



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: July 13, 2011

SUBJECT: **REPORT OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE MEETING OF June 23, 2011.**

OLD BUSINESS

1. Discussion regarding ordinances related to modifications to the Building, Fire, Planning and Public Works Department Fees and resident and business concerns that Building Department Fees are too high

ACTION

The Committee recommended:

- that the item is brought to the full Commission
- the full Commission is given individual briefings to discuss the proposed changes
- extending the short-term decreases that were built into the fee structure for one year and then reviewing them again
- waiving the CPI adjustments for 2011 and 2012
- a "trigger" for permit fees be included in the ordinances

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

The Administration asked for direction on the following:

- When the current fee structure was adopted, there were some short-term decreases (discounts) built into to the fee structure that were set to expire on September 30, 2011. The Committee recommended extending the decreases for one year and then reviewing them again.
- The existing language includes an annual adjustment of fees based on the Consumer Price Index (CPI), given current discussions; the Administration recommended waiving the CPI adjustments for 2011 and 2012. The Committee recommended waiving the CPI adjustments for 2011 and 2012.
- It had been suggested that the draft ordinances include a "trigger" whereby if permit fees exceeded more than a certain dollar amount and/or a certain percentage of the value of construction, the Building Official would be required to review the permit fees being charged. The Committee recommended that a "trigger" for permit fees be included in the ordinances.

Agenda Item CGF
Date 7-13-11

The Committee recommended bringing the item to the full Commission and that the full Commission receives individual briefings on the proposed changes.

2. Discussion on resources assigned to address proliferation of homeless on Washington Avenue

ACTION

The Committee asked that staff analyze how resources are currently being allocated and come up with a potential enhancement to be included during the budget briefing meetings.

NEW BUSINESS

3. Request for approval to purchase American Darling Fire Hydrants from American Flow Control, the manufacturer of the American Darling Fire Hydrants, in the estimated annual amount of \$40,000

ACTION

The Committee recommended that purchases continue on a proprietary basis, with appropriate continuous checks for market conditions by Public Works and Procurement Departments and that authorizations above the \$25,000 thresholds be routinely approved as part of each year's budget authorization process.

Public Works Director Fred Beckmann presented the item.

The City's Public Works Department provides a comprehensive inspection and maintenance program designed to insure the proper operation of all meters and hydrants throughout the City. Water meters are "read" monthly and, depending on meter size, are replaced at intervals recommended by the American Water Works Association (which presently recommends an eight-year rotation of domestic water meters to insure accuracy). Every fire hydrant in the City's inventory is inspected, tested and maintained at least once per year. Historically, these two programs have resulted in the need to replace approximately 1,200 water meters of various sizes (approximately 9% of the total 13,050 meters in the system), and 50 of the City's 1,050 hydrants each and every year (5%).

The Mayor and City Commission approved Sensus Metering Systems, Inc., as a sole source vendor on October 11, 2006. Similarly, on October 19, 2005, the Mayor and City Commission adopted Resolution No. 2005-26026, waiving 5/7ths vote, the formal competitive bidding requirements, and approving the purchase of American Darling fire hydrants from American Flow Control. Each Fiscal Year thereafter, the Administration has requested approval from the Mayor and City Commission to purchase water meters (and associated appurtenances) and fire hydrants from these manufacturers on a proprietary basis, when the purchase amount exceeds \$25,000 for each item group. In all prior years, purchases for meters, manifolds, meter parts and hydrants purchased varies significantly year to year as needs are determined. Inventories of water meters and fire hydrants are kept at relatively low levels. Average year-end inventory of water meter (all sizes) represent about 4% of installed operational meters (an average of 548 meters out of 13,050 in-service). Annual fire hydrant purchases average 50 per year. Current pricing is checked against state and local contracts to insure that the proprietary

purchases compare favorably with current market conditions. Presently, the City is purchasing fire hydrants at \$755 each. Miami-Dade's current contract for the same model fire hydrant is \$764.75 each. The Committee recommended that purchases continue on a proprietary basis, with appropriate continuous checks for market conditions by Public Works and Procurement Departments and that authorizations above the \$25,000 thresholds be routinely approved as part of each year's budget authorization process.

- 4. Discussion regarding a proposed ordinance which will require mandatory recycling, via the establishment of a City of Miami Beach Recycling Program, for multifamily residences and commercial establishments in the City**

ACTION

The Committee recommended approving the amendment to the ordinance without including the penalties for non-compliance, asked that the level of compliance be tracked, the number of staff required be reanalyzed and reduced, that the program be developed to be revenue neutral, asked if the funding could come from the Sanitation Fund, that this program not be funded from the general fund, and discuss if the revenue contribution that is paid by waste haulers to the City be used to fund the recycling program.

