

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

**Wednesday, September 7<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>O</b>	<b>N</b>	<b>D</b>	<b>J</b>	<b>F</b>	<b>M</b>	<b>A</b>	<b>M</b>	<b>J</b>	<b>J</b>	<b>A</b>	<b>S</b>	<b>APPOINTED BY:</b>
	21	21	21	22	22	22	22	22	22	22	22	22	
John Holian	P	P	-	A	P	P	P	-	-	P	-	P	Vince Lago
Francisco Paredes	P	P	-	P	P	PVC	P	-	-	P	-	AE	Vice Mayor Michael Mena
Javier Banos	P	P	-	P	P	P	PVC	-	-	PVC	-	P & VC	Rhonda Anderson
Matt Martinez	P	P	-	E	P	P	P	-	-	E	-	P	Jorge Fors
Carmen Sabater	E	P	-	P	A	P	A	-	-	E	-	PVC	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 (Via Zoom)

**Nelson Gonzalez**, Assistant Director, Information Technology (Via Zoom)

**Michelle Blackstock**, Senior Manager with Crowe LLP (Via Zoom)

**Call to Order:**

The meeting was called to order at 8:15 AM by Diana Gomez. The roll was taken, and an in-person quorum was not established since one member participated via Zoom. The meeting was also available on Zoom for public access.

**Meeting Minutes (Deferred Item):**

Approval of the BAB minutes for the meeting held on April 27<sup>th</sup>, 2022 was deferred to next meeting

Approval of the BAB minutes for the meeting held on July 19<sup>th</sup>, 2022 was deferred to next meeting

• **Discussion: Internal Audit of User Access Controls**

Michelle Blackstock led the discussion and detailed the scope of the audit which included selecting and testing a sample of EDEN users from Finance, IT, HR, and payroll as well as an evaluation of user permissions within the system including segregation of duties. Terminated end users were also tested.

The IT policy states that all city staff and users share the responsibility of protecting the information resources for which they have access and or ownership. To be clear, all directors are responsible for data information for their systems and determine who is authorized to access these resources, as well as the level of access. A general review of policies and procedures and supporting documentation was performed. There were three opportunities for improvements, two of those were considered moderate risk, and one as low.

The first related to policies and procedures, noting that the communication method by which the IT department is notified of terminated employees is not overly specific. The next two opportunities are related to the lack of communication between HR and IT when it deals with part time and seasonal employees. John Holian felt the audit was heavily skewed towards part-

time employees. Ms. Blackstock mentioned other individuals were tested in different layers and tested for segregation of duties. A total of ten users were selected of which five were part time. The audit was geared towards terminated employees for the period from April, 2021 - September, 2021.

The opportunity for improvement resides with improving communication regarding termination requests. The recommendation provided would require the IT department to receive and maintain records addressing terminated requests and the access be immediately removed. The termination process would start with HR who would send a request to the EMPLOYEE SEPARATION EMAIL (IT, Payroll, Retirement, Automotive, HR, Police, Parking and Home Department) with a list of task assignments to disable all types of access controls. A secondary communication is sent to the employee's department to recover physical equipment and other items used by the employee.

Another recommendation is that the IT department review weekly automated user access reports and compare it their status in the system and active directory. Although the finding confirmed that the user access was terminated following the end of employment, the auditors were not able to obtain the documentation to support the action.

In summary, it is recommended that the IT Service Desk document all user access removal and account disconnections as part of the off-boarding process. The IT department will need to monitor access reports for exceptions and other findings. Should any issues arise, then IT informs HR.

- **Discussion: FY2022-23 CIP Review**

Keith Kleiman discussed the projects that were funded for FY2023 as well as projects that are being carried forward, along with future projects whose funding have been approved. Keith explained the capital matrix funding and how the process assigns a life expectancy to the asset which then allows us to fund a piece of its replacement cost each year. The Matrix process dates back seven-eight years and first started with automotive and IT. The city's goal is to fund 100% of the matrixes since they are recurring projects with recurring dollars.

Mr. Kleiman went through all the capital project categories and identified amounts budgeted for the upcoming year. A few that were discussed in detail were:

- Recertification of City Facilities was funded at \$250K bearing \$79K from prior years. This amount is only a portion of what it will cost us to fund all 40-year certifications. Once they complete the assessments for each facility, we will then be able to project an estimated cost.
- The Biltmore Hotel will receive \$600K as part of an agreement made by the City to fund \$5.2M towards the restoration of the hotel. The original agreement calls for a 50% payback of each year's revenue which at the time was estimated at \$1.6M. Since the pandemic, the payment was reduced due to a drop in revenue to \$1.2M.
- Venetian Pool Structural and Pool Bottom Restoration is projected at \$3.7 to address cracks in the foundation of the tower and leaks throughout requiring immediate repair. The pool will need to be completely drained.
- Reserves for renovations at City Hall were funded at \$590K primarily for structural drawings. Funding will occur over the next few years until we reach our current estimate of \$15M. We

should be fully funded by 2027. The primary intent is to proceed with architectural drawings and stabilize the building by replacing the roof (just completed) followed by window replacement/restoration. A decision to either restore the existing windows, which would put the building at risk versus the installation of historically appropriate impact windows is still being discussed. The goal is to have the funds necessary to address this need by 2024. This will stabilize the building until there is enough money for the full building restoration.

