

City of Coral Gables City Commission Meeting
Agenda Item H-1
April 28, 2015
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
Finance Director, Diana Gomez
Assistant Finance Director, Sally Ola Ola

Public Speaker(s)

Agenda Item H-1 [1:19:34 p.m.]

Presentation of Quarterly Financial Report for the six months ended March 31, 2015.

Mayor Cason: H-1 – This is a presentation of the Quarterly Financial Report.

Ms. Gomez: Good afternoon. This is a review of the Quarterly Financial Report for the six months ended March 31, 2015, which is the second quarter of the 2015 Fiscal Year. This report compares budget to actual revenues and actual expenditures to total appropriations for each department. A schedule of revenues Budget to Actual on page 3, provides comparative data to the same period from the prior year to show whether or not we are on track with the previous year's collections of revenues.

Vice Mayor Quesada: OK. Can we talk about permits on page 3? I'm sorry, I'm cutting you off, just get right to it. Under Permits on page 3 of the Quarterly Financial Report under

Construction, I'm looking at revised annual budget \$5.2 million, actual revenue \$3.7, current percentage of budget 72 percent, last year percentage of budget 58 percent. Does that give us any explanation or any trends as to whether construction is up or down in the City? If so, how do you interpret that?

Ms. Gomez: So the reason for the increase in this year, based on some issues staff has done is, there are two major projects this year, a Loft Hotel and the U-Health Med Center, so combined they added about a million dollars to one time in this year, not there last year.

Vice Mayor Quesada: Got it. So its just representative of those two projects really paying their fees at this time, rather than newer projects coming along.

Ms. Gomez: Right. But construction permits are up and so its really just a timing of when projects come through and which projects come through.

Vice Mayor Quesada: If you go down General Governmental Fees, two lines under that, Planning and Zoning Board is up 278 percent.

City Manager Swanson-Rivenbark: Vice Mayor, we are also very conservative in estimating when these projects will come in and will anchor their permits, so you are seeing some of that conservative nature showing up in that percentage increase.

Ms. Gomez: We do not budget for one time increases, we don't know that we are going – unless we absolutely know we are going to get it then we may budget for a one-time use of those revenues.

Vice Mayor Quesada: Got it.

Ms. Gomez: Its not recurring, so we can't budget for it as recurring revenue.

Vice Mayor Quesada: Got it.

Mayor Cason: So it goes under reserves?

Ms. Gomez: It could, yes or we can use it for one time expenditure in the budgeting process.

Commissioner Slesnick: What was the second project you...

Ms. Gomez: The U-Health Medical Center.

Mayor Cason: On the Granada Golf Course is that factored in, the fact that its going to be closed down?

Ms. Gomez: At the time of the budget, it was not factored in, so the number that's in the budget, \$575,000, is high, knowing that we are going to close it for about – last information that I got its going to be closed for about five months, and so that loss of revenue is going to be about \$165,000, but based on one other revenue that have come in higher than we thought, overall we'll recoup as well as the Granada Golf Course doing better this year than last year while its been open, so we believe we'll be able to recoup that and it will not negatively impact the overall budget.

Vice Mayor Quesada: Page 4, almost last line – Non Department Expenses.

Ms. Gomez: Yes.

Vice Mayor Quesada: Define what a non-departmental expense is.

Ms. Gomez: Non-departmental expenses include those expenses which they cannot be tied expressly to one department. So if the City is doing, for instance, a citywide study or something then its not tied to any one department, so therefore its charged there. The citywide legal services, outside legal counsel is charged to non-departmental as well.

Vice Mayor Quesada: OK.

Ms. Gomez: So anything that can't be tied to a specific department is put into non-departmental.

Vice Mayor Quesada: I'm sorry, I'll stop taking you off your path.

Ms. Gomez: Its fine. OK. So anyway – on page 3, which is the Schedule of Revenues, the very last line of the page, you'll see that the second quarter we received approximately \$107 million in total revenues compared to the \$156 million of budgeted revenues, which shows 68.5 percent overall collection at this time. Second quarter is half of the year, so we should be at or above 50 percent, and we are there. The fact that we are over is because the timing of certain receipts of revenues, property taxes we get earlier in the year, its not split out throughout the whole year, so its proper that we are above 50 percent at this point in time. Speaking of Property Taxes, its our largest revenue source representing approximately 44 percent of the budget, total budget of property taxes is \$68.2 million and as of March 31st we have collected approximately \$61.6 million or 90.3 percent of the budget, and this is consistent with prior years collections at this

