \$245,304 | \$218,703 | \$191,197 | (\$54,107) | -22.06% | (\$54,107) | -22.06% | (27,505) | -12.58% |
| Code Compliance | \$302,672 | \$312,054 | \$312,053 | \$309,261 | \$327,049 | \$14,995 | 4.81% | \$14,996 | 4.81% | 17,788 | 5.75% |
| Parks & Recreation | \$2,492,565 | \$2,724,556 | \$2,752,205 | \$2,622,520 | \$2,613,994 | (\$110,562) | -4.06% | (\$138,211) | -5.02% | (8,525) | -0.33% |
| Community Outreach & Engagement | \$335,687 | \$332,324 | \$332,325 | \$335,122 | \$384,761 | \$52,437 | 15.78% | \$52,436 | 15.78% | 49,639 | 14.81% |
| Committees' | \$319,077 | \$194,100 | \$225,314 | \$259,878 | \$181,100 | (\$13,000) | -6.70% | (\$44,814) | -19.84% | (78,778) | -30.31% |
| Public Works | \$1,069,732 | \$1,280,600 | \$1,280,599 | \$1,234,812 | \$1,171,393 | (\$109,207) | -8.53% | (\$109,206) | -8.53% | (63,419) | -5.14% |
| ONIP | \$48,855 | \$141,194 | \$141,194 | \$141,194 | \$141,538 | \$344 | 0.24% | \$344 | 0.24% | 344 | 0.24% |
| Non-Departmental | \$9,722 | \$382,500 | \$238,700 | \$0 | \$477,225 | \$34,725 | 24.76% | \$238,525 | 99.93% | 477,225 | 0.00% |
| Sub-total Expenditures | \$16,149,470 | \$17,060,230 | \$17,194,444 | \$16,658,198 | \$16,880,495 | (\$173,735) | -1.05% | (\$313,349) | -1.83% | 222,297 | 1.33% |
| Transfers Out | \$1,227,399 | \$299,764 | \$443,759 | \$390,680 | \$478,067 | \$178,303 | 59.48% | \$34,308 | 7.73% | 87,387 | 22.37% |
| Total Expenditures | \$17,376,869 | \$17,359,992 | \$17,638,203 | \$17,048,878 | \$17,358,562 | (\$1,430) | -0.01% | (\$279,641) | -1.59% | 309,684 | 1.82% |
| Excess (Deficiency) of Revenues over Expenditures | \$489,160 | \$0 | \$0 | \$221,212 | \$0 | \$0 | 0% | \$0 | 0% | (221,212) | -1.30% |

FACTORS AFFECTING FY 2020-21 PROPOSED BUDGET

I. REVENUES

General Fund Revenues are primarily unrestricted in nature and fund a variety of services including town administration, police patrol, public works, community outreach and parks services. Property Taxes remain the Town's largest revenue source, comprising 47% of FY2021 budgeted General Fund revenues, followed by Intergovernmental Revenues (i.e. Half-Cent Sales Tax, Communications Services Tax and State Revenue Sharing) at 24%, followed by Utility

Services Taxes 17%, Franchise Fees (7%), %, Licenses & Permits (2%), and the remainder from Fines & Forfeitures and other miscellaneous revenues.



The total revenues available for allocation in FY2020-21 General Fund Budget is \$17,358,562 including carryovers (\$198,700) for the litigation reserves. This budget remains static compared to the FY2020 Adopted budget with a decrease of \$1,430 or 0.01%.

In May 2020, the Franchise Fee contract with Miami Dade County and FPL expired which represented an estimated revenue loss of \$1.2 million to the Town under that contract. To make up the significant revenue loss in the prior year (FY2019-20) the Council approved a one-time transfer from the MLOP Capital Fund (\$420,000) and a one-time transfer from reserve fund balance (\$431,317). This budget considers a full year of FPL Franchise Fee surcharge at 3% offsetting the one-time revenue sources from the prior year.

