

Budget Message



A. John Szerlag
City Manager

In accordance with the City Charter, I present to you the City of Sunny Isles Beach Budget for fiscal year 2007/08. Developed with the City Commission's preferred future as direction, this level of service document addresses current and future community needs by correlating service demands with conservative financial management.

What is the preferred future for Sunny Isles Beach?

I asked this question of you last year, and your answers then are still germane now, and will be for many years to come. Specifically, you articulated the following:

- Beautification, parks and open-space enhancements.
- A solid infrastructure, especially in the area of public facilities, transportation, drainage and undergrounding of utilities.
- An economically functional, pedestrian-friendly, world-class streetscape on Collins Avenue and along Sunny Isles Boulevard.
- A professional, friendly and efficient local government that provides great City amenities and services.
- Retail, restaurants and other private-sector elements that match our changing demographics of an upscale community.
- An excellent school system to attract younger families.

Please know that the capital improvement plan and administrative structure contained in this budget document will bring us closer to our preferred vision.

Following is a glance at our major budget components:

- The millage rate is now 2.3979 mills, which is a decrease of 19% from last year's rate of 2.95 mills. This reduced rate reflects the maximum cap of the rollback effect of the new Tallahassee Tax Legislation.
- Total General Fund revenues are projected at \$26,981,170 or an increase of 12% over last fiscal year. The single biggest revenue increase is in property taxes. A \$1.5 billion increase in valuation provided \$653,000 in additional revenues. Please know that last year a \$1 billion increase in total property valuations provided additional revenues of \$2.8 million dollars.
- The General Fund is separated into three classes: General Operating, General Capital and Debt Service. Millage rates for these categories are as follows:
 - 1.7527 General Operating
 - .4521 General Capital
 - .1931 Debt Service

Budget Message, continued

Personnel Costs

As with virtually all municipalities, personnel costs are the largest portion of the General Fund budget and ours is 49%. The total personnel expenditure for FY 2007/08 is \$13,245,813, which represents a 3% reduction over last year's personnel budget. This is directly attributable to downsizing the organization, and I believe we have done so in a fashion that will still provide a high level of service.

Compared to last year, please know the following:

- Retirement contributions decreased by \$71,396 or 5%. The FRS contribution rate for sworn police personnel is 20.92% of payroll, and the City contributes 9.85% of payroll for general employees and 13.12% for department heads. These rates have not changed from last year.
- Health, life and dental costs decreased by \$65,292 or 5%.
- Overtime decreased by \$10,057 or 2%.

Pay Increases for General Employees

In August 2006, the City commissioned the Mercer Group to develop a Classification and Compensation Plan for our full-time employees. Although we had a plan in place since 2002, it was flawed because it did not take into consideration the actual work and responsibilities of our employees. Rather, it was a market comparison based on same or similar job titles in other municipalities.

The work performed by the Mercer Group corrected that shortcoming and we now have employees more accurately slotted in pay grade classifications according to their value to the organization. However, I modified the original Mercer pay plan recommendation because of economic constraints, due to the Tallahassee Tax Revisions. The salient change to the pay plan is that the Sunny Isles Beach maximum for each pay grade will be at the 75th percentile. This is essentially half way between the mid-point and maximum levels.

In addition, there will no longer be automatic, across the board, cost-of-living allowances (COLA). In its place, we'll have merit increases based on performance. Now that I have said that, there is an exception. Police Officers and Sergeants automatically receive 5.6% across the board step-increases per year until a maximum threshold is reached. This merit increase will be for the balance of police personnel as well as all other full-time general employees and department heads.

Budget Message, continued

For FY 2007/08, the following will take place:

- A. Up to 3% salary increase based on performance for all general employees and police personnel above the rank of sergeant which are currently contained within their pay classification.

- OR -

- B. Up to 10% salary increase based on performance to begin the process of bringing employees up to the minimum salary threshold in their pay classification.

- OR -

- C. Up to 10% salary increase based on performance for employees promoted during FY 2006/07 where the employee did not receive a pay increase as a result of the promotion.

- OR -

- D. City Manager authority to increase salary based on performance for market impact positions up to the midpoint so as to retain/attract employees. Of course, I will advise the Commission whenever this occurs.

Please know that the above options are not conjunctive. This means that each employee can only be assigned one category.

Based on a percentage of payroll, the maximum amount in the aggregate for this program is 3.9% of payroll for general employees and sworn police personnel above the rank of Sergeant.

Table of Organization Revisions

As a newer City, we still need to add personnel to staff our major capital projects as they come on-line – in this case, Pelican Community Park Community Center and the Wireless Island initiative. There will also be some costs incurred by the City when the K-8 school opens later in FY 2007/08. However, when we look at the organization in the aggregate other staffing cuts were made, which has resulted in an overall reduction of personnel. This is how it was done:

Office of the City Manager

The position of part-time Grants Coordinator was reduced to an intermittent employee. Most of the job functions performed by this position will be absorbed by senior management and staff.

Finance Department

The Finance Director position was expunged as the Assistant City Manager, Finance Division and Assistant Finance Director will perform these functions. We are, however, adding a full-time Purchasing Agent to assist in implementing a central purchasing system, which I believe will be a cost savings to the organization.

