

City of Coral Gables City Commission Meeting
Budget Workshop
July 8, 2009
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Donald D. Slesnick, II
Vice Mayor William H. Kerdyk, Jr.
Commissioner Maria Anderson
Commissioner Rafael “Ralph” Cabrera, Jr.
Commissioner Wayne “Chip” Withers

City Staff

City Manager, Patrick Salerno
City Attorney, Elizabeth Hernandez
City Clerk, Walter J. Foeman
Deputy Clerk, Billy Urquia
Finance Director, Don Nelson

Public Speaker(s)

Camille Tharpe, Consultant with GSG

[Start: 9:13:09 a.m.]

Mayor Slesnick: Good morning everybody, we are gathered here together on July 8, 2009 for our Budget Workshop. I'd like to start today by asking everyone to take a moment, have a moment of thoughtfulness about our country. We did just celebrate our birthday of our nation on Saturday, July 4th, and thought today we would start off by thinking about the great freedom and the great liberty that we have and the wonderful country; and as you look around the world, you know that we are a very fortunate people. And for those of you who may know the Reeves family, Mark Reeves, mother Anita Reeves, who has been a part of this community for a long time has died this last couple days, and we send our condolences to the Reeves family. On a bright note, I just want to say take a look at what's happening around you. I just came from the Biltmore Hotel where we are welcoming the Eighteenth Annual Latin American Congress of Ports, with Port Directors from all over Northern America, Central, South America and the Caribbean basin; and its wonderful they chose Coral Gables as a place to meet, and even though the port is not in Coral Gables, but the Port of Miami which is the sponsoring port chose the Biltmore in Coral Gables for its ambience and its accommodating facilities, and the City's accommodations. With that we are here to discuss, what we will be doing by the way, this will be a presentation by the City Manager, and his staff of the Budget Proposal for 2009-2010. Today is not a public hearing, this is a day for the Manager and his staff to present to us; we will be asking questions that the Commission has, or making comments that the Commission has. At that point for the next month and-a-half this Commission, the Manager and the staff will be going through details, working out details, and circulating whatever materials, interacting with employees and residents; and in September there will be two public hearings, at which time the

Commission will consider the adoption of the budget. There will be one consideration today, Madam City Attorney, is she here?- yes, there you are; we will be considering setting a proposed millage rate today. Mr. Manager it's all years.

City Manager Salerno: Good morning Mayor, Commissioners, I don't want to take your time restating the budget message introduction that you received on July 1st, but needless to say the City is in a precarious situation today. The result of several factors, not the least of which is the faltering economy that will likely continue for some time before gradually improving. It is absolutely imperative that the appropriate corrective actions, measures as tough as they may be are taken now to guide the City back into calm waters. I would like to suggest this morning, that you look at this document, not as a proposed budget, but as a doctor or physician's prescription, or treatment regime designed to achieve financial health for the City. This prescription has many moving parts as you'll hear from Don as he goes through the numbers this morning, and therefore the need to have flexibility in the millage rate to deal with these changing situations as the Mayor said could develop over the next nearly three months before final budget adoption occurs. Following the presentation by Don, Camille Tharpe of GSG will provide an overview of the fire assessment program for you all this morning. With these difficult corrective measures behind us, I am enthusiastic about the City's future. I'd like to say that you have my personal commitment that we will make the community proud of how our continued dedication to the heritage and tradition of Coral Gables adds value to our citizens, that we are an organization you can trust and believe in, and one that you can admire for the good that we do and the future direction toward which we steer. Don would you begin?

Mr. Nelson: Good morning Mayor, Vice Mayor, Commissioners, City Attorney, City Manager, City Clerk and all the members in the audience. Welcome to the 2009-2010 Budget Workshop, I will go through the numbers and take questions from the Commission as you wish. The Budget Summary, I am going to go through quite a few numbers so here we go: Annual revenues for the City, our Annual Budget or revenues \$150,239,527, we are transferring from the reserves from the Retirement Fund \$127,683, and this is to cover the administration for the retirement system; also we are transferring from reserves Sanitary Sewer Fund \$506,412, this is to provide for capital projects for the Sanitary Sewer Operation; total revenue for this year's projected budget for 2009-2010, \$150,873,622. On the expenditure side, expenditure for Operating Expenditures, \$129,885,783; Capital \$13,675,000; Debt Service \$6,945,752, the debt service is our principal and interest payment on all of our outstanding debt; total expenditure \$150,506,535, we are transferring to reserves or increasing our reserves in the Roadway Improvement Fund, \$931, and in the Stormwater Utility Fund, we are increasing reserves \$366,156, for a balanced budget total expenditure of \$150,873,622, total revenues and expenditures. What changed the budget?- revenues; revenues as you can see we are getting a significant increase in our revenues from two large areas, debt service, new debt that we are projected to issue next year, this has not been issued yet. For the Coral Gables Waterway, the dredging project, \$2,635,000, that is money that we will borrow to do the Coral Gables Waterway dredging project; Coral Gables Museum will also issue debt for \$3,525,000, or increase our new debt proceeds, \$6,160,000. We are also receiving grants, this is grant proceeds from State and Federal grants from the Sanitary Sewer, this is for our lift stations, we are getting \$1, 250,000 next year which has been committed, and also for the Coral Gables Waterway, we are getting paid a grant for \$2,200,000, and as I mentioned earlier, we are issuing debt, \$3.5 million which is our share of that project, total

project \$5.8 million Waterway Dredging Project. Property Tax in the budget: when we submitted this budget estimate we project a millage rate, and it will produce \$1,291,000 above the current revenue that we are receiving this year, that is additional revenue. However, that's changing I'll get into that later, because the value of property changed from the day we prepared this budget to July 1, but I'll talk about that later. The Fire Assessment Fee: we are going to be discussing that later on; the Fire Assessment Fee is a new revenue source of \$1,500,000; Parking Fees – Parking Fees are increased in revenue, \$644,395; and this is a result of increasing the meter rates from one dollar (\$1.00) to one dollar and twenty-five cents (1.25) per hour, and also increasing the permit, the monthly permit fee five dollars (\$5.00) for every monthly permit. The Residential Waste Collection is increasing our revenue \$800,000, this is a result of increasing the annual garbage rate from \$610 to \$685, or a \$75 a year increase; and this still only provides, we still have to provide a twenty-four percent (24%) subsidy from our General Fund. It still does not capture a hundred percent of our operation for the waste collection. If we were to charge a hundred percent of our waste collection our rate would have to be \$936 to recover the cost of a hundred percent of what we are charging. Our recommendation is \$685 a year. Stormwater Utility Charge, \$565,000 increase, and this is going from \$5 dollars a month to \$6.70 a month for the Stormwater Charge that Miami-Dade bills on behalf of the City of Coral Gables customers. This will provide the revenue to cover the debt that we will be issuing that is a part of the Coral Gables Waterway Canal Project Dredging. So we are issuing the debt, we are going forward with the project, we are also getting the grant money for that Coral Gables Waterway for that very important project, and of course with that we are increasing the monthly rate to cover that debt service in the Stormwater Fund. The Emergency Rescue Service Fee – you can see an increase of \$504,000 above this current year's revenue, significant increase in revenue. This is for Residential and Non Resident Emergency Rescue Service Fee. As you know we charge for non residents, we are adding the resident rescue fee service in our fee structure; this also is changing the fee amount from \$310 that we charge to match the Miami-Dade County fee of \$425 per rescue, so it will be going from \$310 to \$425, matching Miami-Dade's rescue fee structure. We are also looking at a pledge from the Coral Gables Museum each year of \$500,000; there is a written commitment for a \$2,000,000 pledge with a receipt of \$500,000 each year, that will go to repay the debt that we will be issuing of \$3.5 million, that is a \$500,000 pledge that we will receive this year. We are expecting to receive \$500,000 this year that the Museum has that will be transferred to the City. Franchise Fees – Solid Waste/Roll-Off, the Commercial Solid Waste and Commercial Containers: we have a franchise agreement with the carriers for the commercial, and our current rate for roll-off is twelve percent (12%) franchise fee, we are recommending that to go to twenty-two percent (22%), and solid waste is currently seventeen percent (17%) franchise. We are recommending that to go to twenty-two percent (22%), that is consistent with other cities; City of Miami has a twenty-two percent (22%) rate, we are matching and being consistent with that; that would be a \$320,000 increase in revenue. Our Business License Tax we went through that yesterday, it's a five percent (5%) every two years, Dade allows us to increase the Business Tax, that's \$134,000 increase; and our Utilities Tax for Telecommunications is up \$100,000 and that's due to activity, increase in telecommunications; False Alarm Fee is up \$95,000. We are recommending a \$5 increase in our False Alarm Fee, currently its \$50 for the first false alarm, \$100 for the second, actually the first two are free, the third is \$50, the fourth is \$100, and then it goes to \$200, that would increase by \$5. Those were the increases. Significant Decreases: As I mentioned during the Mid-Year; the Mid-Year our revenues decreased significantly, that trend is continuing to occur; these numbers that I'm presenting are all from

Mid-Year Projected Revenues and Expenses, and now we are projecting into next year. So even though we had a significant decrease at Mid-Year, we are expecting an even further decrease when we go into next year's proposed budget, which I'm presenting right now. You can see all the negative numbers as we go down, these are decreases and recurring revenues that the City receives. Gasoline Sales Tax – this is for roadway improvement, \$25,000 decrease; State Sales Tax – as you know State Sales Tax sales in the State are down, all the City's receive a share of that, unfortunately we don't receive a direct portion, we receive a proportionate share of State Sales Tax from the State of Florida, down \$29,000; Transportation Sales Tax – and this goes for our Charlie Operation, its down \$55,000; State Revenue Sharing is down \$75,000; Recycle Materials – we even send our recyclable materials to a recycling, the market for that is down \$80,000; Sanitary Sewer – this activity is down \$146,000, and our Construction Fees – this is regulatory fees that we charge, and Board fees, and Planning and Zoning fees and so forth, that's down \$196,000 as related to the construction industry; Utility Tax on electric is down \$200,000; Recreation Fee – even though we had a five percent increase in fee structure in the recreation area, we are still down \$211,000 in recreation because of activity; people are not registering, therefore the activities are not there. We are projecting a decrease for next year; Franchise Fees – electric down \$250,000; Fines – parking traffic fines, less traffic fines, we are down \$259,000; Construction Permits – one of the largest decreases in revenues; as you know the construction related industries, permits are down significantly \$672,000 decrease in our construction permit; and our Investment Earnings is down \$1,000,000, and that is due to decreased fund balance and decreased rates that we are getting on our investments; and then other revenues are down \$86,000. Total revenue decrease, \$3,336,429, compared to the revenue increases of \$8,375,773. So a total revenue \$12,727,553. On the expenditure side, I just talked about the revenues, where are the expenditures for next year's 2009-2010 budget? Broken down into three main categories, Operating Budget: this operates the entire City; the Operating Budget changed from a Mid-Year Level, \$138,664,532 to a new proposed budget of \$129,885,783, or an \$8,778,749 decrease in our operating, huge decrease in our operating expense, and I'll show you where those occur in our Operating Budget. As you can see on our Capital, we are investing a large amount of capital infrastructure in the City; very well needed, we talked about the Waterway, and I'll go through the actual Capital Budget. We are increasing our Capital Budget \$8,888,000. So our Operating is going down significantly, but our Capital is going up, that's why our budget basically relatively stayed the same; and our debt service requirement is going up \$770,761, and that's due to the increase of new debt for the Waterway and the Museum. What were the significant changes on the expenditures?- what resulted in that significant decrease of \$8.7 million decrease in our operating cost? You can see that our personnel budget, our personnel budget for salaries decreased \$4,394,643, that's a result of position reductions, reduction of staff, of part-time staff, \$4.4 million reduction of salaries; Overtime – significant reduction \$1,512,886 reduction, this is primarily in Police; they went from \$2,396,000 to a budget of \$1,471,000, a \$1,000,000 reduction in the Police budget; and Fire went from \$530,000 to \$50,000, significant reduction of overtime. Employee Benefits – also retirement; retirement down \$1,273,059; FICA \$259,985 down because salaries are down, therefore FICA taxes are down; Workers Compensation continues to go up because of our past activity \$571,453; and Health Insurance is up \$72,022. Our total personnel budget decrease, \$6.8 million decrease, significant reduction in our operating and personnel costs, recurring expenses going forward to reduce...Other reductions – as you know we went through every department, we had every department review their operating budget, significant cuts throughout every department in operating, not only in personnel but

operating cost, and you can see contractual services are down \$710,000, that primarily due to outside building inspections, contractual services outside; equipment replacement is primarily in the Information Technology area down \$491,667; equipment additions are down again primarily in the Information Technology area \$219,987; employee training throughout the entire City down \$213,515; repair of equipment \$196,858; advertising is down \$152,173; minor equipment down \$131,733; court investigation \$101,504 down; water and utility services down \$92,500; repair/maintenance of buildings \$89,440 decrease; building materials \$82,600 decrease; uniforms \$81,918; telephone services even down. We are tightening up and reducing our telephone services and lines \$64,823; janitorial services has been reduced \$50,000; office supplies down \$50,000; other operating items \$34,316. Two items that are increasing, Florida Power and Light Electric, \$250,000, or a \$2.5 million budget for electric and this is for our street lights and our facilities; and then Minor Motor Equipment Fleet Replacement: we are increasing our fleet which is a very good that we are adding \$531,350, and this is to provide a new rescue truck that cost \$250,000, emergency rescue truck, and a new bucket truck for \$140,000. So our operating cost is \$1,981,651 down. When you combine the operating and the personnel cost budget, we are reducing our operating budget significantly by \$8.8 million, huge decrease. On the Capital, we are investing in the City; we are investing significantly \$13,675,000, and you can see where we are recommending the improvements to be. Public Safety Building Improvements, \$675,000 into our public safety building on Salzedo; the Country Club of Coral Gables, the parking lot resurfacing, \$40,000 to complete the parking lot at the Country Club; the building next door 427 Biltmore Way, we need to termite that building for \$10,000, and replace the window treatment, the complete windows at that building 427, for \$50,000; we also need to termite this building, City Hall needs to be termited for \$15,000; the Miracle Theatre roof needs to be replaced \$80,000; the Biltmore Golf Course we are having environmental remediation at the Biltmore Golf Course fertilizer containment area that we are going through right now, and doing the assessment, that's \$350,000 at the Biltmore Golf Course...

Commissioner Cabrera: Mr. Nelson, stop for one second; Mr. Manager, yesterday Mr. Kerdyk had an interesting point when we were talking about the roof issue that we were discussing that contractor that was getting ready to put out some sort of complaint against us or bid protest, and Mr. Kerdyk suggested that we look at compiling and consolidating all of our roof repairs into one particular contract to be able to improve the economies of scale and get a better price. Here I am looking at roof repairs in terms of capital projects, and right now I see Miracle Theatre roof and there was another roof here, the Miracle Mile roof...

Mr. Nelson: 286 Miracle Mile.

Commissioner Cabrera: And I'm willing to bet you if you talk to the Fire Fighters Station 3 probably still has leaks from the \$30,000 roof repair that took us two years to do; is this something that staff would then consider?- because I think Mr. Kerdyk had a really valid recommendation.

City Manager Salerno: That's correct and that's why I responded in the affirmative that we would. I know exactly what was in the capital project, I approved the list.

Commissioner Cabrera: So this could be lowered?

City Manager Salerno: Excuse me.

Commissioner Cabrera: This could in fact between now and say first budget and/or second budget hearing could come down based upon pricing?

City Manager Salerno: Yes, yes.

Commissioner Cabrera: OK, I just don't want staff to overlook this one, this could represent some substantial dollars.

City Manager Salerno: Yes sir.

Commissioner Cabrera: Thank you. I'm sorry Mr. Nelson, if I didn't mention it now I would...

Mr. Nelson: No, that's a great...because it was mentioned by Vice Mayor Kerdyk to combine the roofing projects and we have now three projects, two proposed for next year and one this year. So you go out for a bid, you can get a significantly good price.

Vice Mayor Kerdyk: Mr. Nelson let me just ask another question outside the roof issue in the spirit of trying to save money. The Biltmore Golf Course environmental remediation is that something that is being forced on us to do this year or what is the rationale for us to move forward on that.

Mr. Nelson: This is an issue that has been around for many, many years, its actually a fertilizer garage that over the years fertilizers and chemicals were kept in this garage and DERM has been assessing it, and now its time to actually do the remediation, that's significant taking out the ground area because the contaminants have leaked out in the concrete area and went into the ground. So this is a requirement that is placed on us by DERM.

Vice Mayor Kerdyk: So they are telling us now we need to do this.

Mr. Nelson: We need to do this.

City Attorney Hernandez: It's either move forward or face fines.

Vice Mayor Kerdyk: Pardon me?

City Attorney Hernandez: It's either move forward or face fines.

