

City of Coral Gables City Commission Meeting
Agenda Item H-1
February 23, 2010
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Donald D. Slesnick, II (Absent)
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 City Clerk, Billy Urquia
Finance Director, Don Nelson

Public Speaker(s)

H – 1 [Start: 10:25:48 a.m.]

Presentation of Quarterly Report for the three months ended December 31, 2009.

Vice Mayor Kerdyk: Alright H – City Manager items – Mr. City Manager.

City Manager Salerno: Thank you Mayor – Don.

Commissioner Withers: Do you want to wait?- this was Commissioner Cabrera; he was the one that wanted this. I know that you were going to do it anyway, but he was the one last month asked.

Mr. Nelson: Ready?

City Attorney Hernandez: Well, we’ve lost our quorum.

Mr. Nelson: Good morning. This is to review the Quarterly Report for the first three months ending December 31, 2009. What I’m going to do is go through on page 3 – page 3 is the schedule of revenues, the first column is the Annual Budget and this was the adopted annual budget of revenues, this represents the total revenues that we anticipate receiving this fiscal year. Next to it is the actual revenue received in the first quarter, which is the first three months, twenty-five percent (25%) represented of the year, and then it shows the percent of budget collected, and then what we have put is notes “as of” because revenues are difficult because of

the timing of when they are received. Some revenues are deferred, some revenues are contractual, some revenues are received at various times during the year, so they all don't come in exactly one-twelve (1/12) every month on projection, but it's important to note, that's why we put those explanations on the right, of when the revenue started to be collected. As an example you'll see October '09, when we've only received on month's revenue in the first quarter. However, as the year progresses and then we accrue at the end of the year we'll make up those revenues, so the most important is that we monitor them every month, revenue, budget to actual, every month. Now the very first revenue line item, which is one of the most important which is property taxes – property tax revenue to the city represents forty-nine percent (49%) of our total revenue collected in the city. We have a total budget as you can see, on the first as revenues of \$147,111,000, of that \$71,000,000 is for property tax revenue, or again forty-nine percent (49%). So this number is the one we look at as we go through the year, property tax collections. It's important to note that of the \$71,000,000 that we anticipate receiving this year, \$51,000,000 has been collected as of 12/31 - \$51,000,000 or 72% collected. Now in comparison to last year, we have collected 70% the same time period. So we are on track and in fact as of January 31st the current revenue is \$54 million, so the revenue is coming in on track or actually better than last year on property tax revenues. However, it's important to note, as I mentioned earlier, we need to constantly monitor every month to make sure because the second quarter, which is critical, and of course the third and fourth as we finish the year, to make sure that we are on track and meeting every revenue projection.

Commissioner Cabrera: So you're \$20 million outstanding right now of the total...

Mr. Nelson: Yes.

Commissioner Cabrera: What systems do you have in place to be able to collect that?

Mr. Nelson: The County of course is our collecting agent – Miami-Dade County is the collecting agent on behalf of all cities in Miami-Dade County; we watch the delinquent rate of collection, we look at the Valuation Adjustment Board hearing, because that is a big factor on how many people file for revaluation of their properties, we get a weekly monitoring of that on how many filings have been before the Valuation Adjustment Board in Miami-Dade, however, we rely on Miami-Dade to collect this; we are going to be comparing our actual collections because they have until March 31 to pay the property tax without incurring a penalty – April 1st then they start incurring a penalty. That's a critical day, of course all the discounts of taxes were the first three months of paying your tax bill early, so there was an incentive; mortgage companies of course pay the first month that's why it's critical, the next several months up to March 31 on how the collection of the property tax revenue is, and of course we budget ninety-five percent (95%) of collections, we have that five percent margin for revaluation of property tax. So this is very critical to monitor as we go through the year.

Commissioner Cabrera: Do you ever do any kind of benchmarking against other municipalities or comparisons to other municipalities as to where they are?

Mr. Nelson: No, we don't.

Commissioner Cabrera: You don't?

Mr. Nelson: No, we don't because Coral Gables is unique, it's a unique city, the demographics and the values here and the payment of the taxes is much different than other – and actually more favorable.

Commissioner Cabrera: Well you have a very large commercial district unlike others...

Mr. Nelson: Yes.

Commissioner Cabrera:....I was just curious from your standpoint if you ever do any kind of benchmarking against others...

Mr. Nelson: We don't.

Commissioner Cabrera:...I'm not suggesting that you do that, I was just curious.

Mr. Nelson: No, it would give a false comparison, it really would. Our biggest concern and comparison is, how are we doing this year to last year and the year before that, and on trend analysis, we are looking at how are revenues collected during the year, in volume and the rate that they are collected during the year, that's so important. Some of the others as you look down the line as you can see there are many, many revenue items, but we looked at the most significant high dollar value; there is a couple that I want to point out like electric – electric franchise taxes, the \$5.5 million dollar budget and we've collected \$516,000. Seems low – 9.38% collected, however last year it was \$8.4% collected. So we are again above the percent. Electric Utility Taxes, another high revenue item - \$4.9 million, \$996,000 collected to date, collection rate 20% this year, was 16% last year. These are all good indicators; however, we continue to make sure that they stay as we go throughout the year. Telecommunication Utility Taxes, that's from all the cell phones and all the telephone communications, it's a utility tax - \$4.5 million dollar annual revenue, we have collected \$816,000 – 18%, we are right on 18% collected last year, that's actually collected by the State of Florida. Our Business License – business licenses issued to all the businesses in Coral Gables very strong indicator of the economy - \$3,092,000 is budgeted to be collected, 2.7% has been collected, we are at 88% collected, last year was 90% so it is down a little bit on the business – people are delaying on their business license tax, and we are seeing that as they come in. Parking revenues big indicator on the economy – parking revenues a budget of \$9,077,000, to date for the first quarter \$2.3 million dollars collected, 26% collected, as you know we should be at 25%, we are a little bit above, last year we were at 24%. So those are comparisons, and again the timing of the collections is very important and the ongoing monitoring of these as we go through the year.