As compared to the Adopted budget and indicated in the summary chart above, several revenue categories have decreased due to the onset of the Covid19 pandemic. It is evident in the decrease in State revenue sharing (\$28,327), Half cent sales taxes (\$177,492), and in miscellaneous revenues which accounts for park facility rentals and other miscellaneous revenues that have conservative revenue variances.

II. EXPENSES

The FY2020-21 Operating Expense Budget is \$279,641 or 1.59% less than the prior amended budget.

The significant changes affecting the Proposed Budget are described below:

- **Staffing** – The General Fund Budget includes 32.5 full-time equivalent positions, 6 part-time, 8 seasonal and 7 part-time seasonal positions. A part-time Marketing and Media Specialist position was converted to full-time position. A Procurement Specialist and Zoning Official are currently vacant and will not be filled in FY2021. The Capital Improvement Manager position was eliminated from the budget since it was not approved in prior year.

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 from 8.47% to 10% for regular employees as of July 1, 2020.
- **Group Health Insurance** – We are anticipating a 10% increase in group health insurance premiums. 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.
- **Police Services** – The Police Department's Budget of \$8,698,864 includes contracted police patrol services (\$8,591,539) and the school crossing guards (\$107,325), and represents 50% of the General Fund operating budget, and an overall decrease of approximately \$211,305 or 2.37% as compared to prior year Amended Budget. This is primarily the result of fringe, overtime, and county overhead cost reductions.

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

| POLICE PATROL SERVICES | FY 2019-20 ADOPTED BUDGET | FY 2019-20 AMENDED BUDGET | FY 2019-20 YEAR-END PROJECTION | FY 2020-21 PROPOSED BUDGET | NET CHANGE FY20 AMENDED VS. FY21 PROPOSED | |
|--------------------------------|---------------------------------|---------------------------------|--------------------------------------|----------------------------------|---|-------|
| - Police Salaries | \$4,722,257 | \$4,722,257 | \$4,655,822 | \$4,666,926 | (\$55,331) | -1% |
| - Overtime | 340,000 | 340,000 | 361,663 | 300,000 | (\$40,000) | -12% |
| - Social Security | 290,008 | 290,008 | 389,594 | 286,416 | (\$3,592) | -1% |
| - Retirement | 1,202,972 | 1,202,972 | 1,266,292 | 1,041,071 | (\$161,901) | -13% |
| - Group Health Insurance | 714,000 | 714,000 | 701,485 | 688,500 | (\$25,500) | -4% |
| - Other fringe benefits | 123,903 | 123,903 | (52,807) | 248,831 | \$124,928 | 101% |
| Total Personnel Services | 7,393,140 | 7,393,140 | 7,322,049 | 7,231,744 | (\$161,396) | -2% |
| Fleet Maintenance & Operations | 534,498 | 534,498 | 458,784 | 531,329 | (\$3,169) | -1% |
| Insurance | 279,300 | 279,300 | 278,324 | 279,300 | \$0 | 0% |
| County Overhead Cost | 496,062 | 496,062 | 474,550 | 428,627 | (\$67,435) | -14% |
| TOTAL PATROL SERVICES | \$8,703,000 | \$8,703,000 | \$8,533,706 | \$8,471,000 | (\$232,000) | -2.7% |

- **Legal Fee Settlement/Reserves** – A reserve for the potential settlement of legal fees is included in Non-Departmental. This amount is the balance carried over from the prior year's reserve for legal fees (\$198,700).
- **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 (\$263,460), Stormwater Utility (\$78,169), CITT Peoples Transportation Plan (\$63,910) and the six Special Taxing Districts (\$137,469).
- **Committees** – If approved, the total Committees' budgets remain static, apart from the Special Needs Advisory Board, which receives funding from the Mayor's Gala donations. The FY 2021 budget provides for a total allocation of \$184,100 to the Committees. It should be noted that \$40,000 is held in reserves in the Non-Departmental section of the budget in the event donations are received to offset the requested increases.
- **Transfers** – The FY2020-21 General Fund Budget has a transfer to the Facilities Maintenance Fund for Administration (\$226,253) and the Police Department's (\$101,814) portion of Government Center building expenses. This budget also includes the mandated annual contribution to the Sinking Fund (\$150,000) for facility, equipment and infrastructure renewal and replacement.

