



Adopted Annual Budget

FY 2013-2014



northmiamifl.gov





CITY OF NORTH MIAMI, FLORIDA

Adopted Annual Operating Budget for

Fiscal Year 2013-2014

Prepared by:

Office of Management and Budget

Budget Manager,
Arthur H. Sorey, III

Budget Administrator,
Terry Henley

Budget Specialist,
Roy Brown

Special Acknowledgment:

Graphics Designer,
Megan Thumann

Municipal Intern
Mykya Brown,

Elected Officials



Mayor
Lucie M. Tondreau



Councilman
Scott Galvin
District 1



Councilwoman
Carol Keys, Esq.
District 2



Councilman
Philippe Bien-Aime
District 3



Councilwoman
Marie Erlande Steril, MSW
District 4



City Clerk
Michael A. Etienne, Esq.

Administration



Stephen E. Johnson
City Manager and
CRA Executive Director



Regine Monestime, Esq.
City Attorney

The City of North Miami is advancing its commitment to performance management and strategic planning. The FY13-14 Budget Book demonstrates its utility as a financial plan, policy document, operations guide, and a communications device that is divided into four sections.

SECTION ONE: INTRODUCTION

The Introduction section provides an overview of the City and the FY13-14 Budget. The City Overview includes the City Manager's Transmittal Letter and Strategic Management Plan. The transmittal letter from the City Manager formally transmits the budget to the City Council and its residents. It summarizes the significant factors affecting the City of North Miami's budget development and provides an overview of revenue and expenditure highlights. The City's strategic plan identifies the City's overall mission and long-range goals. The City overview also includes the Citywide Organization, City Map, and demographic and economic indicators. The Budget Overview highlights the Budget Process, Policies, and bottom line expenditure and revenue summaries.

SECTION TWO: MAJOR REVENUES

The City's Major Revenue Section was developed to provide a comprehensive reference for primary revenue sources collected by the City. The section provides historical view of trends and forecasting methods. Tracking and reporting this information to the public and its decision makers is vital for responsible planning for the future.

SECTION THREE: DEPARTMENT BUDGETS

This section presents the operating budgets for the following departments: Office of Management and Budget, Building and Zoning, City Attorney, City Clerk, City Manager, Code Compliance, Community Planning & Development, Finance, Information Technology, Library, Mayor/Council, Museum of Contemporary Art, Non-Departmental, Parks & Recreation, Personnel, Police, Public Works, Purchasing, Fleet, CRA, Risk Management, and Utilities. Each department section includes Expenditure and Full Time Employee History charts, goals/objectives, core responsibilities and planned expenditures.

SECTION FOUR: APPENDIX

This section includes a glossary of terms and acronyms used throughout the document.

Table of Contents

SECTION ONE: INTRODUCTION – 6

City Overview

City Manager's Budget Message – 7
 Strategic Management Plan Overview – 13
 Citywide Organizational Charts – 21
 City Map – 23
 About North Miami – 24
 Economy & Demographics – 26

Budget Overview

Fund Structure, Types, Schedules – 35
 Financial Policies – 39
 Debt Management – 40
 Budget Process – 41
 Budgetary Timeline – 42
 Trim Procedure – 43
 Budgetary Accounting – 44

Budget In Brief

General Fund Budget History – 45
 Millage Rate – 45
 General Fund Revenue – 46
 General Fund Expenditure – 49
 All Other Funds – 51
 Expenditure/Department Categories – 52
 Employee Trends – 53
 Water & Sewer and Stormwater – 54
 Capital Projects – 55
 Total Budget – 56

SECTION TWO: REVENUE MANUAL – 57

Introduction of Major Revenue Sources - 58
 Ad Valorem – 59
 State Shared Revenue – 60
 Contributions from Enterprise Operations – 61
 Franchise Fees – 62
 Other Fines and Forfeits – 63
 Utility Service Tax – 64
 Communications Tax – 65
 Judgements and Fines – 66
 Rents and Royalties – 67
 Building Permits – 68
 Physical Environment – 69
 General Sales & Use Tax – 70
 Culture/Recreation – 71

