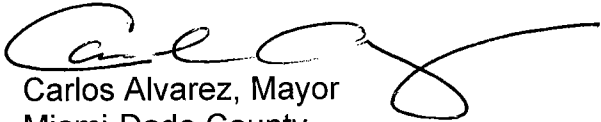




MEMORANDUM
OFFICE OF THE MAYOR

DATE: March 31, 2006

TO: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

FROM: 
Carlos Alvarez, Mayor
Miami-Dade County

SUBJECT: Budget Message – Fiscal Year 2006-2007

In accordance with Section 1.10(D) of the Miami-Dade County Charter, I respectfully submit my Fiscal Year 2006-2007 (FY06-07) Budget Message for your consideration. The Charter requires that I deliver a budget message in March and a response to the County Manager's ("Manager") Proposed Budget in July. Because expenditure and revenue projections continue to be adjusted and departmental resource allocation meetings are still ongoing, this message is deliberately broad in scope. My July message will contain further detail regarding proposed millage rates and funding levels, and may revise my recommendations based on the latest available financial information, such as the final State budget.

Introduction

I am privileged to present my second Budget Message as Mayor of Miami-Dade County. The purpose of this memorandum is to outline my budget priorities and recommendations for consideration during the development of the FY06-07 budget. Given limited resources, I am confident that the Board of County Commissioners ("Board") – the legislative body with the authority to set the tax rate and adopt the annual allocation of resources – will make decisions that best reflect the needs and expectations of our citizens in the upcoming year and beyond.

In my 2006 State of the County address, I discussed the livelihood and prosperity of this great county. However, there are some matters of critical importance to our citizens that require our attention. We, collectively as a government and individually as elected officials, cannot be considered truly effective this year unless we make measurable progress in four main areas:

- reducing the property tax rate
- alleviating traffic congestion
- increasing affordable housing
- protecting our environment

These are some of my highest priorities for the FY06-07 budget.

Miami-Dade County is fortunate to have experienced several years of robust growth, not only in property values, but in population, employment, trade, airport travel, construction activity, tourist visits, and more. While the trend in property values directly correlates to that of property tax revenues for local governments, it is a common misconception that there has been a "windfall" in revenues. In fact, property taxes are about 30% of the County's total operating budget. Other revenue sources (such as interest, sales taxes, and federal and state grants) have accrued at much more moderate rates. It is a reality that a majority of the yearly growth in operating revenues is required just to cover mandated expenses [including Maintenance of Effort (MOE), Cost of Living Adjustments (COLA) to salary, retirement contributions, and health insurance], increases due to inflation, and other reasons (such as higher construction, electricity, and fuel costs). **Still, the growth in property taxes and other revenues is real, and our residents are entitled to some measure of relief in the upcoming budget.**

I have consistently stressed the importance of the physical, structural and financial well-being (i.e. fitness) of our government. My budget priorities will be outlined under several broad objectives reflecting elements of government fitness that we, as elected officials, are entrusted to pursue in the best interests of our community. All have equal merit, and they are as follows:

- I.) Enhance our financial fitness
- II.) Promote our social fitness and the wellbeing of our residents
- III.) Address the fitness of our housing inventory
- IV.) Improve the physical fitness of our infrastructure
- V.) Strengthen our economy's fitness by ensuring safe and reliable transportation systems.
- VI.) Increase the fitness and capacity of our public safety functions
- VII.) Advance and promote our organizational fitness
- VIII.) Protect our environmental fitness
- IX.) Embrace our cultural fitness
- X.) Maintain our political fitness

I.) Enhance our Financial Fitness

Prepare for the future

I want to begin by reiterating the need for us to be conservative in our projections to balance growing service needs with our ability to pay for those services. Last year, projected growth in property values was 12.5%; actual growth was 18.7%. This year, growth in the property roll is estimated to be between 12% and 14%. Whatever the outcome, it is certain that double-digit increases will no longer be the norm in the near future. Thus, the gap between spending and revenues will inevitably grow; it is our job to ensure that the difference is in our favor.