- **Reserves:** The General Fund Operating Budget includes \$477,225 in reserves in Non-Departmental for the following: litigation/legal fee settlement (\$198,700), reserves to offset donations/contributions for Committees (\$40,000), and contingency reserves (\$238,525).

III. FUND BALANCE

In accordance with the Town's audited financials as reported in the FY2018-19 Comprehensive Annual Financial Report (CAFR), the General Fund unassigned fund balance at the beginning of FY2019-20 was \$4,222,958. From this amount, \$350,000 is earmarked for Hurricane Irma expenses that are not expected to be reimbursed by FEMA. We are in the final stages of settling and finalizing our claims and expect this reserve to decrease further. We should have a final number on or before September 30, 2020. During the FY2019-20 budget process, Council approved an appropriation from reserved fund balance of \$431,317 to balance the budget and carried forward \$342,500 in legal reserves. In April of 2020, the Council also approved a carry forward from the General Fund balance totaling \$146,660. This reduced the fund balance to \$2,952,481.

It should be noted that of the \$342,500 in legal reserves from the prior year, a balance of \$198,700 is included as a carry forward in the FY2020-21 budget to reprogram the litigation reserve.

The Town's reserve policy ordinance requires that we maintain 15% of budgeted general fund expenditures on hand as a reserve whenever possible. The current fund balance amount of \$2,952,481 meets and exceeds the 15% requirement at 17.01%. However, during the November 2019 Council Meeting the Council instructed the Town Manager and Town Attorney to amend the Town Code to provide for a gradual three-year increase of the Town reserves from 15% to 20%, and is well on its way to achieve this goal.

Barring an unforeseen financial crisis or emergency, the Town's Administration intends to allow the \$238,525 budgeted in the General Fund, under the Contingency Line to flow into Fund Balance at the conclusion of Fiscal Year 2020-21, thereby increasing Fund Balance to 18.3%. This provides an incremental approach of increasing our fund balance annually to get us closer to our mandated goal that equals 20% of our General Fund budget by 2022, as stipulated in Sec. 2-102 (a) of our Code of Ordinances.

SPECIAL REVENUE FUNDS

Building Department Fund – The Building Department's FY2020-21 Budget is \$3,541,374. This budget reflects a decrease in revenues of approximately \$590,593 or 14.29% 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 \$1.2 million in revenues from building permit activities. The operating cost of the Building Department including staffing and inspections services is \$2,351,962, and a reimbursement of

\$263,460 to the General Fund for administrative support. The Fund reflects a healthy fund balance of \$925,952.

Impact Fees Fund – This Fund includes parks, public safety, and a contribution in lieu of road impact fees from new developments including the Automall and Kislak Building. Revenues from these developments including carry-over from prior year and interest income are estimated at \$1,360,557 for parks impact fees, \$265,630 for public safety impact fees, and \$0 contribution from developer in lieu of road impact fees. The total FY2020-21 Budget is \$1,626,187 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 (\$250,000 transfer to Capital Fund). This Fund has a reserve of \$1,376,187.

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 \$267,000 from the Automall and Kislak Building development. This Fund has \$295,222 in reserves.

People's Transportation Plan – The total proposed budget for FY2020-21 is \$1,469,661 and includes 80% share of revenues from the half-cent discretionary sales surtax (\$1,017,066), prior year carry-over funds (\$4,642) and interest income (\$5,000). The budget provides for staffing at 50% of cost to manage the programs for planning and mobility. The budget also includes funding for street lighting utilities (\$250,000), funds for traffic studies as needed and other transportation related activities. A transfer of \$625,000 to the Capital Projects Fund is budgeted for NW 59 Avenue extension project. This fund has no reserves.