Mr. Nelson: We are at that point; we have been pushing this off for years, I remember this containment area has been in for many, many years in our capital project, pretty much on the assessment side of it, now we've done the assessment, we know the issue, now its time to correct it.

Vice Mayor Kerdyk: So we can't push it off, is what you are saying.

Commissioner Withers: We slabbed several years ago.

Mr. Nelson: That was for a new slab, you're right, and that was for a new area, this is from the old fertilizer pesticide area, but you're right.

Mayor Slesnick: This is an area that is not in use anymore, we now have a better, more modern area, we got to clean up the old one.

Mr. Nelson: Yes, we built a new area to have the fertilizers will meet the standards of keeping that kind of material, you're right Mr. Mayor.

Commissioner Cabrera: Let me go back to the roofs for a minute, sorry. How are we paying for yesterday's decision to allow the staff to negotiate with the bidder on the roof?- how are we going to pay for that?- where is that going to come from?

Mr. Nelson: That was for the Country Club and we did appropriate funds at the Mid-Year for the roof improvements, and not only did the Commission approve for the roof improvements, if you remember it was also for termites...

Commissioner Cabrera: Yeah, yeah, where is it coming from?- I understand we approved it.

Mr. Nelson: Oh it's a General Fund transfer to capitals, yes; General Fund is paying for that.

Commissioner Cabrera: So that will be applied from current budget?

Mr. Nelson: Yes. We appropriated those at Mid-Year, the roof improvements will be part of this year's budget, and we are talking about roof improvements for next year's budget. OK. The Alhambra Water Tower: we are also hardening that structure, making that sound, the Alhambra Water Tower \$150,000; also Street Improvements: as you know our street improvements generally has been funded out of the Roadway Improvement Fund, which is a dedicated fund, we are adding \$300,000 through out capital projects which is funded from our General Fund \$300,000 to do street resurfacing. This is an addition, you will see down below Roadway Improvements \$780,000, so we are enhancing our street paving program by \$300,000, where before our Roadway Improvement all went into resurfacing and curbing, because that's a dedicated fund that we get from Roadway Tax, Gas Tax, so we are enhancing or increasing the resurfacing of the streets in the City. The Coral Gables Museum Building: as I mentioned before, \$3,525,000, we will be issuing debt for that, that is a capital side; total capital improvements \$5,235,000; Roadway Improvements, \$780,000: that again comes from the Gasoline Tax for roadway resurfacing and curbing; Stormwater Improvements, \$4,960,000: that is for the Waterway Canal Dredging Project, which will be \$4,810,000, again from grant proceeds, the stormwater also has \$150,000 for other storm drainage improvements to reduce the build up of water in the streets; Sanitary Sewer Improvements: you see where we are also increasing our capital funding into the sanitary, continuing that \$2,700,000. Again, we are going to be doing lift stations downtown, and the fourth and last phase of the Old Cutler Force Main on the very southern section of the Old Cutler Road, that would be the last section of that.

Commissioner Withers: Before you leave capital improvements, I need some help on the accounting principles on this. Why are the projects above listed and totaled?- and why is Roadway, Stormwater, and Sanitary Improvement listed individually and not as part of the capital improvement project?

Mr. Nelson: Right, good question – the \$5,235,000, which is listed of all those capital projects, those are all funded from the General Fund, they are from the General Fund except for the debt proceeds, which really throws right into the capital projects.

Commissioner Withers: I understand; you answered my question; and so the other three are dedicated revenue sources coming...so my question is again, and I'm going back to the Museum because I don't want people out there to think that the \$3,525,000 is a new cost to the City; so my question is, we've collected or should have collected about \$1.5 million in grants, State grants, Federal grants, where is...why isn't therefore the Museum shown as a roadway improvement if we have had dedicated income sources from that? You know what I mean?- we had a \$500,000 County grant, \$350,000 State grant, \$150,000 development grant from Allen Morris, \$500,000 from another developer, those were dedicated income sources to the Museum, but they are lumped in as a project proposed as if its an additional, plus on top of that the City is building out about a third of the project for their our internal offices, why isn't that allocated to an office use space like you do other capital improvements when you improve buildings in the City?

Mr. Nelson: The accounting answer is that it has all been accounted for in the Capital Improvement Fund, even the receipts of the State funds, the Museum funds, the County funds, it hasn't been segregated in a fund created just for the Museum, it could because its one project, but we are still accounting for it in the Capital Improvement Fund like all these other projects as a separate line item, but we are showing the sources of revenue from the other sources like you mentioned, State, County, even the donation from the Museum, which is part of the \$2,000,000 donation, that's showing it as revenue; this \$3,525,000 is to provide the funding for the construction with the anticipation that we will continue to receive donations from the Museum that will pay down on this debt that we are borrowing. We are borrowing \$3,525,000 over a ten year period, and that's so that we can complete and pay the contractor and complete the job, but we also expect each year a half a million dollars from a pledge. We also expect future donations from the Museum that will draw down and will pay off that debt quicker than we anticipate.

Commissioner Withers: OK, so each year you are paying debt service, which I'm assuming include some principal over the ten years?

Mr. Nelson: Yes, principal and interest.

Commissioner Withers: So over the ten year period, I'm assuming that as you pay down that debt service there is that principal amount that is allocated somewhere, because you've already expensed the \$3.5 million through...

Mr. Nelson: Right, in other words we are going to go out and borrow \$3,525,000. We are going to take those proceeds and we are going to pay the contractor, because the building...

Commissioner Withers: So that's on the debit side, I understand that.

Mr. Nelson: Right, then on the revenue side, of course we have a principal and interest payment over ten years to pay off this debt, on the revenue side however, which I mentioned earlier, we have a \$500,000 pledge that's actually going to pay down that principal, and we can prepay that \$3.5 million quicker than over a ten year period; there is no prepayment penalty...

Commissioner Withers: I understand all that Don, what I'm saying is you are paying down the interest, I understand, and you are also paying principal, what are you doing with that principal money that's being paid, where are you putting that?- is that going...

Mr. Nelson: Well the principal money is the proceeds, that's the revenue, that's what I mentioned earlier as revenue proceeds coming in; the expense side is paying the contractor, those are the two, the revenue coming in, when we go out to the market that'll come in, then where it goes is to pay the contractor, so it comes in, it goes right out. Then we have a mortgage, the \$3.5 million mortgage let's say, or debt; we are going to be paying that over ten years, that's the expense, then on the other side I'm expecting an income to pay for that mortgage every month, which is principal and interest over ten years, and which is \$425,000 per year, and I'm expecting over that amount of \$500,000 to pay that down.

Commissioner Withers: And then the amount that you allocate each year to facility usage, because I'm assuming that Historic Department, Preservation Department is going to be taking up about thirty percent of the building will be paying into a...

Mr. Nelson: Correct. Their portion, Historic Preservation will be occupying a portion of that building and the City is obligated to pay for those operating expenses, and those are in this budget also for next year, we proportioned for electric and facilities and our share of the space.

Commissioner Withers: OK, we can talk. Thank you.

Mr. Nelson: And you pointed that out very well that the capital improvement fund is a fund in itself with all these projects, the Museum being one of the many projects as you can see, but the Roadway, the Stormwater, and the Sanitary Sewer are dedicated, they are from specific revenue sources to pay for those capital improvements. Personnel Costs: one of our biggest cost of course, other than the actual cost of salaries and the second biggest cost is our Retirement System Funding, and you can see that over time, we started back in 2001 with a funding of \$4.8 million and that's grown to this current year of \$24,819,115, we are showing for next year the funding for the retirement system of \$23,546,056.

Commissioner Cabrera: You've got to help me there.

Commissioner Anderson: Yeah, you've got to break that out for me at least.

Commissioner Cabrera: Ms. Anderson wants you to break that out, I want to know who in the world would make such a low projection given the condition of our financial markets, because I have no clue as to what goes on in the financial markets, and I'm projecting a \$40,000,000 contribution next year.

Mr. Nelson: Great question.

Commissioner Cabrera: She asked you first for the breakdown.

Commissioner Anderson: Yeah, this is the short term and then I think the long term...

Mr. Nelson: The long term effect unto our pension plan is not good, because of the eroded market, decrease in the equity market, our fund right now is \$194,000,000, that's how much we have current in our retirement system as of yesterday, \$194,000,000. We were at a high one time of \$264,000,000.

Mayor Slesnick: What was our low last year?

Mr. Nelson: Our low was \$151,000,000.

Mayor Slesnick: So we recovered.

Mr. Nelson: We recovered, yes; and its gone... we had a bad March quarter, since the March quarter it actually has improved, yesterday I understand was not a good day on the market, so it fluctuates. The interesting part is its valued as of one day of the year, September 30th, is when the actuary prepares, and whatever that value is at September 30th the actuary report is based on that day.

Commissioner Cabrera: So that 194 is as of September 30th.

Mr. Nelson: No, that 194 is as of yesterday.

Commissioner Anderson: Present day.

Mr. Nelson: Present right now, that's our current value. The funding for the pension plan, and this is how we arrived at the funding. The actuarial evaluation report, which is an annual report we get from the actuary, this current year we are in right now, we are required to fund \$21.5 million dollars, \$21.5-M; the actuary is anticipating, and this was addressed at the workshop that we had with the Commission back on March 24th, but he projected, we asked him the question, what's our projected increase next year for the budget?- because its an important number, he said it will increase \$800,000, that was his best estimate. So we are going from \$21.5-M to \$22.3-M; \$22.3-M is our projected actuarial number for next year.

Commissioner Anderson: Increase?

Mr. Nelson: No, \$22,300,000, increase of \$800,000.

Commissioner Anderson: \$21 plus the \$800,000.

Mr. Nelson: \$21.5-M current year, which is what we fund, plus \$800,000 projected increase, next year, \$22.3-M. The reason why the funding of the \$24,819,115 is more than the \$21.5-M, which I mentioned is because we had to pay back that \$3.2 million, if you remember that was a one time infusion of that this year. Our projected of \$22.3-M, however, the growth and in talking to actuaries around the State that its not only going to go from \$800,000 the following year, its likely to go \$1.6 million or double that in the 2010-2011 year, so we are really projecting for the future, so we need to fund the \$23,546,056 into the pension plan this year, so that we have the ability in funding for the future for the year after that, because the growth of our increase in our contribution is growing out of proportion, greater proportionately than we can keep up with.

Commissioner Anderson: So we have to add more to it in order to keep face?

Mr. Nelson: Yes, we are trying to preserve and have a \$23.5 million level this year, so that the impact for the following year and the year after that won't be as great.

Commissioner Cabrera: But see that makes no sense to me because in 2008 we really did not experience the financial downturn that we are facing today, and I see everyone's 401K plans, and I see everyone IRA's, and I see everyone's self-employment pension plans come down as much as seventy percent (70%) in performance, I can't fathom how the increases only going to represent \$23,546,000, I just can't, I'm sorry.

Commissioner Anderson: Is it because it's amortized over a period of time.

Mr. Nelson: It is amortized, yes; there is a lot of factors in the calculation in the annual evaluation report, the most significant is they use a five year averaging of investment. So we are actually benefiting from the years before when it was good years, and then when the bad year hit it throws our increase off. We pay for that over a five year period; we won't be getting out of this for a period of time.

Commissioner Cabrera: Is it wrong for me to think that it's going to be \$40,000,000 next year.

Mayor Slesnick: Yes.

Commissioner Cabrera: It is?

Commissioner Anderson: Because it's an averaging system and they try to balance it out so that the increases are proportional.

Commissioner Cabrera: Alright, let's negotiate - \$30,000,000.

Commissioner Withers: Are you saying that if on September 30th this year the market is at \$9,000 we are in good shape, I mean that's the whole...

Commissioner Cabrera: I didn't hear you Chip.

Commissioner Withers: I said on September 30th of this year if the market is at \$9,000 instead of \$8,200 it could even be significantly better than that Ralph.

Commissioner Cabrera: That's true.

Commissioner Withers: That's what I'm saying, its all based on that one...we are working off of 2008 numbers and I guess in September...

Mayor Slesnick: What was the 2008 number?

Commissioner Withers: In 2008 September, it probably was not as bad as it was in November, December, January.

Mr. Nelson: The 2008 number is the \$21.5-M.

Mayor Slesnick: No, no, what was the value of the fund September 30, 2008?- what is the value that this is based on?

Mr. Nelson: The value that this is based on was around 200-201, so we haven't changed much from 2001 to today; that's a good thing, we dropped significantly after September 30th, if you remember.

Mayor Slesnick: So that's an important point; so in other words the projection that's made here is based on a value which is almost similar to what is it today.

Mr. Nelson: Correct – and of course we can't predict the future, but with the five year smoothing, with the market hopefully stabilizing between now and the end of the year, we don't know what will happen, today is a very big day for earning reports and so forth coming out, we can't predict the future, the most important is you can see we have gone through some of the worse years back in 2001-2002, and of course our funding increased significantly, then it only got better and our funding started to level, and now we are starting to edge up again, so it kind of like a constant...but its not going to be spiked up to an incredible proportion that we will not be able to fund providing the market just doesn't drop out...

Commissioner Cabrera: I hope you all prove me wrong, I certainly do, because we will be completely set aside from the rest of the world.

Mr. Nelson: And we are working with not only our actuary, but actuaries around the State that are very, very versed in this area, and we asked what is your best projection, and they stated its not going to get better, it is going to get worse in funding, but the proportion will depend on the market of course, and we are increasing our funding \$800,000 next year, look at increasing that the following year \$1.6-M, and it possibly may go to \$2-M increase for the following '10-'11, and then '11-'12 could be even at greater proportion. So therefore...

Commissioner Cabrera: If its not going to get better as you say the actuaries say, how do we lower the projection for 2010?

Mr. Nelson: Now, this is what I'm going, if I can get into the numbers...

City Manager Salerno: Perhaps, I understand exactly where you are coming from Commissioner; these numbers what Don is talking to you about is the market and the impact as of September 2008, everything runs in arrears by a year when you are looking at funding your requirements, so in September 30, 2008 the market was better than anybody would say it is now or would change month to month. So that gives us a better result than you would look and experience if you thought about the market today. What Don is really saying is the way pension funds are financed basically is when the intent is to smooth things out, so you don't have radical changes from one year to the next, so when you have a loss and its safe to predict that the following year will be recognizing some losses, that amount gets smoothed over five years, and the way it works it gradually compounds so...

Commissioner Anderson: So there aren't as many spikes.

City Manager Salerno: So for instance where we are anticipating at least \$800,000 in additional costs direct, next year to recognize the loss from September of 2008, that \$800,000 isn't just \$800,000 continuing for five years, its \$800,000 now, its \$1.6-M next year, its \$800,000 more its \$2.4-M in the third year, and its \$3.2-M the following year. Now that's all that's going to happen regardless of what happens this September '09; and if you anticipate, and everybody is anticipating, that there is more medicine to be had coming up, and as Don said the information that we are getting is it could be one and-a-half times, and that's where you are coming from, its looking bad; one and-a-half times the problem that was recognized for '08 at the \$800,000, very well could be a \$1.2-M problem additional for next year. Now what that means is, if that happens then the following year its not going to be \$1.2-M, the following year its \$2.4-M, just from the impact of one year, and the following year its going to be \$3.6-M. So what happens is the whole way that pension funds work are the smoothing approach so you don't get whacked like you are saying \$40-M, or \$30-M day one, but it does gradually catch up to you.

Commissioner Cabrera: I'm familiar with smoothing how it works, I don't know, maybe I'm too much of a naysayer, but I think of it as going to be sticker shock for all of us, and I'm hoping I'm wrong, like I said I really do, I hope I'm wrong and I've been wrong before and I'll continue to be wrong again.

Mr. Nelson: The five year smoothing helps us when there is a down market because it helps smooth out those spikes, it hurts us of course in an up market because it pays for the past, so its getting better.

Mayor Slesnick: One of the major points to be made here though for all of us to tackle, all of us in this audience from the Directors to the union representatives is that this is approaching now twenty percent (20%) of our operating budget.

Mr. Nelson: Yes.

Mayor Slesnick: I mean that is a fact, that is where it goes from here. Right now we are looking at a little less than twenty percent (20%) of our operating budget; that is a fact that we all have to tackle.

Mr. Nelson: You are correct Mayor, it is the second largest expense in the City other than payroll; payroll is first after that retirement twenty-one percent of our...its huge...

Mayor Slesnick: Which is part of payroll.

Mr. Nelson: And its growing out of proportion that we are not able to have revenues to sustain it, that's the issue, other than having to cut cost to pay for pension.

Vice Mayor Kerdyk: Don, I don't need you to explain it to me right now, just the final discussion with regard to spikes in the retirement system. If you look at the past years we have had significant spikes between 2003 and 2004, and maybe not so much 2004 and 2005, and even 2005 to 2006, there has been some significant, significant spikes, and off-line at some other time I want you to go through that with me and tell me what the difference was at those points as opposed to now.

