

**City of Coral Gables  
Second Budget Workshop  
Virtual Meeting  
July 15, 2020  
405 Biltmore Way, Coral Gables, FL**

**City Commission**

**Mayor Raul Valdes-Fauli  
Vice Mayor Vince Lago  
Commissioner Jorge Fors, Jr.  
Commissioner Pat Keon  
Commissioner Michael Mena**

**City Staff**

**City Manager, Peter Iglesias  
City Attorney, Miriam Ramos  
City Clerk, Billy Urquia  
Finance Director, Diana Gomez  
Budget Director, Keith Kleiman**

**Public Speaker(s)**

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Mayor Valdes-Fauli: Mr. City Manager.

City Manager Iglesias: Good morning Mayor, Commissioners. I will turn the meeting over to Keith Kleiman, our Assistant Director in Finance for Budgets. Keith please proceed with the meeting.

Assistant Director Kleiman: Thank you Mr. Manager. Good morning everybody, good morning Mayor, Vice Mayor and Commissioners. Today we are going to go through the FY21 Budget. I'm going to share my screen, and hopefully everybody can tell me they can see it. Can everybody see the presentation?

Mayor Valdes-Fauli: Yes.

Assistant Director Kleiman: Vice Mayor you are muted and some of the other Commissioners, I think are muted as well.

Vice Mayor Lago: I can perfectly see the presentation.

Assistant Director Kleiman: Wonderful. All the other Commissioners are all good?

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All: Yes.

Assistant Director Kleiman: Thank you. Okay. Here we are, the Budget Workshop. And I've got to tell you, it's been a bit of a long road getting here during this pandemic. As usual, we go through the significant calendar dates. June 1<sup>st</sup>, we got, the Property Appraiser sends the estimated property values. This year we did have an increase of \$16.9 billion dollars to \$17.4, that generated about \$2.4 million of additional...[inaudible]. July 1 estimate is submitted to the City Commission. Also, July 1, we get the certification from the county of the estimated property values, and it went up additionally, generating an additional \$300,000. Now that \$300,000 is not in the July 1 estimate. It will be presented to you for the Budget Hearings. July 1 to July 14<sup>th</sup> the state estimates are supposed to be available online, however, due to the pandemic and the economic downturn, the state has pushed that off until August. So, our state estimates are estimates...have been in touch with the county on this, as well as, state and we have some viable estimates to go by for the time being in percentages, and we'll fine tune them as the summer progresses. Today the Budget Workshop, July 15<sup>th</sup> to September 9<sup>th</sup>, we offer the Commission the time to have one-on-ones with us, if you so desire...is the final date to certify the tax rate to the Property Appraiser, and you will be voting on a resolution following this presentation to select the 5.559 millage rate, as the tentative millage rate to be further discussed at the Budget Hearings. September 10<sup>th</sup> is the first Budget Hearing, September 22<sup>nd</sup> is the second Budget Hearing. I'm sure the biggest priority in all of your minds, how did we balance the budget? So, the next few slides, I'm going to talk about the budget reduction methodology. We have termed the entire event, we call it a three-year event. FY20, FY21 and FY 22, and for us the absolute goal is to separate each year. One year's actions and activities do not flow into the next year, that's our primary goal. And it is also our goal not to rely on our emergency 25 percent fund balance. Every year we have surpluses, we use them for one-time purchases in the General Fund, as well as Capital with the land use of fund balance. So, we are not talking about that fund balance. We are talking about the 25 percent fund balance that we all cherish, and we do not want to touch it. So, it is an acceptable budget practice during an emergency event to use it, we don't want to, that's our goal, is not to use it, and we have balanced the budget for FY20 and FY21 without that. So FY20, potential shortfall. We reported back to you four months ago that we projected a \$9.5 million-dollar shortfall for FY20. Recently finished one piece of an exercise, now that we have four months of trend, to look back and say, okay, how good was this estimate? Well, we are fortunate it is very good. The new estimate came out about 9.2, though again, we are going to keep following it during the summer to make sure that it stays exactly where we think its going to stay. The part of the exercise that we are doing right now is to look at the expense budget and to not only look at what items we froze in there, but to look at what other surpluses will be available, as we typically have surplus at the end of the fiscal year. We will have that whole process done in the next week or two, and report back to the City Manager and he will be able to report to you our findings. Now the budget reductions apply to the budget. They come up with \$9.5 million dollars. Full and part-time positions are frozen, that includes FICA, \$3.3 million...[inaudible]...is frozen, plus our normal expected surplus \$3.8 million; and...project deferments of \$2.4 million. FY21 potential shortfall, \$11.2 million. Now, once again, we are separating it from FY20. There is no rollover of deficit into FY21, this is purely for FY21 revenues and expenditures. We created a methodology...apply hard and soft reductions to the budget. Our *Second Budget Workshop*

reductions are items eliminated from the budget to balance expenses to projected revenues. In other words, we are going to show you \$11.2 million of hard reductions that balance the budget right now. Keep in mind, we only have four months trend. Just happened back in 2007 when revenues plummeted, there is trend to go by to tell you how bad things can be. However, we are looking at the trend right now and you know we do things extremely conservatively, so we are using those trends to project revenues for next year, but let's say, and I know several of the Commissioners have expressed this concern, what happens if we don't make those projections? It's possible – we have confidence that we will, but just in case, so we've termed a new piece of technology here, I should say terminology, soft reductions. These additional items identified in the budget by each department director that will remain in the budget but held in a holding code until sufficient revenue activity is confirmed. This is a substantial amount and we'll go over that in the next couple of slides. Are there any questions so far?

Commissioner Fors: Quick question Keith, just so I can understand it a little better. The projected shortfall this year you said was \$9.4, I think.

Assistant Director Kleiman: \$9.5 for FY20.

Commissioner Fors: \$9.5. So, \$11.2 (million) for 21 presumes that all twelve months of next year will be like the last four months of this year?

