



MIAMI BEACH

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

COMMISSION MEMORANDUM

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

FROM: City Manager Jorge M. Gonzalez 

DATE: February 25, 2009

SUBJECT: **REPORT OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE MEETING OF FEBRUARY 11, 2009.**

NEW BUSINESS

1. Discussion of Long-Term Impact of Post Retirement Benefits.

ACTION

Commissioner Deede Weithorn made the motion to move the item and create a City of Miami Beach Florida Other Post – Employment Benefits (“OPEB”) Trust, the Committee also agreed to move approximately \$4 million dollars already set aside in the City’s general fund to begin funding the trust, motion was seconded by Chairman Saul Gross all were in favor.

City Manager Jorge Gonzalez presented the item and explained that in 2004, the Governmental Accounting Standards Board (GASB) released Statement No. 43 – Financial Reporting for Postemployment Benefit Plans Other than Pension Plans (GASB 43) and Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other than Pension Plans (GASB 45). These two statements established uniform accounting and financial reporting standards for state and local governments related to benefits paid to retirees other than pensions (OPEB), including implementation dates based on the total annual revenues of the entity. Based on the GASB standards, the City of Miami Beach is required to report under these standards for the period October 1, 2007 though September 30, 2008.

The City Manager went on to state that the City has funded the cost of these benefits on a “pay-as-you-go” basis, i.e. when the premiums are due, rather than when the liability is incurred. The GASB standards require that the liability for these OPEB costs be recognized when incurred, i.e. in association with each year of service by the employee. Since the City did not set aside funds over the years of employment for employees that are currently retired, the City has to report on unfunded liabilities that relate to prior years (amortized over 30 years) as well as a current year liability related to those currently employed. To determine the impacts of the new OPEB standards, the City hired Gallagher Benefits Services to perform an actuarial analysis of the City’s OPEB liability.

Agenda Item CGD

Date 2-25-09

Chief Financial Officer Patricia Walker stated that although GASB standards require that the City recognize the liability for other post employment benefits as incurred, it does not prescribe that these must be funded or how. The City has the following options with regards to funding the liability:

- Never funding the liability
- Funding when and if funds become available
- Funding pursuant to a plan that will provide full funding over a reasonable timeframe

None-the-less, unfunded liabilities typically affect the financial rating of the City. This will be particularly important for those funds where the City is planning to sell bonds in the next few years (Water, Sewer, Stormwater, and Parking). She also stated that by having a trust in place the City can use a higher discount rate therefore minimizing the cost and reducing the liability. She also stated that the City over the past two years has set aside approximately \$4 million dollars in the General fund and stated that these funds should be used to begin funding the trust.

Commissioner Deede Weithorn inquired if there was a mechanism in place? City Manager Jorge Gonzalez stated that this was only to establish the trust and that a funding plan would need to be developed.

Commissioner Jerry Libbin inquired as to what was the liability, Chief Financial Officer Patricia Walker stated that the liability not inclusive of fire was \$119 million and with Fire it is approximately \$156 million. Further, Kathie Brooks, Budget and Performance Improvement Director clarified that for FY 2007/08, the City's **annual** liability (the annual required contribution – ARC), including both normal costs and amortization of unfunded liability, ranges from \$13.276 million based on a 8.5% discount rate to \$17.432 million based on an 5% discount rate for all workers. In addition the health insurance premiums that the City has funded annually on a pay-as-you-go basis count towards the City's annually required contribution. Accordingly, the Net Obligations for the City for FY 2007/08 range between \$6.901 million to \$11.057 million for all employees.

Commissioner Deede Weithorn made the motion to move the item and create a City of Miami Beach Florida Other Post Employment Benefits ("OPEB") Trust, the Committee also agreed to move approximately \$4 million dollars already set aside in the City's General Fund in FY 2005/06 and FY 2006/07 to begin funding the Trust, motion was seconded by Chairman Saul Gross all were in favor.

2. Discussion Regarding Status, Design and Budget for The New World Symphony Parking Garage and Park.

ACTION

The Committee requested the Garage proceed to the Design Review Board "DRB" for consideration and potential DRB approval. The Committee also requested that New World Symphony "NWS" and City Staff work together to develop a preliminary conceptual park design and ask Frank Gehry if he could design a park that could be designed, permitted, and built for \$11 million dollars all in, and bring the item back to the next Finance and Citywide Projects Committee Meeting with the corresponding information.

