

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

Meeting Minutes: Wednesday, March 13, 2019

Conference Room First Floor , City Hall, 405 Biltmore Way, Coral Gables, Florida

MEMBERS	A	M	J	J	A	S	O	N	D	J	F	M	APPOINTED BY:
	18	18	18	18	18	18	18	18	18	19	19	19	
Tony A. Rivas	-	A	A	-	-	-	-	-	-	-	-	-	Mayor Valdes-Fauli
Erin Knight	-	A	A	-	-	-	-	-	-	-	-	-	Commissioner Jeanette Slesnick
Alex Menendez	-	P	P	-	P	P	-	P	-	-	-	P	Commissioner Vince Lago
John Holian	-	P	P	-	P	P	-	P	-	-	-	P	Commissioner Frank C. Quesada
Cheryl Goldstein	-	P	P	-	-	-	-	-	-	-	-	-	Commissioner Pat Keon
Francisco Paredes	-	A	P	-	P	P	-	E	-	-	-	P	Commissioner Mena
Rosa Bravo	-	P	P	-	A	E	-	P	-	-	-	A	Mayor Valdes-Fauli
Carmen Sabater						P	-	P	-	-	-	P	Commissioner Pat Keon

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

^ - New Member

- Special meeting

** - Resigned Member

Staff:

Diana Gomez, Finance Director

Keith Kleiman, Budget Director

Sally Ola Ola, Assistant Director

Minutes Preparation and Recording Secretary: Nieves Sanchez, Bailey & Sanchez Court Reporting, Inc.

1 CITY OF CORAL GABLES
2 BUDGET/AUDIT ADVISORY BOARD
3 TRANSCRIPT
4 CORAL GABLES CITY HALL
5 405 BILTMORE WAY, FIRST FLOOR CONFERENCE ROOM
6 CORAL GABLES, FLORIDA
7 WEDNESDAY, MARCH 13, 2019, COMMENCING AT 8:00 A.M.

8 Board Members Present:

9 Alex Menendez, Chairman
10 Frank Paredes
11 John Holian
12 Carmen Sabater

13
14
15 City Staff and Consultants:

16 Keith Kleiman, Assistant Finance Director for Management
17 and Budget.
18 Diana M. Gomez, Finance Director
19 Sally Ola Ola, Assistant Finance Director
20 Leonard Roberts, Assistant Director Economic Development
21 Steve Krams, Executive Director Art Cinema
22 Brenda Moe, Assistant Director Art Cinema
23 Marlin Ebbert

1 THEREUPON:

2 (The following proceedings were held.)

3 CHAIRMAN MENENDEZ: We have four Board
4 Members here, so we can get started.

5 Diana, do you want to kick it off real
6 quick and introduce the guests and then go into
7 the Quarterly Financials?

8 MS. GOMEZ: Sure.

9 Again, maybe we want to do the roll call
10 first.

11 CHAIRMAN MENENDEZ: Yes, we can do the
12 minutes and the whole process.

13 MS. GOMEZ: Yeah. I have to leave, so I
14 want to do the Quarterly first, and then I have
15 to go.

16 MR. ROBERTS: I have another Board meeting
17 at 8:30, too.

18 CHAIRMAN MENENDEZ: So we'll do the roll
19 call. Alex is here. John is here. Frank is
20 here. Carmen is here.

21 Okay. And, then, did we get a chance to
22 read the prior meeting's minutes?

23 Anybody want to make a motion to approve?

24 MR. HOLIAN: Motion to approve.

25 CHAIRMAN MENENDEZ: John made the motion.

1 Are there any questions or comments? No?
2 Do we get a second to approve the minutes from
3 the last meeting? Frank?

4 MR. PAREDES: It wasn't here. It says that
5 I wasn't here.

6 MR. HOLIAN: So that's accurate, then.

7 CHAIRMAN MENENDEZ: That's pretty good.
8 All right. So we'll second the motion. I took
9 a look at them as well, and then we'll get to
10 the meeting minutes.

11 MS. SABATER: Alex, I think that there was
12 just some follow-up items in the minutes that
13 we were going to be provided additional
14 information. I'm not sure what the protocol is
15 for some of that.

16 CHAIRMAN MENENDEZ: Sometimes they'll bring
17 them and sometimes we will do it at Discussion.

18 Is there one specifically you want to bring
19 up?

20 MS. SABATER: No. I just had a list of
21 items, but I know that she's in a hurry, so we
22 can do it in the Discussion.