In the past year, it has become clear that we are taking the necessary measures to better position the County to continue providing quality services and enhancements without overly

burdening our taxpayers. Our long-term strategy should include reviewing alternate revenue sources to reduce the County's reliance on ad-valorem property taxes. Overall, we must continue building on strategies that minimize impacts to core services and streamlining operations so that we improve services while cutting costs.

Invest in our employees

Creating a more efficient government is a philosophy each of our over 30,000 employees should embody. By working together and empowering our employees to think "outside the box", we can meet this goal. Promoting our employees' growth and development will foster innovation, as well as reduce the need to outsource for certain skill sets. Therefore, I am requesting that the Manager include in each department's budget an adequate allocation for employee training. Specialized training for our public safety personnel is particularly essential in improving their effectiveness. We should also consider pursuing more gainsharing opportunities where feasible so that employees will be challenged to find efficiencies and personally benefit from their improved productivity. In FY04-05, gainsharing arrangements in Corrections and Rehabilitation, Park and Recreation, and Finance Departments yielded over \$2 million in realized savings for the County.

Increase reserves

The prudence of building up emergency reserves where possible cannot be stressed enough. I commend the Board and the Manager for making this a priority in the past few years so that we can be ready for unexpected situations and maintain our high credit ratings. I am certain the Manager's budget will continue this policy. To ensure that emergency contingency reserves are tapped only in the most urgent of circumstances, I will be highly supportive of legislation that establishes formal standards for their utilization.

Review the use of consultants

Our heavy utilization of consultants – encompassing everything from Architects, Engineers, Inspectors, Construction Managers to Financial Advisors – continues to be an issue of concern because I believe it is unnecessarily increasing our cost of doing business. As applicable, particularly in the capital construction arena, we need to focus on recruiting and retaining staff to build up in-house expertise and fill existing vacancies. Also, it should be noted that simply providing training to County employees will not translate into loyalty to public service, if we do not competitively pay them. To make an informed assessment of where we can reduce outsourcing and what savings are possible, I am requesting that the Manager provide a report that summarizes the County's use of consultants, including an inventory of contracted work versus available County staff.

There is no doubt that utilizing consultants may be appropriate where the workload dictates it, but, even so, the decision for their use should be justified and coordinated countywide. For example, there is no reason for one Department to hire outside consultants when another department may already have in-house staff available who can meet that need. In addition,

suggest providing incentives in contract language for early completion to help reduce the overhead factor on projects and move projects quicker.

II.) Promote our Social Fitness and the Wellbeing of our Residents

Enhance services for seniors

Our seniors are a segment of the population that deserves special attention. It is remarkable that our elderly are living longer and more active lives; yet, because many are on a fixed income, it is difficult for them to overcome the ever-increasing cost of living. Unfortunately, targeted property tax relief can only be accomplished through a state constitutional amendment. It is still too early to predict the fate of current proposed state legislation, which would freeze the assessed value of properties with a senior citizen exemption, but the prospects are not promising. In lieu of property tax relief that would have been possible had this legislation advanced, I am requesting that the Manager propose a mechanism for offering qualified low-income seniors a monetary benefit or savings. I am confident that this can be accomplished without sacrificing other services we provide. It would be a relatively minimal cost to the County, but would make a big difference in the lives of these seniors. I will also not tolerate any shifting of funding from other senior services, including the Golden Passport, Elderly Meals and Hurricane Shelter programs.

Last year, I called for the creation of a Senior Advocate position that, among other duties, would develop, coordinate, and identify funding for senior programs. Full year funding of \$125,000 was appropriated for the position; however, the recruitment and selection process is still ongoing. Therefore, I am requesting that unexpended funds be reallocated for enhancements to our existing senior programs. In addition, as with the Child Advocate, sufficient support staff should be provided so that they can focus on their primary responsibilities. I look forward to working closely with the selected candidate in ensuring that all eligible seniors are taking advantage of available services, as well as to identify new avenues of providing financial assistance to our neediest residents.

