



# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

## COMMISSION MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: City Manager Jorge M. Gonzalez

DATE: October 7, 2008

SUBJECT: **REPORT OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE MEETING OF AUGUST 21, 2008.**

### NEW BUSINESS

#### 1. Police/Fire "Me Too" Clause

### ACTION

**Motion made by Commissioner Weithorn and seconded by Commissioner Tobin to give the FOP an increase to the number of Police employees receiving the Special Event Voluntary Response Team (SEVRT) Pay, and an increase to the Quality of Life pay, under the understanding that a memorandum of understanding (MOU) from both the FOP and IAFF would be required to ensure that there will be no other "Me Too" clauses; and that these items will not be reopened during the current contract; and that the pending Grievance filed by the FOP be dropped.**

Manager Jorge Gonzalez presented the item regarding the Fraternal Order of Police (FOP) "Me Too" items with the International Association of Fire Fighters (IAFF) by stating that the issue at hand is if the City should consider the "Me Too" request from the FOP regarding their interpretation of parallel issues with the IAFF.

The Manager then stated that the FOP outlined the following issues to the Administration which they considered to be "Me Too" or parallel issues with the IAFF:

1. **OUT OF CLASS PAY** – The IAFF, effective with the October 1, 2007 contract, received a \$1.00 increase in their out of class pay. The FOP did not receive such an increase in their contract and therefore the FOP stated that the Out of Class Pay was a parallel issue and that the FOP should be afforded the same increase. The City agreed that this was a parallel issue and the same Out of Class Pay (increased from one dollar (\$1.00) per hour to two dollars (\$2.00) per hour) was afforded to the FOP members effective October 1, 2007.

2. CHANGES TO THE BASE PAY FOR THE IAFF – The current IAFF contract provides base pay plan parity for sworn Firefighters with the City's sworn Police Officers. The IAFF contract created equivalent base pay plans for Firefighter I's and Police Officers; Firefighter II's and Police Sergeants; and Fire Lieutenants and Police Lieutenants. This base plan parity positively impacted about 59 Firefighters who received a salary adjustment on October 1, 2006 as a result of the new IAFF contract going into effect.

The FOP stated that this "parity with the pay plan" is a parallel issue and that the FOP should be afforded the same type of increase somewhere in their contract.

The option discussed between the Administration and the FOP is that given the approximately fifty-nine (59) IAFF employees receiving increases due to the change in the IAFF base wage, a way that the FOP "Me Too" could be offset would be to further increase the number of officers receiving SEVRT pay. As such, the FOP requested that an additional nine (9) officers receive SEVRT pay, changing the number of police officers receiving the pay from forty-three (43) to fifty-two (52) plus the six (6) sergeants, and one (1) Lieutenant for a total of fifty-nine (59) Police employees receiving the SEVRT pay.

3. CHANGES TO THE IAFF PARAMEDIC / EMT PAY – The current IAFF contract provides an increase of .75% for Paramedic/EMT Pay (from 8.5% to 9.25%) effective September 30, 2009. This pay is provided to all employees in the Fire Department who hold paramedic or EMT certifications.

The FOP stated that this increase in Paramedic/EMT pay is a parallel issue and that the FOP should be afforded the same type of increase somewhere in their contract. The options discussed between the Administration and the FOP are:

- Elimination of Take Home Car Stipend
- Providing a .75% Increase to Members of the FOP
- Increase to the FOP Quality of Life Pay – From \$28.80 to \$43.20 per pay period effective September 30, 2008 and from \$43.20 to \$57.60 per pay period effective September 30, 2009.

Mayor Herrera Bower requested clarification as to what the Quality of Life Pay is for. Manager Gonzalez indicated that Police Officers go through Quality of Life Training and then receive a \$28.80 stipend every pay period in addition to regular wages.

Commissioner Libbin inquired as to how the training translates to services. Assistant Chief of Police Martinez stated that the program consists of 24 hours of training that addresses quality of life issues other than crime, such as homelessness, graffiti, sanitation, and how to deal with those issues.

