



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: June 25, 2008

SUBJECT: **REPORT OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE ON MAY 29, 2008.**

OLD BUSINESS

1. **Follow up discussion regarding an update to City Code Chapter 102 related to Local Business Tax Receipts (formally known as Occupational Licenses)**

ACTION

Continue working on simplifying and streamlining the Business Tax process. Examine other cities' processes and determine if the Certificate of Use (CU) process could be separated from the Business Tax process for simplification.

Chief Financial Officer, Patricia Walker presented the item regarding the review of City Code Chapter 102 related to Local Business Tax Receipts, formerly known as Occupational Licenses.

Ms. Walker stated that the Finance and Citywide Projects Committee had asked that the number of business tax categories be reduced and the Business Tax Working Group (BTWG) proposed 15 broad categories, which are universally used by Federal and State Governments for demographic, financial and statistical purposes. Ms. Walker stated that the BTWG and Administration used the North American Industry Classification System (NAICS) as a guide for establishing the proposed 15 business tax categories.

Ms. Walker added that the NAICS is a business industry classification developed by the governments of the United States, Canada, and Mexico as a system for the classification of business establishments.

Ms. Walker noted that one of the complications with our current process is that the Certificate of Use process (CU) is imbedded in the Business Tax process. Ms. Walker also added that the Administration will be examining the possible separation and further simplification of Business Tax and CU processes in the future. Commissioner Saul Gross agreed that simplification is the key to improving the process.

Ms. Walker explained that the BTWG is currently working with the business tax categories with a goal of maintaining the current level of revenue generated from business tax. Additionally the BTWG would like to provide the details that planning department requires for zoning review.

Commissioner Saul Gross stated that the Committee is doing a good job and reiterated his idea of keeping things simple. He then questioned if the City could do away with the Certificate of Use.

Ms. Walker answered by stating that the CU is part of the City's zoning process and that the business tax is only a fee that confers no privilege or special benefit. She also noted that other cities do not have the CU process imbedded in the business tax process; therefore, the City's challenge is the zoning piece.

Commissioner Saul Gross questioned if the CU information was only reviewed at the beginning of the business tax process. Ms. Walker responded by stating that he was correct, they would only be reviewed again if there were any changes in use. Ms Walker went on to state that a change in use happens frequently.

Commissioner Saul Gross questioned if it helped to segregate the process of CU and business tax and asked how other municipalities handle this matter.

Business Tax Manager Manny Marquez, answered by stating that the majority of municipalities separate the process between CU and business tax. He went on to state that he knows of only one municipality in Florida that processes their business tax in the same manner as the City. Most municipalities have a separate process where they issue a CU first, and then the business tax. Ms. Walker then stated that the Administration would continue to look for ways to further improve the business tax process.

Commissioner Gross directed staff to keep up the good work as the BTWG is going in the right direction.

NEW BUSINESS

- 2. Discussion regarding CWA's request to include a deferred retirement option plan (DROP) in their collective bargaining agreement.**

ACTION

Bring back to the Finance and Citywide Committee in July for further discussion and resolution after meeting with the City Administration and the CWA to come together on the assumptions being proposed for the DROP plan.

City Manager, Jorge Gonzalez presented the item regarding the CWA's request to include a deferred retirement option plan (DROP) in their collective bargaining agreement. He stated that the item is presented based on a request by the CWA to expand retirement benefits. He went on to briefly explain what the DROP entails.

A Deferred Retirement Option Plan (DROP) is an arrangement used in many public organizations under which an employee who would otherwise be entitled to retire and receive benefits under an employer's defined benefit (pension) retirement plan instead continues working. However, instead of having the continued compensation and additional years of service taken into account for purposes of the defined benefit plan formula, the employee has a sum of money credited during each year of the continued employment to a separate account under the employer's retirement plan. The account earns interest and is paid to the employee, in addition to whatever benefit the employee has acquired under the defined benefit plan based on earlier years of service.

