

CITY OF CORAL GABLES

--MEMORANDUM--



TO: City Commission
City Manager, Peter Iglesias

FROM: Mayor Vince Lago



DATE: August 1, 2025

SUBJECT: **Revised:** Litigation Costs, Fiscal Responsibility, and Retirement System Liabilities: A Call for Accountable Financial Management and a Critical Examination of Self-Serving Decisions

The purpose of this memo is to present a statement of facts and information to Coral Gables residents to dispel any disinformation that has been shared. More specifically, to respond to a memo dated July 16, 2025, concerning litigation costs and fiscal responsibility, I must express my profound disagreement with the limited scope of this analysis and the conspicuously selective nature of the examination of our city's financial matters. A true, unwavering commitment to fiscal responsibility demands nothing less than a comprehensive, transparent, and honest review of *all* recent budgetary decisions, retirement system liabilities, and expenditures. We must move beyond the superficial and delve into the decisions that truly impact the long-term financial health of our city and the well-being of our taxpayers. Focusing solely on litigation costs provides an incomplete and, frankly, misleading picture of the financial challenges we face.

While the memo highlights \$556,068.87 in taxpayer-funded legal fees—an amount that undeniably warrants attention—this figure not only pales in comparison to the far more substantial sums that have been either recklessly spent or irrevocably committed to financially unsound decisions over the past two years, but it is also important to note that these three pieces of litigation span a period of 10 years. It is disingenuous and misleading to omit the relevant time frame. These decisions, driven by a concerning disregard for long-term consequences, now threaten to mire our city in financial instability and place an unsustainable burden on our taxpayers.

In reference to the Wawa lawsuit, which accounts for the bulk of the stated litigation costs, the City of Coral Gables was sued, and we were compelled to respond. Unlike the polystyrene and assault weapon lawsuits, this was not a voluntary matter.

Recent Budgetary and Retirement System Concerns: A Detailed Examination

- **Hiring of Amos Rojas:** The circumstances surrounding the hiring of the former City Manager Amos Rojas is deeply troubling. The fact that this individual was hired in the middle of a commission meeting, without a background check or the presentation of even a basic resume, raises serious questions about transparency, due diligence, and the integrity of our hiring processes. The commitment to an annual base salary, including benefits, of **\$368,620.79** represents a significant financial burden and suggests a troubling lack of consideration for alternative, more qualified candidates who may have been available at a lower cost. This is the highest salary ever paid to a City Manager, and I will be remiss if I didn't highlight Mr. Rojas' lack of credentials or qualifications to hold this position. This is not simply a hiring decision; it is a potential abuse of power and a blatant disregard for responsible financial stewardship ([Commission Video](#)).
- **Unwarranted Increase in Personnel Costs: The Addition of 16 New Hires:** In FY 2025, the city added 26 positions, including 5 Police Officers, 5 Firefighters, 2 Civilian positions in Police, and 14 positions in other departments. The estimated increased cost for these 14 departmental positions—covering salaries and benefits but excluding retirement expenses—is \$685,697 for FY25, \$939,340 for FY26, with a total projected cost over the next ten years of approximately **\$11,520,237**. This indiscriminate expansion of the city's workforce reflects a concerning lack of fiscal discipline and underscores a reckless disregard for prudent financial management.
- **The Questionable Allocation to the Miracle Theatre: A Misplaced Priority?** The decision to allocate **\$41,000.00** to the Miracle Theatre for an ADA ramp is, at best, highly questionable and, at worst, a blatant misuse of taxpayer funds. Given the theater's exceptionally favorable lease terms – covering only insurance expenses while being entirely exempt from rent – it is simply unacceptable to expect our taxpayers to subsidize ADA compliance improvements that are rightfully the responsibility of the tenant. This decision sets a dangerous precedent, signaling that private entities can rely on the city to foot the bill for their obligations, regardless of their existing financial arrangements ([Resolution](#)).
- **Salary Increases of Elected Officials:** Despite consistent discussions of budget shortfalls and purported constraints, the former Commission had repeatedly prioritized measures that directly benefit themselves. While Ordinance No. 2025-06 nominally reduces the Mayor's office allowance from \$800 per month to \$500, caps the annual travel allowance for commissioners at \$1,200, and eliminates the car allowance entirely, the overriding reality is the substantial and unjustified increase in base compensation. With each commissioner's annual salary raised from \$41,288.00 to \$83,046.00 in FY24, this represents a 101% increase. This 101% increase in commissioner salaries, led by Commissioner Castro and Commissioner Fernandez, is another clear self-serving example that paints a horrible light on all elected officials, not just themselves.

