



MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE MEMORANDUM

TO: Mayor Matti H. Bower and Members of the City Commission
FROM: Jimmy L. Morales, City Manager
DATE: September 11, 2013
SUBJECT: REPORT OF THE SPECIAL FINANCE AND CITYWIDE PROJECTS COMMITTEE MEETING ON JULY 8, 2013

The agenda is as follows:

OLD BUSINESS

1. **Update on potential municipal marketing partnership for Sunscreen Licensing deal or Sponsorship with Energizer**

ACTION

The Committee recommended only pursuing the licensing agreement with BL3 Holdings where the upside is greater.

Tourism and Cultural Development Director Max Sklar presented this item.

Tourism and Cultural Development Director Max Sklar stated that the City has been involved in efforts to maximize its strong brand presence by partnering with corporate entities in a manner that generates good publicity and marketing for the City, while at the same time generating revenue or providing savings to the City. He then went on to give a brief explanation of both the negotiation with Energizer, and then the negotiations with BL3 Holdings.

The Committee recommended only pursuing the licensing agreement with BL3 Holdings where the upside is greater.

NEW BUSINESS

1. **Discussion: Status Update on FY 2013/14 General Fund Operating Budget**

Agenda Item CGA
Date 9-11-13

ACTION

The Committee requested that all questions be directed to Assistant City Manager Kathie Brooks before the next meeting so that all request can be addressed.

Assistant City Manager Kathie G. Brooks presented this item.

Assistant City Manager Kathie G. Brooks began with a summary of the FY 2013/14 Current Service Level (CSL) budget for the General Fund. This summary shows the current year's FY 2012/13 budget and compares it to the FY 2013/14 CSL budget. The CSL budget reflects budget increases or decreases necessary to provide the current level of services in the coming year. In total, revenues are expected to increase by \$6.1 million for FY 2013/14 principally due to increased property tax as a result of higher property values as well as increased licenses and permits revenue offset by decreases across a number of categories. Chairperson Deede Weithorn stated, over the summer, there will be a reconciliation of the Building Department related revenues versus expenditures which may or not be available to offset the projected gap in the General Fund. Ms. Brooks then stated that on the expenditure side, CSL expenditures typically have increased between 6 percent and 8 percent annually due to salary and benefit increases and other normal cost of living adjustments. However, FY 2013/14, increases are estimated to result in an approximately \$11.0 million (4.3 percent) increase in expenditures, similar to the FY 2012/13 CSL increase of 4.6 percent. The resulting gap between General Fund CSL expenditures and CSL revenues as of the July 1, 2013 Certified values is approximately \$4.9 million.

Ms. Brooks went on to discuss the Millage Levy. The first building block in developing a municipal budget is the establishment of the value of one mill of taxation, wherein the mill is defined as \$1.00 of ad valorem tax for each \$1,000 of property value. For the City of Miami Beach, the value for each mill is determined by the 2013 Certification of Taxable Value and has been set at \$24.6 million. Florida Statutes permit a discount of up to five percent for early payment discounts, delinquencies, etc. Therefore, the 95 percent value of the mill is \$23.4 million. Net of Center City RDA tax increment available to the General Fund, the value of one mill at 95 percent is \$20.0 million. As with the preparation of budgets for the last five years, departments are continuing to analyze and present their budget from two perspectives: 1) a review for potential efficiencies, reorganizations to reduce cost, etc. without impacting services; and 2) performing a modified zero-based analysis of each department budget, identifying potential service reduction alternatives versus core functions. Given the extensive reductions in recent years, it's not expected there will be significant cost reductions through efficiencies and service reductions. One of the priorities for cost reduction categories under consideration is reform of the Fire and Police pension plan. Commissioner Jorge Exposito requested to see a list of those positions that have been vacant more than 6 months and an estimation of resort tax revenue. Chairperson Weithorn stated her concern in regards to the water rate increases from Miami Dade County that also need to be discussed. The Committee requested that all questions be presented to Assistant City Manager Kathie Brooks before the next meeting so that all request can be addressed.

2. Review of Budget Advisory Committee Recommendations for Health Insurance Plans

ACTION

The Committee recommended not pursuing the BAC recommendation for health insurance reform, and delaying the change for the renewal period from calendar year to fiscal year until 2014. In addition they also agreed that the City Administration should look at a way to equitably distribute the City cost (in dollar amounts paid) throughout the five plans.

Assistant City Manager Kathie G. Brooks presented this item.

Assistant City Manager Kathie G. Brooks stated the Budget Advisory Committee (BAC) reviewed the City of Miami Beach Self-Insured Health Care Insurance Plans for active employees and retirees. The premiums paid by the City and its enrolled active employees and retirees for health care insurance was discussed by the Committee as a Whole as part of the Mayor's and Commissioner's proposed budget for FY 2012/13. Director of Human Resources Sylvia Crespo-Tabak and Human Resources Administrator Sue Radig provided a brief summary of different Scenarios that Gallagher provided. Gallagher also provided the BAC members with a synopsis of the City's five medical insurance plans, as well as the plans' history from participating in a fully insured health care plan implemented in the late 1980's, to the current self-funded plans that were implemented in 2010. Gallagher representative Richard Schell stated the current medical plans are projected to incur at least a 10 percent, or \$1.7 million cost increase for Fiscal Year 2013/14.

Commissioner Ed Tobin stated that employees should receive the best healthcare available and there should be a discussion on developing a Wellness Plan. Commissioner Libbin stated the plans should be fair to employees across the board. The Committee recommended not pursuing the BAC recommendation for health insurance reform, and delaying the change for the renewal period from calendar year to fiscal year until 2014. In addition they also agreed that the City Administration should look at a way to equitably distribute the cost throughout the five plans.