SECTION THREE: DEPARTMENT BUDGETS – 72

General Fund

Office of Management and Budget – 73

Building and Zoning – 78
 City Attorney – 83
 City Clerk – 89
 City Manager – 94
 Code – 105
 Community Planning & Development – 109
 Finance – 115
 Information Technology – 128
 Library – 137
 Mayor/Council – 146
 Museum of Contemporary Art – 151
 Non-Departmental – 157
 Parks & Recreation – 162
 Personnel – 198
 Police – 205
 Public Works – 224
 Purchasing – 243

Enterprise Funds

Stormwater Utility – 248
 Water & Sewer – 251

Internal Service Funds

Fleet Management – 270
 Risk Management – 272

Transportation Project Funds

½ Cent Transportation Surtax – 277
 Transportation Gas Tax – 292

Housing

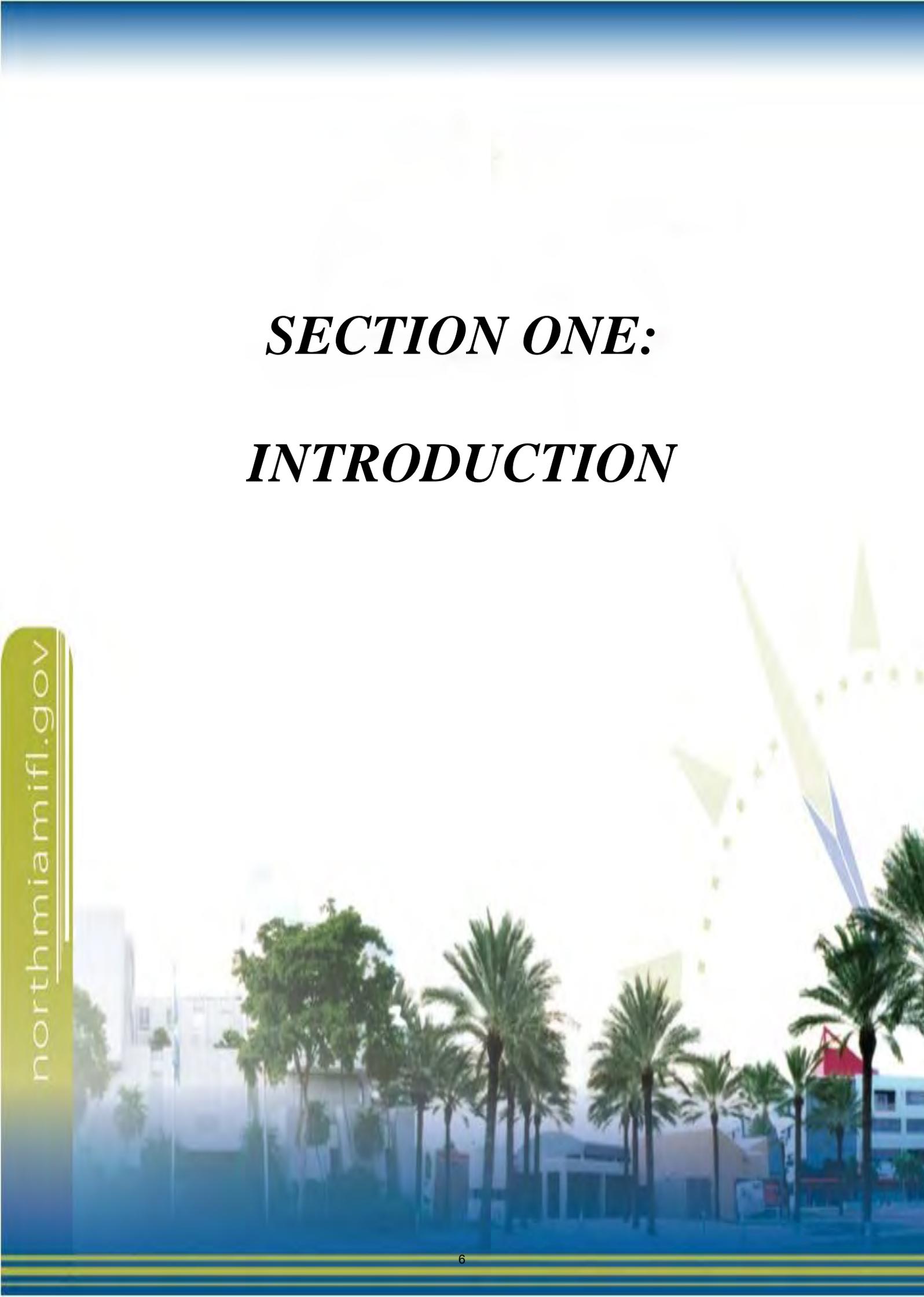
CDBG Grant – 296
 HIPP Grant – 299
 NSP Grant – 301
 SHIP Grant – 304

