

**City of Coral Gables City Commission Second Budget Hearing
Agenda Item 1
September 27, 2016
City Commission Chambers
405 Biltmore Way, Coral Gables, FL**

City Commission

**Mayor Jim Cason
Commissioner Pat Keon
Commissioner Vince Lago
Vice Mayor Frank Quesada
Commissioner Jeannett Slesnick**

City Staff

**City Manager, Cathy Swanson-Rivenbark
City Attorney, Craig E. Leen
City Clerk, Walter J. Foeman
Deputy City Clerk, Billy Urquia
Management & Budget Director, Keith Kleiman
Automotive Division Director, Steven Riley
Finance Director, Diana Gomez
Parking Director, Kevin Kinney**

Public Speaker(s)

Agenda Item 1 [0:00:00 a.m.]
Presentation of Fiscal Year 2016-2017 City Budget.

Mayor Cason: The City budget. This is the second and last budget meeting. Anybody has comments on this year's coming budget, not previous budgets. This is for the 2016-2017 budget, and then we're going to do an ordinance levying the taxes and accept the budget and capital improvement. Is City Attorney around?

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Agenda Item 1 – Presentation of Fiscal Year 2016-2017 City Budget.

City Manager Swanson-Rivenbark: Yes, sir. He's in route.

Mayor Cason: Okay.

City Manager Swanson-Rivenbark: He was right next door and here he is.

Commissioner Keon: He's coming through the door.

City Manager Swanson-Rivenbark: And Mr. Mayor, just as a reminder, we passed out our new strategic plan for 17-19. The budget is tied to this strategic plan. We've made copies outside for the public, if they wish to review it. But you have been briefed individually on this. You've been briefed on the capital plan, and you've also been briefed both by workshop and by hearings on your proposed budget.

Mayor Cason: Right. Craig, do you have anything you want to say before we start?

City Attorney Leen: Yes. When we get to the ordinances and the resolution, we're going to consolidate a public hearing. That will be the time for individuals to speak. Today's hearing is about the budget and the matters that are in the budget for this year.

Mayor Cason: Yeah, I mentioned that, not anything previous. This is going forward. So, City Manager, you want to start off?

City Manager Swanson-Rivenbark: With that, sir, I'm going to ask Keith Kleiman to come forward. He's our Assistant Director of Finance for budget, and he has presented the previous items. He'll present this as well.

Mayor Cason: Okay.

Management and Budget Director Kleiman: Thank you, Cathy. Good evening, Mayor, Commissioners.

Commissioner Lago: Good evening.

Management and Budget Director Kleiman: We're going to have the second hearing for the FY 17 budget. Now we've gone through this several times, so I'm going to go quickly. And if you have any questions, please, slow me down and I will answer as many questions as we possibly can. And I'm going to apologize upfront. The projector is on its very last leg, so it's a little fuzzy. The monitor in front of you might be a little easier to read, but I promise you, when we get to the graphs, the graphs are a lot prettier than that projector is actually showing.

Mayor Cason: Is a new...

Commissioner Lago: Quick question, do we have that in the budget? I beat you to it.

Mayor Cason: Do we have a new projector in the budget?

Management and Budget Director Kleiman: Well, for the sake of your meetings, we will make sure we get a brand-new one.

Commissioner Lago: Okay, that was a softball. That was a softball.

Management and Budget Director Kleiman: Okay. The first slide is the calendar for significant calendar dates in this past budget process. Though the budget started for us back in February, we brought the Commission in on May 4 for our first budget workshop. And then from there, we had the -- all of the tax estimates come in June 1 and July 1 from the property appraiser. We submitted a budget to you on July 1. Additional state revenue estimates came in from July 5 to

the 15th. We had a budget workshop on the 27th, and then the first hearing was held on September 13, which was two weeks ago. By law, we have to have two budget hearings. We're presenting to you a balanced budget of \$183.6 million. On the revenue side, the annual recurring revenues, \$171.5 million. From assigned fund balance -- now this is not touching the City's 25 percent reserves -- and we have a nice graph to show that later on in this presentation -- we're taking out \$12.1 million. Of that amount, 1.6 is going to go right back to fund balance. It's just appropriating impact fee dollars to comply with the ordinance. On the expenditure side, the expenditures is \$158.5 million operating. Capital is 15.5, and your debt service is \$8 million, and for a total operating budget of \$181.9 million. To reserves, we're transferring \$1.6 million. The biggest piece of that is the \$1 million for stormwater that we increased the fees, and that is for a future use. It is for the assessment of the sea level rise. Revenue increases. The property tax, we're taking full advantage of the increase in values -- total values this year, \$14.4 billion. The increase at the same millage rate is bringing us \$3.6 million. The stormwater utility fees -- this is the increase due to the fee increase -- the \$1 million is going straight to fund balance. Sanitary sewer fees -- I'm just going to go through some of the large ones. The rest, we'll just -- we'll go -- if you want to ask questions, please do. Sanitary sewer, that was a fee increase as well, for five -- and that brought in the additional \$500,000. The rest is just collections. Everything else on this list are just trends or escalations, like parking rentals. It went up by \$18,000.

