

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

Minutes of August 7, 2008  
Office of the City Manager  
405 Biltmore Way, Coral Gables, Florida

MEMBERS:	S	O	N	D	J	F	M	A	M	J	J	A	APPOINTED BY:
Jorge Villacampa	P	P	P	P	A	E	-	-	P	-	-	P	Mayor Donald D. Slesnick, II
Roland Sanchez	P	P	P	P	P	P	-	-	P	-	-	P	Vice Mayor William H. Kerdyk, Jr.
Alfredo Balsera	E	P	P	A	P	A	-	-	E	-	-	P	Comm. Rafael "Ralph" Cabrera, Jr.
John Lindsey	P	A	P	P	P	P	-	-	E**	-	-	P	Comm. Wayne "Chip" Withers
Ofelia Fernandez	P	P	P	A	P	P	-	-	P	-	-	E	Comm. Maria Anderson

(Dash indicates either no meeting or board member not yet serving)

**Staff:**

David L. Brown, City Manager  
Dona Lubin, Assistant City Manager  
Lori St. John, Chief Compliance Officer, Internal Audit Department  
Carolina McElroy, Internal Auditor

\* = Special Meeting  
^ = New Member  
\*\* = Present via Telephone

**Guests:** Laura Russo, Esq.; Alberto de Armas, DYL Group; Jose Gelabert-Navia, Architect

**Recording Secretary:** Nancy C. Morgan, Coral Gables Services, Inc.

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**PROCEEDINGS:**

The meeting was called to order at 8:05 a.m. by Mr. Villacampa.

**MEETING ATTENDANCE:**

**Mr. Sanchez made a motion to excuse the absence of Ms. Fernandez. Mr. Balsera seconded the motion, which passed unanimously.**

**APPROVAL OF MAY 8, 2008 MEETING MINUTES:**

**Mr. Sanchez made a motion to approve the May 8, 2008 meeting minutes as written. Mr. Balsera seconded the motion, which passed unanimously.**

**RESIGNATION OF BOARD CHAIR:**

Mr. Villacampa reminded the Board that his term of service would end in April 2009. In view of this upcoming change, he recommended that he resign as chair at this time to mentor a new chair during the period between now and April.

**Mr. Sanchez made a motion to accept Mr. Villacampa's resignation as Board Chair effective at the end of this meeting. Mr. Balsera seconded the motion, which passed.**

The Board will address the position of Board Chair at the next meeting.

**DYL PROJECT:**

Ms. Russo introduced Mr. de Armas and Mr. Gelabert-Navia, stating that they represented DYL Merrick Park Development LLC, a group that owns property immediately south of the Village of Merrick Park. DYL owns the entire block with the exception of Lot 31, which belongs to the City and is used as a surface parking lot. Using displayed drawings, Ms. Russo described the parameters of the project, and stated that DYL had proposed to the City an exchange of its surface parking lot for an equal amount of their property to create a public park. She said that DYL would help fund the design and implementation of the park, that the design would be created by the Parks and Recreation Department, and that DYL would replace current public parking spaces within the project.

Mr. Gelabert-Navia described project plans, oriented Board members to the neighborhood, described development options, and displayed a rendering of the proposed neighborhood park. DYL will completely re-scape Greco and Granello avenues, including sidewalks, pavers and landscaping. Regarding the proposed exchange of property, Mr. Gelabert-Navia said that separate appraisals were done of the City's parking lot and the proposed park site, and the values were essentially the same. DYL will contribute \$1 million to implementing the park and will pay for maintenance.

All spaces lost from the parking lot will be incorporated within the parking structure, with no net loss of parking. Ms. Russo added that there will be 280 underground public parking spaces (50 spaces in excess of required parking), elevators will be included in the parking structure and the exit will be across the street from Havana Harry's Restaurant. The cost to users of parking has not yet been determined; however, they could be the same rates as the City's parking garages. Mr. Brown commented that enforcement on parking within the building would be extremely difficult.

Mr. Gelabert-Navia concluded by saying the project would create a positive impact in terms of created jobs, an increase in the tax base and an overall improvement to a blighted block. The presentation was followed by open dialogue about various aspects of the proposal, particularly pertaining to the proposed property exchange. Board members were enthusiastic about the project, stating that it would invigorate and rehabilitate the area.

Procurement Code questions regarding the proposed swap of City-owned property required responses from Board members, and were read as follows:

- Are the purchase/sale and/or lease consistent with the property appraisal as required?
- What is the immediate impact on the current fiscal budget and the long-term effect on future budgets, that is the long-term overall effect on the City?
- Considering the City's mission statement, are there other alternatives to entering into the proposed transaction?