ALL Other Funds

Development Impact Fees – 306
 E. May Avil Library Fund – 307
 FMLC-Series 2002A – G.O. Debt – 308
 Federal Forfeiture Fund – 309
 Justice Assistance Grant Fund – 310
 Landfill Closure Fund – 311
 Law Enforcement Trust Fund – 312
 Pension Obligation Bond Fund – 313
 Pepper Park Youth Center Fund – 314
 Police Training Fund – 315
 CRA – 316

SECTION FOUR: APPENDIX – 317

Glossary – 318
 Acronyms – 324



SECTION ONE:

INTRODUCTION

Sign Language



October 1, 2013

Honorable Mayor and City Council:

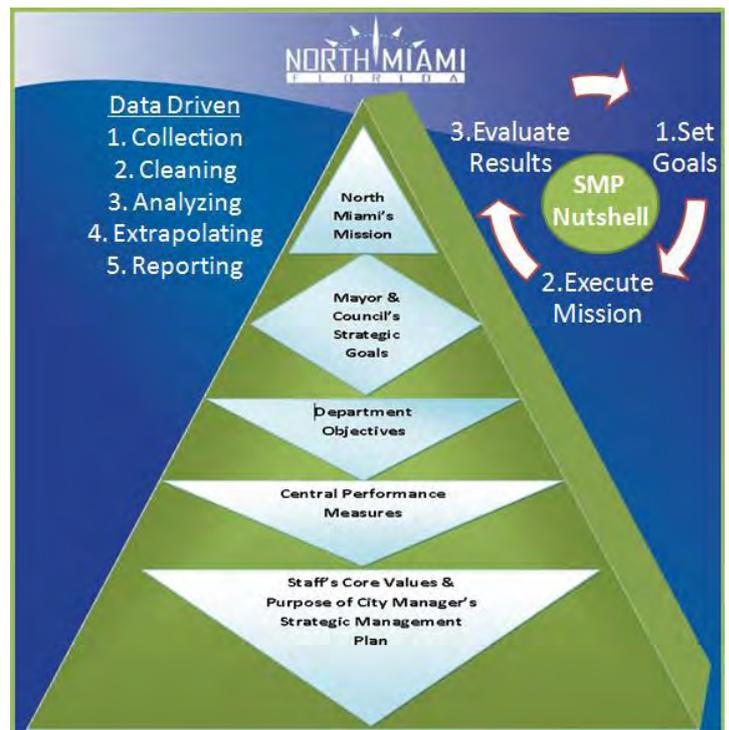
It is my pleasure to present balanced operating and capital budgets for the fiscal year beginning October 1, 2013 and ending September 30, 2014. The Adopted Budget is hereby submitted in accordance with the City Charter. It presents a sound financial plan to provide the best possible services to our residents. The Fiscal Year 2013-14 (FY14) Adopted Budget totals \$139,208,037, an 11% reduction from the Fiscal Year 2012-13 amended budget of \$157,081,706.

As part of this year’s budget process, we have included our Strategic Management Plan, which focuses on the strategic goals and priorities established by Mayor and Council, Management and Staff.

Budgetary Issues and Strategies

Over the last five years, North Miami has taken proactive measures to navigate through the national economic downturn that has affected most governments. As our nation’s economy is recovering, North Miami sees limited progress in terms of market responsiveness and revenues. Thus, the primary budgetary challenge faced by the City of North Miami in the last few years remains the increasing demand for local government services and diminishing resources available to fund them. A strategic management action plan was developed to effectively tackle this challenge.

This plan integrates performance measures into the FY14 Annual Budget to align resources with our critical needs. First and foremost, by financing quantifiable strategies, the City will be in a better position to utilize its strengths and generate valuable improvements. Through an ongoing evaluation process, the City will compare internal performance results with benchmarks and other local governments.