Public Works Director Fred Beckmann presented and gave a brief synopsis of the memo.

Currently, Miami-Dade County Code (Sections 15-2.2 to 15-2.4) requires multifamily and commercial establishments to have a recycling program. However, as a result of multiple issues, including fiscal constraints at the County level, the County Code requirement to demonstrate a recycling program is not adequately or comprehensively enforced. It is believed that approximately 1,588 multifamily residential buildings and commercial establishments within the City of Miami Beach are currently not participating in the County-required recycling program. This is approximately 30% of all known commercial and multi-family accounts. The proposed ordinance, which is an amendment to Chapter 90 of the City Code, would establish more stringent requirements than the County and require multifamily residences and commercial establishments in the City to recycle pursuant to the requirements of a City of Miami Beach Recycling Program. This proposed program would require that multifamily and commercial establishments not only have a recycling program in place, but it would also mandate that recyclables be recycled. Multifamily and commercial establishments would receive fines if recyclables were found comingled with their solid waste or vice versa. The County Code (Section 15-2.5) gives the City the authority to establish and enforce its own ordinance, provided such ordinance is equivalent to or more stringent than the County's provisions.

The proposed ordinance is more stringent than the County's requirements because it expands the scope of required recyclables. The City would develop a process by which all multifamily residences with eight (8) units or more would be required to use a single-stream recycling process that includes all five (5) of the following recyclable materials: newspaper, glass, metal food and beverage containers, other metal containers, and plastics. In addition, at least three (3) of the following recyclable materials must also be recycled: corrugated cardboard, magazines and catalogs, telephone books, office paper or organic material. Commercial establishments would be required to recycle at least

three (3) materials from the following: mixed paper, glass, metal food or beverage containers, other metal containers, plastics, textiles, wood or organic materials.

Enforcement of the proposed ordinance would require recycling inspectors to inspect the contents of both the solid waste and recycling containers in order to ascertain compliance. These enforcement efforts can be complaint-driven, through a proactive inspection schedule, or through a combination approach. The Sustainability Committee recommended that a hybrid approach be utilized to achieve the greatest level of compliance. According to the parameters of the proposed recycling ordinance, if commercial establishments, multifamily residences, or waste haulers are found to be in non-compliance with the proposed amendments, the following penalties would be prescribed:

- For the first violation, a warning or a fine up to \$350.00
- For the second violation, a fine of up to \$500.00
- For the third violation, a fine up to \$1,000.00
- For the fourth and subsequent violations, a fine of up to \$5,000.00

The proposed ordinance calls for one (1) year of education and community outreach followed by a six (6) month warning period before penalties would be issued.

Based on the requirements and parameters set forth in the proposed ordinance, Code Compliance Officers would need to inspect and assess 3,624 commercial units and approximately 1,500 multifamily residential buildings with more than eight (8) units in order to determine compliance. In order to achieve the level of compliance expected to be achieved with this ordinance, the Administration determined that quarterly pro-active inspections for the commercial establishments would be needed, and assuming a 50% compliance rate, this would require additional inspections for non-compliance. Based on the expected level of compliance for the multifamily residential buildings, the Administration determined that two (2) proactive inspections per year, again with 50% compliance rate assumption, and additional inspections for non-compliance would be recommended. It was noted that recycling ordinance enforcement would need to be done with additional positions, not within the current Code Compliance staff, as current staff does not have the capacity to implement this program with current Code Compliance demands. The staffing plan submitted included an additional administrative support person. Using these enforcement assumptions, it was determined that a total of eleven (11) additional full-time Code staff would be required to effectively address the parameters of the proposed recycling ordinance. The ongoing annual operating costs are projected to be approximately \$630,611, with a total implementation cost of approximately \$754,235. Chairperson Deede Weithorn asked what the funding source would be. Chief Financial Officer, Patricia Walker stated that funding could come from the Sanitation Fund. The Committee was concerned with the cost of implementation. Debra Leibowitz, of the Sustainability Committee, stated that she felt that the educational time of 18 months was too long and could be significantly shortened. The Committee recommended approving the amendment to the ordinance without including the penalties for non-compliance, asked that the level of compliance be tracked, the number of staff required be reanalyzed and reduced, that the program be developed to be revenue neutral, asked if the funding could come from the Sanitation Fund, that this program not be funded from the general fund, and discuss if the revenue contribution that is paid by waste haulers to the City be used to fund the recycling program.

