

FY 14 Tentative Budget Update & Adoption of Millage Rates

Item 24

July 11, 2013

Today's Presentation

- **FY14 budget update**
- **Review millage rates**
- **Request Governing Board approval of proposed millage rates for certification to property appraisers**
- **Key Dates**



FY14 Budget Update

Updated Ad Valorem Estimates (in Millions)

Revenue Category	Planned	Updated	Variance
Baseline	\$ 268.1	\$ 264.6	\$ (3.5)
New Construction	\$ 3.0	\$ 2.0	\$ (1.0)
Total	\$ 271.1	\$ 266.6	\$ (4.5)

Rolled Back Millage Rates

- **Statutory definition of rolled back rate**
 - **Millage rate which, exclusive of new construction ... will provide the same ad valorem tax revenue for each taxing authority as was levied during the prior year**
 - **Department of Revenue forms and calculations do not address a circumstance of prolonged VAB process that results in significantly reduced prior year values**
 - **No provision to adjust rolled back rate for changes in prior year value**

Rolled Back Millage Rates

- **Calculation of rolled back rate for FY14 is based on FINAL values from prior year as certified *this July***
 - **Final PY values not known until last week due to Value Adjustment Board process (VAB)**
 - **Appeal process for assessed valuation of property**
 - **Final FY13 property values dropped by \$8.6B from last fall due to VAB**

VAB Taxroll Impacts

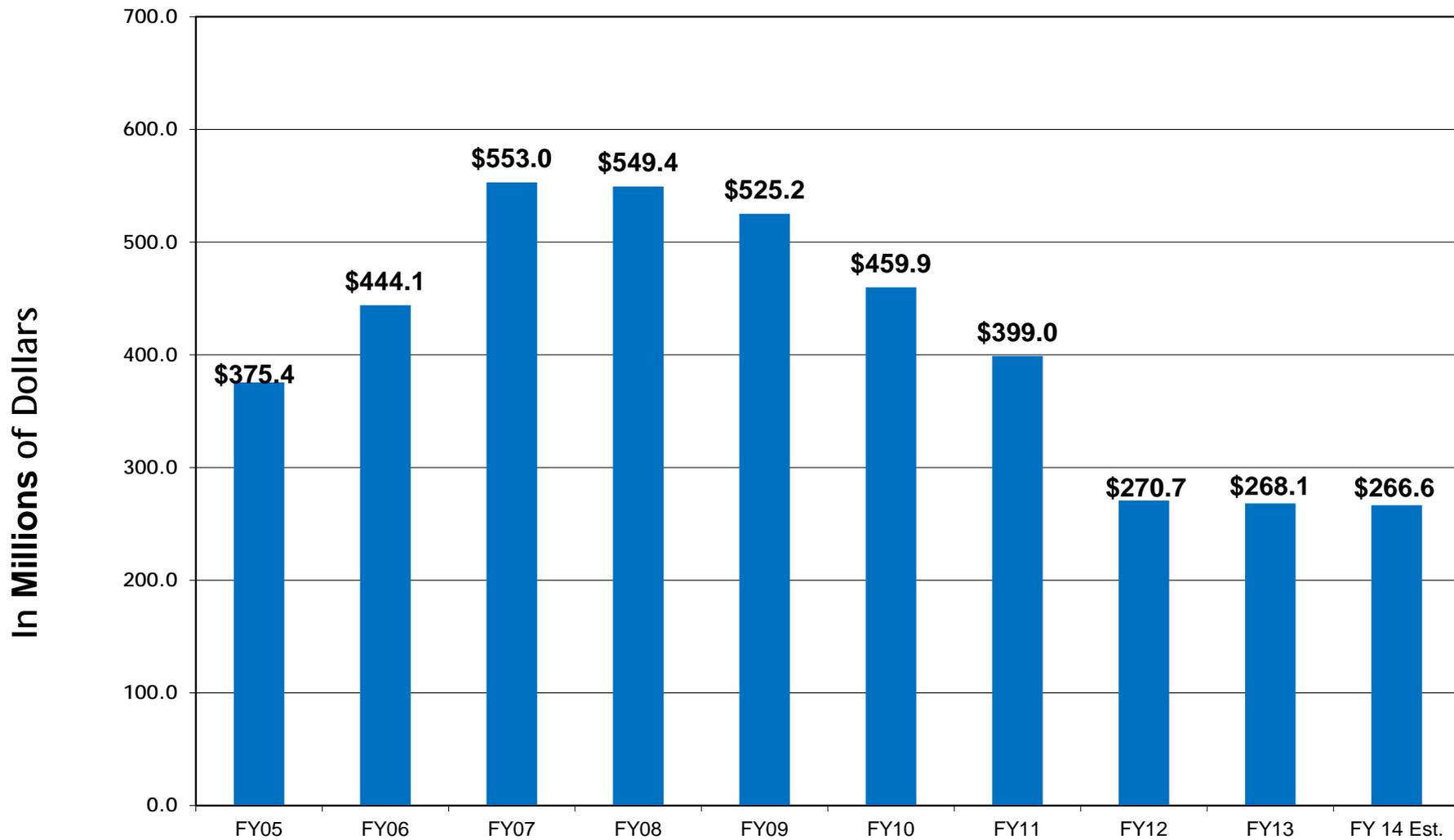
Prior Year Taxable Value Certification	Tax Base (In Billions)	Miami-Dade (In Billions)
July 2012 (FY13)	\$ 670.2	\$ 192.2
July 2013 (FY14)	\$ 661.6	\$ 184.7
Change (in Billions)	\$ (8.6)	\$ (7.5)

