

**City of Coral Gables Second Budget Hearing
September 26, 2017
City Commission Chambers
405 Biltmore Way, Coral Gables, FL**

City Commission

**Mayor Raul Valdes-Fauli
Vice Mayor Pat Keon
Commissioner Vince Lago
Commissioner Frank Quesada
Commissioner Michael Mena**

City Staff

**City Manager, Cathy Swanson-Rivenbark
City Attorney, Craig E. Leen
City Clerk, Walter J. Foeman
Deputy City Clerk, Billy Urquia
Budget Director, Keith Kleiman**

Public Speaker(s)

[5:01 p.m.]

City Manager Swanson-Rivenbark: The Budget is posted online and with that we will have Keith Kleiman, the Assistant Finance Director for Budget makes the presentation.

Budget Director Kleiman: Thank you Madam Manager. Good evening Mayor, Vice Mayor is not here yet, actually for this, especially for the vote we do need to have four.

City Attorney Leen: Yes. If I could just make a statement while we are waiting. So, right now you are going to see a presentation of proposed fiscal year 2017 through 2018 City Budget. Please note that we have four Commissioners in the room now. You are then going to have a public hearing, which will apply to all of the ordinances that are going to be addressed by the Commission today related to the budget. So, what we will do is have the public hearing after the presentation and then I will go one by one and I will read the titles and then certain language I have to read, which I worked on with the Budget Director and I will read that into record and then the Commission can vote, a four-fifths vote is required for setting the millage rate, based on state law because of what the rate is, it's a four-fifths vote that would be required.

City Manager Swanson-Rivenbark: If we can, if there is anyone in the audience that wants to speak, we have speaker cards so that they can fill it out and then the Mayor will be able to call on them.

Budget Director Kleiman: Thank you. Good evening Mayor, Vice Mayor, Commissioners, tonight is the final Budget Hearing for the FY 18 Budget. We are going to give you a presentation; it's basically the same presentation you've seen so far. There are actually no changes between this version and the hearing you heard two weeks ago. The first slide basically is just the end of the calendar. We are on the final piece of the budget process; tonight you will vote on the tax rate and the budget and the capital improvement plan, and they will be effective October 1st. As always, we start with the balance budget; annual revenues \$178 million; transfers from Fund Balance of almost \$15 million and let's make it very clear that we are not touching our 25 percent reserves, these are all planned use of Fund Balances. Total revenues \$192 million. On the expenditure side, we have an operating budget of \$162 million; a capital budget of almost \$21 million; and debt service at \$8.3 million. Transfers to reserves \$1.4 million, for a balanced budget of \$192 million. Revenue increases – The biggest increase you see is property tax that is due to the increase in values, we've been consistently taking advantage of that keeping the millage at the same rate. The next is automobile parking fees, now this is actually not as high as it will be. We are very conservatively measuring the increase, because of some of the construction that's been going on in the City, we expect it to be higher next fiscal year going into 19 and that increase is what's going to be used to cover some of the debt on the projects we are looking forward to in the very near future. The Storm Water Utility fees \$445,000, that increase is directly for the sea level rise mitigation and that's going into Fund Balance and at the end of FY 17 when the CAFER comes out you will see money dedicated to that, it will grow every single year, so it's going to be separated from everything else. The Utility Service Tax, yes, Utility Service Tax \$425,000 increase that's just trend; Investment Income we've done very well, our Treasurer is keeping us in very good shape when it comes to his investments and the increase is \$334,000. The first year of the capital project assessment fee for the streetscape is \$330,000; the hunt for the BTR, the Business Tax Receipts \$173,000 represents the bi-annual 5 percent increase. Rentals and Concessions \$164,000; and the rest are just small trends upward.

Commissioner Lago: Can I ask you a quick question in regards to golf fees.

Budget Director Kleiman: Sure.

Commissioner Lago: I'm not a golfer, but I know Vice Mayor Keon is and I know that Commissioner Quesada attempts to be a golfer. So, I've seen Granada and it's beautiful, have we

seen an uptick, I see \$96,000 is that attributed to just Granada Golf Course or is it also the Biltmore or anything else?

Budget Director Kleiman: Most of that is Granada; Fred can actually talk better to it, except it catch up, because we actually lowered the estimates in prior years due to the construction, so now we are playing catch up.

Commissioner Lago: It's over ten percent when you look at the total revenue for that line item.

City Manager Swanson-Rivenbark: But, we have received very positive comments about the condition on the course and the improvements.

