

**CITY OF CORAL GABLES BUDGET/AUDIT ADVISORY BOARD**

**Wednesday, April 27<sup>th</sup>, 2022, 8:00 a.m.**

**Location: City Hall Commission Chambers**

**405 Biltmore Way, 2<sup>nd</sup> Floor, Coral Gables, FL 33134**

**Public via Zoom: Meeting ID: 814 3489 7118**

**MEETING MINUTES**

<b>MEMBERS</b>	<b>M</b>	<b>J</b>	<b>J</b>	<b>A</b>	<b>S</b>	<b>O</b>	<b>N</b>	<b>D</b>	<b>J</b>	<b>F</b>	<b>M</b>	<b>A</b>	<b>APPOINTED BY:</b>
	21	21	21	21	21	21	21	21	22	22	22	22	
John Holian	-	-	-	-	P	P	P	-	A	P	P	P	Vince Lago
Francisco Paredes	-	-	E	-	P	P	P	-	P	P	PVC	P	Vice Mayor Michael Mena
Javier Banos	-	-	P	-	P	P	P	-	P	P	P	PVC	Rhonda Anderson
Matt Martinez	-	-	-	-	P	P	P	-	E	P	P	P	Jorge Fors
Carmen Sabater	-	-	E	-	P	E	P	-	P	A	P	A	Kirk Menendez

(Dash indicates no meeting; blank space indicates member not yet serving.)

^ New Member

#- Special meeting

\*\* - Resigned Member

PVC – Present Via Video Call

P – Present

A – Absent

E - Excused

**City Staff:**

**Diana Gomez**, Finance Director

**Keith Kleiman**, Assistant Finance Director for Management, Budget & Compliance

**Elsy Fuentes**, Internal Audit & Grants Coordinator, Management, Budget & Compliance

**Pedro Sanchez**, Management & Budget Analyst II, Budget & Compliance

**Zeida Sardinias**, Asset Manager, Economic development

**David Perez**, Fire Lieutenant

**David Vargas**, Fire Fighter

**Call to Order:**

The meeting was called to order at 8:05 AM by Frank Paredes. The roll was taken and there was an in-person quorum of four, and one member via Zoom. The meeting was also available on Zoom for public access.

**Meeting Minutes:**

A motion was made by Javier Banos to approve the minutes of March 30<sup>th</sup>, 2022, and second by Matt Martinez. The motion was voted upon and passed unanimously.

**• Discussion: (New Business) – Purchase of Property located at 142 SW 37<sup>th</sup> Avenue**

The Economic Development team, represented by Zeida Sardinias shared the details of the purchase of property located at 142 SW 37<sup>th</sup> Avenue. The proposed purchase is being presented to the Budget & Audit Advisory Board for recommendation to the City Commission. The lot will be primarily used as a park and possibly a Gables Entrance landmark.

The City amended the goals, objectives, and policies of the Recreation and Open Space element of the comprehensive plan and adopted the Community Recreation Department Master Plan to improve existing parks and acquire additional properties that will be used as neighborhood parks.

The proposed purchase will enhance the level of service that the Department provides to Coral Gables residents throughout the city. Though the Commission directed the City Manager to obtain two real estate appraisals from Member, Appraisal Institute (MAI), the seller performed this and submitted the following results:

<b>Appraiser</b>		<b>Amount</b>	<b>SQ.FT.</b>	<b>PSF</b>
Quinlivan Appraisal	CG	\$1,015,000	11,300	\$89.82
Integra Realty Resources	CG	\$430,000	11,300	\$38.05
Slack, Johnston, Magenheimer	Coral 37 PDL	\$790,000	12,176*	\$64.88

Frank Paredes questioned the purchase price citing it to be considerably high. Javier Banos shared the history on the lot focusing on the community’s interest to see the land developed as a park minimizing the density for the area. He also agreed its value is above-market, but it was a direct request made by residents as a measure to perceive the transaction as a communal investment. John Holian explained how its utilization level will more than offset the increase in cost.

The Budget Advisory Board is required to provide answers to three specific questions as it relates to the terms listed which is a condition set by the Economic Development in order to present it to the Commission.

- a. **Is the purchase, sale and/or lease consistent with the property appraisal as required under section 2-1092?** Yes, they were obtained, and the discrepancies among all the appraisals were viewed as acceptable.
- b. **What is the immediate impact on the current fiscal budget and the long-term effect on future budgets, i.e., the long-term overall effect on the city?** There is no immediate impact. Funds to purchase the property come from planned use of the Fund Balance.
- c. **Considering the City’s mission statement, are there other alternatives to entering the proposed transaction?** Yes, other alternatives exist. However, this choice proves to be a good use for the citizens and the community, and it fits the parks agenda.

A motion to approve the selected responses was voted upon and adopted unanimously.

**Public Comment - Purchase of Property located at 142 SW 37<sup>th</sup> Avenue**

**Maria Cruz**

1. Where is the money coming from to purchase the lot? Keith Kleiman explained the purchase will not be funded from our existing budget but rather from the planned use of fund balance. The City has special monies set of side for the purchase of land from Impact Fees and General Capital Improvement dollars.
2. Is this the same fund called “Contingency Fund”? Contingency funds are appropriated and reserved exclusively for operations. The purchase of this lot is a capital improvement. It is funded from planned use of fund balance. We have a capital project called Land Purchase with several layers of monies including impact fees and general capital improvement funds. The line item does not appear in the budget as this is considered a budget amendment from the fund balance. However, it is in the Capital Improvement Plan (CIP). Javier Banos then suggested a more in-depth explanation of the fund balance. This balance, as explained by Director Gomez is budgeted for the purchase of land at a rate of \$500K per year and has accumulated over the last several years., In addition, the City’s Impact Fee ordinance, contains a resolution that directs parks impact fees be split in a 65/35 percentage, purchase of land (65%) and park enhancements (35%). The balance of funds in the purchase of land component

is solely used for the purchase of land for parks and there is roughly about \$2M in its balance.