New Construction

New Construction	Tax Base (In Billions)	
July 2012 (FY13)	\$	5.281
July 2013 (FY14)	\$	5.185
Change (in Billions)	\$	(0.970)

1.1% growth = 7.372B

Ad Valorem Tax Revenue Trend



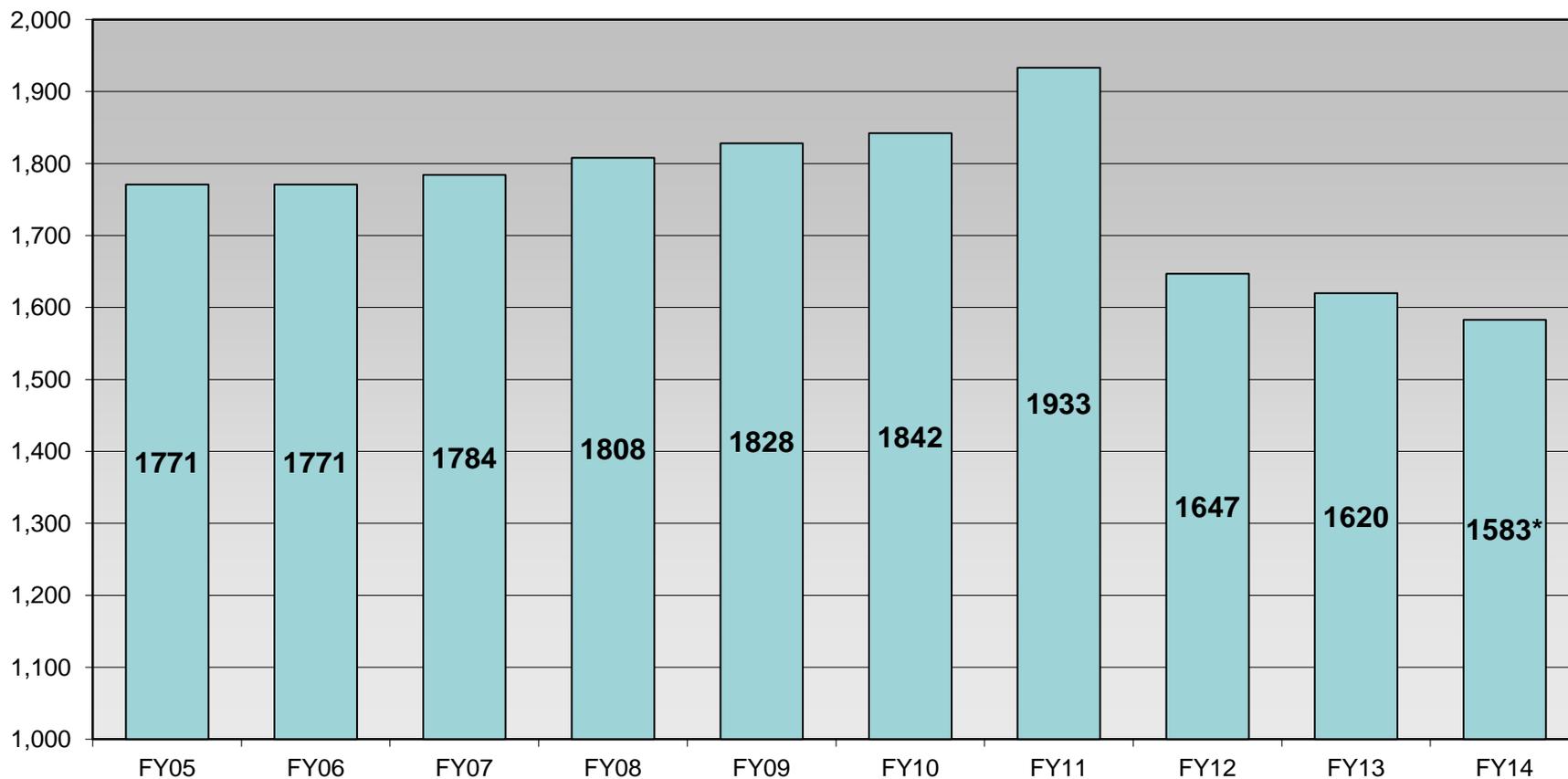
Expense budget adjustments

June Proposed Budget	\$ 620.8
July Update	\$ 616.0
Change	\$ (4.8)
Components:	
State Appropriations	\$ (4.4)
Biscayne Bay Projects	\$ 2.0
Fuel adjustment from fund balance	\$ 1.4
Pay adjustment-one time bonus	\$ 1.4
Insurance program revisions	\$ (1.5)
