



# MIAMIBEACH

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

## COMMITTEE MEMORANDUM

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

FROM: City Manager Jorge M. Gonzalez 

DATE: September 9, 2009

SUBJECT: **REPORT OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE MEETING OF JULY 21, 2009.**

### OLD BUSINESS

#### 1. Status update on Business Tax Process Improvement.

### ACTION

#### Status Update

Budget & Performance Improvement Director Kathie Brooks presented the item and gave a brief history of the item.

The Administration is recommending the following:

- Modify City Code to reflect current practices and to eliminate Certificate of Use (CU) inspections where not necessary:
  - Modify code requirements to eliminate Building Department annual CU renewal inspections
  - Modify code to eliminate the need for Building Department inspections when there is not a change in use, and only a change in owner; with the exception of restaurants and bars.
  - Modify code requirement for Fire inspections pursuant to Section 50-5(c) and City Code Section 14-66 (3) for new applications related to change of ownership but no change in use – to clarify City's internal process that no new inspection is required as long as there is no change in use:
    - ✓ Limited to within six months from last valid CU. May require self-certification by business that there is no change in intended use from the use in the City's records. Need to develop mechanism that allows departments to confirm change of ownership/no change in use.
    - ✓ Applies to all businesses except for food, beverage or entertainment establishments - restaurants, bars, and nightclubs – use specific occupational license codes
    - ✓ Discrepancies in information identified by the departments may require a new CU to be issued
  - Evaluate code for possible changes to authorize current practice of background checks for fortune tellers (not conducted by the State, but not

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- required by City Code), gun dealers and pawn brokers
  - Note: Pedi cab driver background check is already required by City Code
  - Clarify interpretation of City Code regulations to ensure that certificate of occupancy or completion will automatically result in a waiver of Building Department inspections for CU for a period of six months from the date of a certificate of occupancy/certificate of completion
  - Clarify interpretation of City Code Chapters 14-66 and 118-2 that the City can hold CU for non-payment of City fees
- Improve relationship between CU and BTR Process
  - Short term – Use the existing Permits Plus software to monitor and track process for Certificate of Use, automatically schedule CU inspections, and inquiries to web site. The Building department will be responsible for interface between Eden and Permits Plus
  - Mid term- Finance and Building will coordinate for the call center to handle BTR /CU calls after call center pilot program is complete (anticipated for summer 2009)
  - Long term – pursue integrated system/automated interface with ability for customer to submit and track applications on-line
- Create a Business Liaison function to be assumed in the Building Department using existing resources
- Revise CU categories to more accurately reflect Planning/Zoning requirements
- Increase CU Fees
  - Preliminary analysis reflects current revenues are significantly less than costs
  - Incorporate comprehensive review as part of Building Development Fees Study
- Implement streamlining improvements including increased use of automation

Chairman Saul Gross asked why both the business tax receipt and certificate of use are needed and if the business tax receipt could be eliminated because the certificate of use does the same thing. Ms. Brooks stated that the cost of issuing a certificate of use is not covered by the current fees however the fee for a certificate of use can only be raised for the amount of the cost to perform the work and would not cover the loss of revenue from eliminating the business tax receipt. Chairman Gross asked what the costs to the City are besides the cost of inspection. Ms. Brooks stated that renewal costs are primarily related to code inspection; however that the Maximus study presented the preliminary findings which confirmed that CU fees for initial application were not covering the cost of service being delivered.

Chairman Gross asked if the status of a license is available for viewing online. Ms. Brooks stated the status of the CU will be online.

In addition, it is recommended that renewal notices be mailed based on current fees and the fees for new applications be implemented on October 1, 2009.

Chief Financial Officer Patricia Walker stated that it is also recommended that a provision be put in place for the amount of time that an application can be in process.

Upon refinement, the Administration will present the proposed application fees to the Finance Committee for their review, input, and direction.

2. Discussion regarding the approval to issue a Request for Proposal (RFP) for Parking Enforcement Services for the City parking systems.

