



OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager

Memorandum

To: Honorable Mayor and Town Council

From: Rafael G. Casals, ICMA-CM, CFM, Town Manager

Date: August 26, 2021

Re: Fiscal Year 2021-22 Third Budget Workshop
*Changes between 2nd and 3rd workshops are **bold** and underline*

BACKGROUND AND ANALYSIS

In prior years, the Town has typically held its budget workshops in July and August. In an effort to gain better insight into the Town Council’s *vision* for the upcoming fiscal year, Town Staff, in consultation with the Council, decided to hold a “Budget *Visioning* Workshop” on June 30, 2021. During this first Budget Workshop, plans and ideas for the upcoming budget year were discussed openly and freely in a “brainstorm” style session.

This first Budget Workshop was not a review of “budget numbers”, but rather a vision including plans and ideas for the budget for the upcoming fiscal year. Following this first Budget Workshop, Town Staff developed a detailed *General Fund* financial budget incorporating the plans and ideas agreed upon and presented such to the Mayor and Town Council during our second Budget Workshop on July 29, 2021. The third Budget Workshop is currently scheduled for August 26, 2021 and at this Workshop all of the Town’s budgeted funds will be discussed.

One particular financial trend which, I must advise the Council on is the actual “dips” into the fund balance reserves of the General Fund over the past several years. This is even more critical given the open market debt issued by the Town last October and the possibility of issuing General Obligation Bonds in the future to fund the build out of the Town municipal complex and other capital improvements. The following table reflects the “dip” activity since FY 2014-15.

Town Staff has adopted the Executive Summary (Attachment “A”) which reflects the significant changes to the General Fund from our 2nd Budget Workshop, held on July 29, 2021.

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Budgeted Dip	Actual Dip	
(3,445,772)	(865,675)	
(3,786,628)	(403,166)	
(3,461,737)	(1,778,740)	
(4,411,581)	617,680	
(2,926,802)	(459,882)	
(2,419,417)	(4,409,897)	COVID-19
463,464	<u>1,162,196</u>	<u>Projected</u>

The approximate \$4.4 million actual dip for FY 2019-20 was actually an improvement over the approximate \$7.1 million dip we had projected during the bond issuance process. That projection was based on very conservative estimates of revenues and expenditures as we were essentially “working blind” during the COVID-19 pandemic and all of its uncertainty. As it turned out neither revenues nor expenditures were as bad as feared.

The projected surplus for FY 2020-21 is due primarily to not paying off the TD Bank Series 2015A loan as originally budgeted, offset by less than expected bond proceeds from the issuance of the 2020 bonds.

On July 1, 2021, the Miami-Dade Property Appraiser certified to the Town of Cutler Bay (the “Town”) the taxable value of property within the Town’s boundaries to be used to establish its 2021 millage rate (for Fiscal Year 2021-22) and, based on the certification received from the Property Appraiser, the taxable value of property within the Town’s boundaries *increased* 5.4% since last year’s certification.

Last year, Town Staff worked with Lourdes Abadin of Estrada Hinojosa (the “Financial Advisor”) to develop a “Fund Balance Replenishment Plan” (the “Plan”) to help the Town stabilize and begin to re-strengthen its fund balance reserves which had begun to deteriorate significantly in recent years due primarily to operating deficits, impacts from COVID-19, and the undertaking of substantial capital projects which have been funded to date in large part by the General Fund’s fund balance reserves (such as the Town Hall property land swap deal, the acquisition of the approximate 8.5-acre parcel on Old Cutler Road & S.W. 184 Street, and the restoration of Franjo Park). While the Town’s substantial financial reserves have been drawn down considerably, they remain in excess of that required by the Town’s Fund Balance Ordinance, and, at September 30, 2020, the Town’s General Fund audited fund balance was \$13.7 million, of which \$10.2 million was classified as “unassigned” and available for appropriation by the Town Council for any legal purpose.





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The Plan developed with the Town’s Financial Advisor was a multifaceted and interconnected plan which included debt restructuring, including the issuance of open-market bonds, as well as changes to the Town’s millage rate. The Plan called for a “two-step” increase in millage rate over the course of FY 2020-21 and FY 2021-22. For FY 2020-21, the Plan called for a millage rate of 2.65 mills, with an increase to 2.85 mills for FY 2021-22. The rate set by the Town Council for FY 2020-21 was 2.6198 mills, slightly lower than what the Plan recommended.

