

**City of Coral Gables City Commission
First Budget Hearing
September 11, 2014
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

Interim City Manager, Carmen Olazabal

City Attorney, Craig E. Leen

City Clerk, Walter J. Foeman

Deputy City Clerk, Billy Urquia

Finance Director, Diana Gomez

Management and Budget Director, Keith Kleiman

Public Works Director, Glenn Kephart

Parks and Recreation Director, Fred Couceyro

Public Speaker(s)

First Budget Hearing

Mayor Cason: Ladies and gentlemen we are going to begin the discussion on the budget for the Year 2014-2015. Following which we will pick up a couple of more items from the normal agenda. One minute we are waiting for...Are you going to start slow?

Finance Director Gomez: I can start slow.

Mayor Cason: Start slow.

Finance Director Gomez: Good evening Mr. Mayor, Commissioners, this agenda includes the Budget Presentation and the Public Hearing as well as two Ordinances for your consideration. The first Ordinance provides for the levy of taxes for the Fiscal Year beginning October 1st, 2014 and ending September 30th, 2015. The proposed millage rate for which the budget is based on

5.589, which is 6.79 percent increase over the rollback rate, and this rate is a four tenths of a mill reduction over the prior's year millage rate. The second Ordinance is a First Reading adopting the annual budget for the 2014-2015 Fiscal Year. It sets forth the estimate of revenues and expenditures for the upcoming year, and in my presentation I will go over the budget in detail. In your package you have a change sheet, which reflects, I also put one in front of you, all of the changes in revenues and expenditures from the Budget Estimate provided on July 1st to this Proposed Budget. The revenue changes are the results of revised estimates based on updated information since July 1st. Fee increases approved in the July 22nd Commission Meeting, grants received since then and changes in the transfers to and from fund balances in the different funds. The Expenditure changes listed are applying the actual revenue changes to the expenditure budget. If you have any specific questions about the change sheet, I can answer those, if not I am going to go ahead and move on to my presentation. The Budget Presentation, I plan to go through all of the items in the budget and highlight some significant items and any changes from previous years as well as the July 1st estimate. With me today I have Keith Kleiman, Management and Budget Director, who is available to answer any questions as well. Starting on the second page of the presentation we have the 2014-2015 Budget Summary. The Proposed Budget provides for \$154.1 million in annual revenues. To that amount we have interfund allocations or contributions from the proprietary funds in the amount of \$2.6 million. Next we are transferring from reserves \$4.1 million and transfers from reserves represent amounts in the various fund balances that would be appropriated for use with this Proposed Budget, for total revenues of \$160.1 million. Expenditures totaling approximately \$159.6 million are broken down into three categories, operating at \$142.7 million, Capital at \$9.9 million and Debt Service at \$6.9 million, and I will go into more detail in later slides. To the expenditure budget, we are transferring to reserves in the amount of \$1.2 million. These transfers are amounts that plan on adding to the respective fund balances with this proposed budget. For total expenditures and a balanced budget of \$160,849,982.

Commissioner Lago: Could I ask you a quick question?

Finance Director Gomez: Sure.

Commissioner Lago: In regards to Pension Contribution Stabilization Fund.

Finance Director Gomez: Yes.

Commissioner Lago: I went over that with the Interim City Manager. My question, this is my second Budget Hearing, from what I remember we had around \$3.7 million in that fund before or around that. I just want a clarification on that.

Finance Director Gomez: Sure, in the last audit of financial statements, Pension Stabilization Fund has \$1.95 million in it. Then in 2014 during the 2014 Budget \$500,000, or \$450,000 was

used to balance the Budget, so bring it down to \$1.5 million and now we are adding \$500,000 to that stabilization to bring the total at 10/1 to \$2 million.

Commissioner Lago: OK. So we are actually increasing?

Finance Director Gomez: Yes.

Commissioner Lago: Perfect.

Mayor Cason: Let me ask you one question, just a historical generally your estimates of revenues and expenditures, when it is all over and you go back and look at it, how close do we get? Because a lot of these are guesstimates at this stage, but just historically are we pretty close? Over the years do you know more or less what is going to happen?

Finance Director Gomez: For the most part our revenue estimates are pretty good. There are always some amounts that come in more or less. We usually don't have that much of an issue with our revenue estimates. On the expenditure side, depending on whether or not certain expenditures did not happen or we held certain expenditures a little tighter or certain vacancies were not filled, and that is where maybe you will have a little bit left over on the expenditure side and, that is what usually helps to fall into fund balance.

Mayor Cason: Got it. Thank you.

Finance Director Gomez: OK. Slide 3: Revenue increases that affect the operating budget. Property Taxes increased by \$2.2 million this increase is generated by applying Proposed Millage Rate of 5.589 to the July 1 property value estimate of \$12.85 billion. Rentals and Concessions, they are increasing by \$1 million and that is due to the inclusion of the UM Development Fee in the proposed budget. Sanitary, Sewer, Stormwater and Solid Waste Fees are increasing by \$606,000, \$162,000 and \$253,000 respectively and that is due to the increase in the fees adopted at the July 22nd Commission Meeting. Permit Fees, General Government Fees and Tennis Fees is a combine increase of about \$576,000 that is due primarily to the increase in the trend of collection and activities of those individual fees. We are estimating an increase of \$152,000 in our Transportation Sales Tax that is based on an increase in our distribution from the County which goes toward funding the City's Trolley operations. Biltmore Complex Fee increased by approximately \$107,000 and that is in accordance with the current Biltmore Agreement, and the last few items listed increased revenues by about \$161,000 combined and that increase is due to the trend of collections and activity for the various items, for a total revenue increases of \$5.4 million. The next slide detail the revenue decreases affecting the proposed budget. The first line item, Debt Proceeds decreased by \$8.3 million this is due to onetime financings included in the prior year that are not repeated in the current year's budget. The revenues associated with this step were included in the 2014 Budget and will be re-appropriated at the end of the year into the new year after the current year is closed out. The

\$8.3 million budget from the prior year include \$6 million for Citywide Radio Replacement, \$1.5 million for Sanitary Sewer Inflow and Infiltration Projects and \$850,000 for the Incinerator Site Remediation. The next two items totaling approximately \$3.4 million pertain to County Grants such as the County GOB, which were either one time funding for projects or balances in the previous year that we will be re-appropriating at the end of this current year. Any balances pertaining to unfinished projects will be appropriated and any new monies that we may get we will bring it to the Commission and appropriate it, as we get it. The amount budgeted for Fines and Forfeitures was decreased by \$530,000, and that is based on the current trend of certain activities such as parking fines, code enforcement fines, traffic fines and red light camera revenues or tickets.

