

**City of Coral Gables City Commission Meeting
First Budget Hearing
September 13, 2012 @ 5:01 p.m.
City Commission Chambers
405 Biltmore Way, Coral Gables, FL**

City Commission

Mayor Jim Cason

Vice Mayor William H. Kerdyk, Jr.

Commissioner Maria Anderson

[*City Commissioner Anderson made arrangements to appear via teleconference. However, due to technical difficulties she was unable to appear. Therefore, said initiative was discontinued].

Commissioner Rafael “Ralph” Cabrera, Jr.

Commissioner Frank Quesada

City Staff

City Manager, Patrick Salerno

City Attorney, Craig E. Leen

City Clerk, Walter J. Foeman

Deputy City Clerk, Billy Urquia

Finance Director, Diana Gomez

Public Speaker(s)

First Budget Hearing [Start: 5:22:40 p.m.]

Mayor Cason: Do you want to read the ordinances first?

City Attorney Leen: Yes, Mr. Mayor. And just for purposes of the record, I just wanted to state on behalf of Commissioner Anderson that she had made arrangements to be here today and because of technical difficulties it did not work, but otherwise she would be here and she just wanted that put on the record.

Vice Mayor Kerdyk: Can I just make a point, for our next hearing...when is our next hearing on the budget? Will that be Tuesday...? It will be Tuesday, right?

City Manager Salerno: Yes.

Vice Mayor Kerdyk: She will be able to attend that one.

City Attorney Leen: Yes.

Vice Mayor Kerdyk: That is good.

City Attorney Leen: She plans to attend that one. So she will have that opportunity.

Vice Mayor Kerdyk: Alright, very good. Thank you.

City Attorney Leen: So, today we are here on a public hearing related to the Budget. What I will be doing is reading the two ordinances and there will be a public hearing. The first matter is an ordinance and this is on first reading, both of them. An ordinance providing for the levy of taxes for the fiscal year beginning October 1, 2012 and ending September 30, 2013; fixing the rate of such levy; providing for the segregation and the application of the proceeds of such levy; providing for the separability of the provisions hereof; and providing that this ordinance shall become effective October 1, 2012. Be it ordained by the Commission of the City of Coral Gables. Section 1, that there is hereby levied upon all the real and personal property within the present corporate limits of the City of Coral Gables, which is assessed for taxation for the year 2012, and which is subject to taxation under the constitution and Laws of the State of Florida as now written. "A", a tax of 5.669 mills which is a 1.74 percent increase over the rolled-back 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, 2013. Section 2, that the Tax Collector of Miami-Dade County shall be and he is hereby authorized and instructed to proceed with the collection and enforcement of the taxes levied herein, as provided in the Charter of the City of Coral Gables and the Laws of the State of Florida, which are or may be applicable thereto and to transmit such taxes collected for the City of Coral Gables to the Finance Director of the City of Coral Gables promptly upon their collection. Section 3, that if any section, subsection, sentence, clause, phrase, word, or amount in the ordinance shall be declared unconstitutional or invalid by competent authority, then the remainder of the ordinance shall not be affected thereby, and shall remain in full force and effect. Section 4, that this ordinance shall become effective October 1, 2012. In addition, the second Ordinance on First Reading that is being considered is an Ordinance adopting the Annual Budget of Estimated Revenues and Expenditures and an ordinance adopting the millage levy of the City of Coral Gables, Florida for Fiscal Year 2012-2013. The Budget Estimate includes total revenues of \$143,718,375, total expenditures of \$142,029,515, and net transfers to reserves of \$1,688,860.

Mayor Cason: OK.

City Manager Salerno: Mr. Mayor, Diana will come forward now and make a presentation of the proposed Fiscal Year 2012-2013 Annual Budget.

Finance Director Gomez: Thank you Mr. Manager. Good evening Mr. Mayor, Vice Mayor, Commissioners. In front of you, you each have a copy of the Budget Presentation. I plan to go

through the proposed 2012-2013 Budget, highlight some of the significant items and changes from the previous year and answer any questions you may have. Slide 1 of the presentation we have the 2012-2013 Budget Summary. The proposed budget provides for \$143,718,375 in annual revenues. To that amount we are transferring from reserves a total of \$1,110,227 for total revenues of \$144,828,602. Expenditures as you see are broken down to three categories, Operating Expenditures in the amount of \$132,001,704, Capital Expenditures in the amount of \$3,080,000, and Debt Service Expenditures in the amount of \$6,947,811 for total expenditures of \$142,029,515.

Vice Mayor Kerdyk: Can I ask you a question? The \$6,947,000 I thought we had decreased that to \$6,500,000.

City Manager Salerno: There are funds in there you may recall Mr. Vice Mayor to fund the City's portion of the to be established Financing Plan for Miracle Mile. So that portion is available and included in those dollars. Along with other contingencies for the variable rate debt.

Vice Mayor Kerdyk: So it did reduce, but we had those other sinking funds in there.

City Manager Salerno: Yes.