The Manager also noted that if any consideration is to be given to the request, all employees should be included not just CWA employees. He also noted that the CWA contract was just renegotiated and that the contract expires in September 2009.

Commissioner Saul Gross inquired when the next contract negotiations were to take place. The Manager responded that it would be early next year for all 5 bargaining units.

Commissioner Saul Gross stated that it all comes down to cost and that if the cost was not high, it would be easy to offer the benefit, if the cost is high, it requires closer study. He also noted that the Administration has one set of numbers that differ from that of CWA's and that an agreement should be reached so that cost can be calculated uniformly.

Richard McKinnon went on to present the CWA's stance on the issue. He stated that while the committee is not required to entertain the proposal because there is a collective bargaining agreement in place, there is a provision that allows changes if both parties mutually agree. He then stated that the CWA would demonstrate that a DROP is mutually beneficial and that it would save the City money when the first employee enters the plan.

He then made reference to the Committee Memorandum dated May 29, 2008

Regarding the CWA'S request for a DROP plan were it states that the City estimates that the cost of maintaining the most highly paid CWA employees who are currently eligible to retire because they meet both the age and vesting criteria (approximately 69 employees) versus replacing them (for the CWA alone) could cost over \$600,000 per year based on certain reasonable assumptions for a total of approximately \$1.8 million for the three (3) year period.

He noted that the City's assumptions are not completely accurate because the City assumes that if an employee is eligible to retire he/she will do so and by offering the DROP plan, and that based on assumptions provided by their actuary, it is more likely that approximately 30% of employees will enter the DROP, not 100%.

Commissioner Gross asked to go over assumptions one at a time to be able to agree what is reasonable.

Mr. McKinnon stated that the key assumption is to determine when someone will elect to drop and to determine the reason why people would retire.

Commissioner Wolfson stated that if the DROP is implemented it will be difficult to predict when employees will retire thus making it difficult for the City to predict its financial future. He also asked to consider the morale and the fairness issue for the employees.

Discussion ensued regarding the probability and likelihood of employees retiring and entering the DROP plan.

Commissioner Wolfson stated that Management and the CWA will most likely not agree on the assumptions and asked that they both look over the items objectively.

Commissioner Steinberg suggested that Administration and CWA get together and come up with a solution to be presented to the full commission. He also suggested that they meet with Commissioner Deede Weithorn, since she has a better understanding of this matter.

Chairman Saul Gross asked for the Administration's point of view in the matter.

City Manager Jorge Gonzalez stated that the DROP does not serve the administration well from a procedural prospective because CWA voted for the current contract and six months later they want to amend the contract and add something to it. He believes this will set precedence for other unions to make similar types of requests and given the City's current financial status, it does not make sense to add a benefit to employees when the City is looking at ways to make budget reductions, not enhancements.

Commissioner Wolfson noted that when it comes to fairness in benefits, membership should not suffer because the benefit was not included in the initial contract.

Commissioner Jerry Libben also questioned the fairness aspect of the plan and asked if everyone was included, what would be the impact would be for the City.

Commissioner Gross directed the committee to bring the item back for further discussion at the July 10, 2008 meeting after the Administration and CWA have met.

3. Follow-up Discussion on the South Point Pier from October 2007.

ACTION

Motion made by Commissioner Tobin to modify the previously selected option two to include all new structure and some shade structures in the walking areas of the pier, which was seconded by Commissioner Wolfson.

CIP Director, Jorge Chartrand, introduced the item regarding the design and cost options for the renovation of the South Point Pier. He then introduced Matthew Tucker from Hargreaves and Associates, who presented a PowerPoint slide show of the project.

Mr. Tucker stated that the alternatives on design were provided in October 2007 and that now he was presenting updated pier options based on the preferred alternative #2. The basis for design was to retrofit the pier and to keep it open to the public. He then went on to note that the current structure is 35 years old and also the last remaining pier in South Beach. He also stated that the platforms have some deterioration, but that the walkways have significant deterioration and should be completely replaced before 2009.

