

City of Coral Gables City Commission Meeting
Agenda Item I-3
June 9, 2020
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Raul Valdes-Fauli
Vice Mayor Vince Lago
Commissioner Pat Keon
Commissioner Michael Mena
Commissioner Jorge Fors

City Staff

City Manager, Peter Iglesias
City Attorney, Miriam Ramos
City Clerk, Billy Urquia
Finance Director, Diana Gomez

Public Speaker(s)

Agenda Item I-3

A Resolution of the City of Coral Gables, Florida, relating to the collection and disposal of solid waste in the City of Coral Gables, Florida; determining the solid waste cost and the Solid Waste Service Assessments for the fiscal year beginning October 1, 2020; directing the preparation of an assessment roll; authorizing a public hearing and directing the provision of notice thereof; and providing an effective date.

Mayor Valdes-Fauli: Let's take then I-15 and I-3.

City Attorney Ramos: I-3 is a resolution of the City Commission of Coral Gables, Florida, relating to the collection and disposal of solid waste in the City of Coral Gables, Florida; determining the solid waste cost and Solid Waste Service Assessments for the fiscal year beginning October 1, 2020; directing the preparation of an assessment roll; authorizing a public hearing and directing the provision of notice thereof; and providing an effective date. Ms. Gomez.

Finance Director Gomez: This is a resolution setting the solid waste assessment for the upcoming fiscal year. There's a presentation on this item. If it can be played first. Good morning. Diana Gomez, Finance Director. This presentation will review the current and proposed solid waste fee for fiscal year 2021. We would like to address the (INAUDIBLE) of the City, which is approaching 28 percent, as well as the early payment discount, which is approaching 15 percent. Our recommendation is to reduce the early payment discount over the next three years to assist with the revenue shortfalls. As you know, the City provides backyard pickup services to all residents. Each week, there are four pickups; two for regular garbage, one for recycling and one for trash. Annually, this equates to approximately 208 pickups per household. The proposed regular fee for fiscal year 2021, which is the fee when paying on the tax bill, is \$898 per single family unit. This fee is up by \$4 from the prior year due to a Miami-Dade County disposal rate increase pass-through. Based on the 208 annual pickups, this equates to approximately \$4.32 per pickup. It is essential to note that this amount does not cover all costs associated with residential solid waste services. Currently, there is a 28 percent general fund subsidy. Prior to fiscal year 2015, residents could make one early payment and receive a discount or four equal quarterly payments for the regular fee. Due to over \$3 million in past due solid waste collections, the City moved all delinquent accounts to the County tax bill in fiscal year 2015. And in fiscal year 2016, started putting all future billings on the tax bill. The City still allowed residents to pay early and receive a discount and not have the assessment placed on their tax bill. Prior to collection on the tax bill, only 30 percent of residents were paying early and taking advantage of the early payment discount. However, after we started collecting on the tax bill, payment behavior changed drastically. And now 72 percent are paying early. This change in behavior resulted in approximately \$600,000 less revenue each year, creating an upward trend in the general fund

subsidy from an average of 18 percent prior to the tax bill payment to an average of 24 percent once the fee was added to the tax bill. Therefore, we recommend eliminating the early payment discount over a three-year period. Currently, the discount between the early payment fee and the regular fee is 15 percent. This percentage generates a revenue loss to the City of \$132 per residential property. To eliminate this loss of revenue, staff is recommending an annual increase to the early payment fee of \$44 in fiscal years 2021, 2022 and 2023, in order to get to the current regular payment fee by fiscal year 2023. Note that this does not factor in future year pass-through amounts or other necessary increases. This slide shows a discount percentage that is offered as well as a shift in payment behavior following placing the assessment on the tax bill. The trend had been approximately 30 percent of residents taking advantage of the lower early payment option to 73 percent of residents paying early after it was being placed on the tax bill. This flip in collection caused a decrease in revenues each year since. This slide provides the General Fund subsidy history over the past 10 years. As you can see, prior to placing it on the tax bill, the subsidy averaged 18 percent. After placing it on the tax bill, it has averaged 24 percent and is currently approaching 28 percent. With the proposed reduction of the early payment discount, we will still be providing a subsidy of 22 percent. This final slide shows a fee history. As can be seen, most increases in the solid waste fee have been to pass through Miami-Dade County disposal fee increases. In 2014, there was an additional increase to generate revenue for debt service for a remediation project. Although that project has not yet been done, the additional revenues were incorporated for other operating increases, specifically an additional cost incurred when the agency employees were replaced with City employees. In 2015, there was an increase which generated approximately \$110,000 for an increase in the cost of the temporary worker contract and cost of recycling bins. And in 2017, we increased the regular fee to assist with the added cost of placing the assessment on the County tax bill. The resolution before you sets the regular solid waste fee for fiscal year '21 at \$898, an increase of \$4 from the prior year in order to cover the Miami-Dade County disposal fee increase pass-through and to increase the early payment discount to \$810, which is an increase of \$48 from the prior year. Four dollars covers the County pass-through and \$44 to eliminate the discount over the next three years. And that concludes my presentation. I'm available to answer any questions you may have.

