



# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMISSION MEMORANDUM

TO: Mayor David Dermer and Members of the City Commission

FROM: City Manager Jorge M. Gonzalez

DATE: July 11, 2007

SUBJECT: **REPORT OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE MEETING OF JUNE 29, 2007.**

### **NEW BUSINESS**

- 1. Discussion regarding tax reform legislation impact on City revenue collections.**

### **ACTION**

**Chairman Gross requested that at the Special Finance and Citywide Committee meeting the City review approaches to balance the budget, including the review of which items should be increased or decreased based on the recent property tax legislation.**

City Manager Jorge Gonzalez opened discussion on the item regarding the impacts of the recent property tax legislation on the City's budget.

He advised that, based on the legislation adopted by the Florida legislature in June the City of Miami Beach is required to set its FY 2007/08 to the roll back rate plus an additional 9% reduction. The rollback rate is the millage rate required to produce the same level of property tax revenues in FY 2007/08 as collected in FY 2006/07, thereby forfeiting any revenues associated with growth in assessed values. Based on growth in property values estimated as of June 1, with the roll back rate the City would forfeit over \$24 million in property tax collections. This increased revenue would have allowed the City to absorb normal increases in salary and fringes and other normal increases due to inflation, as well as provide additional significant tax relief to the community.

He went on to advise that the rollback legislation requires that the City reduce property taxes collections for FY 07/08 to the rollback rate and further reduce them by 9%, estimated at \$11.1 million based on the June 1 values. He also stated the total increases in future years would be limited to the growth in personal income.

The Manager reviewed the progress in the budget preparation. He advised the Committee that through approximately \$5 million in growth of non ad-valorem revenues along with approximately \$6 million in cost reductions, to this point the City has achieved a budget that would be balanced had the City just had to reduce the millage to the roll back rate. The \$6 million in cost reductions were achieved through elimination of the additional transfer to the 11% emergency reserve, and the on-time \$1 million transfers for water and sewer fees to Miami-Dade County. In addition, over \$2 million in savings

had been achieved by a thorough, detailed review of operating costs in every department.

In relation to the remaining \$11 million gap, He advised with the elimination of the homeowners dividend and the elimination of the \$1 million annual transfer to the Risk Management Fund, as well as approximately \$2 million in additional efficiencies that may be gained through reorganizations, etc. with minimal impact on services, there could be an additional \$8 million more in reductions. The Manager explained that details of these additional reductions were not yet available as they had personnel impacts and it would be pre-mature to provide since they were still under development and review.

The Manager further advised that the balance of approximately \$3 million would have to come from service reductions or revenue enhancements. Revenue enhancements could include, for example raising fire transport fees to levels similar to Miami-Dade County. He added that fire rescue transport fees had not been raised when most other fees were reviewed in 2003. It was also advised that the estimated values could change with the July 1 Certification of Taxable Values from the property appraiser. In addition new construction had not been taken into account.

In response to one example of a potential service reduction (i.e. privatizing the Byron Carlyle Theatre), Commissioner Gross recommended that before any consideration is given to privatizing the theatre, the fees need to be reduced to reflect the market, rather than having the theatre vacant. The Manager stated that the reduced fees will be brought for consideration at the July 11 agenda.

Chairman Gross suggested doing minimal revenue enhancements because taxpayers were looking for real reductions.

Discussion was also held regarding the planned July agenda item setting the tentative millage. It was generally agreed that the tentative millage would beset at the state required rollback rate less 9 percent, and that the balancing of the budget to achieve this reduction would occur over the summer. A Special Finance and Citywide Projects Committee meeting will be held after the setting of the tentative millage to discuss the potential service reductions and revenue enhancements.

## **2. Discussion of a concept plan for a Boy's and Girl's Club recreation facility in Flamingo Park.**

### **ACTION**

**The Committee recommended moving the project forward to the public with input from the Flamingo project consultant.**

The item was introduced by Assistant City Manager, Robert M. Middaugh, regarding the building of a facility for the Boys and Girls Club at Flamingo Park. He advised that he would like to gain the Committee's input as to the concept of the facility and where in the Park the facility should be situated. He stated that if the Committee endorsed the idea, he would then send the project out to the community for feedback.

Frank Saavedra, with the Boys and Girls Club, gave an overview of the project. He advised that the project would include the creation of a new computer room, a teen center, and a ~~cafeteria~~ kitchen where food ~~services~~ preparation instruction could be provided by a local culinary school. He went on to add that they would also create a

cyber-study area, a new basketball court in the gym. ~~as well as a new area for soccer.~~ He went on to advise that the cost to build the facility would be approximately \$2 Million dollars. He noted the low cost is based on the fact that a majority of the building will be pre-fabricated. He added that the Club has secured some grant funding. All fundraising would be handled by the Club. ~~but maintenance and over all operating costs would be handled by the City.~~ He advised that the club is requesting from the City, a location site and funding in the amount of \$200,000 for the project from this year's allocation of CDBG funds.

