



# MIAMI BEACH

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## COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee

FROM: Jorge M. Gonzalez, City Manager

DATE: April 27, 2011

SUBJECT: Explanation for any increases in FY 2010/11 General Fund individual department budgets (net of increases from pension reallocations and internal service increases).

As part of the discussion during the FY 2010/11 budget hearings, the Commission directed the administration to review with the Finance and Citywide Projects Committee the budgets for any General Fund department that has significant increases in individual department budgets (net of increases from pension reallocations and internal service increases).

### Background

During the budget development process, it was explained that the City's General Fund budget had increased by \$11.2 million, primarily due to approximately \$19.7 million in increases that were partially offset by employee givebacks. These increases were primarily due to the following

- Increases in the General Fund portion of the City's annual required contributions to the Fire and Police and General Employees pension plans, primarily due to the downturn in the market and updated assumptions in the Fire and Police Pension Plan (\$15.7 million)
- Increase in Internal Service Fund charge-backs to Department primarily due to increases in the Risk Management Fund for claims incurred but not reported, as well as increased costs of legal services (\$2.3 million)
- The impact from those bargaining units that had not yet reached agreement with the City as of did not reach agreement with the City until late in fiscal year 2009/10, thereby resulting in salary increases from merits and steps received in the current Fiscal Year that had not been budgeted and further increases for FY 2010/11. (\$3 million)

However, the budget also included a re-allocation of pension charges based on the latest salaries by Department, a "true-up" that had not been done recently. Based on the reallocation, some department's pension costs increased while other's decreased, although the net impact to the City for the reallocation was \$0. In order to provide an analysis of General Fund department budgets that were increasing their expenditures, an analysis was prepared net of the reallocations and internal service charge increases.

Explanation for any increases in FY 2010/11 individual department budgets (net of increases from pension reallocations and internal service increases).

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## Analysis

Attachment A shows the results of this analysis for General Fund Departments. City Clerk, Real Estate Housing and Economic Development (including Community Services and Homeless Services), Building, Planning, Code Compliance, Capital Improvements, Police and Fire had FY 2010/11 budgets in excess of FY 2009/10 budgets once the pension reallocations and internal service charges are netted out. In addition the transfer to the Normandy Shore District increased due to the anticipated impacts of the adjustments to the living wage, and the budget for operating contingency increased to offset the impacts of the proposed "Plan B" reductions related to the CWA negotiations. The explanations of the increases are provided in the following pages.

### 1. City Clerk

	Adopted Budget FY 2009/10	Net Adopted Budget* FY 2010/11	Variance Over/(Under)
Expenditures	\$ 1,567,479	\$ 1,590,009	\$ 22,530
<u>Components</u>			
Increased adverting costs for public hearings due to Miami Herald rate increase			\$ 81,500
Impact of reductions in Internal Service Fund Departments			\$ (2,083)
Offset by reductions in salaries, pension, professional services and other operating expenses			(56,887)
		Net	\$ 22,530

Note: Net Adopted Budget FY 2010/11 is net of pension reallocations and CSL changes in internal service charges as shown in attachment A

### 2. Real Estate, Housing and Community Development (including Homeless Services and Community Services)

	Adopted Budget FY 2009/10	Net Adopted Budget* FY 2010/11	Variance Over/(Under)
Expenditures	\$ 1,944,541	\$ 1,973,018	\$ 28,477
<u>Components</u>			
Broker Commissions and appraisals- not previously budgeted			\$ 35,000
Impact of reductions in Internal Service Fund Departments			(2,290)
Offset by changes in salaries, pension and other fringe benefits			(4,233)
		Net	\$ 28,477

Note: Net Adopted Budget FY 2010/11 is net of pension reallocations and CSL changes in internal service charges as shown in attachment A

