



# MIAMI BEACH

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: March 10, 2010

SUBJECT: **REPORT OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE MEETING OF January 26, 2010.**

### OLD BUSINESS

### NEW BUSINESS

1. Selection of a Chair and Vice-Chair for the Finance and Citywide Projects Committee for a one year term.

### ACTION

The Committee elected Commissioner Deede Weithorn as Chair and Commissioner Jerry Libbin as Vice-Chair of the Finance and Citywide Projects Committee for a one year term ending January 2011.

2. Discuss franchise hauler status and options for the City

### ACTION

The Committee recommended that the City pursue the option of maintaining four franchise haulers and to accept the services package presented combined with a five (5) year term. The Committee also recommended that a minimum of four (4) haulers be retained and in the event the number falls below four, the matter be brought to the attention of the City Commission. The Committee also recommended that the Commission discuss and decide how to spend the \$75,000 that had been suggested to be used for the International Baccalaureate program.

City Manager Jorge Gonzalez presented the item and gave a brief history of the item.

As a result of recent mergers and acquisitions, the number of the City's franchise waste haulers has been reduced from its total of five (5) to four (4) businesses. As a result of this acquisition the current franchise holders include: Waste Management, Inc., Waste Services, Inc., Choice Environmental Services and General Hauling Services, Inc. There are two (2) options available to the City Commission in considering how to address the current waste hauler franchise vacancy. The City Commission may

determine that a fifth franchise hauler should be selected through a Request for Proposal (RFP) process or the City Commission may determine that the current four haulers is sufficient and negotiate an agreement with those haulers that may provide additional services to the City of Miami Beach and its residents. In order to assess the potential value of the option to maintain four franchisees and allow the City Commission to make an informed decision, the Administration has proceeded with discussions with the current franchise holders to develop a list of potential benefits that could be conveyed to the City if an agreement is reached to maintain the number of franchise waste haulers at four rather than filling the fifth available slot. The Administration agrees with the franchise waste haulers that if the option to negotiate additional benefits is to be pursued by the City Commission together with maintaining four rather than five franchise waste haulers, the change in length of term is a condition that is appropriate to provide.

City Manager Jorge Gonzalez stated that in conversations with the franchise waste haulers, it has been agreed that the franchise waste haulers in exchange for not filling the fifth franchise vacancy would offer the community additional benefits. Commissioner Jerry Libbin asked of all of the additional benefits, which were the City's requests. Assistant City Manager Robert Middaugh stated that the \$75,000 contribution to the City for the purpose of paying for individual school expenses associated with the International Baccalaureate Program and the one half of a percent payment to the City for a green initiatives fund were requested by the City and the remainder were arrived at jointly. City Manager Jorge Gonzalez confirmed for Commissioner Jorge Exposito that these benefits were in addition to the ones already in place in the contract. City Manager Jorge Gonzalez stated that the franchise waste haulers were asking that the fifth available slot not be filled and that the term of the contract be increased to five (5) years. Discussion ensued. In regards to the \$75,000 contribution Alex Gonzalez, of Waste Management, stated that they are comfortable with the City spending the contribution as the City sees fit. Mr. Alex Gonzalez also stated that he would like to see the term increased to five (5) years since the typical term of amortization of a garbage truck is eight (8) years. Ben Bush, of General Hauling, stated that the fifth year is very important to a smaller company and is needed to amortize their equipment.

The Committee recommended that the City pursue the option of maintaining four franchise haulers and to accept the services package presented combined with a five (5) year term. The Committee also recommended that a minimum of four (4) haulers be retained and in the event the number falls below four, the matter be brought to the attention of the City Commission. The Committee also recommended that the Commission discuss and decide how to spend the \$75,000 that had been suggested to be used for the International Baccalaureate program.