Finance Director Gomez: To the expenditures we are adding transfers into reserves in a total amount of \$2,799,087 for total expenditures and a balance budget as required by State Statute of \$144,828,602. Moving on to slide 2, I'll discuss the revenue increases that affect the Budget. Sanitary Sewer fees were increased by approximately \$714,000, to cover expenses passed through from the County to cover cost of County mandated system repairs. Rentals and concessions, this is where we rent the use of our facilities, that revenue is increasing by approximately \$320,000 due to new leases and escalations on current leases. Business tax receipt revenues is increasing by just under \$300,000 due to additional business in the City obtaining their business licenses. General government fees revenues is increasing by \$215,000, due primarily to increase activity related to the Board of Architects, Passport and Document Filing Fees, Stormwater utility fees, although there have been no change in the fee structure proposed, revenues are increasing by about \$150,000 due to improve collections and activities over the past year. Public Safety fees are increasing \$109,000, again due to improve collections and all other revenues combined are increasing by approximately \$120,000, for total revenue increases \$1,926,269. Slide 3 provides some detail on revenue decreases affecting the budget. The first two items totaling approximately \$6,000,000 pertains to State and County grants such as the County G.O.B.(General Obligation Bond), which were either one time funding for projects or balances from previous years that were re-appropriated for the current year. Any balances pertaining to unfinished budgets will be re-appropriated after the start of the new fiscal year once we close the current year.

Mayor Cason: So basically we are not getting much of anything from the State.

Finance Director Gomez: It is not that we are not getting...

Mayor Cason: Anything new.

Finance Director Gomez: The grants, the way that we budget for the grants, we wait until the year closes and we re-appropriate any of the monies that are left from previous projects, and any grants that we may get in the future, we appropriate them as we get them.

Mayor Cason: OK.

Finance Director Gomez: Property Tax revenue which makes up approximately 46 percent of revenues decreased by \$1.4 million due to the downward adjustment of the millage rate from 5.869 mills to 5.669 mills, and we will focus more on that in later slides. The amount for Fines and Forfeiture revenues was decreased by \$530,000 to better represent the amount retained by the City related to red light camera revenues. The Biltmore Complex rent decreased \$387,000 as a result of a correction in previous year projections and to better reflect the expected collections for this upcoming year. Donations revenue decreased by \$371,000 due to donations which will not reoccur in the 2012-2013 Budget Year. Parking Fee revenues decreased by \$285,000, as a result of the revised budget projections that better reflect the expected collections. Recreation fees decreased \$282,000, primarily due to the new management agreement with the Biltmore Golf Course and the remainder of the items, decreased revenues by approximately \$471,000, for a total revenue decrease of \$9.7 million. Slide 4, we see the changes in personnel services in the proposed budget, as you can see salaries are increasing by \$77,000, which is due to contractual, merit and longevity increases. There are no cost of living adjustments in this budget, so this increase is solely due to contractual, merit and longevity. Overtime is increasing by \$19,604 attributable primarily to sanitary sewer and landscape services that are needed to...the landscape services that are necessary to manually irrigate trees. Retirement is decreasing by \$151,000, due primarily to the actuarially determined contribution required for the upcoming year. There is a FICA increase of \$26,000, no change in the amount budgeted for worker's compensation and \$278,000 increased in health insurance. Bringing the total personnel services budget to \$98,058,426. Slide 5 continues with expenditure changes, but on non-personnel related costs the first two items equipment replacements and additions reflects a decrease of approximately \$569,000. The majority of the decreases having to do with one time purchases in the current year and prior year re-appropriation that are hitting the current year budget. The next several items of other operating costs show a net decrease of \$190,000, which includes decreases in operating grants and increases to general liability insurance and other professional services as shown and then we have increase from prior year fleet equipment replacement in the net amount of \$750,000 related to a ladder truck and a street sweeper budgeted for the upcoming year. This bring the change to the operating budget to an increase of \$241,427 for a total operation budget of \$132,001,704. Slide 6 details the Capital projects that are proposed in the 2012-2013 Budget.

As you can see, we are investing an additional \$3,000,000 in the City's properties in order to ensure that sufficient funds are available to repair, replace, preserve and in many cases enhance the capital infrastructure of the City Beautiful. We are investing \$200,000 for repairs and improvements to the public safety building, \$1.4 million repairs and improvements for fire stations, \$30,000 for exterior gates to the museum, \$130,000 for replacement playground equipment for Coral Bay Park and \$300,000 toward the purchase of land. Additionally, there are...

Commissioner Cabrera: Can I just stop you there?

Finance Director Gomez: Sure.

Commissioner Cabrera: Where did you come up with \$300,000 for purchase of land?-how was that derived? That was just an amount that was...

City Manager Salerno: Commissioner what was the question? I am sorry.

Commissioner Cabrera: The purchase of land, the \$300,000 figure, I am just curious how it came out to be \$300,000.

City Manager Salerno: I have had some discussions with the Vice Mayor and he has some suggested land purchases that he has asked me to explore, and depending upon whether or not those are something we can make accomplish and reach a deal on this would provide the funds necessary to do that, whether any particular piece of property is acquired or not. So that is a budget estimate subject to negotiations and the acquisition of a particular piece of property.

Commissioner Cabrera: Well for the good of transparency and open government, can I know more about this potential land that is \$300,000, that it is being budgeted for?

City Manager Salerno: Let me say this. It is not designated, and that is why it doesn't say.

Commissioner Cabrera: I understand.