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**3. Building**

	Adopted Budget <u>FY 2009/10</u>	Net Adopted Budget* <u>FY 2010/11</u>	Variance <u>Over/(Under)</u>
Expenditures	\$ 8,601,507	\$ 8,959,693	\$ 358,186
<u>Components</u>			
Impact of CWA and AFSCME merit increases in FY 2009/10			\$ 53,583
Transfer of Customer Service Manager from Code Compliance			101,010
Increases in overtime due to increases in expedited plan reviews and inspections anticipated to be offset by revenues as the overtime associated with these expedited reviews is charged back to customers			33,331
Increase in contracted elevator inspectors - offset by increased elevator inspection revenues - revenues associated with elevator inspections, witnessing, and permits increased from approximately \$420,000 in the FY 2009/10 budget to almost \$1.1 million in the FY			162,715
Maintenance for GPS in vehicles (new)			25,000
Maintenance of Electronic Permitting System (Projectdox)			39,729
Increased Costs for contracted plan review/inspectors			29,640
Credit card and Pay Pal processing fees - previously budgeted in the Finance Department			66,400
Air time monthly fees for laptops			18,000
Increase in temporary labor for permit clerk function peak coverage, absences, etc.			53,039
Decrease in records scanning as project nears completion and in records storage/destruction costs			(85,609)
Plan B as budgeted			(34,842)
Decreases in other operating costs			(100,314)
Impact of reductions in Internal Service Departments			(14,634)
Changes in salaries, pension and other fringe benefits			11,138
		Net	\$ 358,186

Note: Net Adopted Budget FY 2010/11 is net of pension reallocations and CSL changes in internal service charges as shown in attachment A

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**4. Planning**

	Adopted Budget <u>FY 2009/10</u>	Net Adopted Budget* <u>FY 2010/11</u>	Variance <u>Over/(Under)</u>
Expenditures	\$ 2,983,728	\$ 2,997,025	\$ 13,297
<u>Components</u>			
Increase for Advertising for Legal Notices			\$ 22,577
Other Changes in operating expenditures			(2,689)
Elimination of Dev. Review Planning Tech and impact of reductions in Internal Service Departments			(55,513)
Changes in salaries, pension and other fringe benefits, including a correction for salaries budgeted incorrectly in FY 2009/10			48,922
		Net	\$ 13,297

Note: Net Adopted Budget FY 2010/11 is net of pension reallocations and CSL changes in internal service charges as shown in attachment A

**5. Code Compliance**

	Adopted Budget <u>FY 2009/10</u>	Net Adopted Budget* <u>FY 2010/11</u>	Variance <u>Over/(Under)</u>
Expenditures	\$ 4,094,956	\$ 4,180,105	\$ 85,149
<u>Components</u>			
Increased overtime/holiday pay based on prior years for memorial day, holiday weekend coverage, etc.			\$ 37,456
Service Enhancements for new QOL Detail			185,314
Customer Service Manager moved to Building			(101,010)
Other Changes in operating expenditures			(24,865)
Impacts of reductions in Internal Service Departments			(7,614)
Plan B as budgeted			(39,310)
Offset by changes in salaries, pension and other fringe benefits, primarily due to the impact of FY 2009/10 merit increases in CWA			35,178
		Net	\$ 85,149

Note: Net Adopted Budget FY 2010/11 is net of pension reallocations and CSL changes in internal service charges as shown in attachment A

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**6. Capital Improvements Projects**

	Adopted Budget <u>FY 2009/10</u>	Net Adopted Budget* <u>FY 2010/11</u>	Variance <u>Over/(Under)</u>
Expenditures	\$ 3,843,831	\$ 3,904,678	\$ 60,847
<u>Components</u>			
Increased software costs, training and other operating expense			\$ 81,927
Downgrading of information coordination positions			(59,044)
Impacts of reductions in Internal Service Departments			(5,731)
Impact of CWA merits in FY 2009/10			7,864
Changes in salaries, pension and other fringe benefits			35,831
Net			\$ 60,847

Note: Net Adopted Budget FY 2010/11 is net of pension reallocations and CSL changes in internal service charges as shown in attachment A