Commissioner Lago: Could I ask you a quick question in regards to the red light cameras.

Finance Director Gomez: Sure.

Commissioner Lago: Have you seen a reduction in the revenue stream?

Finance Director Gomez: I have yes.

Mayor Cason: Big time.

Finance Director Gomez: Yes.

Mayor Cason: I get it every month, they mail it to me and it is like \$2,600 per month or something like that.

Finance Director Gomez: It is significant, which means the cameras are working.

Mayor Cason: I know that the Mayor had mentioned that before how efficient it is, I just want to make a note of that, that it is actually working.

Finance Director Gomez: It definitely is working and we have seen the decrease over the past year and a half.

Mayor Cason: We asked the red light camera company to give us some breakdown. I think we mentioned this before, of trends over the years. We used to get a lot of money from it, what is happening is people know there is a camera and they don't go through the red light and when it has dropped down. I think ninety-six percent of the people that received a ticket according to Zip Code never got another one so it works, and in fact I think in one of the other meetings we asked the Police if they could look at five more locations. We are not out for the revenue, but we want to reduce the people going through the accidents and as you mentioned technology is there and can free up people.

Finance Director Gomez: And we are working with the red light camera company to see if those locations work out.

Commissioner Lago: the problem is that they are after revenue.

Finance Director Gomez: Sure.

Commissioner Lago: It doesn't make sense to put it on certain streets because people actually will catch on, I don't know if we have gotten to the point of parking yet?

Finance Director Gomez: No.

Commissioner Lago: Not yet.

Finance Director Gomez: Parking Fees, yes.

Commissioner Lago: Did I miss it, yes, I am sorry it was on the previous slide.

Finance Director Gomez: Yes.

Commissioner Lago: Just a quick question, I don't need exact figures, but have you seen an increase in the amount in regards to Automated Parking with the Application?

Finance Director Gomez: Yes, we have. The pay by phone we have seen that increase and we have adjusted our revenue estimate because of that increase activity in the budget estimate and in the workshop that we had. We had earlier data that wasn't really quite there showing it, but now we have evaluated those numbers and we have added additional because we have seen that trend going up.

Commissioner Lago: My question is based on, I have heard, I do not have any proof to it, but that one people are ascertain or they get a ticket, we don't see any revenue from that ticket or it is very minimal the revenue, so to us it makes more sense for people to continue to feed the meter through an app which is very simple and easy to use versus them getting an \$18 ticket and the becoming \$45.

Finance Director Gomez: I believe we share some of the revenue with the County.

Commissioner Lago: Right. So after the processing and everything it is peanuts, it is a dollar or two dollars, or something like that.

Parking Director Kinney: It is fifty-fifty.

Finance Director Gomez: Fifty-fifty split. So we will get \$9 on an \$18 ticket.

Commissioner Lago: OK.

Finance Director Gomez: So that was Fines and Forfeitures, Hammock Lakes Guard House decreased by \$458,000 and then again this is due to a one-time special assessment Capital Project including in the current year's budget, that is not included in the new year's budget. All other items listed approximate about \$216,000 decrease in revenues and are based on current trends of collections for the respective items. OK. The next slide goes into Personnel Services, Salaries are increasing by about \$2.4 million, which is due primarily to results of the negotiated FOP and Teamsters contracts. Contractual, merits and longevity increases, reclassifications and adjustments to part-time salary hours, based on actual experience. When you are looking at this number, it really should be netted against the decrease in retirement of about \$500,000 because is due to the savings realized as a result of the FOP negotiations and an increase in their pension contribution to 10 percent from 5 percent, so you net the two out to get the true effect on salaries. FICA increased approximately \$121,000, and that is due to the salary increases that we just talked about, and there are about \$347,000 increase in health care costs, and this is due to the increase rate from \$665 to \$712 for Teamsters and Excluded and from \$609 to \$665 for FOP, and that is based on the Humana contract, and I understand that the new contract will be about the same level in terms of pricing, so you won't see much. We will see a little bit of a savings on this, but not much. In speaking about overtime, overtime is an issue that there was a question at the workshop that Commissioner Lago had and I want Keith Kleiman to come up and answer your question.

Management and Budget Director Kleiman: Good evening, Keith Kleiman, Management and Budget Director. Commissioner Lago, you had a question last time about overtime for Police, they did come in with a request about two months ago \$350,000 of additional overtime, one-time just for this fiscal year. We worked closely with them, we brought that down to \$250,000. They were very good working with us. The overtime is due to three components \$109,000 which is due to collective bargaining for Teamsters and high profile cases which were unique to FY 2014 and joint agency taskforce activities, \$76,000 is due in two pieces...

Commissioner Lago: Can I just interrupt you there for one second, I apologize. When you say joint taskforce activities is that kind of like the SIT Team and working in other municipalities...

Management and Budget Director Kleiman: I think it is more the forfeiture, the teams that work the multi-agency taskforce.

Commissioner Lago: When we lend staff, let's say to other municipalities or to other entities, FTA, Alcohol and Tobacco or whatever it may be aren't we compensated?

Management and Budget Director Kleiman: Yes, we are. It is netted into the numbers and to tell you the truth this is something, again as we go forward into our [inaudible] of Best City Practices, we have to look into that and see where it is going, and to tell you the truth I don't

have a great answer for you. As to exactly why, and they don't either because it is coming through Finance and we have to look at it ourselves and see where it is going.