City Manager Salerno: The Vice Mayor had asked my prior to the budget preparation process to say land values are at a favorable situation he would like me to look at putting dollars aside for purchase of land when values are low. That was the basis.

Commissioner Cabrera: I got that. I got that the first time you told me.

City Manager Salerno: But I told you on July 1st.

Commissioner Cabrera: But not my follow up question is, somehow somehow we came up with \$300,000.

Vice Mayor Kerdyk: I would like more actually.

Commissioner Cabrera: I would like \$300,000 to go somewhere else, so I don't know how that works. And you know there are certain things you can talk about tonight and certain things that we can't talk about tonight. So I am trying to talk about everything tonight. So if we have \$300,000, hey George, if we are trying to do \$300,000 to buy land, I want to know more about it because there are groups that really need a lot of money around here and this is the first time I hear about a purchase of land for \$300,000 and I don't know, I thought I was still one-fifth of this government. So, I am just trying to find out and I am hoping that we can have this dialogue, but if this is already cooked and scripted, then I will be silent, I have other questions that have to do with the budget tonight.

Mayor Cason: I have a question on that, is this something that if you find some land is going to come to the Commission?

City Manager Salerno: Of course.

Commissioner Cabrera: Well it always comes to the Commission. I know that, but it is usually cooked. That is OK. Let's just go on, I was going to be good, but this one just riled me up because \$300,000 is not chump change. It is a lot of money and there are groups out there that need money because I know how much we love shiny and new around here, because we politicians love to take pictures in front of the shiny and new things, but when it comes to helping organizations that are already established that need our help, that we are their parents, then it seems like it is not OK to talk about that. So I was just, you know, I thought I would ask the question, but that is OK.

City Manager Salerno: If I could just add, these are...

Commissioner Cabrera: I am not asking anymore questions.

City Manager Salerno: I am adding something to the discussion.

Commissioner Cabrera: OK. Well go ahead. You go ahead and do that.

Mayor Cason: What is it that you would like to add?

City Manager Salerno: These are capital funds in the past we have budgeted in this neighborhood of \$2.7, to \$3 even \$4, \$5 million for capital dollars. This is part of the capital aspects of the budget, which we have, and there is the operating side of the budget...

Commissioner Cabrera: I got it.

City Manager Salerno:...and when you are talking about organizations those dollars typically come out...they don't come out of capital they come out of operations.

Commissioner Cabrera: I know where they come out of, but I am just saying that this is the first time I hear of it, but you know, bite my tongue for having brought this issue up. God forbid I should want to discuss something as transparent as a capital \$300,000 potential land purchase.

Mayor Cason: So this may or may not be spent, is that correct?

City Manager Salerno: Mayor let me just point out on July 1st when the budget was transmitted that same chart was in there.

Commissioner Cabrera: I chose to talk about it now. I can choose to talk about anything when I want to talk about it and this was the time to talk about it. During the Budget Hearing, sir. So don't correct me I can discuss it at anytime, I saw it back in July, and I see it now, and I feel like talking about it tonight.

City Manager Salerno: That is perfectly fine, I am not discussing that.

Commissioner Cabrera: Well thank you for allowing me to...

City Manager Salerno: I am pointing out that the item was there July 1st, it was there same as well in the Budget Workshop, the same chart showed up I just trying to point out. It is nothing new that was put in here today, it has been there since July 1st.

Commissioner Cabrera: I understand that I chose to talk about it today, I have that right, I can talk about anything I wish to talk about, any portion of this budget hearing...

City Manager Salerno: I agree.

Commissioner Cabrera: I am well aware of it, in fact I know this budget inside and out, but I chose to discuss it now. So that is my point, you answered my question with some sort of rhetoric about potential land purchases that one of my colleagues talked to you about, that is fine. Mr. Cason decided to plug in the fact that it will eventually come to us. It has to, by law it has to come to us, but usually it is cooked, so I was just trying to figure out what this is all about, but that is OK. Forgive me. Forgive me.

Mayor Cason: Anything else on this issue?

Commissioner Cabrera: On this issue nothing else, God forbid I should ask another question about the budget.

Finance Director Gomez: Additionally, there is \$770,000 for Roadway and \$250,000 for Storm water for general capital improvements needed in those areas for a total of \$3,080,000 in Capital Projects in the 2012-2013 Budget. Slide 7 shows that this proposed budget will maintain the same number of full-time budgeted positions as in the prior two years in total and in each individual classification as shown. Slide 8 is a schedule of the property tax millage rate for the past ten years. The 2012-2013 Proposed Budget includes a decrease in the millage rate of .2

mills, from 5.869 to 5.669. Slide 9, provides a five year history of the estimated average taxable value of a homesteaded property. Looking at 2012, we have estimated that the average taxable value at \$515,000, which shows an increase from the prior year \$6,618 or 1.3 percent. And this is based on the change in property values as provided to us by the Property Appraisers Office. If you turn to Slide 10, you will see that in taking that same homesteaded property from the previous slide with an average taxable value of \$515,000, that property will see a decrease in property taxes of \$104 with the proposed millage rate of 5.669. The next slide shows how the proposed millage rate for the City of Coral Gables compares to the proposed rates for all of the cities in Miami-Dade County. The City of Coral Gables ranks 24th of our 35. At the budget workshop in mid-July, we ranked 23rd so we dropped one spot. Which is a good thing, because this is one list that the closest we are to the bottom, it is a good thing. There are only 11 other cities in the County that have a lower overall millage rate than us. And finally the last slide shows how each tax dollar received is distributed, for each dollar residents pay in property taxes, Coral Gables only keeps 29 cents, yet we provide virtually all of the services that our residents enjoy. The State of Florida takes 2 cents, School Board gets 40 cents and 29 cents goes to the County. So as you can see residents really are getting a good value from the City for the taxes that they pay. And that raps up my presentation and I will be happy to answer any questions that you may have.