Mr. Balsera pointed out that the Board didn't have the information to respond to the first two questions, and had addressed the third question. Mr. Brown suggested that if the Board was inclined to accept the project, he would provide the information they needed. Ms. Russo said she would forward DYL's appraisal.

Regarding the second question, Mr. Brown stated that all impacts on the City's fiscal and long-term budgets were positive. In addition to the appraisals, Mr. Balsera requested a pro forma for the tax revenue the project would generate. Ms. Russo said she would also provide that information, which had been prepared by Miami Economics. The Board members' recommendation could be presented at the second City Commission meeting in September.

Mr. Villacampa reported that Ms. Fernandez had submitted questions concerning the impact of parking for neighborhood businesses and a few other issues, which were answered in the presentation. Ms. Russo advised that Mr. Kinney, the Parking Director, also addressed those issues in the report of the Parking Advisory Board's review of the project and the impact on parking. She added that the other positive impacts would be that the City would not have to put annual maintenance for the parking or the park in the Public Works and Public Service budgets.

**Mr. Sanchez made a motion to recommend the land swap subject to a review of the appraisals and other relevant financial data as the Board deems fit. Mr. Balsera seconded the motion, which passed.**

#### **OUTSIDE SEWER CONNECTION AUDIT:**

Deferred to the next meeting.

#### **PRELIMINARY DISCUSSION/2008-2009 ANNUAL BUDGET ESTIMATE:**

Mr. Brown distributed and comprehensively reviewed a printed copy of the PowerPoint presentation conducted at the City Commission budget workshop. In summary, the following topics/issues were covered in the presentation:

- Budget impacts experienced by municipalities and counties throughout the State of Florida;

- The negative effects in City property tax revenue of House Bill 1B and Amendment 1 on property tax revenue
- (-\$5,546,604);
- The proposed millage rate proposed for 2008-2009 is 5.250 (same as 2007-2008);
- Votes required to levy proposed millage rate;
- 2008-2009 items included in the budget: to maintain the property millage rate of 5.250 (would add \$847,000 in new construction to property tax rolls); to increase the residential solid waste/garbage fee by \$30 per household; to seek insurance reimbursement of emergency medical rescue fee on traffic accidents to residences; a recreation fee increase of 5%;
- The proposed 2008-2009 budget is \$144,686,712;
- Significant revenue changes affecting the budget;
- 2008-2009 budget expenditures (operating, capital, debt service);
- Significant expenditure changes affecting the budget;
- 2008-2009 capital improvements;
- Retirement system annual cost of 2008-2009 budget (an increase of \$596,355 from 2008);
- Average assessed value of a residence (current: \$581,573, an increase of \$29,014 or 5.25% from tax year 2007);
- Comparison of the property tax decrease based on the millage rate on a residential property;
- Property tax distribution based on the millage rate of 5.250;
- Comparison of Coral Gables to other municipalities in Miami-Dade County in terms of millage rates;
- Changes in property tax revenue;
- The status of the general fund reserve, with a 10-year comparison history;
- Continuing issues requiring budget attention: no new funding of Citywide capital improvement program; no purchase or replacement of new vehicles other than contracted police vehicles; no hurricane contingency; all bargaining unit agreements expire September 30, 2008; reduce actuarial assumption debt of \$3 million.

Board/staff discussion of the following topics included:

- Consideration of wage freeze;
- Communicate average assessed value of single family residences to citizens because consumer confidence is down, i.e., take advantage of good news;
- The budget presentation should include information about commercial property tax impact;
- Capital improvement wish list: roof and air conditioning repairs to the Country Club of Coral Gables building; close the final financial gap for the Coral Gables Museum; purchase two new fire pumps;
- Concerns about salaries and retirement payments;
- Collective bargaining;
- Ask Tony Villamil to assess property tax revenues for the next two years;
- The City is the only municipality that does not now bill for emergency transportation services;
- The proposal by Miami-Dade County to take over all fire departments in the county.

Mr. Balsera commented favorably about the budget and praised Mr. Villacampa for his initiative to reduce police and fire overtime costs and the successful efforts of both chiefs to achieve the desired result.

**Mr. Balsera made a motion to defer the decision to charge an emergency transportation fee until the Miami-Dade County proposal is resolved. Mr. Sanchez seconded the motion.**

Board discussion focused on the positive aspects of billing insurance companies for emergency medical transportation, the City's policy not to collect from residents who use this service, and the possibility of immediate implementation without negative impact. It was suggested that a letter could be sent to the insurance company and another to the resident. Uninsured residents would not receive a bill for emergency medical transportation services. After discussion, **Mr. Balsera withdrew his motion.**

**Mr. Sanchez made a motion to approve the initial budget for 2008-2009. Mr. Lindsey seconded the motion, which passed.**

**PETTY CASH AUDIT:**

As part of the annual audit plan, the purpose of this audit (the scope of which was June 12 to July 2, 2008) was to review controls and procedures that govern the City's petty cash and imprest funds and to verify the amounts of cash on hand. Ms. McElroy thoroughly reviewed a printed report which revealed the following summary points:

- The City has a total imprest fund of \$1,900 and total petty cash fund of \$23,187.53 (\$22,237.53 in the general fund), or a combined total of \$25,087.53.
- The uses and purposes of the combined funds by department were included in the report and reviewed.
- Findings of the audit included issues to be resolved in the Finance, Parks and Recreation, Parking and Public Works departments.