Mayor Valdes-Fauli: Thank you.

Finance Director Gomez: Thank you.

Mayor Valdes-Fauli: Mr. City Manager, comments?

City Manager Iglesias: Yes, Mayor. The pass-through -- the increase is actually \$4, from 894 to 898. The issue that we had was that 50 -- a 15 percent early payment discount. I've really never seen that in the private sector or any place else. Many, many years ago, construction used to have a one percent discount, early payment and that's currently gone. So, the switch with that large discount completely flipped from 70/30 to 30/70. And so even with that, we still are -- we'll be functioning with 22 percent of revenue from the General Fund. So, this does not make this into any type of enterprise fund. It just lowers the percentage that's coming from the General Fund.

Mayor Valdes-Fauli: Alright. Any comments from the Commission? I think that, you know, that discount is -- we can't bear that discount. And when there were -- we had \$3 million of (INAUDIBLE) residents, but when we put it in the tax bill, we took care of that. But with the 70 percent early payment rate, I think that's unaffordable. I mean, it's not affordable. And when interest rates during the Carter years and other years when the interest rates were 18, 20 percent (INAUDIBLE) logical, but today it isn't. Today it isn't.

City Manager Iglesias: And even then, Mayor, 15 percent, I've never heard of that in the private sector.

Mayor Valdes-Fauli: Yeah.

City Manager Iglesias: And construction at that time, there was a one percent early payment discount. You can also take the 4 percent early payment discount on your taxes. So, if you pay

your taxes in November, then there is a four percent discount that you can apply towards that bill. But reducing it by 15 percent, we feel, is -- there's no justification to that kind of an increase for early payment. And the reason we went to the tax roll is because we had \$3 million in delinquent accounts that we were dealing with at that time.

Mayor Valdes-Fauli: Do I hear comments or a motion?

Vice Mayor Lago: Go ahead, Commissioner Fors.

Commissioner Fors: Yeah, so, you know, I agree that the 15 percent discount undertaken in 2015 was probably overshooting, overcompensating for the problem. I'm also not sure how granting an early incentive payment really achieves collecting from those that are going to be delinquent on it anyway. So, I appreciate the fact that that was a mistake when it was done, or not a mistake, but like anything else in life, has unintended consequences, and you really don't know what those consequences will be until you take the measure. With that being said, I think our residents have -- some of them have budgeted and have developed a certain expectation from a personal household budget standpoint of what their annual costs are going to be in terms of waste. Due to the fact that we're currently under what seems to be economic distress and in a recession that was declared yesterday, I don't think today is the time to remove that incentive or that this year is the year to do it. And I also think there's other reasons. For that reason alone, I'm not supporting it. There's other reasons which I also believe in as to why perhaps we shouldn't make this decision today, and I have a feeling that Vice Mayor Lago is going to get into them. So, if he doesn't, I'll circle back, but I'll defer -- I'll give the floor to Vice Mayor Lago at the time.

Vice Mayor Lago: Thank you, Commissioner. I have several issues, but my issues are also in regards to I-15, which I think will come into discussion now. I'm going to be voting no on this because, as Commissioner Fors has mentioned, I mean, currently, I don't think right now is the appropriate time to move in this direction, along with the simple fact that you've see the cost of garbage go from over \$600 to now we're almost at 900. And I know that the City subsidizes a big

portion of it, but at the end of day, that subsidy that we continue to see as a subsidy is taxpayer money, so it is coming from the same tranche. So, I cannot support -- and like I mentioned last year when I did support the pass-through, that I will not support it if it did come before the Commission again. So, if you want to talk about my opinion on other issues, we can discuss those when we talk about I-15, but in regards to this...

Mayor Valdes-Fauli: Yeah, we're not there yet.

Vice Mayor Lago: I'm sorry?

Mayor Valdes-Fauli: We're not there yet.

Vice Mayor Lago: That's what I'm saying. We will discuss those issues, but they are -- there is interplay in between both.

Mayor Valdes-Fauli: Alright. I would like to speak for it. We are subsidizing and it comes out of our tax bills. And also, the pass-through -- the pass-through is money charged to us by Miami-Dade County. It has nothing at all to do with our services. And I would speak for the pass-through, and I would speak for this elimination of the early payment discount.

