



**BUDGET WORKSHOP**  
**FISCAL YEAR 2021**  
**AUGUST 20, 2020**

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# FY 2021 Budget Workshop

- FY 2021 Budget Development Timeline
- Millage rates, estimated Ad Valorem Tax revenue, and other General Fund revenues
- General Fund Preliminary Budget
- FY 2021 General Fund Budget Assumptions
- Sanitation, Stormwater, and Water and Sewer rates
- Administration Priorities
- Mayor and Council Priorities – Discussion

# FY 2021 Budget Workshop

## FY 2021 Budget Timeline

- June 1<sup>st</sup> Preliminary Tax Roll received from Property Appraiser
- July 1<sup>st</sup> Certified Tax Roll received from Property Appraiser
- July 28<sup>th</sup> Tentative Millage Rate and Budget Hearing dates set by Council
- August 4<sup>th</sup> Tentative Millage Rate Information Sent to Property Appraiser
- August 20<sup>th</sup> Budget Workshop Presentation to Council
- August 24<sup>th</sup> Tax Notices Mailed to Homeowners
- September 10<sup>th</sup> First Budget Hearing-Tentative Millage Rate Adopted
- September 24<sup>th</sup> Second Budget Hearing-Final Millage Rate and Budget Adopted

# FY 2021 Budget Workshop

## FY 2017 - FY 2021 Gross Taxable Values, Millage Rates, and Gross Ad Valorem Taxes

Year	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 Preliminary
Gross Taxable Values	\$2.603 Billion	\$2.840 Billion	\$3.051 Billion	\$3.331 Billion	\$3.740 Billion
Operating Millage Rate	7.5000	7.5000	7.5000	7.5000	7.5000
Total Gross Ad Valorem Taxes	\$ 19,525,764	\$ 21,298,823	\$ 22,887,707	\$ 24,980,355	\$ 28,047,525
Annual % Increase in Total Gross Ad Valorem Taxes		9%	7%	9%	12%
City of North Miami Share of Gross Ad Valorem Taxes	\$ 17,330,702	\$ 18,267,650	\$ 18,958,871	\$ 19,706,548	\$ 20,633,017
City of North Miami CRA Share of Gross Ad Valorem Taxes	\$ 2,195,062	\$ 3,031,173	\$ 3,928,836	\$ 5,273,807	\$ 7,414,508
CRA Increment Increase in Ad Valorem Taxes		38%	30%	34%	41%

Final 2019 Tax Roll Valuation

- The City's millage rate has remained constant at 7.5 since FY 2017
- Property tax revenues will increase by \$3.1 million (12.2 percent); the majority of this growth is included in the City's community redevelopment area

# FY 2021 Budget Workshop

FY 2020-21 Proposed Millage Rate and Estimated Ad Valorem Tax Revenue vs. Roll-Back						
	FY 2019-20 Baseline for Comparison	Same Millage Rate 7.5000			Option B: Rolled Back Millage Rate 6.6798	
		Projection	Difference to Baseline	% Change	Projection	Change
<b>Total Taxable Value *</b>	3,330,713,955	3,739,669,946	408,955,991	12.3%	3,739,669,946	12.3%
<b>Millage Rate</b>	7.5000	7.5000	0.00	0%	6.6798	-10.9%
<b>Ad Valorem Taxes at 100%</b>	<b>24,980,355</b>	<b>28,047,525</b>	<b>3,067,170</b>	<b>12.3%</b>	<b>24,980,355</b>	
<b>Ad Valorem Taxes at 95%</b>	<b>23,731,337</b>	<b>26,645,148</b>	<b>2,913,811</b>		<b>23,731,337</b>	

\* - FY 2019-20 - Final taxable value as reported by the Property Appraiser

- The current millage rate of 7.5000 generates approximately \$3.1 million in additional gross property tax revenue in FY 2021 and represents a 12.3% increase from the prior year.
- It is important to note that approximately \$7 million or 32.5% of total Ad Valorem revenue falls within the CRA's jurisdiction.
- However, using the rolled-back rate of 6.6798 means no increase in property tax revenue will be realized, i.e., this lower millage rate will generate the same amount of revenue as in the previous year.
- The rolled-back rate does not include new construction, additions, or improvements.