Assistant Director Kleiman: Well, remember now the \$9.5, we looked at it from a four-month loss, now we are projecting it out to the end of September, and its coming in a little bit less. Now tentatively it's about \$9.2 (million). The \$11.2 does project – we've had a recovery so far, it's a slow recovery, its not the V that we were looking for, but we have had a recovery in revenues. So, the \$11.2 takes some of that, not all of it, some of it into consideration. So yes, the \$11.2 is expecting a certain level of recovery, but not anywhere near the normal.

Commissioner Fors: And the reason its lower than the \$9.5 is because in 2020 we had three normal months, is that why?

Assistant Director Kleiman: In 2020 we had more than three...

Commissioner Fors: We had four normal months.

Assistant Director Kleiman: Five and-a-half – March revenues came in almost next to normal, even though two weeks in March was in the Covid pandemic, revenues came in, and some revenues were actually higher than anticipated for the year, like parking revenues were higher than budgeted for FY20.

Commissioner Fors: Okay. I got it.

Assistant Director Kleiman: Okay. So, \$11.2 is the projected shortfall for FY21. So now, show you the high level what the FY21 hard reductions were implemented in the budget to match the \$11.2 shortfall. Vacancies frozen except for Public Safety, \$1.9 million and that does include FICA. Operating expense across the board, \$1.8 million. Reduced capital transfer from the General Fund is \$3.6. This is the recurring transfer that comes out of recurring revenues from the General

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Fund to the Capital Improvement Fund, so that is not happening in FY21. As you know in our budget meeting with the Commission three weeks ago, and we are relying for FY21, we are relying on onetime capital money, there is no recurring money coming from the General Fund. Reduced Capital Contingency in the General Fund, \$1 million. This is an item that the City Manager requested we put in the budget for FY20, so we did. We are taking that out of the General Fund for FY20 to balance the budget. However, as we mentioned three weeks ago, we now have just a hair under a million dollars of contingency in the Capital Improvement Fund from onetime monies.

Vice Mayor Lago: Keith, just a quick question. When you talk about Reduced Capital Contingency in the General Fund, that's just a contingency that runs across all the capital projects, that's what that is, correct, or is that just for one specific project.

Assistant Director Kleiman: That's actually a million dollars in the General Fund in the non-departmental department that was there for FY20, that we took out for FY21.

Vice Mayor Lago: Okay.

Assistant Director Kleiman: So that was the City Manager's reserve for onetime items that we had to use. For instance, during FY20, a large piece of that went for the Public Safety Building.

Vice Mayor Lago: Thank you.

Assistant Director Kleiman: That is discretionary funds for Capital.

Vice Mayor Lago: Thank you.

Finance Director Gomez: Keith, this is Diana. I think that this presentation is not the most recent, because there is some verbiage here that we changed on the – just letting you know. You may want to doublecheck the presentation. For instance, eliminate the...payout, remember we changed that.

Assistant Director Kleiman: Oh yes. I am sorry. If we can take a two-minute break, I am going to make sure we have the proper language on this.

Commissioner Fors: Keith, your volume, I don't know if its only me, but your volume is also going up and down. Its fine, I can still understand you.

Vice Mayor Lago: Yes, I noticed the same thing Commissioner Fors.

Assistant Director Kleiman: I'm using the microphone on my laptop.

Commissioner Fors: But I can still understand you.

Assistant Director Kleiman: Okay.

Mayor Valdes-Fauli: Stay close.

Assistant Director Kleiman: Diana just sent me. I just want to make sure we are working on the same – hold on one second. I'm going to stop sharing. Give me one minute please. So, we are going to continue on with this version and I want to explain. We actually made some changes and

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unfortunately some of the changes got mixed up on a different version. I'm going to have to clarify on this one what Diana was referring to. Does everybody see this?

Mayor Valdes-Fauli: Yes.

Assistant Director Kleiman: Okay – good. And if you can't hear me, please let me know. I'm not sure what the issue is, maybe it's my modem at home, I'm not sure, Comcast is not the best. Okay. So, as we were going through – So reduce the debt service reserve, \$1.2 million. We created a reserve each year coming from parking into the debt service fund. The parking revenues had a rate increase that was in advance of the building Garage 1. We are taking those funds, not spending it, putting it into the debt service fund just to cover any shortfall in monies coming into that fund to pay our debt. However, this budget is balanced, all debt is covered, so don't worry about that. We are just reducing the debt service reserve, because parking revenues are not performing as we want them right now. Now, the next one, we did change this wording, I apologize. We are not eliminating the payout, we are changing the methodology of the payout. We have created a reserve in the city's balance sheet that covers payouts, so we no longer have to fund it out of the General Fund budget. Okay, that's all this is. There is no change in policy of employee payouts. Reduce fleet replacement, \$495,000, that's a onetime reduction in the fleet replacement budget. We will hopefully be going back to FY22 to the full \$3.6 million replacement budget. The final item, we had added \$280,000 to our health insurance premiums in the beginning of this budget season to cover a potential five percent increase in premiums. However, good news to us, that we no longer had to do that, Cigna is not raising our premiums. The reason I'm including it in here is, normally I would have left that as a bit of a cushion for the following year, for FY22 in case there was a rate increase, we would have covered a big piece of it already. Now altogether, all of these items add up to \$11.2 million dollars. Now the soft reductions. Budget reductions – If you flip through the Budget Book, you are going to see in most of the departments and divisions a new account called, Contingency for Budget Reductions. So, the soft reductions that we referred to earlier, the one we've identified items in every department's budget, we have moved it into a holding code, that is just in case revenues do not come in as projected. And the Contingency for Budget Reductions, the total is \$4.1 million, that's a considerable number. Okay. Included in there is an amount in the non-departmental contingency and that amount is there to cover a potential downfall, a turndown in the property values for FY22. Okay. Its available in FY21, if necessary, but it will be available in FY22 as well, because we are not building a budget on that number. Its included but not meant to be spent. Now as I said, the debt service reserve originally for FY20 was \$1.8 million. For the hard reduction, we reduced it by \$1.2; soft reductions there could be an additional decrease of \$600K. Now also, in the city's balance sheet, we have a \$2 million-dollar pension stabilization fund. We know that one of the Commission's goals they want to reduce the unfunded liability. Included in the FY21 Budget and balance within the \$11.2 million shortfall, we have covered fully the projected additional payment of \$5.2 million. That's on top of the annual payment that we have to make.