City Manager Iglesias: I believe that most of the -- if you look at that slide, most of the increase has been -- over the past ten years, has been the County pass-through for tipping fees or waste disposal. Waste is getting more and more expensive, disposal every day. It's been a completely changed industry, the last five or six years, especially on the recycling side. And the majority of those increases, the vast majority of that increase has been through pass-through to Dade County, which we are under -- which we have to take the garbage to because of the bond issue that was generated in our agreement to be part of that. So, there is -- we have that to -- we have to take garbage to the County and those -- and what we've -- those pass-throughs have been really disposal increases generated by Dade County to be paid by us.

Mayor Valdes-Fauli: Okay.

City Manager Iglesias: And by the way, we are looking at a three-year phase out, not a one-year phase out. So, the idea was to gradually to phase it out and not phase it out in one year, so it's a three-year phase out, not a one-year phase.

Mayor Valdes-Fauli: Alright. Miriam, will you read the resolution again?

City Attorney Ramos: Yes. It's a resolution of the City Commission of Coral Gables, Florida, relating to the collection and disposal of solid waste in the City of Coral Gables, Florida; determining the solid waste cost and the Solid Waste Service Assessments for the fiscal year beginning October 1, 2020; directing the preparation of an assessment roll; authorizing a public hearing and directing the provision of notice thereof; and providing an effective date.

Mayor Valdes-Fauli: So, this is calling for a public hearing, right?

Finance Director Gomez: The public hearing is in September.

Mayor Valdes-Fauli: Alright.

Finance Director Gomez: So, this resolution has to set the rate. We have to set it in order to meet the guidelines, the requirements of the County trim bill procedure.

Mayor Valdes-Fauli: Right.

Finance Director Gomez: So, you have to set the rate, whatever that rate will be.

Commissioner Mena: Is there a deadline to do that?

Finance Director Gomez: Yes, because we need...

Commissioner Mena: When is that?

Finance Director Gomez: We have to submit...

City Attorney Ramos: Now.

Finance Director Gomez: Before the next City Commission meeting, so like early in June -- in July, so this is the only Commission meeting.

City Attorney Ramos: Right, and so what's being...

Commissioner Mena: I'd like to...

City Attorney Ramos: Recommended by staff obviously is a reduction to the rate. If you do not want to reduce the rate, then you wouldn't reduce the rate. But the rate, whatever it's going to be, needs to be established at this meeting.

City Manager Iglesias: Then it would go from 894 to 898, and that is a disposal fee -- a pass-through to Dade County. It's \$4 -- a \$4 raise.

Finance Director Gomez: Right. So, it's a \$4 for...

Mayor Valdes-Fauli: Four dollar...

Finance Director Gomez: (INAUDIBLE) payment and then \$4 for the regular payment, and then additionally, there is a reduction request of the early payment discount by increasing the rate by another \$44.

Mayor Valdes-Fauli: (INAUDIBLE) pass-through and then the other one is a reduction in the...

Finance Director Gomez: Correct.

Mayor Valdes-Fauli: (INAUDIBLE) early payment.

Finance Director Gomez: Correct.

Mayor Valdes-Fauli: Alright. Shall we deal with the pass-through first?

Commissioner Mena: And does that reduction, that discount, also have a deadline?

Finance Director Gomez: Yes. So, we have to -- well, so that number is not on the tax bill, but we do submit it -- we send out the bills on July 1 in order for people to have 45 days to pay by August 15 because they must pay the early payment by August 15. So, this meeting is the meeting that allows for us to time (INAUDIBLE) and send out the bills.

Mayor Valdes-Fauli: Alright, so we're dealing with the pass-through first?

Finance Director Gomez: So, it's only one resolution for setting the rates unless we want to break out the resolution.

Commissioner Mena: I would -- Mayor, I suspect it may not be the approach you want to take. But I'm hearing Vice Mayor Lago and Commissioner Fors reference the other item and say that

comments about that implicate this issue. I'd like to hear what that's about before we take a vote on either issue, just so we have a complete picture.

Mayor Valdes-Fauli: Alright.

Commissioner Mena: Unless I'm misunderstanding something.

Mayor Valdes-Fauli: Just don't want to confuse the two issues but go ahead.

(Later...)

Mayor Valdes-Fauli: Now, we have I-3, the last item on the agenda.

City Attorney Ramos: I'll read it again. I-3 is a resolution of the City Commission of Coral Gables, Florida relating to the collection and disposal of solid waste in the City of Coral Gables; determining the solid waste cost and Solid Waste Service Assessments for the fiscal year beginning October 1, 2020.

Finance Director Gomez: The proposed regular rate is \$898 per residential unit. That is an increase from the prior year of \$4, due to a pass-through of Miami-Dade County.

Mayor Valdes-Fauli: Is there a motion?

Commissioner Keon: I'll move it.

