

**City of Coral Gables City Commission Meeting
Agenda Item H-1
February 10, 2015
City Commission Chambers
405 Biltmore Way, Coral Gables, FL**

City Commission

Mayor Jim Cason

Vice Mayor William H. Kerdyk, Jr.

Commissioner Pat Keon

Commissioner Vince Lago

Commissioner Frank Quesada

City Staff

City Manager, Cathy Swanson-Rivenbark

City Attorney, Craig E. Leen

City Clerk, Walter J. Foeman

Deputy City Clerk, Billy Urquia

Finance Director, Diana Gomez

Public Speaker(s)

Agenda Item H-1 [Start:10:09:40 a.m.]

Presentation of Quarterly Report for the three months ended December 31, 2014.

Mayor Cason: City Manager Items, H-1, presentation of Quarterly Report for the three months ended December 31, 2014.

City Manager Swanson-Rivenbark: And we are going to have Diana Gomez present.

Ms. Gomez: Good morning. This is a review of the Quarterly Financial Report for the three months ended December 31, 2014, which is the first quarter of the 2015 Fiscal Year. This report compares budget to actual revenues and actual expenditures to total appropriations for each department. The schedule of revenues budget to actual on page 3, provides comparative data for the same period from the prior year to show whether or not we are on track with previous year's collections of revenues. You go down to the very last line on the page, you will see that for the first quarter we received approximately \$81 million in total revenue compared to the \$156

million budget revenue, which shows 52 percent overall collection at this time. The first quarter represents 25 percent of the fiscal year and we are more than half way in collecting the revenues as of December 31st and this is primarily due to timing of receipts in the current year for certain items. The first item is Property Taxes that we'll like to look at, it's our largest revenue source, representing approximately 44 percent of the budget. The total budget for current property taxes is \$68,256,478. As of December 31, 2014 we had collected approximately \$55 million or 81 percent of the budget, and this amount is consistent with collections at this time of year. We have had no receipts in delinquent property taxes at this point in time, which is consistent and expected. We typically see those collections later on at the end of the Fiscal Year. As of December 31st, we had not received any distributions on the Transportation Sales Tax. However, these receipts are usually on a three-month lag.

Commissioner Quesada: You know what's interesting, the gasoline sales tax with the gasoline prices fluctuating its about the same.

Ms. Gomez: Yes.

Commissioner Quesada: Just because the price has been changing, I thought maybe we'll see a difference in that, but I guess we haven't.

Ms. Gomez: Not at this point.

Mayor Cason: It will probably drop more.

Ms. Gomez: So the Transportation Sales Tax are on a three-month lag, and so we received actually October's distribution in January and that's consistent, but we always get what we budget for. Other revenues that we focus on during the year are the Franchise Taxes and Utility Service Taxes, the largest Franchise Tax revenue – the largest franchise revenue is the Electric Franchise Fee, which makes up \$4.5 million of the budget; under the Utility Services Taxes we have Electric Utility Tax, which makes up \$5.7 million of the budget, and the Telecommunications Service Tax makes up \$4 million of the budget; and all three of these collections to date are in line with collections of the previous year at this time. Construction permits, which are budgeted at \$5.2 million are 37.7 percent collected, or \$1.98 million revenues to date. Intergovernmental Revenues, which include six revenue sharing and sales tax revenues are online with prior year collections at this time as well. General Government Fees, which include Board of Adjustment, Board of Architects, and Development Review Committee are down slightly from prior year at this time. However, collection of these fees has to do with timing of projects throughout the year and are not necessarily consistent from year to year, so its normal to see these fluctuations. Other significant budget to revenues are physical environment

fees, which include solid waste services at \$8.6 million; Sanitary Sewer at \$9.2 million; and Storm Water Utility at \$3.2 million. All of these collections are on track and consistent with prior year. Moving onto page 4, we have the Schedule of Expenditures, comparing Budget to Actual for all departments.

Commissioner Quesada: Can I come back for a second?

Ms. Gomez: Sure.