Commissioner Libbin then noted that there should be a process in place to report quality of life issues, such as graffiti on lifeguard stations. Police Officer and FOP President Robert Jenkins stated that there is a system in place where the situation is reported to the corresponding department for corrective action.

Mayor Herrera Bower noted that the City is in a tight budget and that the Committee needs to decide how much to give and when to stop.

Commissioner Tobin asked if there is a provision in negotiations that state the following: that if the IAFF requests an incentive representing that it's a "Me Too" and the FOP challenges it, and turns out to not be a "Me Too", the negotiated incentive would be lost; and a challenge period. The Manager stated that there is not such provision in place, and that it can be added to the next contract.

Commissioner Weithorn suggested that a motion be moved to give the FOP an increase to the number of Police employees receiving the Special Event Voluntary Response Team (SEVRT) Pay, as well as an increase to the Quality of Life pay.

Commissioner Tobin stated that he would not agree to anything unless Fire and Police agree and ratify that this represents the totality of what they believe to be "Me Too" issues and that the item will not be reopened during the current contract.

The Manager suggested that pending arbitration with the FOP be dropped as part of motion. All commissioners voted in favor of the inclusion of the Manager's suggestion as part of the motion.

As a result, effective October 1, 2008, a total of fifty nine (59) police employees will receive the SEVRT pay. Also, effective September 30, 2008 the Quality of Life pay for those eligible Police Officers will increase by \$14.40 per pay period and effective September 30, 2009, the Quality of Life pay will increase by and additional \$14.40 per pay period. At the end of the current FOP contract, eligible FOP employees will be receiving approximately \$1,500 per year in Quality of Life pay.

- 2. A Resolution of the Chairperson and Members of the Miami Beach Redevelopment Agency, Florida Authorizing the Chairperson and Secretary to Execute a New Retail Lease Agreement with Liquor Lounge Café, Inc. for Suite A in the Anchor Shops Located at 1550 Collins Ave., Miami Beach Florida 33139. Determine Market Rate per Square Foot and Include a Pass Through Rate Over Base Year and an Annual Increase.**

## **ACTION**

**Motion made by Commissioner Tobin and seconded by Chairman Gross to extend the lease agreement with Liquor Lounge Café, Inc. for 12 years,**

**(remaining 2 years, plus 10 additional years) and make the new rate effective as of January 1<sup>st</sup>, 2010.**

Assistant City Manager Tim Hemstreet presented the item regarding a renewal lease for the property located at 1550 Collins Avenue. He stated that this item was first presented to the Committee on April 21<sup>st</sup>, 2008 and that direction given was to come back with an analysis of market rents in the area, including annual increases, and for staff to renegotiate the previously proposed lease as a triple net lease.

Mr. Hemstreet indicated that the current lease has been in place since December 2000; that the lease expires in 2010; and that the current lessee and business owner, Tim Wilcox, is requesting to extend the lease for an additional 10 years in order to secure financing to improve the premises and would like to secure a lease extension to amortize his investment.

Mr. Hemstreet then went on to state that the fair market rent appraisal, conducted by Integra Realty Resources, indicates that the minimum rent per square foot is \$50.00 or \$112,500 (2,250 square feet x 50.00/SF = \$112,000) annually and that the lessee is comfortable with the renegotiated terms of the proposed lease.

The terms of the proposed lease, which are reflective of the Consultant's recommendations as well as the direction of the Committee, are as follows:

Initial Lease Term:	Ten (10) years.
Renewal Options:	Two (2) options @ (5) years each, subject to Landlord's sole and absolute discretion.
Base Rent:	The minimum of \$50.00/sq.ft: \$9,375 per month; \$112,500 per year; or 5% of Gross Income, whichever is greater.
Annual Rent Increase:	The lesser of CPI or 3%.

Commissioner Tobin asked Mr. Wilcox if he was comfortable with the new rent rate. Mr. Wilcox responded by stating that he agreed with the new rent rate. Mr. Hemstreet then added that renewal options, if any, would be at the sole discretion of the City.

