

MIAMI BEACH

City Commission Budget Workshop Third Floor Training Room, 1755 Meridian Avenue September 23, 2013

Mayor Matti Herrera Bower
 Vice-Mayor Edward L. Tobin
 Commissioner Jorge R. Exposito
 Commissioner Michael Góngora
 Commissioner Jerry Libbin Absent
 Commissioner Deede Weithorn
 Commissioner Jonah Wolfson Absent
 City Manager Jimmy L. Morales
 City Attorney Jose Smith
 City Clerk Rafael E. Granado

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ATTENTION ALL LOBBYISTS

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Special note: In order to ensure adequate public consideration, if necessary, the Mayor and City Commission may move any agenda item to the alternate meeting date, which will only be held if needed. In addition, the Mayor and City Commission may, at their discretion, adjourn the Commission Meeting without reaching all agenda items.

Meeting called to order at 1:44:43 p.m.

COMMISSION BUDGET WORKSHOP AGENDA

1:44:43 p.m.

1. Discussion Of The Timing For Issuance Of Additional Stormwater Revenue Bonds.

ACTION: Discussion held.

Jimmy L. Morales, City Manager, introduced the item, and Patricia Walker, CFO, provided details.

Patricia Walker, Chief Financial Officer, explained that she met with Eric Carpenter, Public Works Director and David Martinez, Assistant Director of CIP and review the stormwater project and they were able to reduce the cost of Flamingo A and C significantly, as well as make a small adjustment to the West Avenue project and forecast when the Alton Road Project will be done. This means that the bonds that will need to be sold will be much later. She explained that if we sold in FY 2016/2017 there are two options: 1) increase rates for FY 2015/2016 to 1404, and 2) a two-step rate

increase in FY 2014/2015 to 1042 and in FY 2015/2016 to 1302. This means that there will not be a rate increase for FY 2013/2014. This will need to be recalculated to a look at the timing and the value of projects, next year at budget time, to see if these rates are still in place. She added that the City has a line of credit, and awarding these stormwater projects and the additional sewer water projects against the line of credit. The line of credit expires on April 2014. She emphasized that we must maintain a line of credit until we can pay for them with bonds because we do not have the funding to do them.

Commissioner Góngora stated that this is good news and added that as far as the two options he likes the “step up” because it is less dramatic.

Discussion held.

Commissioner Exposito asked what the City’s bond rating is.

Patricia Walker, Chief Financial Officer, stated that for stormwater is it AA. She added that the City is an AA2 and a –AA, and the overall rating is AA2, the same as the Federal Government rating.

Discussion continued as to the different ratings.

Patricia Walker, Chief Financial Officer, stated that she has given the City Commission two schedules showing the value of the projects and the timing as they stand right now.

1:51:16 p.m.

2. Vacancy Reports As Of September 2013.

ACTION: Report given.

Jimmy L. Morales, City Manager introduced the item, and Kathie G Brooks, Assistant City Clerk provided details.

Kathie G Brooks, Assistant City Manager, explained that Attachment 1 on page 8 summarizes the positions that have been vacant for six (6) months or more, and Attachment 2 summarizes all the vacant positions. She added that there are 30 positions vacant in the General Fund with a value of \$1.5 Million. A good percentage of those, or 1/3, is in the Police and Fire Departments.

Discussion held.

Kathie G Brooks, Assistant City Manager, explained that the vacant positions in the Police Department are offsetting the overage in the overtime, since they have gone above the overtime budget for this year.

Vice-Mayor Tobin stated that the Police Department has been leaving open positions to offset the overtime budget, and he added that it was his understanding that the Commission had agreed that they wanted know what unfilled position budget is being spent on, if not used to fill positions. Vice-Mayor Tobin stated that there should be a process in place when money for one item is spent on another item; that the

Commission must be notified. **Kathie G. Brooks to handle.**

Discussion continued.

Mayor Bower asked if the money is set aside for a specific item could it be used for something else. If it can be, it should that be brought up for the City Commission to approve the final expenditure.

