

City of Coral Gables City Commission Meeting
Agenda Item H-1
April 27, 2010
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Donald D. Slesnick, II
Vice Mayor William H. Kerdyk, Jr.
Commissioner Maria Anderson
Commissioner Rafael “Ralph” Cabrera, Jr.
Commissioner Wayne “Chip” Withers

City Staff

City Manager, Patrick Salerno
City Attorney, Elizabeth Hernandez
City Clerk, Walter J. Foeman
Deputy City Clerk, Billy Urquia
Finance Director, Don Nelson

Public Speaker(s)

H-1 [Start: 9:42:42 a.m.]

Presentation of Quarterly Report for the six months ended March 31, 2010

Mayor Slesnick: Mr. Manager, we are at H-1 or the H Item, which is a Quarterly Report.

City Manager Salerno: Thank you Mayor. Don, would you give an overview of the report?

Mr. Nelson: Good morning everyone.

Mayor Slesnick: Good morning Don.

Mr. Nelson: This is to review the Quarterly Report for the six month ending March 31, 2010.

Mayor Slesnick: For those of you watching on Channel 77, this is Don Nelson our Budget Director, Finance Officer, and Finance Director and other assorted things dealing with numbers.

Mr. Nelson: Thank you. This provides an opportunity for the City Commission to review and compare the budgeted revenues and appropriations to the actual revenues and expenditures for the quarter ended March 31, 2010, which is for a six month period, and if we start on page 3, which is the schedule of revenues budget to actual, the bottom of page 3 which again is the revenues, you'll see that the total annual revenues collected for the first six months or half way through the year is \$92,268,000 or 63 percent collected against the total budgeted revenues of \$147 million dollars. So to date, we've collected 63 percent of our revenues, we are on track for

collecting those revenues. You can see that on the right side, the “as of” notes, show the period of time of when those revenues are collected, some represent three months collection, four months collection, five months collection, and so forth. So they vary because we are on a cash basis as opposed to an accrual basis. You’ll see the most significant revenue source, which is property tax and of course property tax represents forty-nine percent (49 percent) of the total revenues of the city, which is \$147 million dollars. This is one that we monitor very closely because it’s half of our revenues; property tax revenue estimate of \$71,200,000 are actual collected through March 31 is \$58,400,000, or 82 percent collected. Now to date, even through April this was through March, in the month of April we collected another \$4.1 million dollars, bringing that up to 88 percent collected for property tax. So that number changed from \$58 million to \$62 million as of the end of April, or as of yesterday actually. So we are monitoring that as we go. The most significant revenues as you go down this page on page 3, you’ll see that we constantly monitor of course all revenues, but some of the big items like electric franchise taxes, which has a budget of \$5.5 million, we’ve collected \$1.6 million that represents four months of activity or 33 percent. That is down a little bit; we’re at 29 percent, so we are watching that one. Electric Utility Taxes however is \$4.9 million, we’ve collected \$2.2 million or 46 percent, so we are up on that, we should be at 42 percent, we’re at 46 percent. Telecommunications utility tax, \$4.5 million dollar budget, we’ve collected \$2.5 million. Also up 45 percent compared to a three month period of 33 percent, so that’s extremely favorable. Business licenses which is all the occupational business licenses in the city, we have a budget of \$2.9 million, we brought in \$2.9 million or 94.26 percent, so we’re almost completely collected on our business licenses. State revenue sharing again comes from the State of Florida, we watch this; we have a budget of \$1,038,000, we’ve collected \$507,000, 49 percent which is where we should be half way through the year, we’ve collected half of that revenue. State sales tax \$2.5 million dollar budget, we collected \$1 million dollars or 40 percent, that only represents four months or 33 percent, so we are actually above on State sales tax; and the solid waste, which is the residential, we have a budget of \$7.8 million dollars, we collected \$5.2 million, 67 percent, that is a result of people are paying on a quarterly basis as opposed to an annual basis which they have an option to do, that’s at 67 percent collected. And parking revenues, a big source of revenue for the city, a \$9 million dollar budget, collected \$4.4 million dollars, 48-49 percent collected to date. You will also note on the next page, page 4, which is our expenditures comparison. When you look at the bottom line you’ll see that we have a total budget for our expenditures for all of our departments of \$131,192,000, and our total expenditures, actual expenditures to date of \$61 million dollars. This is 47 percent, we should be at 50 percent, and this is a very positive indicator. We are below our expenditure mark at the half way point, plus we’ve absorbed a lot of up front expenditures at the beginning of the year. We paid out a lot of payouts for people that have left, which is also absorbed in this budget, so this is extremely favorable at this time, and again we are constantly monitoring the expenditures. Each department director is responsible for their budget to make sure that they adhere, and meet their budget and make sure it comes under their appropriation for the year, very favorable so far for the half-way mark through the year. The other pages are the Enterprise Funds, the various Enterprise Funds of the storm water, the sanitary sewer, and so forth. As you can go through there, we monitor those revenues and they are coming in on track, and I would be glad to answer any questions on the report.

