



Office of Policy and Budgetary Affairs

MEMORANDUM

TO: Honorable Chairman Jose "Pepe" Diaz
and Members, Board of County Commissioners

DATE: September 7, 2022

FROM: Jennifer Moon, Chief 
Office of Policy and Budgetary Affairs

SUBJECT: Review of the Information for
the First Budget Hearing

This memorandum serves to provide the Board of County Commissioners (BCC) with a review of the "Information for First Budget Hearing – FY 2022-23 Proposed Budget," Legistar No. 221946 (Change Memo), on the agenda for the September 8, 2022, Budget Hearing. Continuing our collaborative efforts with the Administration, many of the topics the Office of Policy and Budgetary Affairs (OPBA) discussed in our August 23, 2022, memorandum have been referenced in the Change Memo. Several concerns remain, as detailed below.

Impacts of Millage Reductions

Discussion of potential reductions to the County-approved millage rates began when the Property Appraiser released the June 1 Preliminary Tax Roll. On July 14, 2022, OPBA issued a memorandum detailing the revenue impacts of potential millage rate reduction scenarios. As this information was provided prior to the release of the Proposed Budget, the impacts were calculated based on the same millage rates as were approved for FY 2021-22.

The Proposed Budget was released on July 15 recommending a one percent reduction to each of the County's taxing jurisdictions and the BCC approved those millage rates on July 19, 2022. The Proposed Budget already included the first \$24.435 million in revenue reductions (associated with the one percent reduction). The information on page 2 of the Change Memo, did not take into account the one percent reduction already approved by the Board. Therefore, impact of further reductions to either "No-impact" or "Rollback" are \$69.526 million and \$222.968 million, respectively.

Use of General Fund to Support Waste Collection Service Area

During the discussion of the setting of the annual residential waste collection fee and in OPBA's August 23 memorandum, we highlighted the concern that countywide taxpayer dollars are being used to offset increases to fees charged in the Department of Solid Waste Management's waste collection service area. While the use of general fund revenue is largely discretionary, it is generally not a prudent budget practice to have revenues generated from sources which do not receive a particular self-funded service help fund that service for those that do. In this case, countywide general fund taxpayers are subsidizing the fees assessed and services provided to homeowners in the waste collection service area which only includes the Unincorporated Municipal Service Area (UMSA) and 10 of the County's 34 municipalities.

If the transfer is a necessity in order to continue the service, designating the funding as a loan from the disposal fund to be paid back, rather than a one-time transfer from the general fund, protects the general fund from any other municipality or private waste collection service provider from arguing to access a similar benefit. In the Change Memo, the Administration argues that a transfer from the disposal fund would impact the ability to address pending requirements related to the replacement of the waste to energy plant, future potential closures of landfills and other future requirements. The Proposed Budget does not support this argument. Firstly, the transfer should be

established as a loan with a payback schedule that would not impact the fund balance of the disposal fund over the long-term. Secondly, the disposal fund is projected to have a positive cash balance for the next five years, even with nearly \$100 million per year spent either directly on the waste-to-energy plant contract and transfers for capital needs and a minimal projected rate increase for disposal services, even though the standard form agreement between the County and contracted municipalities for disposal services authorizes a limit on tipping fee increases based on CPI to a maximum of five percent annually (R-1198-95). Furthermore, deals to pursue a replacement waste-to-energy plant involve availability payments and/or annual operating payments as part of a P3 arrangement, which would not require significant upfront cash and would likely be funded by the combination of elimination of the budgeted payment to the current operator and the annual rate increase.

Capital Projects

The Change Memo highlights a handful of infrastructure projects for which state and/or federal grants were awarded, and matching funds are required, as well as adjustments to capital projects allocated funding from grants, the Miami-Dade Rescue Plan or “Future Financing.” This list is incomplete, as it does not include the FY 2022-23 allocations from the Resilient Florida Grant Program within the Florida Department of Environmental Protection. The allocations in Table 1 provide funding for capital projects included in the Proposed Budget and therefore the capital schedules should be updated to include them. In some cases, this may free up local funding for other infrastructure needs.