Commissioner Lago: We just finished having a very long discussion in regards to Police and we are looking at numbers of overtime in regards to obviously being able to police our streets in a different manner or being more aggressive, to have more police officers in our streets. I just don't want to be going in a direction where we are spending a lot of overtime hours, which at the end of the day, bites into our budget and could seriously have some ramifications.

Management and Budget Director Kleiman: Exactly. There were systems set-up in place about five years ago to really look at overtime and what I am finding now, it is time to change the system and track it differently, and I believe that will help in the future, moving forward. Going back to this I will have to really go into every single account and see where every dime went to figure out where exactly it is, but I can't do that.

Commissioner Lago: I don't think you have the time for that.

Management and Budget Director Kleiman: Right, I know. But at least for the future know that we are changing the way we are going to record the overtime, whether it is overtime that is outside or inside, whether it is reimbursable or not. The other piece now is the \$76,000 for reaccreditation and the Comstat Performance Management System, where they are looking at every police officers activities and productivity, and that is \$76,000 between those two pieces and then for vacancy coverage \$70,000.

Commissioner Lago: Can you expand a little bit in regards to vacancy coverage.

Management and Budget Director Kleiman: Well last year around the mid-year we had about twelve or thirteen vacancies. We got up to as high as twenty to twenty-one and now we are down to thirteen as of yesterday, and I believe there are four or five conditional offers out there right now. So, I know that the Police and HR are working very aggressively to fill those vacancies, but starting in the middle of last year they had to cover those vacancies.

Commissioner Lago: So, due to the results of the vacancies, obviously we had to pay some of the existing officers overtime, which is resulting in a \$70,000 overtime fee. OK.

Management and Budget Director Kleiman: Now also, just so you understand the Comstat System is aggressively making the officers look at their own productivity which means more arrests and then from there more court time, and the court time leads to overtime as well.

Mayor Cason: And I gather we are getting very good cooperation from the Attorney General's Office in terms of particular cases of interest to us where they are actually tracking them and we need people to go there and be at the court and make the case so they don't get dismissed.

Finance Director Gomez: Right.

Management and Budget Director Kleiman: Right, exactly.

Commissioner Lago: Thank you sir.

Finance Director Gomez: Moving on to the next slide, it shows expenditure changes for Non-Personnel Related Costs. The first two items represent an increase in expenditures having to do with the fleet replacement program that is included in the proposed budget. This program will fully fund the fleet replacement needs in an annual amount of \$3.1 million from two separate sources. The first is an incremental increase in the use of recurring revenues over the next several years, and the second is a decreasing incremental use in the existing fund balance in the motor pool fund until the fleet replacement program budget is funded entirely by recurring revenues.

Mayor Cason: How many years left, I know there is a plan to [inaudible] seven or eight hundred vehicles that were in pretty deplorable conditions. How far are we into the plan?

Finance Director Gomez: We are just starting this program, so I can have, I don't know if Steve is here.

Mayor Cason: No, just a notion, are we on the beginning of this?

Finance Director Gomez: We are at the beginning of, we are replacing the vehicles, we expect in about seven years to have the entire...to be in the complete cycle.

Management and Budget Director Kleiman: In three to five years we should have about forty-five to fifty percent of it up to date. This is the first time in a long time we have ever had this type of replacement program.

Commissioner Lago: We are looking at...the number that was thrown before was like \$30 million in deferred...

Management and Budget Director Kleiman: It is about \$30 million, if we had to do it all in one swell swoop, which we don't want to do.

Commissioner Lago: We don't have the money for.

Management and Budget Director Kleiman: No we don't, but that was the original goal was to put enough reserves away so can start replacing it. Instead, we know have a new program and we are going to start using recurring revenues more and more each year, less fund balance each year and we are going to fully funded within seven years at \$3.1 million with a CPI.

Commissioner Lago: Is our Fleet Manager here? No he is not here.

Public Works Director Kephart: The Fleet Manager is not here right now, but I will do my best to answer any questions you might have.

Commissioner Lago: I have more of a statement than a question. I just wanted to make sure, I know I had mentioned it before, I probably have said it fifteen times. Let's try to make that if we buy some sort of vehicle that it is the most energy efficient vehicle, not only for the environment, but less money out of pockets in regards to fuel expenditure, insurance, you get a lot of credits and different things like that when you have energy efficient vehicles.

Public Works Director Kephart: And we have heard that loud and clear and we are looking at it very closely and we are kicking off our sustainability master plan and also looking at that, but I also want to not overstate what we can do, because some of them we need to have fueling stations...

Commissioner Lago: By the way, talking about fueling stations, if you would like, we can have a meeting next week. I have a company that is willing to give us one for sure, maybe two fueling stations. I am trying to find somewhere in the City to put them, if anybody wants to put one. I would like to put one in City Hall, if you would like, or maybe I could put another one in another City, I know we are waiting on Miracle Mile and a few other things, but if you have a place that would like a fueling station I have a company that is willing to install it, all we would have to do is just pay for the electrical which is a few thousand dollars.

Public works Director Kephart: We absolutely would be interested in talking to them and getting more information so thank you for that.

Finance Director Gomez: The Contingency Account is being increased by approximately \$800,000 and this account is being used to cover any unplanned expenditures that might occur throughout the year. Software Subscriptions and PC Maintenance is supposed to increase by \$340,000 and it is due to new or additional technology needs in the City a lot of them primarily in the Police Department that we funded this year. Credit Card Service Charges budget is increased to cover increases in fees related to increase credit card usage most of it, having to do with the pay by phone increase for parking meters.

Commissioner Keon: [Inaudible] Are there people out there that can help us reduce these credit card fees?

Finance Director Gomez: So we have been looking at different organizations that provide these kind of services. A lot of the companies say that they can, but in reality doesn't really amount to much, but we are looking at it evaluating and determining if there is someone that can do it better, cheaper and can work with our system, because we have to be able to get the information.