### **ACTION**

***The Committee recommended deferring the evaluation of the issuance of a Request for Proposal (RFP) for contracted parking enforcement services until the July 2010 Finance and Citywide Projects meeting.***

City Manager Jorge Gonzalez presented the item.

Chairman Saul Gross asked for the finding of the Condrey Classification and Compensation Study for the parking enforcement employees. Ramiro Inguanzo, Director of Human Resources, stated that the savings to the City for fully compensated parking enforcement employees would total approximately \$90,000 over three years if their salary were reduced to the maximum of "Plan B" of the Condrey Study.

City Manager Jorge Gonzalez stated that there is an estimated savings of \$1.57 million in the first year for contracting of parking enforcement services.

Chairman Gross stated that since the FY 2009/10 budget has been balanced, the Committee should consider looking at contracting this service next year.

The Committee recommended deferring the evaluation of the issuance of a Request for Proposal (RFP) for contracted parking enforcement services until the July 2010 Finance and Citywide Projects meeting.

### **NEW BUSINESS**

3. Discussion of employee suggestions for budget cuts.

### **ACTION**

***The Committee recommended the following:***

- ***The Administration include the IT department for consideration of a performance review/internal audit at the Neighborhoods Committee meeting***
- ***The City website create a page for Budget items which include handouts from the budget meetings and allow for public comment/suggestions.***
- ***The \$0.50 parking meter rate increase for mid and north beach be included in the FY 2009/10 Proposed Operating Budget***

City Manager Jorge Gonzalez presented the item.

City Manager Jorge Gonzalez stated that the first eight (8) suggestions were pension related and would be pursued if savings are found.

Items nine (9) through seventeen (17) were related to take home vehicles. Commissioner Victor Diaz asked what is the cost to the City for take home vehicles, and how many are they. City Manager Jorge Gonzalez stated that all of the analysis has not

been completed, but through the budget process non-police take home vehicles has been looked at. He also stated that a number of non-police take home vehicles have been reduced by ten (10) and the remaining vehicles, approximately thirty (30) primarily for the Fire and Public Works Departments, would be reviewed for appropriateness. Chairman Saul Gross asked if department heads had take home vehicles. City Manager Jorge Gonzalez stated that most do not have take home vehicles but a vehicle allowance instead which is based on level and frequency of use. Commissioner Diaz asked for a total cost to the City for take home vehicles for Police and Fire Departments and the number of policemen and firemen who have take home vehicles and live in the City, outside the City but in the County, and outside the County. . City Manager Jorge Gonzalez stated that staff is looking into moving employees from assigned vehicle to pooled vehicle or from a take home vehicle to an assigned vehicle.

Chairman Gross asked about the suggestion of creating a retirement incentive package. City Manager Jorge Gonzalez stated that this suggestion would not provide savings to the City until there was pension reform. Commissioner Diaz asked if increased pension contributions could be pro-rated so that highly compensated employees would increase their contribution more than lower compensated employees. City Manager Jorge Gonzalez stated that historically the City has tried to treat all employees equally, in giving or taking. Commissioners Jerry Libbin and Diaz asked if the City could, legally, if the Commission should decide, raise the pension contribution more for higher compensated employees and less for less highly compensated employees. Discussion ensued.

Commissioner Libbin referred to suggestion twenty-three (23) and asked for clarification on what executive leave days are. City Manager Jorge Gonzalez stated that this may be referring to administrative time which may be given to unclassified employees who do not get paid overtime to take paid time off that is not drawn against personal time. Commissioner Diaz asked for the total amount of accrued liability being carried for leave time, and the rate at which it is increasing for the last two (2) years in a Letter to Commission (LTC). Commissioner Ed Tobin asked staff to provide the number of administrative leave days given last year. Commissioner Deede Weithorn asked for the amount of leave granted to executives. City Manager Jorge Gonzalez stated that they receive ninety-six (96) hours of vacation time, which is 10 days, and ninety-six (96) hours of sick time. Chairman Gross asked how much leave time is allowed to be accrued. City Manager Jorge Gonzalez stated that it is limited to approximately 480 hours per year, and any in excess must be used or is lost.