For purposes of the “Proposed” millage rate reported to the Property Appraiser for advertisement purposes, the Town has historically used a “ceiling rate” equal to the calculated “two-thirds vote maximum millage rate”. That rate set a ceiling which allowed for a lower rate to be adopted during the September budget hearings if desired. For FY 2021-22, the calculated “ceiling rate” is 2.8332 mills (close to the 2.85 mills called for in the Plan). Now that the Town has issued open-market bonds and the Town Council will likely seek a referendum vote on General Obligation bonds in the near future, it is important that the Town Council adopt a millage rate that is sufficient to provide revenues to cover budgeted General Fund expenditures and which avoids generating deficits that draw down fund balance further. As a result, Town Staff recommended, and the Town Council adopted at the July 21, 2021 Town Council meeting via Resolution No. 21-56 , a proposed millage rate equal to the two-thirds vote maximum millage rate (the “ceiling rate”) of 2.8332 mills for the FY 2021-22 budget year. This rate is 14.88% greater than the rolled back rate of 2.4663 mills.

Based on this proposed millage rate of 2.8332 mills, Town Staff developed a General Fund budget following guidance from the Town Council as to its priorities and is happy to report that this proposed General Fund budget is not only balanced, but actually generates a small surplus (approximately **\$117,905**).

The Town’s millage rate and budget will be discussed during the Town’s two (2) public Budget Hearings. For fiscal year 2021-22, the hearings will be held on the following dates, times, and locations:

DATE	TIME	PLACE
1 st Budget Hearing September 13, 2021 (Monday)	6:00 PM	Cutler Bay Town Hall Council Chambers 10720 Caribbean Boulevard Cutler Bay, Florida 33189
2 nd Budget Hearing September 27, 2021 (Monday)	6:00 PM	Cutler Bay Town Hall Council Chambers 10720 Caribbean Boulevard Cutler Bay, Florida 33189





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While Town Staff continues to anticipate budgeting in order to maintain the current levels of service in our Fiscal Year 2021-22 budget, we are anticipating budgeting the following significant initiatives, some of which have been discussed during the past Fiscal Year:

- Community Development Department
 - Hiring a part-time Building Official to oversee the daily inspection services;
 - Hiring of at least one (1) full-time Code Compliance Officer whose primary shift will be after-hours (nights) and weekends; and
 - Updating the Town's Growth Management Plan as a result of the Evaluation and Assessment Report; revisit every seven (7) years (last update: 2015)

- General Government
 - Phase II of Council Chamber Audio/ Visual Upgrades: additional cameras/ microphones;
 - GO Bond Marketing;
 - University of Miami Civic Design Studio Workshops; and
 - **Provision for a Federal Lobbyist**

- Parks & Recreation Department
 - Various park improvements (non-impact fees), such as:
 - Installation of new perimeter fencing at Saga Bay Park
 - Upgrades to Bel-Aire Park concession areas.

- Public Works Department
 - Maintain funding level for sidewalk replacements and ADA ramps;
 - Increase funding for tree plantings in residential neighborhoods;





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- **Stormwater and Special Revenue Funds Budgets are included in this 3rd Budget Workshop.**
- Capital Improvement Projects:
 - Continue Neighborhood Roadway Resurfacing Projects (PTP funds);
 - Commence construction of Franjo Road Complete Streets Project in late Fall (Old Cutler Road and S.W. 184 Street);
 - Commence construction of Whispering Pines Park/ Neighborhood Roadway and Drainage Improvements Project;
 - Continue/ Finalize Cutler Ridge Section 3 Sub-Basin Water Quality Improvements Drainage and Roadway Project;
 - Commence construction of Saga Bay 1.7 Sub-Basin Water Quality Improvements Drainage and Roadway Project;
 - Complete Design Phase and commence construction of Saga Bay 1.5 Sub-Basin Water Quality Improvements Drainage and Roadway Project in summer;
 - Commence Design Phase of Caribbean Boulevard Complete Streets Project (S.W. 87 Avenue to S.W. 184 Street); and
 - Commence Design Phase of S.W. 82 Avenue Roadway Traffic Circle and Sidewalk Improvements Project (Old Cutler Road to S.W. 184 Street).

Town Staff looks forward to discussing the above items with the Town Council at our **third** Budget Workshop and to gain further insight from the Town Council as to the programs and initiatives it would like for Town Staff to incorporate into the upcoming 2021-22 Fiscal Year budget.

The Proposed FY 2021-22 Budget – Executive Summary (Attachment “A”) provides a written summary of the significant decreases/increases in departmental expenditure line items. The Proposed FY 2021-22 Budget – Fund Summaries and Department Expenditures (Attachment “B”) provides the Council with the following comparative information:

- Actual FY 2019-20
- Adopted FY 2020-21
- Projected FY 2020-21
- Proposed FY 2021-22 (*based on Millage Rate at 2.8332 for the General Fund*)
- *Net Change:*
Proposed FY 2021-22 (July 29, 2021 Workshop) compared to Adopted FY 2020-21
Proposed FY 2021-22 (August 26, 2021 Workshop) significant changes from the July 29, 2021 Workshop

ATTACHMENT(S):

- Attachment “A” – Proposed FY 2021-22 Budget – Executive Summary (**Updated**)
- Attachment “B” – Proposed FY 2021-22 Budget – Fund Summaries and Department Expenditures