City Manager, Jorge Gonzalez presented the item and gave a brief background as to the history of the New World Symphony Garage Project. He stated that the budget for the garage was approximately 15.2 million dollars all in, and that there appears to be a \$4 million dollar shortfall.

Assistant City Manager, Tim Hemstreet advised that the original shortfall was between \$5 and \$7 million dollars but due to the deletion of two elevators, the proposed waiver of the Art in Public Places "AIPP" allocation, and the removal of some stainless steel cladding and some L.E.D. lights that the shortfall is closer to \$4 million dollars.

Chairman Saul Gross asked what our options were to bridge the \$4 million dollar gap. City Manager Jorge Gonzalez stated that we could build to the \$15.2 million dollar budget, fund shortfall from the park component, reduce scope of project or ask New World Symphony to fund the shortfall.

Chairman Saul Gross commented that he felt that the NWS should consider making a contribution to the garage and perhaps address their code required parking.

Commissioner Victor Diaz stated that though he was a big fan of the NWS he felt that the garage project should be scaled down and built to budget.

Commissioner Jerry Libbin commented that the parking garage is part of a bigger complex and he would like to see the design of the park before he commits to moving money from the park to the garage.

Commissioner Deede Weithorn stated that she would like to see what kind of park we are going to be able to build for \$10 million dollars before committing to take money from the park to the garage.

Mayor Matti Herrera Bower commented that if you were going to construct the project fund the entire project or do not do the project at all.

Chairman Saul Gross wanted to see what could be done as far as moving forward with the design of the park so as to have a better understanding of what funding would be necessary to complete the park project.

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3. The Issue Of Late Payments To the City for Water, Sewer And Storm water Bills As A Result Of Mortgage Foreclosures, for A Study And Development Of Acceptable Payment Plans To Assist Condo Associations Adversely Affected.

ACTION

The Committee directed staff to contact condo associations that are currently delinquent to advise that the City is willing to provide assistance by making payment arrangements on a case by case basis. Condos must pay the current portion of their bills in full and on time and the City will help with payment plans to pay for the amounts in arrears over a period of months. The Committee further suggested that for condo associations with documented foreclosures of 15% or more, the City should apply payments to the current portion of the bill first, as opposed to the oldest amounts, in

order to help prevent penalties. Motion seconded and all were in favor.

Commissioner Jerry Libbin presented the item and gave a brief background of the hardships being faced by today's condo associations. He stated that due to the amount of foreclosures in the condo market that it is difficult for condo associations to keep current with their monthly expenses.

Commissioner Jerry Libbin was hoping that the City could provide some type of relief for struggling condo associations. Some ideas were spreading the penalty over a ten month period if you have 15% of condos in foreclosure.

Public discussion ensued and various testimonials from both condominiums board members took place. The discussions related primarily to the penalties that are placed on water bills and the amount of foreclosures that they are experiencing. Some board members understood the City's position but were wondering what the City could do to help.

Chief Financial Officer Patricia Walker stated that the City has made payment arrangements on a case by case basis to try to help the condo associations, but reminded everyone that the City has to pay Miami-Dade Water and Sewer Department for the water consumed and solid waste processed on a monthly basis in addition to debt service and operating expenditures.

Commissioner Jerry Libbin also stated that if there was any other areas where the City could provide assistance to please do so.

Commissioner Deede Weithorn advised the Committee to be aware that no preferential treatment should be made to condo associations and made the motion to direct staff to contact condo associations that are currently delinquent to advise that the City is willing to provide assistance by making payment arrangements on a case by case basis. Condos must pay the current portion of their bills in full and on time and the City will help with payment plans to pay for the amounts in arrears over a period of months. The Committee further suggested that for condo associations with documented foreclosures of 15% or more, the City should apply payments to the current portion of the bill first, as opposed to the oldest amounts, in order to help prevent penalties. Motion seconded and all were in favor.

4. Presentation of Flamingo Park "Draft" Master Plan and Discussion on the Tennis Center/Courts Scope of Work.

ACTION

The Committee recommended bringing the Basis of Design Report "BODR" to the March 10, 2009 Finance and Citywide Project Committee Meeting and asked staff to bring back a revised budget figure as to what it would cost to renovate the current tennis center to be code compliant so that the Committee can make a decision as to whether renovate, rebuild or scale down the tennis center component of the project.