Mayor Matti Herrera Bower inquired as to what would happen if the lessee does not make the proposed improvements to the property. Manager Gonzalez explained that a provision could be added to the agreement stating that the renewal is subject to the proposed improvements.

Discussion ensued regarding the effective date of the new rent rate.

Chairman Saul Gross moved the motion to extend the lease agreement for an additional 12 years, keeping the current rent rate in 2009, and making the new rate effective as of January 1, 2010.

**3. Discussion Regarding the Authorization of a SHIP Program Agreement between the City and MBCDC to Provide \$836,209 Pursuant to the Notice of Funding Availability for FY 2006/07.**

**ACTION**

**Provide a Letter to Commission regarding percentage of funding allocated to actual program activities versus administrative costs. Motion made by Commissioner Weithorn and seconded by Chairman Gross authorizing a SHIP Program Agreement between the City and MBCDC and to take the item to the full Commission for approval in September.**

Assistant City Manager, Hilda Fernandez, presented the item regarding the authorization of a SHIP Program Agreement between the City and MBCDC. Ms. Fernandez stated that this item was referred to the F&CWP Committee at the July 16, 2008 Commission Meeting.

As background, she explained that the City issued a Notice of Funding Availability (NOFA) on September 27, 2007 for State Housing Initiatives Partnership (SHIP) program funds for Fiscal Year 2006/2007 and that only one timely proposal was received from the Miami Beach Community Development Corporation (MBCDC) and it has been recommended for funding. She then stated that MBCDC proposed to utilize the available funding (\$836,209) for housing counseling, purchase and/or rehabilitation assistance, and for rental development, and added that the funds will provide rehabilitation, down payment assistance and closing costs assistance to homeowners in the community, and will also provide funding for the rehabilitation of 5 units at Villa Maria.

She then noted that the program is administered by the City, as a pass-through to MBCDC, the City is monitored by the State, and in turn the City monitors MBCDC to ensure that eligible participants are selected to receive funds from the SHIP program. The funding consists of an annual allocation, program income, and recaptured funds, and that the City is allowed to keep up to 10% for administrative costs.

Commissioner Tobin inquired as to how much is owed to the City in terms of recaptured funds. Ms. Fernandez stated that the funds are recaptured by the City when a loan is paid off or when the property is sold or transferred, and that there are restrictive covenants that must be released by the City in order for the property owner to sell the property.

Commissioner Tobin then asked how much of the funding is allocated to housing counseling versus administrative costs. MBCDC President and CEO, Roberto Datorre, responded by stating that all the funding allocated to administrative costs come from CDBG. Commissioner Tobin then requested additional information outlining the percentage of funding allocated to actual program activities versus administrative costs.

Commissioner Deede Wheithorn moved the motion, which was seconded by Chairman Gross, to authorize a SHIP Program Agreement between the City and MBCDC and to take the item to full Commission for final approval in September.

#### **4. Discussion of Fiscal Year 2007/08 Water Consumption and Fiscal Year 2008/09 Water and Sewer Rates.**

##### **ACTION**

**Circulate a Letter to Commission regarding the stepping of the bond issuance for Water & Sewer so that rates are not increased all at once and come back to Committee in September with the proposed rate increments and also provide and cash flow model.**

City Manager Jorge Gonzalez presented the item regarding Fiscal Year 2007/08 Water Consumption and Fiscal Year 2008/09 Water and Sewer Rates. He stated that there are two components to this item, one being the wholesale rate paid to Miami Dade County, and in turn, the rate charged to retail customers that need to be adjusted upward by \$0.3649, and second, the need for future City revenue bonds requirements to finance the City's aged water and sewer infrastructure, the majority of which has been in place for over 40 years.

Public Works Director Fred Beckmann stated that the additional water and sewer funding needs are \$50.3 million.