Vice Mayor Lago: Keith, if I may. Would that be the highest we've ever paid in additional?

Assistant Director Kleiman: Yes

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Vice Mayor Lago: In pension stabilization?

Assistant Director Kleiman: Yes.

Vice Mayor Lago: So we put out, its very difficult for me to remove that one million dollars, I think, to me that's a non-negotiable item, but if you are telling me that, what did we put in, in 2020? – was it \$4 – what was the amount that we put in on top of our obligations?

Assistant Director Kleiman: Yes. That was just over \$4 million, its about \$1.2 million higher in FY21 than FY20.

Vice Mayor Lago: Okay. Again, I just wanted to put that very clear, because I imagine several residents and business owners are going to call us, because they get nervous when you take any monies, and I want to be very clear that this is additional in regards to our obligation and that we would put even with that one million dollar removed from pension stabilization, we would still be putting more money than we put in, in 2020.

Assistant Director Kleiman: Yes. I'm sorry, go ahead.

Vice Mayor Lago: No, no, no, I'm just saying by about \$200,000.

Assistant Director Kleiman: No, no, no. Its higher by about \$1.2 million.

Vice Mayor Lago: No. I know. I'm saying to remove the million.

Assistant Director Kleiman: Let me explain what this is. This is just in case, just in case revenues do not come in and we know the Commission wants to make that extra \$5.2 million, but just in case revenues do not make the budget, we can take a million dollars out of reserve and bring it in to make sure we can make that \$5.2 million. Right.

Commissioner Keon: Right. The extra payment is \$5.2 million, as it stands in the balanced budget.

Assistant Director Kleiman: Yes.

Commissioner Keon: Alright. And this is just a soft reduction in the event that revenues don't come in.

Assistant Director Kleiman: Exactly.

Commissioner Keon: Okay. Thank you.

Finance Director Gomez: And if I may, to clarify that, this is Diana. The pension stabilization fund is on the balance sheet, its cash reserves that we have for instabilities in pension payments. So we are saying, no matter what the \$5.2 is going to the pension payment, however, if the budget on the other side doesn't do well we can dip into the pension stabilization fund to help balance the otherwise budget, because its as if we would have used one million from the balance sheet reserve to fund the extra payment, but we are still funding the extra payment by \$5.2.

Commissioner Keon: Right.

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Assistant Director Kleiman: So now, this is all additional money that is set aside expenditures that we are not going to touch, okay. FY22, you would notice the exact same numbers, its just a different header in FY22, because each budget year is separate. So, the contingency for budget reductions remains the same, \$600K and the pension stabilization. Everything is going to remain the same for FY22, because we are starting with a new budget year and a new set of revenues. So, we will have money available, I think it was Commissioner Mena and Vice Mayor Lago who expressed concern, what if property values go down. Okay. Now, we don't expect residential values to go down. But there is a chance that commercial values go down. So, we feel we have enough set aside to tackle that without hurting the budget and reducing city services.

City Manager Iglesias: If I may say something Keith. The residential and commercial, commercial is about 28 percent of what comes in, and residential is 72 percent. If that goes down ten percent, we feel that we have enough projects coming in, such as the TCO's at Agave, Gables Station, Paseo and so forth, that can probably make up for a ten percent reduction in that 28 percent, something that we looked at very closely with Finance, and so, we do have projects coming in and we feel, I believe Keith talked about a ten percent reduction that we could have a potential ten percent reduction, yet still with the projects coming in, we would come out very similarly to where we are at today.

Assistant Director Kleiman: Right.

Commissioner Keon: The 422, is that right?

City Manager Iglesias: Yes, because of the fact that we have Gables and Agave, we've got Valencia, we've got Paseo, we've got Gables Station, all those projects that are a TCO are going to be finished as soon as they are in TCO, they are in the tax roll. So, a ten percent reduction in that 28 percent would be made up by these projects coming into our tax roll now.

Commissioner Keon: As of January 1, right? – as of January 1, 2021. Okay.

Vice Mayor Lago: Keith, thank you for mentioning the issue of commercial. Like I said before, and at previous budget hearings and when we've met, when I had my meeting with the Property Appraiser and his Deputy Property Appraiser, this is one of the big concerns that we are seeing across the board where cities like ours that have a pretty robust, like the Manager mentioned, 28 percent of our tax revenue comes from the downtown. You know a significant drop without taking account for it could be very detrimental to our budget in the future. So, you are telling me that, obviously, you accounted for that and it gives me a lot of tranquility to know that, because we have serious concerns across the board of the property values going down in the commercial sector.

City Manager Iglesias: Very valid concerns Vice Mayor.

Vice Mayor Lago: Thank you.

Assistant Director Kleiman: Yes. When both the Commissioner and the Vice Mayor had mentioned it, we took action for that. We wanted to make sure. Again, we are doing what a lot of cities don't do. Most cities do not have this two-tiered approach to their budget cuts. They balance

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their budget with hard reductions and that's it. We are taking this tact of the soft reductions in addition, so we have set ourselves a two-tier approach and we hope this will be successful. And I also, we know that the revenues will come back. It will probably come back slowly, as soon as there is a vaccine, we should be seeing some more confidence in the marketplace and the revenues should start coming back successfully. Maybe not to the norm in FY21, but in FY22 they will. What this is doing is assuming FY22's revenues are the same as FY21. There is a very, very good chance and...FY22 should be a better year budget-wise, however, we are not...[inaudible].

City Manager Iglesias: I believe, Keith, that we made some very hard cuts and very hard assumptions at the beginning of the pandemic and they have worked out very well right now, and it has put us in a good position.

Assistant Director Kleiman: Right. Okay.

Mayor Valdes-Fauli: Go ahead please.