Mr. Nelson: Actually real quickly I can answer; the spikes were a result of the bad market of 2001, terrible market as we are experiencing now, that's a five year smoothing; and the second component is we lowered our assumption rate. If you remember from nine to eight and-a-quarter, eight and-a-quarter down to seven-seven-five, which means we have to fund more into the plan so it's a double hit; we have a five year bad smoothing, and then we also had this requirement a request from the actuary to bring our assumption rate down, so the devil, and as you remember we said we can't fund it all, that's why that \$3.2-M was out there...

Commissioner Anderson: I think...[inaudible – off mike]...doing the right thing bringing in the actuarial assumption in step.

Mr. Nelson: Right, it was a double hit and that's what caused, we don't have the lowering of the assumption, now we are dealing with the lowing of our investment returns. The ten year employee comparison – if you look at Year 2000 we had 830 employees in the City, we at an employee base right now of 828; the current year we had budgeted 870, it's a significant reduction of 42 positions reduced and taken out of the budget, and that's resulting in our personnel cost reduction. The taxable value – taxable value as you know, all values throughout the country especially South Florida decreased. This is the first time ours actually decreased that I can ever remember other than Hurricane Andrew; it decreased a slight time during Hurricane Andrew, then it bounced right back; I have never seen a decrease in our values in my entire budget career. The first number I put under 2008, the taxable value certified last year was \$13,414,845,503, that decreased 2009 to \$12,710,135,969, or a \$704,709,534 decrease, significant decrease in our valuation from last year to this year. The issue of that \$704,709,534 decrease also includes new construction. So if you add in the new construction that actually results back into that number because its already herded, it really is a one billion dollar reduction in our value or seven point five percent (7.5%) reduction in our property values from last year to

this year, significant decrease. The average assessed value translates from, as you can see we historically had an increase in our assessed value, last year it was \$581,573, it dropped \$10,185, not a huge decrease; property values, residential homes stayed very stable \$571,388 for the average assessed value, not market, talking assessed, big difference. The ten year property tax millage rate, you can see our millage rate history going back to 1999-2000 it was 5.5, and we are looking at 5.648 to 6.43, there is a range depending on what transpires today as to changes in the budget. The last page is the change in the property value, and tax revenue...

Commissioner Cabrera: Come back for a minute. So you said this change is based upon what happens today?

Mr. Nelson: Yes.

Commissioner Cabrera: You mean based upon what millage rate we set today?

Mr. Nelson: Yes.

Commissioner Cabrera: So we can in effect, our range is 5.648 to 6.243?

Mr. Nelson: And I'm going to talk about that, I've got another slide that's really good...

Commissioner Cabrera: Oh, they are all good, they are all good.

Mr. Nelson: That gives you ranges; we are proposing a range because if you change the budget or...yes we have so many items in this budget that we have never had before, so that's why that's in there. The change in property tax revenue – on June 1st we received a value of \$12,612,000,000, that was for budget purposes; the good news is on July 1st we received a certified value which increased \$98,000,000, which was very, very good. We actually increased the Property Appraiser's Estimate on June 1st to July 1st of \$12,710,135,969, so as a result we lowered the millage rate from what we had calculated at 5.69 down to 5.648 to produce the same revenue in the budget.

City Manager Salerno: Correspondingly, new construction decreased from the preliminary estimate from \$321,000,000 down to approximately \$300,000,000.

Mr. Nelson: The next slide is what we talked about or what I mentioned, the vote. The State of Florida under what they call, the Truth and Millage, provides a formula that you can have certain votes and you have to have a certain number of votes for setting the millage rate; and they talk about a majority vote 3 out of 5 of the Commission members, you can set a millage rate up to a maximum of 5.675 two-thirds, or 4 out of 5 Commissioners, you have a range, and then 5 out of 5 you can pick any millage rate. The last slide is the Fund Balance, very important, we talked about this Mid-Year. We have a fund balance as of September 30, 2008, we just released our Annual Financial Report, it did not change, it's a General Fund Reserve of \$9,195,207, it actually increased \$9,431, the most important thing this is how much we had as of September 30, '08. However, we are in a very difficult year this year as you know; at Mid-Year our revenues decreased and we projected at Mid-Year that we would be reducing our reserves \$7.6 million out

of the General Fund, now that's if everything continues between now and the end of the year, however, we have done significant things between Mid-Year reducing staff, and freezing, and so forth to mitigate and bring that \$7.6 million down, so we can preserve our General Fund balance. And that's my presentation.

Mayor Slesnick: What's your projection right now with the things we've done as where we'll be at the end of the year with the reserve, I mean ballpark?- \$2-M, \$3-M, \$4-M?

Mr. Nelson: I would say that we would need about \$4.5 to \$5 million from the reserve, its hard to project.

City Manager Salerno: That's not the case, no, Don, I would not use those numbers, that would be....

Commissioner Withers: Until we vote on the millage rate.

City Manager Salerno: Number one, there are other issues that come into play here, revenues that we are not anticipating as of this time receiving for the balance of this year, that's going to offset that.

Mayor Slesnick: I appreciate it could be worse, I'm just thinking even that Don's optimistic that's having our reserves, in other words, if Don was optimistic that's even half of what we have now, is that what I heard?

Mr. Nelson: Yes.

Mayor Slesnick: And I know that the Manager is saying it may not be.

Mr. Nelson: It may not be.

City Manager Salerno: What I want to caution on is the past practice of being overly optimistic in this situation, we should not; I think those numbers are high and that assumes, and I think we have to now assume there would be certain significant non inevitable revenues that will be reduced that will not be coming in that are projected that haven't been addressed for this fiscal year which is going to reduce us further.

Mayor Slesnick: Mr. Manager, I appreciate that very much, but let me say this, we set out as a goal saying that \$10,000,000 was the minimum we should have in reserves, so it disturbs me just as great to just have \$4.5 million as it would to have \$1 million, so it doesn't really matter to me how bad it is, its bad, so I'm saying I agree with you; I understand your message.

City Manager Salerno: I just want only to caution...

Mayor Slesnick: Well its all bad.

City Manager Salerno: Although I would love to see that, I think it's a rosy forecast in that regard, and we shouldn't plan based on that.

Mayor Slesnick: In your budget, in your budget, just give me this fact, in your budget, if we were to adopt every fee that you suggested, and if we were to adopt the millage rate within the range that you suggested, what would our...would we make it back to a \$10,000,000 reserve at the end of next year.

City Manager Salerno: No. It will not increase the reserves. As you saw in the operating expenditures, where the City has added to its Fund Balance principally is at year end, what's happened is in the past, and I'm going back to the past several years, not the past year, you've had greater revenues come in than budgeted, and savings on the expenditure side from vacant positions, etc., that's how you added to your Fund Balance, it build up through a combination of those two things. What we have today is we've taken a tremendous, we've excised out of this budget a tremendous amount as Don has said, \$8.8 million in operating costs, there aren't going to be vacant positions, people are not leaving, we are going to be reducing likely the amount of people; where departments had any flexibility in their operating budgets, it doesn't exist anymore, you saw that list where we are cutting all the flexibility out, so therefore I had a conversation with staff this past staff meeting, and I said those numbers that we are working with, you know what they all are, I said, you need to operate your organizations as those are reality, and that there won't be a bailout next Mid-Year; they are strapped, so when you have tightened it down on the operating side, as tight as we have made it right now, I'll be frankly happy if they can live within those what we've tightened it down to. So if they are able to achieve that and I credit the staff, many of the departments stepped forward willingly, knowing it was going to make their life a lot more harder to manage and do their jobs next year clearly, they stepped forward and accepted and offered meaningful and intelligent cuts, by that I mean, these cuts were not done with a sledge hammer, these cuts weren't an axe, they were done with a scalpel; they were strategically made in these cases, so that we could minimize impact on the citizens; this budget minimizes any impact on the citizens as far as service levels, but what it does we've cut out that flexibility to add to the fund balance for next year; we would have to end, and there won't be savings from staff because people aren't leaving, its very difficult to find another position so they are not leaving. So when we cut out all the vacancies, there are forty-eight (48) fewer positions in this budget next year, approximately forty (40) of those positions are real people; there won't be those salary savings generated as past. So the rules of the past don't apply anymore; you cannot assume adding to it; the range that Don and Mayor you asked that range, the range on the low end is artificial in light of certain revenues that I don't believe we can forecast would be received next year; and it would be up to the Commission to get into, the budget message outlines that on top of the base, and that's what we call it, it's a base to have a discussion its not a minimum that's presented there, but we need to build on that base to provide both shortfall, and we have to anticipate in one case based upon what we are being told of a loss in rent management fees of approximately \$1.91 million; we can't budget, that has nothing to do with the policy decisions that this Commission will ultimately make as to the resolution of those matters, it has nothing to do with that, but we can't go forward at this point and anticipate that revenue for next year. We are not anticipating that, that revenue will be here going forward this year based upon what we are being told at this point and that's how you have to budget for that, that's another factor as to why we won't be realizing that number that Don

talked about. So that has a....point one-six mills to fill that hole, let's say even on a temporary basis. As Don said there are many, many, many moving parts in this; I've looked back at your prior budgets and issues, and you've never had one that had so many issues, and this is not a workshop to adopt any of these revenues that are here before you. You may adopt and I would certainly think that they are all necessary and appropriate, and they are all intended to put the City on a course of financial stability for the future, but if you decide not to adopt any one of them, or all of them, then you need flexibility and that's what that point four mills is to cover. We are in the midst of collective bargaining with two unions, and I'll say publicly here to you all that my discussions with the Fire Union to date they have really stepped up. They took an unprecedented action with a vote to lower their wages, they did it also, I think, wisely, so I credit them with caring about this City, I credit them with making a smart decision and protecting their membership's jobs, because if we weren't able to get concessions I had shared with them that I would have had to recommend a reduction in the neighborhood of twelve (12) to sixteen (16) Fire Fighters in a surgical way to minimize impact on the residents. With that said, we are still in negotiations with General Employees and Police; and recently I think that, I'll just share that the discussions with the Police have been productive, I am nowhere near the point that we will reach an agreement, that may happen, it may not, hopefully it will, if it doesn't that will result in an impasse hearing, but again the dollars that are at stake there in the case of Police are significant, in the neighborhood at a minimum of what's being talked about as the budget message outline, is either a five percent wage reduction across the board or a five percent pension contribution. As we all know they are the only entity that is not contributing to the pension plan today. I would like to get them, and hopefully they will agree to do so, but if they don't if we are not able to come to an agreement at the table, then that will be dealt with before this body and you all will make the call in that regard, and/or that doesn't happen then as I informed them in negotiations, I'm prepared to recommend a reduction in Police staffing of a minimum of twelve (12) sworn positions. It would range from twelve, it could be fifteen, but its in that sort of range not because, because its necessary; likewise we are in negotiations with the General Employees, and they've already absorbed significant reductions of these cuts. You know, it pains me to no end to have to propose these cuts, but we have a responsibility and I don't want to...I think its important for the Commission to recognize that there is real pain going on in this organization, and that pain is not only internal, we are not only taking the medicine, but the medicine needs to be shared for the future of this community, also by the residents. I haven't proposed a millage increase in I can't even remember how long, in fact in my past last thirteen years, I've recommended each consecutive year a property tax decrease for thirteen years. So when I say that these are necessary actions they really are. The long term financial stability of this organization is at stake here, and I simply wanted you to know how...

Commissioner Anderson: Mr. Manager, can I add something. I wanted to tell you that one of the things that was really important that you shared with me was that we needed to mirror the real world and for a long time, we hadn't been mirroring the real world, and that we were going, before we went out to the residents who are in pain that we had to show that we were going to take some of our own hits, whether it be through staff reductions or reductions in salary. So I just want you to know that as a Commissioner who represents people who ask me why certain things happen, I can say that as of right now you and staff have tried your best to deal with us first before he went out, and its really important for the taxpayers to know that we are going to feel

real pain inside and we are going to work our hardest to keep the service levels up, and for that I appreciate it and appreciate the work of staff. I just wanted to thank you.

Mayor Slesnick: I don't think there is any debate if we wanted to cut services we could get on with all this very easily, I'm not sure that's good for the employees or good for the residents, so it doesn't help us; and I think that my goal throughout this is going to be to find in which we can continue to have our employees, continue to put the services on the street, its good for the residents, good for the employees. Mr. Manager, and I thank you for your effort, this has not been an easy task to be hired and to come in and faced with even a long term Manager might not want to be faced with; and I thank the Fire Fighters for their efforts of stepping up to the plate and working with us on this, and I look forward to the other unions working with us as best they can and as best we can; it's a tough job I know, I'm in the business, and I know when you represent a democratic organization as we represent as we are elected to as you all are, its tough meeting the needs of your constituents, and I appreciate that.

Commissioner Cabrera: Can I just say something? Dan and Mike, I really do appreciate it as well, you know year in and year out for the last eight years, we have disagreed at times, but you guys always step up and its greatly appreciated, I'm not trying to grandstand, I'm really just trying to thank you both for your leadership, and your group working with the City. So thank you guys.

Commissioner Anderson: I shared that with them over the phone.

Mayor Slesnick: But I want to say this too, and I've said this publicly, I for one will not vote to reduce any employee's benefits or reduce any numbers if we don't spread any responsibility; I hate to use medicine or pain, but you know, we all are responsible for the City, everyone of us, every constituent, every resident, and by the way we sit up here on this elevated platform, but all we are five residents who for some reason asked for this job, but we are all residents and employees are a part of this family, and if we don't spread this and all share responsibility, then we just need to do that; that's my feeling. We are going to be considering lots of things; some of us will agree on some of them, some of us won't, and some of us will all disagree on some things, just my particular position is that we'll try to make it as residents will take part, employees will take part, everybody will try to be a part of the solution to the challenge, that's not very detailed I know but its...

Commissioner Anderson: I got it.

Mayor Slesnick: OK, thank you.

Commissioner Cabrera: Are we going to...

Mayor Slesnick: Now let me ask the Manager though, Mr. Manager where are we on this?- are we now at the point of questions and discussion?- are we at the point of more presentation.

City Manager Salerno: One more presentation; thank you Don very much.

Mr. Nelson: Thank you all.

City Manager Salerno: Don and his staff have worked diligently and long to get us to this point. What I'd like to call is Camille Tharpe up of GSG, to make a presentation on the Fire Assessment Program, where we are at this stage and our results to date. As you know the proposed budget has \$1.5 million in it now, that is going toward balancing this budget, as a result of implementing this program. We received this information when we hired GSG not very long ago, Camille had told me that this would be the shortest implementation program, study, etc., that she had ever conducted, and they are the principal firm that has probably done almost every single study throughout the State of Florida. When Miami-Dade County went out, put out an RFP to do a rather lucrative study, the study for them in the neighborhood, if they go forward with the program of approximately in excess of a million dollars (\$1,000,000); they got one response, one response for a fee potentially for a \$1,000,000 consulting fee, it was GSG. We naturally got them at a considerable discount from that, but Camille said I asked her to make a commitment to me, and the best she could do was I'll do my best because of the timeframe; this would be the fastest as far as the study and work that has to go through it, and to get us to this point. We received this information at about 8:00 a.m. yesterday morning; I gave copies of it to you last night, so you could peruse it in advance. So with that said as background, Camille.

Ms. Tharpe: Good morning Mr. Mayor and Commissioners, Mr. Salerno is right, it was a pretty fast paced program, and the good news was that we were already working in Miami-Dade County, so we were already very familiar with the tax roll data; and so that the learning curve wasn't there, and also the City staff has been very good and helped us a lot in getting us the information that we needed just as quickly as they could. So I want to thank them for that. With me is Jeff Rackley from my office, and in the back is Ed Dion, he works for Nabors, Giblin and Nickerson, and he is the law firm that your City Attorney has asked to participate in the program should you decide to go forward. So Ed will be here to answer any questions that I can't answer that might be legal in nature. If you like to go I can start with the case law criteria. A special assessment is not a tax, it is a unique creature, it is a revenue source available to cities and counties in the State of Florida through your Home Rule authority; and because it is a Home Rule revenue source, instead of going to the statutes to look how to create a program, we have to go to the case law to make sure that what we develop for any city or county is legally defensible; and there are two criteria that has come out of the case law over the last hundred years, because special assessments believe it or not have been around for a hundred years. In the old days they were used to funding things such as sidewalks and road paving, but the two criteria are that the services and the facilities that you are going to fund provide a special benefit to property, and how you charge each individual property have to be fair and reasonable; and they are very important to know these things as we craft the program, because on the special benefit to property one of the most recent cases that came out of Broward County is the North Lauderdale case, and that North Lauderdale case was decided by District Court in 2000 and by the Florida Supreme Court in 2002; and what that North Lauderdale case told us was that we cannot fund the EMS portion of an integrated fire rescue department. So one of the things that we have to be very careful in doing is isolating the cost, even if its an artificial isolation, the fire versus the EMS services. The fair and reasonable proportion also comes into play all the time because there are many ways to charge people and you and I might have...you might have one way, I might have another way, but even if your way is better than my way, if I can support my method

though findings and data, then the court has said that is fair and reasonable, so long as its not arbitrary. The methodology that we are looking at helping you with is very much like the methodology that we are preparing for Miami-Dade County; and just so you know Miami-Dade County is almost at the same point you all are at even though they started much earlier than you did, they are about to receive a report and we are about to start talking publicly about their program next week and the week after. So you are all around the same time frame. Page 4 – why do cities and counties use assessments?- there are many reasons. It is benefit based not value based; it is a tax equity tool and it cures the tax and equities, and what I mean there is we all know about Homestead and Save Our Homes and all that, and we know that we can have two houses sitting right next to each other in the same subdivision or the same neighborhood, same square footage and those two properties could pay different taxes or different amounts of money for fire services, particularly because of when they bought home. Under this methodology we don't have that problem because those two houses would pay the same.