Commissioner Keon: Is it an issue of...am I turned off?, they were saving me from myself. Are there companies out there that these platforms they can work off them or is that a problem?

Finance Director Gomez: I am sorry can you repeat that.

Commissioner Keon: Are there companies out there that can work off our platform?

Finance Director Gomez: Yes, that is something that is very important to us, to make sure that we can read their information, and they can read our information and it works as seamlessly as possible so that in order to be efficient, because if it is cheaper, but then it is costing us more in manpower or personnel time or whatever. So we are going through that an evaluating to see if there is something else out there.

Commissioner Keon: If there is a real savings.

Finance Director Gomez: If we find that there are organizations that will work with us and can work with us then we will go through the Procurement process to do a BID, and RFP or something.

Commissioner Keon: I think that if we increase the number of garages that we have and the capacity in our garages we are going to go to credit card, so this number is only going to go up.

Finance Director Gomez: Exactly.

Commissioner Keon: OK. Thank you.

Mayor Cason: Under Repair and Maintenance of Buildings, did you skip that or did I miss that?

Finance Director Gomez: Repair and Maintenance of Buildings, yes.

Mayor Cason: Is that the Fire Station, this building?

Finance Director Gomez: It is just an increase to the Repair and Maintenance of Buildings account, it is for all in general. In the Capital Program you will see the repairs to the specific buildings and everything. One time grants decreased by \$265,000 due to the prior year grant expenditures not being reflected in this proposed budget, but we will reappropriate them at the start of the new fiscal year, and then Other Operating Costs are decreasing by \$774,000 and this is primarily due to decreases in regular ongoing maintenance and reductions made on historical trends. The next two slides detail the Capital Projects that are included in this budget the list of projects represent projects that are being allocated revenues from the proposed 2015 budget or appropriations from fund balance. The projects listed here may be already existing in our five year capital plan, or they can be new additional projects being added. In General Capital Improvement Fund, we have \$100,000 going to Citywide Bike Path Installation, \$10,000 for

Citywide Bike Rack Installations, repairs and improvements to City Hall we are increasing that budget from the workshop to \$550,000. We got an additional \$50,000 grant. Fire Stations ...

Commissioner Lago: Could I ask you a quick question in regards to that?

Finance Director Gomez: Sure.

Commissioner Lago: Are we putting that away in a piggy bank, accruing money to obviously attack the larger problems that we have here in City Hall.

Finance Director Gomez: In the Capital Plan we have about \$1 million already set aside for City Hall, this is adding to that and these funds are set aside specifically for this project waiting for the assessment that is being done in the building. I think it was just completed, and they can start using those funds for the repairs and maintenance of this building. So, they are set aside for this building, because we have an actual project for it.

Commissioner Lago: Thank you.

Finance Director Gomez: For Fire Stations we are adding \$450,000 for Repairs, Improvements and Equipment Replacements. Police and IT Data Systems Equipment Replacement and Upgrades, we are adding \$321,000. The next three items IT Data Systems Equipment Replacement programs, the Roof Replacement Program and HVAC Replacement Program, these are programs that we are starting to do similar to the Motor Pool Program where we are trying to identify funding in order to have a cyclical replacement of these major systems in the City. So we have enough funds available for when a roof needs repairs. We don't need to look for the money in that year, we will have a replacement program that we can be replacing and repairing these systems on a regular basis, not just wait for something to go wrong. So we are just trying to build up the program in order to make sure that we have the funds available when you do need them, when the useful life of something is gone. Parks and Recreation Master Plan, we have \$100,000 in the budget, Youth Center Master Plan \$50,000, Youth Center Surveillance System \$85,000, Purchase of Land \$300,000, Venetian Pool Improvements \$263,000, Granada Golf Course Repairs and Improvements \$310,000.

Commissioner Keon: Is that enough?

Vice Mayor Kerdyk: That is exactly what I was going to ask. Is that enough? Because we have had this discussion. One of my favorite discussions is Granada Golf Course. Is \$310,000 enough, because I thought we were talking about \$500,000? Or is that in addition?

Finance Director Gomez: It is in addition. We already have about \$600,000 in the Granada Golf Course.

Vice Mayor Kerdyk: Wow!

Finance Director Gomez: So now we are adding \$300,000.

Vice Mayor Kerdyk: Hold on, so we are going to have \$900,00, that is going to be the nicest golf course.

Commissioner Lago: I know we had a study that said it was around \$450,000.

Commissioner Keon: But I think that was for the greens. We need to do the fairways.

Interim City Manager Olazabal: [Inaudible]

Vice Mayor Kerdyk: Yes, let's talk to Glen for just a second.

Interim City Manager Olazabal: [Inaudible]

Vice Mayor Kerdyk: Does Glen know about that? Glen, do you know about the golf course any? Could you come up and just give us a quick overview. Since it is basically so important for our residents.

Public Works Director Kephart: We are working on a capital project for the golf course and we have been having meetings lately, it is pretty far along. We met with the golf community yesterday, but the scope of project is to extend the existing car paths. The original design showed a car path all the way around the course, and then we got some opinions from some of the golf professionals yesterday that we shouldn't really do that. They gave us specific locations where to extend them to, some work to redo some of the greens and the reconfiguration possible of some of the bunkers and then as a future planning phase for the master plan. There is the evaluation of a path around the golf course. It is not part of the golf course project, it is not part of the golf course funding, but the evaluation of looking at a path all the way around North and South Greenway that would alleviate some of the concerns right now of the people being in the street, being in the golf course, being wherever.

Commissioner Keon: Is there money in here for the fairways?

Vice Mayor Kerdyk: Yes, that is what I was going to ask.

Commissioner Keon: Is there money in there for the fairways? I know that you dealt with the greens and the bunkers, what about the fairways.

Public Works Director Kephart: Whatever needs to be done to the fairways will be done, my understanding is that, and Ernesto can add to this, but not a great need for the fairways, because the drainage out there is excellent, the problem that would exist in the fairways now would be partially because the car paths are not in the right...we don't have the car paths in the right places and the right extension. So, it will be addressed, but I don't believe it is a major part of the project or the problem out there currently.