The Park and Recreation Department is proposing an active senior citizen programming initiative that I am recommending for phase-in starting with the FY06-07 budget: a department-wide Senior Recreation Programming Coordinator and five Recreation Specialist positions to develop and coordinate geographically dispersed senior wellness/fitness activities throughout the County. This request targets active seniors with a variety of holistic wellness programs designed to promote the prevention of disease and premature physical deterioration through a regiment of accessible fitness activities. The sustainability of active senior programs, which improve the quality of life for everyone in a family, is dependent on continued budgetary support for this program.

Increase access to healthcare

In my 2006 State of the County address, I announced a new and exciting initiative called "Wireless Miami-Dade" which will establish a high-speed wireless broadband network in the County. As a first step in this initiative, I am currently appointing members to an Executive

Steering Committee that will promote countywide connectivity, discuss wireless networking and formulate recommendations for application in various policy areas. Bringing together my two commitments to improve access to comprehensive and effective healthcare for our Miami-Dade County residents and to erasing the County's "digital divide" – one of my priorities for FY06-07 is to help design and institute a web-based Health Information Network. This Health Information Network has unlimited potential, including serving as a One-Stop-Shop for electronically enrolling persons without health coverage into a multitude of programs that meet their needs.

The County has recently become one of a small number of recipients of a Florida state grant that, together with matching funds, provides nearly \$300,000 to design a Health Information Network that will serve Miami-Dade, and ultimately, connect us with our neighboring counties. Once implemented, this wireless system will truly help bring in a new horizon for connecting people to healthcare. I am committed to helping ensure that the multiple resources needed to make this happen can be attained.

Increase Healthcare Coverage

Expanding the accessibility of healthcare coverage to a greater number of the County's uninsured residents is another of my highest priorities. One of the efforts currently underway to help find a solution to this need is being spearheaded by the members and staff of the Board-appointed Healthcare Task Force. The task force is currently reviewing successful models implemented across the US and assessing which components of these models can be adapted to meet the County's needs. Together with the Health Foundation of South Florida, this effort will produce a proposed plan for expanding health coverage in our community. I am committed to helping refine and further this effort to implement a viable and sustainable health program that will provide real increases in access to critical health services for our residents. I also expect to see in the proposed budget the County's contribution for KidCare/Healthy Kids (a state-subsidized health insurance program for Florida children up to the age of 18) to ensure these participants have continued access to the care providers under this plan.

Support our Community and Non-Profit Organizations

I will continue to support funding for Community-Based Organizations (CBOs) that put forth their best efforts to make a positive impact on our society. These CBOs have an unprecedented ability to reach and bring together targeted populations, often in a manner that local governments cannot. There are many worthy programs made possible through the hard work of our community-based, non-profit, and other organizations, but some are only financially feasible with outside assistance. To help offset costs in holding events, the County has previously established an In-kind Discretionary Reserve Fund (In-Kind Reserve), which partially reimburses general fund-supported departments for provision of in-kind services or waiver of fees (such as security services, park rental, admission fees, etc.). To allow these organizations greater access to this assistance, I am proposing that an allocation equivalent to that of each District Commissioner (currently, \$10,500) be provided for the Mayor. In addition, I am requesting that the Mayor have access to the Countywide In-kind Reserve.

III.) Address the Fitness of our Housing Inventory

The lack of affordable housing, both for individuals and families on either end of the economic spectrum, remains a pervasive quality of life concern for our community. It speaks volumes that the terms "affordable housing" and "workforce housing" have become synonymous not only in Miami-Dade County, but all over South Florida. The prolonged real estate market boom was a double-edge sword: it contributed to the prosperity of our economy, but created a substantial disconnect between housing prices and income levels. We cannot neglect also addressing the pressures of rising housing costs and increased condo versions on our renters, who are being forced to pay higher rents. With the lack of affordable housing, these renters will be forced to continue renting and be further removed from their dream of homeownership.