Commissioner Anderson: In the fire fees is that correct?- yes.

Ms. Tharpe: Special assessments also provide for revenue diversification. It is a dedicated revenue source and some fire departments don't like it, because it really does put the spotlight on their expenditures and what they are doing with their money because they are now then a separate fund and they are having to then come to you and to the property owners and tell them why they are paying this amount. So it's good. It establishes a cost per billing unit for services and facilities; this is really important for governments to know because for the first time you'll know how much its costing you to serve other governments that might be here. In a county situation or if you have a county seat and you've got a lot of county buildings in your city. In Tallahassee for example, it was very, very interesting for them to realize how much FAMU, FSU, and the State of Florida buildings their impact on fire services, and they never knew that before until they went through this program. It is an annual decision...

Mayor Slesnick: Can I ask a question?

Ms. Tharpe: Sure.

Mayor Slesnick: Do they charge those facilities?

Ms. Tharpe: Yes.

Mayor Slesnick: So even though you have non taxable property, you still get charged a fire fee?

Ms. Tharpe: Correct. Now the only difference with the City of Tallahassee is they chose to collect the assessment as a fee on the electric utility though, and I won't tell you that they unilaterally imposed that amount on those properties, it was a negotiation, but they are paying what their benefit is based through the program, its not like they negotiated the amount, they just worked through the process.

Mayor Slesnick: So the State of Florida is paying for all of those buildings?

Ms. Tharpe: Correct. This is an annual decision and assessments are pledgable for debt without referendum, so if you end up having to buy apparatus or build new stations and have to go borrow money, there is not the referendum requirement that there is in Texas. As far as fire assessments throughout the City as far as Pat said, we have probably done ninety-nine percent (99%) of them; there are at least fifty other cities in Florida who has done special assessments going back, really when special assessments for fire service started to become popular was in 1987 when the law changed and allowed cities and counties to put special assessments on the tax bill without the property appraiser or tax collector's consent, because then that became a very valuable collection mechanism for the special assessments, and that's when I started working in the area, and that's why you'll see most of the studies and most of the projects were implemented after 1987. So fifty (50) other cities and twenty-five (25) out of the thirty-two (32) cities in Broward County have fire assessment programs and have had them since 1995. As far as counties, we've conducted studies for twenty-seven (27) out of the sixty-seven (67) counties throughout Florida.

Commissioner Cabrera: Are there municipalities that utilize exemptions based up, for example, senior citizens?

Ms. Tharpe: There are things you can do, yes there are. What it is, it would be structured as a hardship exemption, so it wouldn't be you get it no matter what, it would be an exemption based on criteria that you would set, and it could be based on their assets, their income, their age, and then their application to the city, and then you would – now they don't get exempt forever; what it really is, its a deferral, because what would happen is you would pay their assessment on their behalf, and at some point in time when their property is disposed of, then that money would be returned back to the city, because you've made that payment on their behalf.

Commissioner Cabrera: OK, so have you worked with municipalities that have developed these kinds of criteria?

Ms. Tharpe: Yes, yes.

Commissioner Cabrera: And is it primarily based upon, I know you used a bunch of variables, but I would be interested in knowing more about the variable of age, for example those that are of a particular age; we have set certain courtesies for senior citizens on false alarms, on garage sale permit costs, on a number of issues, and I'm just curious if between now and the regular budget hearings there could be some sort of a proposal that would include that, and how that would affect it?- because you're calculating this fire fee based upon what I have read on twenty-two thousand (22,000) households.

Ms. Tharpe: Correct.

Commissioner Cabrera: By the way, how did you get that number?

Ms. Tharpe: Actually looking through the tax rolls; we actually pulled the tax roll in from the property appraiser and we analyzed each parcel, and the buildings on the parcel, and the property appraiser assigns a use to the building, square footage or the dwelling unit to that building, and

we are able to pull that in, and like I said, that made it a lot easier now because we have just done the entire County, for the Miami-Dade County project. So yes, we got it from there.

Commissioner Cabrera: And then if I did the simple arithmetic, I came up with eighty dollars (\$80) per household.

Ms. Tharpe: It's going to be something else, I'll show you in a minute. One thing I do want to point out to you on the exemptions, if in fact you provide the exemption, you provide an exemption policy in our program, no other rate payer of the assessment pays more; we calculate these assessments rate as if everyone in the City would pay. So any decisions that you make to provide exemptions for any group would not be borne by other property owners, but would have to come from other available revenue sources like the General Fund. So no one else pays more, because remember the fair and reasonable proportionate, no one can pay more than what we calculated them to be.

Commissioner Cabrera: So that "X" rate stays the same, I got you.

Ms. Tharpe: Correct.

Commissioner Cabrera: I don't know how the rest of you feel, but if we are going to contemplate the Fire Assessment Fee, I'd really like to have a component that gives seniors the ability to get an exemption, but obviously what good is it for me to give this kind of direction if you all don't share some sort of sentiment on this.

Mayor Slesnick: I'd be willing to consider it, I just need to see the...

Commissioner Withers: Remember we did that exercise before, and we found out that some of the folks that can really, really afford it, remember some of the addresses that we looked at, Gables Estates...Alhambra...

Commissioner Cabrera: We should take out an ad and put their names out in the Herald and the Gazette, and let people see who they are. I'm serious, I'm dead serious.

Ms. Tharpe: Certainly, when you go through the program, and you see the rates that may help you make a decision; you could put the program in today, you can put the program in place in a year, it would be an application program, it would be an annual process, and certainly if you go forward we would be able to put information in whatever notices that we sent to the property owners about the availability of the program.

Commissioner Anderson: So it could change from year to year, the criteria that we could set?

Ms. Tharpe: Correct.

Commissioner Cabrera: I don't know if the rest of you this has happened to, but in years past I have gotten Gables residents on a fixed income to call my office and to literally ask if there is any way that their trash fee increase can be reduced, and we probably increased trash fee at a rate

of, I think I've seen it at five, at seven, at eight, I'm now seeing it at eleven percent, and there are those residents in our City, specifically in the north sector of the City, they're on fixed income, and whether its eighty dollars, if I use simple arithmetic or whatever fancy number you used, or formula you used, we are going to get that, if we adopt this fire fee; maybe I'm getting way ahead of myself, but I feel that we probably going to go in some sort of direction with this fire fee. That's the only reason I say it.

Ms. Tharpe: I've written it down.

Vice Mayor Kerdyk: Can I ask a question? You mentioned that twenty-seven out of so many municipalities in Broward County have adopted this, Dade County you said have looked at it, any of the other municipalities in Dade County that has?

Ms. Tharpe: Well, of course you all know about the City of Miami...

Vice Mayor Kerdyk: Yes, I've read that.

Ms. Tharpe: And I probably did the work on the original Fire Assessment Program for the City of Miami, because if you remember at that point in time Save Miami was under a Budget Committee, a Commissioner that was appointed by the Governor, and could not make one expenditure without that Commission approving it; and they had a shortfall of about, an operating and revenue shortfall of about \$15,000,000. We put the program in place, we found them that revenue source, and then after we left is when the North Lauderdale case came out, and when the North Lauderdale case came out before that we were able to fund Fire and EMS through the assessment. North Lauderdale case came out, and we went back to everyone of our clients and said we need to fix your program, so that you now meet the new case law. City of Miami decided to fix their's themselves, and when they fixed it, obviously wasn't the right fix, and so the kind of bad publicity that's around the City of Miami Fire Assessment has nothing to do with the program, it had more to do with how they tried to fix it after North Lauderdale. As far as other places, we've been contacted many times over the years by other municipalities within the County, but really have not gone forward with any programs so far. OK.

Vice Mayor Kerdyk: Thank you.

Mayor Slesnick: Just in fairness to Commissioner Cabrera's question, he threw out there, I certainly would consider an application program based on age and financial capability.

Ms. Tharpe: OK.

Commissioner Cabrera: I appreciate that.

Ms. Tharpe: And if you decide to move forward that would be a policy direction that would be reflected in your resolution. OK. As far as the next slide about the data components. In order to develop the fair and reasonable methodology, we had to look at many pieces of data from the City, how the City provides service; is it fire rescue?- is it integrated?- what kind of apparatus are you sending?- and things like that; we looked at the Fire Department's budget, because

remember we have to isolate the cost of fire versus EMS. We looked at the fire rescue call incident data, and it very interestingly in Florida, and a lot of the States in the country, the Fire Departments use what they call a National Fire Incident Reporting System, or the Florida Fire Incident Reporting System, and it's a series of codes that if the Fire Department goes out and responds to your house and it's a fire call, they'll come back and they'll code it fire call, single family house. Well, if I look up your location of that call on the tax roll, guess what?- it's a single family house there; if they respond to a convenience store, fire call convenience store, look at the location of the tax roll, guess what?- there is a convenience store there. So we have an almost exact match between what the incident reporting system is saying and what the tax roll is saying, and that then makes it fair and reasonable apportionment, a very strong methodology. We also looked at rolls at the County Ad Valorem Tax Roll. Next we developed a pro forma planning budget, and I know you are going through your budget process now. So what we had to do was start a few weeks ago, and develop what we call pro forma; we used your last available budget, which is the '08-'09, and we made some projections based on just your historical trends, and just industry standards. We developed the full cost of services, and what I mean there is, if dispatch is paid for some place else, we allocated the dispatch cost back to the fire budget, and then we allocated them further just to fire verses the EMS calls. If there is indirect cost that you might do for some of your other enterprise funds, we added the indirect cost. So what we developed was full cost, and we allocated that budget again between fire and EMS on a line item analysis, OK; we deducted any recurring revenues and we ended up then with what we call the assessment funding requirement or assessable budget, and that's what you see on this next page. So the '08-'09 budget that we took out to '09-'10 pro forma, total expenditures for the Fire Rescue Department was about \$26,661,293; we netted out \$379,200 of revenue; and when we allocated that budget to fire versus EMS, we ended up with about \$17,756,177 of those costs being fire related, that represents about sixty-six (66%) of the cost. To those costs we added the cost of the Assessment Program, that way its fully funding itself, you are not coming out and getting it from other places, and those having to do with putting it on the tax bill eventually, and allowing for the discount you get in November if you pay early, the four percent, and three percent, and two percent, we reimburse for the study, and we reimburse for any notice cost, so that what we ended up with as far as the total assessable cost for '09-'10 of about \$18,382,208, which represents almost sixty-nine percent (69%) of that pro forma '09-'10 budget. Third thing, we looked at the cost apportionment; this is where we took the call data that I told you get assigned to the properties, and we assign them to property categories, and for your City, like we've done in several other cities where there is significant educational property, like the City of Tallahassee, Town of Davie, and a couple other places, we created five categories; residential property which is single family, apartments and condominiums; commercial property; industrial/warehouse, which you have very little of; institutional property, which is your government properties, your schools, your churches, your not-for-profits, your hospitals; and then we have a separate educational category; and we are very, very careful when we create that separate educational category to clearly isolate those calls that are really educational by either field work or geo-coding those calls to properties. And so what we saw when we looked at the call data, and we looked at Fiscal Year '08-'09, and you are going to ask me why did you look at just one year; its been our experience especially in a city situation, that even though the calls increase each year that these proportions stay pretty relative, because when we go back to Broward County year after year, after year, the proportion stay about the same. So based on our analysis residential is generating forty-six point five percent (46.5%) of your calls; commercial

about forty-three point zero-six (43.06%) of the calls; educational five point seven-seven percent (5.77%) of the calls; institutional four point eleven percent (4.11%) of the calls; and industrial/warehouse zero point five-five percent (0.55%) of the calls. This pie and these pieces are what the proportions are, have to be to maintain that fair and reasonable apportionment. I can apply these to a one million dollar budget, a ten million dollar budget, a twenty million dollar budget, but these proportions have to stay constant according to this chart or someone's paying what they shouldn't be paying. OK.

Commissioner Cabrera: Let me go back for one second and ask you under institutional, and you said that was churches and schools, both private and public schools?

Ms. Tharpe: Correct. No, institutional would not be there, they would be under educational.

Commissioner Cabrera: OK.

Ms. Tharpe: The school would be under educational here, I apologize.

Commissioner Cabrera: Public and private?

Ms. Tharpe: Correct.

Commissioner Cabrera: What about universities?

Ms. Tharpe: They would be under educational.

Commissioner Cabrera: OK.

Ms. Tharpe: Typically, they would be all under institutional, but again because like we had to do with the Town of Davie where they have Nova and couple other colleges, and Tallahassee, we actually have created a separate educational category.

Commissioner Withers: Can I ask you a question on the assignment, is it whether the call is a ten minute call or a two hour call, its considered a visit?- and is it also the number of units dispatched; if three units are dispatched you figure that is a three time?

Ms. Tharpe: We have done methodologies like that, given the short timeframe and the ability to just pull the data together, we've used just the calls and assumed, just the initial call and not weighted them for those types of apparatus, people. Now there are other...you can do it that way, remember I told you there are many ways, we've just been doing that lately for a few clients, but this methodology is just as valid, and if you wanted to later on say use this methodology for a year or two, gather...because to be honest with you, to kind of...the data that you have is great, but say there is missing information and how many people went, or things like that, all of a sudden it would have dragged us into not having that data available, and would have delayed the project getting done in time.

Commissioner Withers: I understand, but the model is out there.

Ms. Tharpe: You can do that.

Commissioner Cabrera: Just to stay with him for a minute; what happens on false alarm calls?

Ms. Tharpe: They are in here.

Commissioner Cabrera: They are in there, OK.

Ms. Tharpe: And I'll be honest with you, when we do the weighting it probably would throw even more proportion to your non residential, believe it or not, because of course the non residential calls are going to be more trucks going, more people going because they are commercial, you know.

Commissioner Withers: And that's my, as we modify this it would be interesting to see if you have a high rise fire in downtown, obviously you're probably going to have equipment that you wouldn't send to a residential home.

Ms. Tharpe: But remember it is no EMS calls, just so you know that, but it is false alarms..., smoke scares, structure fires.

Commissioner Withers: But if we do have an alarm in downtown Coral Gables, they would send...

Ms. Tharpe: It would be something that you could modify in the future, OK. So now we know how much each category should fund on those proportions; now because eventually, although not this year, you will be sending it out on the tax bill, we have to allocate those costs down to the tax parcel level. So this is where we do the parcel apportionment. For all residential property it will be on a dwelling unit basis, OK; for the commercial, industrial/warehouse, institutional, and educational categories it will be the square footage of the building within square foot ranges, and I'll show you that on the next page, page 11; and the reason we are not doing the actual rate per square foot, which is another way you can do it, is after meeting with the property appraiser's office over the last six months, and they do great work and they are wonderful people, there are so many adjustments that they make to their square footage for value purposes that they were uncomfortable with us using the straight square footage, that they would rather us use the square foot ranges because it would minimize any kind of issues about the exactness of the square footage. So we are using the same square foot ranges in the City as Miami-Dade County, OK. So based on just funding almost ten percent of what we could fund, because remember the \$18,000,000, your residential rate for dwelling unit would be fifty dollars (\$50.00), OK; and your commercial, industrial/warehouse, institutional, and educational rates would be the rates you see on these next three pages based on the size of the building. So if you had two buildings that were commercial on a property they would each pay a hundred twenty-one dollars (\$121.00); if you had a building that was commercial at two thousand square feet, and an industrial warehouse at forty-five hundred square feet, that parcel would pay one hundred twenty-one dollars (\$121.00) plus forty dollars (\$40.00).

Commissioner Cabrera: I'm a little confused here it just may be that this is so new to me, but this is for a complete building, this is not for, let's say a building has, it's a commercial building with ten tenants, or let's say four tenants, and it has 4,499 square feet, or just 4,500 square feet, the building fire fee would be one hundred twenty-one dollars (\$121.00), or would it be \$121.00...

