




MEMORANDUM
OFFICE OF THE MAYOR

DATE: March 30, 2007

TO: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

FROM: 
Carlos Alvarez, Mayor
Miami-Dade County

SUBJECT: Budget Message – Fiscal Year 2007-2008

Pursuant to Section 2.02(G) of the Miami-Dade County Charter, I am submitting my FY 2007-08 Budget Message for your consideration. The Charter requires that I submit a Budget Message in March, after consulting with the County Manager and budget director, and then a response to the County Manager's Proposed Budget in July, prior to your adoption of the tentative millage rates. This budget message serves to outline my budget priorities and general recommendations for consideration during the FY 2007-08 budget development process. The response to the Proposed Budget that will be issued in July will have more specific recommendations regarding proposed millage rates and service levels as we will have more specific information regarding various revenue sources, including the results of actions currently under deliberation by the State legislature.

Introduction

As I stated in this year's State of the County address, I believe we are poised to become stronger and better as a government. Our challenges are great, but our abilities are greater, particularly when we put aside our differences and move toward the common goal we share of providing excellent services to the citizens and residents of Miami-Dade County. I am working closely with the County Manager and our staff to focus our organization on providing the basic, fundamental services our community needs. I have challenged each County department to concentrate on at least one fitness challenge and improve how we deliver services through the implementation of efficient and effective business practices. Each department accepted this challenge, identifying at least one activity for which they have committed to making important and measurable improvements by the end of this year.

Several years ago, the Board embraced the concept of transforming the County into a results-oriented government. This concept has been fully implemented – our resource allocations are based on individual departmental business plans that reflect the annual implementation plans of the Strategic Plan, adopted by the Board. Over the past three years, as part of this process, the Board has been able to adopt responsible budgets with clear expectations of the results our community expects from the use of their money. This process will continue this year and I will demand, along with the Board, that the results we anticipate are the results we receive.

Our greatest challenge, as we consider this year's budget, will likely be addressing the calls for tax relief, to include measures we can implement locally along with the proposed tax relief legislation currently being considered by the State Legislature. Property tax relief is something both necessary for our constituents and unavoidable for our government. Tremendous growth in the property tax roll over the past several years has put incredible pressure on non-homesteaded residential property owners and small businesses as their taxable property values have increased. The County has benefited from the additional funding generated by the growth of ad valorem revenue, using this funding to eliminate our reliance on one-time revenues to support on-going operations, to bolster reserves and to address targeted service improvements and expansions. With the Board's direction, we have not wasted our opportunities but rather focused on those things deemed most important by our constituents.

There are a myriad of proposals now under consideration by state lawmakers aimed at lowering the amount of property tax being paid by homeowners and businesses. Staff is diligently working to analyze each proposal and variation to determine the impact on the County's budget. It is important that whatever proposal is ultimately adopted by the State Legislature, those most impacted by the rising property values be helped the most: first time homebuyers, renters, small businesses, and homeowners wanting to downsize. It is also important that the proposal ultimately selected not hinder the County's and municipalities' abilities to provide effective services to those who need it most.

Under any of the proposals currently under consideration, County revenues will likely be reduced. We have been preparing for this for some time by bringing our reserve levels up to best practices standards, shaving the base level of operations to ensure we are delivering services without wasting resources, and focusing our resources on the critical services desired by our residents. Working together – the Board through the thorough line item reviews employed in the past few years and the staff through the development of a performance measurement system that ties resource allocations to results – we stand ready to make the decisions necessary to prioritize our resource allocations and allow for tax relief without degradation of services. We must be willing to consider any means necessary to sustain a leaner budget and reduce the cost of doing business, including, but not limited to, appropriate reductions in funded positions, targeted service adjustments, and challenging departments to identify additional efficiencies. I would expect that savings can also be realized by scrutinizing line items, more efficiently utilizing overtime, and reducing our use of consultants.

We do not know what will come of the current property tax relief proposals, even whether the impact will be for FY 2007-08 or later, but we are better poised to withstand the impending adjustment. We should not wait to see what the Legislature does, as we have not for the past decade by steadily reducing the County's combined millage rates. In fact, our combined millage rates today are lower than they have been for 20 years. After several years of consecutive double-digit growth in the property roll, our residents are entitled to meaningful property tax relief. I recommend we continue this trend in the upcoming budget year while focusing on how to best deliver the fundamental services we provide.

Budget Priorities

I outlined a number of priorities in my State of the County message last month. Among them:

- Promoting services for seniors
- Supporting development at our Airports and Seaport
- Delivering additional affordable housing units
- Maintaining public safety
- Protecting our environment
- Providing effective public transportation

These are the priorities I recommend that we focus on in the coming fiscal year.