Commissioner Lago: Let me ask you a quick question.

Management and Budget Director Kleiman: Yes.

Commissioner Lago: Mayor, if I may. In reference to -- when you talk about swimming fees, can you give a little bit more of an explanation in regards to the makeup of that \$215,600?

Management and Budget Director Kleiman: Yes. It actually is utilization.

Commissioner Lago: Okay.

Management and Budget Director Kleiman: The amount of activity at the pool has increased greatly, which is both a panacea and a problem so we...

Commissioner Lago: I just want to...

Management and Budget Director Kleiman: Excuse me.

Commissioner Lago: I apologize.

Management and Budget Director Kleiman: That's fine.

Commissioner Lago: I just want it to be clear that we're not raising the rates on this.

Management and Budget Director Kleiman: No, no, no, no, no.

Commissioner Lago: If anything, what we discussed as a commission, and you know, correct me if I'm wrong, I think we're looking at potentially raising the rates of nonresidents to hopefully, you know, give some preferential treatment to the residents...

Management and Budget Director Kleiman: Right.

Commissioner Lago: Who have been having a really difficult time enjoying the Venetian Pool.

Management and Budget Director Kleiman: Right.

City Manager Swanson-Rivenbark: That's absolutely correct.

Commissioner Lago: I think that's coming up...

Management and Budget Director Kleiman: Right.

Commissioner Lago: For discussion. I think your -- his staff is working on some...

Management and Budget Director Kleiman: Yeah.

Commissioner Lago: Sort of presentation.

Management and Budget Director Kleiman: The only increased fees we have are the stormwater, sanitary sewer and solid waste.

Commissioner Lago: Okay.

Management and Budget Director Kleiman: Okay, so total revenue increases, \$6.6 million. Revenue decreases -- and we're very fortunate. These decreases are one-time items that were in the budget in FY 16, and the unused portion of this revenue will be appropriated during the first quarter of next fiscal year, so there's nothing bad here. Twenty-four point four million dollars is the streetscape. You have grants from the GOB and Miami-Dade impact fees. They'll be re-appropriated next year.

Commissioner Slesnick: Can you go back to the last screen? I just want to point out one thing that's really good that the citizens that Coral Gables should know is that because of the increased assessed value of their homes in the last four years with property values going up compared to 2008 and 9, we now have, from 2013 and 14 budget to 2016 and 17 budget, more than \$10 million extra to spend. And I think it really helps in running a city when you have \$10 million more in the coffers to do public improvements and so forth than we had even four years ago.

Management and Budget Director Kleiman: Right. And we've been very careful with that \$10 million.

Commissioner Slesnick: And I know we've been very careful, but some of the things, like the sidewalk improvements and...

Management and Budget Director Kleiman: Yes.

Commissioner Slesnick: Additional monies that we have to spend compared to -- and we haven't had any hurricanes either.

Management and Budget Director Kleiman: Right.

Commissioner Slesnick: So, it makes a big difference when you don't have to spend \$3 million cleaning up after a hurricane. So, we're very fortunate in the City of Coral Gables to have ten million more just in the past four years to spend on public improvements.

Management and Budget Director Kleiman: Right.

Commissioner Slesnick: And we do spend them wisely. I mean, I'm very happy with reading through the budget where all the money is going.

Commissioner Lago: It's a very tight budget. And I had a conversation -- I know that you mentioned in the beginning -- and I'm happy you put together a slide. I mentioned to the City Manager and I think I had a conversation with another gentleman from the Finance Committee -- he's sitting right there in the front. We happened to run into each other at the urinal and we were having this discussion. And I made it clear to him that, you know, a lot of the residents who have spoken to me, they've asked me, you know, my taxes have gone up. And I said, you know -- and we want to reiterate the fact that your taxes are not going up. The millage rate went down

five years in a row, and this year, we're not moving the millage rate. Your property values went up, and in turn, obviously, you're paying a smidgen more in taxes in certain cases. But -- and I -- when I had the discussion with Cathy and with the gentleman from the Finance Department, I wanted to make sure that people understood and for the first time in the City's history, we're continuing to keep that 25 percent reserve, and I'm happy you're going to show that slide later. Because like Commissioner Slesnick mentioned, that is our rainy day fund.

Management and Budget Director Kleiman: Right.

Commissioner Lago: The City hasn't had that in 20 years. And as the budget continues to go up, we want to make sure this Commission has been very adamant about maintaining that 25 percent and not going underneath that threshold. That is a key. And I know I reiterate over and over and over again at every budget hearing. It's like a broken record. But I just want to make sure that that continues in perpetuity.

Management and Budget Director Kleiman: Right. We have a policy now set by this Commission and we will adhere to that policy from you.