Budget Director Kleiman: Correct.

Budget Director Kleiman: Okay, the total revenue increases amount to \$7 million dollars. Let's talk about the revenue decreases, most of these are one-time items that are in the budget that are not going to repeat for FY 18. The top 2 are grants and we will know what amount will be re-appropriated once the year closes, and will bring it back in the budget for FY 18 during the first quarter. Intergovernmental revenues \$831,000 that's the same thing, they are one time grants; if they are not spent we will bring them back into the budget. The debt proceeds for capital projects, that is the environmental remediation over at 72nd, which we have yet to tackle that, so that is just going to be re-appropriated. The Biltmore Complex, this amount is due to retired debt, I think we have talked about it before, but just to make it clear for anyone new in the audience, there was debt associated directly with the Biltmore Complex, it has been retired, and they are reducing their obligation to us by \$510,000. They still have some debt; I believe it is about \$250,000.

Mayor Valdez-Fauli: That is also a wash, isn't it?

Budget Director Kleiman: Yes, it's a wash.

Mayor Valdez-Fauli: We don't have to pay it, and they don't give it to us.

Budget Director Kleiman: Right, exactly. There further obligation is still about \$250,000 for remaining debt, that is for the Biltmore Complex.

Budget Director Kleiman: The Miscellaneous Revenues it looks like a large number, it is really a one-time item that was in the Budget in FY 17, it was a refund of our health benefits, because the City did well. If it repeats in FY 18 that's great, but we never know about it until it happens, so that money I think was about \$315,000. Okay, the rest of the items here are just trend, we have

our numbers go typically up and down very little. This is the trend for FY 18. Total revenue decreases \$7.8 million dollars and the total change in revenue is \$786,000. Now let's get to the expenditure side. Salaries went up by \$2.6 million dollars, and that is due to contractual obligations. On the employee benefits, the retirement you will see \$295,000 going up and that is the promised uptick that we would add to the pension every year. I think it is 1¼ percent, we up it every year, just to cover the additional participants in the 401, as well as to increasing the additional payment that we make. Workers Compensation, our experience has been excellent, so we lowered that budget down \$465,000. And, the \$524,000 is directly due to contractual obligations for the FOP contract. So, on the Personnel Services side the total increase is \$3.1 million dollars. For all the accounts that are below the Personnel Services, we call them Other than Personnel Services. We had Professional Services that went up \$332,000. Repairs, Maintenance, Utilities and Miscellaneous Services, \$861,000. Now for all the others you see these decreases here, there one-time items that were in the budget FY 17, that are not going to repeat for FY 18, a lot of re-appropriations of one-time items that we have. They could have been new needs that were in the Budget that we purchased already that we are not going to repeat in FY 18. And, we are going to get to Capital now. Capital Equipment, I am not going to through each of the items, unless somebody has a question, so I will at least read off the larger components of this, and please stop me if there are any questions on our Capital Budget. So, Capital Equipment the investment is \$1.6 million dollars, facility repairs and improvements \$1.5 million dollars, historic facility repairs and restorations \$2 million dollars, motor pool equipment replacements and additions \$3.3 million dollars, parking system repairs and improvements \$1 million dollars, Parks and Recreation \$3.3 million dollars, Public Safety Improvements \$1.6 million dollars, transportation and right-of-way improvements \$5 million dollars, Utility Repairs \$4.6 million dollars for a total Capital Improvement investment for FY 18 of almost \$24 million dollars. That is quiet impressive for any City. Now as we said before, we do our best to keep the head count down and you can see on the General Employees there is an increase of 5 from the previous year and even though it under General Employees they are actually part of Public Safety, 4 of them are neighborhood safety aides and 1 is a property and evidence supervisor. The proposed millage rate as we discussed on several occasions is 5.559, it is same it has been since FY 16. The estimated average taxable value of a Homesteaded property \$621,000 and with a millage rate of 5.559 the Coral Gables piece of the tax will be \$3,500 approximately and that represents a \$166 increase. And now, which is very important to us, we are a full service City, only 5 of which are in Miami-Dade County, and you can see where we are, our millage rate next to the others, the only one lower is Key Biscayne and they don't have our pension liability and they don't have as many Homesteaded properties as we do, so you can see we are doing very well.

Commissioner Lago: Since you brought that up right now, do you have that information, can you provide it to us in reference to how many properties are Homesteaded here?

Budget Director Kleiman: Yes we can get that.

Commissioner Lago: It's interesting; I would like to see that. Not today.