time. As of March 31st we've received distributions of Transportation Sales Tax totally \$275,000, which is revenue through November of 2014. These revenues are collected on a lag, but we do realize them all by the end of the year. Other revenues that we focus on during the year are the Franchise Taxes and Utility Service Taxes. The largest Franchise Tax revenue is the Electric Franchise Fee, which makes up \$4.5 million of the budget. Utility Service Taxes, we have Electric Utility Tax, which makes up 5.7 of the budget, \$5.7 million of the budget; and the Telecommunication Services Taxes makes up \$4 million of the budget; and all three of these collections today are in line with collections of the prior year at this time. We talked about Construction Permits and Governmental Fees, so I'll skip that. The Fire Assessment Fees collections are consistent with prior years collections and its related to the collection seeing the property taxes because its on the tax bill. Other significant budgeted revenues are Physical Environment Fees, which includes solid waste services at \$8.6 million; Sanitary Sewer at \$9.2 million; and Storm Water Utility at \$3.2 million. All of those collections are contracted in the system of prior year.

Commissioner Lago: Can we talk about waste fees. The Mayor had a few good points in reference to uncollected fees. I just want to give an update in reference to the e-mail you provided us this past week, which was giving us an update in regards to past due collection.

Mayor Cason: \$2.7 million still, right?

Ms. Gomez: Correct.

Commissioner Lago: From?

Ms. Gomez: Well we had initially started – the Mayor had requested this back in May of 2014 – I want to say \$2.9 million, I'm sorry I don't have...we collected \$700,000, \$711,000 as of the balance of May on all those very past due bills.

Commissioner Lago: From my understanding, correct me if I'm wrong, we have \$3.7 million outstanding balance...

Mayor Cason: For all debts.

Commissioner Lago:...for all debts, and we had seen close to \$800,000 in collections.

Ms. Gomez: Right.

Commissioner Lago: And the increase was just what?- increase awareness?- we were just notifying them?

Ms. Gomez: So we've always sent out quarterly notices on the waste bills, we've always sent them out on a regular basis every quarter, and we've also sent out letters, and we sent out letters letting them know that we are liening the property, so we have sent all of that out. So then there was a little bit of a rush to pay at that point in time, which was tail end of the year yesterday, last year rather, I'm sorry, summer when we got a lot of payments and since then we continue to send out notices, so we continue to get some payments. There is not any one particular effort. Now we have talked about moving forward and putting it on the tax bill, so we are getting that in line to do that.

Mayor Cason: I think that is probably...

Ms. Gomez: Right – we'll probably see the rush of payments when we give them the last notice to say you have to pay by this date or it will be on the tax bill.

Mayor Cason: I wonder if we still have some people in there that owe \$13,000, which is almost 20 years' worth.

Commissioner Lago: I want to make sure. I know we are going to notify them prior to obviously putting it on the tax bill, but I just want to make sure that we notify them on multiple occasions.

Ms. Gomez: Sure.

Commissioner Lago: Just prepare them – give them another opportunity.

Ms. Gomez: We have to send out one notice and a second notice to let them know that on this date – what we have to do in order to get ready for the tax roll, we have to by a certain date we have to inform them and say, hey if you don't pay by this date you are going to be put on the tax roll, because we have to have a cut-off because we have to send the information to the County, so we can send two notices out prior to that date, right.

Commissioner Lago: And like what the Mayor mentioned before, you have some entities or individuals that owe close to \$13,000, so that's a pretty significant financial burden. Do you think that we offer any payment plan for that type of situation?- two, three, four installments?

Ms. Gomez: OK. So, if it gets on the tax bill it will be no payments.

Commissioner Lago: I'm trying to pre-empt – I'm trying to get people motivated to make a phone call and say, if I pay you 50 percent – how are we handling that right now?

Ms. Gomez: We have accepted payment plans when the individual comes into us and talks to us and say, hey I need this much time, I'm going to commit to paying this amount every month for the next two years, let's just say, and we have accepted those plans in the past.

Commissioner Lago: I think for some people we should contemplate because as – I know you guys do a great job, but as the day comes closer and people start scrambling to avoid having to get this on their tax bill we should offer some individuals who owe a significant amount of money.

Ms. Gomez: And the problem becomes then we put them into a payment plan and it gets on the tax bill and then they just stop paying the day after its on the tax bill and then we have to wait period to get on the tax bill. Its very difficult to, you know, we've given them a couple of years...

Mayor Cason: You've got 20 years to write them a letter every year, you tell them you'll lien and basically they go....I mean that's what it is – “bena frega” as they say in Italian. They know, they don't care because a lot of these people figure that, well...

Commissioner Lago: Well they will care when its on the tax bill.

Ms. Gomez: Sure – they have to right.

Commissioner Lago: That's what I'm trying to correct.