Successful implementation of the Strategic Management Plan will ensure that the city of North Miami is positioned to anticipate and respond to the needs of its residents while maintaining both its financial stability and unique elements that make it an award-winning municipality.

Benefits of the Strategic Management Plan

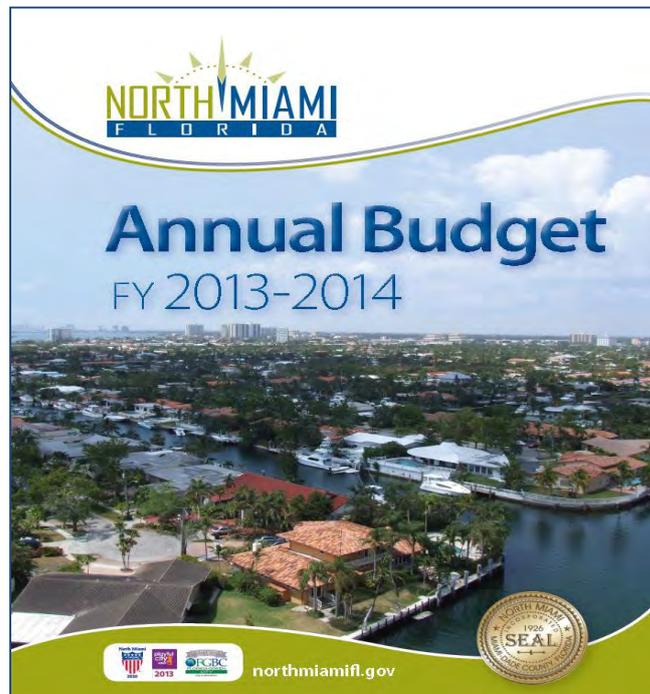
- Ensures better anticipation to opportunities/threats in a fragile economy
- Improves ability to capitalize on strengths and clearly identify areas needing improvement
- Allows for clear tracking of expenditures to identify the types of services and programs that are being delivered
- Assists decision making on where to better allocate funds to achieve shared goals in a limited resource environment
- Facilitates strategic reductions and/or investments so taxpayers see a positive return on investments

Fiscal Year 2014 Budget Book

The FY14 Budget document is different from prior years. Specifically, it demonstrates its utility from a 12-month spending list to a comprehensive long-term financial plan, policy document, operations guide, and communications device. Other key highlights include:

- Analyzes major indicators and characteristics that comprise North Miami's economy and demographics
- Includes "Major Revenues" section that demonstrates quantitative and qualitative tools used by the Office of Management of Budget (OMB) to forecast future revenues
- Captures department structures through charts and full-time employee trends
- Defines department core responsibilities and performance measures
- Incorporates City Manager's Strategic Management Plan
- Analyzes expenditure history by department

- Will be submitted to the Governmental Finance Officers Association (GFOA) for the *FY13/14 Budget Presentation Award*.
- Integrates a holistic and proactive approach to governmental management that is easy to comprehend



Short-Term Economic Assessment

Although positive signs of economic improvement are visible, the economy is still sluggish at best and recovery is expected to be very slow. With this in mind, the goals in preparing this budget were to:

- Continue to provide basic levels of service in the most equitable and efficient manner possible for residents and employees
- Begin to strategically position North Miami for the challenges of tremendous economic growth and expansion
- Support essential City services with minimal increases in service fees, which are necessary for sound financial management
- Increase funding for Capital Improvements
- Limit service-level reductions and major impacts to customers
- Keep level of taxes collected constant

- Consider Department core responsibilities and goals
- Identify overlap of service areas so consolidation efforts can reduce personnel costs
- Maintain reserves

Total Budget

The Fiscal Year 2013-14 Adopted Budget totals \$139,208,037, down \$17,873,669 or 11% from the Fiscal Year 2012-13 (FY13) amended budget of \$157,081,706.

The following provides a summary breakdown of the adopted budget.