Budget Director Kleiman: We don't have it now, but we can get that for you. Ok, now, this slide we actually had the wrong slide last time, you can see we had dropped to 11th place, and dropping is good here, whereas in the past we were number 12, we are now number 11 based on the proposed millage rates of the other cities, and we won't know for sure until their budget processes are over, but here we are at the 26th of September, so within the next few days we will know where we stand. My favorite slide of our presentation is the pie chart, so for every dollar that our residents pay 30 cents goes to the City.

Mayor Valdez-Fauli: Say that again.

Budget Director Kleiman: For every dollar of taxes our residents pay of property taxes, only 30 cents goes to the City, but the City is where almost all of their services come from. OK. Miami-Dade County is 29 cents, Regional is 2 cents and the School Board is 39 cents. This is based on the tentative rates now. This is our annual pension contributions, this is showing the components of our plan and you can see the payments that we are making right here, which is the arc, is \$23 million dollars, the extra payment is \$3.3 million dollars, little higher than last year, and you can see the component at the top is growing, it looks minor, but it is growing and that is the participation in the 401, and that reduces are risk in the future. Here we have a new slide; Commissioner Lago you had requested some information on our unfunded ratio and you can see it here. You can see the blue is increasing and the green is going down and that's what we want to see. Again, this is as of 2016; we know for 2017 any settlement having to do with the retiree COLA may have an effect on this, so with the close out of the CAFER and with the next snapshot that the actuaries will take we'll have an update to this slide.

Commissioner Lago: Let me tell you, this slide that number of 39.2 and I know we are waiting until the end of the month to really closeout the books is incredible, because you remember when we started, we were like in the 50's, right?

Budget Director Kleiman: Yes. You can see it there.

Commissioner Lago: It's gone up. We are in the 50's in regards to funding, that's incredible.

Budget Director Kleiman: Right.

Commissioner Lago: Incredible move. That's great that shows a lot of discipline.

Budget Director Kleiman: OK. And you see here, we are still at 25 percent for our emergency reserves. And that is it. If there any questions, please ask.

Commissioner Lago: I just have one question. In reference to the 25 miles an hour on page 9, I'm guessing that citywide signage program is dealing with that line item or with that piece of legislation that we approved.

Budget Director Kleiman: I'm sorry, what's the question?

City Manager Swanson-Rivenbark: He just wants to make sure that we have funded the 25 miles per hour. We haven't set a schedule for when those signs will come up, but we are prepared to...

Budget Director Kleiman: That I believe is actually coming from dollars already in FY 17.

Commissioner Lago: OK. Perfect.

Budget Director Kleiman: Yes, this is dedicated for something else already.

Vice Mayor Keon: Have we fully funded all of the repairs that were at the Youth Center, all of the renovations and repairs...?

Budget Director Kleiman: OK. I'm going to bring the Parks Director up and the Public Works Director and they can address that.

Vice Mayor Keon: Have all of the repairs to the Youth Center been fully funded now?- or is there additional funded needed?

Mr. Santamaria: We have everything in the Capital Plan as well as the maintenance plan for the Youth Center.

Vice Mayor Keon: OK – because I know that you did an assessment of the Youth Center and there was a significant list of things that needed to be done and I know you started with the field and then you were moving into the building, I think the auditorium needed to be done, the patio needed to be done, there were a number of projects that needed to be done. My question is are they fully funded now or do we need additional funding?

Mr. Couceyro: The projects that we included in that presentation, we do have the funding; a lot of them have already started are either in procurement phase, design phase, there are a lot of different phases that we are. As of right now all the needs that we have there we have accomplished with this Capital Plan.

Vice Mayor Keon: OK. I just wanted to make sure it was done.

City Manager Swanson-Rivenbark: For anyone that's following, on page 97, it outlines all of the significant expenditures, this is the Capital Plan, you have two binders; the smaller one is the Capital and so for Youth Center grounds and improvements 42018; there is Youth Center structural improvements; there is Youth Center amenities; so there are multiple additions in the Capital Projects to complete it, so your question of have we funded?- we have funded; have we completed?- not yet.

Vice Mayor Keon: But it's funded, so it's really a matter of getting them done.

City Manager Swanson-Rivenbark: This is as important – the way that we are funding now is different in terms of the matrices that we schedule roofs have to be updated, HVAC has to be updated, and so as a part of our citywide matrices plan, we are budgeting for those ongoing improvements rather than deferring the maintenance and that's why we had to place so much patch up in the past.