Vice Mayor Kerdyk: OK.

Commissioner Keon: I thought there were some issues with the fairways, I thought there was a request to look at and possibly redo some of the fairways because the under bed or the sand or whatever that is out there doesn't allow for...

Public Works Director Kephart: It is being analyzed, but the reports that I am getting so far from our designers is that the fairways aren't the significant problem.

Commissioner Keon: I am sorry, there is a tremendous intrusion from the variety of grass in the fairway, so the fairways are not one grass, it is not a carpeted grass the fairways,

Assistant Public Works Director Pino: They have become narrower because the St. Augustine grass has really invaded the fairways and that has pushed them back.

Commissioner Keon: So that really is the issue, so there is money in here to cover the fairways also.

Assistant Public Works Director Pino: That is being right assessed now.

Commissioner Keon: That is being assessed, so we don't know. Right?

Assistant Public Works Director Pino: They are coming up with the cost estimate, but that is part of the study that the consultants are working on.

Commissioner Keon: OK.

Mayor Cason: And the structures? The little shelters.

Vice Mayor Kerdyk: They are going.

Mayor Cason: What about the proposal or the thought of lighting up some of those incredible trees? We do that elsewhere in the City.

Public Works Director Kephart: That is part of the evaluation in the project.

Commissioner Lago: Is there anything put aside for the golf shop or the concession?

Public Works Director Kephart: No, not as part of this project.

Vice Mayor Kerdyk: Let's just get back one more time back to the greens. The greens are going to be done and the fairways, as Commissioner Keon was saying you guys are looking at it closely because of the invasive grass that you have there is coming into the fairways now. Also it narrows the fairways, but also is sometimes if it is too close to the greens, it impedes the greens. So maybe you are not going to replace the whole fairway, maybe you replace, 30 or 50

yards around the greens. I don't know what you do, the USGA (United States Golf Association) will help you out, you will have a consultant that is guiding you in this process, correct?

Assistant Public Works Director Pino: Yes, we do.

Vice Mayor Kerdyk: I guess what I wanted to say is, we don't do this very often. I can't remember the last time we did Granada Golf Course. I am sure it was 10, 15 years ago, but whatever it is we want to do it right and one of the questions is, do they think that it is better to just go do it all in one shot? Do everything in one shot, close down the golf course for four months, or is it better to do it with temporary greens or whatever? I look for your guidance as far as that goes and I guess that is a decision we are all going to make up here as far as how to proceed. Oh, there is Fred.

Parks and Recreation Director Couceyro: We did some improvements in late 98 and early 99.

Vice Mayor Kerdyk: So fifteen years, not bad.

Commissioner Keon: Was that on the fairways Fred?

Parks and Recreation Director Couceyro: It was mostly on the greens.

Commissioner Keon: See it was the greens. The fairways have not been touched in a long, long time and so you have more rough than you fairway.

Parks and Recreation Director Couceyro: One other portion of the project that we are looking at that wasn't mentioned that I wanted to make sure you knew, was the tee boxes. We need to redo the tee boxes as well. Now the fairways, we have talked to the consultant and there are different plans that we discussed just yesterday, and one of them would be redo the whole thing through a sprigging process or to be able to isolate certain parts that are heavy invasive and just attacking those. So we are going to get the consultants plan and that is part of the cost estimate for the master plan that we are looking at for these funds that are there.

Vice Mayor Kerdyk: Do it right, and we have talked about this before, make sure it is maintained because you can do the golf course and then not maintain it or have the proper equipment to maintain it and then it goes back to a problem again in two or three years.

Parks and Recreation Director Couceyro: That is a big part of the master plan the consultant is working with us, a maintenance plan afterward for the management of it and the equipment is all part of that.

Commissioner Keon: I have heard a lot of concerns expressed also with regards to the pro shop and to the management of the pro shop, and the personnel in the pro shop, so you might want to take a look at that in your staffing.

Parks and Recreation Director Couceyro: We actually are, we are looking at that. We will have discussions soon.

Commissioner Keon: Thank you.

Mayor Cason: I want to congratulate Public Works for putting what I like to call the dog-poo stations in each end of the golf course. It is something that those who live around there when you get the plastic bags, we mentioned this seven or eight months ago, and a couple of days ago I saw that they are there. So that is great.

Parks and Recreation Director Couceyro: Thank you.

Mayor Cason: Thank you Fred.

Commissioner Quesada: Glen you mentioned something earlier that brought back something that we discussed a few months back. There is a resident that lives around the golf course on Greenway that has told us that they would give us, \$200,000 or \$250,000, if we create a path around the golf course. You talked about a path around the golf course, am I misunderstanding you or not. Were you talking about specifically the path for the Golf Course.

Public Works Director Kephart: No, in addition to the extension of the cart paths, there is shown in the plans a path that would go all of the way around, now it is not developed to the point where we are going to have a lot of discussion on that.

Commissioner Quesada: Of course.

Mayor Cason: But I understand, the Community Foundation, they came to see me, this is a while back and I think they are doing a survey of who jogs and runs and what time and to see if they could provide some information to you all for your plan.

Commissioner Quesada: That is a good idea, I think we know what is going to say, everyone.

Vice Mayor Kerdyk: But be careful and talk to the homeowners there, because I have already had a couple really push back on that.

Commissioner Quesada: Oh yeah?

Vice Mayor Kerdyk: Oh yeah.

Commissioner Quesada: Ok.

Vice Mayor Kerdyk: Because what they are going to say is they are perpetuating the issue, once they put a track in.

Commissioner Quesada: My concern is, it is almost like a safety issue.

Vice Mayor Kerdyk: I know that is the issue.

Commissioner Quesada: OK. Well we are going to look at it.

Vice Mayor Kerdyk: But it is not a slam dunk.

Public Works Director Kephart: We are very aware that there are strong opinions on this, both sides.

Commissioner Quesada: I didn't know.

Vice Mayor Kerdyk: Oh yes.