**7. Police**

	Adopted Budget <u>FY 2009/10</u>	Net Adopted Budget* <u>FY 2010/11</u>	Variance <u>Over/(Under)</u>
Expenditures	\$ 81,127,849	\$ 87,503,486	\$ 6,375,637
<u>Components</u>			
Promotional Written tests for Lieutenants and Sergeants - deferred from FY 10			\$ 65,400
Increase in investigative funds for confidential informants			21,413
Increase in cost of mobile computing project (airtime/parts)			82,173
Changes in other operating costs			(12,431)
Reduction in budgeted overtime			(69,629)
Reduction of Admin Aide II and conversion of Domestic Violence Coordinator to part-time			(104,136)
Impacts of reductions in Internal Service Departments			(94,294)
Reductions in health insurance due to employee givebacks			(1,371,771)
Impacts from Hiring Certified Police Officers - As agreed with Employee Givebacks			(26,595)
Fire and Police Plan pension increases 2010/11			6,695,664
Other changes in salaries and other fringe benefits, primarily due to impacts of CWA merits in FY 2009/10 and FOP step increases in FY 2009/10 and FY 2010/11			1,189,843
Net			\$ 6,375,637

Note: Net Adopted Budget FY 2010/11 is net of pension reallocations and CSL changes in internal service charges as shown in attachment A

**8. Fire**

	Adopted Budget <u>FY 2009/10</u>	Net Adopted Budget* <u>FY 2010/11</u>	Variance <u>Over/(Under)</u>
Expenditures	\$ 50,900,788	\$ 55,119,219	\$ 4,218,431
<u>Components</u>			
Increases in overtime primarily due to savings unrealized from FY 2009/10 initiative (doctor's note for sick leave)			\$ 400,515
New bunker gear replacement and increased costs for repair and maintenance supplies			300,862
Changes in other operating costs and capital outlays			115,387
Expiration of Izod sponsorship offset by new sponsorship anticipated for Ocean Rescue			47,392
Reductions in overtime (net of the addition of weekend positions)			(115,612)
Adjustments to holiday pay based on employee givebacks			\$ (266,750)
Decreases in health costs due to employee givebacks			\$ (996,715)
Reduction due to extension of promotonal lists as part of employee givebacks			\$ (103,665)
Other Reductions Due to Employee Givebacks			\$ (33,920)
Plan B reductions as budgeted			(52,165)
Impacts of reductions in Internal Service Departments			(62,006)
Reduced rent due to anticipated move to 777 Bldg			(164,888)
Fire and Police Plan pension increases			4,590,914
Impacts of CWA merits in FY 2009/10 and IAFF step increases in FY 2009/10 and FY 2010/11			623,241
Other changes in salaries and other fringe benefits,			(64,159)
		Net	\$ 4,218,431

Note: Net Adopted Budget FY 2010/11 is net of pension reallocations and changes in internal service charges as shown in attachment A.

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## **CONCLUSION**

As can be seen from the department variance details, the most significant increases are due to the impacts of merit/step increases in CWA, FOP and IAFF (as no merit increases were budgeted for FY 2009/10) as well as the increases in the Fire and Police Pension Plans for FY 2010/11.

Attachment

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**ATTACHMENT A**  
**CITY OF MIAMI BEACH**  
**Adopted Fiscal Year 2010/11**  
**Appropriation Summary by Fund and Department**