He then stated that Camp Dresser McKee (CDM) consultants were hired to produce an updated hydraulic modeling of the City's water system and based upon the Consultant's study, water main sections located in areas where soil conditions were considered corrosive were further investigated. To that end, Public Works staff cut actual sections of pipe to visually examine levels of possible tuberculation, a condition that reduces the pipe's carrying capacity, causes loss of pressure, and can impact water quality. Mr. Beckmann then presented pictures depicting the condition of water pipes at different locations.

Mayor Herrera Bower noted that she is very surprised to see how clean some pipes are. Mr. Beckmann stated that it has to do with the way newer pipes are installed.

Chairman Gross inquired as to the rate increases for citizens. The Manager stated that based on analysis, a series of 3 tiers in rate increases were identified and that Administration recommends the adoption of tier 3. At this tier the estimated impact, of the combined water and sewer increases to cover the County increase and to cover future bond debt to the average customer consuming approximately 11,000 gallons per month, would be \$32.45 per month.

Regarding bond issuance, Chief Financial Officer Patricia Walker presented information regarding the requirements for additional bonds. This information covered debt service coverage requirements which must be met for two conditions. One condition is the additional bonds test, which requires that net

revenues available for debt service must be not less than 110 percent of the maximum annual debt service of the outstanding plus prospective debt to be issued, for at least 12 months prior to the issuance of additional bonds. The other condition, which must be fulfilled annually, is the rate covenant. In addition to meeting the two debt service coverage conditions, annual revenues must be sufficient to meet other revenue requirements without resulting in cash flow deficit.

Chairman Gross inquired as to stepping the rate increases. Ms. Walker stated that rate increases could be stepped according to the money needed and that if the increase is not needed, then the increase would not be enacted. She then stated that the rates need to be increased enough to cover the cost of the lines of credit as well as any draws made against them, which will be taxable and for that reason more costly.

Chairman Gross then asked about the timing to have the rate resolution in place to increase the rates. Mr. Beckmann suggested that a special meeting may be needed because of the two readings of the ordinance. Chairman Gross indicated that the analysis of the layered approach could be presented to the Committee at the September 16, 2008 meeting.

Commissioner Tobin inquired about flooding problems in Sunset Island I & II. Discussion ensued about flooding issues. Chairman Gross noted that whether the project is high priority or not, it needs to be corrected.

Commissioner Weithorn inquired about stormwater rates. Mr. Beckmann stated that the hydraulic modeling has not been concluded and that based on the City's stormwater consultant analysis, the Administration's recommendation is to increase the stormwater rate to cover the unfunded requirement of \$94,650,000 to a maximum of \$7.25 per month for the average residential unit.

Ms. Walker then noted that based on the information presented, it is in the City's best interest that the rate increases in water & sewer and stormwater, be in place by October 2008.

Chairman Gross reiterated that he needs to see the cash flow model before making a determination because the rates proposed are not proportionate to the amount of funding required when water and sewer is compared to stormwater. Ms. Walker explained that there are more operational costs involved with water & sewer, especially in terms of customer service.

Commissioner Weithorn stated that stormwater is more profitable than water and sewer and agreed with the proposed increase.

Chairman Gross then directed the Administration to circulate a Letter to Commission regarding the stepping of rate increases and to present these findings at the Finance & Citywide Projects Committee Meeting of September 16, 2008.

## **5. Discussion of Fiscal Year 2008/09 Stormwater Rates**

### **ACTION**

**The increase of \$7.25 per month in Tier #1 was approved seeing that the number is lower than the proposed increase for water and sewer.**

For discussion details, refer to item #4.

## **6. Discussion of an Amendment to Chapter 90 of the City Code Relative to Franchise Renewal and Recycling.**

### **ACTION**

**Issue an RFQ to add a fifth provider and negotiate with the current four providers for value added benefits; revise ordinance to change initial agreement term and renewal terms to 3 years instead of 7 and 5 respectively; and continue on a month-to-month basis until the 5<sup>th</sup> provider is selected.**

City Manager Jorge Gonzalez presented the item regarding an Amendment to Chapter 90 of the City Code relative to franchise renewal and recycling. The Manager stated that this item is a follow-up to the alternative proposed in the Sanitation Division as part of the Budget Process presented to the Committee on July 8, 2008.

