



MIAMIBEACH

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

COMMITTEE MEMORANDUM

TO: Mayor Matti H. Bower and Members of the City Commission

FROM: City Manager Jorge M. Gonzalez

DATE: April 29, 2010

This shall serve as written notice that a meeting of the Finance and Citywide Projects Committee has been scheduled for April 29, 2010, at 3:30 P.M. in the City Manager's Large Conference Room.

The agenda is as follows:

OLD BUSINESS

1. Discussion regarding the process for City of Miami Beach License Renewals, including notices provided to license holders

Patricia Walker — Chief Financial Officer

NEW BUSINESS

2. Discussion regarding Property Management Division cost savings recommendation

Fred Beckmann — Public Works Director

3. Update on Ameresco financing

Patricia Walker — Chief Financial Officer

4. City Ordinances – Beach Clean up

Hilda Fernandez – Assistant City Manager

Finance and Citywide Projects Committee Meetings for 2010:

May 18, 2010

May 20, 2010

June 3, 2010

June 24, 2010

July 29, 2010

September 30, 2010

October 26, 2010

November 15, 2010
December 16, 2010

JMG/PDW/rs/th

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Cc. Mayor and Members of the City Commission
Management Team

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FINANCE & CITYWIDE PROJECTS COMMITTEE MEMORANDUM

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

FROM: Jorge M. Gonzalez, City Manager

DATE: April 29, 2010

SUBJECT: Fiscal Year 2010 Business Tax Receipt (BTR) Renewal Process

The City Commission, in its March 10, 2010 meeting, referred this item for discussion at the Finance and Citywide Projects Committee (Committee). At the March 25, 2010, the Committee, after a presentation by City Administration, requested the following information be provided:

1. Cost of letter mailing;
2. Cost of an additional BTR mailing; and,
3. Cost of postcard mailing.

Listed below are the costs associated with the mailing of 8,500 renewal notices

BTR letter:

Postage (8,500 x \$0.44)	\$3,740.00
Paper (8,500 x \$0.01)	85.00
Envelopes (8,500 x \$0.22)	1,870.00
Return Envelope (8,500 x \$0.18)	<u>1,530.00</u>
	\$7,225.00
Cost of a reminder letter:	<u>+ 7,225.00</u>
Total	\$14,450.00

BTR postcard:

Postage (8,500 x \$0.28)	\$2,380.00
Paper 4x6 (8,500 x \$0.20)	<u>1,700.00</u>
	\$4,080.00
Cost of a reminder postcard:	<u>+4,080.00</u>
Total	\$9,160.00

BTR letter:	7,225.00
Cost of a reminder postcard:	<u>+ 4,080.00</u>
Total	\$11,305.00

It is estimated that savings in postage, paper and envelopes in the approximate amount of \$3,145.00 per mailing would be gained if the City sent out a BTR postcard instead of a letter. Additionally a BTR letter and a reminder postcard could be sent for a net cost of \$1,935 over the cost of providing a single BTR letter.

Annual BTR Renewal Process

Business Tax Receipts are issued annually in accordance with Florida Statutes Chapter 205. Chapter 205 states that BTRs are due and payable on or before September 30 of each year, and expire on September 30 of the succeeding year.

Listed below for your review is Florida Statutes Chapter 205.053 (1):

Chapter 205.053 Business tax receipts; dates due and delinquent; penalties.--

(1) All business tax receipts shall be sold by the appropriate tax collector beginning July 1 of each year, are due and payable on or before September 30 of each year, and expire on September 30 of the succeeding year. If September 30 falls on a weekend or holiday, the tax is due and payable on or before the first working day following September 30. Provisions for partial receipts may be made in the resolution or ordinance authorizing such receipts. Receipts that are not renewed when due and payable are delinquent and subject to a delinquency penalty of 10 percent for the month of October, plus an additional 5 percent penalty for each subsequent month of delinquency until paid. However, the total delinquency penalty may not exceed 25 percent of the business tax for the delinquent establishment.

BTRs are locally governed by Article V, Section 102 of the Code of the City of Miami Beach which specifically states that BTR renewals are due prior to October 1, ... "However, if the taxee does not receive a renewal notification, the taxee is responsible to renew the business tax prior to October 1 to avoid delinquent charges."