Budget Message, continued

Building Department

We have eliminated five intermittent Inspectors and instead will hire two full-time Inspectors; one for Mechanical and one for Plumbing. Not only will this move be cost effective, it will also provide more hours per week to make inspections. So too, the part-time Student Intern and part-time Permit Clerk positions have been expunged. In addition, we are formalizing the addition of the Senior Office Assistant which I placed in the department in FY 2006/07 to help handle the high call volume this department receives.

Office of the City Clerk

The Contracts Coordinator position was eliminated as the Purchasing Agent and other Finance staff will perform this function.

Human Resources Department

The Senior Office Assistant position has been eliminated. Any job tasks for this position will be handled by the Benefits Coordinator and Human Resources Director.

Administrative Services Department

The positions of Office Supervisor and Video Development Coordinator have been eliminated. Further, two intermittent Office Assistants and two temporary Student Interns have been eliminated.

Police Department

Through the efforts of several innovative programs, the elimination of some initiatives and the consolidation of functions, the Police Department is reducing both sworn and civilian personnel while still maintaining our goals and mission to provide quality, professional service in a timely manner. In terms of sworn personnel, the following reductions have been made; Assistant Police Chief, two Lieutenants, two Sergeants, and one Police Officer. The department is now structured to have a Police Chief along with two Captains: an Operations Division Captain and Administration Division Captain. Please know that the Uniform Patrol Lieutenant will be promoted to Operations Division Captain.

The civilian position of Accreditation Coordinator has been eliminated as we no longer have a need for an accreditation program. Additionally, the Police Department will be contracting with a private sector company to perform the Crossing-Guard function once the new K-8 school opens.

Community Development Department

The Assistant Code Enforcement and Licensing Director has absorbed the duties of the Occupational Licensing Official position, which has been eliminated.

Budget Message, continued

Public Works and Engineering Department

These two departments have been consolidated, which has resulted in the following changes:

- The Director of Public Works/City Engineer is now one position instead of two.
- The Assistant to the City Engineer is now the Administrative Assistant to the Public Works Director/City Engineer, thus eliminating the need for an Office Assistant in the Public Works Department. In addition, the former Public Works Director position is now the Superintendent of Public Works, which has resulted in the elimination of the Assistant Public Works Director position. Thus, while there is a reduction in the administrative/clerical area compared to last year, I did add two Parks/Facility Maintenance Workers to meet the increased workload due to the community center and associated park/ball field coming on-line.

Information Technology Department

As you know, major capital projects require major on-going operation and maintenance costs. The Wireless Island initiative is no exception, and that's why there are two extra positions slated for this department; a temporary Project Manager and a full-time Program Manager. However, we are going to be methodical in our approach to offering free wireless service. And this approach involves three tiers:

- Hot spots along with government access.
- Street-level coverage (first three floors).
- Vertical coverage for high-rise structures.

The success, usage and penetration rates of one tier will be contingent upon whether we start the next. As such, these positions will not be filled until the Commission/Manager partnership determines necessity.

Cultural and Human Services Department

The new Pelican Community Park Community Center is designed to be a program driven facility that will increase the quality of life for our residents that make use of it. We will be hiring temporary/intermittent Instructors, Counselors and other personnel to meet demand. Additionally, we are creating three new full-time positions; a Community Center/Recreation Program Coordinator and two Front Desk Office Assistants. We will also have two intermittent Office Assistants so that we can assure coverage of one person attending to the front desk for 13 hours per day/ 6 days per week.

In the area of Ocean Rescue, we are going to eliminate one Lead Lifeguard position and two intermittent Lifeguard Positions. In its place we are going to have two full-time Lifeguards. This calibration will increase the level of service by having greater reliability for coverage at our Ocean Rescue Towers. It will also bring overtime down to a more functional level.

Budget Message, continued

Capital Projects

More often than not, capital programs span more than one fiscal year. Ours are no exception. And for the first time, all of our major capital projects are incorporated into a five-year plan and contained in the "Capital Improvement Projects (CIP) Status Report" section of this budget document. This plan also delves into the specifics of cost, project scope, time frame for completion and intervening variables that may affect this time frame.

Following is a list of capital projects that will be complete or substantially complete during FY 2007/08:

FY 2007/08	
Pelican Community Park	\$8,419,000
Town Center Park Observation Deck Design	250,000
Town Center Park Lighting	150,000
FPL Undergrounding Phase I and Phase II	1,322,000
Collins Avenue Corridor Study	300,000
Collins Avenue Median Closure	188,000
Additional Bus Shelters	350,000
Pedestrian North Bay Bridge Design	540,000
Government Center Modifications	350,000
Beach Walk/Dune Pilot Project	25,000
Central Island Drainage	8,150,000
Gwen Margolis Park Drainage	339,000
Heritage Park and Garage Design	1,000,000
172 nd Street Improvements	1,200,000
Sunny Isles Boulevard Improvements	3,202,000
Atlantic Isles Improvements	2,956,000
Collins Avenue Signage	\$100,000

It's important to note that our capital project plan also incorporates estimated operation and maintenance costs as a result of the capital improvement.

Our most important objective for the coming fiscal year is to enrich and improve the lives of residents of all ages that, in turn, will provide a great benefit to our island community as a whole.

In closing I wish to thank the staff of our entire organization for their professionalism and dedication; and in particular, City management for their assistance in advancing a culture of professionalism. I also wish to thank the Mayor, Vice Mayor and Commissioners for providing me with direction on a preferred future for Sunny Isles Beach and also for the valuable input I received at our two budget workshops.

Respectfully submitted,

A. John Szerlag, City Manager