Transit – The budget includes the 20% share of revenues from the half-cent discretionary sales surtax (\$261,139), Freebee Advertising (\$17,500), Freebee Public Transit Service Grant (\$128,798) and prior year carry-over funds (\$35,516) for a total budget of \$442,953. 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 no reserve.

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 \$341,894, with a carryforward fund balance of \$34,827, for a total budget of \$376,722, this budget reflects a decrease in revenues of approximately \$48,751 or 12.48% due to the onset of the Covid19 pandemic.

Neighborhood Service 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 2020-21.

| DISTRICT NAME | DISTRICT TYPE | FY2019-20 ASSESSMENT RATE | FY2020-21 PROPOSED ASSESSMENT RATE |
|----------------------------|--------------------------|--|---|
| Miami Lakes Section One | Security Guard | \$285.37 | \$208.37 |
| Loch Lomond | Security Guard | \$2,489.80 | \$2,489.80 |
| Royal Oaks Section One | Security Guard | \$706.89 | \$706.89 |
| Royal Oaks East | Security Guard | \$769.33 | \$706.89 |
| Lake Patricia | Lake Maintenance | \$231.46 | \$231.46 |
| Lake Hilda | Lake Maintenance | \$157.92 | \$157.92 |

The proposed special assessment for Royal Oaks East section was reduced by \$62.44 for a new rate of \$706.89, and Miami Lakes Section One was also reduced by \$77.00 for new assessed rate of \$208.37. All other districts remained static.

DEBT SERVICE FUND

The Debt Service Fund for FY 2020-21 includes the Series 2010, Special Obligation Bond interest payment (\$507,609), principal payment (\$200,000) and fees (\$1,750) for Government Center, which is funded by the Electric Utility Tax revenues of \$553,991 and Federal Direct Payment subsidy (interest reimbursement) estimated at \$171,824.

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 2020-21, investment in transportation projects represent \$5,818,861 or 64.26% of the Capital Improvement Program, followed by

\$1,127,157 or 12.45% investment in parks and facilities improvements, and \$2,108,559 or 23.29% investment in stormwater improvements. The Capital Projects Budget totals \$9,054,477 and projects are grouped into the three categories as summarized below:

- **Parks and Facilities Improvements** - Parks capital improvements for FY 2020-21 total \$1,127,157 and include funds to complete construction on Bridge Park for the survey and design (\$87,164), MLOP Master Plan to complete the design and commence construction (\$450,032), MLOP Storage Facility to replace roof and air condition unit (189,961), and Par 3 design for passive park use (\$150,000). Funds are available from, grant award, Parks Impact Fees, and developer's contribution for parks improvement.
- **Transportation Improvements** – Revenue sources for transportation improvements include Local Option Gas Tax, FDOT Grants, County Investment Grant Program, Peoples' Transportation Plan (PTP 80%), for a total of \$5,818,861. This amount is appropriated among various projects including NW 59th Avenue Extension (\$5,426,052), design of Safe Routes to School Bob Graham (\$56,267), Miglo Walking & biking trail (\$24,250), this fund also includes a reserve for future projects of \$312,292.
- **Stormwater Improvements** – The major project budgeted for FY2020-21: West Lake Roadway & Drainage Improvement- Phase III (\$2,108,559) Revenue sources for this project include a FEMA Grant, State of Florida legislative appropriation and Stormwater Utility Fees (\$122,000).

STORMWATER UTILITY FUND

The Stormwater rate is \$4.50 per Equivalent Residential Unit (ERU) and has remained unchanged since the creation of the Utility. The Stormwater Rate study was conducted to address the fiscal and drainage needs within our community in FY2020, and a new rate proposal will come before Council sometime in FY2021. The Town anticipates receiving \$1,114,699 in Stormwater utility fees for FY 2020-21. Funds are appropriated and transferred to the Capital Projects Fund (\$122,000) towards funding West Lakes Drainage 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 2020-21 Budget totals \$377,088.

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.