Mayor Cason: OK. On the public hearing side, do we have any speaker cards?

City Clerk Foeman: No. Mr. Mayor.

Commissioner Cabrera: May I ask the Finance Director some questions?

Mayor Cason: Do you want to do it now or should we have the public input. We could do it either way. Why don't we have the public input and then we will have our discussion.

Commissioner Cabrera: That sounds fine Mr. Mayor.

Mayor Cason: Who do we have that wants to speak?

City Clerk Foeman: We have no one.

Mayor Cason: No speaker cards at all, I thought you said you had some.

City Clerk Foeman: No.

Mayor Cason: OK. So then we will close the public hearing part.

Commissioner Cabrera: Will you recognize me?

Mayor Cason: You can ask your questions.

Commissioner Cabrera: Thank you sir. Thank you very much. Ms. Gomez can you and I go through the actual budget document, do you have one available? OK and what I will do if it is OK with you, yes, just take your time. If it is OK with you the way I would like to do this is just refer you to each of the pages where I have questions, and some of the questions that I have are for clarification purposes, so I am not trying to get you to tell me anything more about \$300,000 or anything like that God forbid. These are things that are in the budget, so we are just going to focus on that. If you would go to page 12 of your budget book there is a couple of questions that I have on that page. If you look at used charges 1,2,3,4, the fourth item down, Parking Fees in 2011-2012 were \$10.2 million and we have it projected at \$9.9 million, can you talk a little bit about that change. It is on page 12, parking fees, 2011-2012 Budget 10.2, 2012-2013 under the estimate 9.9, so that is a reduction.

Finance Director Gomez: A reduction of about \$300,000, right?

Commissioner Cabrera: Yes, that is correct. No.

Finance Director Gomez: I am sorry.

Commissioner Cabrera: That is correct \$300,000. I am just curious, why the change? Anything unusual happen?

Finance Director Gomez: No, I think...that change really is just due to a revision of our projections. Just looking at the budget, looking at what was budgeted last year compared to what we have been collecting in, it is a revision of our projections.

Commissioner Cabrera: So the revision just caused that number to go down to a more conservative number?

Finance Director Gomez: Yes.

Commissioner Cabrera: And you know should it go up, that is a good thing.

Finance Director Gomez: Exactly.

Commissioner Cabrera: Right.

Finance Director Gomez: But it is based on the trends that we have been experiencing.

Commissioner Cabrera: That is what I was looking for.

Finance Director Gomez: Yes.

Commissioner Cabrera: Because you see to the best of my knowledge, it is the highest non ad-valorem source of revenue that we have, so I was just curious why it would go down.

Commissioner Quesada: Commissioner Cabrera.

Commissioner Cabrera: Yes sir.

Commissioner Quesada: On that item were you thinking maybe there would be...I know we have discussed a lot of parking.

Commissioner Cabrera: Right.

Commissioner Quesada: In the last few months in these meetings. I guess a follow-up question, do we anticipate to have less parking spaces where we would generate less revenue. Is that what you were thinking?

Commissioner Cabrera: Commissioner, I was looking at two things, one the potential of that, the change in parking on the Mile and two what we continually do every time we do a new development, which is the removal of on-street parking, which I have been talking about now for seven years, and three the potential redevelopment of the parking garages.

Commissioner Quesada: OK.

Commissioner Cabrera: So those three elements could in fact impact parking, and I was trying to see if there was any correlation.

Commissioner Quesada: And you wanted to know if it was incorporated into the assumption.

Commissioner Cabrera: Yes sir.

Mayor Cason: So you are basically saying that there is nothing, not fewer parking enforcement out there necessarily fewer hours worked or anything, just purely...do you have something?

City Manager Salerno: Let me answer it. Mayor, that is not related to any decrease in available parking spaces.

Commissioner Quesada: Can I just ask a question, I think it will clarify it. This assumption, the 2012-2013, does that assumption, assume less parking spaces or the same amount of parking spaces?

Finance Director Gomez: The same amount of parking spaces, but just revising our projection based on the actual trends of what we are actually collecting. That is the best way to say it.

Commissioner Quesada: OK.

Mayor Cason: Ralph.

Commissioner Cabrera: OK. Let's stay on that same page and let's look at investment earnings, so I am not trying to put words in your mouth, but as we look at investment earnings in the 2011-2012 Budget, under the General Fund we have \$75,000 on the Enterprise Funds, we had \$10,000

for a total of \$85,000. Now under the budget, we are estimating \$55,000 so that is a reduction of \$30,000.

Finance Director Gomez: Interest rates not earning anything, we are earning very little. We are doing our best, but we are earning very little, just the market is not there to give us the interest.

Mayor Cason: Is like .01 in a lot of accounts now.