Commissioner Cabrera: Shouldn't we project \$633,000 in sales tax revenue and we've only gotten somewhere around \$372,000?

Mr. Nelson: Yes, and again that's because of timing; the timing of the collections. One of the items which is general government collections, state sales tax, that's a big item that we look at, however, its delayed in the submission from the state to the city. That's the reason.

Commissioner Cabrera: OK.

Vice Mayor Kerdyk: Let me make a comment as far as the parking. When I was reading the agenda, the Parking Committee, I noticed that they had the parking meters downtown that were up 16%, however, the long term parking spaces, 1800 parking spaces, were down to 1400 parking spaces that they were leasing, so I guess we are getting some good activity in the downtown quarter this year as opposed to last year, but I guess what else that tells you is some of our buildings are still vacant and not being leased, that's what it tells you. So there is some activity as far as retail portion of it, but it seems to be some long term problems as far as our economic situation.

Commissioner Cabrera: Parking – off-street parking.

Vice Mayor Kerdyk: Yes.

Commissioner Cabrera: What's ironic is on-street parking is doing incredibly well, off-street parking you just pointed out is not doing so well, and we are going out of our way to get rid of on-street parking; every time we build something we put in the big bump out, you know, the large ash tray, and that cost us money to maintain, and we lose a parking space, and we continually do that, I mean, there are two new projects here in the city that I just saw recently that we've done away with at least 6-8-10 on-street parking spaces. They had zero maintenance, people love to park on-street, and we keep doing away with them – oh well.

Mr. Nelson: Going forward, you had mentioned about the state sales tax; the state sales tax that is collected, that is a big indicator because as you know sales tax is collected by the State of Florida then remitted back to the cities, it's not really based upon how much sales is generated, it's based upon population and a formula of the state. However, we brought the revenue projection down on that and we are on projection received on a \$2.5 million in state sales tax, \$372,000 or 15%, last year we received 15%, so we are on track, that represents only twenty-two months of collection so far. So that's the one we really look at. On the expense side, the next page – page 4, this is all the expenses of the city; every department, very first column is the annual total budget, it is \$130,786,000. You can see we are at \$29,251,000 or 22% expended. We should be of course at a quarter, 25%. This is a good indicator at this point, we are constantly monitoring our expenditures, making sure that departments adhere to their budgets and stay within their budget. We will continue to monitor every expense, every line item in the budget to make sure that stays under those percentages. Even though you'll notice that a couple of the items are above budget; we did absorb some of the payments of sick and annual leave when people left and were terminated, that was paid out in the first quarter, we absorbed that, so those numbers are actually in these figures, that again. We are 22% of budgeted expenditures. The remaining pages are the individual enterprise funds, and I can go through each one of them individually, as an example the Storm Water Fund, the Sanitary Sewer Fund, the Parking Fund,

individually or accounted for, for the revenues and expenditures because they are accounted for as a business. All those are individually budgeted, individually monitored, so that we make sure we adhere to the budget and maintain the revenue stream for those enterprises and for the expenditures that they are on track. And at this time I'll take any questions that you may have.

Vice Mayor Kerdyk: Are there any questions of Mr. Nelson?

Commissioner Cabrera: I know this may be a difficult one for you to answer this early into the fiscal year, but how are the general, or not general, just the reserve balances running?- are you able to make any kind of commentary on the balances?

Mr. Nelson: I can tell you that the fiscal year ending September 30, 2009, we are in the process of finalizing our annual audit with our outside auditors, which is required by law to conduct an annual audit. They are presently at the city, they are finishing the audit, they are looking at all of our funds, and until that audit is completed, I would not want to provide any information because there can be adjustments, there can be subsidies that are provided to other funds, and until all those are completed, a subsequent report will be provided to you by the outside auditors, and that will be in a future Commission meeting, then we will disclose all of the fund balances.

Commissioner Cabrera: OK. The majority of the departments seem to really be running very efficient in terms of being under budget, but there was one particular area that I wanted to bring to everyone's attention and that was Administrative Division of the Public Works Department, it came in \$106,000 over budget for the first quarter; was there something that caused that?

Mr. Nelson: Yes, very good question. That is actually the one that showed up above the 25%, and the reason for that in the Administrative Division, we had an Assistant Public Works Director that retired from the city, and we did the payout, as I had mentioned earlier, we incurred the payout of his balances of accrued sick and annual, and that was absorbed in there. The good part is the position is currently vacant, it is budgeted for but not filled, yet so we are incurring salary savings that make that...the rest of the year.

Commissioner Cabrera: Thank you.

Commissioner Anderson: Thank you.

Vice Mayor Kerdyk: Are there any other questions? Commissioner Withers any questions?

Commissioner Withers: No sir.

Vice Mayor Kerdyk: Thank you very much Don.

Mr. Nelson: Thank you so much.

[End: 10:40:57 a.m.]