Commissioner Lago: But sometimes policies slip up, you know, and there's been cases in the past where -- I know at one point I think the City had almost a million dollars in reserves and, you know, that kind of situation is -- you know, it could be catastrophic. If, for some unforeseen condition, we're ravaged by an Andrew type situation, you can't have a million dollars in a rainy day fund. Your city can't operate.

Management and Budget Director Kleiman: Right.

Commissioner Lago: We'd burn through that in a week -- less than a week, excuse me.

Commissioner Keon: Keith, how do we account for the money that had to go back to AT&T or back to -- back into the...

City Manager Swanson-Rivenbark: The refund that we had to provide.

Commissioner Keon: The refund that we had to do.

Management and Budget Director Kleiman: Yes.

Commissioner Keon: How is -- Is that accounted for in the budget or...

Management and Budget Director Kleiman: Yes. Actually, that was -- we had -- we went over the details in the first hearing.

Commissioner Keon: Oh, okay.

Management and Budget Director Kleiman: I could reiterate that for you.

Commissioner Keon: No, you know...

Management and Budget Director Kleiman: Well, if you want.

Commissioner Keon: Okay.

Management and Budget Director Kleiman: It's \$800,000, and we got increases from some other estimates that occurred after July 1.

Commissioner Keon: Okay.

Management and Budget Director Kleiman: And we -- between the tax money, it was \$190,000, the two estimates, 243, and we had one-time money assigned for emergency needs. We took about 366 from that, so this is a one-time hit.

Commissioner Keon: That's a wash.

City Manager Swanson-Rivenbark: And Commissioner, as you'll recall, AT&T was found having overcharged their customers.

Commissioner Keon: Right.

City Manager Swanson-Rivenbark: Because the communications tax that the State collects is based on those revenues...

Commissioner Keon: Right.

City Manager Swanson-Rivenbark: The State had to refund, and then in turn, the City had to. And very cities could have absorbed an \$800,000 last-minute hit, but because of the good conservative budget planning, they were able to do that.

Commissioner Keon: Yeah. We were fortunate. Thank you.

Management and Budget Director Kleiman: Okay, so once again, the total revenue decreases, basically one-time items, \$30 million. Total revenue change is \$23.8 million. On the expenditure side, Personal Services, the total budget is \$64 million. It's a change of \$3.2 million. Overtime looks like it's going down, but as we discussed at the first hearing and the workshop, there were temporary increases put on in FY 16 for one-time overtime. We took that away. So, the budget -- the 1.921 there is actually going up by \$20,000, and that's tied to additional training dollars we gave to the Fire Department. Retirement looks like it's going

down. The retirement payment, it is not. We had the one-time re-appropriation from FY 15 for the extra payment, so this Commission approved the extra payment above the actual required payment. We did the FY 15 and FY 16 in FY 16, so this is just coming out. We're actually increasing the payment by \$325,000, which is the 1.25 percent index. So, we have a chart for that too. We'll show you that toward the end of the presentation.

Commissioner Lago: So, just for clarity, last year we put an addition on the top of \$4 million. What are we paying this year? What is the final number?

Management and Budget Director Kleiman: Last year's four million is actually two years.

Commissioner Lago: Yes.

Management and Budget Director Kleiman: It was 1.8 and change and 2.2. And this year, it's 3.2 by itself.

Commissioner Lago: Okay, that's great.

Management and Budget Director Kleiman: So...

Commissioner Lago: That's great.

Management and Budget Director Kleiman: And you'll see a nice chart that shows the three years, and every year, we will update that for you.

Commissioner Lago: No, I mean, that's critical.

Management and Budget Director Kleiman: Yeah. And that's within our budget. We plan on upping it by that same percentage of 1.25 percent every year. Okay, FICA went up 172. That's

tyed to the \$3.2 million. Worker's comp, the City's experience has been excellent. It's been going down steadily, so we reduced the budget by \$800,000 and distributed it as needed. Health and Other Post Employment Benefits went up by 203,000, and Other Miscellaneous Benefits went down by 41,000. So, the total change in Personal Services, \$853,000. For Other than Personal Services, which is everything below, the Professional Services went up by just about \$1.3 million. A lot of that is tied to our new strategic plan. We have plans in there for a lot of professional services external to come in and help us with a lot of the goals for the next three years. I have details of that, if anybody wants to hear the details. Repairs, Maintenance, Utilities and Miscellaneous Services, most of that is the increase in our pass-throughs from the County, so that would be \$500,000 from Sanitary Sewer, and I believe, just under \$100,000 in Solid Waste, and the others are small amounts adding up to the difference. The next \$692,000, most of it is maintenance for IT with a lot of new systems, and now we have to put the maintenance in there. We expanded training by 150,000 citywide and that makes up most of that.

Commissioner Lago: Can you go into -- just into that number in regards to citywide training? Because that's something that we instituted -- I think it was last year, correct?

City Manager Swanson-Rivenbark: But it's at all levels and in all departments.

Commissioner Lago: I think that I'd like for the community as a whole, especially individuals who are here today, to understand what that money encompasses and...