The Manager then stated that the City has a franchise agreement that dates back many years and that initially there were five (5) providers which, over the years, became four (4). When the number went down to four, in exchange for not adding the fifth one back, the current then existing four haulers offered in-kind services in the nature of hauling and recycling in City facilities. The current agreements are due to expire on September 30, 2008 and the providers have offered to provide six days of litter can collection service Citywide, which would yield approximately \$595,000 in savings, in exchange for a three (3) year renewal of the existing contract.

Commissioner Tobin inquired as to how the savings figure was calculated. The Manager responded by stating that the number represents the cost incurred by the City to provide litter can collection six days per week. Commissioner Tobin then inquired as to what City employees will do when the providers take over the tasks carried out by City crews. Sanitation Director, Al Zamora replied by stating that the affected employees would be reassigned to other areas and their titles changed from Waste Collectors to Municipal Service Worker II so that pay would not be affected.

The Manager then stated that given the situation, the following options are presented for consideration:

1. Extend the Franchise Agreement to the existing four (4) Franchisees for



a period of three (3) years in exchange for in-kind services to collect and dispose of the waste on Citywide litter cans (6) days a week. The three year renewal period would be a change in the current ordinance, which provides for a 5 year renewal period. The Administration is suggesting that five years is too long a period for renewal.

2. Add another Franchisee for a total of five (5) Franchisees. The selection is to be made using the same criteria that was used to select the other (4) Franchisees.

Commissioner Tobin inquired as to what areas are going to be serviced by the providers six days a week. The Manager stated that every area with the exception of the Entertainment District.

Mayor Herrera Bower stated that the providers should provide the 7<sup>th</sup> day of service.

Commissioner Weithorn suggested that trash pickup on the seventh day should be included as part of the RFQ to be issued.

Chairman Gross inquired about Recycling. Assistant City Manager, Robert Middaugh stated that the Ad Hoc Green Committee expressed interest in expanding recycling to multi-family residences and added that at the present time, recycling is required by Miami-Dade County in all residences in the City of Miami Beach, inclusive of single and multi-family residences. He also stated that while there is a requirement that multi-family units exceeding four units participate in the recycling activities, there is no program that is offered by the City.

He then stated that the following system is suggested for the City's multiple family dwelling units and that it requires an amendment to the Franchise Agreement:

Each franchise holder must offer to each of their commercial customers an opportunity and a program to undertake recycling. As every multi-family building in the community must have solid waste services provided by one of the City's franchise holders, this will assure that every building in the community is at least offered the opportunity to have recycling service by a qualified vendor.

Multi-family buildings will be able to determine if the offer is acceptable and appropriate and they may choose to decline.

If an offer of recycling by one of the licensed franchise holders is declined, a multi-family dwelling would then have both the ability and the responsibility to find another qualified and licensed recycling collector to provide service to be in compliance with the County recycling requirement.

One of the Ordinance requirements for all the franchise holders, and a

very important component of the program, is that each offer made by a franchise holder to provide recycling services be combined with an appropriate offer to reduce both the volume and the cost of solid waste disposal for that specific multi-family residential building. In such a way that the multi-family residential building should be able to decrease solid waste disposal costs that will either neutralize or minimize any potential cost increase associated with the provision of recycling services.

A further condition that would be added to the City's Franchise Ordinance is that any existing contracts between franchise waste haulers and multi-family residential buildings be modified over a period of the subsequent six months, to comply with the recycling offer provision.

Mr. Middaugh then stated that an RFQ for recycling in residential, multi-family, and beach areas was issued in the past and that no responses were received. He noted that vendors indicated that they were not excited about providing the service because they needed specialized equipment and containers.

Waste Management representative, Jason Neal, stated that they have a fully operational single stream recycling plant and already provide recycling service in Miami Beach. He then added that arrangements could be made where the City would provide the containers and in turn, as an in-kind service, Waste Management would provide the servicing of the containers.

