



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

COMMITTEE MEMORANDUM

TO: Members of the Finance & Economic Resiliency Committee

FROM: Jimmy L. Morales, City Manager

DATE: July 24, 2020

SUBJECT: REVIEW OF CITY DEPARTMENTS FOR JUSTIFICATION AND EFFICIENCY

This item was referred to the Finance & Economic Resiliency Committee at the October 16, 2019 City Commission meeting. Following the adoption of the FY 2020 Budget in September 2019, it was anticipated that the upcoming FY 2021 budget cycle would be challenging due to low growth in property values. At the time, it was anticipated that as part of the FY 2021 budget process that each department would receive additional review for justification and efficiency through enhanced program budget development, 10% enhancement and reduction scenarios, zero-based budget exercises (for selected departments), review at the annual budget retreat with the City Commission, and other measures.

Due to the impact of COVID-19, the timing of the FY 2021 budget process was negatively impacted by budget staff having to focus on re-balancing the FY 2020 budget, less time for internal meetings, and the cancellation of the annual budget retreat with the City Commission. However, the significant financial impact of COVID-19 resulted in additional scrutiny of City departments which has resulted in 62 less positions in the FY 2021 Proposed Budget.

To meet the intent of this item, the Office of Management & Budget has prepared a variance analysis in the General Fund of budget and positions from FY 2014 to FY 2020 by department (see Attachment A). Since the recommendations from the FY 2021 budget have not yet been formally adopted by the City Commission, those amounts are included on a bottom-line level and can be updated for September, if requested. This analysis is for the General Fund only, but other funds can be added as well.

ANALYSIS

A comparison of the General Fund Adopted Budget in FY 2014 of \$264.1 million with the FY 2020 amount of \$350.1 million shows a variance of \$86.0 million or 32.6%. The average annual increase over the 6 years is 5.4%. When the FY 2021 budget amount of \$339.3 million is compared to FY 2014, the difference is \$75.2 million or 28.5%. The average annual increase over the 7 years is 4.1%. The annual CPI increase from FY 2014 to FY 2021 is 2.1% (CPI-U for Miami/Fort Lauderdale/West Palm Beach).

Major annual cost drivers included in the annual budget include:

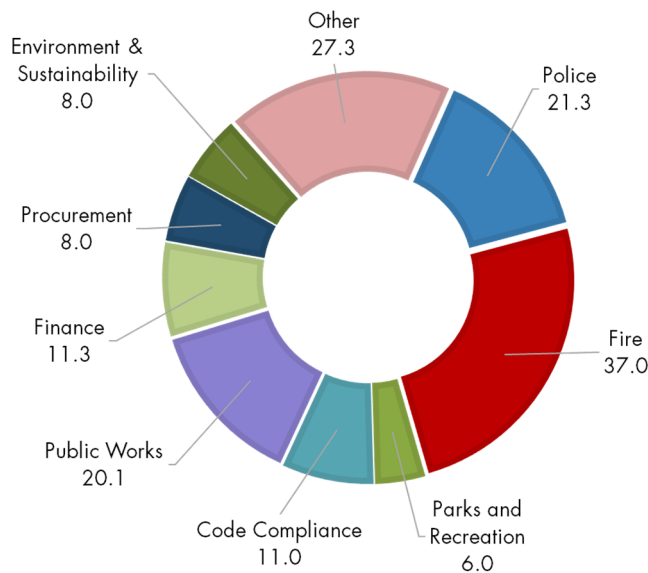
- Increases in health insurance (5% to 10%)
- City contribution to the General Employees pension plan and Fire & Police pension plan (0% to 9%)
- Impacts from collective bargaining with the City's 5 bargaining units
 - Cost of living adjustments (0% to 3%)

- Step increases (5%)
- Merit increases (2%)

The financial impact of these major cost drivers to the annual budget usually exceeds the increase to CPI. Additional increases result from new or enhanced programs added to the budget through the annual budget process.

A comparison of the General Fund full-time position count in FY 2014 of 1,376 with the FY 2020 amount of 1,526 shows a variance of 150 or 10.9%. The average annual increase over the 6 years is 1.8%. When the FY 2021 budget amount of 1,426 is compared to FY 2014, the difference is 50 or 3.6%. The average annual increase over the 7 years is 0.5%.

The graph below shows the distribution of the variance of 150 positions between FY 2014 and FY 2020 by department. Please note that the proposed position reductions in the FY 2021 Budget are not included given that they will not be adopted until September 29, 2020.