Commissioner Quesada: On page 3 under General Governmental Fees, comparing it from last year and Board of Adjustment is down, Planning and Zoning is up, Board of Architects is down, Development Review Committee is down. I'm trying to make sense – does that mean we have more going on or less going on, because the numbers are inconsistent?

Ms. Gomez: Right – so it's the timing of the projects and when they go to the Board of Adjustment or Board of Architects.

Commissioner Quesada: So because Development Review Committee is the first step in the process, a lot of people are getting ramping up last year, and now they are actually going through the process, that's why P and Z numbers are higher possibly?

Ms. Gomez: Yes. Yes.

Commissioner Quesada: That's logical?

Ms. Gomez: Yes. And so when we looked at it, it really is based on the timing of activity, it's not that we don't expect to meet the budget, but rather where it is in the process.

Commissioner Quesada: And a big jump that we have here is under the "Other" under General Governmental Fees, which is a jump from 45 percent to 330 percent, but I guess it's a rather small number.

Ms. Gomez: It is. So in this...

Commissioner Quesada: See the line I'm referring to?

Ms. Gomez: Yes, yes, yes – and so that is showing it's an application and advertising fees for the Agave Ponce project of \$61,000.

Commissioner Quesada: OK.

Ms. Gomez: So that's recorded in that, the jump.

Commissioner Quesada: Right. OK. I'm sorry.

Commissioner Keon: I have a question also about fees. If we look at recreation fees – Granada Golf Course, your annual budget is just over half a million dollars and your actual revenue during this quarter, which was what?- October, November, December, which you would expect there would be play there was...

Ms. Gomez: It's because the collection of the receipts. So we are on a three-month lag in receiving the actual revenues from the Biltmore and this is something...

Commissioner Keon: It wasn't the Biltmore – it looks like the Biltmore will probably balance out over the course of the year. Its Granada that....

Ms. Gomez: Biltmore manages the Granada Golf Course and so they collect the revenues and the submitting to us is on a lag, so we just....

Commissioner Keon: So what is it they are submitting to us?- is this green fees?

Ms. Gomez: Yes.

Commissioner Keon: OK. And do they do the maintenance there or just operate the...?- just the starter or...?

Ms. Gomez: The maintenance I believe is handled by the City, we have a maintenance contract that does the maintenance and I would have to defer the actual operations to...

Commissioner Keon: It just would seem that, that's a long way to go from \$8,000 to \$575,000, but it works out?

Ms. Gomez: Yes, it does, we just haven't collected the revenues for October, November, December yet, because it's on a three-month lag that they submit the revenues to us. I do remember seeing the collections come in recently, so we have collected, I believe, I don't want to say the number. We have collected on target to what we expect to collect, it just takes long and this is a cash basis report, so if we did not receive it as of December 31st its not reflected here.

Commissioner Keon: OK.

Ms. Gomez: So we don't accrue for revenues that should have come in, rather we tell you what has come in as of that point in time.

Commissioner Keon: Right. It's just that the revenue number is so much greater than the quarterly...it's hard to believe you'll get there.

Ms. Gomez: And again, it has been because there has always been a delay in them remitting the revenues to us, and so we are taking care of that with an agreement that I'll defer to Craig about. So we do get the revenues, we just don't get them timely.

Commissioner Keon: Is that the same for Granada?- the Biltmore?

Ms. Gomez: No. No.

Commissioner Keon: So it's really – Granada seems to be a different...

Ms. Gomez: Yes.

Mayor Cason: Your note says September 14 fees received in January 2015.

Ms. Gomez: Right – But we have received subsequent, I'm not sure if we received October's yet, so through September we did – in January we received the final prior year, so they are in a three-month lag.

Commissioner Keon: So you are working on that.

Ms. Gomez: Yes – and for the remainder, we are dealing with it through the City Attorney's office.

Commissioner Keon: I can understand like with the Venetian Pool, this is a very small amount here, but it's a greater amount, but this isn't the time of year that people are using the pool a lot, so we just see in the summer is that – I guess with golf and maybe the lag makes a difference.

Ms. Gomez: But it's not a question as to whether or not we are going to get the revenues, we are, it's just the timing receiving it.