3. Ms. Cruz would like to know the exact balance set aside for this? She was instructed to view the information online on our website under the caption: Finance – Management & Budget - Capital Improvement Plan – Land Purchase for Parks

Matt Martinez inquired if we have historically purchased land every year. Ms. Sardinas explained that we only consider purchases when viable sites are brought to our attention.

A motion to approve the lot purchase was made by Javier Banos, second by Matt Martinez and it was voted upon and adopted unanimously.

- **Discussion: (Deferred Item) – Audit Plan Review – FY22 & FY23**

Keith Kleiman explained the delay for FY22 with regards to the staffing audits and the decision to no longer pursue them. The City will now have \$76K available to address internal controls affecting Public Works, IT Users Access, Cash Collections and Police with \$10K in unassigned hours.

For FY23, the amount is the same however internal audits will span reviews over Development Services, 427 Biltmore Way, Infor, Franchise Fees and Police with 42 unassigned hours amounting to \$6,510. Matt Martinez questioned if inflation impacts the audit hourly rate of \$155, and it will.

A status on the SOPs was questioned by the Chair. Keith Kleiman explained that the process is still ongoing since it is dependent on the current ERP system implementation. Once the new system has been worked out, the SOP project will be completed.

A motion was made to approve the FY22 & FY23 plans by Frank Paredes, and second by Javier Banos. The motion was voted upon and passed unanimously.

- **Discussion: (Deferred Item) – FEMA Receivable - Quarterly**

Director Gomez offered no significant updates on collections and stated all claims have been submitted for reimbursement. With regards to the outstanding claims, Keith Kleiman stated in the event a receivable becomes ineligible, the City, at the end of the fiscal year covers the expenditure with available City funds.

- **Discussion: (Open Item) – 2<sup>nd</sup> Quarter Overtime Report**

Frank Paredes questioned the increase in overtime running at 64.9% versus 52.7% from last year. Keith Kleiman detailed the results explaining that although these are the overall percentages, the reader should look at each overtime component separately. For example, if the reader looks at the bottom line of “Normal Overtime”, the results of 55.5% are deemed acceptable. However, these results are skewed considerably by Technical Services (Communication Operators) which is running at 75.4% of budget. Mr. Kleiman stated that this area is under the City Manager’s immediate review. Technical Services has generated vacancy related overtime of \$246K year-to-date. This has been an ongoing concern for both the City Manager and Chief of Police. They have changed the entire structure for the division, including a new supervisor who has introduced new processes eliminating two senior titles from being used for overtime coverage. Further limitations may be coming in the immediate future.

Matt Martinez questioned the overtime expectation by employees and although expected by some, the City is working through a renewed institutional mindset to avoid seeing it as a perk of the role. Javier Banos exited the meeting at 8:43 AM, and suggested we revisit this topic in a more in-depth manner at a later time.

Another initiative driven by the Chief of Police is to add additional communication operators to the department, above the minimum staffing levels so when employees are out on leave, the department would be able to avoid the first tier of overtime. This has not been approved but if adopted, it would be included in next year's budget.

Additional discussions between the Chair and Keith Kleiman further explained specific line items of the overtime report which included: The overall budget of \$1.178M is immediately funded at the start of the year, and the \$248K for vacancies is identified as it materializes from Salary Surplus. A difference in the budget for Administration from this year against prior year suggested a one-time item was placed in the FY21 budget. The real issue is within Technical Services and the focus has been and will remain in that area until we are able to control it. John Holian questioned the trend, which has been moving steadily upward with Technical Services.

A new study separating Fire by its different levels of vacancies, provided better accountability, and demonstrated they did an incredible job. They are well within budget.

At Public Works, overtime concerns issues within the Solid Waste division had been areas of contention however YTD actuals at \$8,300 versus last year have significantly improved from \$141K. At this point in time, they are well within budget at the six-month mark. The only area they are experiencing overspending is with holiday pay where actuals at \$108K versus \$90K from last year are high against a budget of \$120K. Keith Kleiman explained that the budgeted overtime for this category should be adjusted upward to account for annual cost of living increases, as well as the results of a compensation study that provided an increase in the salary structure of Solid Waste staff. Budget staff will review this item and adjust the budget during the upcoming FY23 budget process.

- **Discussion: (Open Item) - Quarterly Financial Reports**

Director Gomez requested consent to proceed with the financial reports due within 30 days of the close of the month-end for the six-month ended period. No significant areas of concern were reported. Further explanations were provided to the Chair with regards to the corresponding communications surrounding interest rate cuts and inflation.

### **DEFERRED TO 05/25/22**

- **Discussion: (New Business) – Transfers**

### **Scheduling:**

The next meeting is scheduled for Wednesday, May 25th, 2022, at 8:00 AM.

### **Adjournment:**

Meeting Adjourned at 8:50 AM.