Recurring expenditure reductions	\$ (4.5)
Use of fund balance DROP positions	\$ 0.8

Addressing the Recurring Ad Valorem Revenue Gap

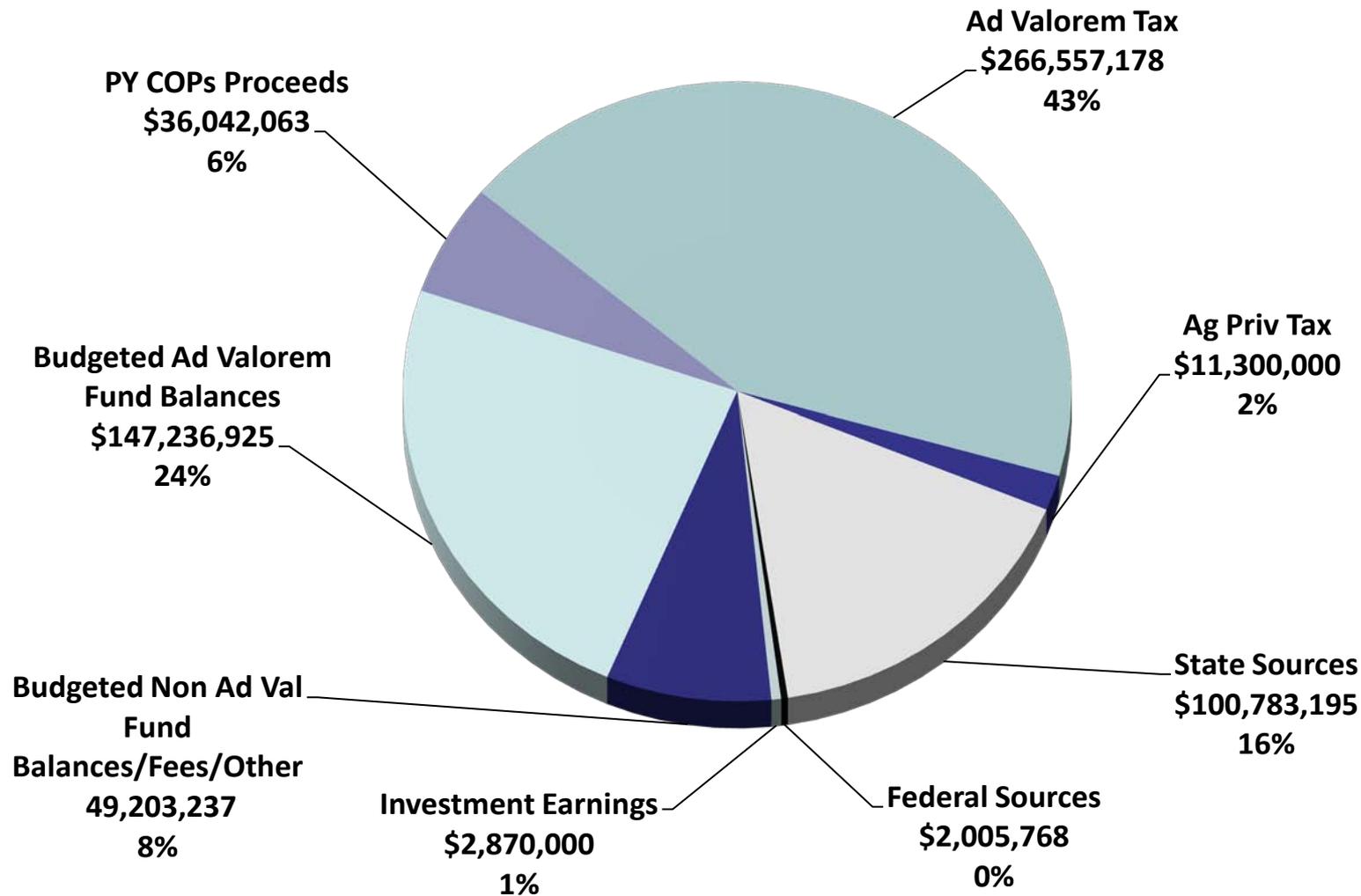
- **Reduce an additional 33 vacant positions**
 - Total reduction from FY13 to FY14 of 37 positions
 - \$2.1M recurring reduction
- **Reduce recurring contract & operating costs**
 - PA/TC Fees, contracted services
 - \$1.6M recurring reduction
- **Utilize fund balance for 9 DROP positions being vacated in FY14**
 - \$0.8M recurring reduction