Ad Valorem Taxes

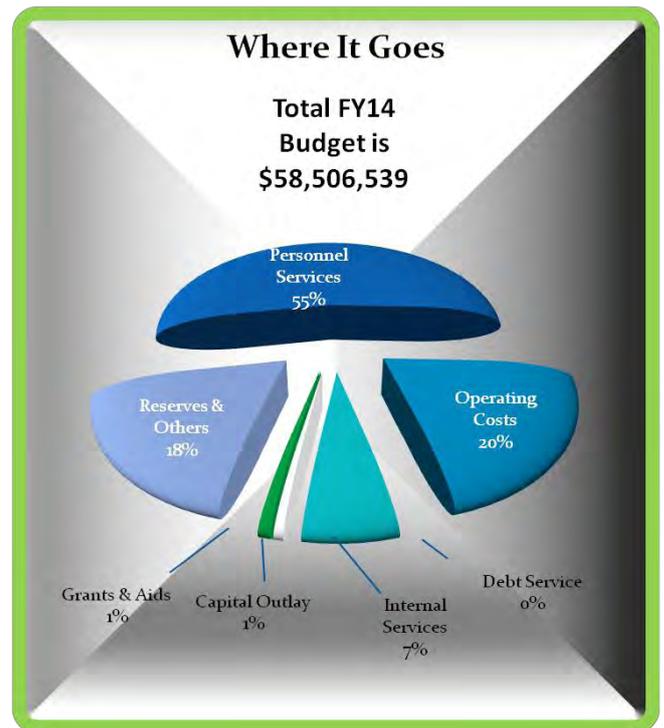
For the first time in four years, the city of North Miami has seen a 1% increase in the City’s assessed taxable value, as reported by the Miami-Dade County Property Appraiser. In 2014, the City’s assessed taxable value is \$2,085,026,011, a slight increase from last year’s \$2,063,006,293. This small increase is an indicator that property values are stabilizing.

I am pleased to report the operating millage rate for FY14 is 7.8149 per \$1,000 of assessed

value. This millage rate is less than the 8.1000 adopted in FY2012-13 and is recognized as the calculated rolled-back rate and therefore not considered a tax increase. The rolled-back rate is defined by Truth In Millage (TRIM) as the rate that generates the same tax revenue as the current year, less new construction, additions, deletions, and rehabilitative improvements.

General Fund

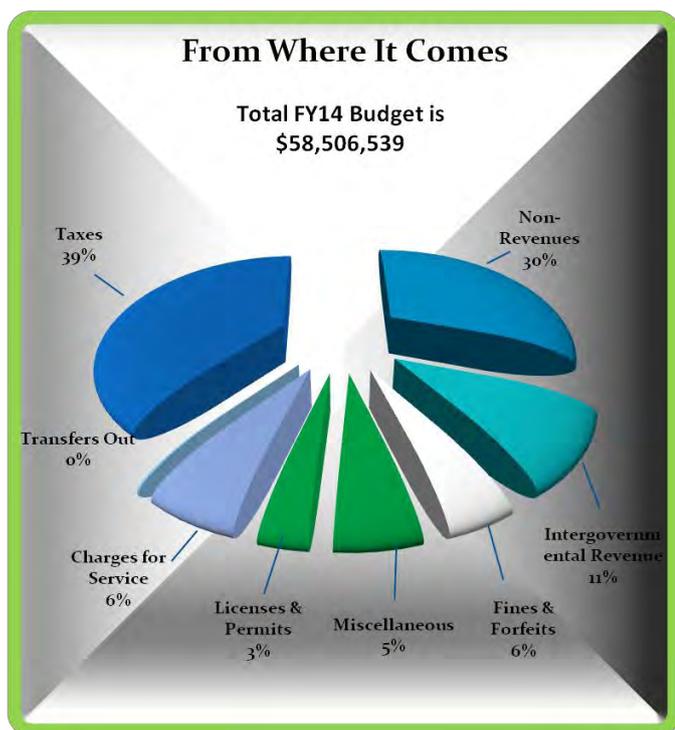
The proposed General Fund Budget is \$58,506,539, a 13% decrease from the FY13 Amended Budget of \$67,434,011. This decrease is primarily attributable to the completion of most of the Progress 2013 projects which were funded from the \$17.5 million Biscayne Landing proceeds, of which \$5 million remains set aside as reserve in the General Fund.



At the proposed millage rate of 7.8149, the City’s projected gross property tax revenue of \$16,294,270 is allocated between the General Fund and the city of North Miami Community Redevelopment Agency (NMCRA). The City’s portion of \$15,522,247 budgeted at 95% is \$63,816 less than the prior year, and represents approximately 26.5% of the General Fund’s revenue.