Ms. Tharpe: For each one – no. Remember its on a building basis, and we don't care how many tenants are in the building, we don't even know that. We send these assessments to the tax parcel and the property owner of record on the tax roll, so how that person decides to prorate these amounts, is probably the way they prorate them for taxes to all those tenants. So it would be just that building; now if it's a mixed use building, which we've had, where you might have commercial on the bottom and residential on the top, they will pay two different rates because there are two different uses in that building.

Vice Mayor Kerdyk: You make a very good point, because this is going to be passed onto the tenants, which right now are suffering big time out there, and they are all coming back in taking shots at what they are paying right now to the owner. So this is another pass through to the tenants that we have to deal with potentially.

Ms. Tharpe: Of course it is their choice, the property owner's choice...

Mayor Slesnick: What we are talking about the largest category here...

Ms. Tharpe: Page 13...

Mayor Slesnick: What would be the square footage of a large building downtown?

Vice Mayor Kerdyk: 200,000-225,000 square feet.

Mayor Slesnick: So you are talking about fourteen thousand dollars (\$14,000) among the tenants, its not terrible.

Vice Mayor Kerdyk: But it compounds it with all the tax increase that you are going to go with, and rent increases and everything else, its another increase, its just another increase, and we'll have that discussion later on, but I just wanted to point it out, its something that we have to deal with, or the owners are going to have to deal with, or the tenants.

Ms. Tharpe: And just to step back for a minute, the way to get to the rates is to take that pie chart, apply it to ten percent of the budget, and then look at each of these of the categories, determine how many buildings or dwelling units there are, OK. Moving on to remaining issues: Exemptions – because of the Home Rule revenue source you do have the ability to do the hardship exemption, you also have the ability to derive exemptions for what we are saying are institutional tax exempt, non-governmental parcels; and these are your churches and not-for-profits. Now the reason you can do this is, first of all you have to make it a broad category, it can't just be churches because you cannot further religion in anything you do, so it would have to broaden, so it would be churches and not-for-profits, and the rationale for why you...and you would pay on their behalf, OK; and you would pay on their behalf because they are providing

services and facilities that if they were not there you might otherwise have to provide such as social services, or voting places or things like that. So that's a policy decision that you make; I will tell you up until two years ago most of our clients provided for some exemption, it might not be a hundred percent exemption, but they provided for some exemption; however, lately just because of the revenue needs there has been a little bit of a shift where they aren't providing as many of those exemptions. So you can't pick and choose them, you would have to pull the whole category.

Commissioner Cabrera: OK, let's go back to schools again. Now, in Broward County public schools those municipalities that have a fire fee, Broward County Public School system pays?

Ms. Tharpe: No. They were exempted under the institutional tax exempt property, and they are actually government. Let me just talk about government. Government property is unique in that you can't send them a tax bill, but you can't force them to pay, you can't make them sell their building, you can't put a lien on their building, the only way you can make them pay is through a mandamous action. So government property you can try and send them a bill, and if they don't pay you just write it off, and that's just the way it is; government property you do not have the collection mechanism to collect from government property.

Mayor Slesnick: But you said in Tallahassee, Tallahassee worked it out with the State.

Ms. Tharpe: They worked it out, and one of the things is putting it on the utility bills as a fee, because its just like their electric fee, and another was...

Mayor Slesnick: We don't have utility, but we do have sewer, what do we send out?- garbage, we have garbage collection.

City Manager Salerno: Well we don't actually put out the bill in the case of water or sanitary sewer, but in any event the most desirable method, the most cost effective method is on the tax bill...

Ms. Tharpe: Correct.

City Manager Salerno:...not though other means, or have problems much greater than the tax bill.

Ms. Tharpe: And let me go to the next slide to show you what it means in dollars because that kind of helps you know whether its worth the fight. Under that 9.33% funding level, which would have raised gross revenues \$1,931,351, the government properties represent about \$38,662, or 2% of the revenue.

Mayor Slesnick: How did you figure that out?

Ms. Tharpe: Because we know what each one of those government properties square footage is.

Mayor Slesnick: You said you are working off the tax rolls, they are not on the tax rolls?

Ms. Tharpe: They are on the tax rolls and if they are not there, then your staff has gone out and done field work and measured them for us, they are on there, we got the square footage...

Mayor Slesnick: So you've got every school in Coral Gables.

Ms. Tharpe: Correct. As a matter of fact we bought the School Board property data from the School Board when we did Miami-Dade County, so we have that.

Mayor Slesnick: Well that's an interesting thing though in another respect; if you think about all of our public schools, Coral Gables High, Coral Gables Elementary, West Lab, Carver Elementary, Merrick, and if all that square footage along with anything else you've got, what is governmental properties?- does governmental properties include our own properties?

Ms. Tharpe: Includes your own properties?- yes.

Mayor Slesnick: OK, so that includes the Court House and City Hall, and our property next door, and the Police Station, and the Fire Stations, and the parking garages, all this is included in the government – what I'm saying is all that square footage equates to only \$38,662?

Ms. Tharpe: Yes, but remember, but go back to the calls, first you do calls; institutional – government is part of institutional and that portion of the calls is only 4%, so that square footage...OK.

Mayor Slesnick: OK, OK.

Ms. Tharpe: So it will never be more than 4%, and as a matter of fact...

Mayor Slesnick: Why does government have so much fewer fires?

Ms. Tharpe: Pardon?

Mayor Slesnick: Why do we have so many fewer fires on government property, are we safer? I mean percentagewise, its obviously a very low percentage.

Ms. Tharpe: Percentagewise – typically in the institutional category the driver of the calls is typically your schools, and don't forget your schools are in here, they are in your educational.

Mayor Slesnick: And these are just fire services, not fire rescue services, right, OK.

Ms. Tharpe: The school's part of that amount is in that \$38,662 at the educational rate.

Mayor Slesnick: OK, that's interesting.

Ms. Tharpe: Usually, it's the schools because they do a lot of false alarms, I mean...

Mayor Slesnick: What you are telling us is not worth the headache to worry about it.

Mr. Tharpe: That's up to you. It's been our experience it's not.

Mayor Slesnick: Now where does University of Miami fall in these breakdowns?

Ms. Tharpe: They are not exempt, because they are not...

Mayor Slesnick: They are in the 1.88...

Ms. Tharpe: Correct, they are in the remaining; and then your churches and not-for-profits represent another \$12,300 or about point six percent (.6%) of the revenue. Lots of things to absorb. So given, we have a study...

Mayor Slesnick: If we exempted the University of Miami, is that in a category all of its own?- or do we...

Ms. Tharpe: It's in the educational category.

Mayor Slesnick: And you said you couldn't pick and choose, you had to exempt by category, so if we exempted educational for public schools...

Ms. Tharpe: You would do private schools also, and I don't know whether there is a valid purpose for funding public...

Mayor Slesnick: So educational schools that are owned by the government are in a different category?

Ms. Tharpe: They are in educational, but then we lumped them into government, I know it's very...

Mayor Slesnick: Tell me one more time. You said we had to exempt by category, we had to exempt by category, we couldn't pick and choose, so if I exempt education, am I exempting all the private schools, the University of Miami, or am I just doing the public schools, or can I separate the public schools from the private schools and the University of Miami?

Ms. Tharpe: No, you cannot separate them; we have to exempt the whole category. The thing that trumped the public schools is the fact that they are government, and the University of Miami is not a government...

Mayor Slesnick: OK.

Ms. Tharpe: OK, that's the trump.

Mayor Slesnick: OK. So if we said we are exempting government, that then takes out the public schools...

Ms. Tharpe: Correct.

Mayor Slesnick: But leaves in private education.

Ms. Tharpe: Correct, correct; and we probably should have shown two separate lines for the government, non educational government/educational because I think that's confusing.

Mayor Slesnick: Where does religious fit in?

Ms. Tharpe: Is in the institutional tax exempt properties that...

Mayor Slesnick: That was the third category, we didn't get to that, I'm sorry I interrupted you, but go back to that, that's the last piece in there, right.

Ms. Tharpe: \$12,300 or about point six percent (.6%).

Commissioner Withers: Is that religious schools?

Ms. Tharpe: The school part of the religion would be back in educational, because remember again, if the Fire Department responded to the school, they would code it as a school, they don't care whether its owned by the church or whoever. So we always go back, not to ownership, but to the use, because we could actually have government buildings that are commercial.

Commissioner Withers: So a not-for-profit foundation that owns a hospital, would that be considered institutional?

Ms. Tharpe: Institutional tax exempt.

Commissioner Withers: Institutional tax exempt – so if a foundation owns a component of an institution and it's a not-for-profit foundation...

Ms. Tharpe: If in fact they have tax exempt status with the property appraiser, because we are always going to piggyback their status with the property appraiser.

Commissioner Withers: Not with the Federal government.

Ms. Tharpe: Because they have to make proof to him how they are treated on the tax roll, and we are always going to have to try to piggyback and not have to create any other data needs for the City.

Commissioner Withers: So you can't capture those not-for-profits on the tax rolls?

Ms. Tharpe: Only if they show up there already, because they've met that criteria for the property appraiser, that helps?

Commissioner Withers: I understand.

Ms. Tharpe: OK. So we have a program, we have an analysis done, we have rates, preliminary rates, understand those are at ten percent, and that's an annual decision, and they only represent one point eight million dollars (\$1.8-M), but your maximum is eighteen million (18,000,000), so that's kind of your – you can never go above that sixty-six percent (66%) or sixty nine percent (69%) of your budget. As far as implementation, if you decide to go forward, the workshop is today and based on any consensus you reach today, we would be moving into implementation, and the reason that we are kind of fast-pacing this again is, this is part of your budget; if you don't do this you are going to have to make some other decisions. It's not going on the tax bill this year because there were some requirements that would have had to have been done last November, that you probably weren't thinking about, so for this year it would be sent by separate bill, and then next year it will be moved over to the tax bill, and any delinquent amounts from this year will also be moved over to the tax bill. So by next year, it will be made whole in the program. So the reason we've got this ending on September 8th has to do with the fact that we need...

Commissioner Anderson: We need to have it in for the budget.

Ms. Tharpe: But it is a process where we are going to read and adopt an Ordinance, adopt initial rates and initial assessment resolutions, send out notices to every affected property owner inviting them to a public hearing and then having your public hearing where you set your final rates on September 8th; and this is just like millage. If you set a rate you can't exceed that rate without another notice, so whatever rate you set you can go below that rate at the final hearing, but you cannot go above it, and I know this is a lot of information, and we are going to be around a lot over the next few weeks between.

Commissioner Anderson: It is well presented though, it is understandable.

Ms. Tharpe: Thank you.

Commissioner Withers: May I ask clarification on one issue, and I am going to pick the University of Miami, because that is where I started thinking about it. If you take someone like the University of Miami that has institutional classrooms, they have commercial office buildings, they have teaching hospitals, do you then categorize that into the different, by square footage.

Ms. Tharpe: Yes, to the extent that we can.

Commissioner Withers: And I would assume that would apply to whatever other.

Ms. Tharpe: Correct. That is why I said we can have a government property that has a warehouse, that is a warehouse, and rates are applied to the warehouse, but it doesn't get charged still because it is government, but that part of the amount it is based on the warehouse rate.

Commissioner Withers: So it is not on their business occupational license strictly on what is on the tax roll.

Ms. Tharpe: If it is on the tax roll and the property appraiser assigns the building for highest and best use and we piggy back on that, we have done that across all of the counties in the state, I mean we have had very few differences and when we do have them, we have the City staff, or County staff go out and do field work to verify the information.

Commissioner Withers: So if you have a use of one kind, but it is in a building that is designated as another kind, then it is what the building is designated as.

Ms. Tharpe: Unattachable. For example you could have Churches in a strip mall.

Commissioner Withers: That is exactly what I was referring to, or you could have retail in a warehouse.

Ms. Tharpe: Correct. Thank you very much.

City Manager Salerno: Thank you Camille.

Mayor Slesnick: I think we are now at a time of question, now before, there is one burning question, the implication was that are you going to be expecting a decision on the Fire Fee today?

City Manager Salerno: No, the schedule that Camille outlined. Basically, you are not making that decision until September 8th, final decision today there is no need to set a fee in any sort. There is plenty of time to think about it they are not done, they are still refining numbers, etc. The only aspect of this effort at this point is that staff would need to authorize, we broke GSG's work into components just like the County did, Phase I was this report, Phase II is the next level of effort which would need to be done for you to consider the rate, because there is a lot more work that has to be done, not a fee. I don't remember what the second phase of the fee is, but it is \$10,000 or \$15,000 dollars as I recall. First Phase was \$28,000, \$10,000 or \$15,000 ballpark in the second, and Phase III only happens to deal with if it is adopted. It deals with putting it in the tax roll next year, so it doesn't have anything to do with this year, so in order to continue the process and be in the position of two months from now to adopt I would need to authorize the next part of the study work, which as I said I don't remember the exact number, but my best recollection now, it is around \$10,000 to \$15,000. Camille do you recall what Phase II cost was? It is a small number.

Commissioner Cabrera: While you served in Sunrise, you had a Fire Fee.

City Manager Salerno: Yes, sir.

Commissioner Cabrera: And did you initiate it while Manager or was it already in place?

City Manager Salerno: I initiated it.

Commissioner Cabrera: And do you recall the educational and informational process that took place at the City of Sunrise?

City Manager Salerno: It wasn't anything unusual, it was part of the normal budget approval process with normal outreach information, as far as publications that the City did, that kind of thing, there was not anything unusual done, we informed the residents as we would any other activity in the City that was going on.

Commissioner Cabrera: Was Sunrise one of the first municipalities to implement a Fire Fee?

City Manager Salerno: One of the first, but not the first in Broward.

Commissioner Cabrera: And how old was Sunrise when it decided to initiate a fire fee?

City Manager Salerno: I am sorry Commissioner...

Commissioner Cabrera: How old it was...

City Manager Salerno: How old was the City?

Commissioner Cabrera: Yes.

City Manager Salerno: It was in 1996, when it was implemented.

Commissioner Cabrera: The Fire Fee?

City Manager Salerno: Yes.

Commissioner Cabrera: Or the City?

City Manager Salerno: The Fire Fee, the City was founded in 1961.

Commissioner Cabrera: See the problem that I am having is our City is 84 years old and it has over the last 84 years operated without this kind of a fee imposed on it; and then if you extrapolate that and you look at what has happened in Miami-Dade County, the Fire Fee that was implemented in Miami, City of Miami, just received terrible, terrible news coverage; and there is just an overwhelming amount of misinformation, I don't want to say misinformation, doubt and concern and fear out there as to what this represents; and I was glad that you were able to clarify for me how poor my arithmetic was, I was off by \$30 on the residential component, that is because I had not focused on this handout, but nonetheless I am struggling with this, and then to compound the problem, at least for me, I am struggling with not only the Fire Fee, but now I am also struggling once again for the third time in 4 years with a Fire Rescue Fee.

City Manager Salerno: For information I would share that in Broward with 25 out of 32 cities implementing it, including all of the larger cities that are much older than Sunrise was, it was a

relatively, it was not a significant issue either in its implementation, or at its follow through as years went on.

Commissioner Cabrera: I have a hard time, maybe you can help me with this at some point in short term future, I have a hard time finding a City in Broward that compares to Coral Gables.

City Manager Salerno: Absolutely, when you talk about that, I think the important aspect is to look at, Coral Gables is a unique City in the southeast United States, but we are not unique when it comes to financial structure. The financial structure of this City is not unusual, other than it is totally dependent on property tax revenue today. You don't have the diverse revenue stream and this, one of the aspects of this is it doesn't change and go up or down based upon property values, each year you make that decision as part of the budget process, so if it is set at \$50, property values can go up 100 percent, it is still \$50 in the community and that is one of the things that I think those communities that have implemented it like. It helps address the issue of the inequities associated with property taxes, and I think the analysis is best seen from the prospective of financial structure because to all extent, we all operate under the same laws and financial regulations for every City, for all 400 cities that there are in the State. I would just say that, although your statement is are we unique?-Yes, absolutely, but we are not unique from our financial structure and we all suffer the same way and we all figure out solutions, some people are quicker than others in figuring out solutions, those cities that figure things out prosper in bad times, those that don't falter.

Commissioner Anderson: I think what might be needed here since we are kind of a community that absorbs things in kind of a...

Vice Mayor Kerdyk: Slower pace.

Commissioner Anderson: There you go, thank you, you filled in the blank, education will be good, from here throughout the summer for people to understand what this might imply and what it really is, because we get a lot of stuff that is made up, people get it in their head that is similar to something else and this is going to be this and all of a sudden we are charging people for stuff that we never imagined, I know because I suffered, that I was accused of wanting to charge elderly people for Rescue Fees, in one of the campaigns that I suffered through so I think education, it wasn't true obviously, but it is an education process that has to occur should we pursue with it, from my perspective I am OK, as long as it takes place.