Kathie G Brooks, Assistant City Manager, stated that this does not have to come to the City Commission unless they exceed the total department budget because the City Commission already adopted the budget at the department level. She explained that the Police Department has spent more in overtime than what was budgeted. Her recollection of the direction given last year was not to put the additional police officers on the street on Washington Avenue until you fill the vacancies. This discussion was in relation to the hiring.

Discussion continued.

Vice-Mayor Tobin stated that there should be some way of tracking, so the Commission knows what monies are spent on each item.

Mayor Bower asked if the City Commission could say that they want the vacancies filled and that the funds cannot be moved to another line item unless it is for salaries in the category where they are vacant. This is the way she understood it was happening, and she inquired if it works the same way in other departments. We need to stop the "slush fund" we are giving the departments, we allocate money and then they change the line items.

Kathie G Brooks, Assistant City Manager, explained that it works the same in every department.

Mayor Bower asked for a motion.

Jose Smith, City Attorney, explained that direction could be given without a motion.

Discussion continued.

Commissioner Weithorn stated that what is happening is contrary to what she and her colleagues were told the direction was.

Mayor Bower stated that she does not mind if the position is vacant and carries over the savings into the next year but she does not agree to spend the funds without the City Commission knowing about it.

Discussion continued.

Commissioner Weithorn inquired about Fire/Ocean Rescue and the lack of promotions for Lifeguards II, and wanted information as to the coverage on the beach.

Kathie G. Brooks, Assistant City Manager, explained that they have Lifeguards I acting as Lifeguards II; that they have a Memo of Understanding (MOU) with the Union on

this issue, and have been in negotiations all this time.

Discussion continued.

Commissioner Weithorn stated that she could not accept the \$1.5 Million as savings because we are spending it in some other way.

Discussion continued.

Vice-Mayor Tobin stated that he does not want the Department Directors to get the wrong idea, he is not saying that he would not necessarily vote if they need that surplus money for something, but he objects that if he is giving them money for something and it is being spent on something else. There has to be a sign off by the City Commission, on these transfers.

Commissioner Exposito stated that obviously these positions are not going to be filled in the near future. He asked what shall we call these an "attrition credit?"

Kathie G. Brooks, Assistant City Manager, explained that they have not built an attrition credit into the budget. Typically, they wait for the funds to drop at year-end and recapture in subsequent years.

Discussion continued.

Vice-Mayor Tobin stated that from a management and performance perspective, it is nice to have departments saving money, and maybe these departments do not need to lose these moneys at the end of the accounting year through attrition, but the money should be used for the Department. He does not want to give an incentive to spend, but give them an incentive to use the surplus. If they are able to do more with less, they should be able to keep the money. However, the Commission must provide approval as to how these unspent monies are utilized.

Commissioner Weithorn stated that it would be nice next time on this report to know the vacancies that are being covered by overtime or by employees working out of class. She will like to see real vacancies, asides from those that are being covered.

Kathie G. Brooks to handle.

Vice-Mayor Tobin asked if there is a person in the Budget Office that looks at this on a quarterly basis, and advises the departments as to how they are using or should use the money.

Kathie G. Brooks, Assistant City Manager, explained that the Budget Office does not direct the Departments as to how they should be using the money, but they have a person in the Budget Office that looks on a quarterly basis as to what is the overtime (Police Department) being used for, and how that deviates from the budget.

Vice-Mayor Tobin stated that these are audits to see how the budget balanced but it is not looking at performance.

Discussion continued.

Kathie G Brooks, Assistant City Manager, stated that questions are asked as to why this overtime is being spent on a particular activity.

John Woodruff, Budget and Performance Improvements Director, explained his Department's monitoring procedures.

Discussion continued.

Mayor Bower asked if there is a procedure when funds are being transferred from one line item to another.

Kathie G Brooks, Assistant City Manager, stated that "yes," but the only exception is overtime. The Budget Office controls the salaries.

Mayor Bower asked how the money goes from the savings on the vacancies into the line item for overtime for the departments to be able to use it.