Finance Director Gomez: Yes, very low.

Commissioner Cabrera: So again because we are investing in very conservative, I don't want to say funds, but markets to keep the money safe.

Finance Director Gomez: Right, those funds are just not paying.

Commissioner Cabrera: A lower interest rate payout. OK. Alright. Page 21, I am going to take you over there, and this is pretty quick with these questions that I have. Under page 21, this one really caused me to take a look at it and say well this is something that is worth talking about, and obviously the folks in the audience and those that are watching don't really know what we are looking at, but we are looking at a 2012-2013 Budget Estimate and the particular area we are looking at now is expenditures by function and in 2011-2012. We have got a total of \$185.3 million and what caught my eye are two items, one is public safety and public safety is budgeted at \$70.1 million for 2011-2012, and now it is budgeted at \$67.2 million, so I wanted to know why that change.

Finance Director Gomez: The 2011-2012 number here includes re-appropriations from previous years because now this is the final budget for 2012.

Commissioner Cabrera: Right.

Finance Director Gomez: Some of those re-appropriations will happen as we enter the 2012-2013 year, so it is not a comparison that it can be done one for one so to speak, because the 2012 numbers include re-appropriations from previous projects encumbrances and everything that rolls over once the year closes and we get into the new year. So this number once we do those re-appropriations, the 2012-2013 numbers will also come up. Will also go up.

Commissioner Cabrera: Do you foresee them going up to the \$70?

Finance Director Gomez: I am sorry.

Commissioner Cabrera: How much do you see them? Is really hard to tell.

Finance Director Gomez: It is really hard to tell because we haven't closed off the year, we don't know exactly what has been spent, which projects have been completed or not just yet. So we will know that as we get into the next year.

Commissioner Cabrera: I know but this is public safety. I am not sure I follow projects when it comes to public safety.

Finance Director Gomez: It is any re-appropriations that we have to do.

Commissioner Cabrera: OK. And the same thing goes for physical environment.

Finance Director Gomez: For all of the categories, it is the same.

Commissioner Cabrera: I just see the changes, you know physical environment is 47.2 for 2011-2012, and then 2012-2013, it drops to 25.5. That is a pretty dramatic change.

Finance Director Gomez: Right, and again you have to think about all of the for instance I believe that also in here would be the re-appropriation of the NRP (Neighborhood Renaissance Project) funds and all of those projects and those are big amounts of money, so once they get re-appropriated you will see them go into the appropriate buckets, and it is just a comparison that is difficult at this time.

Commissioner Cabrera: You brought up NRP, that is my next question, so let's go to page 24, and I think you are really going to be able to help me with this one, no, no you will, because I think I know the answer under capital expenses, Neighborhood Renaissance Program it is budgeted in 2011-2012 at 21.6 million, but there is nothing under 2012-2013. At the same time, you moved it down as a transfer to reserves in 2010-2011, and it is the exact same number \$21.6 million, so I'll be silent, can you explain to me how this works.

Finance Director Gomez: OK. So, in 2011 when the fund were obtained...

Commissioner Cabrera: Right.

Finance Director Gomez: That is the number that you see in the 2011, and then they got rolled over into 2012 and the 2012 again this is the final, well not the final, the amended budget for 2012 so once again it will roll over into 2013, after we know what has been not been spent already.

Commissioner Cabrera: So in the meantime you are just going to park it.

Finance Director Gomez: Right, we don't budget for it now, we will re-appropriate what has been left over.

Commissioner Cabrera: And so you are going to park it in transfers to reserves until you use it. Does that make sense? I mean I know what else to, you are going to log it, you are going to post it. I mean it is reflected in the 2010-2011 budget.

Finance Director Gomez: Right.

Commissioner Cabrera: As the actual, so in 2012-2013 I'm certain that during that timeframe some of those NRP projects will come to fruition and expenditures will be caused, so as they become expenses you then log it back into the 2012-2013 Budget Year.

Finance Director Gomez: No, in the 2012 actual year.

Commissioner Cabrera: Yes.

Finance Director Gomez: When we actually spend it, we are reducing the amount that we have, that we re-appropriated right?-so we re-appropriated the full amount because nothing had been spent between 2011 and 2012. We re-appropriated the whole amount in the current year. There are some expenditures in there, so that will reduce the amount that is available, and then once we close out the year of actual expenditures and identify everything that relates to 2012, that will be my actual number and then whatever is left over, I will re-appropriate after the start of the new year into that number. You will see that number...

Commissioner Cabrera: Increase.

Finance Director Gomez:...in the 2012 Amended Budget.

Commissioner Cabrera: OK.

Finance Director Gomez: 2013 Amended Budget.

Commissioner Cabrera: It is just odd that here we are predicting land purchases and we are not doing the same thing with that project, but that is OK. It doesn't matter, I don't want to talk about it. I don't want to bore you with this any further. I was just trying to understand how it is that you reflect it, and it is odd to me that is not reflected whatsoever in the 2012-2013 Budget.

Finance Director Gomez: Because we are not going to re-budget for it, because we have to know how much it is left over and then we re-appropriate it.

Commissioner Cabrera: Page 29, no you know what I am not going to go to page 29, I am going to save that for another day, 313, last question.

Finance Director Gomez: 313.