10-Year Funded Positions Trend



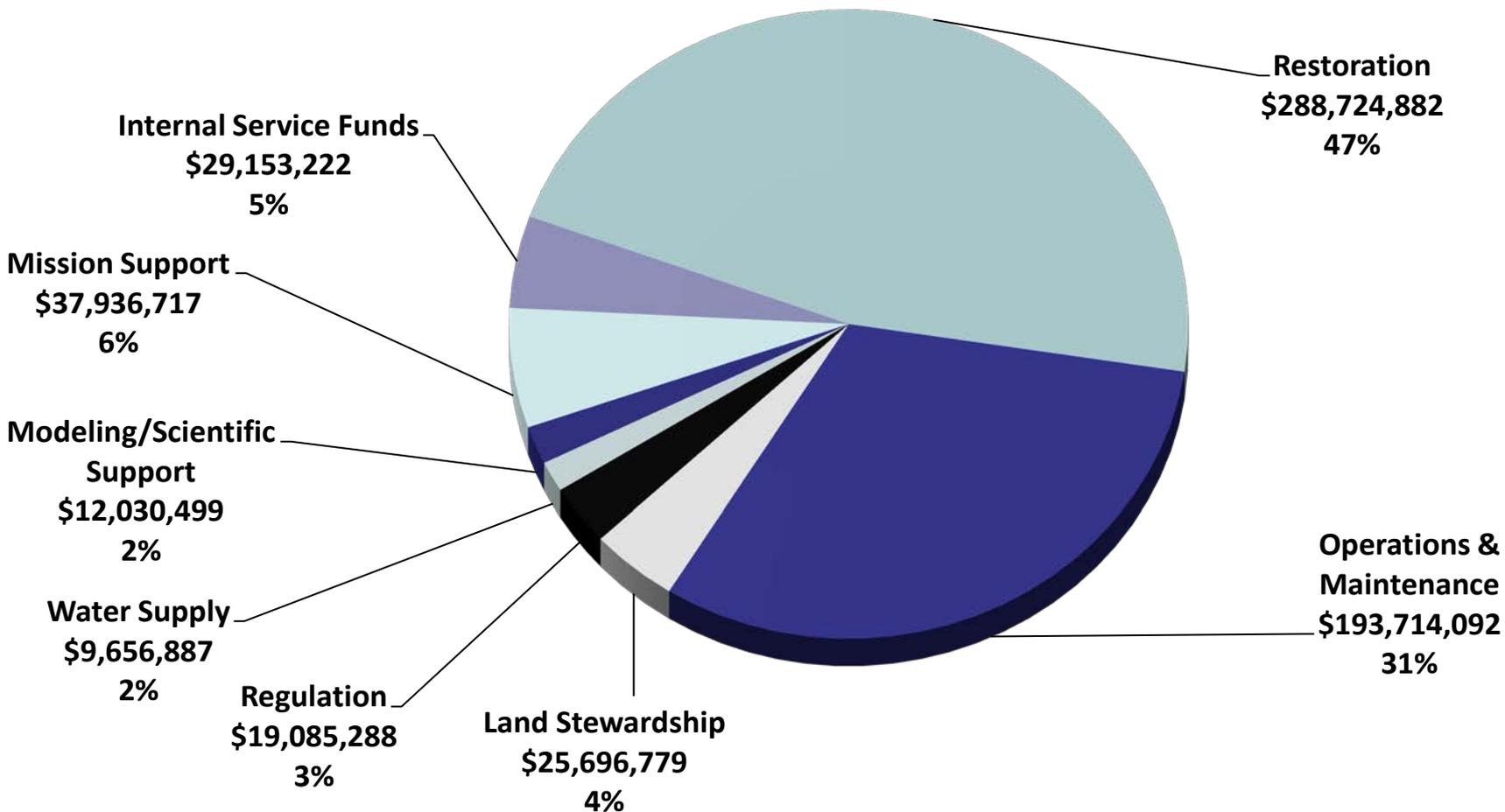
FY14 Tentative Budget Update Revenues