City Manager Salerno: I understand what you are emphasizing that this should be a very well thought out and executed information program, education program should you ultimately decide to implement it, you are not making that decision and it doesn't come up for close to two months from now, but even at this stage that is under consideration, and I have seen that in the Enews that goes out.

Commissioner Anderson: Also in our Cable television to have kind of a chat on that.

City Manager Salerno: Yes, we have notified the Enews, as long ago as the first Enews that came out after GSG was engaged and notified the public that this was under consideration. I

didn't receive a single call, I take that back I received one call, I need to correct that, I received one call from Joe Natoli at UM.

Vice Mayor Kerdyk: Natoli.

City Manager Salerno: Joe Natoli, thank you Commissioner, I am still adjusting to the names, those Italian ones cause me problems.

[Laughter]

Commissioner Cabrera: You guys can get away with that.

City Manager Salerno: He has been very kind to me when I mistreat his last name, he doesn't rub it in.

Commissioner Cabrera: Forget about it.

Commissioner Anderson: A lot of hand gesturing too.

Vice Mayor Kerdyk: This educational program should stretch throughout the budget too, it shouldn't be the emphasis on this one issue, it should be on everything, but I have a question for you, and I think we are going to get into these points now, but you are proposing the possibilities of a range of millage rate increases, and I'll save comments for later on about that, and forgive me if the numbers are wrong, but it is basically 5.65 to 6.25 right? Let me just ask the question and then you can elaborate, the questions goes back to what Commissioner Cabrera was talking about, this fee that we are going to generate \$1.6, \$1.8 million dollars, is the 5.65 figure assuming that we are adopting this as part of...

City Manager Salerno: That is correct.

Vice Mayor Kerdyk: And the if we don't adopt this, it goes up accordingly in your opinion.

City Manager Salerno: Yes.

Commissioner Withers: Let me speak to that a second, I am sorry I didn't mean to interrupt you.

City Manager Salerno: No, it's OK.

Commissioner Withers: You know when I first got on this Commission I think our ad valorem property tax was 24 percent of our revenue budget. The one silver lining that I see in this year's taxes is that we have actually dropped almost 3 percentage points as ad-valorem property tax as part of our revenue source, and I think, at least what I have gotten comfortable in the last couple of years is that because our property values have gone up, you know 10, 12, 14, 16 percent over the past four or five years is that we have kind of balanced the budget using property tax values; and I think that is dangerous in the long run, you know it is great when you are riding these cycles, but now we are seeing what happen this year...

Commissioner Anderson: And actually, you echoed that many years.

Commissioner Withers: It didn't sustain itself, you know I am for a diversification of revenue source, the downside side is property owners don't get to deduct that of their income taxes at the end of the year in form of an income tax deduction. How much that is? - I don't know, business would obviously but the residential homes don't. I guess the challenge for us the next couple of years and for future Commissions is that if we do diversify the revenue base is that we have to then with a City Manager that has a track record of reducing millage rates or suggesting millage rates decreases up until this year, I feel comfortable with increases in revenues other than property taxes.

Vice Mayor Kerdyk: Right, but what I was getting at is you are going to increase the millage rate.

Commissioner Withers: No, but this year.

Vice Mayor Kerdyk: Let me just finish, so we are going to increase it between 5.65 and 6.25 in that area there, what the City Manager is presenting to us, if all of the moving parts as he put it, fall into place, that he is comfortable with the 5.65. I was just asking if one of those movable parts was this.

Commissioner Withers: I understand your point.

Vice Mayor Kerdyk: And his answer was yes, this is one of the several movable parts, this is one of the components, and that is all the question was.

Commissioner Withers: I understand.

Vice Mayor Kerdyk: It wasn't that I said yes or no to it, I am still up in the air on it, but we need to figure out the whole pie before I make the final decision.

Commissioner Withers: And I don't know if I heard Mr. Salerno right, but you know I am in favor of going to the 6.25, we look at it in October, is it October or September?

Vice Mayor Kerdyk: September.

City Manager Salerno: September 22nd.

Commissioner Withers: And if things fall into place like Police Union negotiations and General Employee negotiations and things like that, that we have another look at that, but that is how I feel, I don't know how the rest of you all feel.

Mayor Slesnick: Let me capture what you are saying, you are comfortable saying, listen we are going to consider the highest tax rate, but as different things fall into place we can bring that down.

Commissioner Withers: Yes, and we have done that before Don, we have historically considered higher tax rates.

Mayor Slesnick: Well, you consider it, you set a high tax rate that you want to operate up to, but I thought you explained that well that as different things fall into place, if they do then you back down.

Commissioner Withers: And then you make a decision as.

Mayor Slesnick: You do a Fire Fee and then you back off point something, then you do a Rescue Fee you back up point something, you raise this you back up point something, negotiations go well you can back off point something.

Commissioner Withers: And if we want Don's \$4.5 million dollars in reserves at the end of the year that the Manager so quickly jumped up and said that is not realistic, but if we end up in some of those things fall into place and we say we have an opportunity to maybe put some money into the reserves do we sustain that level and do that.

Commissioner Cabrera: In order to get to the 6.243, it would have to be unanimous today?

City Manager Salerno: I think it is noted that the 6.243 would take 4 out of 5 Commissioners.

Commissioner Anderson: A super majority.

Mayor Slesnick: To announce the rate for publication.

Commissioner Cabrera: It could be any number, but no I am talking about the budget hearings.

City Manager Salerno: Ultimately at the hearings yes, today it is a majority.

Commissioner Cabrera: I am going to piggy back on what Chip said in talking about increasing revenue outside of property tax. If I go back to the third page of significant revenue changes affecting the budget, and I go down that list of revenues Mr. Manager, I can say safely that privately and publically, you and I have discussed charging a trolley fare. And I have gone as far as polled my colleagues on a trolley fair. And we have even spoken about it. When the trolley was first introduced to the City Mr. Slesnick explained the importance of charging a fare; and part of his argument he said, and forgive me Don because I am sure you will be jumping up and down to correct me, but he said if we don't do it now, it will be very difficult to do it in the future, and I concern with that commentary he made five years ago.

Commissioner Anderson: We missed an opportunity at that start.

Commissioner Cabrera: Well we did, but here is another opportunity today.

Commissioner Anderson: Absolutely, today is the right juncture.

Commissioner Cabrera: You heard us talk about it a month ago or six weeks ago, whatever the time frame was. And I look at the significant revenue changes and they are all very, you developed them very quickly. I mean the Fire Assessment Fee, it took you a whole eight weeks to hire a consultant and come back and make this very compelling presentation to us. The Residential Waste Collection Fee, well that's an eleven percent increase, the Emergency Rescue Fee has shown its ugly head again for the third time out of four years. So as I look down these things, I see we have been able to come up with some of these very quickly, why aren't we able to come up with a trolley fare, so that this legislative body can make a decision on it?

City Manager Salerno: The same day that it was discussed here by this Commission, only a couple a weeks ago, it was when we were talking about accepting that grant and instituting that pilot project that would connect to 8th Street, that was not a long period ago. That same day I sent a directive to the department to conduct and hire a consultant to do the study to bring back a fare policy. That is in process, the selection issuing the RFP is underway now. I have had one briefing with Mr. Delgado on it, and have reviewed a very preliminary RFP. Each of these revenue sources were looked at, we did not just pull out eleven percent. We looked at in each case what other communities were charging for solid waste did not go higher to put Coral Gables at the top of the rates in any of those categories. Some were relatively easy, this was certainly not, and this one we happen to take strategic advantage of the fact that they were already here. If they were not doing this work in Miami-Dade County, this is a process that in Miami-Dade County, they started and signed a contract in December, and they started the selection process five months before then. It is a year-long process to get there; we took advantage of that strategic opportunity.

Commissioner Cabrera: You do not have to defend what you have done, because you have done a really great job.

City Manager Salerno: Commissioner what I am saying is that I am totally on board with the concept of the fare, and that's why the same day I sent that directive.

Commissioner Cabrera: Okay, but are you on board on enough to tell us...knowing what I know, knowing that the transportation tax revenue is going to go down, knowing that we have vandalism expenses of \$75,000 in a one-year period, knowing that this has become a connector rather than a circulator, knowing that we are now up to eleven trolleys, knowing that we do not have a working advertising program yet, knowing all of these variables, how long it is going to take for us to decide whether or not we are going to charge a fare?

City Manager Salerno: I am trying to recall a direction I gave to staff. It is not just a decision to charge the fare. Not to delay the point, but we are able to take advantage, because they are the gurus sort of speak, of the Fire Assessment Fees, and they are in our backyard right now, and could do this and frankly set a record for them in doing one this quick. Mr. Delgado has to go through the process to find the appropriate consultant, has to come back and you all have to approve the contract with the consultant, and the implications here are adding the fare certainly have operational implications to it, it's not simple.

Commissioner Cabrera: I understand.

City Manager Salerno: We need the study because when people go in and put in let's say a quarter or fifty cents into a fare mechanism that adds time. That has an impact on our headways. Right now we operate with an eight-minute headway and if that changes to a thirteen minute headway, then we are not matching up with the Metro and other come into pay, so it has moving parts to it. We want the Commission to always make informed decisions, but my recollection is, and please do not hold me to it, because I sent it out the same day, I think it had a January date.

Commissioner Cabrera: So obviously we are not going to make this cycle.

City Manger Salerno: But again, there are a lot of things I hope to bring forth in the future to you to consider that are going to be cost saving measures and efficiency measures, but we cannot get them all done in 90 days...I am still learning this organization.

Commissioner Cabrera: I know you have only been here ninety days, but I have been here eight years and the trolley has been around for five years, and so I have to do what is before me. I am going to say this publically so my colleagues can hear, and then we are going to discuss this privately. I am opposed to working with a consultant that has institutional knowledge of the trolley, because based upon the consultant that I have worked with, and the City Commission has worked with in the past, that consultant has shown me time and time again that his firm or that he is opposed to charging a fare. I am saying it publically so that my colleagues all line up and talk.

Commissioner Anderson: And I understand...he has made that very clear.

Commissioner Cabrera: Very forthright about it, and I admire that in him, but I am letting you know because I do not set this process up so that I know what the decision is going to be in the end.

City Manager Salerno: I do not know who you are speaking about.

Commissioner Cabrera: I will tell you privately.

City Manager Salerno: And I agree, we want an objective means. The trolley system certainly is a good opportunity for us to mitigate our costs, that's the way I am referring to it, but again we do not want to kill the books.

Commissioner Anderson: It could be looked at as an opportunity to advertise the trolley all over again and market it.

City Manager Salerno: We want the best analysis...it gives us the best prognosis about what the impacts are, and frankly, if I am perching it philosophically that if a fare is a reasonable approach towards that service...I believe that when you provide totally free services at some time there are some negatives that go associated with it, and this is certainly a good opportunity for us to spread the burden. That is the way I am approaching and I would not want to hire someone that it is predisposed one way or the other.

Commissioner Cabrera: Thank you.

Mayor Slesnick: Well, one thing that you are not familiar with, because you were not here, and I know what the bottom line is of charging that fare, is to bring money in to pay for the system. We did at one time discuss a taxing district along the fare route, and there is somewhere in the files, I do not know if they have been shown, but there was that option too to be considered. Of course it gets more complicated when we are considering other options for charging new fees. I just thought you should be familiar with that if you were not.

Commissioner Anderson: Just throwing it out there, I am more in favor of the fare, because then it spreads the cost to people who ride who are not Gables residents or business owners.

Vice Mayor Kerdyk: Can I ask you some other questions please?

City Manager Salerno: Absolutely.

Vice Mayor Kerdyk: Let's talk about major money.

City Manager Salerno: Major Money.

Vice Mayor Kerdyk: Yes, major money, which is the Biltmore Hotel. If we can talk about that and bring that to the forefront of our discussion here, because that is a significant possible hole in our budget, that we need to come to a conclusion. So if you could come up with some concise statement of where we stand in that process right now, so I can make a few comments. I have read some of the comments of my fellow Commissioners here in the papers, and maybe they would like to know what I have to say about the situation too.

Commissioner Withers: If you wouldn't disappear for a month.

Vice Mayor Kerdyk: I didn't say they were bad, I just think we should all be on the same page of where we all feel.

Mayor Slesnick: I looked at the Tokyo News.

Commissioner Withers: I read the Tokyo Journal and I didn't see anything.

Vice Mayor Kerdyk: I hid well.

(Laughs)

City Manager Salerno: I am going to try to frame this issue in two ways: there are budget implications and there are the bigger and broader policy implications. You might look at the issue that you have to address now is a totally strong expectation at this point that the Biltmore is not going to make any further payments in the current fiscal year and based upon that we do not have any expectations as to when those payments may start again. Therefore, the prudent thing

for us to do from a financial standpoint is we need to have a balanced budget. The implication for next year is \$1,910,000.00 which is the combination of rent payments and the management agreement on the golf course, as to what we would have received next year had the Biltmore not taken their current position in that matter. That's a budget decision that we can't control their actions. We do not have unilateral authority to tell them they have to make the payment and they do it. They have their own ability to make those calls, so from the budget standpoint it would not be prudent on our part to proceed to with a \$1.9 million hole in that regard. By budgeting, correct me, but that does not absolve them of a nickel.

City Attorney Hernandez: Correct.

City Manager Salerno: No action in that regard would absolve of a nickel. It is just the prudent action based upon what their position is today. With respect to the variety of issues that are associated with what the Commission's action should be, those are issues that initially I don't think at this point, this is the proper forum because this is a complex matter, and we still have some work to do in analyzing their position. Clearly they say and they are not shy about it that they do not have the money. That is not the whole equation and that is not a position that City Commission has to accept. That is a different discussion and forum, probably following individual further briefings at the appropriate time. This is a fluid situation right now, that today the millage rate the maximum millage rate, and that's all it is the maximum, would need to be set and based upon where we are today and not absolving them of a nickel frankly. It would be prudent of us to take that measure, because if we don't and nobody can foretell the future as to what your feelings will be ultimately on this matter, can't prejudge it at the time. We need to protect the viability of our operation at this point and that's why the .16 mils is that equivalent rate. And that's just a simple way of looking at it, it's really one means of generating \$1.9 million. There are other revenues sources that could be adjusted to compensate for that, but that is not a decision that needs to be made today. If even it's an issue, frankly we have until September 22, 2009 before you have to make that real decision...that's a decent amount of time for things to become clearer. Any action or decision on the part of the Commission today frankly, would not have any effect on that requirement that you have to proceed as if that money is not there at this movement.

Vice Mayor Kerdyk: Staying in the spirit of never seeing a tax I liked. I am trying to get the millage down as low as possible...in the long run I understand that doesn't get accomplished until the end in September when we finally make a decision and one of the components in there that I'll have to look at is the Biltmore, which you are saying would add to the lower millage rate that we keep on discussing is the 5.64 and you would have to add another .16 to that should we decide not to move forward with enforcing or expecting is the better verbiage, the rent from the Biltmore Hotel correct?

City Manager Salerno: Correct. There is no action you can take unilaterally that requires them to make a payment. There's action you could take, but not action you can take to make another party pay you and that doesn't mean there aren't consequences associated with those actions that you could impose. The .16 as I said is just an equivalency calculation and it would be prudent at this point... Liz do you have anything to add to that or clarify?

City Attorney Hernandez: No, I think you have said what you can say. It is a fluid situation and we are in the middle of meetings, and we will continue to advise you as we try to move forward in a positive way.

Commissioner Withers: Does that answer your question Bill?

Vice Mayor Kerdyk: Yeah.

Commissioner Cabrera: I thought you were going to tell us how you felt about it too?

Vice Mayor Kerdyk: I would be glad to do that if you want.

Commissioner Cabrera: That's what I heard you say.

Vice Mayor Kerdyk: My initial thought was yes, I'd be glad to express it to you here, but a couple of things that he said in his response, made me think that maybe I should hold any comments until the appropriate time.

Commissioner Withers: May I ask the City Manager a question? Mr. City Manger how does the end of the year projection as we wind down this fiscal year affect us going into next budget? Is there any assignment of millage rate for catch up or payback or anything like that in your calculations?

City Manager Salerno: The five point six four (5.64) where is it, 5.648.

Commissioner Withers: Are there any shortfalls this year that need to be, to me need to be caught up next year that can't be spread out over three years, five years or... Again, you understand my...?

City Manager Salerno: Yes, I think I do.

Commissioner Anderson: Chip, are you looking at worst case scenario something that comes up that we haven't accounted for, is that what? Where are you headed with that?

City Manager Salerno: Nothing that we can do in this, with your action today, that will help us through the balance of this current fiscal year other than where we ultimately windup at year end, you know, based upon the fact that we don't, I don't anticipate receiving at this time, a payment from...

Commissioner Withers: The Biltmore.

City Manager Salerno: ... the Biltmore.

Commissioner Withers: Right.

City Manager Salerno: That's in excess of a million dollars (\$1,000,000).

Commissioner Withers: Right.