Table 1 Resilient Florida Grant Awards

Project	Est Project Cost	Total Allocation	Match/Addl Funding Required	Possible Related Capital Project
Design plan to improve stormwater management for South Dade Landfill	\$ 1,500,000	\$ 750,000	\$ 750,000	
Miami-Dade Public Library System Main Library Resilient Grant	\$ 1,520,000	\$ 760,000	\$ 760,000	#112987
Installation and Elevation of Generators at multiple Miami-Dade County Fire Stations	\$ 785,000	\$ 392,500	\$ 392,500	#2000002476
#674 Mangrove Restoration Along Gould's Canal to Reduce Storm Surge and Sea Level Rise Risks to Upland Areas and Assets	\$ 1,800,000	\$ 900,000	\$ 900,000	#2000000940
Enhancing the Resiliency of PHCD's Ingram Terrace Affordable Housing by Reducing Flood Risks with Stormwater Infrastructure and Other Improvements	\$ 1,150,549	\$ 575,274	\$ 575,275	#803250
Biscayne Shores 3 Stormwater Pump Station Retrofit and Improvements	\$ 1,300,000	\$ 650,000	\$ 650,000	#2000000533
#679 EEL Acquisition and Environmental Enhancement of Lands Needed to Help Reduce Risk from SLR, Storm Surge and Saltwater Intrusion	\$ 8,000,000	\$ 4,000,000	\$ 4,000,000	#5555621
Lake Belmar New Stormwater Pump Station Pump and Infrastructure System Installation to Mitigate Flooding and Anticipated Sea Level Rise	\$ 3,200,000	\$ 1,600,000	\$ 1,600,000	#2000000533
Elevation of Roadway, Infrastructure and Drainage Improvements to SW 157 Av from SW 42 St to SW 8 St for Resilience	\$ 20,000,000	\$ 10,000,000	\$ 10,000,000	#2000000538, #2000000540
Critical Equipment Flood Resiliency for County Integrated Command and Communication Center	\$ 16,000,000	\$ 6,000,000	\$ 10,000,000	#2000001658
Flood Mitigation Measures for Critical Countywide Data Processing and Communications Center	\$ 6,000,000	\$ 300,000	\$ 5,700,000	#2000001285
Public Housing Resiliency Upgrades in Little River Adaptation Action Area	\$ 30,000,000	\$ 15,000,000	\$ 15,000,000	
Resilient Shoreline Stabilization at Kristi Housing Children's Center	\$ 1,400,124	\$ 450,000	\$ 950,124	#2000000940
Miami Beach Regional Library Resilience Grant	\$ 800,000	\$ 400,000	\$ 400,000	
#684 MDC EEL - Atlantic Civil - Wink Eye Slough Land Acquisition Project: Nature-based Approach to Addressing Saltwater Intrusion	\$ 700,000	\$ 350,000	\$ 350,000	#5555621
Peters Wetlands Land Acquisition Project: Nature-based Adaptation Approach to Reduce Risks of Storm Surge and Sea Level Rise	\$ 650,000	\$ 325,000	\$ 325,000	#5555621

Miami-Dade Rescue Plan

The BCC is reminded that the allocations listed under “Economic and Social Impact Projects (\$59 million)” on the first page of Attachment B to the Change Memo are one-time in nature, even if they are supporting recurring activities. There is no provision for a recurring funding for these allocations, in the FY 2022-23 Proposed Budget or in the five-year financial outlook. The allocations on the second page of Attachment B to the Change Memo are also funded with one-time revenues.

Furthermore, several of the allocations included in the revised Miami-Dade Rescue Plan, such as the funding for the Mental Health Diversion Facility, Tree Canopy, Purchase of Environmentally Endangered Lands and the Tropical Park Aquatic Center will create future recurring costs which have not been factored into future projections. Additionally, several allocations, such as the “Economic Development Activities” and “Small Business Relief Funding” remain without detail, at this time.