Kathie G Brooks, Assistant City Manager, stated that the transfer must be signed off by the Department Director, the Budget Office and the City Manager. She explained that once an employee is approved to work overtime and works it, the City must pay it and the money has to come from somewhere else, if the line item for budget has been exceeded.

Discussion continued.

Kathie G Brooks, Assistant City Manager, explained that in the past the practice has been to do the budget adjustment at year's end, and added that they notify the City Commission via LTC with quarterly budget projections.

Discussion continued.

Vice-Mayor Tobin stated that is it not as simple as saying that we are short and need somebody to work overtime and pay it, all these projects have schemes that are set up ahead of time and we know ahead of time that this scheme is going to kills us with overtime. The schemes are implemented knowing fully that it is going to require the overtime. He does not want a report; he wants an employee that is charged with this responsibility.

Discussion continued.

Commissioner Weithorn stated that this process would have been much easier if we had done a budget amendment. She added that it is frustrating that we have not been able to get there since it is not the first time the Commission asks.

Mayor Bower asked to see the real numbers for approval. She requested to do the budget amendments on real time.

Discussion continued.

Commissioner Weithorn stated that she understand we do not have the ability to turn down overtime, the overtime information should be provided so the Commission has the ability to ask what is going on, and ask what can be done to fill the positions.

Discussion continued.

John Woodruff, Budget and Performance Improvement Director, stated that they could bring the budget amendments in real time as an agenda item.

Mayor Bower stated that this issue should be brought to the City Commission via a budget amendment for approval. **John Woodruff to handle.**

It was decided and directive was given to send the issue to the Finance and Citywide Projects Committee for review and the reports come to the City Commission for approval. Patricia Walker to place on Committee Agenda. **John Woodruff to handle.**

Discussion continued.

Assistant Chief Overton explained the dispatching process.

Discussion on cross training on call takers and dispatchers continued.

2:31:39 p.m.

Sylvia Crespo-Tabak, Human Resource Director, spoke.

Discussion continued.

2:31:21 p.m.

John Woodruff, Budget and Performance Improvement Director, stated that the bottom line recommendation on the vacancy report is to eliminate two part time positions all together and converting a third position to a full time position. **John Woodruff to handle.**

Discussion continued.

2:34:43 p.m.

3. Final Decisions For Fiscal Year (FY) 2013/14 Budget Development.

ACTION: Discussion held.

Jimmy L. Morales, City Manager, introduced the item.

Commissioner Weithorn asked if there was anything different from what was presented last time.

Jimmy L. Morales, City Manager, answered "no."

Commissioner Weithorn stated that if nothing changed they do not need to go through the presentation again.

John Woodruff, Budget and Performance Improvement Director, stated that the

second public hearing is next Monday, September 30, 2013 and we should leave this meeting with clear direction. The City Commission adopted the tentative budget, but deferred making a final decision regarding proposed enhancements as well as the \$550,000 surplus fund. In the General Fund, the proposed enhancements are \$1.683 Million plus the \$550,000 for a total of \$2.233 Million and this is the focus.

Commissioner Góngora stated that due to the \$550,000 surplus he would like to reduce the millage further to bring us close to our goal of bringing the budget down. We owe that to the resident and the property owners. He moved that we do this.

Commissioner Weithorn stated that we need to discuss the Mass Transit Circulator before we do this. She added that we could not have both. Since there is another option, both options should be discussed.

Discussion held as to what is included in the \$1.6 Million.

Mayor Bower stated that the requests made by Vice-Mayor Tobin need to be discussed by everyone.

Discussion continued.

Jimmy L. Morales, City Manager, stated that the most “controversial” issue was the Wi-Fi, and trying to get the data. They are working with a company and are trying to find out how many people will actually use it on a daily basis, or rather frequently. Initially, they were told there were 20,000 regular users, 5,000 residents and 15,000 visitors. After several test, 247 people sign on every day. He stated that it will cost \$710,000 on this system annually and \$180,000 to refresh next year, and five years from now in excess of \$1 Million since we will not be cover to refresh. This is a policy decision and the question is if this is something they really want to do. The Administration is proposing spending 1/3 of the money, harden Wi-Fi and make it really good at City facilities, Parks, City Hall and other locations, and set aside \$50,000 for scholarships for hardship families. Something like this will benefit many more people.