Mr. Couceyro: Also for Parks and Recreation in our matrix, we have a certain amount of money that is allotted toward Parks and Recreation major repairs every year, so if there are things that come up that are not unfunded, unless they have already been assigned and are subsequent years in this plan haven't been, we are able to allot some of those funds to those projects as they come up if something else comes up that we need that becomes an issue of dire importance.

Vice Mayor Keon: The fields and all the outdoor areas look so much better and I know you did the roof repairs.

Mr. Couceyro: Yes.

Vice Mayor Keon: So, you can move to the interior spaces.

Mr. Couceyro: We are starting on – our next projects are the interior playground; the exterior playground we've already gone through some design and gone to Board of Architects and all that and gymnastics. We've just finished all of our bids that we need to present to Procurement in terms of project specifications, so we are working there.

Vice Mayor Keon: Do we own the equipment?

Mr. Couceyro: Yes, the equipment is always ours.

Vice Mayor Keon: And, so it's just the provision of instructors is what is contracted?

Mr. Couceyro: Yes, it's a contractor that provides all the programming. The reason why we like to keep that possession in case anything happens with the contractor, we can continue the program whether that contractor stays.

Vice Mayor Keon: When is that contract up?

Mr. Couceyro: I'd have to check, but I think we have a few more years.

City Manager Swanson-Rivenbark: On the fields, Commissioner, we did major irrigation work that changed the way that field...

Vice Mayor Keon: That's all of the irrigation, the drainage, the lights, it all looks – and we didn't lose any of the lights in the hurricane?

Mr. Couceyro: No.

Vice Mayor Keon: I went by there and saw all the lights were up, you didn't lose any of those poles, you didn't lose anything, so they did a good job, it looks great.

Commissioner Mena: What about the elevator?- wasn't the elevator down?

Mr. Couceyro: Yes, we've had some repairs of the elevators, and it was really the second elevator that goes up to the fitness area, so we worked on it, got all the repairs. We continue to work on it, but I think we've settled the issues that we had there.

Mayor Valdes-Fauli: Are there any other comments or questions? I have a major issue here, not the budget, but Cathy I would like to call for a Sunshine meeting having to do with the Public Safety Building and its adequacy, and by that I mean, I visited and spent a lot of time with you on our existing Public Safety Building and I thought it was the most depressing thing, the most inadequate thing I have ever seen in my life and that was built at a time when, I don't know what we were doing, but somebody must have been smoking something, Commissioner Lago talked about today; and also yesterday and also the other day I went to this facility we have back here, I guess it's our biggest conference room available and I also found that to be very, very depressing, and I would like to find out, I'd like information as to the adequacy in terms of space, in terms of growing in the next ten years, in terms of are we planning for the future, for a long term future. We are going to spend a lot of money there and we have very competent officers, administrators, police, fire, everything. But I'd like to, I'm not going to be here, but ten years from now, somebody say I wish we built this, whatever it is, more fire truck bays, or more

police something. I'd like to have a Sunshine meeting where the administration explains this at length.

City Manager Swanson-Rivenbark: We'd be happy to set that up sir.

Mayor Valdes-Fauli: Good. Alright, is there anything else? Mr. City Attorney I'm glad you are back.

City Attorney Leen: Is there anything else at this time?

Budget Director Kleiman: No.

City Attorney Leen: We'll just go through the items now.

Commissioner Lago: I confirmed that at the First Reading – Monegro.

City Attorney Leen: That was in 2017, you asked last time and we had already budgeted.

Commissioner Lago: Just one last question. I know I may have asked this before. We are moving NSA's to ten, right?

City Manager Swanson-Rivenbark: Yes.

Commissioner Lago: I asked that because I've gotten that question this week, has anybody else gotten that question twice this week already.

City Manager Swanson-Rivenbark: That's why you see four additional positions in the budget for next year.

Commissioner Lago: Perfect. And, we have all the money we need in regards to, this is my last question, in regards to CCTV camera, because I think that has played an instrumental role.

City Manager Swanson-Rivenbark: You have made a multi-year commitment; you'll see here that it's for \$500,000 this year, you continue to invest in that program and it has really paid off.

Commissioner Lago: That's a big deterrent, that's a big deterrent; people really take a second thought in reference to whatever they may do, whatever misstep on CCTV, especially I've seen on Miracle Mile, it's one of the best things I think we've done in a while in the City.

Mayor Valdes-Fauli: Mr. City Attorney.