Management and Budget Director Kleiman: Right.

Commissioner Lago: That the City wasn't doing it before.

Management and Budget Director Kleiman: Right.

Commissioner Lago: Can you expound on that a little bit?

City Manager Swanson-Rivenbark: So, many times there are promotional opportunities that our employees aren't ready for and we go outside to hire. And our goal is to be able to hire our own employees and promote them up because they're the best in the marketplace, not just because they've been around the longest. And so, you're going to see a new push on training at all levels, not only from safety, but also in capacity building, and we're very excited about that. We have met with each of the departments on what their intended plan is, and then we're going to actually distribute it during the year.

Commissioner Lago: Does this line item also encompass customer service training?

City Manager Swanson-Rivenbark: Yes. As you know, a goal of the City Commission was 100 percent of our employees to go through a good customer service training. We are going -- I think almost all of them have already accomplished that, and now this is team building and problem solving is our next series of -- I think team building is one of our next series of trainings. But then there are other trainings, trainings for -- in departments like Sewer or in other -- Public Works that previously had not had the funding to do training within their department.

Management and Budget Director Kleiman: Including Fire and Police.

City Manager Swanson-Rivenbark: Yes.

Commissioner Lago: Thank you.

City Manager Swanson-Rivenbark: Police, absolutely. Police has a large number of new training dollars added to their budget. Thank you.

Management and Budget Director Kleiman: Okay, then we see some decreases in equipment, one-time items, re-appropriations from a prior year, FY 15, into 16, so those are going away.

You can still see a healthy amount of small level capital addition, 586,000 and 290,000. Debt, Employee Payouts and Contingencies, we've upped the budget for the unknowns. This appropriates money and it's all recurring revenue, and it's just for the unknowns. Okay, the total increase in expenditures for OTPS is \$3.2 million. The total operating budget increase is \$4.1 million. And I'm just going to take you through, very quickly, the changes from the first hearing two weeks ago to this hearing. They're very minor. It's a total of \$400,783, and most of it is for one item, which is the newly purchased five parks. Since the last meeting, they've come to a pretty clear determination that we're going to need just under a million dollars. We have NRP funds of about \$600,000. The 400 is the balance of that. It's coming from park impact fees, which is the perfect use of that fund because it's enhancing City parks.

City Manager Swanson-Rivenbark: And that is over all of the parks that you have acquired this year, the cost for improving them based on neighborhood input.

Management and Budget Director Kleiman: Right.

Commissioner Keon: So, we're fully developed then? The parks are -- it's not just the land, that's everything?

City Manager Swanson-Rivenbark: You purchased the land, but now we promised the residents -- we promised you that we would sit down with the neighbors and talk about what kinds of improvements they want in the park. These fund those improvements.

Commissioner Keon: Perfect.

Management and Budget Director Kleiman: Okay, and the -- at the last hearing, we had the museum was here and they asked for additional funds. There was a meeting last week and we negotiated an addition of \$40,000 to their budget for a five-year period and they were very happy with that. It was a very amicable meeting.

City Manager Swanson-Rivenbark: We did not fund a person. We funded dollars for visitor reception because of the concerns that we had regarding how we control the number of hours. And so, we agreed on what that person would be doing, serving as our visitor center, not only for the museum, but for Coral Gables. It was an appropriate expense, but we didn't want the responsibility of a part-time employee in our budget.

Commissioner Slesnick: And this is in addition to what the museum is already getting in the budget?

Management and Budget Director Kleiman: Yes. We budget \$185,000...

Commissioner Slesnick: A hundred and eighty-five.

Management and Budget Director Kleiman: So, now it's 225,000, and that's now agreed to for five years.

City Manager Swanson-Rivenbark: And we sat with both the Chairman and with the museum director...

Management and Budget Director Kleiman: Right.

City Manager Swanson-Rivenbark: And discussed what the deliverables would be.

Commissioner Lago: If I may, Mayor. I just wanted to thank staff, especially the City Manager, for taking the time and meeting with the museum and really laying out a plan for the next five years. As your director -- as your appointee, excuse me, for the museum, it's truly a pleasure to see how the museum has grown. And I was there this past Sunday with the Manager, where we dedicated a fix-it, right? It was a fix-a-flat?

City Manager Swanson-Rivenbark: With Bike Coral Gables.

Commissioner Keon: Bicycle -- bike.

Commissioner Lago: Bike Coral Gables, and it was a great event, and it was great to see how many young people are really enjoying the museum on the weekends. And I invite you all to go and see what a great representation the museum is of the City of Coral Gables and, you know, what an incredible resource it is. So, I look forward to, you know, the allocation of these funds and really growing the museum because it's a great -- I mean, it's a great opportunity to draw people in. And we're going to have some great shows now, some great programming that's coming up, so I want to thank staff for their hard work and really putting this to rest over the next five years.