Assistant Director Kleiman: Moving on. So now you can – this is the normal size...total annual revenues projected at \$188 million. Our transfer from reserves, once again, this is planned use of reserves, \$19.8 million. Now the vast majority of that, you can see is the General Capital Improvement Fund and most of that are developer fees that will be coming into the General Fund, we'll transfer them into the Capital Improvement Fund and...[inaudible]. Now again, just in case revenues do not come in, in 20, because its just the timing of the capital projects, those numbers might change with the next go-around, whereas...some of this \$15 million will included in the annual revenues, as opposed to being coming from reserves. Everything depends on the timing of the receipts. We'll go through that detail during the hearings, if any changes occur. The expenditure budget – The operating budget is projected at \$171 million. Capital is projected at \$25 million, and this is 100 percent consistent with the budget workshop that we had three weeks ago. Debt service is \$9.9 million, almost \$10 million. And transfer to reserves, \$1.6 million. So, you have a balanced budget up to \$208 million.

Commissioner Keon: Keith, our debt service is nine-something million, what is the actual debt of the city, do you know?

Assistant Director Kleiman: If you hold on one second, I'll pull that right up. I'm going to stop sharing for one moment, okay.

Commissioner Keon: Okay.

Assistant Director Kleiman: The total principal as of October 1<sup>st</sup> will be \$118 million, a hair under. At that point its \$49 million and the total net, including the principal and interest is just under \$167 million.

Commissioner Keon: So, our total debt is about \$167 million?

Assistant Director Kleiman: Well the principal is plus interest, yes, the total is \$167 million.

Commissioner Keon: \$167 (million) and our debt service is, what did you say, \$9 million?

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Assistant Director Kleiman: Is \$9.9, just a hair under ten.

Commissioner Keon: Okay. That's good.

Assistant Director Kleiman: Revenue increases affecting the budget - Property taxes, as I said before, the June 1 estimates gave us additional \$2.4 million, of these just trends, \$130,000;...by trend, \$100,000, and so on and so forth. All of these items are just trends. You can see there is not much increasing for FY21. Typically, the increase number is very much...this year obviously, its not. Now the decreases. This all looks bad, but let's tackle each one and you'll see that...Most of these are onetime items, included in the budget for FY20 that will not repeat for FY21. However, look at the top item, Intergovernmental Revenues, the decrease of \$4.2 million. A piece of that is our projection for decrease in state revenue sharing and the half-cent sales tax...[inaudible]...from the state yet, however, we took down the state revenue-sharing by 20 percent and the half-cent sales tax by 15 percent. That type of activity in a recent seminar with Javier for the CITT, because it's the same sort of process of the collection of sales tax.

Vice Mayor Lago: Keith, like we discussed in the previous meeting, something that we have to take into consideration for the near future is to taper down what we expect, because the...is taking these measures, to taper down our expectations in regards to the cash tax revenue, because we are seeing it fall dramatically, so I know I mentioned it before, but that's going to affect half penny revenue and different things that are coming from the TPO.

Assistant Director Kleiman: Yes – and actually we have reduced the CITT expense down also, the revenue and we have funded it with onetime surplus that may or may not be used because right now the trolley service is working at a much lower level. On its own its generating surplus, but we have given them 100 percent of their requested budget with a mixture of the revenue, it only covers...[inaudible]...but we are funding the rest of it with fund balance and Kevin Kinney is watching it very, very closely, so...decrease plan as well, he has reduced the trolley service right now, which is creating its own surplus, but on top of that we have the onetime fund balance used to balance the budget in addition to that.

Vice Mayor Lago: Perfect. Thank you.

Assistant Director Kleiman: You're welcome. Okay. So, Automobile Fees, \$2.4 million. We are projecting a 15 percent increase overall for FY21. Now that does assume a level of recovery going through. We are going to keep watching things as we go through the summer and into the beginning of the fiscal year, and if we have to fall back on some of our soft reductions, we will. Okay. But right now, this is our Parking Director's estimate at a 15 percent cut for the next fiscal year. Again, it does rely on some level of recovery. General Fund Investment Earnings – down \$1.8 million. The feds have lowered the interest rates and that had its toll on us. We took that into consideration for FY20's projected deficit and for FY21, we went down to a much more conservative number for projected interest. Miami-Dade County Roadway Impact Fees – that's a onetime item in the budget. It will be reappropriated in FY21, once we know what expenditure we are meeting. Commercial Waste Fees – we had a meeting a few weeks ago to talk about Waste Management. This is the item in the budget that ended with the last contract, so it is now permanently out of the

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budget. It was administrative...that was sort of duplicating what was going on in the contract. It is out permanently now, and we balanced the budget without it. Permit Fees – we are projecting a decrease of almost \$800,000. Capital Project Fund Investments – similar to the projection down 468. And other miscellaneous revenue decreases, \$3 point [inaudible] million dollars. Total revenue decreases \$18 million. Again, most of that is onetime items, and we see the net change in total revenues comes up to \$188 million.

Commissioner Keon: Keith, Permit Fees, you are looking at a decrease of almost \$800,000, but your overall revenue is...[inaudible]...is that what you are saying?

Assistant Director Kleiman: The over revenue is still \$7 million.

Commissioner Keon: Is \$7 million...

Assistant Director Kleiman: Keep in mind also that we do not use any surpluses from...[inaudible]. So, though they are not a proprietary fund, we treat them as such.

Commissioner Keon: Oh, okay.

Assistant Director Kleiman: If they have any excess revenues it goes into reserve for the Building Division.

Commissioner Keon: Thank you.

Assistant Director Kleiman: These are Personal Services; this is the salary component of the budget. Salaries down \$1.7 million, those are the frozen positions. In this year's budget there is no COLA...active contracts, so...before we apply the frozen position the budget was actually flat...\$70 million as it was for the previous fiscal year...is down \$180,000 and that's because that was a onetime influx for some of the departments that were experiencing overtime from vacancies, so the overtime budget itself remains the same for the adopted condition, compared to the adopted of FY20.