While Florida Statutes do not require renewal notices be sent out, the City, as a courtesy, has provided businesses with an individualized renewal notice on an annual basis. Currently the City sends out 8.5" by 11" BTR courtesy renewal notice generally in July or August prior to the expiration date of September 30th for BTRs. The notice is sent out with a self-addressed return envelope to assist the customer with mailing back their payment.

Renewal notices are mailed to the mailing address on file from the entities' original BTR application or an updated mailing address furnished to the City by the entity in writing. Renewal notices may be paid on-line at the City's web site, mailed to our lock-box in the self-addressed enclosed envelope included with each renewal notice mailing, mailed to the City's Finance Department, or paid at the cashier's window located in the first floor of City Hall.

Once payment for the renewal has been received, City staff review the accounts of each customer to determine if they are current on all obligations to the City in accordance with Article V, Section 102-374 of the City Code. Then if the customer is current, the City mails out the actual BTR document to the customer. If the customer is delinquent on City obligations and payment for a BTR renewal has been received, pursuant to Article V, Section 102-374 of the City Code, the City withholds the BTR document and sends a letter to the customer stating the amount due and that the delinquencies must be resolved before receiving their BTR. This has

proven to be a valuable tool in assisting the City with collections of delinquent utility bills, resort tax obligations, special assessments, liens, and other payments due to the City.

The City has traditionally given customers the month of October as a grace period to pay their renewals. This is done as a courtesy to customers. In November, the Finance Department sends a list of un-renewed BTRs to the Code Compliance Division for action.

The Administration is contemplating various methods of streamlining and cutting costs associated with the renewal process and still providing a reminder to the public. Some of the options include:

- Mailing out post card type renewal notices to save with the costs of paper, postage and envelopes; and be able to send an additional reminder notice;
- Emailing renewal notices;
- Posting an announcement in the newspaper (approximate costs of \$600.00)

To date, for FY 2010, the City has collected BTR revenues in the amount of \$3.51 million. This is approximately 96 percent of the \$3.69 million anticipated for FY 2010. Of the FY 2010 renewal notices the City began sending out in early July of 2009, 4% remain unpaid. The business entities that have not renewed their BTR have been provided to the City's Code Compliance Division for action.

JMG/PDW/GE/mm

A handwritten signature in black ink, appearing to be 'JMG', written over the typed initials 'JMG/PDW/GE/mm'.

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COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee

FROM: Jorge M. Gonzalez, City Manager *JMG*

DATE: April 29, 2010

SUBJECT: **PROPERTY MANAGEMENT DIVISION SUPERVISOR SUPPLEMENTAL PAY**

At the December 9, 2009 City Commission meeting, an item was referred to the Finance and Citywide Projects Committee to discuss the supplemental pay being paid to supervisors in the City's Property Management Division

BACKGROUND

The Property Management Division (PMD) of the City's Public Works Department (PWD) is responsible for the operation, maintenance, and repair of over 240 municipal buildings and properties, 39 bridges, 12 fountains, three swimming pools, two miles of boardwalk, nearly three miles of beachwalk, playground equipment and street furniture throughout the City. In addition, PMD is responsible for space planning for relocation and renovation of City departments and provides roof surveys, asbestos surveys, and the development of specifications, cost estimates, and contracts necessary for the repair/replacement of all operational equipment, roofs and building systems. Effective with the start of Fiscal Year 2009-2010, the Property Management Division has continued to manage Capital Renewal and Replacement (CR&R) projects valued at under \$25,000, and the Capital Improvement Projects (CIP) Office has assumed the management of CR&R projects valued at \$25,000 and greater. A Capital Projects Coordinator and Construction Manager were transferred from the PMD to the CIP Office to oversee the design and construction of the latter.

The PMD includes employees in a number of classifications including some of the following: Electricians and Supervisor; Air Conditioning Mechanics and Supervisor; Plumbers and Plumbing Supervisor; Painters and Paint Supervisor; Carpenters; Masons; Municipal Service Workers; Building Services Technicians; Storekeeper II and a Service Supervisor.