Commissioner Keon: They are concerned too, that it will bring additional people that will just park there and it is their walking path and it is not a matter of people just walking over and it is not the neighborhood use. So I think that is a real concern.

Public Works Director Kephart: I think it is fair to say this is one of those issues that needs to have significant community dialogue before we even come to a decision.

Commissioner Keon: Yes.

Mayor Cason: Thank you.

Commissioner Quesada: Oh wait one last thing, I guess I am digressing a little bit here I was told that Bob McGuire was in intensive care, Burger Bob's.

Commissioner Keon: Oh no.

Mayor Cason: Really.

Vice Mayor Kerdyk: Where did you hear that?

Commissioner Quesada: I heard last week that he wasn't doing well, I don't know if that is the case or not. Maybe just keep it in mind. He has been an institution there, I mean how many years...

Commissioner Keon: Would you let us know.

Parks and Recreation Director Couceyro: Yes, I will go check tomorrow.

Commissioner Quesada: Thanks.

Finance Director Gomez: To the Merrick House repairs and improvements we are adding \$460,000.

Mayor Cason: So that brings it up to about \$1million.

Finance Director Gomez: Just under \$1 million, because we have \$450,000 in there already. For Old Cutler Bay right-of-way entrance improvements we have identified \$230,000 to put toward this project. We are still determining the full cost of the project and we do expect to have neighborhood participation for part of the cost, but that is still being worked out, but we have identified \$230,000. For Museum Archival Shelving we are adding \$25,000 adding to that, or putting toward that rather. The Jean Ward Sculptures renovations and restoration \$54,500. Public Safety Building gym equipment replacement \$20,000 and Citywide Telephone Equipment Replacement for \$81,000, and that is a total General Capital Improvement Projects of \$4.4 million. In the Impact Fee Funds, we are adding to the appropriations a total of \$79,696. In the previous year, we had appropriated all of the funds received through mid 2013 and now we are appropriating the remaining balance. So every year we will appropriate whatever we get in that current year. So after September 30th, Fiscal 14 finishes next year we will appropriate all impact fees received in 2014. Storm Water Fund we have storm water improvements of \$350,000 toward capital. Canal Wall Stabilization, a State grant that we received for \$200,000, and a project for cross-connection removals of \$107,000. For a total storm water projects of \$657,000. Sanitary Sewer Funds, we have for Sanitary Sewer Improvements, we have \$1.1 million in capital dollars. Inflow and infiltration improvements we have a State grant in the amount of \$400,000 and also a project for cross-connection removal of \$165,000.

Mayor Cason: What percent, we had a consent agreement that we got into, a lot of things that we had to fix over the years, how far are we into terms of fixing our sewer system problem? I know we have been doing pump stations and I remember for the last couple of budgets, so are we pretty much along?

Finance Director Gomez: That would be a Glenn Kephart question.

Public Works Director Kephart: Thank you, Mayor. We completed the compliance to the consent decree that was specific to the City of Coral Gables and now we are under a consent decree that is Miami-Dade County, along with all of the other municipalities and that is in the planning stages with our consultants, and our consultants tell us that we are ahead of the game and we are planning and we are in good shape, but it is going to be a multi-year venture and we are in the early stages of that.

Mayor Cason: But of the really bad, broken pipes and pumps, just in the City how much of our stuff have we fixed?

Commissioner Lago: Maybe you can put in there, because I had a meeting with your staff a while ago to discuss it, and maybe you can give him a little bit of an idea. Do you know how a pump station works? How many hours less are the pumps working, now that we are in trouble?

Public Works Director Kephart: Well the requirement when we had the consent decree our pumps in the stations in the South we were under mandate to not run more than ten hours per day on the pump, and we had pumps that were running fifteen, twenty, twenty-plus hours. We were getting a lot of infiltration. I am pleased to say that, that is one of the first things I looked at when I came back to the City and every one of those pump stations was running less than ten hours. We are in complete compliance with them. The system as a whole it is still very old, I mean we have City 2 we have a contract for that, that is going to start very soon. The fortunate thing is I believe we are adequately funded to keep up with the projects to stay on top of the system, but we can't stop rebuilding for a year. I mean we would get behind.

Mayor Cason: We are on it.

Public Works Director Kephart: Yes, very much so.

Mayor Cason: Thank you.

Finance Director Gomez: In the Roadway Fund, we are putting aside \$750,000 for Roadway Projects. We are also appropriating \$1.25 million, which is used as fund balance putting it toward the Sidewalks Program. In the Transportation Fund, we are also taking \$750,000 from fund balance in order to put toward the Sidewalk Repair and Replacement Program, for a total of \$2 million. The Citywide Bike Path Installation, we are adding \$100,000 to that project, and then the purchase of a trolley for the Macfarland Extension which during the August 26th Agenda, a Resolution was passed to fund that, \$230,000, and then the Motor Pool Fund, appropriating \$3.1 million for capital. For total Capital Projects of \$13 million. Slide 9 shows that this budget is adding 1 new position, that is the requested Commission Aide position, to the headcount. So, our headcount is now 801. The next slide schedule of Property Tax Millage Rate for the past ten years. The Fiscal Year 2015 budget includes a modest decrease in the millage rate of four tenths of a mill, from 5.629 to 5.589 representing the fourth consecutive year in which the millage rate has been reduced. The next slide provides a five year history of the estimated average taxable value of a homesteaded property. So, in 2014 we had estimated the average taxable value at \$550,000 which shows an increase in the prior year of about \$16,000 or 3 percent, because it is homesteaded it is capped at 3 percent, and this is based on the July 1 estimated property values from the property appraiser's office.

Mayor Cason: That is the maximum that you can go up.

Finance Director Gomez: For homesteaded properties. The next slide shows how the proposed millage rate for the City of Coral Gables compares to the proposed millage rates for all of the other municipalities in the County, and we are ranked 24th out of 35, so there are only 11 other cities in the County that have a lower millage rate than us. And finally, the last slide shows how each tax dollar that is collected by the County is distributed. For each dollar a resident pays in property taxes, Coral Gables keeps only 28 cents. This number went down and the County's

went up by one cent because the County's millage rate was increased by debt service, I believe. So, we are at 28 cents, the County gets 30 cents, School Board gets 40 cents and regional State gets 2 cents and that wraps up my presentation, but I'll be happy to answer any questions you may have.