Management and Budget Director Kleiman: Thank you very much. Okay, so the change is \$400,783. The new operating budget, \$183.6 million. Now, you'll recognize this grid. These are your priorities that were developed at the May 4 workshop. The next slide is what we were able to fund, so everything with a check is in the budget.

City Manager Swanson-Rivenbark: Now, the two pieces, the Wi-Fi installation, you all have already received a memo from us showing where Wi-Fi has been activated already, so it is a process in place, Youth Center being one of them, Museum Plaza, several locations, and we will continue to do that. And then the CGTV equipment, I think that's because we -- I think CGTV is getting back at us with the problem we're having with the projector. We have not budgeted it yet, but we will continue to work on it.

Management and Budget Director Kleiman: Yes. We have it in the capital improvement plan for next year -- for FY 18. Okay, now the capital plan for next year is quite lengthy. I'm going to run through just the dollar amount for each category. If anyone has any questions, please stop

me. So, for Capital Equipment, \$1.8 million. For Facility Repairs and Improvements, \$1.5 million; Motor Pool, \$3.2 million.

Commissioner Lago: Quick question. I have to ask you, how are we looking in regards to fully electric vehicle purchases for next year? What's on the docket?

Management and Budget Director Kleiman: (INAUDIBLE)...

Commissioner Lago: We did a spectacular job this year in purchasing, you know, a big portion of our fleet in electric vehicles. What are we looking at for next year?

Automotive Division Director Riley: We're looking at ten additional Nissan Leafs. However, I heard from the gentleman that represents Nissan that there's going to be a dramatic decrease in the price of the SD Leaf, which currently has a 107-mile range because the new one in 2017 will have over a 200-mile range. He's estimating that cost will be coming down to about 15 to \$16,000.

Commissioner Lago: That's the car that I'm getting next year.

Automotive Division Director Riley: Somewhere in that area. So, I might actually be able to buy considerably more, depending on what that discount will be next year.

Commissioner Lago: Since you mentioned that, Manager, I had the pleasure of running into one of our Code Enforcement officers early morning on Sunday, and they were in a pickup truck. I know that they're in the pickup truck, obviously, to pick up signs and other materials that they pick up on the way. Is there any way -- does it exist, electric pickup trucks? That's not really on the market right now.

Automotive Division Director Riley: There are pickup trucks on the market, but they don't have sufficient range right now.

City Manager Swanson-Rivenbark: Mr. Riley, why don't you mention the range that the new Nissan Leafs have that we are using today, the range of the vehicle.

Automotive Division Director Riley: The range right now is 107 miles, approximately, depending on how much idle and things like this. They also have the fast charge port, which allows them to charge -- full charge within 30 minutes. The new Nissan Leafs are estimated, along with the Chevy Bolt, which is looking at around \$36,000 retail -- not government price -- 240-mile range. But it all depends on the battery -- state of the battery, how hot the battery gets and so many factors that depends -- that actually determines actual range you're going to get with it.

City Manager Swanson-Rivenbark: He's been very passionate about it and your vision is that over the next several years, what percent of our administrative fleet will be electric?

Automotive Division Director Riley: About 60 percent of our administrative -- total administrative fleet will be electric.

Mayor Cason: Great.

Commissioner Lago: That's great.

Automotive Division Director Riley: Pure electric.

Commissioner Lago: That's great. Thank you.

Mayor Cason: Thank you.

Commissioner Lago: Great work.

Management and Budget Director Kleiman: Historic Facility Repairs and Restorations, \$800,000; Parking Repairs and Improvements, \$1.1 million; Public Safety Improvements, \$2.6 million; Parks and Recreation Amenity Improvements, \$2.8 million, and that includes the additional \$400,000 we discussed just prior to this. Transportation and Roadway Improvements, \$2.8 million; Utility Repairs and Improvements, \$2 million; for a total capital budget in FY 17 alone of \$18.7 million. That's impressive. That is very, very impressive.

City Manager Swanson-Rivenbark: As the Commission will recall the purchase of land, you asked us to put, every year, an additional \$300,000 for the purchase of land. So, with the budget, we'll have how much money as the...

Management and Budget Director Kleiman: I think it's \$1.5 million at that point.

Commissioner Lago: And we're still entertaining potentially purchasing -- other opportunities out there, correct?

City Manager Swanson-Rivenbark: I think the Commission's vision was that every neighborhood would have a small passive park so that they wouldn't have to cross a busy street. But we're just being very select with which ones we're -- two pieces, in terms of the void in the neighborhood, but also neighborhood acceptance and Commission approval. We're following through with that.

Commissioner Lago: Okay.

Management and Budget Director Kleiman: Okay. We have only increased the headcount, the authorized headcount by two positions. Both of them are in proprietary funds. Those are --

there's no additional stress on the general fund. One is a nighttime manager for Parking to have that presence out there in the parking garage. And another is a mandated item, an increase to headcount to our Sanitary Sewer system.

City Manager Swanson-Rivenbark: And that was a Dade County mandate that was passed on to us.