5. Discussion regarding extending the amount of time residents have to pay their utility bill

ACTION

The Committee recommended that the due date for all water, sewer, and stormwater utility bills be changed to 21 days from 15 and that the change be implemented for FY2011/12.

Chief Financial Officer Patricia Walker presented the item.

Presently, the Miami Beach City Code states that all water, sewer, and stormwater utility bills (Utility Bill) shall be paid within 15 days from the date of the bill. A comparison of local Utility Bills from neighboring communities, as well as, two other energy utility providers in Miami Beach was conducted and showed that bills were considered past due on average after 21 days. The Committee recommended that the due date for all water, sewer, and stormwater utility bills be changed to 21 days from 15 and that the change be implemented for FY2011/12.

6. Discussion regarding Security Alliance

ACTION

Item Deferred

7. Discussion regarding a new voluntary benefit

ACTION

The Committee recommended bringing the accident plan, with the updated information, to the full Commission and recommended not moving forward with the BMG Money Loans at Work program.

Human Resources Director Ramiro Inguanzo presented the item and gave a brief synopsis of the item.

At the April 13, 2011 City Commission meeting, the City Commission passed Resolution No. 2011-27632 providing for new employee funded voluntary benefit plans that included Universal Life, Critical Illness, Accident and Hospital Indemnity Plans, as well as a choice of two legal service plans. In addition, the resolution authorized the Administration to work directly with the individual voluntary benefit plan carriers to select an enrollment firm to provide annual enrollment support and benefit communication materials for all of the City's benefit programs (at no cost to the City). The Resolution also referred the discussion of a program that is currently not being provided to City employees that provides a loan program to employees that is repaid through payroll deductions (also at no cost to the City).

At the direction of the City Administration, the City's consultant of record, Gallagher Benefit Services (Gallagher) issued their Request for Proposals (RFP) for the City's voluntary benefit program. As a result of this RFP, Gallagher recommended that the City Administration offer the Trustmark Accident Plan to its employees. Disagreeing with this recommendation, Colonial Life (one of the insurance carriers responding to Gallagher's RFP) requested the Administration to re-examine their proposed plan coverage and cost, as Colonial Life believed their plan was more competitive than the plan proposed by Trustmark. In response, the Administration requested that Gallagher

complete a thorough comparison of the two plans, listing all plan benefits and monthly premium cost based on the proposals submitted in response to the RFP, thus highlighting the advantages under each plan. After a thorough re-examination, Gallagher again deemed that the Trustmark Accident Plan provided the best benefit for the cost the employee would pay. Charles Citrin, Citrin Financial & Insurance, Inc, an insurance broker working with Colonial Life was present at the meeting and stated that the description of the benefits and the numbers provided in the memo were incorrect. After a brief discussion, the Committee asked that the accident plan, with the updated information, be brought to the full Commission.

The Committee also briefly discussed the Loan at Work program, which is a direct to consumer loan, designed for employees who do not have access to traditional credit options, such as banks, credit unions, credit cards, deferred compensation and/or retirement accounts. These loans are unsecured and the program is at no cost to the City.

The Committee recommended not moving forward with the BMG Money Loans at Work program.

8. Discussion regarding an amendment to the NSP1 agreement between the state of Florida DCA and the related agreement between the City and Miami Beach Community Development Corporation, to permit and outline the process for construction draw downs

ACTION

The Committee recommended authorization of an amendment to both NSP1 agreements with DCA and with MBCDC, to facilitate a draw down reimbursement basis instead of a reimbursement basis for disbursement of NSP1 funds and that an additional guideline be added to include the termination of the draw down provision should anything in the audit be found improper.

Assistant City Manager Hilda Fernandez presented the item.

Resolution No. 2009-27039 was adopted by the City Commission on March 18, 2009, approving the City's application for and planned use of the funds available through the United States Department of Housing and Urban Development's (HUD) Neighborhood Stabilization Program 1 (NSP1). The funds are to be used for the purchase and rehabilitation of one or more multi-family buildings to be kept as rental properties to benefit income-qualified households in accordance with the NSP1 regulations, with an end goal of stabilizing neighborhoods impacted by foreclosures. On September 9, 2009, the City approved Resolution No. 2009-27175 authorizing the execution of the Federally-funded Subgrant Agreement with the State's Department of Community Affairs (DAC), the pass-through entity handling HUD's NSP1 allocation to the City of Miami Beach.