One-Time Revenue to Support on-Going Efforts

The Miami-Dade County budget has benefitted from the availability of revenues, particularly as provided through the extraordinary increases in the value of the property tax rolls and the use of the federal dollars provided through the American Rescue Plan to offset revenue losses rather than fund particular recovery activities. The combination of these two sources made more than \$350 million available for FY 2022-23 beyond what had been anticipated for next fiscal year in the five-year financial forecast from FY 2020-21. This funding may be used to expand services; fund one-time expenses such as investments in infrastructure; or reduce the tax burden on property owners. However, as future property tax roll growth is unlikely to continue at the level experienced this year and other expenses are growing as worldwide issues impact the economy, and policies are enacted in attempt to moderate economic growth, the Board should be cautious in its use of this abundance for recurring expenses.

A way to use the available Miami-Dade Rescue Plan money to fund one-time investments and free-up future recurring allocations would be to utilize the funding available to support projects funded by the Countywide Infrastructure Investment Program (CIIP) or “Future Financing” in the capital budget (the Radio Replacement Project, Integrated Command and Communications Center, Animal Services Facilities, Court Case Management System, and the New Directions Residential Treatment Facility to name a few). Funding these projects now will avoid the future issuance of general fund backed debt and ensure the Administration can fund its ongoing operating obligations.

Board Flexibility

The table on the next page outlines the funding which either remains unallocated to specific projects or reflects an enhanced service which has not already begun. This represents the flexibility that may be utilized to fund priority services and projects, reserve against overly optimistic revenue projections, allocate as a transfer to the Emergency Contingency Reserve, increase the reserve for the transition to the Constitutional Offices, and/or reduce property tax rates from what was advertised to property owners in the TRIM notice.

Table 2 – Board Flexibility

Proposed Budget	After First Change Memo	Description
\$20,202,000	\$5,020,000	Reallocate from Future Budget Shortfall Reserve; <i>utilized to fund new programs in Miami-Dade Rescue Plan</i>
40,000,000	40,000,000	Loan funding to Solid Waste Collections fund from Disposal fund and return transfer to General Fund
24,000,000	24,000,000	Postpone Purchase of Environmentally Endangered Lands until funding to manage new land is identified
5,000,000	-	Delay creation of Septic to Sewer Trust Fund until Phase 1 of Septic to Sewer project is completed; <i>utilized to fund new programs in Miami-Dade Rescue Plan</i>
15,000,000	15,000,000	Reallocate from Economic Development Projects
5,000,000	5,000,000	Reallocate from Small Business Relief Program
650,000	650,000	Eliminate Mayor CBO reserve and \$25,000 increase in discretionary funding for BCC
43,777,000	-	Reallocate from Inflation and Affordable Housing Stabilization Fund; <i>utilized to fund HOMES Plan</i>
13,000,000	13,000,000	Reallocate from BCC Designated Projects
50,600,000	74,900,000	Reallocate from Septic to Sewer and Infrastructure funding (\$107.9 million less \$57.3 million identified to be used for local funding matches); <i>now reporting a higher unallocated balance, but indicated need to use a portion for future grant matching funds</i>
\$217,229,000	\$177,570,000	Total

We are extremely appreciative of the cooperation shown to us by OMB and look forward to continued collaboration. As always, OPBA is prepared to address any specific questions or concerns you might have.

- c: Honorable Daniella Levine Cava, Mayor
- Geri Bonzon-Keenan, County Attorney
- Gerald Sanchez, First Assistant County Attorney
- Jess McCarty, Executive Assistant County Attorney
- Edward Marquez, Chief Financial Officer/Finance Director
- David Clodfelter, Director, Office of Management and Budget
- Yinka Majekodunmi, Commission Auditor
- Basia Pruna, Director, Clerk of the Board
- Office of Management and Budget, Budget Analyst Staff
- Office of Policy and Budgetary Affairs, All Staff