**FY14 Tentative Update
\$615,998,366**



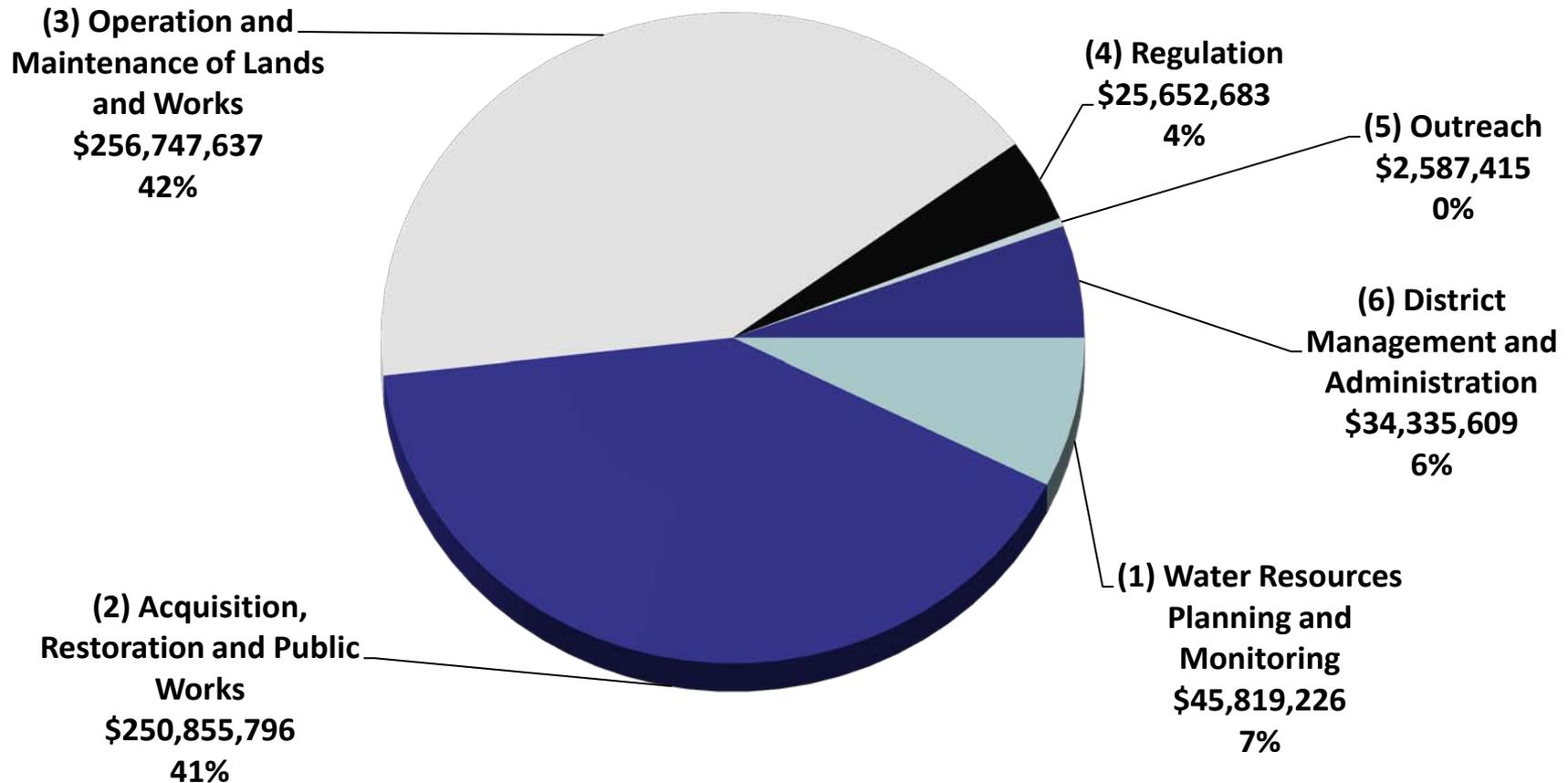
FY14 Tentative Budget Update Expenditures