Other major sources of revenue are State Revenue Sharing, Local Government ½ Cent Sales Tax, franchise fees, and utility taxes. These account for approximately 20% of the total revenues. Locally derived revenues are also a major component of the City’s budget. These include business tax receipts (occupational licenses) and permits, fines and forfeits, parks and recreation fees and other charges for services such as passport application fees and burglar alarm registration fees. These account for 16% of the revenues. The remaining amounts are derived from internal service charges and transfers, grants, miscellaneous interest and others.

The chart below depicts the breakdown of the various General Fund revenue types complete with percentages for the FY14 Adopted Budget.



Projects and programs specifically recommended for inclusion in the FY14 budget include:

- Capital Improvements: \$780,000
- Grants and Scholarships: \$400,500
- Police Motorcycles: \$159,026

North Miami Community Redevelopment Agency

The North Miami City Council approved the creation of the North Miami Community Redevelopment Agency (NMCRA) on July 8, 2003, which was subsequently approved by Miami-Dade County on June 28, 2005. Instituted as a Special Revenue Fund for the City’s purposes, the NMCRA is treated as a separate entity with its own budget.

Although the City saw a small increase in property tax valuations, the property values within the CRA district decreased significantly. At the 7.8149 millage rate, the NMCRA’s fiscal year 2013-14 gross Tax Increment Funding (TIF) from the City is \$772,023 or 31% less than the prior year. It is anticipated that property values will increase over time with the development that will take place on the Biscayne Landing site.

Transportation

In 2002, Miami-Dade County voters approved a ½ cent tax for transportation. The ½ Cent Transportation Surtax Fund was created to account for the City’s prorated share of the Charter County Transit System Surtax proceeds. Allocations to local municipalities are based on population and the monies received must be used for transportation-related projects and programs. The estimated revenues in FY14 is \$2,054,712.

The 3-cent Local Option Gas Tax established in 1994 also provides funding for transportation-related capital projects. The estimated revenue budgeted for FY2014 is \$300,000. Below is a list of projects staff has identified for funding in FY2014.

- NoMi Express Bus Service: \$659,000
- Street Lighting: \$430,000
- Bus Pass Program: \$155,000
- Downtown Redevelopment: \$300,000
- Street Resurfacing: \$250,000

ENTERPRISE FUNDS

Stormwater Utility

There are no significant changes to the Stormwater Utility Fund. The proposed budget is \$3,186,186, a 20% decrease from the prior year. The fund has an emergency reserve of 14% of its total budget. The monthly stormwater fee was increased by the Consumer Price Index (CPI), thus changing the rate to \$6.05 per Equivalent Residential Unit (ERU).

Water and Sewer Operation and Maintenance

A comprehensive assessment of the City's existing water and sewer rates was mandated by the South Florida Water Management District (SFWMD) under the Consumptive Use Permitting (CUP) to implement a conservation-based water rate structure. This study was necessary to promote the efficient use of water resources, address specific customer affordability issues and infrastructure concerns, develop a financial plan that would allow the City to adequately fund operating and capital requirements, and maintain an adequate level of utility service to our residents.

In April 2012, the Mayor and Council adopted the new rate structure which includes annual rate adjustments over Fiscal Years 2012-2016. Effective October 1, 2013, the adopted rate plan mandates a 7.5% increase for FY14. The total Water and Sewer budget is 15% more than the prior year at \$44,531,575.

In 2009, a funding mechanism for the renovation of the City's existing water plant was created. A Capital Improvement Fee (CIF) was instituted to generate funds needed to cover the project-related debt service. This capital improvement

fee has been eliminated with the implementation of the new rate structure last fiscal year. At the end of FY13, the capital reserve is estimated at \$7,947,298. These funds will be used to reduce the amount of debt assumed for the renovation project.