Vice Mayor Kerdyk: You know, I have a couple of questions, one in particular. You talked a little bit about the property taxes that you've received...

Mr. Nelson: Yes.

Vice Mayor Kerdyk:...this is for the '09 year, correct?

Mr. Nelson: Yes, this is for the 2009-2010...

Vice Mayor Kerdyk:...2009-2010 of the City of Coral Gables, but this is for the billing that was done as of January 1, 2009, even though it's received November by the property owners, the answer is yes.

Mr. Nelson: That's correct. The value stopped January.

Vice Mayor Kerdyk: The 88 percent that is now the revised figure that is including the \$4 million dollars that you received in April, how does that compare to where we were last year and the year before?

Mr. Nelson: I can tell you that we did look at how we did as of March last year...

Vice Mayor Kerdyk: Alright – how is that?

Mr. Nelson: Which is we were at 83 percent last year; we're at 82.5 percent this year, so we are right on the same track at March. Now once we've completed April, which is a few days, away then we'll track that, but with the \$4.1 million dollar addition to that, we should be ahead of the collection process that we were last year. As you know, the discounts for paying property tax ended, so April is a very critical month for people to get their property tax bill in, and of course in June they'll have a tax sale for the properties. So it's critical April and May to get the payments in.

Vice Mayor Kerdyk: That's good news, better than last year. Let me just draw your attention to something I mentioned to the City Manager. '08 property taxes are still being appealed right now...

Mr. Nelson: Yes.

Vice Mayor Kerdyk:...and I know that in '08, the property appraiser is being very favorable, acting very favorable to the appeals of commercial property in the downtown business core. So I personally believe that you are going to revisit it with a new tax amount that is going to sort of surprise you. So I would like to know once you get that report...

Commissioner Withers: How much do you think it will be?

Vice Mayor Kerdyk: I just know that there is some that have been reviewed that have been knocked down by 40 percent over what we had initially, and that could really impact us

significantly; and as I've told you before the residential market was hit over the last few years, but the commercial market, we are just starting to get that right now, and as you know better than anyone Don, that a substantial amount of our property tax revenue is generated from our commercial business core. So how often do you get those revised numbers back to your department? The question is, let me rephrase it. In 2008, since they are still appealing 2008, when will you get notified by the property assessor's office of any revisions to those initial tax assessments?

Mr. Nelson: The timetable is that they will provide what they call a final – final tax and it comes in August from the previous year, it takes them that long; and by then we receive as you know June 1st, which is our first estimate from the Property Appraiser, which is our budget estimate of total values that we use to base our budget on. That number of course will be very critical in our development of this budget as we had talked about in our previous meetings; and then of course on July 1st they provide a certified value, of course we deliver the budget to you on the same day we get the certified value, and historically they've been very close to the certified – the June 1st versus the July one. We do anticipate commercial values to be considerably decreased from last. The good thing – the good and bad – commercial represents 34 percent of our total value, 34 percent; the other 66 percent is the residential. We've already felt the effects of the residential in this budget we are dealing with right now. Now, you are correct Vice Mayor, that we will feel the effects of the 34 percent of commercial value as we get the value June 1st, and that's anticipated.

Vice Mayor Kerdyk: It's anticipated and will be budgeted.

Mr. Nelson: Well no, that will be for the coming budget, for 2010-2011 Budget. The one we will be preparing for you to deliver July 1st.

Vice Mayor Kerdyk: I think you just, just to re-emphasize, I think you'll be surprised when you get the August figure, which is the 2008 revision; I think you are going to see that its far more than what you've been revising before, and I'd like to get that figure to the Commission when you do have that.

Mr. Nelson: Yes, and when we do our workshop on the budget, I present the previous year certified value, and then what they call the final value; the certified value we used in this budget which was July 1, 2009, they will give us that number in August, we'll try to get an earlier number for you preliminary so we can compare certified versus final; and again, going forward we'll use a value of June 1st to develop this budget...Very critical and very close because this is our biggest revenue producer and one that we need to monitor.