Discussion continued.

Commissioner Weithorn stated that her sentiment is that she is in agreement with the Manager’s proposal.

Mayor Bower stated that she is agreeable also.

Discussion continued.

Jimmy L. Morales, City Manager, stated that they would prepare an LTC explaining the specific areas of Wi-Fi enhancement, so that the City can run it ourselves. **Patricia Walker to handle.**

Discussion continued.

John Woodruff, Budget and Performance Improvement Director, explained that some of these revenues are offset by service enhancements.

Commissioner Weithorn explained that there is \$318,000 that we put in and then we take it out and the remaining "increase is \$160,000."

Discussion continued.

Commissioner Weithorn stated that she is agreeable with assuming that the \$318,000 we do the other side.

Discussion continued.

Commissioner Weithorn stated that when they did the union negotiations they spent as much time talking about the problems with dispatching as we did with other issues. She wants everyone to understand how important this issue was to the union and she was nervous that this issue would be our breaking point. The reason is was not the breaking point was because they trusted us to do the right thing.

Mayor Bower stated that she has no problem with the dispatcher but this has to go hand in hand with keeping track to the line items in the budget and we need to keep track of this also. She wants to keep track of the cost of these three additional positions and how much the overtime will be reduced. If we add the people and the overtime cost does not go down, then there is something wrong. She has a problem with adding so many people all at once, because the people are going to question it specially this being an election year. She has no problem with the Police Department because they will perform a service, and it will reduce the overtime. **John Woodruff and Chief Martinez to handle.**

Mayor Bower wants to feel comfortable with the other additions and with the quality of life issues. She also has question as to Parks, Sanitation, and how the City is being cleaned.

Discussion continued.

Commissioner Góngora has a concern why 30.5 new positions are on the agenda. We can keep the money there so that they can be funded, but we need to discuss these new proposed positions further and know that if we are voting for these that they are necessary. He gave the example of a position in the City Attorney's Office that was eliminated five years ago and now it is requested to bring it back. He asked if we actually need it.

Jose Smith, City Attorney, explained that the position is to assist Raul Aguila in performing his transaction work with Departments such as Procurement, CIP, leasing, and contracts. Mr. Aguila is overworked and has many responsibilities to deal with. This will be an entry-level position that we had eliminated three or four years ago. The salary being proposed is between \$80,000+ to \$90,000+ range. Raul Aguila has been interviewing people and there is a candidate that he has identified but this a decision you need to make. This decision will improve the efficiency and the work of the City Attorney's Office. The City Attorney's Oversight Committee has already looked at it, and recommended in favor of it.

Commissioner Weithorn asked if we do not do this, do we end up spending it on

outside counsel.

Vice-Mayor Tobin stated that perhaps we should use outside counsel because a lot of the work that falls on Raul stays on his desk, and perhaps we should be using outside counsel to supplement his work. Raul Aguila handles so many different expertise that he hopes whomever we are hiring knows about these areas.

Commissioner Góngora asked what transaction litigation is.

Jose Smith, City Attorney, stated that this person would not be doing litigations; this is actually transaction work that needs to be done. There are enough litigators. He added that this particular area is better handled internally. There is much work that will be necessary if done by outside counsel. This person will work with the individual departments making sure that all the contracts are scrutinized. Raul Aguila will be used doing other duties.

Mayor Bower asked if Raul Aguila will be supervising this person, and the City Attorney responded "yes."

Vice-Mayor Tobin asked if there is somebody else in the City Attorney's office that could learn this work.

Jose Smith, City Attorney, stated that they have used Steve Rothstein for that purpose, but Steve also has much on his agenda. He added that at one time Raul Aguila was running the Procurement Department and that there a great deal of work to be done in that area and this person has this type of experience.