- Country Club improvements will receive \$590K, all that is available after considering revenue minus operating expenses. Their needs will be addressed on a yearly basis since the building was in such poor structural shape. Substantial work was done in FY22 however more of the same will be needed in FY23. We anticipate generating revenue early this fall.
- Parking Repairs and Improvements will receive \$875K for lots 8 and 17. The renovations will go beyond standard repairs and will include landscaping, additional charging stations and more user-friendly conditions. These improved options are the main reason for the significant increase in costs for these two lots. John Holian asked if we are still “permitting” parking spaces and how much do they generate from year to year since he considers permitting a space not the best return on our investment. Keith explained that these permits have been placed on hold until a decision on the mobility hub is made and explained how the Parking Director is reducing these transactions in Garage 4 since they will have to absorb the influx of Garage 1 once it is knocked down. ***Keith was not able to provide the exact amount of revenue a parking space generates but will do so. Director Gomez will obtain from the parking director information on the sale of parking spaces when an area is under development.*** Permitting of the spaces was offered as a nicety to our residents on behalf of our distinct community always recognizing the effect on revenue. ***Keith offered to invite the Parking Director to one of our meetings to address all parking questions.***
- The Mobility Hub Design and Construction and Minorca Garage Construction received no funding for FY2023. The Hub is on hold until construction costs normalize. The Minorca garage is ongoing with no additional funds needed for FY23. It will be removed for the second hearing as there is nothing to report.
- Sea Rise Level Mitigation will be funded an additional \$3.7M; it received \$13M inception to date by the end of FY22. We anticipate the increases to the fees will come to a halt within 2-3 years, possibly FY26. We will be collecting about \$5M each year which will be applied towards this fund. We anticipate having \$100M (Present Value) by FY40. John Holian asked if the area affected by sea level rise contain the highest property values generating the most tax revenue and Keith confirmed it did and added the issue is not just the loss in value but also the actual loss of land. Javier Banos requested the timeline for the project. Its date is unknown since the outcome is a combined effort between the state, the city and the Army Corps of Engineers which have to define the best course of action. There has to be a workable solution on how we intend to not only save the roads for the properties that surround it. Since we are unable to determine its use, we can only fund to start addressing those fixes as they come in. Having seed money will help us attract grant money and better financing since the expectation is that it will cost a lot more. The goal was not to fund the project but rather fund the intent as a measure of good faith when the time comes to solicit additional financing. Javier Banos asked if we would be pursuing grant money under recently passed infrastructure legislation. Keith confirmed that we will pursue all available resources earmarked for municipalities. Additionally, the CM has an internal affairs person dedicated to reading these forms of bill to determine what the city is eligible for. Matt Martinez questioned if these funds

will be allocated for public roads and buildings. This fund is strictly defined to protect us from stormwater, and it will be up to the City Commission to make the final decision on when and where to use these funds. The Finance department recommends that these funds not be touched until there is a determined need and fix.

- The annual operating funds for Stormwater System Improvement Programs are slated for \$300K, not tied to Sea Level Rise strictly for improvements/hardening of sanitary sewer and stormwater lines. \$150K was placed towards Coral Gables Waterways maintenance, another city commission priority. Stormwater Drainage Master Plan gets \$500K and improvements towards Cocoplum Drainage received \$350K. Matt Martinez questioned the details for this program. ***Keith explained how the area is affected after rainstorms but did not have more information on the subject. He can arrange for the Public Works Director to be present at our next meeting to address all questions.*** Carmen Sabater questioned if these monies had been spent. The amounts reflected on the presentation are available for use and do not represent actual expenses. The \$966K is available either as cash or as an encumbrance (purchase orders). \$600K was allocated towards the purchase of a Vac-Con Truck as an addition to fleet as a need. The current demand for clearing drains and sewage lines in keeping in line with our maintenance needs requires an additional truck.

The total amount for CIP in new funding for FY2023 is \$43M.

Javier Banos shared the creation of a new board to help preserve the city's existing monuments and asked if any of these funds are tagged for monuments. Keith confirmed the availability of funds towards the restoration of the tower in FY25 which unfortunately due to its frame construction, requires restoration every 10-15 years. This is a recurring project which will need annual funding to sustain itself, critical for future planning. We would normally fund entrances and monuments at \$150K per year but not able to this year since it was not deemed a high priority, and 90% was restored about five to eight years ago. We did a major funding from the neighborhood Renaissance Fund in addition to city funds. The original budget was between \$300-400K, the cost to complete the project back then was \$1.8M.

Carmen Sabater was interested in how much of our total investment is related to the 40-year certifications and questioned if we are in compliance. Keith confirmed we have placed \$250K under Facility Repairs as seed money to start saving towards rectifying the city's facilities until a formal assessment is made of our needs. ***Keith suggested to have our Building Services Director join one of our meetings to address compliance and safety issues. Carmen agreed and would accept either a written communication, presentation or visit to address the current state of all recertifications of not only the facilities we represent but also those in the community.*** Keith was not certain if the \$250K is to address city facilities or if it includes a portion towards the community. The Building Services Director should be able to disclose their plans and protocols to stay on top of all city-wide recertifications.

Javier Banos inquired about the monies flagged for the Mobility Hub. Since we are not spending the money on this project, can we redirect it to restore city hall. Keith explained how we plan to fund City Hall for FY23 \$590K for construction drawings and in FY24 fund enough to restore or replace the doors and windows and make it water resistant. At that point the building should be somewhat stabilized since the roof has been addressed, and windows and doors will be forthcoming. We estimate the total cost of the project to run between \$10-\$15M.

Keith recommended attendance by all board members at the first budget hearing. A discussion

highlighting additional monies received after the budget estimate was prepared back in July will take place addressing usage of these funds over a five-year plan, on high priority projects selected by the Commission.

- **Discussion: (Deferred Item) – Scheduling**

The next meeting is scheduled for October 26<sup>th</sup>, 2022 however we will to meet need prior to October 11<sup>th</sup> to address a new lease agreement. *Jeannette will follow-up with the information.*

**No Public Comments were made.**

**Adjournment:**

Meeting Adjourned at 9:17 AM.