Discussion moved to suggestion number thirty-eight (38), charging employees a parking fee to raise revenue. City Manager Jorge Gonzalez stated that if a parking fee was charged, the revenue would go to the Enterprise Fund not the General Fund and would not help the General Fund Budget. Conversation ensued.

Chairman Gross asked if there were methods of reducing overtime. City Manager Jorge Gonzalez stated that there was but some required collective bargaining. Commissioner Tobin asked if there was a limit to the amount of overtime allowed. City Manager Jorge Gonzalez stated that there was no limit for the amount of overtime earned but there is a limit on the amount of overtime that is applied to pension calculations. Commissioner Libbin asked that the City consider putting into place a limit on the number of hours allowed to work for police officers, such as those in place for airline pilots, so as to not compromise public safety. Discussion followed. Mayor Mattie Herrera Bower asked if an increase in the number of police and fire employees would result in a decrease in the amount of overtime paid and has there been an analysis done to see if there are savings over time for hiring the additional employees. City Manager Jorge Gonzalez stated that the Fire Department has added employees to try to address this issue but rather than

decrease the amount of it increased. Alex Bello, Miami Beach Fraternal Order of Police, stated that it cheaper to pay overtime than to hire additional employees. Commissioner Diaz suggested that overtime be certified by the Chief. Fire Chief Eric Yuhr stated that he currently does certify payroll. Discussion ensued.

Discussion moved to employee suggestion number fifty (50) which proposed a reduction in the number of Information Technology (IT) Applications employees. Commissioner Libbin confirmed that this analysis was already underway but included not only the IT Applications but the entire IT department. Commissioner Diaz noted that the community survey indicated that the number one source of interaction with the City is the website. City Manager Jorge Gonzalez also noted that as processes and services are further automated, the more IT staff is needed. Chairman Gross suggested that at the Neighborhoods Committee meeting, the IT department also be included for consideration of a performance review/internal audit. Discussion ensued.

Employee suggestion seventy-three (73) proposed charging for parking twenty-four (24) hours a day/seven (7) days a week. City Manager Jorge Gonzalez stated that currently enforcement ceases at midnight. Commissioner Libbin suggested that the meters which currently charge \$0.50 per hour should be increased to \$1.00 per hour. Discussion ensued. The Committee recommended that the \$0.50 parking meter rate increase for mid and north beach be included in the FY 2009/10 Proposed Operating Budget.

The Committee recommended that the City website create a page for Budget items which include handouts from the budget meetings and allow for public comment/suggestions.

#### **4. Discussion of union suggestions for budget cuts.**

#### **ACTION**

***Staff is to provide the top 100 fire and police employees' salaries, including years of service, amount of off duty time, and amount of overtime, and the top 100 police and fire pensions for the W-2 period.***

Chairman Saul Gross asked union representatives if they had any suggestions for budget cuts. Union representatives stated that they did not have any suggestions at this time. Larry Jessup, Jessup Economic Consulting, stated that he had not received information that was previously requested. Chairman Gross asked City Manager Jorge Gonzalez, if he was aware of any information that had not been relayed to Mr. Jessup, that he had requested. City Manger Jorge Gonzalez stated that he was not aware of anything Mr. Jessup requested that was not provided.

Commissioner Deede Weithorn asked that any information provided to Mr. Jessup also be provided to the Commissioners.

Commissioner Victor Diaz requested the top 100 fire and police employees' salaries, including years of service, amount of off duty time, and amount of overtime, and the top 100 police and fire pensions for the W-2 period.

#### **5. Discussion: Follow-up to July 6-10 Budget Briefings**

#### **ACTION**

None

The Committee decided not to discuss any further potential service reduction alternatives since the budget is balanced.