### **3. Discussion regarding the fiscal impact of amending the City's Living Wage Ordinance to revise the minimum wage**

#### **ACTION**

The Committee requested an analysis be done to calculate the cost per year if the City had increased the living wage based on the Consumer Price Index (CPI) since inception in 2001, more specifically the impact to the General as well as the Enterprise Funds, and a timeline for phasing in the wage increase to bring the living wage up to at least the Federal Poverty level.

The Committee asked staff to review the item, the requested additional analysis and to brief all Commissioners before the next Finance & Citywide Projects Committee meeting.

**The Committee asked that the analysis of the Living Wage Ordinance be brought back to the next Finance & Citywide Projects Committee meeting.**

Procurement Director Gus Lopez presented the item and gave a brief history of the item.

Chairman Deede Weithorn asked if an analysis had been to calculate how much the City would have spent since 2001, to present, had the cost of living increases been implemented. Mr. Lopez stated that the calculations presented were on a go-forward basis. The Committee asked that this analysis be done. Commissioner Jorge Exposito asked if \$1.25 was a realistic amount to purchase health insurance. Chairman Weithorn stated that as an employer subsidy, \$1.25 is within the range of appropriateness. Commissioner Jonah Wolfson asked if it was fiscally sound to give raises given the anticipated upcoming budget shortfall. Discussion ensued. Chairman Weithorn asked what the impact would be to the General Fund as opposed to the Enterprise Funds and what the timeline would be to raise the living wage up to at least the Federal Poverty level. The Committee asked staff to review the item, the requested additional analysis and to brief all Commissioners before the next Finance & Citywide Projects Committee meeting.

**4. Discussion regarding an ordinance to amend the CMB Living Wage Ordinance to eliminate the option for companies not to provide health benefits to employees of companies contracting with City government.**

**ACTION**

**The Committee asked the Legal Department to bring back the item to the March Finance & Citywide Projects Committee meeting.**

**City Attorney Jose Smith to strengthen the language in the ordinance to give the employee the option of whether or not to purchase health insurance, as opposed to giving the employer the option.**

Procurement Director Gus Lopez presented the item and gave a brief synopsis of the memo.

The existing Living Wage Ordinance provides City service contractors the option to pay no less than \$8.56/hour, in addition to at least \$1.25/hour towards health benefits, or \$9.81/hour without health benefits. There are three (3) options provided to contractors under the ordinance: (1) a contractor can require its employees to enroll in health benefits, and therefore pay the lower wage, regardless of employee preference; (2) a contractor can choose not to provide health benefits, therefore requiring an employee to receive the higher wage (\$9.81); (3) a contractor can provide the option to its employees of enrolling in health benefits or taking the higher wage. The Administration recommends that the Living Wage Ordinance not be amended to eliminate the option currently available to employers to pay the higher wage rate without contributions toward health benefits. Commissioner Jorge Exposito asked if the option was given to the employer or the employee. City Attorney Jose Smith stated the option was given to the employer. Chairman Deede Weithorn stated that the language in the ordinance needed to be strengthened so that the option is given to the employee. Discussion ensued. City Attorney Smith stated that if the City wants to give the employee the option of whether or not to purchase health insurance, as opposed to giving the employer the option then the ordinance needs to be changed. The Committee asked that this item be brought back to

the March Finance & Citywide Projects Committee meeting.

**5. Discussion regarding a Request for Proposals (RFP) for a new security guard contract.**

**ACTION**

The Committee recommended that the following is included in the Request for Proposals:

- Incorporate training as an evaluation criteria
- financial stability requirement
- add language stating that the Living Wage is under review and is subject to change

The Committee recommended this item be brought to the Commission.

Procurement Director Gus Lopez presented the item and gave a brief synopsis of the memo.