Management and Budget Director Kleiman: Exactly. We are maintaining the millage rate at 5.559, so you'll be voting on that this evening. Now, for the Coral Gables portion of an average homesteaded property tax, will be an increase of \$95, and that is based on the increase in values, not obviously increase in the rate. This is one of our newer slides. It shows the five full-service cities in Miami-Dade County. You can see how well Coral Gables is doing. We are second lowest. The lowest is just Key Biscayne, and the other three cities are significantly above us.

City Manager Swanson-Rivenbark: And we mentioned that, at the last meeting, the reason why Key Biscayne is so low is because they have a very high proportion of non-homesteaded properties, so they don't have the Save Our Homes and other protections like our -- the majority of our residents have.

Management and Budget Director Kleiman: The colors are actually a lot better than this slide is showing. Unfortunately, the projector is doing this. This is the new slide, more of in a Baldrige format. And you can see the five full-service cities. The four are in blue. Coral Gables is in the center there, number 12. And all the other cities are not full-service cities. Okay, and we are number 12 out of 35. Okay, and you'll recognize the next slide. It's the same one we always have. So, here you can see all the numbers that are used to create the slide before. But in this, it's reverse logic. We're number 24 out of 35. Lowest is better on this slide. The previous slide, the left side is better. And one of my favorite slides is the Coral Gables dollar, what does it buy? Okay, for every dollar, 29 cents -- of tax -- 29 cents is going to Coral Gables, 30 cents is going to Dade County, 2 cents is going for Regional, and 39 cents is going to the School Board. And

considering the fact that we offer a full-service city, for 29 cents on every dollar I think is a rather nice thing. Here we have a new slide. Again, the colors are a little bit off. It's the annual pension contributions. This is the one I referred to before. You can see FY -- it's just three years because it's a new policy, 2015, 2016 and projected for 2017 for the payments to be made in the next -- by next week. And you can see the 1.876, there's a payment made for FY 15. It jumped to 2.2 in '16, and it's going to jump to 3.2 in '17. And then the annual required contribution -- you can see in the blue -- is going down.

Commissioner Keon: Can you explain for the people at home or the people here in the audience, can you explain why we're paying the additional dollars into the pension fund?

Management and Budget Director Kleiman: Yeah, sure. We have -- as everyone knows, we have a very large unfunded liability in our pension and we are making -- the policy that they Commission adopted -- I think it was almost a year or two ago -- was to start paying it down sooner, so we're bringing it down. So, we are keeping the annual payment the same even though the annual required payment is going down.

Mayor Cason: What we're going to have to pay going forward is going to be determined is it the 30th of September or the 1st of October when we get a snapshot of...

Management and Budget Director Kleiman: The snapshot is the 30th.

Mayor Cason: The market and so we'll know whether we're going to then back up into the smoothing period or...

Management and Budget Director Kleiman: Right.

Mayor Cason: So, that's going to be a critical day where the stock market is on the...

Management and Budget Director Kleiman: Right. And we're keeping our fingers crossed. It's looking good to make our assumptions.

Commissioner Lago: And I think it's also, like Commissioner Keon was mentioning, I think it's very important to explain to the residents because I've had many come to me and ask me, you know, how did we get to this unfunded liability of this magnitude. You know, and I think that after giving them a clear explanation on the fact that this Commission is the first Commission every to pay well above and beyond what is just the minimum payment...

Management and Budget Director Kleiman: Right.

Commissioner Lago: Which is significant. I mean, look at the numbers. I mean, you were talking about our payment two years ago was \$24 million. Last year, it was almost \$24 million, and this year it's almost \$23 million. We're paying above that to ensure that we pay down this unfunded...

Management and Budget Director Kleiman: Right.

Commissioner Lago: Which, again, we may not reap the benefits today, but hopefully, in 20 years, when the unfunded goes closer to a more sustainable 85, 80 percent, 90 percent...

Management and Budget Director Kleiman: Exactly.

Commissioner Lago: Future Commissions and future cities will then not have to have such a massive 22, \$23 million payment.

Management and Budget Director Kleiman: Right.

Commissioner Lago: It'll be more in line with 6, \$7 million.

Management and Budget Director Kleiman: Right.

Commissioner Lago: And that -- then they'll reap the benefits. Today, we're making the sacrifice and they'll reap the benefits in the future.

Management and Budget Director Kleiman: Exactly. This is the appropriate thing to do and...

Commissioner Lago: And this should have been done many years ago.

Management and Budget Director Kleiman: Right.

Commissioner Lago: Again, but we're doing it -- we're taking the bitter pill today.

City Manager Swanson-Rivenbark: There was a second piece that you also wanted, and that was not only how do you pay more than what is owed on the unfunded, but how do you look at different retirement options for our employees so that new employees don't contribute to that. We have an employee election, but Teamsters and excluded exempts and non-public safety have the option when they come into the City rather than join a pension -- our pension, they can do a 401, and that's the little number that you see up at tippy top.