FUND/DEPARTMENT	Adopted FY 2009/10	Proposed FY 2010/11	Prop 11-Adp 10 Variance	% Var.
<b>GENERAL FUND</b>				
MAYOR AND COMMISSION	\$ 1,478,523	\$ 1,534,322	\$ 55,799	3.8%
<b>ADMINISTRATIVE SUPPORT</b>				
City Manager	2,293,523	2,350,894	57,371	2.5%
Communications	914,249	878,482	(35,767)	-3.9%
Budget & Performance Improvement	1,993,560	1,820,829	(172,731)	-8.7%
Finance	4,416,396	4,124,205	(292,191)	-6.6%
Procurement	901,633	969,238	67,605	7.5%
Human Resources/Labor Relations	1,764,137	1,697,128	(67,009)	-3.8%
City Clerk	1,567,479	1,500,597	(66,882)	-4.3%
CITY ATTORNEY	4,227,546	4,002,642	(224,904)	-5.3%
<b>ECON DEV &amp; CULTURAL ARTS</b>				
Real Estate, Housing & Comm Dev	860,446	776,768	(83,678)	-9.7%
Homeless Services	673,763	759,337	85,574	12.7%
Building	8,601,507	9,316,891	715,384	8.3%
Planning	2,983,728	3,113,588	129,860	4.4%
Tourism & Cultural Development	2,644,076	2,643,624	(452)	0.0%
<b>OPERATIONS</b>				
Code Compliance	4,094,956	4,146,931	51,975	1.3%
Community Services	410,332	430,093	19,761	4.8%
Parks & Recreation	29,059,224	27,772,711	(1,286,513)	-4.4%
Public Works	6,545,304	6,372,884	(172,420)	-2.6%
Capital Improvement Projects	3,843,831	4,520,748	676,917	17.6%
<b>PUBLIC SAFETY</b>				
Police	81,127,849	88,920,529	7,792,680	9.6%
Fire	50,900,788	56,115,331	5,214,543	10.2%
<b>CITYWIDE</b>				
Citywide Accounts-Other	10,601,432	9,578,508	(1,022,924)	-9.6%
Citywide Accounts-Normandy Shores	147,377	157,678	10,301	7.0%
Operating Contingency	1,075,660	1,321,902	246,242	22.9%
<b>Subtotal</b>	<b>223,127,319</b>	<b>234,825,860</b>	<b>11,698,541</b>	<b>5.2%</b>
Transfers				
Capital Renewal & Replacement	2,026,707	1,777,254	(249,453)	-12.3%
Capital Investment Upkeep Acct	382,000	200,000	(182,000)	-47.6%
Info & Comm Technology Fund	800,000	715,000	(85,000)	-10.6%
<b>Subtotal</b>	<b>3,208,707</b>	<b>2,692,254</b>	<b>(516,453)</b>	<b>-16.1%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 226,336,026</b>	<b>\$ 237,518,114</b>	<b>\$ 11,182,088</b>	<b>4.9%</b>

Changes in Current Service Level					
Pension **	Risk Mgmt	Other Chgs- Internal Services	Net ***	Variance	% Var.
\$ 99,813	\$ 52,041	\$ 6,827	\$ 1,375,641	\$ (102,882)	-7.0%
4,060	51,493	29,589	2,265,752	(27,771)	-1.2%
(22,392)	(4,282)	4,062	901,094	(13,155)	-1.4%
(119,961)	5,736	(22,337)	1,957,391	(36,169)	-1.8%
(306,594)	22,742	53,713	4,354,344	(62,052)	-1.4%
68,300	2,146	1,235	897,557	(4,076)	-0.5%
(15,353)	1,260	(21,988)	1,733,209	(30,928)	-1.8%
(94,220)	5,304	(496)	1,590,009	22,530	1.4%
(17,241)	11,251	5,392	4,003,240	(224,306)	-5.3%
(81,985)	1,039	(31,957)	889,671	29,225	3.4%
40,396	285	43,876	674,780	1,017	0.2%
302,208	11,237	43,753	8,959,693	358,186	4.2%
103,427	3,528	9,608	2,997,025	13,297	0.4%
(3,999)	(5,240)	59,117	2,593,746	(50,330)	-1.9%
(78,590)	7,183	38,233	4,180,105	85,149	2.1%
44,941	(2)	(23,413)	408,567	(1,765)	-0.4%
240,651	5,522	(389,913)	27,916,451	(1,142,773)	-3.9%
(139,812)	22,484	48,744	6,441,468	(103,836)	-1.6%
536,110	23,662	56,298	3,904,678	60,847	1.6%
(344,058)	1,293,504	467,597	87,503,486	6,375,637	7.9%
387,399	211,417	397,296	55,119,219	4,218,431	8.3%
-	5,201	(159,614)	9,732,921	(868,511)	-8.2%
-	-	-	157,678	10,301	7.0%
-	-	-	1,321,902	246,242	22.9%
<b>603,100</b>	<b>1,727,511</b>	<b>615,622</b>	<b>231,879,627</b>	<b>8,752,308</b>	<b>3.9%</b>
-	-	-	1,777,254	(249,453)	-12.3%
-	-	-	200,000	(182,000)	-47.6%
-	-	-	715,000	(85,000)	-10.6%
-	-	-	2,692,254	(516,453)	-16.1%
<b>\$ 603,100</b>	<b>\$ 1,727,511</b>	<b>\$ 615,622</b>	<b>\$ 234,571,881</b>	<b>\$ 8,235,855</b>	<b>3.6%</b>

\*\* Offsetting pension amounts are reflected in other funds such as Enterprise, Internal Service, Resort Tax, RDA City Ctr etc.