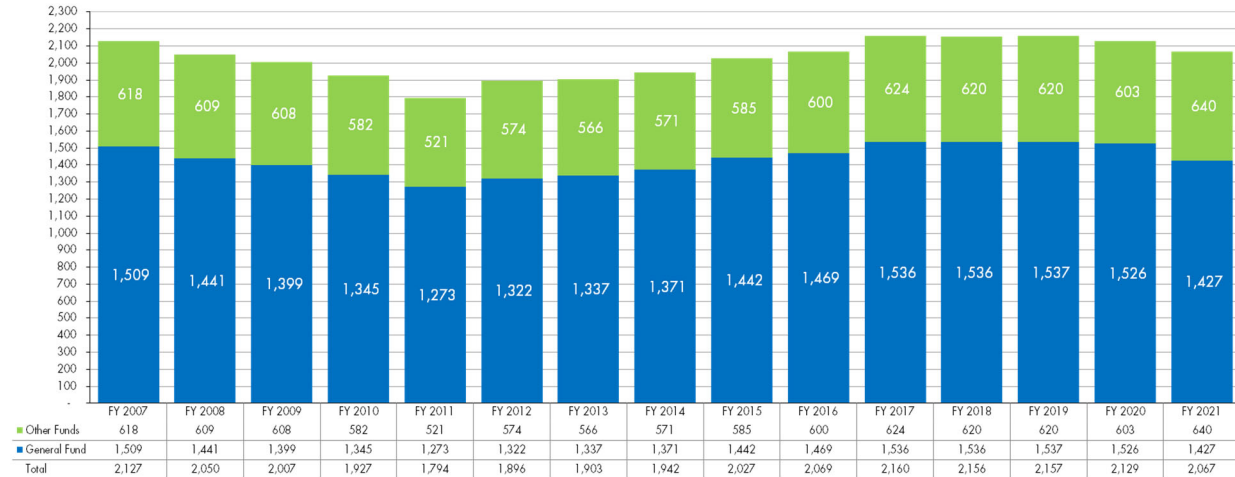


Below are descriptions for the major position variances by department:

- Fire Department
 - Staffing additional lifeguard stands (18 positions)
 - Additional rescue unit at Station #4 including fire boat (13 positions)
 - Various programs such as training, operations, and support (6 positions)
- Police Department
 - Officers in schools (7 positions)
 - Motor unit for traffic management (5 positions)
 - Additional patrol coverage in Mid-Beach & North-Beach (5 positions)
 - Various programs such as human trafficking, Police Academy training, body camera support, etc. (10 positions)
- Public Works Department
 - Various programs such as engineering for capital projects, field inspections, GIS programming, street lighting maintenance, right-of-way maintenance, grounds maintenance, etc. (20 positions)
- Code Compliance Department

- Enforcement in Entertainment District (9 positions)
- Coordination and administration (2 positions)
- Finance Department
 - Insourcing of call center (6 positions)
 - Centralize accounts payable (3 positions)
 - One-stop shop at Customer Service Center (3 positions)
- Procurement Department
 - Various due to additional workload from additional storm water, water and sewer projects, G.O. Bond projects; contract compliance and centralized contractor insurance compliance for over 700 city contracts; ERP and e-sourcing initiatives (8 positions)
- Parks & Recreation Department
 - Park Ranger program (10 positions); also added 21 part-time positions
- Environment & Sustainability Department
 - Urban forestry from Public Works (6 positions)
 - Operations and administration (2 positions)

The long-term full-time position count for the entire organization across all funds as shown in the graph below, shows that the 2,067 positions in FY 2021 are 60 or 2.8% less than the 2,127 positions in FY 2007 despite many new programs or program enhancements having been added in that 15 year timeframe. This chart also shows that the FY 2021 position count is 2 positions lower than the FY 2016 position count, demonstrating no cumulative growth in positions over 6 years.



CONCLUSION

The analysis comparing General Fund budget and positions between FY 2014 and FY 2021 shows that the average annual growth in the budget has been 4.1% and that the average annual growth in positions has been 0.5%. A comparison of the full-time position count for the entire organization across all funds show that positions in FY 2021 are 60 less than in FY 2007 despite many new programs or program enhancements having been added in that 15-year timeframe.

Attachment A – General Fund Budget and Position Comparison

JLM/JW/TOS