Commissioner Cabrera: Yes ma'am, last question. Under 313 I had a quick question about this is a 2012-2013 Budget Estimate Motor Pool Cost Distribution, and what I found kind of interesting was that under City Manager Communications Department, it is a \$65,550 amount, it is the second one down. You see it on 313.

Finance Director Gomez: Oh, 313, I am sorry.

Commissioner Cabrera: I am sorry, 313.

Mayor Cason: 1030.

Commissioner Cabrera: Department number 1030, it is a \$65,550 amount I was trying to figure out, is that for that truck that we use once a year for the Junior Orange Bowl Parade.

Mayor Cason: Most of it is maintenance right?

Commissioner Cabrera: But how much maintenance can the Communications Department have under motor vehicles?

Finance Director Gomez: The amount that is reported there is the redistribution for that Department number Division.

Commissioner Cabrera: Right.

Finance Director Gomez: For its use of Motor Pool, I don't know exactly specifically what is in that at this time. I can check and try to get it for you.

Commissioner Cabrera: Would you be kind enough if my colleagues agree, to tell us what it is being used for at the second budget hearing, just so I know. Would you all support that?

Mayor Cason: Sure.

Commissioner Cabrera: That is all. I mean I am certain that this is a necessary, and I am pretty sure it is for that big truck, that like I said we use it once a year during the Junior Orange Bowl parked back here in the parking lot.

Finance Director Gomez: We will have that answer for you.

Commissioner Cabrera: Great. Can't wait. That is it for me, I am not going to ask any more questions.

Mayor Cason: Frank.

Commissioner Quesada: I had a question to piggyback on, one that Commissioner Cabrera asked he was discussing investment earnings on page 12, and if you go to page 30 this is, you have these graphs on different trends and I think you answered it, but I guess I had a more broad question and I see their investment earnings, obviously they dropped off in 2008, 2009 was really when we were...and we really haven't recovered. I know you were at City of Miami prior, are we the only ones feeling the hit on the investment earnings as far as you know?-I would imagine the answer is no, but I want to hear your perspective on it.

Finance Director Gomez: No, it was something that I was facing when I was in the City of Miami, as well. The earnings just weren't there in comparison to what they had been during the previous years, so from what I know in my colleagues in other cities that I have talked to

investment earnings is just not there at this point and we don't know when. I don't have that crystal ball unfortunately.

Commissioner Quesada: Do you, and maybe this is a question for the City Manager, maybe it is for you either one of you, are we doing anything?-are we being proactive in trying to change this?-is it just something that it is the market and we are just going to sit and wait it out? Do we have an outside consultant that we deal with that looks into this with us? How does it work?

City Manager Salerno: Ms. Gomez is in the process of hiring, the city has not had in the past a City Treasurer and typically a treasurer function includes a person who is significantly committed toward managing those investment earnings, and I thought we needed to put more attention toward investments and we changed the position, the existing position, changed the title and she is out recruiting right now for a City Treasurer, it will be somebody that will have a major component of their duties to manage those. So we are going to put additional emphasis to make sure that we are doing everything we can.

Mayor Cason: But those funds they have to be very conservatively invested, I mean right.

City Manager Salerno: Oh yes.

Mayor Cason: With the Fed, I just saw it is going to keep interest rates low until 2014 or 15 now so the prospects.

City Manager Salerno: You may recall that there was Mayor before your term of office started and Commissioner Quesada I am sure the remaining Commissioners recall that there was a significant, even in things where you think it is safe there was an investment fund managed by the League of Cities, that cities lost because of bad investments even though they were believed to be very conservative and it had been producing great results in the past many cities were surprised to find out that those investments, and this City as well, had invested in those types of funds. So there is very good reason for being conservative with those investments and that has been the policy. What we want to is within managing the risk, I want to make sure that we are doing everything we can and that is why she is going to have an existing position be more dedicated to that in the future.

Mayor Cason: But even with a person doing it, is it likely that we are going to see a big jump?-because I know in my bank account it is .01 percent.

Finance Director Gomez: Yes, we won't see a big jump, but we will see somebody dedicated and really having the time and ability to focus on it, we will see some increase, but a big jump I don't see that happening for some time.

Mayor Cason: OK.

Commissioner Quesada: And then one more question on page 31, on the golf fees, I know the rounds haven't really gone down that much, but I see the projection is to be what is that \$600,000 lower than 2012, and I read the note that you put at the bottom here related to the economy.

Finance Director Gomez: And also the Biltmore Golf Management Agreement that we had, where they are not going to be making payments until 2013.

City Manager Salerno: That is the key.

Finance Director Gomez: So that is really the majority.

Commissioner Quesada: That is the big drop. OK. Yes, because it was a \$600,000 jump.

City Manager Salerno: That is it.

Mayor Cason: And I am not a golfer, but aren't golf rounds down everywhere because of the economy?

Vice Mayor Kerdyk: They are.

Commissioner Quesada: But ours really haven't dropped off all that much from what I had seen. Ok.

Mayor Cason: I have never seen any statistics on actually how much play there is.