Highlights of Water and Sewer projects funded in FY14 are:

- Upgrade of Existing Lime Softening Plant: \$8,307,495
- Water Line Replacement: \$300,000
- Sanitation Sewer Rehabilitation: \$100,000
- Cyclical Lift Station Rehabilitation: \$200,000

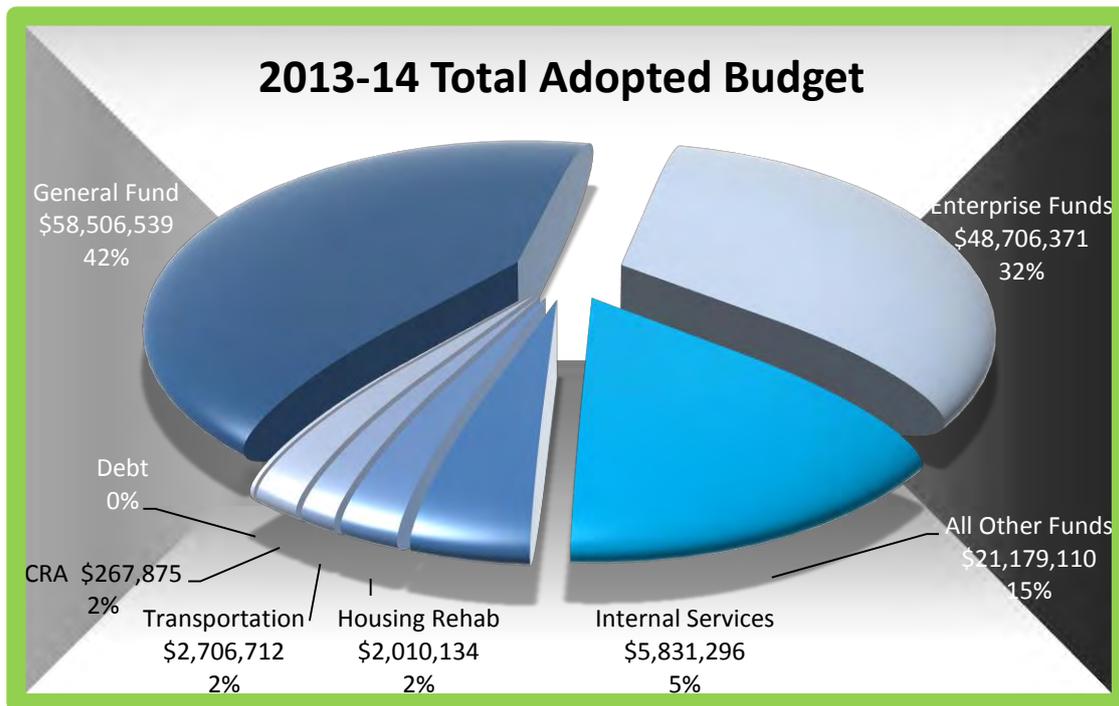
Internal Service Funds

The internal service funds account for the cost of insuring the City in the areas of workers' compensation and general liability risks, and provide fleet management services to other departments on a cost reimbursement basis. The recently completed 2011 Comprehensive Annual Financial Report (CAFR) underscores a deficit of \$3,279,202 in the General Risk Management Fund. This is primarily due to two known recorded claims that exceed the sovereign immunity cap. Beginning in 2012, the City committed to funding the deficit over a five year period, in addition to funding current operations. As a result, at the end of 2013 the deficit was reduced to \$1,092,072 and in this year's budget, the contribution towards the deficit is \$364,024.

The CAFR also reported a surplus of \$370,145 in the Fleet Management Fund primarily due to the lower cost of fuel and repairs and maintenance.

Summary

The total proposed budget of \$139,208,037 includes the following funds:



Conclusion

The economic reality of flat revenues and slow recovery has placed continued emphasis on “achieving more with less.” As a result, strategic planning and performance measurement tools have been integrated into the budget process to identify priorities and cost-savings. There are three upcoming challenges I can identify moving forward:

1. Maintain levels of service while reducing costs of personnel services, which accounts for 55% of total planned expenditures. This was 65% two years ago.
2. Build a more robust reserve.
3. Reallocate spending to Capital Projects.

The maturation of our performance-based budget will be critical this year, as focus is placed on “return on investment” projects that enhance internal operational efficiencies, as well as help to increase property values and business development in North Miami.

With the support of a loyal community, diligent employees, and the ongoing guidance of our City Council, I am confident we will be able to meet the challenges ahead and provide quality services to the residents and businesses of the city of North Miami.

Respectfully submitted,

Stephen E. Johnson
City Manager