Mr. Tucker then went on to present the two options for design, which were the Whale and the Guppy Schemes. The Whale scheme suggests movement and provides significant and dramatic landmark at the end of South Pointe Park, Government Cut and the beach. It includes a series of ramps and platforms that create a multi-level overlook that expands the visitors' oceanfront experience.

Commissioner Gross questioned as to the price of this scheme.

Mr. Tucker responded by stating that the price is \$8.5 million.

He then went on to present the Guppy Scheme, which is closely contained within the existing dimensions and boundaries of the Pier. It offers new shade, wood seating, lighting and other enhancements, while maintaining the prior opportunities for fishing and viewing of Miami Beach and Government Cut.

Commissioner Steinberg asked if the project could start as a guppy and then turned into a whale if funds become available.

Mr. Tucker responded by stating that there could be an opportunity to mix the two together.

Commissioner Saul Gross questioned the functionality of the pier given the cost.

Mr. Tucker continued his presentation of the Guppy scheme explaining that the walkway would be split into two different levels to create a slight separation between those who want to fish and those who want to walk. This would also allow people to walk along the north side.

Commissioner Steinberg inquired about the shade structure of the project. Chairman Gross stated that he did not see the need for shading while Commissioner Wolfson stated that shading might be functional.

City of Miami Beach resident, Emily Rosenstein expressed her concerns about not having a pier and questioned the difference in soundness between the two schemes. She noted that the Guppy scheme is not cost effective because it would have to be renovated again in 7-10 years. She then questioned if the whale structure without the circular ramps would be more cost effective and have a longer useful life.

Commissioner Gross questioned the cost to build a new pier, similar to Guppy but all new construction to extend the useful life of the pier.

Ms. Rosenstein stated that there are ways to generate revenue at the pier such as they do in Dania. She stated that this could help offset some of the costs to build a new Pier.

City of Miami Beach resident, Gabrielle Redfern expressed her concern with the amount of money that went into the design of these options when alternative #2 was already chosen.

CIP Director, Jorge Chartrand stated that there was no cost incurred in these designs because it was already included in the scope of the work.

Discussion ensued regarding what parts of the pier could be repaired or should be replaced with new construction.

Commissioner Tobin asked for clarification on the difference between the Guppy and alternative #2.

Mr. Tucker responded by stating that the primary differences are lighting, shade structures, seating, and walkways.

Commissioner Tobin made the motion to modify the previously selected option two to include all new structure and some shade structures in the walking areas of the pier also make the pier as wide as possible, which was seconded by Commissioner Wolfson.

4. Discussion on storm water drainage in non-priority basins.

Action

Motion made by Commissioner Wolfson to move ahead with phase I of the Orchard Park Drainage Study, seconded by Commissioner Tobin. Direction was given on Star Island to produce a design that includes grading to the median and adding a structure for drainage.

CIP Director, Jorge Chartrand presented the item regarding the drainage issue in Orchard Park. He then explained that as a result of the drainage issue that was reported, a drainage study of the Orchard park area was initiated and various alternatives were provided ranging from \$780,000 to \$8,600,000. The conclusion was that the alternative priced at \$780,000 was the preferred solution, which approaches the problem in a localized manner, connecting to and upsizing the outfall in Muss Park. This solution would also allow for further expansion should the drainage issue return.

Pictures were used to illustrate the problem.

Chairman Saul Gross questioned as to how the project would be funded and asked if the flooding was within the priority basin.

Commissioner Tobin expressed concerns about the approach used with the Sunset Island I & II projects and questioned if there is a better financial approach for Orchard Park.

City Manager Jorge Gonzalez stated that the engineer and contractors provided variations in solutions and the different levels of service each would achieve. The goal is to approach the project incrementally, start out with the lowest priced option and increase based on outcomes.

Commissioner Gross suggested working on step one and if it does not meet the drainage needs, then move on to step two.

Public Works Director Fred Beckmann stated that if the chosen alternative does not work, the option would then be to add a pump station and two injection wells.