Ms. Gomez: Correct. So we will send them at least two notices prior to it getting on the tax bill, we will work with those customers that come forth and try to work with us to get this paid by a certain date, if that's the will of this Commission, will be put on the tax bill.

Vice Mayor Quesada: We discussed the procedure in the past the way that works. It's the tax certificate that gets purchased after three years and they can foreclose on your property, which is typical to the same exact procedure as if you don't pay your property taxes.

Commissioner Lago: And I agree with you, but I think that we've got to try to do the last bit of effort....

Ms. Gomez: I understand and we will.

Mayor Cason: There are a number of people on there that look like investors because you'll see, if you go carefully down, see three or four people that owe \$50,000 and they own multiple homes.

Commissioner Lago: That's why I mentioned this item...foreign owned entity, there are a lot of cases that the entity that owes a significant amount of money.

Commissioner Slesnick: I wanted to ask too how often are the City records updated as far as change in ownership?

Ms. Gomez: So we download the information from the County's property records...

Commissioner Slesnick: Once a week?

Ms. Gomez: I think its quarterly that we do that. Every time that we send out the notices we do update our records.

Commissioner Slesnick: I do manage a lot of properties in Coral Gables and I noticed people getting bills, maybe trash bills and so forth, that the ownership was changed a year ago and the old owners are still getting them and they are not – maybe they are forwarding the bills.

Ms. Gomez: And so sometimes what happens is in our system the old owner has asked us to send it to a mailing address, its not the property owners address and there are still some of those that are in our system are hard input into our system and so perhaps that happens, but we do manage the returned mail, so when we get something back in the mail we make sure to double-check why does that address not working.

Commissioner Slesnick: When people are coming are coming in to pull permits too, the ownership could have changed more than a year ago and the old owners are still on there – so every quarter.

Ms. Gomez: Finance does for billing, I believe its every quarter, at a minimum its every year, but I believe its done on a quarterly basis.

Mayor Cason: Basically we don't lien under \$1,000.

Ms. Gomez: Six months, I'm sorry, every six months we update it.

Mayor Cason: Is that correct?- we don't lien under \$1,000?

Ms. Gomez: We haven't – right.

Mayor Cason: Some of these have been 20 years.

Ms. Gomez: And the reason why we chose – I think we chose over \$1,000 is because pretty much one year and a little bit, right, so we wanted to give people at least a year or two years of non-payment before we decide to go in and lien their...

Mayor Cason: If you look at your latest report and look at the pattern you'll see people that owe \$12,000, now they owe \$12,800.

Ms. Gomez: Right – they haven't paid and they just continue to not pay – exactly.

Mayor Cason: They want the rest of the citizens to subsidize them.

Commissioner Lago: Well the problem is they are still receiving the services and we are obviously not going to stop the service.

Mayor Cason: Which is why they know that they can get the service and never have to pay that their relatives someday when they die and take over the house, take care of the lien, that's what's happening.

Ms. Gomez: If we move to page 4, Schedule of Expenditures – total expenditures, at the bottom of the page for the second quarter, is 42 percent of the budget, again being that we are at half way of the budget you would expect to see expenditures around the 50 percent mark, because expenditures usually are not as seasonal, some of them are though, but all of the departments are trending less than 50 percent, so that's a good sign that shows that they are staying within their budget and their allocated expenditures. So we are constantly monitoring the budgets in the different departments to make sure that the expenditures are in line and that departments are kept within their budgets – yes.

Commissioner Lago: Let me ask you a question in reference to last year. We were on the same budgeted percentage in regards to expenditures?

Ms. Gomez: So last year at this time we were at 42 percent and this year we are at 42 percent, so this time of year we are about the same, we are staying within our budget.

Commissioner Lago: Have you seen anything that's basically gone off the charts or maybe we are seeing some cost savings, some efficiencies that we've implemented or I don't know, some binding strategies that have allowed us to reduce expenditures.

Ms. Gomez: So through the budget process we do – we look to see what the expenditures are and the trends are and so budgets are adjusted each year for what we expect, if we've had a reduction somewhere, so you may not see it so easily here, but we do try to make sure that we are monitoring the budget and keeping expenditures where they need to be at. I don't know of any specific expenditure that...

Commissioner Lago: Like for example, look at Sanitary Sewer Division, the budget is \$15 million, they've spent about \$2.8 million, 18 percent, last year about 17. You've seen a little increase but I mean, I'm trying to find to see how – and it goes back to what we were discussing to say about sustainability, the master plan, we are going to try to save as much money as possible by being as sustainable as possible, and those are potential opportunities for the near future.

