



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: September 28, 2022

Re: Fiscal Year 2022-23 Tentative Operating and Capital Outlay Budget for Final Adoption (Second Advertised Budget Hearing)

REQUEST

A RESOLUTION OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF CUTLER BAY, FLORIDA, ADOPTING THE FINAL OPERATING AND CAPITAL OUTLAY BUDGET FOR THE FISCAL YEAR COMMENCING OCTOBER 1, 2022, THROUGH SEPTEMBER 30, 2023, PURSUANT TO SECTION 200.065, FLORIDA STATUTES; AUTHORIZING THE TOWN MANAGER TO MAKE EXPENDITURES CONSISTENT THEREWITH AND AUTHORIZING THE TOWN MANAGER TO MAKE CERTAIN BUDGET AMENDMENTS WITHIN A DEPARTMENT PROVIDED THAT THE TOTAL OF THE APPROPRIATIONS IS NOT CHANGED; AND PROVIDING FOR AN EFFECTIVE DATE.

BACKGROUND AND ANALYSIS

Please find attached the tentative Fiscal Year 2022-23 budget for final adoption, which includes the changes to both revenues, expenditures, and items discussed during the First Public Hearing on September 14, 2022, and which incorporates the Town Council changes during the three (3) scheduled Town Council Budget Workshops held July 20, 2022, July 27, 2022, and September 1, 2022. The tentative budget was developed using a millage rate of 2.8332 mills as approved by the Town Council during the First Public Hearing on September 14, 2022, via Resolution No. 22-65. This rate is 12.55% greater than the rolled-back rate of 2.5173 mills. Pursuant to State TRIM requirements, the Town advertised a Budget Summary and Notice of Proposed Tax Increase in *The Miami Herald* Local Section on Sunday, September 25, 2022. The tentative millage rate does not prevent the Town Council from adopting a lower rate during our advertised Second Budget Hearing.

Based on the July 1, 2022, certification received from the Property Appraiser, the taxable value of property within the Town's boundaries increased 11.85% since last year's certification. While this increase is an average Town-wide increase, it should be noted that homesteaded properties are protected from large increases by the Save Our Home caps reflected in State law.





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The “rolled-back” millage rate is defined as the millage rate necessary to raise the same amount of ad valorem tax revenue as the previous Fiscal Year, excluding taxes from new construction. The “rolled-back” millage rate will not result in an increase of municipal taxes to the Town’s property owners.

In late fiscal year 2020, the Town Council gave Staff authorization to move forward with a “Fund Balance Replenishment Plan” (the “Plan”), developed in coordination with Lourdes Abadin of Estrada Hinojosa (the “Financial Advisor”), 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.

This Plan was implemented over fiscal years 2021 and 2022, and resulted in the Town’s General Fund’s fund balance increasing from \$13.7 million at September 30, 2020 to \$19.4 million at September 30, 2021 (of which \$18.8 million was classified as “unassigned” and available for appropriation by the Town Council for any legal purpose).

As we approach an upcoming General Obligation bond offering, it is more important than ever for the Town to maintain its renewed financial strength and not revert to using reserves to fund the operating budget. This will ensure that the Town can get and maintain a solid bond rating which will result in lower interest costs to the Town.

General Fund:

The attached General Fund budget has been prepared using the current 2.8332 mill rate and it generates a budget surplus of \$173,197. For the most part, the attached General Fund budget maintains the levels of service comparable to the recent past. The Community Development Department reflects a full-time Building Inspector (a Building Official and a night/weekend Code Officer were budgeted last year and carry forward to this year’s budget). These three department positions were filled during fiscal year 2022. The Parks Department reflects a full-time night/weekend Recreation Supervisor, a position created in fiscal year 2022 by conversion of a part-time staff to full-time. No other changes to Town or Police staffing levels are anticipated. Other significant changes in the General Fund departmental budgets are discussed in the attached “Attachment A – Second Budget Hearing – Executive Summary”.

As noted above, 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.