# FY 2021 Budget Workshop

## General Fund Five Year Adopted Budget Revenue Comparison

Account Number	2017 Actuals	2018 Actuals	2019 Actuals	2020 Adopted	2021 Preliminary	Increase (Decrease)
<b>Ad Valorem Taxes</b>	<b>16,907,031</b>	<b>17,712,040</b>	<b>18,765,570</b>	<b>19,520,769</b>	<b>20,866,708</b>	<b>1,345,939</b>
<b>Other Taxes</b>	<b>9,635,866</b>	<b>9,197,576</b>	<b>9,558,976</b>	<b>10,041,295</b>	<b>9,621,639</b>	<b>(419,656)</b>
<b>Licenses and Permits</b>	<b>3,790,191</b>	<b>3,749,809</b>	<b>3,084,315</b>	<b>7,326,202</b>	<b>867,257</b>	<b>(6,458,945)</b>
<b>Intergovernmental Revenue</b>	<b>7,501,420</b>	<b>7,821,424</b>	<b>7,975,413</b>	<b>8,559,325</b>	<b>6,659,273</b>	<b>(1,900,052)</b>
<b>Charges for Services</b>	<b>6,541,174</b>	<b>5,540,370</b>	<b>6,347,402</b>	<b>6,006,557</b>	<b>5,933,810</b>	<b>(72,747)</b>
<b>Fines &amp; Forfeitures</b>	<b>1,061,092</b>	<b>899,659</b>	<b>682,349</b>	<b>718,300</b>	<b>646,600</b>	<b>(71,700)</b>
<b>Miscellaneous Revenues</b>	<b>4,515,705</b>	<b>7,345,126</b>	<b>6,268,850</b>	<b>7,769,620</b>	<b>5,996,150</b>	<b>(1,773,470)</b>
<b>Non-Revenues</b>	<b>5,638,994</b>	<b>7,157,396</b>	<b>9,529,191</b>	<b>14,112,136</b>	<b>8,872,792</b>	<b>(5,239,344)</b>
	<b>55,591,473</b>	<b>59,423,400</b>	<b>62,212,066</b>	<b>74,054,204</b>	<b>59,464,229</b>	<b>(14,589,975)</b>

- The Ad Valorem revenue includes the tax increment payment to the CRA and 45% property tax refund to the City relating to the Sole Mia area.
- Ad Valorem Taxes will increase due to increased property values
- Licenses and Permits will decrease \$6.5 million due to the Building Department transfer to a special revenue fund, as required by state law.
- Revenue estimates were received from the State and they are estimating that Intergovernmental Revenues will decrease because state revenue sharing and the local government half cent sales tax revenues have declined due to COVID-19
- Due to COVID-19 we are not sure of the affects for athletic programming and rental facilities
- The decrease in Miscellaneous Revenues is due to the sale of Biscayne Landing property in March. As a result of the City's land ownership being reduced, the revenue generated from the lease is also reduced.
- The decrease in Non-revenues is due to the Sale of Biscayne Landing Property which was budgeted at \$3.5 million in FY20. This \$3.5 million is not in the budget for FY21. Also, special revenue of \$2.5 million was budgeted in FY20 for CRA housing and is not included in the budget for FY21.
- All previous funds from land sales will be exhausted to cover revenue shortfall:
  - 1st Sole Mia sale - \$6.8 million (\$3.5 million previously allocated in FY20)
  - First installment for closing of local preference office - \$666,000

# FY 2021 Budget Workshop

## GENERAL FUND FIVE YEAR REVENUE COMPARISON



This graph is a visual representation of revenue trends over a five year period. Graph depicts revenue sources expected to decrease in FY 2021