#### 6. Discussion regarding classification and compensation plan

#### ACTION

***The Committee is recommending:***

- ***Pay Scale B implemented when all union contracts are ratified or April 1, 2010, whichever is later.***
- ***Moving employees more than 7.5% below the minimum of Plan B to 7.5% below the minimum in FY 2009/10 and any subsequent adjustments will be on a year-by-year basis made during the budget process***
- ***Moving employees greater than the maximum of Pay Scale B will be brought down to the maximum of Pay Scale B over 3 years in thirds (1/3).***
- ***No Cost of Living Adjustments (COLA) would be provided in FY 2009/10 and FY 2010/11. The City will review the market periodically for increases which would be limited to the Consumer Price Index for the Miami – Fort Lauderdale area and should only be implemented when appropriate and deemed desirable.***
- ***No merit/step increases be provided in FY 2009/10 and FY 2010/11.***
- ***The City should conduct a salary survey every four (4) to five (5) years to make sure that the City's pay structure remains in a competitive position.***
- ***Further discuss overtime policies in an executive session.***

***Staff is to analyze the impact of the salary increases on the unfunded pension liability and the effects of the implementation in subsequent years.***

Human Resources Director Ramiro Inguanzo presented the item. Discussions by the Committee members centered on the Condrey pay Scale Plan B, which reflects salaries at 107.5% of the market. At this level, the entry-level rate for positions in the City would be greater than approximately 62% of competing organizations. At the Finance & Citywide Projects Committee meeting on July 9<sup>th</sup>, one of the options discussed centered on a phased-in implementation of Scenario 3b, which is if those more than 7.5% under the minimum are brought up to the 7.5% under the minimum and those more than 7.5% over the maximum are brought down to 7.5% over the maximum.

It is proposed for those employees whose salary is below the minimum of the proposed pay grades in Plan B, the salary for these employees would be adjusted on April 1, or the later of when all union contracts are ratified, of each of the next three (3) years (2010, 2011, and 2012) in the following manner: In 2010, employees whose salary is more than 7.5% below the minimum would have their salary adjusted to 7.5% below the minimum. In 2011, employees whose salary is more than 5% below the minimum would have their salary adjusted to 5% below the minimum. In 2012, any employee whose salary is below the minimum would have their salary adjusted to the minimum of the pay grade.

For those employees whose salary is more than the maximum of the proposed pay grades in Plan B, the salary would be adjusted on April 1 of each of the next three (3) years (2010, 2011, and 2012) in order to bring the salary to the maximum. For each year the salary would be adjusted approximately one-third (1/3) of the difference

between their current salary and the maximum of the employee's pay grade so that by year three of these adjustments, the employee's salary would be at the maximum of the pay ranges.

In addition, the Committee recommended the following:

- No Cost of Living Adjustments (COLA) would be provided in FY 2009/10 and FY 2010/11. The City will review the market periodically for increases which would be limited to the Consumer Price Index for the Miami – Fort Lauderdale area and should only be implemented when appropriate and deemed desirable.
- No merit/step increases be provided in FY 2009/10 and FY 2010/11.
- The City should conduct a salary survey every four (4) to five (5) years to make sure that the City's pay structure remains in a competitive position.
- Further discuss overtime policies in an executive session.

Commissioner Jerry Libbin asked if the City decided to grant step increases would employees who are below the minimum and are eligible for an increase to move their salary to the minimum be allowed to receive both the scheduled increase and the step increase. City Manager Jorge Gonzalez said it would be up to the Commission to decide and new employees would start at the same pay as current employees.

Chairman Saul Gross and Commissioner Deede Weithorn asked where the proposed salary increases would impact and if it would impact the Enterprise funds, would that entail raising fees. City Manager Jorge Gonzalez stated that for FY 2009/10, there would be approximately \$205,000 of savings in the water fund, \$130,000 in the sewer fund, and \$24,000 in the stormwater fund. This would absorb the impact for the first year of the salary increases but the contract costs could be passed through. Chairman Gross asked if the majority of the salary increases were in the Sanitation department, how much, if at all, franchise fees would have to be raised. City Manager Jorge Gonzalez stated that that has not been analyzed. Discussion ensued.

Mayor Mattie Herrera Bower suggested bringing employees who are currently below the minimum of Pay Scale C up to the minimum of Pay Scale C. City Manager Jorge Gonzalez stated that the difference between the minimum on Pay Scale C and Pay Scale B was approximately 7.5%; therefore moving employees to 7.5% below the minimum of Pay Scale B would be the same as moving employees to the minimum of Pay Scale C.