Mayor Bower asked how many employees are in the City Attorney's Office.

Jose Smith, City Attorney, stated that there are nine (9) attorneys with different specialty fields such as Zoning, Planning and Police. There are two for Police and other Federal litigation such as Human Resources. We have been inundated with Police cases. Rhonda Montoya does Building and Fire regulatory work. Debbie Turner does litigations and legislations resolutions, ordinances and quality of life issues.

Mayor Bower asked if they are all full time employees and the answer is "yes." She added that Raul Aguila handles everything thing that comes to the City, and she does not have a problem with somebody to help him expedite the work.

Vice-Mayor Tobin asked if it would help hiring a lawyer in CIP to help them. He commented that none of the current contracts have attorney's fee.

Jose Smith, City Attorney, explained that this is one of the areas that Raul Aguila was going to work on, revising all the AIAs standard construction contracts since he has not had an opportunity to do that. There are also issues involving special taxing districts, also work on the undergrounding of certain areas. He added that it is not efficient to delegate some of these duties to others in the office.

Vice-Mayor Tobin asked if other cities have construction departments have their own attorneys.

Jose Smith, City Attorney, stated that Miami-Dade County does it but he is not aware of the municipalities doing this.

Vice-Mayor Tobin asked what the best practice is.

Jose Smith, City Attorney, stated that there is a plus and a minus on this.

Discussion continued.

Mayor Bower stated that she prefers having all the attorneys together in one place. There could be an attorney dedicated to the different areas of expertise, but they all should fall under the Department that the City Commission can watch over but it is the pleasure of the Commission to what they want to do.

Commissioner Góngora asked if we could pass the second reading of the budget with the enhancements included before we decided that we are going to hire all these people.

Kathie G. Brooks, Assistant City Manager, stated that you could budget the funds and give directions as to what you want done on the enhancements. If there is something you agree on, approve it today.

Commissioner Weithorn stated very strongly that some items could not wait, such as public safety and Communications positions and staff the positions where we are receiving revenues. For everything else, we can wait. **Kathie G. Brooks to handle.**

Mayor Bower stated that we are too rushed now to concentrate on this and agreed with what Commissioner Weithorn mentioned and the red light camera, the grease traps. **Kathie G. Brooks to handle.**

Discussion continued.

4. Mass Transit Circulator Funding And A Proposed Mass Transit Circulator In North Beach.

ACTION: Discussion held.

Jimmy L. Morales, City Manager, introduced the item.

Mayor Bower stated to pass this item and discuss it later.

Commissioner Weithorn asked where it should be discussed.

It was agreed to refer the item to the Finance and Citywide Projects Committee and they will recommend to the City Commission.

Commissioner Weithorn asked how much does it cost and if it is over ½ million dollar she cannot pass it.

Kathie G. Brooks, Assistant City Manager, explained that they are still in discussions.

Discussion continued.

Mayor Bower asked if they could have the prices by Monday.

Kathie G. Brooks, Assistant City Manager, stated that it will not be possible to have it by Monday, and explained the decision of the Neighborhood/Community Affairs Committee.

Discussion continued.

Mayor Bower stated that we should leave it at \$1.17 Million, and when they catch up then we split it. She does not like reducing it because the arts are very important.
Kathie G. Brooks to handle.

Commissioner Weithorn stated that she would like to fund it from Resort Taxes, and it will still allow us to bring the millage down because there is no way this will come in this fiscal year and there is plenty of money to make the program work. We can bring the millage down and still bring the circulator. **Kathie G. Brooks to handle.**

Mayor Bower restated that we are giving the same amount we are not cutting t evenly.

Kathie G. Brooks, Assistant City Manager, stated that we are keeping the same amount as last year, salary plus differential. **Kathie G. Brooks to handle.**

Meeting adjourned at 3:17:40 p.m.

Handouts and Reference Materials:

1. Ad 810 Notice of Commission Budget Workshop