# FY 2021 Budget Workshop

## General Fund Five Year Expenditure Comparison

Expenditure Categories	2017 Actuals	2018 Actuals	2019 Actuals	2020 Adopted	2021 Preliminary	Increase (Decrease)
Salaries	24,058,293	25,415,929	28,235,361	27,386,870	23,520,143	(3,866,727)
Social Security	2,032,300	2,139,506	2,355,696	2,395,532	2,260,743	(134,789)
Pension	7,284,626	7,673,204	9,045,097	7,938,644	7,123,149	(815,495)
Health Insurance	2,513,429	2,569,248	2,585,673	2,910,682	2,555,967	(354,715)
Workers Comp	983,715	584,830	1,010,429	858,818	907,140	48,322
FRS	404,500	510,338	741,094	858,579	1,124,615	266,036
Other Operating	21,798,705	21,714,920	24,546,220	27,525,068	26,790,967	(734,101)
Grants to Others	1,037,168	1,661,986	206,327	4,180,012	1,361,440	(2,818,572)
	<b>60,112,735</b>	<b>62,269,963</b>	<b>68,725,896</b>	<b>74,054,205</b>	<b>65,644,164</b>	<b>(8,410,041)</b>

- Decrease in salaries due to personnel reductions



# FY 2021 Budget Workshop

<b>Bargaining Groups</b>	<b>Merit Cost</b>	<b>2% COLA</b>
Blue Collar Bargaining	95,417	80,383
White Collar Bargaining	67,142	62,235
Non Bargaining	158,475	156,854
Police Bargaining (PBA)	134,905	162,582
Unclassified – Non Bargaining		113,259
	<b>455,939</b>	<b>575,313</b>

Merit and COLA for Bargaining Units are a contractual obligation for FY21

# FY 2021 Budget Workshop

## Sanitation Rates

	2020 Actual	2021 Proposed
Annual Rate Paid to Waste Pro Per Customer	\$ 356.88	\$ 333.00
Annual Rate Paid by Customer	\$ 254.40	\$ 333.00
Convenience Fee Paid by Customer	\$ -	\$ 5.00
Amount of Subsidy Paid to Waste Pro to Cover Amount Not Paid by Each City Customer	\$ 102.48	\$ -
Number of Customers	10,026	10,026
Total Subsidy Paid to Waste Pro by City on Behalf of City Customers	\$ 1,027,464	\$ -

	Current Sanitation Rate	Proposed Sanitation Increase	Proposed Convenience Fee	Proposed Sanitation Rate
Cost Per Month	21.20	6.55	5.00	32.75
Cost Per Quarter	63.60	19.65	15.00	98.25
Cost Per Year	254.40	78.60	60.00	393.00

- North Miami residents receive twice per week garbage service, weekly bulky trash pickup and weekly recycling
- Residents pay \$21.20 per month and the City pays a \$8.54 subsidy per customer to Waste Pro to meet its contractual obligation; this monthly charge amounts to more than \$1 million annually
- Over the last four years the subsidy paid to Waste Pro has contributed \$4.1 Million to the City's financial deficit. On average, the City credits \$102 to every customer throughout the year
- Based on where we are, we are recommending the monthly sanitation rate charged be increased by \$11.55, from \$21.20 to \$32.75; this increase includes a \$5 convenience fee

# FY 2021 Budget Workshop

## Stormwater Utility

	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Adopted	2020 Year End Estimate	2021 Proposed
Annual Customer Rate	\$ 71.04	\$ 74.28	\$ 74.28	\$ 74.28	\$ 74.28	\$ 74.28	\$ 74.28	\$ 74.28	\$ 74.28	\$ 113.47
SW Revenue	\$ 2,461,783	\$ 2,525,685	\$ 2,287,685	\$ 2,624,987	\$ 2,610,939	\$ 2,615,108	\$ 2,624,268	\$ 2,998,268	\$ 2,625,000	\$ 3,996,650
Expenditures	\$ 2,176,392	\$ 2,325,987	\$ 2,041,109	\$ 2,183,904	\$ 2,673,692	\$ 2,690,543	\$ 2,516,530	\$ 2,998,268	\$ 2,625,000	\$ 3,996,650
Surplus (Deficit)	\$ 285,391	\$ 199,698	\$ 246,576	\$ 441,083	\$ (62,753)	\$ (75,435)	\$ 107,738	\$ -	\$ -	

Needed Stormwater Improvements

**\$ 58,000,000**

	Current Stormwater Rate	Proposed Stormwater Increase	Proposed Stormwater Rate
Cost per Day	\$ 0.20	\$ 0.11	\$ 0.31
Cost per Month	\$ 6.19	\$ 3.27	\$ 9.46
Cost per Quarter	\$ 18.57	\$ 9.80	\$ 28.37
Cost per Year	\$ 74.28	\$ 39.19	\$ 113.47