Mr. Middaugh added that the new facility could be placed in the current parking lot area which would be the least disruptive and allow for the most green space. He went on to advise that the lost parking spaces would be relocated to other areas of the park. He also noted that the Flamingo Park consultant would be included in the construction planning of the new facility.

City Manager, Jorge Gonzalez, added that the Boys and Girls Club facility would be close to the Police Athletic League Building (PAL) which would allow the development of the synergies between them.

- 3. Discussion regarding the extension of the management agreement between the City of Miami Beach and Professional Course Management II. LTD., (PCM), for the management and operations of the Miami Beach Golf Club and the Normandy Shores Golf Course for a one year period to begin at the conclusion of the existing agreement, September 30, 2008.**

### **ACTION**

**Motion was made by Chairman Saul Gross and seconded by Commissioner Maddie Bower to waive the competitive bidding process and approve a management agreement between Professional Course Management II, LTD., (PCM) and the City for a three year plus two one year renewal options in addition to a ninety day termination clause agreement for the management of the Miami Beach Golf Club and the Normandy Shores Golf Club. Said agreement to commence at the conclusion of the existing agreement on September 30, 2008.**

City Manager, Jorge Gonzalez, introduced the item regarding the extension of the management agreement between the City of Miami Beach and Professional Course Management II. LTD., (PCM). The Manager advised that PCM has done a fantastic job with the management of the Miami Beach Golf Club. PCM is also the company selected to manage the Normandy Shores Golf Club Project. The completion of the Normandy Shores Golf Club project is scheduled to take place at the conclusion of PCM's management agreement. He stated that he is requesting the Committee's input on either re-bidding the management services or extending the managing contract.

Director of Parks & Recreation, Kevin Smith, advised currently at the Normandy Shores facility, the course construction is just beginning; the clubhouse is being renovated along with the maintenance building and new on course restrooms and a cart barn are being constructed. He also advised the drainage, sculpting, cart paths and irrigation are being worked on. The course will be back in operation around July 2008. He anticipates that the clubhouse should be completed at the same time.

Mr. Johnny LaPanzina, of PCM expressed his concern that the management agreement with the City would expire in September of 2008, allowing for only three months time in managing the Normandy Shores Golf Club. He stated that the possibility of changing management companies either prior to or after the completion of the golf club could have a negative impact. He also added that if the agreement was only extended for one year, it would not be of adequate time to attract and retain a qualified staff to operate the golf club.

He stated that at the Miami Beach Golf Club, currently managed by PCM, there is a waiting list for membership. Currently PCM manages and operates nineteen golf courses in Miami-Dade County. He added that PCM plans to operate the Normandy Shores club in the same positive manner as the Miami Beach Golf Club. He advised that PCM plans to continue a relationship of excellence with the City and that membership to the Normandy Shores facility would be marketed more towards the local residents of Miami Beach. These memberships would also be more moderately priced in comparison to that of the Miami Beach Golf Club.

He went on to request from the Committee, a five year contract extension in an effort to continue the successful operation of the Miami Beach Golf Club and to ensure the same accomplishment for the Normandy Shore Golf Club.

The Manager noted that if the management agreement was put out for bid, the minimum requirement in the RFP would be a five year commitment and maybe even a longer term.

#### **4. Discussion of Union Issue IUPAT Local 1175 regarding the Miami Beach Convention Center and the trade show workers.**

#### **ACTION**

**Motion: The Committee recommended that SMG (Management Company for the Miami Beach Convention Center) list Local Union 1175 as the " preferred " labor force at the Miami Beach Convention Center.**

Doug Tober, SMG, presented the item regarding the labor used to set-up and dismantled the presentations at the Miami Beach Convention Center. He advised that SMG's position is not to mandate who show promoters and presenter must use to set-up and dismantle shows at the Convention Center. He advised that a particular promoter had chosen to work with an outside general contractor who was not part of the 1175 Local Union. He went on to advise that the local union has requested that the City review this practice to determine if the City should mandate that only local union labor be used for the preparation and breakdown of the shows booked at the Convention Center.

Mr. Tober noted that he did conduct a survey of seventy convention centers in North America to determine if they had mandates in place regarding the determination of the labor force used. He advised that he received responses from thirty-seven of the seventy surveyed. Of those that replied, only four advised that they had any kind of mandate in place for the labor force. Most of the major cities listed advised that they have chosen not to mandate where their labor force comes from. He also added that show promoters tend to prefer choosing their

own general contractors for certain shows and that, with the exception of food services all other services were considered non-exclusive.

Al Liehtman, Business Representative from Local Union 1175, advised that the union has had an ongoing relationship with the Convention Center for the past 50 years. He expressed his concern that the outside general contractors are bringing labor workers from out-of-state whom he believes do not have the proper training or documentation. He stressed that the local union workers are well insured. He went on to state that he wanted the standard for both local and out-of-town labor kept the same to ensure proper wages. He also request that some criteria be implemented in order not to lose any more union jobs to out-of-town labor.