The PMD has five field supervisors in charge of the following sections: (1) Electrical, (2) Maintenance (Carpenters), (3) Air Conditioning, (4) Plumbing and (5) Painting. A sixth service supervisor oversees Lincoln Road Mall Maintenance (from Washington Avenue to Lenox Avenue), as well as the Building Services Technicians assigned to City Hall, Police Headquarters, Scott Rakow Youth Center and North Shore Park and Youth Center.

In addition, there is a Property Management Contract Coordinator which is an administrative, sub-professional, and technical position whose duties include: (1) coordinating the administration of PMD maintenance contracts; (2) acting as liaison between the PMD and private contractors, consultants, the general public and other City Departments; (3) overseeing the work order Maintenance Management System, including interaction with maintenance supervisors, and preparing various work order management and status reports; (4) coordination and maintenance of the VFA, Inc. Building Assessment System, addressing the facility condition index of City buildings; (5) serving as Disability Access Committee liaison; and (6) supporting management on Active Strategy measures tracking and reporting.

STAFFING ISSUES AND SUPPLEMENTAL PAY

The person working as the Property Management Contract Coordinator was terminated by the former PMD Director, effective April 4, 2008. In the interim, maintenance contract oversight duties were assigned to a PMD Planning Technician, who worked out-of-class as the Contract Coordinator from April 2008 through September 2008. From October 2008 through January 2009, this employee was on Family Medical Leave (FML). During that time, the PMD director temporarily assigned a portion of the duties of the Contract Coordinator position to administrative staff and the maintenance supervisors, leaving the Contract Coordinator position vacant for re-evaluation of duties and cost savings. The former PMD Director officially left the City's employment effective April 30, 2009, and the Assistant PM Director was appointed to direct the PMD in an interim capacity.

Out-of-Class Pay

With the reassignment of the Contract Coordinator duties, the former PMD director made the independent determination that the extended vacancy of the Contract Coordinator position justified the assignment of out of class pay to eight individuals in the PMD, including two Administrative Aides II (accounts payable & HR-payroll) and the six field supervisors. Out-of-class pay for classified employees is paid at a rate of one dollar (\$1) per hour when an employee may be required to temporarily work out of his/her classification, when directed by Management. Out-of-class pay is required by the American Federation of State County and Municipal Employees (AFSCME), the Communications Workers of America (CWA), and the Government Supervisors Association of Florida (GSAF) union contracts for employees who are clearly and definitely performing the principal duties in a higher pay classification. In the case of the supervisors, the transfer of the portion of the contract management duties was specific to inspection of maintenance contract work by outside contractors during normal working hours, as well as the taking of after-hours calls associated with outside contractor work. The former PMD Director issued an internal memorandum, dated September 19, 2008, authorizing the out-of-class work pay for the eight employees.

Stand-by Pay

Similarly, the former PMD director determined that the six field supervisors were entitled to stand-by compensation and issued internal memoranda, dated October 15, 2008, to each of the supervisors informing them that they were being placed on stand-by pay status. Stand-by pay for classified employees is paid at a rate the employee's straight time for a minimum of two hours. Employees assigned to stand-by pay must respond to any call within ten minutes and must be available to report to their work site within thirty minutes. Failure to meet these requirements related to stand-by assignments shall result in the forfeiture of the stand-by pay for the employee.

CONCLUSION

Following the recent conclusion of negotiations for the GSAF Agreement, the PWD proceeded to exercise its discretion in limiting the implementation of out-of-class and stand-by pay to a strictly as-needed basis. Consequently, in letters dated January 29, 2010, to the six PMD supervisors, the PWD Director notified the supervisors that, effective February 12, 2010, the stand-by pay that they had been receiving would be stopped.