Ms. Gomez: We do think about that as we are developing the budget and so we can start keeping notes on that and see where we see some of those savings of some of the actual programs that are put into place. So expenditures are on track. The next set of schedules reports the details of the Enterprise Funds. These funds are accounted for like a business. They show all the revenue and expenses of their respective operations. So types of Enterprise Funds that we have are Storm Water Utility Funds, Sanitary Sewer Funds, Venetian Pool, Golf Course, Tennis Centers and Parking Fund. The operations of these funds are in line with expected collections and expenditures to date. The next set of schedules is the City's Internal Service Funds, which are the Motor Pool and Public Facilities Funds. These are funds that are used to report the charges to the internal departments for the expenditures that they incur for vehicles and facilities. And then the final schedule on the report the activity of the Transportation and Trolley Fund. Revenues received from the Transportation Sales Tax is 100 percent to fund the City's trolley operations. These revenues are collected, as I mentioned earlier, in a two to three month lag. We've collected about \$275,000 to date, but that's only collections through November, since then we've collected another \$219,000 for the month of December, but it isn't collected until April so that's why it's not in this report. Even though the timing we do expect to be on track with the budget with it. So that's all I have unless you have any other questions.

Commissioner Slesnick: I'd like to ask another question. What percent of the tax is accounted in the City are from commercial developments and what percent from residential?

Ms. Gomez: So I don't have that information...

Commissioner Slesnick: Roughly. I had heard 60-40.

Ms. Gomez: I've heard that but I don't think its exactly that. So I would ask that I can get back to you. I don't have it in my head right now and I don't want to give you information that's incorrect.

Vice Mayor Quesada: On page 11, I noticed the parking numbers were up, so it seems like there parking garages are – first of all some of them are becoming more efficient, our expenses are going down...

Commissioner Lago: We were talking about that.

Vice Mayor Quesada: I'm sorry I missed that. So the reason the revenue has gone up is because of the fees, not because we are seeing more people park in the garages?

Ms. Gomez: So parking garages, the fees didn't go up; the meters, the fees went up.

Vice Mayor Quesada: Got it. So what I'm looking at Parking Garage Number 1, 2, 3, 4 – I guess 1, 2, 4, and 6, if you look at the net income on each one of those on page 11, you see that they are all up, they are all considerably up. Am I wrong about that?

Ms. Gomez: I don't have that information right this second, but I'm going to ask Sally.

Vice Mayor Quesada: I guess my question is really not even for you guys. I guess my statement is really for Cindy Birdsill and I texted her to make sure she is listening right now. Are we seeing more trends?- are we seeing more people visit downtown?- are we seeing more people visit these locations?- is that what this is telling me or am I wrong?

Ms. Sally Ola Ola: We inquired with the Parking Director and then basically what he was explaining is, in most cases these garages are situated where there are more active businesses around; and then we also have installed different kind of revenue collection system that now the garages are open up to twelve midnight, but they cannot get out without paying.

Vice Mayor Quesada: And in the past after 10 or 11 p.m. they'd open the gate and people would just drive out. So are we seeing that much more, that many more people parking at night, that's why we are capturing so much more?

Ms. Ola Ola: Because they get freed, but now that we installed those walk-up collection system, those are new credit card system that they validated the ticket and...

Vice Mayor Quesada: If you can do something for me, if you can provide this to Cindy Birdsill. Can we drill down into the numbers a little bit more by the hour, by garage on average throughout the same time period? So for example, Parking Garage Number 3, I want to see how many people are parking 8 in the morning....averages if we can organize the day in that fashion. I want to see at what times throughout the City people are parking, what time they are visiting. My theory is that Monday to Friday, 9 to 5, is when we are getting the most amount of movement, but if our spike is due to, again capturing after 10 or 11 p.m. coming out of the garages that revenue then obviously I'd be incorrect. I'm just curious to see exactly what trends we are seeing in our downtown because that can help our businesses, that's going to help us for the steering committee on decisions being made on the renovations to Miracle Mile and Giralda, so that we can better adapt to how people are using, how they are coming into downtown.

City Manager Swanson-Rivenbark: Vice Mayor you are also looking at trends in parking and another increase in revenue is for permit parking and the amount we over sell. So as you and I were talking, Parking Garage 3 is the Public Safety Building or actually deliberately decreasing the number of public permit parking in that area, which is why you see the revenue go down and its not readily available for the public to park. As we do this study, what I'd like to do is also show you what is happening with the permit parking, because permit parking our inquiries are way up, our ability to oversell, we have more of a science as to what percentage we can oversell based on activity, and I think that the Parking Department is actually doing a very good job at managing that whole process, which is also why you are seeing that increase in revenue, but we'll get that information for you.

Vice Mayor Quesada: Thank you.

Mayor Cason: OK. Thanks very much.

[End: 1:41:50 p.m.]