City Attorney Leen: Yes. So, with that Mr. Mayor there is a public hearing now.

Mayor Valdes-Fauli: Anybody from the public wishes to speak? Nobody. What a disappointment. Thank you. Go ahead Mr. City Attorney.

City Attorney Leen: So with that Mr. Mayor, I will read each of the items and then there will be a vote. The first item is an Ordinance providing for the levy of taxes for the fiscal year beginning October 1, 2017 and ending September 30, 2018; fixing the rate of such levy; providing for the segregation and the application of the proceeds of such levy; providing for the severability of the provisions thereof; and providing that this Ordinance shall become effective October 1, 2017. Wait, wait, wait – it was passed on First Reading on September 14, 2017. I have to read a little more. Be it ordained by the Commission of the City of Coral Gables, Section 1, that there is hereby levied all the real and personal property when the present corporate limits of the City of Coral Gables, which is assessed for taxation for the year 2017 in which subject to taxation under the Constitutional Laws of the State of Florida as now written, a tax of 5.559 mills, which is a 6.30 percent increase over the rollback rate. All proceeds of the collection of this levy to be recorded into the General Fund of the City and shall be reserved therein and disbursed therefrom for the sole and express purpose of paying the necessary operating expenses of the City of Coral Gables, its departments, offices and properties, for the fiscal year ending September 30, 2018. The rest of this Ordinance is on file with the Clerk. This Ordinance requires a four-fifths vote.

Commissioner Quesada: I'll move that portion as well.

Vice Mayor Keon: Second it.

Mayor Valdes-Fauli: Will you call the roll please.

Vice Mayor Keon: Yes

Commissioner Lago: Yes

Commissioner Mena: Yes

Commissioner Quesada: Yes

Mayor Valdes-Fauli: Yes

(Vote: 5-0)

City Attorney Leen: Mr. Mayor the second Ordinance is an Ordinance adopting the annual budget of estimated revenues and expenditures for the fiscal year beginning October 1, 2017 and ending September 30, 2018; providing for the severability of the provisions hereof and providing that this Ordinance shall become effective October 1, 2017. This was approved on First Reading on September 14, 2017. I have to read other parts of it. Whereas the City Manager prepared on

July 1, 2017, submitted to the Commission a budget estimate of the expenditures and revenues of all City departments, divisions, offices, and properties for the fiscal year commencing October 1, 2017 and copies of such estimate have been furnished to the newspaper and library in Coral Gables and posted at the front door of City Hall; and whereas the budget estimate submitted to the Commission on July 1, 2017 in the amount of \$193,658,399 dollars has been revised by the City Manager to include revenue and expenditure decreases in the amount of \$1, 302,569 dollars, bringing the total budget amount to \$192,355,830 dollars. Now I'll read from Section 1; that the following summary of estimated revenues and expenditures for the fiscal year commencing October 1, 2017 and ending September 30, 2018 is hereby agreed upon and adopted along with the supporting data relating thereto on file with the Finance Department of the City of Coral Gables as the official 2017 to 2018 budget of the City of Coral Gables. I will now read some figures. Total transfers from reserves \$14,803,801; total revenues \$192,355,830; total operating expenditures \$161,915,702; capital projects \$20,733,111; total debt service appropriation \$8,315,613; total transfers to reserves \$1,393,404; total expenditures \$192,355,830, the remainder of this ordinance is in the Clerk's office if anyone would like to read it.

Commissioner Quesada: So moved.

Commissioner Lago: Second.

Mayor Valdes-Fauli: Mr. City Clerk would you call the roll.

Commissioner Lago: Yes

Commissioner Mena: Yes

Commissioner Quesada: Yes

Vice Mayor Keon: Yes

Mayor Valdes-Fauli: Yes

(Vote: 5-0)

City Attorney Leen: Lastly, I have a resolution adopting the Capital Improvement Program for the five fiscal years from 2018 to 2022.

Commissioner Quesada: So moved.

Vice Mayor Keon: Second.

Mayor Valdes-Fauli: Will you call the roll please.

Commissioner Mena: Yes

Commissioner Quesada: Yes

Vice Mayor Keon: Yes
Commissioner Lago: Yes
Mayor Valdes-Fauli: Yes
(Vote: 5-0)

Mayor Valdes-Fauli: Is that it?

City Attorney Leen: Mr. Budget Director is there anything further? That's everything Mr. Mayor.

Mayor Valdes-Fauli: Thank you very, very much. The budget meeting is adjourned.

[End: 5:29:14 p.m.]