City Manager Salerno: That's not budgeted and that's one of the things that will affect the bottom line closing it out. Certainly, it would be prudent depending upon how things progress over the next 75 to 90 days, depending upon how things go with when you are actually presented those issues, those different revenue issues...

Commissioner Withers: Right.

City Manager Salerno:...what your ultimate actions are there, what happens with the Biltmore. It would be appropriate to consider setting up some recurring revenue stream to build back the reserves because the rules as I have tried to clarify earlier about how revenue reserves have been built-up in the past, revenues in excess of what was budgeted, not likely to be happening.

Commissioner Anderson: Right.

City Manager Salerno: Expenditure savings, not likely to be happening because we have taken... we are down to bare bones, and in some case below that on the operating side with that eight point million dollar (\$8,800,000) cut. So, the only ability to make meaningful, you know, strides back to building back that, those reserves...

Commissioner Anderson: Another revenue sources.

City Manager Salerno:...would be through some other, whether it's the millage rate or one of the other fees getting increased higher, but those decisions aren't for you, and have been made over as I said...

Commissioner Anderson: Right.

City Manager Salerno:...the next 60 days on the non-ad valorem revenues because you will need to have addressed those over the next two months prior to the first budget, the millage rate hearings to know where you are at.

Commissioner Withers: Well...

City Manager Salerno: But, you know certainly, we need to work back toward establishing the financial stability that you have had in recent times.

Commissioner Withers; Well, I am assuming that the one point, I don't know what the mid-year, I think it was seven and a half million dollars (\$7,500,000) out of reserves...

City Manager Salerno: Yes, seven, six.

Commissioner Withers: Seven six we have pulled out. So, I assume that that means we probably have a one and a half million dollar (\$1,500,000) reserve balance now or ...

City Manager Salerno: You could look at it that way less the Biltmore.

Commissioner Withers: Okay, well, that was my question. So, you are saying that it might help as we go into the September meetings to maybe do a forecasted year end.

City Manager Salerno: As the Commission had asked for and as I said, we were going to move towards, we are going to have...

Commissioner Anderson: Quarterly.

City Manager Salerno: ... quarterly adjustments on those revenue reports.

Commissioner Withers: Adjustments, okay.

City Manager Salerno: I would anticipate the next quarterly report that you will get which will be not in the too distance future...

Commissioner Withers: Okay.

City Manager Salerno: ... will not show the balance of the revenue from the Biltmore for this year, and...

Commissioner Withers: Okay, so the end of July we might get one as far as the end of the second quarter or are you saying at the end of the third quarter in September we will get it?

City Manager Salerno: Well, second... the quarter will close out from July...

Commissioner Withers: Bless you.

City Manager Salerno:...on June 30th...

Commissioner Withers: Fiscal year.

City Manager Salerno:...it closed out. It will take the time for Don to put it together, but I would anticipate now that that Biltmore revenue source ...

Commissioner Withers: Will hit the books.

City Manager Salerno:...will hit the books in this one, so your one point five million is gone.

Commissioner Withers: Is gone. Yeah, okay.

City Manager Salerno: Or close to it, and then we will have to look at whatever revenues have in the last three months have declined to the point that Don doesn't think the current revenue

estimates would be, would be needed to be adjusted. We don't know anything about anything else right now, other than the Biltmore.

Vice Mayor Kerdyk: You know, let me just say that Chip... Let me just say in general, whether it's the Biltmore or whether it's another tenant, the way that I find is the best way to deal with tenants is to deal with passed problems.

Commissioner Withers: To deal with what?

Mayor Slesnick: Passed.

Vice Mayor Kerdyk: Passed problems to make it whole. Whether tenants come up with whole or there is some mitigation of issues before you ever deal with what, how to proceed in the future.

Commissioner Anderson: Right.

Vice Mayor Kerdyk: And take care of what is passed...

Commissioner Anderson: Right.

Vice Mayor Kerdyk:...and that's how I deal with business in general. You take care of it. If you owe me rent you pay me rent or you come up with some type of deal, and then from that point forward we deal with the situation. But, to deal with one without dealing with the other, to me is just totally off the bases.

Commissioner Cabrera: So you basically have just told me how you feel about, and I share some of those same, you know concerns that you that you just articulated.

Mayor Slesnick: He's just, he's just repeating what we said in the paper.

City Attorney Hernandez: No, no, no...

Vice Mayor Kerdyk: Not all of you said that.

City Attorney Hernandez: Thank you, Commissioner, that's how we have been proceeding.

Vice Mayor Kerdyk: But no, it's what...

Commissioner Cabrera: Hey, you don't need to help him. He's a big boy.

City Attorney Hernandez: Hey I am. Thank you, Vice Mayor, let me just rephrase...

Commissioner Cabrera: No, but I appreciate you...

City Attorney Hernandez: I know.

Commissioner Cabrera: I appreciate you sharing that. I mean, I think we all... You know, I think the bottom line is we all want to help, and we all are trying to see this as a partnership. At the same time, I believe, the Manager is at least temporarily addressing the problem.

Vice Mayor Kerdyk: Right. Well, he needs to look at, he also needs to look at the audited statements and feel very comfortable on the audited statements too.

Commissioner Anderson: Right.

Vice Mayor Kerdyk: I mean so, and drill down there.

Mayor Slesnick: There are some people in our City, who do not quite understand. Another thing is, Mr. Manager, even though we are comprised of a lot of long time residents, it's amazing to me when you go out in the community and find out how many new residents there are and who were not here as we went through the 1980s, and the Biltmore's... not returns, the Biltmore is a gift to the City from the federal government and then the City struggles to find out what it was going to do with the building, how it was going to handle it, it's first... It wasn't this fire because the first deal with the City really rejuvenated and revitalized the building and it was a major reconstruction project, and did something that lots of people said could never be done, but then that group went bankrupt or went out of business, lost the building back to the bank and now we have Seaway. But, I really want to remind citizens and they read the articles that number one, that this is a citizens' property, this is not a private property, it's not a private hotel coming to us and talking to us, it's the saving of our property, it's a private business that runs it, but it's our property and it's a major historical property. It's a national landmark which requires extensive work on a daily basis to keep it alive, to keep it going. Literally, a month or two without the right kind of loving care and it starts to decline rapidly. So, it's a real challenge, I mean, it's a challenge any hotel in this market, it's a challenge when you are trying to run a historical property which is comprised also of a municipal golf course. So, I too, share the compassion and also the love for the building, and also the love for the citizens' property, but I think, you know, Bill has raised a good point; we hear the past and bring it to present and then worry about the future.

Commissioner Withers: On another, on a totally unrelated issue if... I think what would help me, and maybe Don would, could help before the next meeting. If we could get the taxable values broken out between residential and commercial as far as appraised values for taxable purposes here right now.

Vice Mayor Kerdyk: Uh-huh.

Commissioner Withers: Yeah, but I am going to go one more level. I am going to also ask on the residential what part is that three percent save our homes and what part is separated from that? And, where I am going with that is pretty easy to track property values on the three percent because that's going to be a guaranteed revenue source. And, what I am getting at is I really think we should maybe take a little bit of a look at the following year's budget, not necessarily putting anything in stone, but I think helping look at this year's budget would help me knowing

since revenues, since property revenues are almost fifty percent of our budget, I kind of like to get a glimpse of what 2011 would look like as far as revenues go. I can assume that we can figure historically, we can project a little bit into 2011, and the component of that is probably so. Two thousand ten this year the commercial component which is affected by market and then the residential homes that not... and then finally, the last request. We had the economist we hired that gave us trend analysis on future... It would be great, I don't want to spend money on, if we don't have to, to reach back out to him and say can you plug in the 2010, 2011 projections just on the real estate side because I think that he hit pretty much...

Vice Mayor Kerdyk: On target. [phonetic]

Commissioner Withers:...you know, the past two years of trend analysis. He was very, very accurate on what he said, so...

Vice Mayor Kerdyk: He was, yes.

Mr. Nelson: What I can tell you is the breakdown right now, I do know the commercial versus residential. The commercial portion of our real estate values is 34 percent, 34, and residential 66 percent. That is the breakdown 66 residential, 34 commercial assessed values. And, then what we will do is take the 66 percent of the residential and break that down between homesteaded...

Commissioner Withers: Okay.

Mr. Nelson:...properties and non-homesteaded properties...

Commissioner Withers: Right.

Mr. Nelson:...which we can get from the property appraisers.

Commissioner Withers: Which will give us a flat line for at least guaranteed....

Mr. Nelson: Yes.

Commissioner Withers:... and then we just have to estimate what, and maybe Bill will chime in on this, what we could estimate as far as the...

Mr. Nelson: Future revenues.

Commissioner Withers:...remaining part of residential and commercial will do over the next 365 days, and...

Vice Mayor Kerdyk: I think you bring a very important point up; maybe not so much as it affects this budget, but...

Commissioner Withers: Next budget.

Vice Mayor Kerdyk: Next budget, and what's going to end up happening is, is that based on the Save the Home...

Commissioner Withers: Right.

Vice Mayor Kerdyk:...with some moderation in prices as far as decreasing in the residential area, but there have been of course, but your greater fluctuation in assessed value is going to be seen in the commercial areas where you have 35 percent of your tax revenues coming in...

Commissioner Withers: Right.

Vice Mayor Kerdyk:...and what is ultimately happened there is, is that tenants are not paying, tenants are decreasing rates, cap rates are going up and values are going down in the commercial markets. You have seen very much the same thing that you saw on the residential side now taking place in the commercial side of the equation. I would assume that when we see our commercial bills that come out this year, you will see a moderation in prices on the commercial perspective, but you will see even a greater moderation in prices on the commercial perspective next year which would adversely affect the budget for sure and...

Commissioner Withers: On the revenue side.

Vice Mayor Kerdyk: On the revenue side. So, your forecasting is good. I think you could see upwards of ten, fifteen percent decreases in revenue on the commercial side of the equation for next year's model. So that that is a... would be a very helpful tool, and when you were going through this, I don't know the mechanism you can use, you use this average assessed value of residents. I don't know, I guess that's just to show... I don't think it's a great slide first of all, because I think there is so much moderation from the Save the Home Act. I don't think it gives you a great indication of any...

Mr. Nelson: Right, it's all mixed in.

Vice Mayor Kerdyk: But there should be something on the commercial side here too since 35 percent of the tax revenues comes from there and... Anyway, that's my perception.

Commissioner Withers: And the last thing is on the expense side. See if we can take the big ticket items, you know like Workmens' Comp., liability insurance, you know the big numbered items. I think we have salaries pretty much a handle on depending on how the City Manager works the next 60 to 90 days. But, maybe on the big ticket items, I don't know if it's going to work, but it would help me working with this year as to next year do we expect those big increases in liability, in Workmens' Comp...

Mr. Nelson: Group health.

Commissioner Withers: You know, just the big numbers.

Mr. Nelson: Okay.

Mayor Slesnick: That's very good. Ralph did you have... ?

Commissioner Withers: Yeah, I want to move it unless anybody else...

Mayor Slesnick: Okay, you know a couple of things. One is your slides didn't indicate, and if I were a citizen I would be wondering this. You showed all the revenue changes affecting the budget, decrease of this tax, decrease --- you didn't show the decrease in the property tax income because you are budgeting for an increase, but I think that somewhere we have got to show if we were left with the same tax rate, what would be the decrease in income. I think that's a dramatic statement. I mean...

Mr. Nelson: It is. We, as I mentioned earlier, we lost one billion dollars (\$1,000,000,000,000) of true value in our property. When we, if we calculated the amount of value today, times our current tax millage rate, we would lose three point five million dollars (\$3,500,000) in tax revenue. Same rate, same millage rate would decrease value three and a half million dollars (\$3,500,000) loss of revenue. You...

Mayor Slesnick: I mean, that's not showing... anywhere, so that's not...

Commissioner Anderson: I think that's... But, I think you are right, I think that's really important information to share in case people ask us.

Mayor Slesnick: I mean, that's important to know that if someone said to me well, why don't you vote for the same tax... I need to; I need to come up with that...

Mr. Nelson: Yes, yes.

Commissioner Anderson: Yeah, information is very important.

Mayor Slesnick: There is one other thing I really hate to approach but and it's not my desire by the way, but I think it's kind of intelligent that we talk about these things. As we all know, other cities in the United States are making it through hard times by selling long term interests in City properties and/or selling City properties, but let's say long term interests. Chicago has sole the Skyway Bridge, California is selling everything.

Vice Chairman Kerdyk: Yeah, parks.

Mayor Slesnick: Parks. Chicago sold their parking meters, Chicago sold Midway Airport and is looking for a management contract here. And, of course, the Mayor is looked at as a great thinker because everybody has got the services and everybody is going forward even though they are going through tough times. I am just saying, you know... Listen, I don't desire, and this Commission has show a real reluctance to even close an alley, including me, and so I am not saying that that's what we should do or have to do, but I really think that we should throw that out that other people should understand that other cities in order to keep some services are even cutting back on services are doing that kind of thing. And of course, the first thing that comes to

mind is, and I don't even know if this is legal, it just comes to my mind, you know, we are saying that the Biltmore can't seem to make it under its current circumstances, it can't pay us for things, we are out of money, we may not get any money, we may have a long court suit, we ... who knows what, and I hope none of that happens. Do we sell the Biltmore as opposed to leasing it for ninety years? Is that possible? I don't know that it's possible under our deed from the government and I don't know... Listen, it's the last thing that I want to do. Maybe something that would be more attractive to ...

Commissioner Anderson: Inaudible – off microphone.

Mayor Slesnick: Yeah, I know, that's next in line.

Vice Mayor Kerdyk: Oh yeah.

Mayor Slesnick: Slesnick sells Biltmore.

[Laughter]

Commissioner Anderson: I could just see it. I can see you carrying a model of, you know, of the...

Mayor Slesnick: No, I know, I know. We'll, the fact is, is that you know, some of our citizens would probably say, hey, if it saves me taxes.

Commissioner Cabrera: Hey, two-thirds of our citizens don't even know we own it.

Mayor Slesnick: Uh-huh, yeah.

Commissioner Cabrera: Seriously.

Mayor Slesnick: Yeah, that's true, so...

Commissioner Cabrera: They think Bob and Gene own it.

Mayor Slesnick: Some, and then they... And the thing that comes to my mind too is, you know, Kevin don't get scared here, I am just ...

Commissioner Cabrera: No, I know where you are going to go, Off-street Parking.

Mayor Slesnick:...is Off-street Parking, lots and garages, So...

Commissioner Cabrera: And Villamil has done a study for Stanley Davidson that is now probably four or five years old where he has shown that by selling those properties, obviously in different market conditions...

Mayor Slesnick: Yes.

Commissioner Cabrera:...you would drive, you know, a surplus.

Mayor Slesnick: And, then... is complicated, yes. It is complicated too in the sense that number one, the citizens would have to realize that if... Well, first of all you could sell them outright or you could sell them on a 99 year lease like we do at the Biltmore.

Commissioner Anderson: And then there is a lot issue of service or...

Mayor Slesnick: Well.

Commissioner Anderson: Right.

Mayor Slesnick: And, certainly the price of the parking. I know we have had a suggested increase at twenty-five cents per hour. I can assure you that if you look around Miami, Greater Miami that private parking prices would be much higher. We could always control that in our deed or lease but if we made it too restrictive, they wouldn't want it. So, I mean they are going to want much higher pricing, and the second thing is that obviously as part of the sale or the long term lease, of two of the garages on Andalusia we would want them refitted and that would be something that the owner or leaser would have to take into consideration as a profitability because we couldn't allow somebody to sit on those garages as they are, as we are doing, hopefully, not for long. So, anyways, I just... Personally, I throw that out just as a discussion item, I am not proposing this, I don't want to sell any City property, but you know what? Times are tough, we are talking about all the options, that's something we...

Commissioner Withers: Let me respond to that because I'm... I mean, I'm not really in favor of selling capital assets to pay operating costs, because fundamentally that's runs against my... But, but if we wanted to take a hundred spaces in our parking garages and condominiumize them and sell them as you know, and then take that money to reduce our debt service...

Commissioner Anderson: That's, that...

Commissioner Withers:...you know, I am very much in favor of discussing that kind of, that kind of you know...

Mayor Slesnick: That's very interesting, I never thought about that.

Vice Mayor Kerdyk: This is a big discussion, this is a big discussion.

Commissioner Withers: I know it is, but I mean, if we can ... off you know a million and a half, two million dollars here in debt service, by selling...

Commissioner Anderson: We have to be more innovative.

Commissioner Withers: Yeah, I mean, I am certainly...

Vice Mayor Kerdyk: ... the debt service is killing us. We are at five point one percent, I mean that's the least of our concerns right now. I mean, that is, I mean we are way under the average here. I mean, that's the least, least of our concerns, in my opinion, in my opinion. I mean...

Commissioner Withers: Seven Million....

Mr. Nelson: You are correct, not even your opinion, but across the board compared to other cities, the industry standards is ten to twelve percent average and we have no voted debt. Our millage...