**Recommendations:**

- The Finance Department should: 1) maintain subsidiary ledgers or a control spreadsheet with updated detailed information on the petty cash and imprest funds maintained in account 001-102-100; 2) ensure that increases, decreases and new petty cash funds are immediately entered into the system, with adjustments to specific accounts to properly reflect the correct balance; 3) update the petty cash fund receipts with the signature of the current custodian and petty cash amount.
- The Parks and Recreation Department should: 1) consider reducing the number of imprest funds maintained to six funds; 2) maintain (by the night custodian at the Granada Golf Course) the total amount of the imprest fund in the register at all times, to be monitored by the supervisor to ensure the night custodian is performing his duties appropriately and to minimize cash shortages; 3) consider issuing new cash payment vouchers to include a line for the amount paid and delete the line for the social security number of the person signing the receipt.
- The Parking and Information Technology departments should continue working jointly to determine the feasibility of automating the permit management system.
- The Parking Department should: 1) consider segregating the duties of the three employees with regard to access over imprest funds and cash received, and a supervisor should also review and sign off on daily submissions to the Finance Department; 2) consider implementing a system that would include acquiring a drop box for installation at a centralized location and ensure appropriate controls for the safeguard of monies collected; 3) consider ensuring that consistent procedures are followed in the various parking garages with employees and subcontractors, such as access to, and control of, the money bags and the safe.
- The Public Works Department should ensure that the petty cash key remain in a safe and secure location, and the custodian should not remove the petty cash key from the City's premises.

In conclusion, Ms. McElroy stated that, with the exception of the findings and listed recommendations, the overall controls over the various City's petty cash and imprest funds were in place and complied with at the time of the audit.

**Mr. Balsera made a motion to accept the audit as presented. Mr. Lindsey seconded the motion, which passed.**

As it was necessary for Mr. Brown to leave for a meeting with Commissioner Sarnoff, Ms. Lubin served in his stead.

**NEW FOCUS AND DIRECTION OF THE INTERNAL AUDIT DIVISION:**

Ms. St. John advised that she reviewed the operations and systems of the City and reported her findings to the City Manager. The role of the audit division in the past was based on a traditional, financially-focused scope of activities. Based on the review, she said her goal was to improve fundamental Citywide systems whereby audits will be approached based on protecting City assets, assessing where breakdowns occur, bringing department together, increasing communication and effectiveness of operations, and examining performance to provide constructive input to enhance operations. She said the division would address issues of accountability. The division has assumed work assignments outside the scope of a traditional audit, i.e., reviewing the functional/organizational system of the Finance Department to assess efficiency, report generation, reconciliations, ledger maintenance, etc., and to discern what the division can do to facilitate that functionality, with the objective of increasing communication and operational effectiveness.

At present, Ms. St. John said the division is designing an audit plan for FY2008-2009. She asked the Board to consider addressing future audits. One consideration was to eliminate the regular review of overtime.

Mr. Villacampa thanked Ms. St. John for her overview, stated that the overtime analysis had served its purpose and indicated that a quarterly review would be sufficient. Mr. Balsera said the Board's diligence in reviewing overtime was credited with the success of the decrease, and commented that the Board was satisfied with the way the audits had been conducted and presented. The overtime analysis will be reviewed the first month following each fiscal quarter.

**STATUS OF AUDIT RECOMMENDATIONS:**

As the Board reviewed the status report, Ms. McElroy reported that all department directors responded promptly to the request for status updates. Regarding wastewater, a new contract is currently being negotiated with Miami-Dade County.

**Next Meeting: September 11, 2008, 8:00 a.m.**

Mr. Sanchez stated that he was impressed with Mr. Villacampa's professionalism and dedicated to the Board, and Mr. Balsera added that Mr. Villacampa's leadership efforts had provided the impetus for excellent initiatives and direction.

**ADJOURNMENT:**

**Mr. Sanchez made a motion to adjourn. Mr. Balsera seconded the motion, which passed unanimously.**

The meeting adjourned at 10:20 a.m.

Respectfully submitted,

David L. Brown  
City Manager