Acting CIP Director Fred Beckmann presented the item and gave a brief history of the Flamingo Park Tennis Center and why it was in front of the Committee today. Mr. Beckmann then went on to introduce Arris Garcia from the firm of Wolfberg Alvarez the consultants for the project.

Mr. Garcia proceeded to go over the master plan and the five options that are available, but he was requested to brief and discuss conceptual design and costs instead for the tennis center.

Commissioner Saul Gross questioned if the areas of flooding that currently occur on the tennis courts could be corrected.

Mr. Garcia stated that with the new design the courts will be more elevated as well as drainage installed.

Commissioner Saul Gross stated that he wanted to take a step back and see that we are not over killing the remodel of the tennis center. He then opened the floor for public comment.

Discussion ensued as to whether to have more hard courts as opposed to clay courts and some of the testimonials ranged from doing the minimal improvements to the tennis courts to making it a world class tennis center.

Other public comments centered on the phasing in of the construction of the tennis courts so that the center would not be permanently closed.

Acting CIP Director Fred Beckmann stated that phasing in the construction would escalate the price as well as delay the overall completion of the tennis center.

City Manager Jorge Gonzalez stated that the capital budget for Flamingo Park is Currently \$6.9 million for construction, including a projected \$2.4 million in fiscal year 2009/2010 and the cost for the tennis center and the courts is \$5 million leaving \$2 million for the rest of the master plan for Flamingo Park.

Mayor Matti Herrera Bower commented that she would like to see the entire park project plan before making any commitments as to how to proceed. Mayor Bower feels that it is a competition as to how the money is to be spent throughout the park.

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5. Discussion Regarding the Sole Source Purchase of Paradex ProjectDox, Electronic Plan Review Software for the Building Department.

ACTION

The Finance and Citywide Projects Committee unanimously approved recommending to the City Commission the sole source purchase of ProjectDox and place the item on the consent agenda for the February 25, 2009 Commission Meeting.

Commissioner Libbin started the discussion by stating that he was the one that referred this item to the Committee, he stated that he wanted to feel comfortable that this purchase was in fact a sole source item.

Building Director Alex Rey gave a brief history as to why we are purchasing the software. He stated that with this software there can be concurrent reviews of the plans therefore expediting the process of plan review.

Chairman Saul Gross then inquired as to why Projectdox had been selected.

Building Director Alex Rey went on to state that Projectdox is already integrated with the current system that is in place Permits Plus. He also stated that Projectdox works already with most of the major permitting systems used by other municipalities.

Chairman Saul Gross then asked if Projectdox was only in the business of permitting for municipalities.

Cindy Bernstein, a representative from Projectdox, stated that they are only in the business of electronic plans and interfacing them with municipalities and have been doing so for eight years.

Gregory Arkin a representative from Buzzsaw, stated that he felt this was not a request for proposals "RFP".

Chairman Gross went on to ask Mr. Arkin if he was placed in the City's position what would he do, would he rather go with a company that has not yet perfected the software or go with Projectdox that has 98% of the market.

Ms. Bernstein from Projectdox went on to state that most municipalities use sole source when purchasing their product and the ones that have gone out for RFP Projectdox has been the sole respondent.

Conversation ensued over the benefits of Projectdox over that of the competition.

Commissioner Deede Weithorn made the motion to approve the sole source purchase of Projectdox and place it on the consent agenda for the February 25, 2009 Commission Meeting, all in favor motion passed unanimously.

6. Discussion on Additional Lighting for Nautilus West.

ACTION

The Committee recommended moving forward with the additional lighting for the Nautilus West neighborhood.

Acting CIP Director Fred Beckmann presented the item and advised of the changes for the lighting of the Nautilus West Neighborhood. He advised that that there would be an additional operating cost of about \$4 thousand dollars a year.

Residents from the neighborhood commented that though they would have liked the acorn lights better, that they were in agreement with the relocation of the cobra heads as suggested.

Commissioner Deede Weithorn made the motion to move forward with the additional lighting, seconded by Chairman Saul Gross all were in favor.

JMG/PDW/rs