

City of Coral Gables City Commission Meeting
Agenda Item H-3
August 24, 2010
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

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

City Staff

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

Public Speaker(s)

H-3 [Start: 12:12:38 p.m.]

Presentation of Quarterly Report for the nine months ended June 30, 2010

Mayor Slesnick: H-3.

City Manager Salerno: H-3 Mayor is a presentation of our third quarter report for this Fiscal Year.

Mr. Nelson: Good afternoon. This is to review the quarterly report for the nine months ending June 30, 2010. This provides an opportunity for us to review the budget to actual revenues and expenditures, to what was appropriated originally in the budget. If you'll look on page 3, which is the schedule of revenues, budget to actual, the total annual revenues collected for the first nine months was 75 percent of the budget year. We have collected \$117 million or 79 percent of the revenues that have been budgeted, budgeted revenues of \$148 million. So at this point we are at 75 percent of the budget year, however, we've collected 79 percent of the revenues. Of course the most significant revenue source of the city is property tax. As you know property tax represents 49 percent of the total revenue this city receives; our total revenue budgeted is \$148 million and property tax represents \$71 million of that budget, again 49 percent, the most significant revenue of the city. This is one we watch very closely, and as of June 30th we've collected \$65 million in property tax, however, as of July 31st we have collected another \$2 million bringing that number up to \$67 million, against the \$71 million budgeted. So we are constantly monitoring the collection of revenues, especially with everyone filing for Value Adjustment Board hearings, this is one item that we are watching closely. The other most

significant revenues as you go down the line you'll see very large revenues anticipated; one being Electric Franchise Taxes of \$5.5 million. To date we've collected \$2.5 million, or 46 percent. This is another one we are watching, it is down a little bit. The Electric Utility Tax on the other side that is also on the Florida Power and Light bill that everybody receives a budget of \$4.9 million and we've collected \$1.8 million. That's as of May, 59 percent collected, which is a little bit above. So we are watching those two very closely.

Mayor Slesnick: I'm sorry, Utility Service Taxes?

Mr. Nelson: Which one?- the Utility Tax? Oh, Electric Utility Tax.

Mayor Slesnick: You said \$4.9 (million).

Mr. Nelson: \$4.9 (million) is the budget, and we've collected \$1,805,000.

Mayor Slesnick: Well it says here \$3,379,000. Am I in the wrong place? It says Utility Services Taxes – Electric \$4.9 (million), collected \$3.3 (million), collected 68 percent.

Mr. Nelson: Correct. Right. Yes. You're right, yes Mayor, we are at 68 percent. What it was, last year at this time we were down and that was the collection as of that time a year ago. So we are above in that category. The Telecommunications Utility Tax, which is \$4.5 million, you'll see of budget, we're at \$3.2 million collected to date, or 72 percent. So that's right on track even though that is as of May, which is at 67 percent versus 75. So that one is Telecommunications is up a little bit, which is good. Our Business Licenses, these are all the occupational licenses that we issue throughout the city. We have a budget of \$3,092,000, we've collected \$3,014,000, 98 percent collected, so that's right on track. Construction permits, this is one that we've also monitored closely during the year, \$3 million dollar budget, \$3,047,000 is the budget, we've collected through June \$1.8 million, 59 percent, where we should be at 75 percent. This is one that we are down in revenues. One that you'll see Federal Grants, which is a \$4.4 million revenue, these are approved grants, these are for the Stormwater and Sanitary Sewer; Stormwater was for the canal dredging. These are reimbursable grants, they've been approved and we will collect those grants, that's why the revenue is down on that because that's a reimbursable grant. State Sales Tax – State Sales Tax is one that we also monitor because it's a fluctuation of sales throughout the State. The city receives a budgeted anticipation of \$2.5 million, we're at \$1.7 million or 66 percent collected, that also is through May, which is at 67 percent. So we are right on track on the State Sales Tax collection. And Solid Waste Residential, this is our billing for Solid Waste in the residential area. We have a budget of \$7.8 million, and we've collected \$6.7 (million) or 86 percent collected. One of the big revenue producers is parking revenues, \$9 million; we've collected \$6.8 million, 75 percent. We are right on track on our parking revenues. Expenditures – if you look at the bottom of page 4; expenditure of \$132 million budgeted, we are at \$90 million, its 69 percent expended. We of course looked at this; this is below our actual expenditures of 75 percent, so all the departments are within their budget or actually below their budgeted expenditures. That is where the departments are maintaining their budgets and staying within, and maintaining the budget. The remaining portion of the report is the Enterprise Funds, even though the Enterprise Funds are reported in the individual pages that we just went over, the

revenues and expenditures, and that's the detail. If there are any questions, I'll be glad to answer them for you.