Michael Pizzi, General Counsel for Choice Environmental Services, stated that the company's specialty is recycling, and that they are also currently providing recycling service in the City of Miami Beach, and would like the opportunity to be the 5<sup>th</sup> provider.

Commissioner Tobin suggested that a fifth provider be added by way of RFQ, and that the Manager negotiate for value added benefits with the current four providers, and to continue on a month-to-month basis until the 5<sup>th</sup> provided is selected.

Chairman Gross directed the Manager to get the full recycling list from the Ad Hoc Green Committee.

Mr. Middaugh suggested that a change to the current ordinance be made regarding both the initial and renewal terms of the contract. City Attorney Raul Aguila stated that the current ordinance calls for 7 years initial term, and up to a 5 year renewals. The Committee agreed that the initial and renewal terms should be changed to 3 years each.

It was the Committee's consensus to issue an RFQ to add a fifth provider and negotiate with the current four providers for value added benefits; to revise the ordinance to change the initial agreement term and renewal terms to 3 years instead of 7 and 5 respectively; and to go month-to-month in the mean time.

## **7. Discussion Regarding a Development Agreement between the City of Miami Beach and Berkowitz Development Group, Inc.**

### **ACTION**

**City Manager Jorge Gonzalez to provide an analysis on all bids presented, after meeting with William Goldsmith, to be able to include and compare his proposal with that of the other contractors. No action was taken or required by the Committee at this time.**

City Manager Jorge Gonzalez presented the item regarding the discussion of a development agreement between the City and Berkowitz Development Group, Inc., for the construction of public right-of-way infrastructure improvements, including curb, gutter, sidewalks and drainage, on Lenox Avenue and on Sixth Street.

By way of background, the Manager stated that as part of the development agreement with Berkowitz for the construction of a retail center on Fifth Street and Alton Road, the City also wanted to enter into a second development agreement with Berkowitz, which contemplated the public areas in connection with the retail center project. That would allow the City to take advantage of better pricing, and to make sure that projects coincide so there is no tearing of streets at more than one time.

The Manager then stated that Jeff Berkowitz, from Berkowitz Developer Group, Inc., was asked to provide a contractor's estimate based on a set of engineering plans provided at the expense of Berkowitz Development Group, Inc. The cost estimate came back with a cost estimate from Suffolk, the developer's contractor, of \$1,826,676. In addition, two other estimates were obtained, one from Bosch of \$1,649,250, and from H.A. Contracting of \$1,639,239, which is a contractor from the Job Order Contract (JOC) List.

In addition, the City has requested a former member of the Capital Improvement Projects Oversight Committee, Mr. William Goldsmith, to review the engineering documents and to provide a cost estimate of what he thought the project would cost. Mr. Goldsmith indicated to the Manager that the project can be contracted for significantly less than either of the proposals or estimates received by the City and advised that he will present his findings to the City Commission at the September 10, 2008 meeting.

Mr. Berkowitz stated that, regardless of contractor, his only interest is to make sure that the project is done on time so that businesses at the retail center open on the target date of June 2009.

Chairman Gross thanked Mr. Berkowitz for his input and inquired as to what action is needed from the Committee.

Manager Gonzalez indicated that the Committee needs to decide if Mr. Goldsmith's proposal will be included for consideration.

Mayor Herrera Bower inquired as to the legality of including Mr. Goldsmith in the bidding process.

Commissioner Ed Tobin noted that Mr. Goldsmith has volunteered to oversee and supervise CIP projects at no cost to the City.

The Manager responded to the Mayor's question by stating that if the will of the Commission is to hire the vendor that Mr. Goldsmith has identified, the options are to extend an invitation to bid and have contractors competitively bid, or waive competitive bidding and hire the vendor directly.

The Manager then stated that he will arrange a meeting with Mr. Goldsmith to discuss how his bid was obtained and to compare his proposal to that of the other contractors'. The Manager also stated that he would have an engineer confirm that the bid is in fact comparable to that of the other contractors to be able to provide an analysis before the Commission meeting of September 10, 2008.