Services for Seniors

Many of our senior citizens require and deserve our assistance. Our government plays an important role in helping ensure that they live with dignity and have full and meaningful lives. In the last year, the County has been successful in Tallahassee in getting the income limit for senior property tax deferrals increased to more than \$23,000 from approximately \$11,000. Locally, a Senior Advocate was appointed and the budget included funding for expansions to senior services in the Park and Recreation Department and Community Action Agency to provide meals, day care, and recreational, fitness, and wellness programs for senior citizens. Funding was also enhanced for the Golden Passport and Hurricane Shutter programs. In the coming year, it is critical that affordable housing opportunities for seniors are developed, as well as continued expansion of services to this vulnerable sector of our society.

Support Development at our Airports and the Port of Miami

It is critical to the ongoing economic health of our community that our airports and the Port of Miami be ready to meet the needs of our visitors and other travelers, as well as the cargo industry that use our region to transport goods to and from places around the world. Our airports and seaport contribute an estimated \$365 billion annually to our local economy and provide 352,000 jobs in our community. Miami International Airport (MIA) has seen steady increases to both cargo tonnage and passenger counts, as has the Port of Miami. MIA surpassed the 2 million ton mark for cargo for the first time in history. The Port of Miami received a total of 18.6 million cargo tons last year.

The South Terminal of MIA will open by the end of this fiscal year and bring 45 retail concessions, serving 22 airlines and an expected 3.5 million passengers. We must maintain our commitment to completing the North Terminal Development as well. When the Capital Improvement Plan is completed in a few years, we will have a state of the art international airport facility for both cargo and passengers. Development must be supported at our other airports as well so that we may support our customers who use these facilities to conduct business.

We are at a critical juncture with the Port of Miami. It is important that our capital projects continue, but we are also responsible for maintaining and securing this important asset. Only with the cooperation of the cargo and cruise industries will we be able to continue to operate the Port of Miami effectively. It is also important that we look to the future and support the

construction of the Port Tunnel. This massive transportation project will improve traffic in and around the Port, alleviating the gridlock experienced every day in the City of Miami. The County needs to partner with the City of Miami and the State to finance and commence this project.

Affordable Housing

Over the past twelve months, much has happened related to the provision of affordable housing in Miami-Dade County. It is not time to rehash the problems that have been identified, but rather time to join together to fight against any federal government takeover of the Miami-Dade Housing Agency. We must collaborate with USHUD to continue the steady improvements we are now witnessing. With the newly established management team, the infusion of local non-federal revenues, and the support of the administration and elected officials, we have the power to turn this situation around. Staff has already made great strides. The Miami-Dade Housing Agency (MDHA) partnered with Team Metro to open a One-Stop Housing Information Center and with the Government Information Center to develop the Housing Central Portal to provide assistance to residents searching for affordable rental properties. Procedures and controls to ensure affordable housing initiatives such as use of infill properties and surtax revenues are properly implemented have been adopted. The new management team has also employed stricter safeguards to ensure that funding is used appropriately and to monitor spending more closely.

As I asserted in my State of the County message, I have directed staff to have 1,000 new housing units on line by the end of the year. The rental subsidy program funded last September must be implemented and should be sustained in the FY 2007-08 budget. The unprecedented agreement with the Miami Workers Center regarding the provision of over 800 units of extremely low income housing in the greater Scott Carver area is a testament to our new approach at MDHA. We must not fail in fulfilling this commitment. Our extremely low income residents deserve no less. I expect the budget will include funds to reimburse developers for permit and impact fees to encourage further private development of affordable housing. We must continue to address deficiencies identified and cultivate the resources we need to maximize available affordable housing units, including incentives to encourage the development of housing all along the continuum of affordability and improving the timeliness of our mortgage programs.

Public Safety

In recent months, the impacts of gangs, drugs and guns have been evidenced in the deaths of many youths in our community. These children had promising futures, erased by senseless crimes. Their families and their communities have been devastated by these losses. It is critical that we continue to fund programs, such as the Enhanced Enforcement Initiatives that target robberies, gangs and narcotics, to stay ahead of these criminals and return a sense of safety and well-being to all of our communities. In my State of the County address, I announced the establishment of a gun buyback program. The Gun Bounty Program is aimed at reducing gun violence and related crimes countywide. Guns possessed illegally in a public place will be confiscated. Tips to Crime Stoppers to report information relating to the possession and location of a gun may lead to a \$1,000 reward if an arrest results.