The following [Ordinance No. 2025-06](#), that I sponsored, reversed the salary and benefits increases.

The 4% COLA: A Devastating Blow to Financial Stability and a Testament to Fiscal Irresponsibility:

The decision to grant a 4% Cost of Living Adjustment (COLA) to Class Members, "Opt-out Members," and "Gap Members" in the Retirement System stands as a glaring example of short-sighted fiscal policy and a profound disregard for the long-term financial stability of our city. This COLA, approved despite the fact that the Retirement System had a cumulative experience loss of **\$169,839,044** as of October 1st, 2024, demonstrates a shocking level of disregard for responsible financial management ([Resolution](#)).

In addition, the combined impact of the plan changes for General Employees and the 4% COLA is a \$2,273,746 increase in the City's required contribution for FY 2026 and a \$14,154,133.00 increase in the unfunded actuarial accrued liability as of October 1st. This is an additional burden to the Retirement funds, and by extension, the residents of this city in the long term, since the amortization period is only 10 years.

The Cumulative Effect of These Catastrophic Financial Decisions is Expected to Cost the City Approximately 27 Million Dollars Over the Next Ten Years.

A Response to Your Concerns: Time for Accountability, Not Evasion

It is time to move beyond selective criticisms and engage in a comprehensive, honest, and transparent assessment of all recent financial decisions.

I encourage all members of the commission to support a full audit and review of the expenditures and decisions I have highlighted. Coral Gables residents deserve nothing less than complete transparency and a strong commitment to responsible financial management. We must ensure that every dollar is spent wisely, that each decision is made with the long-term interests of our city in mind, and that those responsible for acts of fiscal irresponsibility are held accountable.

Over the years, I have prioritized the financial stability of our city. In 2013, my first year in office, the general fund reserve was \$21.1 million, which represented 15.2 % of our budget, and after adopting Resolution No. 2016-34 in 2016, which I sponsored, it increased to 25%, as required by legislation, with the reserve now standing at \$59 million as of September 30, 2024. Regarding pension liabilities, the unfunded liability has been reduced from \$243 million in 2013 to \$157 million in 2023, though it increased to \$170 million following the approval of the retiree COLA that was strongly advocated for by Commissioner Castro and Commissioner Fernandez. I have actively worked to address our funded pension liability, which was 51% when I first began serving. In 2023, the funded liability increased to 75.2%, but due to the Retiree COLA, it decreased to 74.5%. Had the Retiree COLA not been approved, it would have risen to 76.1%.

In recent years, the city experienced substantial increases in property values—11.28% in 2022, 12.46% in 2023, 8.53% for the fiscal year 2024, and 5.8% in 2025. This demonstrates a clear downturn. As I warned

Commissioner Castro and Fernandez last year, now was not the time to grant COLAs, hire more employees, or grant political favors to their allies. Given this downturn, relying on double-digit property value increases to offset financial mistakes is no longer prudent. Moving forward, our focus must be on responsible fiscal management to ensure the city's long-term financial stability and growth.

The future of our city depends on this. The financial damage incurred over the last two years by Commissioners Castro, Fernandez, and Menendez presents a burdensome obstacle—an albatross around the city's neck. This situation can only be explained by a lack of business acumen and private sector experience, which has been embarrassingly evident at every commission meeting. Therefore, I strongly recommend the commission heed my advice and adopt a conservative financial roadmap over the next decade to minimize the damage created over the past two years.