In addition, PWD worked with the Human Resources Department (HR) to establish the following Citywide supplemental pay authorizations which will be required for all employees:

- Out-of-Class Pay (\$1 per hour for work performed)
 - Up to 20 days (160 hours) per Fiscal Year (FY) – Division Director
 - Between 21 and 40 days (161 to 320 hours) per FY – Department Director
 - Between 41 and 72 days (321 to 580 hours) per FY – Assistant City Manager
 - Anything beyond 72 days (580 hours) per FY – Human Resources Director

- Stand-by Pay / Time (Minimum of 2 hours of straight time)
 - Up to 10 days (up to 80 hours) per FY – Division Director
 - Between 11 and 30 days (81 to 240 hours) per FY – Department Director
 - Between 31 and 72 days (241 to 580 hours) per FY – Assistant City Manager
 - Anything beyond 72 days (580 hours) per FY – Human Resources Director

Payroll coordinators in each department / division will be tasked to monitor the number of hours that an employee is receiving out-of-class and/or stand-by pay in order to ensure that the appropriate authorizations are in place. The Department director who signs off on payroll will also monitor. In addition Human Resources will perform audits to ensure compliance.

Attached is the contract language regarding the supplemental pay categories for employees whose classifications are covered by the GSAF.


JMG\JGG\FHBJT\JCC

ATTACHMENT 1

SUPPLEMENTAL PAY CATEGORIES

Article 7. of the Agreement between the City and the Government Supervisors Association of Florida, OPEIU, Local 100, defines various supplemental pay categories as follows:

Section 7.8.a. Stand-By Pay. Employees expressly assigned to stand by status shall receive two (2) hours of straight time as a Standby bonus for each day of that assignment. Employees will not be paid both the Standby bonus and Call Back pay for the same day (i.e., if called in while on Standby status the employee will be paid only the Call Back pay). The Standby bonus is not considered hours worked for determining overtime. Stand by shall be adssigned in the City's sole discretion. Employees assigned to stand by must respond to any call within ten (10) minutes and must be available to report to the work site within thirty (30) minutes (or some other reasonable period of time as determined based iupon the circumstances). Failure to meet these requirments (as may be modified in the city;s sole discretion), or other requirments related to standby assignments that may be determined necessary by the City, shall result in forfeiture of the Standby bonus, and possible disciplinary action, based on the circumstances of each case.

Section 7.8.b. Stand By-Pay. Employees in the Property Management Division and Fleet Management Division not expressly assigned to standby status who are contacted via telephone outside of their normal hours of work will receive two (2) hours of straight time as a Standby bonus; provided, however, the employee will not be paid both standby bonus and Call Back pay for the same day (i.e., if called in as a result of a telephone conversation, the employee will be paid only the Call Back pay). Any such telephone conversation must be initiated by the Property Management director or the Fleet Management director or their designee.

Section 8.12 Rate of Pay When Working Out of Classification. An employee may be required to temporarily work out of his/her classification when directed by Management. Temporarily is defined as an employee who is clearly and definitely performing the principal duties in a higher pay classification for more than two (2) hours per day, and they shall not exceed 580 hours in a 12-month period, and shall be paid as follows, except at the sole discretion of the Human Resources director, he/she may waive the 580 hour cap if in his/her judgment, it will best serve the needs of the City service:

- a) If he/she is temporarily working in a lower classification, he/she shall receive his/her hourly rate in his/her regular classification. Employees will not be assigned to lower classification work as punishment or to demean the employee.
- b) If he/she is temporarily working for two (2) or more consecutive hours in a higher paying classification, he/she shall be paid an hourly rate of one dollar (\$1.00) per hour to be added to the employee's straight-time rate of pay.

Employees being trained with on-site supervisory assistance in a bona-fide training program for a higher paying classification will be paid their current rate in their regular classification during such training time.

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FINANCE COMMITTEE MEMORANDUM

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

FROM: Jorge M. Gonzalez, City Manager

DATE: May 12, 2010

SUBJECT: **UPDATE ON FINANCING FOR THE ENERGY SERVICES AGREEMENT BETWEEN THE CITY AND AMERESCO, (THE COMPANY).**

PROJECT OVERVIEW

In early 2008, after a competitive selection process, the City selected the firm Ameresco, Inc. to serve as the City's Energy Savings Contractor (ESCO). The purpose of Ameresco's selection was to have the Company undertake a comprehensive energy and resource conservation analysis for the City and to suggest several projects which the City could implement.