The current contract with Security Alliance expires on April 30, 2010, with three (3) one-year renewal options. It was noted that as a result of today's market conditions, the Administration consistently re-issues Request for Proposals (RFPs) and Invitations to Bid in lieu of exercising any renewal options. Commissioner Jerry Libbin asked if there was anything in the contract that prevented employee turnover due to increased wages. City Manager Jorge Gonzalez stated that there was not. Commissioner Deede Weithorn suggested that there be a separate management piece and a separate wage piece, because if their management fee is capped the contractor could not afford to have high rates of employee turnover. Conversation ensued. The Committee recommended that included in the Request for Proposals is a financial stability requirement, incorporation of training as an evaluation criterion, and addition of language stating that the Living Wage is subject to change.

**6. Discussion regarding amending and restating the City's Bass Museum agreement to allow for replacement of the museum's current Board of Trustees by a new governing entity.**

**ACTION**

The Committee agreed to the recommendation to setup a new governing body known as the Bass Museum of Art, Inc.

City Manager Jorge Gonzalez presented the item.

The Administration has been working closely with the representatives of the Board of Trustees and the Friends of the Bass Museum, Inc (Friends) to streamline the Museum's current governance model and standardize employment practices. The Administration and representatives of the Friends commenced discussions in August of 2009 to begin the process of developing a new governance model for the Museum, which included an overhaul of the existing by-laws of the Friends, culminating in the creation of a new 501(c)3, to be know as the Bass Museum of Art, Inc. (which will replace the Friends as the new governing entity for the museum). The Administration has also been working with Dennis Richard, who is the testamentary representative of the Bass Family, to draft a new (amended and restated) Agreement, essentially updating the terms and

conditions of the 1963 Agreement. This new agreement would replace both the existing Board of Trustees and the Friends of the Bass Museum, Inc., with a new governing body, the Bass Museum of Art, Inc., composed of actual stakeholders (as opposed to the current Board of Trustees, who maintain their seats by virtue of their contractually designated positions). The City Manger would retain membership on the new governing board, with voting power equivalent to 20% of the Board. The day-to-day responsibility would be handled by this new governing body to ensure the City's contractual obligations to maintain the Collection. Replacing the current, antiquated governance structure with the aforesated new board will transfer decision-making power to professionals and stakeholders; finally bringing the Museum into full compliance with the accepted operation standards of the American Association of Museums (AAM), and empowering the institution to become one of the region's leading art museums. While the City will continue its financial contractual obligations to maintain and exhibit the Collection in perpetuity, it will realize substantial savings over time through the transitioning of all City staff and daily operational expenses to the new governing body. The Committee agreed to the recommendation to setup a new governing body known as the Bass Museum of Art, Inc.

## **7. Discussion regarding establishing the Mayor and Commission Arts Ball**

### **ACTION**

**The Committee recommended:**

- **The use of Miami Beach Arts Trust, Inc. (501(c)3) as the fiscal agent**
- **The CAC is to develop criteria for the grant program**
- **The funds are restricted for use of the program**
- **No City resources are used**
- **Any marketing with the City name or logo should be brought back to the Commission for approval**
- **The list of donors (cash and in kind) is made available**
- **Any dispute or un-reconciled item is to be brought back to the Finance & Citywide Projects Committee**

Commissioner Jerry Libbin presented the item.

Commissioner Libbin proposed creating an Arts Ball to benefit the Miami Beach Cultural Arts Council (CAC). The fund will be used for new non-recurring arts projects/events. Harvey Burstein, Miami Beach Arts Trust, stated that the Miami Beach Arts Trust, Inc., a 501(c)3, was created to accept donations to benefit the arts. Chairman Deede Weithorn confirmed with Commissioner Libbin that the arts committee was meant to be ad-hoc. Discussion ensued.

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## Citywide Projects Committee

### **8. Discussion regarding issues related to the port dredging project.**

#### **ACTION**

##### **Status Update**

**The Committee recommended this item be brought back to the next Finance & Citywide Projects Committee meeting.**

Assistant City Manager Robert Middaugh presented the item and gave a brief history of the item.

