



City of North Miami Beach, Florida

CITY MANAGER

August 29, 2005

Dear Mayor and Council:

I am pleased to present the proposed budget for FY 2006. The total General Fund budget of \$51.4 million represents a 14.1% increase over the adopted budget for FY 2005. The Water Fund budget increased from \$22,830,029 to \$31,668,057; the Sewer Fund budget is increasing from \$6,229,000 to \$7,001,362. The Stormwater budget increased from \$1,527,257 to \$1,537,036.

The budgets contain salary increases of 4% for police employees as required by the IUPA contract and 3% for general employees as required by the AFSCME union contract plus a 1½% merit.

This year's budget for the first time includes the CRA. The total budget is \$451,922 with \$253,980 being contributed by the General Fund and \$197,942 from the County.

For the City's General Fund, it is recommended that the millage remain at 7.5 mills per \$1,000 of taxable value. An increase in the taxable value of properties within the City resulted in an increase of property tax revenue of approximately \$1,993,715. The taxable value of properties in the City increased from \$1,656,205,596 for 2004 to \$1,935,960,125 for 2005. The combined total millage for the two voted bond issues will decrease from 1.2812 mills to 1.1084 mills for FY 2006. The millage for the 1994 bond issue (refinanced in 2002) decreased from .5880 to .5096 and the millage for the 2000 bond issue decreased from .6932 to .5988.

This year the City will provide a summary budget as an additional innovation in the budget process.

The proposed budget will enable the City to continue to provide a high quality of service at current levels in the tradition of the "City That Cares".

Sincerely,


Gary Brown
City Manager

BUDGET HIGHLIGHTS REVENUES

- Property Tax Revenue is based upon the same millage of 7.5 mills, as the previous fiscal year. The taxable value of properties located within the City is \$1,935,960,125, an increase of nearly 17%. Even though there is no increase in the millage rate, the increase in taxable value, which is determined by Miami-Dade County, will provide a net increase in property tax revenue of \$1,993,715 to a total of \$13,793,715 for the General Fund.
- Revenue from sanitation service is budgeted at \$7,935,104. This includes a pass-through of the Miami-Dade County imposed 2.7% increase in tipping fees, of which the County has recently notified us.
- The contributions from the Enterprise Funds of Water and Sewer are based on 5.5% of the City's net investment in Capital Assets of those utilities. From Water, the General Fund will receive \$2,950,000 and from the Sewer Fund, \$925,000. This is a total increase of \$175,000 over the previous year.
- The surcharge levied on outside city water and sewer customers, as authorized by Florida Statue 180.191, will provide a total of \$4,228,065 to General Fund.
- Communication Service Tax collected by the State of Florida and remitted back to our City is estimated to be \$1,850,125, a decrease of \$206,626 over the previous year.
- Revenue from Local Government half-cent sales tax is estimated to provide the City \$2,586,759, an increase of \$215,399 over the 2005 budget.
- FPL utility tax revenue is projected to decrease \$180,000 because of Miami-Dade County audit that discovered over 1,200 accounts that were miscoded by FPL.
- Tax revenue from the County for the CRA is projected to be \$197,942.
- Stormwater rates will increase 8.1%, which will produce additional revenue of \$102,000. This is needed because of the expected Miami-Dade County repeal of gas tax revenue needed to fund the alley-paving program.

**BUDGETED HIGHLIGHTS
EXPENDITURES**

- The cost of health insurance for the General Fund is budgeted for \$2,792,754, an increase of 12.3% over the FY 2005 adopted budget.
- Contingency is budgeted at \$800,000.
- CIP Contingency is budgeted at \$360,000 and includes street overlay and swale improvements for Sky Lake, Oak Grove, and NE 35 Avenue; the City Hall complex 40-year verification; and landscaping of NE 2 Avenue.
- The cost of fuel and lubricants for the General Fund is budgeted at \$577,500, an increase of 6% over the adopted FY 2005 budget.
- Due to the proposed fuel surcharge increases expected from FPL, the utility services expense account for all funds is budgeted with a 26% increase.
- The City's contribution to the CRA will be \$253,980 of tax revenue.
- The pension contribution for all funds increased by 18.6% from \$5 million to \$6 million.
- Financed equipment for all funds equals \$1,830,500. This includes 5 police vehicles, handhelds and radios for the Police Department; 20 pickup trucks and 3 sanitation trucks for Public Services.
- The Beautification Division budget increased to \$1,533,074 which includes additional funds for median and swale maintenance.