Management and Budget Director Kleiman: At the very top.

City Manager Swanson-Rivenbark: So, the vast majority of our employees that are new into the system, non-public safety -- this is not related to Police or to Fire -- but they have opted for the 401. So, you'll see, over time, an additional benefit that we're working to achieve.

Commissioner Keon: What is the unfunded liability now?

Finance Director Gomez: I believe that the latest report, which was for the end of -- it's for the 10/1/16 payment, it's about \$239 million, but I have to go downstairs and double check it.

City Manager Swanson-Rivenbark: But that's the snapshot that the Mayor's...

Finance Director Gomez: Right.

City Manager Swanson-Rivenbark: Talking about. September 30, right, correct?

Commissioner Keon: 10/1, yeah.

City Manager Swanson-Rivenbark: 10/1 or thereafter...

Commissioner Keon: Yeah.

City Manager Swanson-Rivenbark: We will get that number. We only -- it's only an official number once a year.

Commissioner Keon: Right. No, I understand.

Commissioner Lago: Yeah, but it's important -- I mean, it's important to memorialize the fact that, you know, ten or eleven years ago, it was around \$1.5 million, the unfunded. And you know, again, the jump was so significant that almost five years ago, the number was like \$230 million and it could -- and at these figures, if we don't get a handle on it and if we don't take the necessary financial steps to pay it down, you know, it could get even worse.

Commissioner Keon: What I think it's important for everyone to know and to understand is that the vast majority of cities, municipalities, have significant unfunded pension liabilities. The issue is whether or not they have put policies into place to pay down these unfunded -- this

unfunded liability rather than allowing it to continue to grow and expand out over many, many more years. We established a policy in the city last year -- last year? A year and a half ago to -- with a plan to pay down this unfunded liability. And we believe that a part of our ability to retain or to get back our AAA bond rating was the fact that we had funding policies in place for all of these issues. So, having funding policies in place and having strategic plans are very good for us financially in the city, so thank you very much.

Management and Budget Director Kleiman: Thank you. In addition, we have the 25 percent reserve, which leads us right into our next slide, which is another policy...

Commissioner Keon: Right, and we have a 25 percent reserve that we haven't had in a long time, and that was a policy put in place to ensure that we continue to have that...

Management and Budget Director Kleiman: Right.

Commissioner Keon: Unrestricted.

Management and Budget Director Kleiman: And that said, we have our last slide, and you're going to see the operating budget, which is what it's calculated on. You're going to see the dollar, in the orange, which is where we are in dollars, and then the percentage is the blue line.

Mayor Cason: We're only -- as I understand, we're still the only city in Miami-Dade that has a double AAA bond rating, right? Moody's and S&P.

Management and Budget Director Kleiman: Right.

Commissioner Keon: Yes.

Management and Budget Director Kleiman: And I believe we're one of the only cities anywhere near us that have 25 percent in reserves based on the calculation we do. Now, I did put our policy below. We don't just take 25 percent for the general fund.

Commissioner Keon: No.

Management and Budget Director Kleiman: Twenty-five percent of the entire city in general fund dollars, which leaves all the other fund balances for capital investment.

Commissioner Keon: Right, the other fund balances are held harmless.

Management and Budget Director Kleiman: Right.

Commissioner Keon: This is for...

Management and Budget Director Kleiman: But they are capital.

Commissioner Keon: For our general fund.

Management and Budget Director Kleiman: The description on the general fund dollars includes everything.

Commissioner Keon: Yes.

Management and Budget Director Kleiman: Right.

Commissioner Lago: You know, I had a conversation with the County Commissioner and I mentioned to him the fact that we had close to \$40 million in unrestricted fund balance. And you

know, they said in the County, the County, which is a \$7.1 billion annual has around, I think it was like \$45 million, which is troubling when you think about it. That bodes very well for us.

Management and Budget Director Kleiman: Right, and we have no plans on using this. Okay, and that's it. Any questions?

Commissioner Lago: Great work. Great presentation. Thank you so much.

Mayor Cason: Great work.

Commissioner Slesnick: I just want to ask a couple of questions before you sit down.

City Attorney Leen: Mr. Mayor, do you want me to open the public hearing first, or do you want to...

City Manager Swanson-Rivenbark: Commissioner Slesnick has some questions.

Mayor Cason: Depends.

City Attorney Leen: No, I understand.

Mayor Cason: Do you want to ask your question now or...

Commissioner Slesnick: I just want to ask about the \$700,000 for the trolleys. What is it -- it hasn't had an accounting there before. Are we starting to pay for the trolleys?

Commissioner Lago: Seven hundred thousand.

Commissioner Slesnick: Seven hundred thousand.

Management and Budget Director Kleiman: Which slide are you referring to?

Commissioner Slesnick: No, I'm not on a slide. I'm back in all the numbers here.

Management and Budget Director Kleiman: Is it in the capital?

Commissioner Slesnick: Yes.

Commissioner Keon: Gas tax money, isn't it?