Commissioner Jerry Libbin asked City Manager Jorge Gonzalez if the Commission needed to take any action or give staff direction. City Manager Jorge Gonzalez stated not in the short term. However for the long term, the City needs to get a sense of the level of commitment from the County that they are going to do the utility tunnel. Commissioner Libbin asked what the cost of the total project is. City Manager Jorge Gonzalez stated that it is approximately fifteen million dollars. Commissioner Libbin then asked if the City had appropriated funds for this project. City Manager Jorge Gonzalez stated that we have it allocated as part of South Pointe. Chairman Deede Weithorn stated her concern about timing of the project. Public Works Director Fred Beckmann stated that the consultant for the project will perform a risk analysis and a cost-benefit analysis which will include warning indicators. The Committee recommended this item be brought back to the next Finance & Citywide Projects Committee meeting.

### **9. Discussion regarding the Internal Audit division's audited areas for Fiscal Year 2008/09 and FY 2009/10 Risk Assessment Areas**

#### **ACTION**

**The Committee recommends changing the committee that serves as the Audit Committee to the "Committee of the Whole".**

**An item regarding the discussion of completed FY 2008/09 Audit Reports is to be placed on a future F&CWP agenda.**

**Staff is to assist Fire Marshall Sonia Machen with statistical sampling for nightclub inspections.**

Budget & Performance Improvement Director Kathie Brooks presented the item.

At previous Finance & Citywide Projects Committee (F&CWP) meetings, the Committee recommended that the administration present a report annually on the status of Department and Not-For-Profit Internal Audits within the City. In general, internal audit goals are as follows: audit 90% of the high risk areas approximately once every five (5) years; audit 75% of the medium risk areas approximately once every seven (7) years; and audit 60% of the low risk areas approximately once every ten (10) years. Overall, thirty-four Department internal and Not-For-Profit audits were completed during fiscal year 2008/09 with a staff of five, including 5 continuous monitoring audits in parking and sanitation by two of the staff. Internal audits completion rate in fiscal year 2008/09 increased over the past year Eight high priority audits were completed during the year

and the balance has been carried over to be completed in fiscal year 2009/10. Based on the audits completed in FY 2008/09 along with the fiscal year 2009/10 audit plan, it is anticipated that the City will achieve a closer position with internal audit goals.

The City has begun to place all of its Internal Audit Reports, Performance Improvement reports and Outside Consultant reviews on the City Website as reports are issued. Along with these reports, a status summary report is being developed which will include the status of each audit finding and review recommendation as reported by each department on a semi-annual basis. The Administration is recommending to transfer the responsibility of the Audit committees from the City's Finance and Citywide Projects Committee (F&CWP) to utilizing the "Committee of the Whole" to serve as the audit committee to review Internal Audit's annual risk areas/plan, the External Auditors' reports, and Annual Review of Internal Audit findings and status. This item has been placed on the agenda for the next Neighborhood Community Affairs meeting in February. The "Committee of the Whole" can meet at a minimum twice a year, with the first meeting occurring in the first quarter whereby results of Internal Audit's prior year reports can be presented along with the current risk assessment audit plan. The next meeting can occur in the third quarter with the External Auditors communicating their final reports and results and in addition, an interim report can be presented on the status of Internal Audit recommendations to date. The Committee recommends changing the committee that serves as the Audit Committee to the "Committee of the Whole".

Chairman Weithorn asked if Contract Compliance Management is audited. Ms. Brooks stated that a standardized practice is being developed for all departments that manage contracts. Chairman Weithorn asked if there was an opportunity to discuss the results of the Internal Audit Reports. City Manager Jorge Gonzalez suggested that an item be placed on another F&CWP agenda that includes the discussion of completed FY 2008/09 audit reports, however, clarified that this could come at a future date given the number of pending items for the next FCWPC. Chairman Weithorn directed staff that rather than preparing a voluminous report containing all the FY 2008/08 audits, staff could send an LTC with the link to the website page containing the FY 2008/09 audit results. The Committee also asked staff to assist Fire Marshall Sonia Machen with statistical sampling for nightclub inspections.

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