Vice Mayor Kerdyk: Just a follow up question on that is the \$575,000 that you've assess for the annual budget. Is that taking into account the fact that we shut down the golf course between May and August of next year, of this year I should say?

Ms. Gomez: I would have to look into that, I'm not sure.

City Manager Swanson-Rivenbark: These are excellent questions. What we'll do is we'll bring Parks, Public Works, and Finance together and we'll draft a memo that details more about Granada, how much money we've received a settlement agreement?- what we are anticipating during the renovation of the course?- and then I think that will answer most of your questions.

Vice Mayor Kerdyk: And then one other question I have was construction. Construction looks like we've got actual revenues \$2 million is budgeted, \$5.2 million, correct?

Ms. Gomez: Yes.

Vice Mayor Kerdyk: About 38 percent more or less? So do you think that the \$5.2 million is underbudgeted, or do you think that we've achieved – do you think it's going to wane from this point forward, as far as construction goes?- because I don't see it waning.

Ms. Gomez: I don't either. Again the construction budget, when we create the budget, we look at what we see coming down the pike and some of those expenditures and that's what its based on.

Vice Mayor Kerdyk: OK.

Ms. Gomez: This is one of those accounts where it fluctuates throughout the year, depending on the activity and the timing of activity. We definitely don't think that, that's underestimating of the budget, I mean overestimating.

Vice Mayor Kerdyk: I appreciate – I'd rather be conservative than too aggressive, and this really gets to my next and final question is, with regards to readjustment to our reserves, when will we get our readjustments for our reserves for the end of last year?

Ms. Gomez: So the auditors are currently performing the financial statement audit. I anticipate the final report to be ready in mid-March...

Vice Mayor Kerdyk: OK.

Ms. Gomez: So for right now we are planning on the second March meeting to present.

Vice Mayor Kerdyk: And our reserves right now have \$28 million?

Ms. Gomez: As of the 9-30-2013, it was \$28.7 million General Fund unrestricted.

Vice Mayor Kerdyk: So we'll get that probably at our second meeting in March?

Ms. Gomez: That's the plan.

Vice Mayor Kerdyk: OK. Thank you.

Ms. Gomez: We are looking at page 4 of the report, we are looking at Schedule of Expenditures, comparing budget to actual for all departments. Total expenditures for the first quarter are 21 percent of the budget and being that we are a quarter away in the budget, that's the place we want to be. We want to see expenditures at or below 25 percent, so we are there. When we review the individual departments and divisions, you can see that the majority of the departments, in fact all of them, are trending less than the 25 percent mark, which is good, and we are constantly monitoring expenditures during the year, to ensure that departments are keeping within their budgets. The next set of schedules in the report provides details on the City's Enterprise Funds, these funds are counted like a business. They show all the revenues and expenditures for their respective operations and we have the Storm Water Utility Fund, Sanitary Sewer Fund, Venetian Pool, Golf Course, Tennis Centers and Parking Funds, and the operations of these funds are in line with the expected collections and expenditures to date. The next set of schedules show the City's Internal Service Funds, which are the Motor Pool and the Public Facilities Fund, and these funds are used to report the charges to the internal City departments for the expenditures that they incur for vehicles and facilities. And the final schedule in the report show the activity of the Transportation and Trolley Fund; revenues received from the Transportation Sales Tax was 100 percent to fund the trolley's operations. These revenues are collected on a two to three-month lag from the County and as of December 31st we had received any revenues, but since then in January we received about \$136,000, which is consistent with what we receive at this time of year. And that's it. I'll be happy to answer any questions.

Mayor Cason: I notice that our receipts from red light cameras are constantly going down, if I recall the last time something like \$2,300 for five cameras, which shows something we've discussed before that people when they know where the cameras are they don't go through the red lights, and so our revenue is dropping, so we have them for safety rather than for revenue.

Ms. Gomez: Absolutely – yes.

Mayor Cason: Anything else? Thank you very much.

Commissioner Lago: Thank you.

Mayor Cason: Thank you very much.

[End: 10:23:03 a.m.]