Mayor Cason: Does anybody have any questions? Now do we need to take a vote on this?

Finance Director Gomez: We do, we have two ordinances, we have the levy ordinance which will be the first ordinance and then we have the actual first reading of the adoption of the budget.

Mayor Cason: Craig are you going to read the Ordinance?

Finance Director Gomez: He is not there.

Mayor Cason: How about the City Manager read the Ordinance.

Interim City Manager Olazabal: So this is an Ordinance providing for the levy of taxes for the Fiscal Year beginning October 1, 2014 and ending September 30, 2015; 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, 2014. Be it ordained by the City 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 2014, and which is subject to taxation under the constitution and Laws of the State of Florida as now written. A tax of 5.589 mills which is a 6.79 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, 2015.

City Attorney Leen: And I am going to do number four, just because there are a couple of legal requirements with it. This is an Ordinance adopting the Annual Budget of Estimated Revenues and Expenditures of the City of Coral Gables, Florida for Fiscal Year 2014-2015. I am going to read some numbers into the record. Whereas the Budget Estimate submitted to the Commission on July 1, 2014 in the amount of \$157,710,133 has been revised by the City Manager to include additional revenues and expenditures in the amount of \$3,139,849, bringing the total budget amount to \$160,849,982; and whereas the Revised Revenue Estimate of \$160,849,982 includes total revenues of \$156,771,530 and transfers from fund balances of \$4,078,452, and the Revised Expenditure Estimate of \$160,849,982 includes expenditures of \$159,604,785 and transfers to reserves of \$1,245,197. This are both public hearing items, you should hear them together and then vote on them separately.

Mayor Cason: Mr. Clerk do we have any speaker cards?

City Clerk Foeman: No, Mr. Mayor.

Mayor Cason: Does anyone want to speak? If not we will close the public hearing portion, and this is on First Reading, so we will be back again toward the end of September.

Interim City Manager Olazabal: September 23.

Commissioner Quesada: I'll make a motion.

Mayor Cason: Motion is made by Commissioner Quesada.

Commissioner Lago: I'll second that motion.

Mayor Cason: Commissioner Lago seconds it. This is on the first item. City Clerk.

Commissioner Keon: Yes.

Vice Mayor Kerdyk: Yes.

Commissioner Lago: Yes.

Commissioner Quesada: Yes.

Mayor Cason: Yes. Second item.

Commissioner Quesada: I'll make a motion.

Mayor Cason: Commissioner Quesada makes the motion.

Commissioner Lago: I'll second it.

Mayor Cason: Commissioner Lago seconds it. City Clerk.

Vice Mayor Kerdyk: Yes.

Commissioner Lago: Yes.

Commissioner Quesada: Yes.

Commissioner Keon: Yes.

Mayor Cason: Yes. Thank you very much.

Vice Mayor Kerdyk: Thank you very much.

Mayor Cason: Thank you.

Vice Mayor Kerdyk: Specially, I don't know if anybody said it, but this is the fourth straight year that we lower taxes and actually we have a very solid capital plan, capital budget plan, so that is very, very well done job. Thank you very much.

Commissioner Keon: At what point do we look at our capital improvement projects, as to where we are, we seem to have a lot on the table and we seem to have a lot budgeted, and I would like to have a feel for how and when we are moving those projects. Especially in light the public safety building and the one particularly downtown is in really terrible condition with the barricades around them and whatever else and the mildew and the mold that exists in the buildings themselves are...

Mayor Cason: Terrible.

Commissioner Keon: ...far worse than I had ever anticipated they would be. I have the list of all of the capital projects and you provided us with the funding, and I wondered how they are prioritized and where we are and how they are scheduled to start? How do we get a sense of that? Do we ever do a workshop on capital projects or how do we do that?

Interim City Manager Olazabal: We could do that. Part of what we tried to do with that spreadsheet that provided an update is at least start with a snapshot of where we are with all of the projects and ideally what we wanted to do is submit on a quarterly basis an update of that spreadsheet showing you where the projects are. If we would like to further have a workshop to understand how we are prioritizing, or if we would like to work on the timelines together, we are able to do that as well.

Mayor Cason: It is a five year plan. We have a five year capital plan.

Finance Director Gomez: And that five year plan will come in front of the Commission at the next meeting.

Commissioner Keon: I would like to know or be able to know if they are in the assessment phase, if they are through it, you know where we are on those projects, because there are cases that they have been around that building for a long time.

Interim City Manager Olazabal: Glenn do you have an update on the Public Safety.

Public Works Director Kephart: Our consultant has been conducting an assessment on that, we had hoped to have that by mid-August, it got delayed because some of the work that they needed to do and the magnitude of it, but they are telling us now that we will have their assessment next week. So, we are right there, we are really close, and then, after we get that assessment the programming can really begin as to prioritizing what gets fixed when.

Commissioner Keon: And how we go about doing the project.

Public Works Director Kephart: Yes.

Commissioner Keon: OK. Thank you.

Mayor Cason: I think we all agree, there is a sense of urgency, we have toured it, it looks like when I lived in Honduras, there is a lot of work to be done. So, hopefully come back to us and the more general question where do we stand in each of these projects, maybe have a chart saying “under study, beginning implementation”, something so we can get a sense.

Public Works Director Kephart: Yes, and we have that, so we would be glad to provide that.

Commissioner Lago: Do you know how long those barricades have been there?

Public Works Director Kephart: Oh I would need some help with that one, but it has been years. Six years.

Commissioner Lago: How many parking spaces do you think we have there that are currently being occupied by the barricades.

Public Works Director Kephart: Five.

Commissioner Lago: I would love to know how much revenue we have lost. It is probably minimal, because it is only five parking spaces, but still.