Roger Abramson from the public added that SMG should look out for the best interest of Miami Beach by encouraging show promoters to use local labor that he considers to be more professional and more familiar with the Convention Center.

Mark Kimbro, of the Local Union, advised that the union has its own facility where they provide 21,000 man hours of training per year. He also advised that 80% of their journeymen are CPR trained. He expressed that out-of-town contractors cause more damage and are involved in more accidents than local staff. He suggested that more provisions be implemented to ensure that out-of-town staff has the correct certification and training to conduct business at the Convention Center. Mr. Kimbro also added that 18% of the Local Union staff resides on Miami Beach.

Director of Tourism and Cultural Affairs, Max Sklar, advised that show promoters for four shows held at the Convention Center used out of town labor from Georgia. This represents only a small portion of the total number of shows at the convention center; the majority of shows use the local, union labor.

Chairman Gross questioned if there are any ways to determine if contractors used outside of the Union are trained or insured. Mr. Tober clarified that they have not seen any increase in damage or accidents from the non-union labor employed by the promoters.

Commissioner Bower expressed her concerns regarding the logic behind general contractors who use out of state labor. She questioned how these contractors could save funds if they have to pay salaries plus room and board for their out of town staff. She also added that she preferred to have the local union conduct the work at the Convention Center.

Labor Counsel for the City, James Crosland, advised that a legal issue can develop if the City mandates how the Management at the Convention Center determines the use of labor.

Chairman Gross noted that is would not be a legal matter if the City agreed to add them to a preferred list, as opposed to a mandated list of local labor source.

- 5. Discussion regarding protecting Florida's Investment Act, which refers to the divestiture of funds from scrutinized companies associated with Sudan and Iran.**

**ACTION**

**The Commission moved to adopt the resolution brought forth in the Finance and Citywide Projects Committee Meeting that modifies the City's Investment Policy and Procedures to follow the State of Florida's "Protecting Florida's Investment Act" by prohibiting investments in "scrutinized companies" with active business operations in Sudan or Iran.**

Mayor David Dermer introduced the item. He advised that the Mayor's office has been working with the Finance Department regarding the issue involving the state's "Protecting Florida's Investments Act". The Act pertains to the divestures of fund from scrutinized companies involved with investments in Sudan or Iran. Mayor Dermer advised that he wanted the City's investment policy to be modeled after the new State of Florida Legislation that went into effect. He also advised that by doing so, Miami Beach would be the first city in the country to adopt such legislation.

Chief Financial Officer, Patricia Walker advised that the Florida State Board of Administration (SBA) has established a set of procedures which provides for a list of scrutinized companies that invest in Sudan or Iran. Ms. Walker noted that currently the City has the majority of funds invested in US Treasury or Agencies and this prohibition would have little, if any, impact. She also noted that the City currently has an Investment Policy and recommended that the Investment Policy be amended to prohibit investments in scrutinized companies. She also advised that she would forward this information to the City's two pension boards for their review.

- 6. Discussion regarding the City of Miami Beach's support of the 49<sup>th</sup> annual meeting of the Board of Governors of the Inter-American Development Bank (IDB) in April 2008.**

**ACTION**

**The Committee approved waiving rent fees in the amount of approximately \$173,000 for use of the Miami Beach Convention Center, which will be the host site for the Inter-American Development Bank (IDB) Miami April 2008 Meeting. The waiver will include only the value of the rent for meeting space and office space for support staff required to host the meeting.**

Assistant City Manager, Hilda Fernandez, introduced the item. She advised that the City of Miami Beach, along with the City of Miami and Miami-Dade County, submitted a proposal to the Inter-American Development Bank (IDB) for the consideration that Miami-Dade County be the host site for their 2008 Meeting.

The IDB is a multilateral financial institution that supports economic development and growth in 26 Latin American and Caribbean nations. Their Annual Meetings attracts more than 5,000 attendees including heads of state and dignitaries from Latin America and the Caribbean.

Greater Miami was selected as the host for the 49<sup>th</sup> Annual Meeting of the IDB in April 2008. The City of Miami Beach has been asked to provide support to the event in the form of a waiver for the rent for use of the Miami Beach Convention Center for office space during the meeting. Along with the waiver, a Memorandum of Understanding (MOU) and an Interlocal Agreement (interlocal) must be put in place by the City specifying the manner and amount of support that will be committed. She added no other hard cost has been committed by the City at this time; the City's commitment at present is only the value of the waiver of rent for use of the Convention Center. Should the City decide to make any additional commitments, those commitments would be outlined in the MOU and Interlocal Agreement.

Mr. Jorge Arizurieta, Chairman of the 2008 Host Committee advised that the IDB has been around for the past 49 years and rotates the location of the meetings. He advised that the meeting will raise awareness for the City of Miami Beach.

JMG/PDW/rs/nsl

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