Mayor Cason: Purchase of new trolleys probably, isn't it?

Commissioner Slesnick: Is it for new trolleys?

City Manager Swanson-Rivenbark: We -- I also know, as a placeholder, we have the \$250,000, which is to go to the Commission to work with us on deciding are we going to extend Saturday/Sunday. Are we going to extend holiday? Today, you have 1.2 million plus riders, and it is awkward on holidays when government -- our government is closed, but workers that may be in the downtown are using that. So, is the -- is \$250,000 of that towards that?

Management and Budget Director Kleiman: I'm not -- again, I'm not really sure. I don't know...

Commissioner Slesnick: I'll find it while you -- while we're going on.

Management and Budget Director Kleiman: Okay.

Commissioner Slesnick: But I just really -- I really would like to see more extensive...

City Manager Swanson-Rivenbark: Kevin can answer. But the idea here is we would -- in fact, Kevin Kinney is our parking and transportation, and so he can come in and add to that.

Parking Director Kinney: I believe the \$700,000 you're talking about is we have now a schedule for replacement of trolleys and it's eventually one of year that's going to be replaced.

Commissioner Slesnick: Been wearing out. And how much are trolleys apiece?

Parking Director Kinney: About 350.

Commissioner Slesnick: Okay, and are we getting any trolleys from the Agave Mediterranean Village?

Parking Director Kinney: Yes.

Mayor Cason: Four.

Parking Director Kinney: So, that is all going to be worked into the program, and in fact, capital investment in trolleys is also something that we occasionally can get grants for. But our plan is to replace one a year so that we keep our fleet up to date. It may mean that only part of this \$700,000 will need to be spent, if we got a grant.

Commissioner Slesnick: But you have it just in for next year. I just saw 700 just for next year.

Parking Director Kinney: It's supposed to be an annual -- one trolley annually.

Commissioner Slesnick: Which is 350.

Parking Director Kinney: Right, but we do -- we are a little bit behind, but...

Commissioner Slesnick: I just really -- the trolley is very popular and people love it and it keeps pedestrians and cars off the streets and the people are using it. So, I really would like to see the hours extended and more routes. And I don't know when the Mediterranean trolleys are coming onboard, but it's just very popular and we could use it.

Parking Director Kinney: Well, once the budget is approved, as the Manager stated, you will be approving \$250,000 for additional service, and then there will be conversation with the Commission about how you would like to prioritize that. At the top of the list are things like holidays, Saturdays, later in the evening. There are several items. With 250, we can't do all of them, but we'll find out what the priorities are and we'll move forward with those.

Commissioner Slesnick: And speaking -- that's another thing I had on my note on with grants. I do believe we have a grant writer now that we've -- and if we could really seek some federal grants for transportation, I know we have gotten them in the past, but that would really be great to...

Parking Director Kinney: Right.

Commissioner Slesnick: Utilize in our city for extra income that we weren't expecting since -- I mean, I...

Parking Director Kinney: There's two things that we frequently can get money for, and that's testing out expanded services and capital investment in rolling stock. Both those things, there's often...

Commissioner Slesnick: Thank you.

Parking Director Kinney: Grant money we can get to.

Management and Budget Director Kleiman: If you could, when you get a chance, find that \$700,000...

Commissioner Slesnick: I will.

Management and Budget Director Kleiman: And just let me know because I want to make sure we're giving you...

Commissioner Slesnick: We'll come back to it.

Management and Budget Director Kleiman: The accurate answer.

Commissioner Slesnick: Last, but not least, one little picky question. I saw that we're starting to pay for -- we were getting funds in for recycling trash or -- now are we paying for recycling?

Management and Budget Director Kleiman: Yes.

Commissioner Slesnick: Are we paying? We're paying.

Management and Budget Director Kleiman: Yes. We pay now.

Commissioner Slesnick: In order to recycle, we're paying...

Management and Budget Director Kleiman: Yes.

Commissioner Slesnick: Okay.

Management and Budget Director Kleiman: Recycling is an expensive ordeal, but it's a necessity, so yes.

City Manager Swanson-Rivenbark: The market for recycling has changed dramatically, but it's so important to the environment that that was a service that we had to address.

Commissioner Keon: But if we -- when we pay for recycling, it decreases -- does it decrease our tipping fee for other trash or how is that -- how does that work?

Unidentified Speaker: Yes, it does.

Commissioner Keon: It decreases the tipping fees...

COMMENTS MADE OFF THE RECORD.

Commissioner Keon: It takes the weight off of the fee. So, even though we may be paying for that, if we just put it in our trash, we would have increased costs in our trash that would probably be more than what we're paying in the recycling fees, so we're still better off to recycle.

Management and Budget Director Kleiman: Right. And as part of our strategic plan, more and more of our waste is going to be redirected.

Commissioner Keon: Right.

Mayor Cason: Okay, thank you.

Management and Budget Director Kleiman: Alright.

Mayor Cason: Any other questions?

Commissioner Keon: No.