Mayor Slesnick: On the Biltmore Complex income, revenue Biltmore Complex, budgeted \$2.5 million, \$1 million collected. What \$1 million was that?- Was that the payment for the Sunshine State Fund?

Mr. Nelson: Yes. That is the debt payment for the Sunshine State. They are paying all of their Sunshine State debt, and of course we have anticipated the revenue, it is budgeted for the hotel, even though the actual collections of the hotel side have not been collected yet. This is only the Sunshine loans that we have issued.

Mayor Slesnick: OK. OK.

Commissioner Withers: Don, is the, I want to say, the over collection, but a lot of this is through June, right?

Mr. Nelson: This is through June, except as you see...

Commissioner Withers: So is the revenue, the percentage of collected a result of doing a job on collecting or because some of these revenues are exceeding the budget expectations? You understand my question?

Mr. Nelson: Yes. As you see, there are some that have exceeded the budget significantly, that's of course very positive and that's why we are up 79 percent. There are some that are lagging, as I mentioned construction permits are down. So we are looking at each one of these individually, overall we are coming in within budget, however, there are some items that we are really watching, which is the property tax collection, we still have \$4 million to collect for the remainder of this year. We are down in our construction permits, those are two even though some of the other categories are over, you're right. So with a goal we will be on track by the end of the year.

Vice Mayor Kerdyk: Let me touch base with you about my favorite topic, which are property taxes...

Mr. Nelson: Yes.

Vice Mayor Kerdyk:...and assessed values more importantly, they come out yesterday; and I'm going to tell you, as I predicted last year, we are going to get revisited again next year with another hit at the end of the year, because the commercial properties are not down to where they should be, and I'm going to tell you that every single commercial property owner in the city, guaranteed, it's going to go down a substantial drop. So what you budgeted two or three years ago, forget it, go back to what was rebudgeted this year, so we don't have another precipitous drop just before we hand out the budget as of July 1st. Let me just tell you; I was shocked that they went down so little knowing how soft that market is.

Mr. Nelson: You are correct; and we did incur \$1 billion loss in value this year; we incurred a \$1 billion loss of value last year and those are in our numbers, in our budget, a significant reduction of property tax revenue to the city.

Vice Mayor Kerdyk: But the assessed values, people are going to appeal their taxes, and it's going to come back and bite us again like it didn't bite us this year.

Commissioner Withers: On the sewer, how does that grant – do you treat that grant as revenue?

Mr. Nelson: We do. We treat the grant as revenue, and we also provide the appropriation or the expenditure on the capital side for that grant.

Commissioner Withers: Through an operating account?

Mr. Nelson: Yes. So we are anticipating that grant.

Commissioner Withers: So you expect the grant in the fourth quarter, is that what you expect?

Mr. Nelson: No, actually we do not, it may not occur in the fourth quarter, because it's a reimbursable grant and it may carry over into the next Fiscal Year.

Commissioner Withers: So you are just going to do the work, is that what you do?

Mr. Nelson: We are doing the work, we are doing the work; we actually – we approved the contract for the canal dredging at the last Commission meeting in July, so that's moving forward, that's a huge project; and \$2.2 million dollars of that is funded through a grant. So, now that we've let the contract out, we'll start paying the contractor, and then we'll seek reimbursement, but it will take time to collect all \$2.2 (million).

Commissioner Withers: I got it. OK.

Mayor Slesnick: Thank you Don.

Mr. Nelson: Thank you very much.

Mayor Slesnick: Mr. Manager, were you looking for some kind of acceptance vote for the report?

City Manager Salerno: No Mayor, just to hear the presentation.

Mayor Slesnick: OK. Well thank you. Mr. Manager, do you have any kind of conclusionary remarks about it?

City Manager Salerno: We are OK with a skeptical eye; there are things in there that are concerning, we have a few things that are on the up side, and we have to monitor our expenses very diligently here because we don't have the ability to make up in any other way except for controlling our expenditures at this time. When you get to this third quarter of the year, if those revenues, some of them don't come up, our only savior is the under-expenditure, which is why in these particular times, you have to do some things that you normally wouldn't do, otherwise we would have a problem, but our cushion or our insurance I should say, insurance is better, our insurance is that we are holding the line on expenditures, but we are OK right now.

Mayor Slesnick: Thank you Mr. Manager, thank you for your diligence and Mr. Nelson thank you.

[End: 12:24:17 p.m.]