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Other Funds:

The FY 2022-23 budget also includes various special revenue funds, a capital projects fund and a stormwater utility fund. These funds are used to account for planned projects using revenues from special/restricted sources, such as grants, including ARPA funds, impact fees, and PTP funds. Below is a “brief” summary of the planned projects for FY 2022-23:

Special Revenue Fund projects:

- Park programs – funded by The Children’s Trust and the Department of Juvenile Justice
- Transit – continuation of the Town circulator bus (PTP funds) as well as the Go Connect/On Demand service (FDOT grant and PTP funds)
- Transportation:
 - Continuation of the roadway resurfacing program (PTP funds)
 - Traffic calming projects (PTP funds)
 - Continuation of the Franjo Road JPA roadway project (County JPA and PTP funds)
 - Construction of a roundabout on S.W. 200 St & S.W. 103 Ave (FDOT grant and PTP funds)
- Sidewalks – continuation of the town-wide sidewalk repair/replacement program (gas taxes and ARPA funds) as well as construction of a sidewalk around, and a pad on, Lincoln City Park (Road Impact Fees and PTP funds)
- Park Lighting – LED lighting updates to various Town parks (ARPA funds)

Capital Projects-Parks project:

- Playground ground surfacing improvements at various Town parks (ARPA funds)

Stormwater Utility Fund:

- Continuation of the current level of service for maintenance of the stormwater system
- Completion of the Stormwater Master Plan update (ARPA funds)
- Design and/or construction of various drainage improvement projects:
 - Caribbean Blvd/SW 87 Ave to S.W. 184 St (FDOT grant and PTP funds)
 - Marlin Road Complete Streets (State Appropriation and FDOT TAP grant)
 - Lakes by the Bay area ARPA projects
 - Bel-Aire area ARPA projects
 - Saga Bay area ARPA projects
 - Cutler Ridge Pines ARPA project
 - S.W. 207 St & S.W. 85 Ave ARPA project
 - Completion of Saga Bay 1.7 project (FDEP grant and PTP funds)
 - Saga Bay 1.5 project (State Appropriation and PTP funds)
 - Whispering Pines Swale improvement project (PTP funds)
 - Canal Bank Stabilization project (ARPA funds)
 - S.W. 82 Ave Drainage project (FDOT grant and PTP funds)





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The attached Second Budget Hearing Executive Summary (*Attachment "A"*) and the Tentative Budget Fiscal Year 2022-23 Fund Summaries and Department Expenditures Report (*Attachment "B"*) reflect changes to our projected revenues/expenditures based on items discussed during the First Budget Hearing on September 14, 2022, as well as during the three (3) Budget Workshops (July 20, 2022, July 27, 2022, and September 1, 2022).

The attached Executive Summary provides a concise narrative of the significant changes made to the budget drafts based on Town Council discussions during the First Budget Hearing and the Budget Workshops.

The Fund Summaries and Department Expenditures Report provides detailed information by revenue source and expenditures by Department.

Detailed Revenue and Expenditure Worksheets provide the Town Council with the following comparative information:

- Actual Fiscal Year 2020-21
- Adopted Fiscal Year 2021-22
- Actual Projection Fiscal Year 2021-22
- Tentative Fiscal Year 2022-23 (based on Millage Rate at 2.8332 for the General Fund)
- Net Change:
 - July 27, 2022 Workshop (Proposed FY 2022-23) compared to Adopted FY 2021-22
 - September 1, 2022 Workshop (Proposed FY 2022-23) compared to July 27, 2022 Workshop (Proposed FY 2022-23)
 - ***NOTE – there were no changes from First Budget Hearing (September 14, 2022) to the Second Budget Hearing (September 28, 2022) and no column is presented.***

Additionally, please find attached the Fund Balance Ordinance Certification (*Attachment "C"*) and the Fiscal Year 2022-23 Tentative Millage Cost of Departments General Fund (*Attachment "D"*) as stated in Section (A) (11) of the Town Charter's Citizens' Bill of Rights.

ATTACHMENTS:

- Attachment "A" – Second Budget Hearing Executive Summary
- Attachment "B" – Tentative Budget FY 2022-23 Fund Summaries and Department Expenditures Report
- Attachment "C" – Fund Balance Ordinance Certification
- Attachment "D" – FY 2022-23 Tentative Millage Cost of Departments General Fund

