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Miami Commission passes controversial budget

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PATRICK FARRELL/MIAMI HERALD STAFF

From left, Miami police officers L. Sanchez, B. Lanier, J. Perez, and David Patton listen to speakers at Miami City Hall for the Miami Commission's first budget hearing for 2011, Tuesday.

Miami commissioners passed the city's most acrimonious budget in years early Tuesday morning, using fee hikes, fines and pension cuts to balance the books while facing raw criticism from union members chiding the commission's actions.

Union members cited a lack of leadership, questioned money used from the city's redevelopment agency to level the books and alleged the administration misled the public on pay cuts.

Commissioners, for the most part, sat and listened.

Earlier Monday, commissioners passed a series of fee hikes and fines setting the stage for the 2:30 a.m. budget approval. Also used to balance Miami's \$499 million 2011 operating budget: \$23 million in reserves, an emergency withdrawal that leaves a city once flush with \$141 million in rainy day money with just \$16 million.

Tuesday's vote means a higher tax bill for about one in five in a city of 127,000 homeowners. The city's property tax rate is \$8.64 for every \$1,000 of property owned, a 33-cent increase caused by obligations from a bond voters approved this decade. The owner of a \$200,000 home that retained its value would pay an additional \$62 in taxes.

But the most hotly contested issues involved pay.

A month ago, facing a \$105 million shortfall, the commission ended a battle with its unions by slashing \$72 million in salaries and pensions and increasing healthcare costs \$8 million. City leaders had blamed Miami's financial woes on union contracts commissioners approved in 2007, which were filled with multipliers that caused salaries to rise and, by extension, pushed pensions upward.

The city's pension obligation in 2011 is \$101 million, more than one-fifth of its entire operating budget.

Monday night, dozens of police officers and firefighters challenged the commission. Last year, firefighters gave up raises of up to 10 percent to help balance the current budget -- a concession they say was met with more cuts.

"You, yourself Commissioner [Marc] Sarnoff, could not balance your office budget," said Fire Capt. David Duenas, citing an aborted attempt by Sarnoff and Commissioner Richard P. Dunn II to transfer redevelopment money to prop up commission budgets.

Dunn stepped in, saying: "I just hope we don't allow this to be personal."

Firefighters questioned the city for imposing a rarely used state statute called "Financial Urgency," which gave commissioners the ability to rewrite union contracts for one year.

The police and fire unions have filed lawsuits, alleging unfair labor practices.

"I put my life on the line, dodging bullets," said Miami Police Officer Ryan Smith, his voice breaking. "And you're going to sit there and take my livelihood from me when I can't even afford it now?"

David Patton, a 22-year officer, called the pension cut "devastating," and said, "You spend your whole life planning around it, and then it's taken away at the end."

Led by Commissioner Frank Carollo, commissioners also found \$500,000 to begin a trust fund for city employees who suffer hardships from the salary cuts -- such as the possibility of losing a home, or a serious medical mishap. They agreed not to put the program in place until a system is devised on how exactly to spend the money.

Commissioners asked City Manager Carlos Migoya about alternatives to the pension cuts. Migoya said layoffs would have been across the board -- from parks and recreation, to police and fire, to solid waste.

"We would have had to at least lay off no less than 1,300 employees," or about one-third of the city's workforce, said Migoya.

Beyond the pension and pay cuts, commissioners believe they fixed the city's financial puzzle by installing a host of fee and fine increases and money transfers to close the remaining \$25 million hole.

Those votes took place during a pair of meetings before the public budget hearing began. In one meeting, commissioners voted to transfer Community Redevelopment Agency money meant to improve impoverished neighborhoods.

The 2011 budget is predicated on a red light camera ordinance expected to bring in \$8 million. Also, business operators will pay a \$250 fine after a third false fire alarm, and permit fees for large-scale residential and commercial developments were increased by tens of thousands of dollars.

A series of fire inspection fees will increase by hundreds of dollars, and renting the parking lot at Miami Marine Stadium will rise from \$1,050 a day to \$2,000. The city also hopes to collect \$1.4 million from a vehicle impoundment program, another \$1 million from a \$15 increase in the city's garbage fee, and \$500,000 under an agreement to mulch other cities' garbage.

Even fees for not following certain green initiatives were increased.

Most of the fee and fine increases passed 3-2, with Commissioners Francis Suarez and Frank Carollo in the minority.

Another key piece of the budget fight was the transfer of \$10.4 million in redevelopment funds to the general fund. Money from Community Redevelopment Agencies is highly restricted, but the city contends the \$10.4 million comes from past projects and was always intended to be paid back.

Frank Schnidman, a professor at Florida Atlantic University and one of the top CRA experts in the state, questioned the transfers.

"Where is the paper trail that shows that this was the intent of the parties, rather than just another effort to

steal redevelopment money from the poor to fund pet projects of elected officials?" asked Schnidman.

Miami City Attorney Julie Bru said the transfers were legal.

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