FY14 Tentative Update
\$615,998,366



FY14 Tentative Budget Update State Program Expenditures

**FY14 Tentative Update
\$615,998,366**



Salary Considerations

16

- **No salary increase or bonuses in last 5 years**
- **CPI increase of > 11% during same period**
- **January preliminary budget included:**
 - **Base pay adjustment of 2.5% for craft field employees who perform flood control operations and maintenance**
 - **Estimated recurring cost \$442,000**

Current Budget for Pay Adjustments

- **Have maintained the 2.5% base pay adjustment for craft field employees**
 - **Applies to craft field employees who have one year of service as of October 1, 2013**
- **Have added to budget based on legislative action during 2013 session:**
 - **One-time bonus to all other employees who have one year of service as of October 1, 2013**
 - **\$1400 for employees making < \$40,000**
 - **\$1000 for employees making > \$40,000**
- **Goal to make recurring in FY15**

Self Insured Benefits Costs

- **Insurance/benefits costs**
 - **Claims costs have not gone down despite changes in plans**
 - **Actuarial analysis/projections**
 - **Age of member population above norm**
 - **Claims Trends: Medical 6-7% average annual increase; Pharmacy 9-10%**
 - **Employee contribution rates are lower than typical for governmental employers**
 - **Rates have not increased in 5 years**
 - **Benefit plans more robust than currently considered typical**
 - **Plan designs should be reviewed – deductibles, out of pockets, copays**

Self Insured Benefits Cost Trend

	FY2010	FY2011	FY2012	FY2013 (Proj.)	FY2014 (Est.)
Self Insured Cost	22.9	26.3	25.4	26.6	27.7
FY14 Proj. Cost	27.7				
FY14 Prelim. Budget	22.7				
Shortfall	(5.0)				
Employee Contributions	1.2				
Plan Design Changes	1.5				
District fund balance	2.3				
Total	5.0				

Fall Open Enrollment

- **Because we are self insured, need to focus on additional education of our employees**
- **“Educated consumers” can do a number of things to help reduce our costs:**
 - **Consider urgent care facilities instead of going to the emergency room by default; in many cases an urgent care center can address medical needs at a lower cost**
 - **Fill prescriptions as generic wherever possible**
 - **Take advantage of the prescription mail order program**
 - **Take advantage of the new CIGNA program for “maintenance” drugs (free with mail order only)**

Key Dates

- **Today: District Governing Board FY14 Budget Update and approval of proposed millage rates**
- **July: Complete county appraiser millage certifications**
- **August 1: Complete and submit FY14 Budget report to Governor and Legislature**
- **September 12 & 24: Two public meetings to adopt tentative and final millage rates & budget**

FY14 Proposed FY14 Millage Rates

Proposed Millage Rates – Current Rolled Back Rate Calculations

Millage Rate	FY13 Adopted	FY14 Rolled Back	Recommended	% Change from Rolled Back
District-wide	0.1757	0.1685	0.1685	0.00%
Okeechobee Basin	0.1919	0.1838	0.1838	0.00%
Everglades Construction Project	0.0613	0.0587	0.0587	0.00%
Total Okeechobee Basin	0.4289	0.4110	0.4110	N/A
District-wide	0.1757	0.1685	0.1685	0.00%
Big Cypress Basin	0.1633	0.1593	0.1593	0.00%
Total Big Cypress Basin	0.3390	0.3278	0.3278	N/A

Staff Recommendation

- **Adopt rolled back millage rates for certification to county appraisers for Truth in Millage compliance**
- **Currently calculated as:**
 - **District-at-large 0.1685 mills (0.00% above rolled back rate)**
 - **Okeechobee Basin 0.1838 mills (0.00% above rolled back rate)**
 - **Everglades Construction Project 0.0587 mills (0.00% above rolled back rate)**
 - **Big Cypress Basin 0.1593 mills (0.00% above rolled back rate)**

Governing Board Discussion/Guidance