Commissioner Withers: But it comes out from our operating cost.

Mr. Nelson: Yes.

Commissioner Withers: It's coming out of our operating cost.

Mr. Nelson: Which is amazing.

Commissioner Anderson: No, but...

Commissioner Withers: It's not a line, as most businesses carry debt. We carry it as an operating cost.

Mr. Nelson: Yes, that's correct.

Commissioner Withers: So, you know...

Mr. Nelson: It's like paying a mortgage... from your income. We don't have it separated... debt. We are a very unusual City which is very good, and that's... Our debt management is low.

Commissioner Withers: Well, who knows what the interest rates are going to do in the next... They are expected to slowly...

Vice Mayor Slesnick: Yeah, go up.

Mayor Slesnick: And we go back to the issue that 70 percent of our budget is personnel.

Mr. Nelson: Yes.

Mayor Slesnick: We are a service agency...

Commissioner Withers: Right.

Mayor Slesnick:...and on top of this, 70 percent, did you say did not include the pension or is that inclusive?

Mr. Nelson: Includes.

Commissioner Anderson: Includes.

City Manager Salerno: Includes the City.

Mayor Slesnick: Because you said that was on top...

Mr. Nelson: Well, that's our second largest cost.

Mayor Slesnick: On top of salaries, but it's all within the 70 percent.

City Manager Salerno: Correct.

Mayor Slesnick: Okay.

Commissioner Cabrera: One last question on parking. I understand the increase on, for on-street of one twenty-five per hour, I understand the increase on monthly rental.

City Manager Salerno: Yes, sir.

Commissioner Cabrera: There is no discussion of extending hours.

City Manager Salerno: You mean 'till Sunday, is that what you are talking about?

Commissioner Cabrera: No, I mean to right now we are 'till 10 o'clock...

City Manager Salerno: Oh.

Commissioner Cabrera:...Monday through Saturday and no charge on Sunday, and no charge on holidays.

City Manager Salerno: Uh-huh. We had a brief discussion with respect to the Sunday, Commissioner, and felt that, you know, for the benefit of the Downtown businesses that you know, although we are increasing this and it's not something that they would necessarily welcome...

Commissioner Cabrera: Well, two-thirds of them are closed on Sunday anyway.

City Manager Salerno: Yes, and it was, the idea was to still try to keep the same incentive to come downtown on the Sunday, etc. It's not a great revenue source. We certainly, I am not, we wouldn't close the door to it, if that's what you'd like us to pursue, but I would...

Commissioner Cabrera: No, I don't want to pursue it.

City Manager Salerno: Part of my reasoning was not to create...

Commissioner Cabrera: No, no, my line of questioning is to leave it alone. My line of questioning is not to extend it...

City Manager Salerno: Right.

Commissioner Cabrera: ... passed 10 o'clock.

City Manager Salerno: Okay, right.

Commissioner Cabrera: Is it, make it 24/7 for example. That's not my wish to do.

City Manager Salerno: Okay.

Commissioner Cabrera: I mean, I don't even like increasing it to one, to a dollar twenty-five...

City Manager Salerno: I understand.

Commissioner Cabrera:... but I understand why we have to do it. So, I mean, I just want.... I am just interested in extending the hours.

City Manager Salerno: Got it.

Commissioner Cabrera: We extended, before you got here, from 6 to 10. It became the Slesnick parking tax or whatever it ended up being, however we labeled it as...what was it? And so, I'm just not interested in extending it past 10 o'clock, as much as he would like to extend it.

City Manager Salerno: I understand.

Mayor Slesnick: Don, we've come to a point where, do we have a suggested resolution?

Commissioner Withers: I make my motion that we go with the proposed millage of 6.25%...or 6.243% if we want to...

Commissioner Anderson: And I'll second that.

Vice Mayor Kerdyk: Can I say, can we talk a little about that?

Commissioner Withers: Absolutely.

Commissioner Anderson: We've made that motion.

Mayor Slesnick: We've got a motion of...what is the exact figure?

City Manager Salerno: 6.243.

Mr. Nelson: 6.243.

Mayor Slesnick: 6.243, motioned by Mr. Withers, is to set for publication a proposed millage of 6.243. It's been seconded by Ms. Anderson. And note just an asterisk of explanation here, probably doesn't get into the motion, but this is what we publish in order to discuss up to that. This does not mean that this Commission is committed to that, it does not mean that we would go that high. It means we would not go higher; and we could not go higher by law, but that we're leaving ourselves the option of anything from our current millage up to that point. And I would like, though, before we vote. I am sorry, I don't want to cause anything, but Mr. Clerk I'd like to see our motion from last year at this time. I just believe if there's any legal elements in this motion. We had a full paragraph motion...Thank you. This is the resolution that the motion would be, that Mr. Withers makes and Ms. Anderson seconds, the resolution of the City Commission setting a proposed millage rate of 6.243 mills for the purpose, I'm sorry for publication, setting for publication, here we go. It's been amended, that's why I'm...a resolution of the City Commission setting for publication a proposed millage rate of 6.243 mills for the City of Coral Gables Florida for Fiscal Year 2009-2010 during the City Manager's workshop of July 8th, 2009. Set proposed operating and millage rate to be adopted for preliminary disclosure to the Miami-Dade County property appraiser for Fiscal Year 2009-2008. And the body of the motion reads only 2 quick sections. That the following operating millage rate of 6.243 mills for the Fiscal Year commencing October 1, 2009, ending September 30, 2010 is hereby agreed upon and adopted along with the supporting data relating it to the file that the Finance Director of the City of Coral Gables is proposed. Stress again proposed, millage rate for the City of Coral Gables. And this resolution will be effective immediately and as stated this day, and that would be incorporated into Mr. Withers' motion.

Commissioner Withers: That is correct.

City Attorney Hernandez: You have to repeat it.

Commissioner Cabrera: So we, and I heard Ms. Anderson say this, so I'm just kind of echoing what she said. And this essentially means that we are not going to consider anything higher than 6.243.

Commissioner Anderson: And if things get...if we can make resolutions on certain items, hopefully, then maybe it could be less.

City Attorney Hernandez: Right.

Commissioner Anderson: And I would hope that it could be, but we don't know.

Commissioner Cabrera: Well I'll tell you what I'll be looking for in the first and second budget hearings, is how are you going to be able to create a menu?

Vice Mayor Kerdyk: Right.

Commissioner Cabrera: By the way I'm still waiting for the really good...that slide, did you decide not to use it today? You said I got this really good slide coming up. Did you use it and I must have been daydreaming or something?

Mr. Nelson: No, you asked a question, and I said I'm going to go to a really good slide and you said they're all good.

Commissioner Cabrera: I said they're all good, they're all good. And did you go to that really good slide?

Mr. Nelson: That was it. That was it.

Commissioner Cabrera: It must not have been that good, because...but anyway, I don't know if you're going to be able to do this, but I guess what I'm going to look for is some sort of a menu of how to...A couple of years ago, I unsuccessfully challenged the Manager to give us a mid, a low, and a high, in terms of millages, and I say unsuccessfully because I must not have given him enough direction to provide me with what I was looking for, so I never really got that. I don't know if that's an approach you want to take, but at some point in time I would like to be able to look at a menu and see what adding and deducting from all the areas we've talked about, specifically revenue, and the Fire Fee, and reduction in staff, does to our millage, because it's still kind of a fluid number.

Commissioner Anderson: Can I piggyback on that?

City Manager Salerno: Yeah. I understand what you're...I believe I understand what you're asking for and I think we can work toward that and providing information that would give you a...

Commissioner Anderson: I think...I'm sorry I think in addition to that...

City Manager Salerno: Some ability to make those mix and match decisions.

Commissioner Anderson: We could also find out what levels of pain that would mean in terms of staffing, any staffing, or service levels, or anything that may be impacted. I don't know if that's the case, but if there's anything that's additional, I think that's really important because a lot of the policy decisions will be driven by service and, you know, maybe other things that the Commission may want to consider.

Commissioner Cabrera: There's one more component to my request. This is a tough one for you, I know it's going to be, and I don't know if you can do it. So maybe we will take some of this offline. But I...when I learned of the number of employees that had been notified that potentially there would be a reduction in force, I called Mr. Nelson, and I literally, with Mr. Nelson, got the title of the position that was being eliminated and the person's name; and what I think that we deserve to clearly understand was the methodology used for coming up with those forty-some positions.

City Manager Salerno: Well, I'd certainly be perfectly fine sitting with you and discussing that aspect of it. I don't believe that there is, at this time, any ability, or I shouldn't say, great ability to pick and decide who those people are because, by contract in the case of general employees for instance, there are seniority and bumping rights. That work hasn't been done. So, whatever list you have is something I don't have, and I don't believe it could even be, I don't, you know, it's not an accurate list, whatever it is, Commissioner, because those things haven't been done.

Commissioner Cabrera: Well you know, I called and I just said, you know, I want to know.

City Manager Salerno: I would be glad to sit down and talk to you.

Commissioner Cabrera: I don't have a document in front of me. We just openly discussed it in a very quick manner and I got a flavor for where it was coming from, and then we, that was the extent of the discussion. I felt that it was certainly within my rights to, because you know, I mean, in all fairness to the staff, I got wind of it through a staff member that wasn't at a senior level, and so I said, well I better investigate this and kind of understand what's happening in the event that I get any more calls about this issue, so at least I have a working knowledge of what to expect.

City Manager Salerno: Well, and the intent there was you all received the budget at around 7 o'clock on that evening, so you all were aware of which positions were being cut and the amounts, and we wanted to eliminate the ability for potentially affected employees to hear about it second hand, third hand, rumor, and that was merely the goal, so the information that those potentially affected people learned about was information that Commission had.

Commissioner Cabrera: No, I know, but you know I got that 7 o'clock and I was dealing with the stupid dog and, you know, kids yelling and dealing with Chinese dry wall. I wasn't, I mean, it took me 3 days to go through this thing.

City Manager Salerno: I understand.

Commissioner Withers: Well, I mean, what you said concerns me a little bit because we all knew, on page 427, we knew what areas were looking for employee cuts.

Commissioner Cabrera: But Chip, I asked about it...

Commissioner Withers: But if you knew names of individuals, I mean...that's...I'm a little concerned that if that information is being dispersed that...

Commissioner Cabrera: No, I'll tell you what I...

Commissioner Withers: That information...I just don't think it's right...That kind of information should either be kept in the City Manager's pocket...

City Manager Salerno: I don't even have it.

Commissioner Withers: OK, well I feel better about that, but I don't think that's...that's not right.

Commissioner Cabrera: But what aspect is not right? That I called to find out?

Commissioner Withers: No, that you're getting information about what names of what employees are being potentially laid off when we're given numbers of projected...I don't know how the rest of the Commission feels about that...

Commissioner Cabrera: Yeah, but let me tell you how this...in all fairness to all parties, let me tell you how that happened. Because I think it's important that you at least have a clear understanding before you get up from your chair today. I was approached by an employee who asked, "Am I on this list?" And I said, "What list are you talking about?" This is prior to me getting this, OK, before reading page 427. And I said "What list are you talking about?" and he said, "Well there is a list that there will be notifications given announcing that, that position will be eliminated." And I said, "Well, I'm not privy to that list. I clearly don't understand what you're discussing." Then I received the second phone call later that day from somebody that got some sort of a notification that their position was going to be eliminated. That caused me to...and that may have been the day after this arrived at my doorstep at 7 o'clock at night, so that caused me to make a phone call to the Finance Department, and I then asked, "Well, can you give me some clarity, so I have a better understanding of where these positions are coming from?" And I didn't ask for a handout and I didn't ask for anything more than "Give me the title of the position if you can, and give me the person's name to see if I know that person, so I can be on the look out for any future phone calls or inquiries about this."

Commissioner Withers: Ralph, I'm not upset with your interrogatories to gain that information. What I'm upset about was, I don't think that, that notice, and we were briefed beforehand by the City Manager that he was going to be advising people that these possible positions may be eliminated, they're under, you know, inspection, there was not a definite decision made on it. And it just concerns me a little bit that I've always thought that any requests that I have regarding those kind of items go through the City Manager's office, that we don't go directly to department heads, or we don't go to directors, we don't go through that. We go through the City Manager's office for that chain of command. And, you know, I'm sorry we're having to air this out like this publicly, but it just bothers me that if that's the kind of information that's being disseminated, that we as a Commission should receive it through a formal manner and not individually. That's my only concern.

Commissioner Cabrera: OK, well I understand that and, you know, if you were upset I wouldn't take it personally. I would just understand why you would be upset and I recognize that. But, for eight years I've been going to department heads and asking them information. Not telling them what to do, but asking them for information without necessarily going through the Manager's office. And, as sensitive as that issue was, hey I didn't know. Maybe you got some sort of notification in understanding. I didn't have one, I was caught completely off-guard at 10 o'clock in the morning and then 2 o'clock in the afternoon, and finally at the end of my business day I asked, I spoke to the finance department.

Commissioner Withers: OK, fair enough.

Vice Mayor Kerdyk: I'd like to tell you what I'm going to be looking for at the end of, conclusion of this in September. I understand the need to start at the...and publish the rate of the upward figure. I do understand that, and I understand the pain that our employees have gone through, General Employees, Fire and Police...and the necessity to do that. But also, look at the pain that our residents are going to go through, and, you know, there's also a perceived, and probably to somewhat true, that this is a wealthy community or an upward middle class community, but I can tell you from being out on the streets that people in Coral Gables are affected like people everywhere throughout this County and throughout the State. They are hurting. So we are, with this proposed budget, increasing right now, proposing for our millage rate. And I assume it's going to be for the millage rate for Dade County and the School Board, too. But for our millage rate, increases of about 18%, we're increasing garbage fees, as Commissioner says, 11%. We are contemplating a Fire Assessment Fee. We are talking about possibly implementing an Emergency Response Fee. There's user fees, alarm fees, parking increase fees. So what I'm going to look for at that point is a mitigation of that pain that these residents feel because they're just saying, "Hey this is great," not great "this is good, we're going to have a reduction in the amount of taxes we're going to pay due to the assessed value and due to my home or my commercial property decreasing in value;" and all of a sudden they're going to be surprised by this increase in taxes. And believe me, forget us taking grief on the issue. I'm more concerned about the person themselves. So I am really going to look for a decrease in that figure, believe me, I am not looking at the end to implement that figure. I am using that as a threshold to move from, but when the rubber hits the road, as they say, that is going to change in my opinion. So, having said that, you know, I am, as a team, agreeing to, you know, go forward in that way. But my feeling is that really the big decision comes in September after we have all the pieces of the pie in part of the equation.

Commissioner Anderson: For me one of the things that will, if we are successful in moving positively toward resolving some of the remaining unions. Those will help reduce the millage that might not... no?

City Manager Salerno: No.

Commissioner Anderson: That will just help...

Mayor Slesnick: Well, wait, before we get to that, just speaking on behalf of Commissioner Anderson, Commissioner Cabrera, Commissioner Withers and myself, we all adopt Mr. Kerdyk's remarks.

Vice Mayor Kerdyk: Well that's true.

City Manager Salerno: Commissioner, the proposed budget right now anticipates a 5% either wage reduction or increased contribution across the board, and so therefore, if that's implemented, that's already, those reductions are already factored in, there won't be a further reduction associated with that. I'm...it's my objective that, that is where we, what we need to achieve from a financial stability standpoint and going forward. I'm taking what you're saying as

seriously, that just as what this millage rate stands for. It stands for the maximum. It provides you flexibility. The bottom line in every case with the unions is you all make the ultimate decision in that regard. The way the law is structured in Florida, ultimately it comes back if we're not successful in getting these, it comes back to the commission.

Commissioner Anderson: Right, yes. Let's hope it happens the other way, but if not it comes back to us.

Mayor Slesnick: Mr. Clerk, could you please call the roll?

City Clerk Foeman: Commissioner Anderson?

Commissioner Anderson: Yes.

City Clerk Foeman: Commissioner Cabrera?

Commissioner Cabrera: Yes.

City Clerk Foeman: Vice Mayor Kerdyk?

Vice Mayor Kerdyk: Yes.

City Clerk Foeman: Commissioner Withers?

Commissioner Withers: Yes.

City Clerk Foeman: Mayor Slesnick?

Mayor Slesnick: Yes. Thank you Mr. Manager, thank you Mr. Nelson. Thank you to all of the directors and all the employees of this City who are trying to work with us on making this happen.

City Manager Salerno: Mayor if I could just say one thing.

Mayor Slesnick: Yes.

City Manager Salerno: We are anticipating a public hearing, first public hearing on the budget on September 8th, Tuesday, at 5:01, correspondingly on September 22nd, Tuesday at 5:01. Those dates will be official, but that's...do you typically take votes on those?

Mayor Slesnick: No.

City Manager Salerno: OK.

[End: 12:27:22 p.m.]