Chairman Gross asked over what period of time salary increases should take place and the impact of the increases on the unfunded pension liability. City Manager Jorge Gonzalez stated that it does matter but was unsure of the significance in the years implemented. Commissioner Victor Diaz requested that it be looked into and brought back to the Commission.

**7. Discussion on early adoption of new fund balance designations as part of the FY 2009/10 Budget.**

**ACTION**

***The Committee recommends early adoption of new fund balance designations as part of the FY 2009/10 Budget and to review the fund balance designations as part of the budget process each year.***

Chief Financial Officer Patricia Walker presented the item and gave a brief synopsis of the item.

The objective of Governmental Accounting Standards Board (GASB) Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied by and by clarifying the existing governmental fund type definitions. This statement would require compliance by the City for its fiscal year beginning October 1, 2010 and will affect the general, special revenue, capital project and debt service funds.

The City's current fund balance is divided into two (2) categories: Reserved fund balance and Unreserved fund balance. The GASB has proposed a change in this way of reporting because the terms that were used to describe fund balance components were often misunderstood or used inconsistently. The new components of the fund balance based on GASB 54 will be: Nonspendable fund balance, Restricted fund balance, Committed fund balance, Assigned fund balance, and Unassigned fund balance.

Commissioner Deede Weithorn favors early adoption because it will allow time for the City to ensure that the fund balance designations are correct. Conversation ensued.

Ms. Walker stated that new categories could be created but if a new category was to be established it needs to be established before the end of the reporting period.

The Committee recommends early adoption of new fund balance designations as part of the FY 2009/10 Budget and to review the fund balance designations as part of the budget process each year.

**8. Discussion regarding a concession agreement with One Washington Avenue, Corp. for a concession in South Pointe Park adjacent to the Smith & Wollensky Restaurant to be used as an auxiliary dining area.**

**ACTION**

***The Committee recommended that a Concession Agreement be approved with Smith & Wollensky for an outdoor café area with terms as outlined in Attachment C, while ensuring that the public access through the space remains unimpeded as intended.***

Commissioner Victor Diaz stated that the Smith & Wollensky concession is working very well, as it is currently staged.

Smith & Wollensky has agreed to pay ten percent (10%) of gross receipts, with an initial minimum guaranteed concession fee of \$80,000 annually, which will be increase by \$20,000 every five years.

The Committee recommended that the Concession Agreement be approved with Smith & Wollensky for an outdoor café area with terms as outlined in Attachment C, while ensuring that the public access through the space remains unimpeded as intended.

**ADDITIONAL ITEM**

**9. Discussion regarding possible solutions to keep public restrooms along our beaches opened until midnight.**

**ACTION**

***The Committee did not recommend keeping public restrooms along our beaches opened until midnight.***

Commissioner Jerry Libbin stated that he recently attended a Beach Preservation Committee meeting where Robert "Raven" Kraft suggested that the restrooms adjacent to the beach remain open 24 hours and possibly have security guards to ensure public safety.

City Manager Jorge Gonzalez stated that the restrooms are closed as they are cleaned in the evening. Chairman Saul Gross asked at what time the cleaning started. City Manager Jorge Gonzalez stated the cleaning begins around 4:30pm – 5:00pm.

Chairman Gross asked if the restrooms were staffed. City Manager Jorge Gonzalez said they are not staffed.

Commissioner Libbin suggested that concessionaire place lockers/baskets near the restrooms where people can rent the locker and temporarily store their belongings. The revenue received from the rentals could be used toward the cost of keeping the restroom opened and staffed. Chairman Gross asked how many locker stations would be added. Commissioner Libbin suggested two restrooms should be open in the evening along Ocean Drive. Fred Beckmann, Public Works Director, stated that the restrooms are currently open until approximately 8:30pm. Mr. Beckmann and City Manager Jorge Gonzalez were concerned about public safety and vandalism if the restrooms were kept open after 8:30pm. Discussion ensued.

The Committee did not recommend keeping public restrooms along our beaches opened until midnight.

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