Vice Mayor Lago: Keith, if I may, just as a reminder. In yesterday's Commission meeting, I brought up the fact and I think it was Commissioner Mena or Commissioner Fors also mentioned, the issue of the CARES dollars...forthcoming, something to the tune of about \$900 million and I think the cities are going to get something around \$130-\$135 million. I think one of the opportunities that we can use that money for is for overtime for police, fire and any employees that are associated with...[inaudible]. That's something to keep in mind when that money is finally disseminated to the cities from Miami-Dade County, because the money is already in Miami-Dade County and I expect any moment that money to be sent down to the cities and prorated as per the size of the city. So that could be some additional relief to the budget.

Mayor Valdes-Fauli: Vice Mayor, as I understand it, and I've been in these Mayors' calls, the formula for distributing those monies has not been adopted yet, and we have a call this afternoon at 3 to determine what formula is going to be used. How much is going to be given to UNSUM, the unincorporated areas and how is it going to be split, so it's not necessarily yet that its going to be split by population.

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Vice Mayor Lago: No, I'm not disagreeing. I'm just telling you what I'm hearing from elected officials in some of the larger cities in Miami-Dade County, that's potentially going to be the formula. Nothing is written in stone yet. I look forward to your report after you have spoken with the County Mayor and his team, but I'm just saying more importantly than anything, it doesn't really matter to me how its divvied up, in the sense of what formula they use. We are going to get potentially money from the CARES Act. I just want to keep it in mind that some of these monies could be used to offset expenses like overtime associated with Covid relief.

Mayor Valdes-Fauli: Right.

Assistant Director Kleiman: Just so you know, we track all of our disasters in separate funds, budgeted funds. So, for instance, the hurricane fund is Fund 100, that's not a budgeted fund, and that's what we track everything having to do with Hurricane Irma. Fund 101 was set up for the Covid response, and Diana is going to tell you right now some of the details around that. So, I'm going to pass the mic to her.

Finance Director Gomez: So, with the CARES Act funding, I just want to be clear that it is very clear that we are only able to use that money for expenditures incurred directly related to Covid-19 and that were not included in the budget. So, that money is not going to be able to offset any of our revenue shortfalls or anything that may have been budgeted elsewhere, So the only potential overtime that will be reimbursable will be overtime explicitly related to Covid-19 and we have to be able to prove that it was overtime explicitly related to Covid-19. Same thing with the expenditures, things that we paid for protective equipment and things like that, those are the types of expenditures that we will be able to use the CARES monies reimbursement for. It is still a reimbursement. We are not going to just get the funding in, there is a reimbursement process, similar to when we reimburse for FEMA expenditures. That's my understanding based on my reading and discussions with people on how that allocation will come to us.

Assistant Director Kleiman: Any further questions on that?

Vice Mayor Lago: None. Thank you.

Assistant Director Kleiman: Is my voice coming clear or is it still...

Finance Director Gomez: It still comes in and out sometimes.

Assistant Director Kleiman: I'm sorry. I know Comcast is struggling. My upload and download feeds are very, very slow.

Commissioner Keon: You can still be heard and understood.

Assistant Director Kleiman: Okay – great.

Commissioner Mena: Keith, can I ask a question though?

Assistant Director Kleiman: Sure.

Commissioner Mena: You mentioned certain things, for example, that we don't expect real estate, a significant impact on real estate values, residential real estate values, excuse me, and things of that nature. Do we – I assume with whoever we bank with that we have access to very high end, sort of financial consulting, do we tap into that for that kind of analysis? Do we – I assume people like that are speaking to people with significant real estate portfolios and investments to maybe have a sense of what the market looks like or what people are expecting. I'm just curious, sort of what we do on that side of things, and sort of projecting what we might expect in terms of the market.

Assistant Director Kleiman: I have not personally done that. What I do is, I follow the market and just have an interest in the real estate market, and we follow Zillow and Realtor.com and some of the big real estate websites, and its showing just ups and downs of one percent. So, I get reports, probably almost every week showing mild changes...residential. They are not talking about commercial. So, what I'm relying on is, I know that Vice Mayor Lago had had a conversation with the Property Appraiser, they are talking about the decrease, a possible decrease in commercial value, right. So that's where we are coming from, but it doesn't stop us, honestly during the summer, because remember this is a snapshot of the budget. We could make changes going forward. So, to tell you the truth, I think it's a great suggestion. We will look into further analysis and then come back to the Commission for the hearing portion and let you know what we found out.

Commissioner Mena: I would just assume that and I think that's fair, but I would assume that the amount of banking that we are doing with whoever our banker is, would entitle us to some level of financial consulting or whatever it is. All I'm saying is that we tap into that, not even because of any individual expertise that that person or you may have, but because they may have significant insights into what other clients are thinking, looking at, expecting, projecting that could be insightful to us as we make those kinds of determinations, that's all.

Assistant Director Kleiman: Right. I think that's a very good suggestion. Thank you.

City Manager Iglesias: The issue, Commissioner Mena, is that the Save Our Homes Initiative that limits your increases in property taxes does not apply to residential, to commercial as it does to residential. In 2008 we did not have as big an issue as some of the other cities because a lot of our homes are homes for quite some time, and so, your tax base is so low that you are not really affected. However, in commercial you don't have that; you don't have the Save Our Homes Initiative that you have on the residential side, so certainly commercial is going to be much more susceptible to this than the residential side.

Commissioner Fors: There may also be folks on our Covid task force or Economic Recovery Task Force that have access to high level insight on projections to the market in that respect.

City Manager Iglesias: We'll certainly look into that. And we have touched base with various realties, realty companies and we see a fairly decent market right now and as Keith was saying, the fluctuations are very low right now. We will certainly look into all those avenues that you all have said, but the issue certainly with the commercial side is that you don't have those initiatives

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that you do on the residential side. But certainly, we will look at those and all those issues that you all have discussed now.