To date Ameresco has completed their Energy Audit and from that Audit a list of six (6) Energy Conservation Measures (ECM) have been identified and found to be feasible by Ameresco. The City Commission accepted the six (6) energy conservation projects at the September 9, 2009 City Commission meeting and directed that an Energy Performance Contract be negotiated to proceed with the implementation of the ECM's. (Please note that the ECM number is not intended to be sequential, it is a reference to the number originally assigned in the Energy Audit, as such, as some projects became unfeasible, they were dropped out and left gaps in the numbering sequence).

- ECM 1 – Facility Lighting and Lighting Controls Upgrade. This ECM generally provides most of the City's facilities with lighting upgrades and lighting control upgrades to increase the energy efficiency.
- ECM 3 – Domestic Water Conservation. This ECM provides throughout the various City facilities, water conserving fixtures such as toilets, sinks, shower heads, ice machines and laundry facilities where they exist to reduce their water consumption.
- ECM 5 – HVAC Controls. This ECM generally provides that all of the City's different facilities will be linked into one (1) energy management system and upgraded so that building monitoring and controls are more easily undertaken and energy conservation achieved as a result.
- ECM 6 – Geothermal District Cooling Plant. This ECM provides through three (3) different elements, the optimization of the chiller plant facility in the Convention Center, providing a geothermal source to enhance the efficiency of the cooling plant and also to expand the cooling system to incorporate the distribution of chilled water to City Hall, the new multi-purpose City garage and eventually the 777 Building.
- ECM 7 – Geothermal Cooling Police Station. This ECM provides a geothermal cooling source to increase the efficiency of the Police Department chilling mechanism, thereby reducing energy consumption.
- ECM 10 – Power Transformer Replacement. This ECM provides for the replacement of most of the power transformers currently in use within City facilities to increase their energy efficiency.

The total cost of the ECM's is estimated to be approximately 14 million dollars and the payback term without interest associated with the financing is estimated to be 10.9 years. Interest costs are included and the total project payback is just under the fifteen year term of the Agreement (2 years of construction and 13 year payback period).

It is important to note that the Energy Conservation Projects will not create savings that can be used by the City until the completion of the contract term. The entire project and the cash flow model anticipates that all savings that are realized on an annual basis are captured and applied to pay for the project costs over the term of the Agreement.

Energy Services Agreement Contract Terms

As the contract will have a fifteen (15) year term, the contract then also reflects monitoring, maintenance and other elements that are atypical of other construction contracts typically entered into by the City. The contract is essentially a design build contract for which a fixed price is provided to the City for the respective ECM's. No change orders unless initiated by the City are allowed as part of this arrangement. The contract also provides a specific guarantee that is based on energy units saved as part of the implementation of the Energy Conservation Measures. It is important to note that while the guarantee is expressed in dollars the actual guarantee is calculation based on the number of energy units saved in an annual cycle then translated to dollars by virtue of whatever the appropriate rate is for that time period. For the initial year, energy savings are valued at \$1.2 million dollars. The agreement provides an annual inflation rate of 3.5% for electric, water and wastewater savings.

Financing

The project is proposed to be financed with two (2) principal sources of funding. A federal grant in the amount of \$839,000 has been secured as part of an Energy Conservation Stimulus Program made available to municipalities and the City has been pursuing quotes on equipment financing loans from various banks which will be presented to the City Commission in a separate action item on this same agenda.

The financing for the project has been challenging given the current economic climate and the timing of this project. In September, the City did not have the capacity to obtain additional bank financing, given the recent \$60 million bank line of credit and the existing \$37 million equipment credit line. As a result, a bond offering was considered to be the appropriate financing vehicle for the Ameresco projects. Although six projects had been approved by the Mayor and City Commission, an additional project for water reclamation was being researched for consideration and accordingly, the proposed bond offering was temporarily deferred. Subsequently in February, the City issued additional water/sewer bonds (through Gulf breeze Loan Pool) which generated a required reduction in the size of the bank line of credit outstanding. In March the Finance Committee was advised that the water reclamation project was deferred as additional research is necessary. As a result of these events, the City can now move forward to obtain bank financing for the approved projects.

We have requested proposals from five members of the underwriting pool that are banks: SunTrust, Bank of America, Citicorp, Wells Fargo and Chase and will discuss the proposals received at the Committee meeting.

JMG/RCM/PDW

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