A number of promising initiatives exist and/or are currently underway, including inclusionary zoning, low-interest financing and purchasing assistance, and state legislation that would help mitigate the cost of maintaining or purchasing a home. I urge entering into more public-private partnerships to keep costs down, as well as providing incentives for creating affordable housing, such as expedited permitting and approvals. I recently requested from the Manager a list of one-acre or larger County-owned properties that are suitable for residential use, which is due next month. I am hopeful that providing land will enable us to quickly move families into homes. Certainly, none of these remedies, alone, are a silver bullet, and all will need further refinement and constant reevaluation. However, with each passing day the situation becomes more critical and so we must not delay increasing our efforts to confront this challenge.

This is the opportune time for us to review our own organizational structure to maximize our ability to address this problem. As it is presently, our table of organization consists of a number of departments (including the Miami-Dade Housing Agency, Office of Community and Economic Development, Metro-Miami Action Plan, and Housing Finance Authority) that, differing extents, are responsible for administering a wide range of housing-related programs, such as providing and promoting subsidized housing, assistance to private or non-profit organizations to develop affordable housing, financial assistance to first time and/or low income buyers, and other activities. I want to work closely with the Manager in creating a "one-stop shop" that would allow access to information on all housing-related functions. It is imperative that we address instances of redundancy and situations where County departments – or their clients/recipients – may actually be competing against each other for funding.

Our County departments face various financial challenges and have achieved varying degrees of success in the utilization of their resources. One available means for alleviating the housing shortage is in the form of federal Community Development Block Grants (CDBG) and HOME funds. We should continue reprogramming funds that are not being used in a timely manner, in order to protect these entitlements. Intergovernmental resources are spread out among various County departments; this is not conducive in ensuring that the available money is being allocated in the best manner. Furthermore, grant administration

should be centralized to the extent that we can immediately identify what any given organization is receiving at a given time from among all County departments.

There is a great need to catalogue all of our housing programs and capabilities with the goal of reducing unnecessary overhead and duplications that dilute our effectiveness. To ensure that the quality and quantity of programs remain, we must also:

- align our in-house expertise and knowledge base;
- coordinate our programming and outreach; and
- maintain appropriate compliance requirements and safeguards.

Once the above happens, we will be able to distribute monies in the most equitable and efficient manner, as well as hold recipients accountable for following through on their commitments. The recent audit of Section 8 units by the U.S. Department of Housing and Urban Development (U.S. HUD) highlights the dire need to enforce our own standards and focus on improving the conditions of the existing housing stock.

A shift from the current piece meal approach may prove the impetus for achieving real progress in increasing the amount of affordable housing in the County. Thus, this same exercise is warranted for the human services arena (including the Department of Human Services and the Community Action Agency) to achieve a similar economy of scale that may serve the community better. It is unacceptable that, according to a recent survey conducted to assess resident satisfaction with County services, overall satisfaction with health and human services provided by the County has decreased since two years ago (30% of residents surveyed who had an opinion were satisfied vs. 43% in 2003).

IV.) Improve the Physical Fitness of our Infrastructure

Expedite General Obligation Bond Program and People's Transportation Plan projects

I am certain that the Board shares my sentiment that projects funded by the Building Better Communities General Obligation Bond (GOB) Program and the People's Transportation Plan (PTP) should be expedited to the extent possible. Appropriate staffing should be provided to advance projects at a steady pace and in coordination with other County projects, as applicable. Since delays may be caused by a severe hurricane season, we should aim to beat – not meet – project timelines. The public should be assured that we are continuing to monitor expenditures to prove that their tax dollars are being spent vigilantly and as promised. Legislation establishing formal procurement procedures for contracts related to GOB-funded projects should be adopted by the Board. We should also be cognizant of the fact that even basic neighborhood improvements, such as sidewalks, signage, and drainage work, make as big of an impact on the quality of life of our citizens as larger scale projects. I expect priority to be placed on drainage projects in our low-lying and flood-prone areas.

