

October 19, 2011



BUDGET PRESENTATION #1

Fiscal Year 2012

Overview

Focus on tonight's budget meeting will be:

- Review of FY 2011 Budget

- Discussion of Estate Taxes received in 2011
 - \$1,000,000 was budgeted in 2011; \$7,000,000 has been received in 2011
 - Of that \$7,000,000, \$2,860,000 more than what was budgeted will be used

- General Fund revenues for FY 2012
 - Local Government Fund (Loss of \$300,000)
 - Income Tax (Will remain consistent with the amended 2011 budget)
 - State Cuts (Loss of \$300,000)

FY 2011 Budget Review

In December 2010, my budget presentation indicated the following:

- Eliminate 2 administrative positions within the Parks & Recreation staff and make Parks & Recreation a division of the Department of Public Works
- Eliminate 3 positions within the Health Department
- Reorganize Economic Development
 - Economic Development Administrator
 - Economic Development Specialist
 - Administrative Specialist
- Create Strategic Plan

Estate Taxes

- The City budgeted \$1,000,000 for Estate Taxes in FY 2011
- The City has received \$7,000,000 (or \$6,000,000 more than budgeted)
 - In 2011, the \$1,000,000 budgeted will be used, plus an additional \$2,860,000. The \$2,860,000 is being used to cover revenue shortfalls (unbalanced budget, income tax loss, personal property tax loss) and expenditure overruns (Parks & Recreation, prior year encumbrances, unbudgeted sick leave pay-outs and Miami Conservancy taxes)
 - In 2012, the additional Estate Taxes will be used to balance the budget (one-time) due to our structural imbalance

FY 2012 Revenue Picture

- Loss of state revenue sources is exacerbating the City's other revenue losses (income tax)
- Increasing collective bargaining costs in conjunction with the City's revenue losses is creating a situation where monies are not being funded for important items:
 - Street repair
 - Park maintenance
 - Basic capital maintenance/repair
 - Capital equipment (police cruisers, public works equipment, etc)

FY 2012 Revenue Picture

- The City asked for the following:
 - Substantial Fire Department concessions. Early indications were that concession would be \$1,391,000 (operational changes). That concession never materialized.
 - A one-time net savings of approximately \$360,000 for the sale of a fire truck. The sale of this fire truck was predicated on the operational changes noted above, which would have reduced permanent Fire Department staffing by 9 firemen (through attrition). This concession was not achieved.
 - Health Insurance concessions of \$2,500,000. Discussions are still pending.
 - Special Pay reductions of approximately \$78,750. This concession was not achieved.
 - A one-time concession to public safety clothing allowance of \$168,000. This concession was not achieved.

Summary

- Due to declining revenues and the City's inability to negotiate collective bargaining concessions, the City will be facing fiscal distress by the beginning of 2013. Moderate adjustments to health insurance and collective bargaining contracts in 2011, in addition to the \$6,000,000 in surplus Estate Taxes would have provided the City additional time to create a sustainable budget. Since the Estate Tax money in 2011/2012 is "one-time" revenue and will be used by the end of 2012, the City will be facing severe personnel reductions in 2013.
- Note: Labor costs are 79.69% of the General Fund budget
- Note: Estate Taxes are eliminated in 2013 (loss of \$1mm annually)



Thank you.
Questions?