After conduction a duly-noticed procurement process, the City Commission awarded the City's NSP1 allocation to the Miami Beach Community Development Corporation (MBCDC) for the acquisition and rehabilitation of three buildings. Current economic and banking conditions impacted MBCDC's ability to obtain construction lines of credit and, as a result, this has delayed completion of the contractually required rehabilitation activities. After conferring with DAC/NSP1 representatives, City staff was informed that the majority of its NSP1 sub-recipients are likewise experiencing similar delays and financing hardships. Also as a result, many other communities have requested and have been granted permission to "draw down" funds for rehabilitation activities. This alternative payment methodology means that instead of having the non-profit developer

secure construction loans or otherwise pay the reimbursement packages submitted by their general contractors (GC) and then submit a reimbursement request to their funders, the general contractor's reimbursement request is submitted to the funding agency (in this case the City) for review and payment. Draw requests would require standard A1A forms and documentation. This "drawn down" process is permitted by the USHUD regulations.

On June 20, 2012, the City's Loan Review Committee unanimously passed a motion to accept Real Estate Housing and Community Development's Draft Policy and Procedure for Affordable Housing Construction Draw Downs with some proposed amendments. Chairperson Deede Weithorn asked that an additional guideline be added that states that in the event that the City audits the material submitted and anything improper is found that the draw down provision is terminated. The Committee recommended authorization of an amendment to both NSP1 agreements with DCA and with MBCDC, to facilitate a draw down reimbursement basis instead of a reimbursement basis for disbursement of NSP1 funds and that an additional guideline be added to include the termination of the draw down provision should anything in the audit be found improper.

9. Discussion regarding advertising on Deco Bike stations, its economic impact to the City and the enhancement of the Deco Bike

ACTION

The Committee recommended that the item be brought to the full Commission and that community outreach be done to obtain feedback regarding advertising on the stations.

Assistant City Manager Jorge Gomez presented the item.

Phase One of the Deco Bike sharing program launched on March 14, 2011, with 60 stations and 500 bicycles in South Beach and portions of Middle Beach. When Phase Two is launched, it will provide the full complement of bike stations citywide (100+ stations and 900 bicycles). The concession agreement with Deco Bike provides for revenue sharing for bicycle rentals and advertising. The agreement specifically identifies the bicycle basket sponsorship program as the only advertising that is permissible. Permissible advertising shall not include firearms, alcohol, or tobacco products, or be of a sexually explicit nature. Any advertisement beyond that which is contemplated in the concession agreement would require an amendment to the concession agreement. Additionally, the only way to permit this type of proposed advertising on the kiosk would be to amend the City Code. Chairperson Deede Weithorn asked what the impact would be to the program if advertising on the station kiosks would be denied. Colby Reese of Deco Bike, LLC stated that they are not meeting the revenue projections on the bike basket advertising and that they are currently approximately \$2 million over their proposed budget. Mr. Reese stated that some of causes for the low advertising sales include the negative feedback regarding advertising on the size and shape of the medium and that business stated that they would be unable to display their product on this type of medium; the downtime to change the artwork on the bikes is approximately 10 days, which is 10 days of lost sellable time; and the production cost to change the artwork is significantly higher than what it would be to add a vinyl advertisement on to the existing surface on the station and that the station ad would generate considerably greater revenue. Commissioner Jorge Exposito stated that he has consistently received positive feedback regarding the program and asked if this would be the only way to generate revenue. Commissioner Exposito also asked if the City's portion of the revenue share could be reduced rather than advertise on the station. Mr. Gomez

suggested that before moving forward that an outreach to the community stakeholders be done. Chairperson Weithorn asked if Mr. Reese contacted stakeholders regarding advertising on the stations. Mr. Reese stated that he has received positive feedback about the program from local business which requested more stations be added. Commissioner Jonah Wolfson stated that he would also be willing to consider reducing the City's portion of the revenue share. Mr. Reese stated that they would rather look to a new revenue stream than reduce the City's portion of the revenue sharing and that the City's portion would not cover the shortfall from basket advertising. Commissioner Exposito asked for a legal opinion regarding advertising in the City and wanted to know how advertising on the parking meters differed from advertising on the bike station. Assistant City Manager Hilda Fernandez stated that the difference is that on the meter stations there is a map that shows where businesses are located rather than an advertisement for a product or service. The Committee recommended that the item be brought to the full Commission and that community outreach be done to obtain feedback regarding advertising on the stations.