- The City's 2012 Stormwater Master Plan identified \$58 million in required improvements over 50 years, or \$1.16 million per year; funding is included in the FY 2021 Budget to update the Master Plan
- The recommended annual increase of \$1,371,650 is based on 35,000 customers; all funds will be dedicated to stormwater capital projects
- Stormwater capital projects will be re-prioritized based on the updated Master Plan
- Will fund critical projects in all Council districts
- Current stormwater revenues are used to fund operating and maintenance costs, repair of the existing system, billing activities, legal support, vehicle maintenance and replacement, contract compliance and other support services
- The increase will allow the City to leverage the dollars and secure additional revenue through grants and other sources. This could increase the annual amount available for improvements up to 50 percent

## Stormwater Construction

<b>Problem Area</b>	<b>Total Project Cost</b>
Biscayne Canal West	430,000
Biscayne Canal East	7,950,000
Arch Creek South/Biscayne Canal East	27,500,000
Arch Creek South	6,800,000
Arch Creek North/Arch Creek South	14,900,000
Biscayne Canal East Problem Area (2)	360,000
	<b>\$ 57,940,000</b>

- Funding is included in the FY 2021 proposed budget for a more recent Stormwater Master Plan Study

## Water & Sewer Rate Challenge

Water & Sewer Rates have not increased in 6 years.

Council Approved SRF projects

Project Description	Amount	Approval Date
Water Plant Reliability Improvement	\$29.3 Million	5/12/2020
City-wide Rehabilitation of the Sanitary Sewer System	\$4.2 Million	2/25/2020

- The SRF program has halted loan approval of both council approved projects until a commitment of rate increases to support the loan repayment schedules have been established.
- The Sanitary Sewer project has already commenced and a construction contract is in place for the water plant.
- Due to lack of rate increases and increased capital expenditures, the State has expressed concern that a commitment cannot be shown to support loan repayment schedules.
- Black & Veatch preliminary rate study will be completed by September 30, 2020.

## **Administration Priorities**

- Fiscal Stability
- Modernization
- Customer Service and Community Engagement
- Development Opportunities
- Sustainability and Infrastructure Improvements

## Project Priorities

- Breezeswept Tot Lot Renovation – (Unfunded - \$500,000)
- Cagni Park – (Partially funded – \$3.2 million unfunded)
- D4 P3 9 Acre - (Unfunded)
- Food Pantry – (\$200,000 Cost - \$125,000 unfunded)
- Griffing Park – (Unfunded – Design only funded through CRA)
- New City Hall – (Unfunded – no City identified revenues)
- SoleMia Park - (\$8 million estimated funding gap)



# FY 2021 Budget Workshop

## General Fund Budget Assumptions

State law requires the City to prepare a balanced budget, so that the total of the estimated receipts available from taxation and other sources, including balances brought forward from prior years, equals the total of all appropriations for expenditures and reserves.

Reductions totaling \$11.9 million have been incorporated into the preliminary budget. However, \$6.1 million of additional expenditure reductions are required to balance with our projected revenues.

### The FY2021 Budget includes:

- Millage rate remains at 7.5000
- \$5 million in reserves as required by Ordinance
- \$1 million in reserves dedicated to reducing the deficit
- \$1 million repayment to the Water and Sewer Fund
- Assume 25 Full-time employee cuts
- 28 vacant funded positions cut (\$1.7 million)
- No return on 107 part-time employees
- 1 furlough day per month
- Civilian Investigative Board
- Removal of \$1,027,464 sanitation subsidy
- CRA to take on cost of clean team
- CRA to support the Police Athletic League (PAL)
- MoCA Grant decrease
- 50% reduction to all grants
- No funded special events (approximately \$814,000). Brewfest remains in budget
- Frozen merit increase (non-bargaining)
- All unfunded vacant positions unfunded removed
- 70% Oaks sale unallocated. Under \$2 million to reduce deficit

## **Discussion of Mayor and Council Priorities for FY 2021 Budget**



# THANK YOU

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