Assistant Director Kleiman: Okay. Move on. Now employee benefits – we talked about a \$1.2 million dollar increase in the additional payment. If you look at the numbers here, you can see retirement, its up by \$675,000 for a total payment of \$29.4 million dollars. However, the additional payment is up to \$1.2 million in addition to the additional payment. The difference there is a reduction in the annual required contribution, \$600,000 by itself. That reduction added to this increase in dollars added to the budget gives you the additional payment of \$1.2 million above last year, for a total payment, additional payment of \$5.2 million. Now the FICA related to the frozen positions is \$129,000. Workers Comp is just an adjustment that happened in FY20, the budget remains the same as the adopted in FY20 at \$2 million....is a onetime Cigna credit. So, for FY20, we signed contract for Cigna. The premiums went up considerably, however, for FY20 they gave us a credit that brought the premiums back down to a level that was equal to the previous year FY19. So even though there is no premium increase for FY21 in effect the reduction, eliminating that onetime credit from the budget, now we are feeling the increase in the premium in FY21. Balanced with the FY20 premium prices per employee and the increase is \$638,000, the budget is balanced with that number. Total changes in Personal Services, \$684,000 decrease. Now other expenditure changes, this is other than Personal Services, everything...salaries, professional services, \$1,5 million down. Now that's...of hard and soft reductions to professional services. I'm just going to go through some of the larger numbers. Some of these decreases are onetime items in the budget. There are a lot of reappropriations from prior years that have rolled into it, so they decrease. Most of the equipment decreases here. You can see \$1.1 million, \$866,000; grants, fleet replacement, all of that is onetime items that were reappropriated from prior years. So that is not due to the pandemic and the economic downturn. Now, I want to just bring your focus to, right in the middle you'll see debt, employee payouts and contingencies, \$3.5 million. Now an aggregate number of changes within the budget. If you focus on just the contingencies that's actually higher than the \$3.5 million. Because as I mentioned earlier, one of the hard reductions changed...for employee payouts, that was almost a million dollars in and of itself...is a minor change of a few hundred thousand dollars that's due to just the regular debt payment schedules. But the contingencies, the real contingencies are actually higher than this, its in the \$4.5 million-dollar range. Okay. And that's the total reductions in other than personal services of \$4.5 million; total operating budget, \$171.3 million as we discussed on the first slide. This slide was actually requested last year by the Budget Advisory Board and they wanted to know the cost of personnel compared to the operating budget. It is by department and you can see some departments are much heavier in labor than others and in total we are at 69.1 percent of the operating budget is due to personnel and benefit related expenditures. Employee classification ten-year comparison. As you can see the headcount, fulltime headcount is the same at 846. Now the numbers that we are going to go over right now, I'm going to read the totals for each of the capital categories. These are completely consistent with the budget meeting we had three weeks ago. So, for Capital Equipment, \$1.1 million. Facilities Repairs and Improvements, \$1.4 million...Facilities Repair and Restorations, \$2.3 million. Motor Pool Equipment, \$2.9 million. Parking Repairs and Improvements, \$7.6 million. Parks and Receptions Repairs and Improvements, \$3.4 million.

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Public Safety Improvements, \$1.2 million. Transportation and Right-of-way Improvements, \$1,6 million. And Utilities Repairs, \$6.6 million. Total Capital, \$28 million. We are proposing a millage rate the same as it has been for the five years previous to this at 5.559 mills. The estimated average taxable value of a homesteaded property is projected by the Property Appraiser at \$705,000. The percentage change...

Mayor Valdes-Fauli: Keith, can you repeat that, we couldn't hear you.

Assistant Director Kleiman: Yes. The estimated average taxable value of homesteaded property that is done by the Property Appraiser is \$705,000. Now remember that's just an average. Now compare that to the previous years estimated taxable value of \$654, a little bit more than the three percent that we have listed here. However, that includes new construction and any type of improvements, which are consistent with the city's budget that which is going up. I believe over \$300,000 in new construction, at three percent for homesteaded property. For the reader, I just want them to understand that their views, this is an average, their values will not go up past three percent. So now, if you take the \$705,000 and multiply it by 5.559, which is just the city's portion of the property tax, that amount is \$3,917. It changed from the prior year of \$294. Now keep in mind that's an average, which most people are not going to experience that number. Now, if you take that \$705,000 and apply it to the millage values of the other full-service cities in Miami-Dade County, you can see where we stand where the same person would pay considerably more, except for Key Biscayne. That's the only full-service city that has a lower millage rate than Coral Gables. Now we have some slides that are just for statistics. Coral Gables properties by type – 52 percent are homesteaded; 33.7 percent are residential non-homesteaded; ...[inaudible]...are commercial and all others are 5.2 percent. Property tax revenue by property type – Homesteaded residential is projected at \$40.5 million; Non-Homesteaded residential, 26.1; Commercial \$17.8 million, and all others \$7.4 million.

Commissioner Keon: What's included in this?

Assistant Director Kleiman: I'm sorry.

Commissioner Keon: What's included in others.

Assistant Director Kleiman: Institutional, governmental, industrial.

Commissioner Keon: Oh, alright.

Mayor Valdes-Fauli: Keith, tell me about, do we have a pilot program payment in lieu of taxes, universities, etc., private schools.

Commissioner Keon: Non-profits.

Assistant Director Kleiman: I don't have an answer to that question, but we will follow up after this meeting and send it out to everybody.

Mayor Valdes-Fauli: Because we did have the contributions by UM in prior years that I remember, where there was probably equipment or providing services or whatever, and we should pursue that.

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Assistant Director Kleiman: Okay, we will look into that and we'll get back to the Commission.

Mayor Valdes-Fauli: Okay.

Assistant Director Kleiman: Property tax revenue by property type – So you can see if you combine commercial and all others that's a percentage that the City Manager was referring to earlier. Ten-year municipal millage rate for the five full-service cities, and once again you see Key Biscayne is the lowest and Coral Gables is right above that. We have been consistent now for the last ten years. One of our favorite slides, you can see here a remarkable visual that shows Coral Gables, a full-service city is the 11<sup>th</sup> lowest millage rate in all of Miami-Dade County. Who are the other full-service cities? – and you can see Key Biscayne down all the way on the left. Property set distribution by the tax dollar – Of every tax dollar paid by our residents its 30 cents goes to the city, and we all know that the vast majority of services that the residents enjoy come from the city. Annual pension contributions – If you compare the last two columns, you'll see the annual required contribution went from \$24.2 million down to \$23...Extra payment went from \$4 million 52 thousand, 5.2 - \$5 million 200 thousand. You can see at the very top the four-one consistently going up, its not a huge increase, but its going up as new employees come in, some of them select the 401 and that has been going up each year. And we covered that increase, we don't take it out of the money, include that as an increase each year to the total retirement payment. As you can see here, we are still going in the right direction. The unfunded is going down. As of the last evaluation, its at 34.9 percent unfunded and we are funded at 65.1 percent.