Mr. Berkowitz asked that the Commission makes a decision soon, considering the time required for public hearings and the two month recording period with the State, and that he would be able to stay in the bid process only if the development agreement hearing process is concluded by October 2008.

Chairman Gross concluded the discussion by stating that there is no action required from the Committee at the moment.

## **8. Discussion Regarding Contracted Parking Enforcement Services.**

### **ACTION**

**Motion made by Commissioner Tobin and seconded by Chairman Gross to issue an RFP for parking enforcement services; analyze the results together with the results of the Classification study and the Union's cost savings recommendations; analyze the recent hires; and work on solutions to resolve the problems between the employees and Administration.**

City Manager Jorge Gonzalez presented the discussion item by stating that the option for contracted Parking Enforcement services was briefly discussed as a budget saving measure at the Finance and Citywide Projects Committee Meeting of July 8, 2008.

The Manager noted that direction given to staff every year, during the budget process, is to identify opportunities available to reduce the City's costs. In this instance, the parking department identified an opportunity to save a significant amount of money by contracting out parking enforcement services and added that this contracting option is not necessary to balance the budget and that yet, it still represents a significant opportunity for consideration.

He then stated that it would be modeled similar to the contracted service for

concession attendants where supervisory ranks remain but a privatized employee does the day-to-day enforcement. He also stated that the City's full cost per hour actually worked by parking personnel, inclusive of all benefits, was calculated to be approximately \$32.40; and that when a function like this is outsourced, comparables across the nation show that the average cost per hour in the private market through a bid process is less than \$32.40. The Manager then noted that the yield of return is believed to be close to \$1.5 million per year should the Commission consider outsourcing.

Chairman Gross inquired as to what would happen to City employees currently employed in the Parking Enforcement Division. The Manager explained that the standard practice is to place employees in other vacant positions, possibly as code officers, and secondarily, to explore some requirement from the successful bidder to give some consideration for the potential of employment of displaced employees.

CWA Union President, Richard McKinnon went over the duties of the Parking Enforcement Officers. He stated that while parking enforcement officers are needed, some supervisors are not; therefore the City should start looking at the opportunity of removing supervisors that may not be needed.

Parking Enforcement Officer, Alexander Ott stated that the City just hired six Parking Operations Supervisors and expressed concerns that they are believed to be the ones that the City will retain to provide the first level supervision.

Parking Director, Saul Frances explained that the Parking Operations Supervisor position was created to provide a level of accountability that the City does not currently have.

Mr. McKinnon stated that their research indicates that one of the supervisors hired is under investigation for corruption and even though Human Resources Director, Ramiro Inguanzo objected to the hiring, Mr. Frances hired him. Mr. Ott went over the other candidates' applications and noted that their qualifications do not compare to that of current parking enforcement officers, and that yet they were not considered for the supervisory positions.

Mr. Frances explained that the candidates were screened to make sure that they met the minimum requirements and went through the proper hiring process.

Mr. Ott then indicated that as a money saving measure, temporary employees could be hired and that this measure would alleviate the expenses related to benefits. Mr. McKinnon then presented a cost savings plan to the Committee.

Commissioner Steinberg stated that the outsourcing is precipitated and that this issue should be addressed after the classification study results come in.

Chairman Gross inquired as to what extent privatization is driven by problems in the department. Discussion ensued about issues in the department between employees and management.

Assistant City Manager Robert Middaugh stated that the Committee asked for an analysis of other municipalities that that have contracted this type of service and that the Administration's research determined that this activity is successfully performed in other jurisdictions on the west coast, primarily in California, and on the east coast, in larger population centers.

Commissioner Tobin stated that he needs more information on privatization and the Union's cost savings plan. Chairman Gross stated that the City should explore all options available.

Commissioner Tobin moved the motion which was seconded by Chairman Gross to issue an RFP for parking enforcement services; to analyze the results together with the results of the classification study and the Union's cost savings recommendations; to analyze the recent hires; and to work on solutions to resolve the problems between employees and administration.

JMG/PDW/rs/ns