Commissioner Keon: It is just that it is very unsightly.

Commissioner Lago: It is an eyesore.

Commissioner Keon: It is very unsightly in our downtown, it does present a danger to people that are in that area, but more importantly the structural issues within the building and the people that work and live in the building is really a problem.

Public Works Director Kephart: I think the important thing that I would like to clarify here because we could go back and say, well why didn't this happen sooner, but right now what needs to happen is happening and it is happening the best that it can and we have a good consultant. So there is not a lot that we can do, more than what we are doing right now. We can always look back and say we should have done more in the past.

Commissioner Keon: But it is more, where we are in the process and then to go forward, when we anticipate seeing the project go forward, that's all.

Public Works Director Kephart: Yes.

Commissioner Keon: OK. Thank you. The other thing I would like to talk about, when we look at in this budget that of the \$160 million over \$100 million is our personnel costs, so we have our

workforce really takes up the vast majority of our revenue dollars and the number here in retirement this \$26 million is this what we had doubled up on the contribution to the retirement system to increase the percentage of funding or is this just the regular contribution?

Finance Director Gomez: The number that is on the budget for the pension contribution represents a level number. So it is the same budget number from the previous year. The actual contribution requirement for this is a little less. So it is about 24, I don't have the exact number, but it is about \$1.8 million less than that number. The additional that is in there, the anticipation is to possibly be able to make an additional contribution payment to the pension in order to start funding the unfunded liability. However, there are some issues with the lawsuit for the COLA for the retirees, that we may be required to make a payment, so we have kind of set it aside there, just kind of holding. We are not going to send it on 10/1, because we want to make sure that if we lose the lawsuit we have funding available to cover the expenditures, but at the same time the idea is to continue to fund the pension at a high level, so we can start making a dent into the unfunded liability.

Commissioner Keon: The other thing I would like to see us do at some point, I don't know when probably maybe in the winter sometime is to really have a workshop and to bring in people that really have expertise in pensions. To look at what options may be available to us not with the current employees and not those employees that we are contractually obligated to under our collective bargaining in their pensions and the changes of what it could take, what it would cost, what is available, what is out there. We will not see the benefit while we are here on this dais, but we may begin to look at in fifteen, twenty years from now a City won't be under that pressure related to pensions and defined benefits and what other things we need to do if we move away from that kind of a plan what are the tradeoffs. What do we do for employees?-all of the issues that could be before us.

Commissioner Lago: I think that is a great idea because you see other municipalities, not saying that we should go in that direction, floating a bond in regards to the unfunded portion and some people are for that some people are against that, but I would be all for having maybe some sort of meeting where we can sit down, and at least I would be more educated toward that aspect.

Commissioner Keon: I think it would be a good thing for us to really understand the costs, you hear all of the time people telling us to go to a defined contribution plan and away from these plans, but there is tremendous costs to these plans, we need to be able to speak from fact.

Finance Director Gomez: And that same idea came up at the pension board meeting, last meeting, and they have also talked about having a workshop for them as well, to start talking about these things that we need to start considering and get better educated and really understanding it all, and the different options.

Mayor Cason: There are a lot of options and a lot of risk, it is a crapshoot some times, but it would be great to have some world class experts come in and use some experience in the cities where it worked and where it was a disaster.

Commissioner Lago: I have a new pension board appointee as of today, so that would be great, at least educate that person. Could you do me a favor, because we speak about the millage rate and we lower taxes for the fourth year in a row, \$160 million budget and we have a \$26 million obligation in regards to the pensions and all of these capital projects could you give us a recap if there is something we haven't touch upon, is our reserves and that is something that this Commission prior to myself and Ms. Keon joining really worked hard to make sure that we could go from barely nothing in reserves to pretty healthy substantial amount.

Commissioner Quesada: While you are looking that up, quick question for the City Attorney, can I make an appointment to a board during this meeting, I was going to do it this morning.

Commissioner Keon: We are going to go back and open up again.

City Attorney Leen: We are going back.

Commissioner Quesada: OK.

City Attorney Leen: The rule is as long as it is a general meeting which I think this has been advertised as you could, but I would have to look before, I would just wait I think it is safer.

Commissioner Quesada: OK. It is because it was for the Budget Advisory Board that is why.

City Attorney Leen: I also wanted to raise one thing with the pension lawsuit, I am not going to get into it here, but we have been having such long meetings I haven't done executive sessions at the end of them because I know we are just doing so many things. I would like to ask for your guidance in the COLA Lawsuit the Murrhee Case, and so I will ask for an executive session. I don't know when we would schedule, I am going to work with the Manager to determine when to schedule it, I just want to give you an update since it has come up today and I will be doing that in the next meeting.

Finance Director Gomez: So, fund balance is the number that we calculate only at the end of the fiscal year after we close out the financial statements and so the last audit of the financial statements is from 9/30/2013 coming up on the next fiscal year end close, but it takes a couple of months for the auditors to actually do the audit. So as to that point in time, the General Fund Unrestricted Fund Balance is \$28.7 million, if we look at that as a percentage of our operating and debt expenditures we are at 19.2 percent of the 2015 proposed budget. So we do want to be in the 25 percent range for the unrestricted fund balance?

Commissioner Lago: I know it is a moving target.

Finance Director Gomez: Yes.

Commissioner Lago: Obviously, currently the year hasn't ended, but are we looking to add to the reserves this year? I am not going to hold you to the number.

Finance Director Gomez: Yes, exactly. I can't give you a number, but yes we do anticipate a modest increase to the General Fund Unrestricted Fund Balance for the close out of 2014.

Commissioner Lago: Just by the fact that you are answering yes. It is good.

Finance Director Gomez: Yes, absolutely.

Commissioner Lago: And all of the projects that we are doing and all of the issues with the pension, just the fact that we are moving and we are still continuing to move in that direction and hopefully get over \$30 million, that is great. That is great.

Mayor Cason: OK. Thank you very, very much. That was a great presentation and that will close the First Budget Hearing.