10. Discussion regarding Miami-Dade County ADA Parking Fines Program, for funding in the approximate amount of \$90,000 for eligible ADA projects and the best usage for the grant dollars

ACTION

The Committee recommended the item be deferred and reviewed as part of the Capital Budget.

Public Works Director Fred Beckmann presented and gave a brief history of the item.

Over the past four years, the City has received \$361,715 from the Miami-Dade County ADA Parking Fines Program. These funds are generated as the result of parking fines levied against those who illegally park in Handicap parking spaces. The County distributes the revenue generated from the collected fines to cities throughout the County. The City receives its portion of the funds in the form of a Grant and the funds are designated to be used to enhance accessibility, maintain existing points of ADA accessibly and promote ADA awareness Citywide.

For more than a year, both the Disabilities Access Committee (DAC) and various City Officials have addressed concerns from both ADA Advocate Groups and from those who are physically challenged in regards to the difficulty and challenges they encounter while attempting to traverse the Pedra Portuguesa Stone surface on the 1100 block of Lincoln Road. This surface spans the entire 1100 block of Lincoln Road Mall between Alton Road and Lenox Avenue.

In response to these concerns the City Administration has submitted a FY2012 capital budget project to install an ADA pedestrian pathway on the 1100 block of Lincoln Road; the ADA pathway will be made of a smooth top face Pedra Portuguesa stone. The capital budget estimate is \$87,000. Funding for this project could be provided from the Miami-Dade ADA Parking Fines Grant; however, by funding it through the ADA Grant the available balance would be reduced to \$6,345.00. The Committee recommended that the item be deferred and reviewed as part of the Capital Budget.

11. Discussion regarding an extension of the lease agreement between the City of Miami Beach, as tenant, and Meridian Miami, LLC, as Landlord, for use of approximately 5,311 square feet of space from September 1, 2011, through April 30, 2012 at a monthly rent of \$11,949.75

ACTION

The Committee recommended approving the proposed eight month lease extension between the City and Meridian Miami, LLC for office space located at 1680 Meridian Avenue.

Anna Parekh, Director of Real Estate Housing and Community Development, presented the item and gave a brief synopsis of the memo.

The planned construction of Fire Station No. 2 and the renovation of the existing historic building into administrative offices for the City's Fire Department required the relocation of the Fire Department's Administration and Fire Prevention offices. At that time, there was no vacant City-owned property available that could accommodate the Fire Department's needs, and comparable market rent was approved to be paid in order to house the Fire Department's offices in a privately-owned building at 1680 Meridian Avenue. Prior to the January 2010 expiration of the Lease and following comprehensive review of the City's office space use and the projected timeline (at that time) of the completion of construction of Fire Station No. 2, staff determined that it would be necessary to extend the private Lease until such time that the Fire Administration and Fire Prevention offices could be relocated to the second (2nd) floor and a portion of the fourth (4th) floor of the City owned property located at 1701 Meridian Avenue (a.k.a. 777 Building).

In the fall of 2010, all of the improvements to the space in the 777 building to accommodate Fire Administration and Fire Prevention had not been completed, but the 2nd floor space that would accommodate Fire Prevention was expected to be completed by November 2010. Consequently, on September 15, 2010, the City Commission approved: 1) a two month extension of the lease for all of the lease space for Fire Administration and Fire Prevention staff; and, 2) a new lease agreement for a reduction of space at 1680 Meridian Avenue to accommodate only the Fire Administration staff for nine months (12-1/10 – 8/31/11). Due to unforeseen regulatory requirements which affected the scope and associated timelines for the 4th floor renovations, the new projected substantial completion of the 4th floor renovations is now December 2011. Concurrently, staff had been advised by the Capital Improvements Projects Department that the renovations to Fire Station 2 will be completed by March 31, 2012 – nine months sooner that was originally expected. Extending the Lease for an additional eight months allows the Fire Department's Administration offices to remain in their current location instead of relocating twice in an eight month period – something that would be costly and cause disruption to their operation.

The new eight (8) month extension will commence on September 1, 2011 and terminate on April 30, 2012. All other terms and provisions of the Lease remain in full force and effect, including the rental rate.

The Committee recommended approving the proposed eight month lease extension between the City and Meridian Miami, LLC for office space located at 1680 Meridian Avenue.

Additional Item (not on the agenda): Discussion regarding CWA Collective Bargaining Agreement

Commissioner Weithorn requested that the CWA requests be cost-out and added as add-alternates and be brought to the budget briefing meetings for review and discussion

Commissioner Exposito stated that he believed the collective bargaining process should be followed and that no further action should be taken at this time.