Vice Mayor Kerdyk: It has dropped down a little bit. Can we look at page 14, which is basically the Budget Estimate Summary of total revenues and transfers from reserves, just for the people out there, our sheet here just basically shows us 2009-2010 Actual Revenues, 2010-2011 Actual Revenues, 2011-2012 budgeted because we are not finished with our budget and of course the 2012-2013 Estimate. We have seen a decrease in the property tax revenues which from 2009 to 2010 were \$70,277,000, to this year estimate of \$65,628,000, correct? And I assume that is a combination of the millage rate decrease and the fact that the property values have decreased, from basically in 2008 \$13.4 billion and this year and 2011 \$11.9 billion is that correct?

Finance Director Gomez: Overall property tax values for 2012 are \$12.095 billion.

Vice Mayor Kerdyk: OK.

Finance Director Gomez: In this last row, so they went up a little bit, but it is mainly having to do with the decrease in the millage.

Vice Mayor Kerdyk: Decrease in the millage OK that is what I was asking.

Finance Director Gomez: That is the primary.

Vice Mayor Kerdyk: Rationale of why that is going down. OK. Just a follow up question on that specific number, if you look at page 15, this is like a really small thing, but I do want to ask the question. Again, if you look at the same thing, if you are looking at page 14, you are looking the Property Tax Revenues, if you look at 2009-2010, the number is \$70,277,000, that corresponds with the page and then you go on to \$67,078,000, same thing, \$67,086,000 same thing. Then why is there a discrepancy of \$36,000 in that estimate there? and that estimate on the next page?

Finance Director Gomez: On which one, I am sorry.

City Manager Salerno: Where?

Vice Mayor Kerdyk: Page 14 and page 15, if you look at the estimates here, right here and here run across the total property taxes of \$70,277,000, which corresponds with this.

Finance Director Gomez: Right.

Vice Mayor Kerdyk: \$67,078,000 corresponds with this, \$67,086,000 corresponds with that and then the next one is \$65 million.

Commissioner Quesada: Your document is wrong.

Finance Director Gomez: Yes, there was a typo and I sent a replacement page back in July.

Vice Mayor Kerdyk: I was wondering.

Finance Director Gomez: I am sorry. My document was right, and I was like, I don't see it.

Vice Mayor Kerdyk: I was like what is going on here.

Commissioner Quesada: This is the correct number, and that number is also here.

Finance Director Gomez: \$65,664,000 is correct. I am sorry.

Vice Mayor Kerdyk: OK. Go to permit fees, permit fees in 2009 again was \$4,000,000. Again, we understand the market was soft then it jumped up in 2010 to 2011 to, \$8,500,000 right. I don't know why the jump up there, but then we are down to \$5.5 million and then it is sort of flat, how did you prognosticate that it was going to stay flat from 2011 budget year to 2012-2013?- and I am going to ask you that question, but my comment to go along with that is that the market has picked up as far as the real estate market goes and the permits should be picking up, maybe not to the extent of the \$8,000,000 that was realized in 2010 to 2011, but certainly I don't think it is on par to this year, how do we come up with that?

City Manager Salerno: As you may know the projects, as you all know I should say, projects have a long league time from the time the city frequently gets contacted or you may be contacted

about a potential project to the time they are pulling the building permit it could be a year to two years, so the lag remember that year had a lot of big projects and it also was regarding projects that had been planned and going forward after you know more recently if you go then back to 2009-2010 when there was little construction going on, little planning for projects that is really more what is going on, but these are in reality projections based upon real time dollars coming in, in development. So they are close to being what we expect to receive for this year and next, but you have to also put in this why it looks sometimes strange is the lag of two years as to what it is happening.

Vice Mayor Kerdyk: I just forecast, and we can sit here and talk about next year at this time, but I forecast that it will be richer than that there, but that I mean that is with good hope and knowledge. OK. Expenditures, let's look at expenditures very quickly I am on page 20.

City Manager Salerno: Page 20.

Vice Mayor Kerdyk: Classified by function two quick questions, Information Technology the budget of \$4,500,000 and then good for you to decrease it to \$4,000,000 ten percent decrease what was the rationale and what are we doing to decrease it ten percent?

Finance Director Gomez: For the new budget we revised the software maintenance contract, so there was a savings in what we are going to have to pay in our software maintenance contracts for all of the City's contracts.

Vice Mayor Kerdyk: So basically you saved money with your software contracts. OK. Alright, that is a good thing, and then the Economic Sustainability which is a ten percent increase there we are going from \$760,000 to \$839,000 are we recruiting or what are we doing, did we add another position there, what was...?

City Manager Salerno: We recently filled positions in Economic Sustainability and it does recognize...

Vice Mayor Kerdyk: An increase position.

City Manager Salerno: One increase position as well.

Vice Mayor Kerdyk: OK. That is pretty much the questions I have right now. I will make a couple of comments after we are finished here before we vote, but other than that.

Mayor Cason: I only had a question, I noticed the same thing under the permit fees.

City Manager Salerno: What page?

Mayor Cason: Page 15, that you expect roughly a \$500,000 increase in Other Building?-and is that like improvements on homes?-is that what that is? Building Other went from \$2.6 million to a projection of \$3.1, that is a large increase, is that reflecting the...

Finance Director Gomez: Again the budget is presented based upon trends, what we have noticed over the past couple of years, as far as trends and what we see coming on and that is what the increase was attributable to.

Mayor Cason: And same reason to the city business tax receipts?