Mayor Valdes-Fauli: Which is very good in comparison to our peers, isn't it?

Assistant Director Kleiman: Its getting there. Diana can actually talk with greater detail on this if anyone has a detailed question. I believe our goal is to get to at least 80 percent.

Mayor Valdes-Fauli: Alright.

Assistant Director Kleiman: And we want to get to 100 percent, but once we get to 80 percent that's a very good number. The General Fund reserve analysis – As you know, we always try to comply with our 25 percent and we will comply with 25 percent as soon as we make the final, get the final reimbursements from FEMA. Show for FY20 we are at about 16.7 percent, instead of 25 percent. However, we have received, I believe its \$6.2 million from FEMA just this fiscal year that does not show in these numbers. That number will be certified by our external auditors and when FY20 is closed out you will get a true number, a true picture of the percentage that we will be at, and I am guessing we are going to be somewhere around 20 percent or a little bit higher when we close.

Mayor Valdes-Fauli: Tell me about FEMA and its Irma reimbursements. Are we ever going to get it before the millennium, 2100?

Assistant Director Kleiman: Diana.

Finance Director Gomez: Yes. So, to this point we have received about 50 percent of everything that we've...

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Mayor Valdes-Fauli: 50 percent.

Finance Director Gomez: 50 percent of the requested. In total we received about \$7.2 million and there is still about \$6.8 million roughly in FEMA reimbursements and then another million or so in insurance recoveries that we have to apply at some point. But we are still actively working it. There is not indication that we won't receive it, they still have questions on certain documents that we've submitted and certain reimbursement requests that we have submitted they still have questions and we are constantly and actively going back and forth with them, but we have no indication that we are not going to receive it, its just we have not yet.

ACM Santamaria: Mr. Mayor, I'd like to add that Diana and her team should be recognized for her efforts on FEMA reimbursements, as well as the other city departments in supporting. I am personally in knowledge of several municipalities that have yet to receive a penny. So, the fact that we have 50 percent in the house already that reflects on the work that has been done.

Mayor Valdes-Fauli: Oh, I have no doubt on that. But can we write our Senators and Congresswoman to ask for help. I mean it's been three years.

Commissioner Keon: Its in the state already. Its been given to the state, so the state is the one that's holding it.

Mayor Valdes-Fauli: Are you sure?

Finance Director Gomez: Yes. I believe, I'm sorry, all but maybe one project has already moved, one or two maybe, I'm not exactly sure, have moved from federal to state. There is maybe one or two projects that are still kind of in with federal, because there are some complications with it, but there is no – or rather there is more documentation that we need to give them or they haven't had a chance to review, but the majority of them are already with the state.

Mayor Valdes-Fauli: Can we write our legislators and...

Commissioner Keon: We have.

Finance Director Gomez: Yes.

Mayor Valdes-Fauli: That extra \$7 million will put us at 20 percent.

Finance Director Gomez: Sure. And we have sent letters and...

Mayor Valdes-Fauli: That's embarrassing.

Commissioner Keon: It is. That's the Governor, that's who you need to talk to.

Mayor Valdes-Fauli: That's embarrassing.

Finance Director Gomez: I believe that the issue is that they need to review all the documents and they, I'm not trying to say that they have rationale for holding our money, but there are a lot of supporting documents, a lot of different cities, I mean this was a storm that affected almost the whole state, and so, it was very, there is just a lot of paperwork and they do need to – they are

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reviewing almost 100 percent of everything before they pay on it. They got to the point where they've reviewed at 50 percent of it and they were okay with it, that's why they submitted payment of 50 percent to us. That was their indication to us, when they got to that point, they will submit 50 percent payment.

Mayor Valdes-Fauli: I have a meeting with a lobbyist this afternoon, I think, and I'm going to bring the topic up and see and I'll report to everybody.

City Manager Iglesias: We can discuss that, Mayor, this afternoon, the lobbyist.

Mayor Valdes-Fauli: Yes. Right. Okay.

Assistant Director Kleiman: Okay. And that is the end of the presentation. Does anybody have any further questions?

Commissioner Keon: Can you make that available to us Keith?

Assistant Director Kleiman: Yes. Yes.

Mayor Valdes-Fauli: Can you get it to me in color? I have it in black and white. Can you get it to me in color?

Commissioner Keon: Yes. If you just download it, I'll print it.

Assistant Director Kleiman: Yes. I just want to make sure all the correct footnotes are in here. We'll send it out to everybody.

Commissioner Keon: Okay. Thank you.

Mayor Valdes-Fauli: Thank you Keith. Very good presentation.

Assistant Director Kleiman: Thank you very much. I appreciate all the direction.

Mayor Valdes-Fauli: And next time get Comcast to allow us to hear all the time.

Assistant Director Kleiman: I'm paying for 300 mps and I'm getting 11 download and 30 upload, visa versa, 30 download and only 11 upload, so I'm switching to AT& T, that will happen in October. Miriam has an item, the City Attorney.

City Attorney Ramos: Yes A-2. A-2 is a resolution setting a tentative millage rate of 5.559 mills for fiscal year 2020-2021, annual operating budget to be submitted as preliminary disclosure to Miami-Dade Property Appraiser.

Mayor Valdes-Fauli: I need a motion.

Commissioner Keon: I'll move it.

Mayor Valdes-Fauli: Second?

Commissioner Mena: Second.

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Mayor Valdes-Fauli: Will you call the roll please.

Commissioner Fors: Yes

Commissioner Keon: Yes

Vice Mayor Lago: Yes

Commissioner Mena: Yes

Mayor Valdes-Fauli: Yes

(Vote: 5-0)

Mayor Valdes-Fauli: Is that it? Thank you everybody.