Commissioner Gross made the motion to go ahead and approve phase 1 of the Orchard Park drainage project, which was seconded by Commissioner Wolfson.

Mr. Beckmann then moved on to present the Hot Spots, which refer to areas where City Staff has observed or residents have complained about excessive flooding that impacts private properties. The four areas are listed as below:

- a) Prairie Avenue from Dade Boulevard to West 23 Street: construction is underway to take care of the flooding problems in this area.
- b) The second location on 44th Street in the Orchard Park neighborhood is currently being evaluated as to the different options which could resolve the flooding problem as previously discussed.
- c) The third severe flooding area is located on North Bay, north of 56th Street. This area has yet to be evaluated by City staff as to the potential engineering solutions.
- d) Collins Avenue and 8th Street. We believe the flooding in this location has been resolved, City crews have found a plug in one of the pipes that may have been placed by the stormwater well contractor. If the flooding problem persists, it will be necessary to install another drainage well along the alley adjacent to the corner property.

He then went on to state that in addition to these, there are the nuisance areas that were represented by the pictures presented and that those areas could be addressed with spot treatments which are less costly.

Commissioner Tobin expressed that the pictures presented were not representative of the problem.

Fred Beckmann then went on to discuss the drainage problem in Star Island. He explained that the first option would add inlets with drainage piping at low points adjacent to the street. These improvements would be connected to the existing storm water system draining into the existing outfall. He also noted that most residents would prefer an option that involves sloping the entire street toward the median and leaving swale areas and encroachments undisturbed. This would require rebuilding the profile of the street and changing the slope to the median. The median would also have to be restructured to detain/retain more storm water. This option would require the allocation of \$500,000 to \$600,000 in additional funding, including soft costs.

Commissioner Gross questioned if the road could be re-crowned so that drainage is directed to the center median instead of the swales.

CIP Director Jorge Chartrand stated that they would go back to the consultant and work on a design to grade the median and add a structure for drainage. He noted that the plan was a feasible solution because medians are wide in Star Island and the encroachments would not have to be removed. He then stated that a solution acceptable for the citizens and viable for the City would be presented after review with the consultants.

5. Discussion of Resolution regarding bike lanes on Nautilus Right-of-Way.

ACTION

Committee gave direction to narrow the lane of traffic and create a one way bike lane on 28th Street and to not widen any other roads without Commission direction. The Committee also directed to continue working on lanes that do not require any widening of roads.

CIP Director Jorge Chartrand presented the item regarding the progress on bike lanes. He mentioned that the Commission had directed him to come back with recommendations to reduce the cost for the Nautilus project and to identify which other neighborhoods needed expansion of pavement.

Mr. Chartrand explained that bike lanes on Nautilus Right-of-Way have been mostly completed or committed which includes the purchase of signage and the expansion of pavement.

Commissioner Wolfson stated that there are many upset neighbors because of the removal of grass and paving of areas for bike lanes. He also expressed interest in knowing what the fiscal impact would be to reverse the process. Commissioner Tobin also expressed interest in obtaining an estimate to remove the pavement and put the grass back.

City Manager Jorge Gonzalez indicated that an estimate could be produced and brought back to the Committee.

Commissioner Wolfson stated that a considerable amount of money has been spent to complete the project and going back would be a waste of money.

Jorge Chartrand then went on to present the North Beach, Middle Beach, and South Beach projects and noted that at this time, only the bicycle lanes on 28th Street require widening the road without reclaiming swales.

Commissioner Gross indicated that traffic should be studied to determine if it's sufficient to warrant widening of the road for 28th and 34th Streets and what the traffic consequence would be if the road is widened and a single bike lane be installed.

City Engineer Fernando Vazquez explained that there is proof that extending pavement to add a bike lane on 28th Street will produce a traffic calming effect. He also noted that if the car lane is narrowed, the traffic calming effect would be optimal.

Discussion ensued by the Committee and Commissioners to narrow a car lane and create a one way bike lane on 28th Street, and to not widen any other roads without Commission direction, and to continue working on lanes that do not require widening of roads.