Mayor Valdes-Fauli: Is there a second? Okay, I second it. Vice Mayor, call for the roll.

Commissioner Mena: Miriam, sorry. Mr. Mayor, I apologize. Could she just repeat the motion? It broke up a little bit for me.

City Attorney Ramos: This is a resolution for the solid waste services assessment.

Mayor Valdes-Fauli: And Commissioner Keon made the motion.

City Manager Iglesias: For a pass-through from 894 to 898, a \$4 pass-through.

Mayor Valdes-Fauli: A pass-through.

Commissioner Mena: And this is -- this includes the discount though or no?

Finance Director Gomez: It does. The resolution as written -- the way that the resolution is written, it includes -- we're starting to eliminate the early payment discount (INAUDIBLE).

Mayor Valdes-Fauli: Okay, let's separate...

Finance Director Gomez: In the resolution...

Commissioner Mena: They can't.

Finance Director Gomez: It is altogether in the resolution as such.

Mayor Valdes-Fauli: Okay, but we can separate them. Let's vote on the pass-through first.

City Attorney Ramos: So, we could amend the resolution to remove the discount.

City Manager Iglesias: Please amend the...

Mayor Valdes-Fauli: And then we'll vote on that later, but let's do the pass-through first.

Finance Director Gomez: So, the pass-through for both the early payment and the regular payment. That's \$4 on each of the two payments.

Mayor Valdes-Fauli: Yes. Is there a motion?

Commissioner Keon: I'll move it.

Mayor Valdes-Fauli: Hello?

Commissioner Keon: I made the motion to move that.

Mayor Valdes-Fauli: Okay. Is there a second? Alright, I'll second the pass-through. It's been moved and seconded.

Vice Mayor Lago: Mr. Clerk, Mr. Clerk, can we have a roll call, please?

Commissioner Mena: The \$4 pass-through, yes.

Commissioner Fors: No.

Commissioner Keon: Yes.

Mayor Valdes-Fauli: Yes.

Vice Mayor Lago: No.

(Vote: 3-2)

Mayor Valdes-Fauli: Alright, and now we go on the discount. Is there a motion to disallow a discount in three terms?

Commissioner Keon: Can I ask one question of Diana first? Diana, if people pay their taxes early, do they get a discount on that also or just the trash bill?

Finance Director Gomez: So, if they pay early -- right now, the early payment is now going to be set for \$766. They have until August 15 to pay that rate, so they get the discount. On the tax bill, if they pay in November and get what the County offers, it's a 4 percent discount on the new rate that is \$898, so they will get a discount of 4 percent if paid by November 30.

Commissioner Keon: So, if they pay it early, they will still get the discount -- the increase won't be -- if they paid their tax bill by November, the discount will be applied because of the early payment to the County by 4 percent?

Finance Director Gomez: Correct. So, the \$898 -- 96 percent of the \$898 is \$62, but we've already factored that reduction in the first year that we put it on the tax bill. We did raise it to allow for those discounts back in 2017, I believe it was.

Commissioner Keon: Okay, so (INAUDIBLE) pay it early in August (INAUDIBLE) likes to pay it early in November.

Finance Director Gomez: Right.

Commissioner Keon: So, what will the increase to them be if they paid it early in November?

Finance Director Gomez: So, it's going -- on the tax bill, it's going from \$894 to \$898.

Commissioner Keon: Okay.

Finance Director Gomez: So -- but they're paying -- if they pay it by November, they only pay 96 percent of that. So -- only because the County offers that discount.

Commissioner Keon: Right.

Mayor Valdes-Fauli: Alright. Is there a motion? Is there...

Commissioner Keon: I move it.

Mayor Valdes-Fauli: A motion?

Commissioner Keon: Yes.

Mayor Valdes-Fauli: What?

Commissioner Keon: I'll move the item.

Mayor Valdes-Fauli: Is there a second? Alright, the motion fails.

Commissioner Keon: Make another motion.

Mayor Valdes-Fauli: Nothing else on the agenda, ladies and gentleman.

City Attorney Ramos: Okay. I think Diana needs clarification, though, because there's been two motions made within a resolution. The resolution, I-3, has not been voted on. The resolution, as written, has the discounts included.

Mayor Valdes-Fauli: Okay, and that has failed.

Finance Director Gomez: But the resolution (INAUDIBLE)...

Mayor Valdes-Fauli: We substituted I-3 for a resolution on the pass-through exclusively.

Finance Director Gomez: Yes.

Mayor Valdes-Fauli: And that one passed. And then the resolution...

City Attorney Ramos: So, I think, Diana, you need to amend the resolution to remove the discount.

Mayor Valdes-Fauli: That failed.

Finance Director Gomez: Yes.

Mayor Valdes-Fauli: Alright.