Vice Mayor Lago: Mayor, if I may, can I just ask Keith on the record just for two quick things that he can provide me after the meeting?

Assistant Director Kleiman: Yes.

Vice Mayor Lago: Can you provide me a breakdown of the monies collected for oversized trash pits and where that money is going to go. Is it going to be allocated to a certain line item in the department or is it going to the General Fund? And the other issue too is, I really want to understand what we are finally going to do with that \$500,000-line item for the recycling bins. What is the plan for that? If you could just kind of tell me, is that going to go, its going to be folded into the General Fund or are we planning to allocate it, are we going to roll it over? Just please provide me with an e-mail in regard to that, I'd really like to understand what the plans for those two issues are.

Finance Director Gomez: I can speak to the special pickups, if I may, because I actually just recently ran a report. So, the special pickups are the amounts, the oversized trash pickup, so when – currently, I just ran that report as of Thursday last week, there is about \$43,000 outstanding. If that is not paid by the time that we place the trash bill on the tax bill in September when we have to submit the final file to the county for placement on the Trim Bill, we will in fact put those past due amounts on the Trim Bill as well. So, we will receive payment of those special pickups. That money does – that is part of the solid waste sanitation revenues, so that is part of the General Fund revenues for solid waste. So, when you look up the refuse revenue line item that revenue is included in that. Does that answer your question?

Vice Mayor Lago: Yes, it does. And at the root of my question on both of those items, because if we are going to receive an influx of money, maybe we can use a portion of those monies to offset our increase in our garbage fees. I know a lot of us have gotten phone calls, especially from elderly residents, like I mentioned before who are on Social Security, on pension. They are concerned about every uptick in cost. So, things are getting tougher. So, I just want to make sure that if we do have a little bit of extra money, we can just offset that simple uptick, maybe we can do it. Again, it all depends on your department and where we see things next year and we are seeing \$11.2 million shortfall. I just want to put things on the record so people understand the situation the city  
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is in and we are doing the best that we can to be as frugal as possible and be as thoughtful as possible. But in reference to the recycling bins, it's a pretty large line item. I want to know what the plan is for that, those \$500,000 have been rolled over year after year, after year, after year. Are we not going to buy them? – are we moving forward? – are we staying, because obviously we are concerned about the contamination rates if we move to a different bin with a top. I just want it in writing, and I want to put that to rest finally, please.

Mayor Valdes-Fauli: Thank you.

Commissioner Keon: Can I ask one thing. I had asked Diana for that information with regard to the trash earlier, and it was my understanding that when those revenues go into the line item for waste that that is what makes up the 22 percent subsidy that we currently cover for fees, because the fees don't have full cost. So that already is in there and that is part of the subsidy already.

Finance Director Gomez: That is correct. We are already using those revenues for the overall waste collection.

Commissioner Keon: Right. So that's the subsidy that exist that fund helps fund that fund already.

Finance Director Gomez: And the total amount is very small. Its not a very large amount and its an unpredictable number, so we can't – we don't know what is going to come in, we can't rely on it to cover the costs.

Commissioner Keon: Right. It's not...

Finance Director Gomez: Its just a portion of the solid waste revenues.

Assistant Director Kleiman: If I could just add. It's a very small portion, its about \$30 to \$40,000 projected for 21, and it is included in the city's revenues to use that to calculate the subsidy.

Vice Mayor Lago: And I understand that. I understand that, but again, its revenue and Al Zamora's team is doing a great job in identifying this and addressing it, because it is an issue that needs to be addressed, because the city is basically paying for an overabundance of trash pit refuse that's being placed in there, and I'm happy to see that we are charging for that, which is appropriate. But for example, if you want to talk about, it's not a reoccurring revenue, but \$500,000 would cover the increase in the garbage fee for, not only one year, but I think maybe even two years potentially, and I think that anyway that we can alleviate the residents' issues or we can send a message that we are not going to increase fees, in my opinion, its worth looking into and potentially offering that up to the residents, because again, you see it clear as day, not all of us are in a financial situation where we can just pay increase in fees and increase in fees and increase in taxes. Some people are in very tough situations in our own backyard. Not everybody in this community is a millionaire. We can have a long discussion about it.

Mayor Valdes-Fauli: No, let's not have a long discussion. This is a budget hearing, and this is appropriate for...

Vice Mayor Lago: Mayor with all due respect, please. This is an important issue and all I'm asking is...

Mayor Valdes-Fauli: It is an important issue and we've made this point many times and we are politicking now, come on.

Vice Mayor Lago: We are not, Mayor, its not politicking. This is a serious question that I would like for those funds which for years have been rolling over, I would like for those funds for them to have a final destination. Can you please tell me what that destination is going to be? Its important. Recycling is important to all of us.

Commissioner Keon: Bins – Oh, yes.

Vice Mayor Lago: Obviously, we all know its for the recycling bins. I got a copy of the budget documents; we all know it's for recycling. Its been allocated for recycling bins for the last two or three years, but let's find a home for that money or reallocate it into something that is necessary that the Manager that one of our departments may need, maybe it will result in an efficiency that will save the city money.

Mayor Valdes-Fauli: We have adopted the millage rate today and now we are getting into specifics and I hope we don't go into trash pits, but let's get on, come on. You can put it on the agenda for...[inaudible]...and let's get on with it.

Commissioner Keon: I'd like to commend Diana and Keith. My appointee to the Budget Advisory Board sings your praise. She thinks that you are just outstanding in your role and she herself is a financial officer for a corporation and a CPA and has nothing but praise for you.

Finance Director Gomez: Thank you.

Assistant Director Kleiman: Thank you so much. We appreciate that.

Commissioner Keon: Thank you.

Mayor Valdes-Fauli: Anything else to come before the meeting?

Commissioner Keon: No. Take care you all, be safe.

Vice Mayor Lago: Take care. Have a wonderful day. Stay safe.

Mayor Valdes-Fauli: Meeting adjourned.