Finance Director Gomez: Yes, city business tax receipts that we have seen increases of businesses coming in for their business licenses.

Mayor Cason: Did realtors, did the State drop the...

Finance Director Gomez: Right.

Mayor Cason: So even in spite of that dropping.

Finance Director Gomez: The real estate broker.

Mayor Cason: So it didn't affect us that much?

Finance Director Gomez: Not that much. It really wasn't that much.

Mayor Cason: The other question I had was again on page 16, under Intergovernmental Revenue Federal Grants/State Grants, you are anticipating zero.

Finance Director Gomez: Again not necessarily anticipating zero, but we don't know which grants we are going to be getting, so as we get them that is when we will bring them and appropriate them, if there is anything left over from old years grants and we will re-appropriate those into the new year.

Mayor Cason: On page 17, the really huge drop under City Traffic Violations, that is not the people that are stopping their violations, but is that the red light.

Finance Director Gomez: It is a revision to the previous years projected revenues based on the amount that we anticipate to be able to hold onto from the Red Light Camera fees, because there is a portion that has to be remitted to the State of Florida. We only keep a little bit less than fifty percent of it.

Mayor Cason: And Code Enforcement is going to double their giving more...

Finance Director Gomez: Again, based on what we believe we are going to see with them. Yes, based on trends.

Mayor Cason: OK. That was all of my questions. Any other? Frank.

Commissioner Quesada: I have one follow up. Page 16, I am going to the passport fees we know what a great job Walter has been doing.

Mayor Cason: Excellent.

Commissioner Quesada: With the passports and that department. I thought the numbers were higher, I see the revenue is passport fees, passport photos sort of towards the middle of the page on 16. I guess we have gone from \$37,000 a year and the estimate next year is \$95,000.

City Manager Salerno: Yes.

Commissioner Quesada: Walter, I thought we had a conversation the other day and you said the number was higher.

City Clerk Foeman: That is correct.

Commissioner Quesada: Can you clarify for me what we are seeing.

City Clerk Foeman: I don't have the budget book before me, but in terms of our current year we have collected over \$150,000, but we have had expenses, so I don't know what it is posted. We have done in excess of \$150,000 in revenue this year.

Mayor Cason: So the estimate is \$95,000, you are saying that we are already above that. I mean we are going to be above that.

City Clerk Foeman: Yes.

Mayor Cason: That is a great service. Great service.

Commissioner Quesada: OK. That was it. I just wanted to clarify that.

Mayor Cason: Bill.

Vice Mayor Kerdyk: Well I think, just a couple of comments I have said it before I think the key figures here are the following the access value has decreased for the City from \$13.4 billion to \$12 billion, which is a decrease that the City has had to deal with. I think another big key is that our budget is more manageable as it lessens from \$151,000,000 to \$143,000,000, that is another key figure. I think another key issue is that we have this Neighborhood Renaissance Program that we are putting \$25,000,000 into the neighborhoods and the City of Coral Gables to make a more beautiful and better place for the residents and the business community to live and we are doing this in the worse economy since the great depression, all of this and we are decreasing the millage rate for the residents. Those are the key facts and figures that I think the residents need to understand and we are doing it with some very difficult decisions. You know we were here Tuesday and that was a very, very difficult decision and we have made a lot of tough ones up here, so that is how I see the budget and that is why I will support this budget as presented.

Mayor Cason: I also think it is a very well done budget, I agree with you the same thing about a very tough economic environment probably it is going to get a lot tougher. You have a lot of

uncertainties out there. We don't know what is going to happen in January with our own Congress in terms of the fiscal cliff that people are talking about. If that were to happen, we could have a tremendous drop in property values. You have all of the uncertainties in the Middle East and elsewhere, so we have a great uncertainty that we are facing and in spite of all of that to be able to maintain 791 employees and not have to lay anybody off, to be able to drop the millage rate and maintain good services I think it is a great development, so I support the budget. Ralph do you want to?

Commissioner Cabrera: No, I can't top that.

Mayor Cason: Do we have a motion?

City Attorney Leen: Mr. Mayor before you continue we need to take two different roll call votes one on each ordinance.

Mayor Cason: One on each one, so we will start...

City Attorney Leen: We should do the tax one first and then the second.

Mayor Cason: Let's start with item 3 Ordinance 12.1909 do we have a motion?

Commissioner Quesada: So moved.

Vice Mayor Kerdyk: Second.

Mayor Cason: Commissioner Quesada makes the motion, Vice Mayor Kerdyk seconds it. City Clerk.

Commissioner Cabrera: This motion is for the millage rate.

Mayor Cason: Yes. The third item 12.1909.

Vice Mayor Kerdyk: Yes.

Commissioner Quesada: Yes.

Commissioner Cabrera: Yes.

Mayor Cason: Yes. OK. The ordinance adopting the budget.

Commissioner Quesada: So moved.

Vice Mayor Kerdyk: Second.

Mayor Cason: Commissioner Quesada makes the motion, Vice Mayor Kerdyk seconds it. City Clerk.

Commissioner Quesada: Yes.

Commissioner Cabrera: No.

Vice Mayor Kerdyk: Yes.

Mayor Cason: Yes. OK. Thank you very much for the presentation. Meeting is adjourned.

[End: 6:16:12 p.m.]