Last year, the City of Miami Gardens decided to end its contract with the Miami-Dade Police Department for the provision of local patrol services. This month, we were informed that the City of Doral has made the same decision. While contracting for local police service has been encouraged to maintain a large regional base of police officers, critical in times of disaster or emergency, I can understand a community's desire to control the delivery of neighborhood policing services. This provides Miami-Dade County with an opportunity to reinvest the resources that had been used to provide services under contract to these municipalities to strengthen the level of service provided to our constituents in the Unincorporated Municipal Services Area (UMSA). Reassigning officers within UMSA, combined with new recruits trained throughout the year, will bring ratios of officers to residents back to levels enjoyed prior to the recent incorporations.

It is also important that we make strides in preventing criminal recidivism. The Corrections and Rehabilitation Department provides a significant number of programs aimed at providing education and training and other support services at each of its facilities. These programs are offered by the Miami-Dade County Public School System and various community and volunteer organizations. As I announced in my State of the County address, I am convening a Prisoner Re-entry Council to bring together government and community leaders, businesses, foundations, human service professionals, and people with criminal records to discuss better ways to prepare and assist formerly incarcerated individuals as they try to lead positive and productive lives. Resources required to implement the recommendations developed by this council must be considered for future budgets.

As well, we have seen much progress in the development of a mental health diversion facility to alleviate the burden of mentally ill inmates in our correctional facilities and provide these people with the services they need to have a better change of returning to a productive life. Funding for this project is included in the Building Better Communities general obligation bond program. During this legislative session, with the support of the Department of Children and Families and the guidance of the Honorable Judge Steve Leifman, we are pursuing the acquisition of the current site of the South Florida Evaluation and Treatment Facility, for no cost. Once this facility is acquired and the current programs relocated, we can begin development and implementation of a one-stop center to provide the full range of services needed by the mentally ill.

Protecting the Environment

We must continue to make strides to protect our environment. I am encouraged that we have taken a strong position to fight global warming by participating in the Chicago Climate Exchange. This action will provide us with both the support and standing to influence future legislation related to environmentally friendly policies. We have already made a commitment to reduce greenhouse gases and the Board is considering legislation supporting green building policies. We must sustain this commitment as we plan for our community's future.

The Water and Sewer Department has made significant progress to develop an alternative water supply plan, including reuse and water conservation. This comprehensive plan will require a long term investment of more than \$2 billion in infrastructure and technology. Our challenge now is to support the funding necessary to construct these projects. Adequate

funding must be provided to meet the proposed plan. Furthermore, efforts to support conservation of water throughout our community must continue.

Providing Effective Public Transportation

We will soon have a new leader of the management team implementing the People's Transportation Plan (PTP) in the Miami-Dade Transit Agency. While we have made a great deal of progress in meeting the goals of the PTP, it is time that we reinvigorate our organization and refocus our resources to implement the plan in the most efficient and effective way possible and deliver on what we promised to the voters. Already, 38 million of the promised 44 million miles of additional bus service has been implemented. We must be sure that we are building this expansion on a strong base of viable routes and a system that takes people where they need to go. We will continue to expedite the extension to the Miami Intermodal Center; when completed it will link Miami International Airport directly to the Metrorail for the first time. We must continue to pursue federal funding to support the development of the Orange Line to the North and to the West. I am anxious for this progress to continue.

Conclusion

There are many other services we provide that continue to be priorities to segments of our community - social services programs, cultural programs, neighborhood services. It is important that we continue to provide resources to make sure that quality of life components of our government are still supported. We need to continue to support our workforce through training. Support to the Public Health Trust should continue, as well as a continued focus on the permitting and development process. There are so many ways in which we touch the lives of Miami-Dade County residents and visitors every day that need continued attention. However, it is time for us to make tough decisions and develop a leaner budget to ensure our continued fiscal strength.

I am looking forward to working with you as we navigate through this challenging budget development process. The Board is already fully engaged, as evidenced by the attention paid to budget development information provided to the Commission Committees of jurisdiction. Staff will continue to provide information throughout the budget development process because it is only through collaboration that we can create a resource allocation plan that meets the needs of our community and finds the support of the Board.

Cc: Honorable Harvey Ruvin, Clerk of Courts
Honorable Joseph P. Farina, Chief Judge, Eleventh Judicial Circuit
Honorable Bennett H. Brummer, Public Defender
Honorable Katherine Fernandez-Rundle, State Attorney
Murray Greenberg, County Attorney
Marvin O'Quinn, President/CEO, Public Health Trust
George Burgess, County Manager
Denis Morales, Chief of Staff
County Manager's Assistants
Department Directors
Charles Anderson, Commission Auditor