Vice Mayor Kerdyk: Just one last question. As far as how many employees currently does the City of Coral Gables employ?

Mr. Nelson: How many full time?- 803.

Vice Mayor Kerdyk: And of the 803, how many positions are vacant right now?

Mr. Nelson: The last count I had was 17, but...

Commissioner Cabrera: How many of those, I'm just curious, I'm going off on a tangent, because this is always very interesting information; how many of those the 17 full-time that are currently vacant, how many of those are police officers?

Mr. Nelson: I believe two, I'm not...I'm sorry, fire fighters.

City Manager Salerno: I believe six or seven at the moment.

Commissioner Cabrera: Are we doing anything to rehire?- are we recruiting to rehire Officers at this juncture, six to seven down?

City Manager Salerno: We have and have had a hiring freeze on in all respects except for those situations where police dispatchers, etc.

Commissioner Cabrera: I was under the impression that the hiring freeze – the hiring freeze – well you know it's interesting. I didn't know it affected public service, I mean, public safety personnel, that's number one; but it affects any and all employees in the City of Coral Gables?

City Manager Salerno: Its across the board hiring freeze, it applies to all departments and we make judgments in each regard as to those positions that we must go forward with and those that we can afford to.

Commissioner Cabrera: And that's why we are still hiring assistant directors and directors?

City Manager Salerno: Depending upon those positions, yes, we'll make those judgments and if they are deemed to be critical to the essential operations, we make those, but we monitor the vacancy rates in Police, etc., and we haven't exceeded what is the normal turnover rate in Police at this point.

Commissioner Cabrera: Thank you.

Mayor Slesnick: Mr. Manager since it's come up though, I just want to make sure that we assure the citizens of this juncture on this broadcast that your office is constantly monitoring along with the Chief the ability to put force on the streets that we need as far as Police and Fire.

City Manager Salerno: That's correct Mayor. As I said already it is routine for Police agencies to have a five percent turnover rate and we are not even at that point yet, and that's a normal rate that most departments can deal with and are used to dealing with.

Mayor Slesnick: Do we have a pipeline of Police applicants that are ready to go if we see that we need to hire? It seems to me that one of the big problems with police officers, possibly Fire Fighters, is the ability to put someone on the street in a timely manner.

City Manager Salerno: Mayor, we need to make sure that we have the dollars to pay folks, and we don't want to get ourselves into the same situation that the city found itself last year. We have to protect the downside in this regard, and...

Mayor Slesnick: I wasn't asking about hiring, I'm asking do we have like a pipeline of eligible candidates that are ready to be hired at a moment's notice if we find we need them?

City Manager Salerno: I'm not concerned about a moment's notice first of all. At a moment's notice we have applicants for jobs and when and if that situation came forward we would proceed in the normal course of business, but I don't anticipate we are in a mode where at a moment's notice we need to go...

Mayor Slesnick: I guess what I'm asking is that we know that to take a Police applicant who is not trained and go to an academy and so forth, is a long and extensive and time consuming process, and I guess what I'm asking is do we have a pipeline of applicants who are certified Police Officers who are ready to be hired and put on the streets without going through the initial Police training?- that's my question.

City Manager Salerno: I'll have to get you that information, but a higher priority at this moment is to make sure that we have the ability to pay for the ones that we have on the payroll right now. So we cannot jeopardize that and get ourselves where we were before by making short-sighted decisions in that regard, but I'll be glad to get you that information as to where we are in that regard. You just heard from the Vice Mayor that we should anticipate a major reduction in property tax revenue coming in next year, and we need to provide flexibility unless we want to face and have to deal with the revenue increases that we dealt with last year.

Mayor Slesnick: Well, I don't know that we are on the same sheet of music here. I wasn't asking you to hire anybody, I was just asking if in fact our Human Resources Department is actively pursuing having some candidates in line, obviously their status will change too as we go along, and therefore if you want two candidates you may have to have six ready to go, that's all I was asking.

Commissioner Cabrera: I think your question was appropriate.

Mayor Slesnick: OK. Well anyways, any other questions for Don or comments for Don. Don, this Mayor's office was notified by the national group that does such things that your office has again been awarded the Excellence in Budget Presentation Award, I hope when we get that, that we will be able to present that to you and your employees here in the Commission Chambers in an appropriate manner. Congratulations to you and your staff on that.

Mr. Nelson: Thank you Mayor. Thank you very much.

Mayor Slesnick: Mr. Manager did you have it in your mind...

Commissioner Cabrera: You know, I really don't want to get off the subject maybe we are going off on a tangent, but I want to have this conversation with you. You know, I'm concerned; I'm concerned from the standpoint that we are down six to seven officers, and I know that's not a crisis situation for this city. I know that it's well within the standards that are outlined in Police and law enforcement, but I share your concern that it would be great to have folks in the pipeline ready to go; and then I have a tremendous reservation when it comes to knowing that we're doing six to seven public safety officers, and I've had conversations with the leadership of the Fraternal Order of Police and they are concerned about that as well; and then I turn around and I look at our website and I see we are hiring an Assistant Human Resources Director, something we didn't have before, an Assistant Parking Director, something we didn't have before, and an Assistant Parks and Recreation Director, something we didn't have before. So I kind of wonder how we are heading in making the organization a bit top heavy because we didn't have these assistant director positions before, but we are not looking at the pipeline from the standpoint of Police staffing. So that's what causes me to wonder in what direction we are heading. Just wanted to share that with you.

Mayor Slesnick: OK. Well thank you. Then I'm certainly concerned too. I've had conversations with FOP leadership who are concerned about that, and I wanted just to share with the citizens of Coral Gables that this Commission is dedicated to having adequate Police staffing in the streets of Coral Gables, we have always had and will continue to have that. Mr. Manager, do we need to accept by vote the Quarterly Report presented to us right now?

City Manager Salerno: You need to what Mayor?

Mayor Slesnick: Are you looking for us to accept.

City Manager Salerno: No. It's just a presentation to make you informed. Staff fully reviewed the information. There are no significant surprises here, there are areas as Don pointed out we need to be concerned about and monitor. We monitor our vacancies. Just as a notice of correction, the Assistant Parks and Recreation Director is an existing position, it's been filled for years. The Assistant Director left to take a position in....

Commissioner Cabrera: Mr. Manager, I'm not asking you for a response. I was having a conversation with the City's Mayor about it, it maybe a position that's already in existence, but so are six to seven police officer positions, those are in existence as well.

City Manager Salerno: Commissioner, for the benefit of the other Commissioners that may care to know, it's my job to make you aware of the information, when there is information presented that we are hiring a new Assistant Park and Rec. Director and that's not the case, I'm going to correct it.

Commissioner Cabrera: Well, I'm sorry that is the case. I'm looking at the website and I see Assistant Human Resource Director position being hired, Assistant Parking Director position being hired, Assistant Parks and Recreation Director to be hired, and whether those are new or replacement positions, those are positions that are going to be hired, and I'm well aware of the

fact that we are down six to seven police officers, and I don't want it to be eight or nine, or ten or twelve Police Officers, because based upon what I discussed with the President and Vice President of the FOP, they've got some concerns about being down on police officers.

City Manager Salerno: Well, I think with respect to the HR Director, we should have had an Assistant Director; seventy percent (70 percent) of our budget is in personnel services, and the City needs to do a better job of managing its HR functions, and the City used to have an Assistant Director, it was eliminated by the former Director. When you have seventy percent of your resources involved in human capital. We need to have two people that are paying attention to that issue, not one that is purely a management supervisory position. With respect to our assistant, the position in Economic Sustainability, we had our first meeting of the Property Advisory Board this past week, and as you all know that position was approved in the budget. It is a new position, the Commission voted to approve that position, the Property Advisory Board advised at that meeting that they were extremely pleased with the fact that two things had happened; that function was moved from Public Works and that it was now located in a place where people that are skilled and trained to deal with property and lease arrangements are going to be monitoring all of our lease property. Those are our real assets, those are our revenues; we need to do a better job of monitoring and managing those, and the Assistant Director in the second largest revenue source we have is parking revenue. We have a single Director there; there were positions that were eliminated last year in the parking facility. So what we really did was changed responsibilities; we eliminated positions in the Parking Department, and we brought some back with different titles. So there was a restructuring, it's not a basic increase in total resources, it's putting management talent where it needs to be so that we do a better job, but those are swapping out positions, they were not, as I recall, additional resources that were added to the budget. We are just reallocating folks and putting the talent where we need it.

Mayor Slesnick: Any further questions for Don or comments on that?

Mr. Nelson: Thank you.

Mayor Slesnick: Thank you Don.

[End: 10:07:36 a.m.]