23 MS. GOMEZ: Okay.

24 CHAIRMAN MENENDEZ: And if we need you,
25 we'll just let you know.

1 MS. GOMEZ: Yeah. Keith can take notes as
2 to what it is that was requested. I can't
3 recall right now, but that would be fine.

4 CHAIRMAN MENEDEZ: Okay. And with that,
5 we will pass it over.

6 MS. GOMEZ: Okay. So we haven't had a
7 meeting in a few months, just because there
8 hasn't really been anything on the agenda, and
9 so I'm going to present quickly the Quarterly
10 Financial Report for the First Quarter of
11 Fiscal 2019, which is for the three months
12 ended December 31st, 2019, and it was included
13 in your package.

14 Okay. So starting with the first report,
15 which is on Page 3, which is the Schedule of
16 Revenues - Budget to Actual, highlights of this
17 report show that the first quarter received
18 approximately 110 million dollars in total
19 revenues, compared to 182.4 million dollars
20 budgeted revenue, which shows about 60 percent
21 overall collection at this time. We're only a
22 quarter into the fiscal year, but even though
23 you would expect to have at least 25 percent of
24 revenues collected, it really doesn't work that
25 way, because we do get our property taxes, for

1 the most part, upfront. So a lot of it has to
2 do with timing of revenues, but we're at 60
3 percent overall collections at this point.

4 MR. PAREDES: Which is better than last
5 year.

6 MS. GOMEZ: Yes. Slightly, yes. We were
7 at about 51 percent collected at this time last
8 year, so, yes, so we are doing better.

9 Property Taxes is the largest revenue
10 source, representing about 45 percent of the
11 budget. Total budget is 84.6 million dollars.
12 And as of December 31st, we had collected
13 approximately 69 million or 81.7 percent, which
14 is, again, better than where we were at this
15 time last year.

16 Other revenues that we focus on during the
17 year are the Franchise Taxes and Utility
18 Services Taxes. The largest Franchise Tax is
19 the Electric Franchise Fee, which makes up
20 about 4.7 million dollars of the budget, and
21 we're at 9.69 percent collected or \$455,000,
22 which is right on target with last year,
23 slightly up, but not even worth mentioning the
24 increase from over last year.

25 Refuse Collection Tax is budgeted at 1.9

1 million, and then, under Utility Services
2 Taxes, we have Electric Utility Tax, which
3 makes up 6.5 million of the budget, and the
4 Telecommunication Service Tax, which makes up
5 3.5 million of the budget. They're slightly up
6 from previous year. Refuse Collection
7 Franchise Tax is down slightly. And then all
8 others are in line with collections from
9 previous year and in budget.

10 Construction Permits are budgeted for 6.3
11 million dollars. We're at 27 percent collected
12 or 1.7 million dollars revenues to date. It's
13 down slightly from the prior year at the same
14 time, but it's really due to timing of activity
15 of this year versus last year, what was going
16 on with construction permits.

17 Fire Assessment Fees are slightly up from
18 prior year's collection and it's billed with
19 the tax bill, so its consistent with the fact
20 that we have more property tax collected at
21 this time over last year.

22 Another significant budgeted revenues are
23 the Physical Environment Fees, which include
24 Sanitary Sewer at 10.3 million and Stormwater
25 Utility at five million. Both of those

1 collections are down a little bit from the
2 prior year. And then Solid Waste Services are
3 budgeted at 8.5 million, and those are billed
4 on the County Tax Bill, and as a result of the
5 fact that they're on the tax bill, we've
6 already collected 92 percent of the budget.

7 At this point in time, there are some that
8 are up or down. There's nothing that makes us
9 believe that we're not going to meet our
10 budget -- nothing that has happened that makes
11 us feel that we won't meet our budget by the
12 end of the year.

13 Looking at expenditures, total expenditures
14 for the first quarter are at about 21 percent of
15 the budget. You know, again, we're a quarter
16 into the budget, we expect it to be around 25
17 percent. We're running below that. So we're
18 on track overall.

19 When we're looking at the individual
20 departments, you see that every department is
21 below the 25 percent mark. Just as an FYI, we
22 are constantly monitoring the expenditures
23 during the year to ensure that departments are
24 kept in line with their budgets. If there's
25 any issues or concerns, any overages or

1 anything, they're reviewed and discussed with
2 the department heads to ensure that we properly
3 adjust the budget as necessary.

4 And, then, the rest of the schedules report
5 the City Enterprise Funds. Those funds are
6 accounted for like a business. They show all
7 of the revenues and expenses of their
8 respective operations. Stormwater Utility
9 Fund, Sanitary Sewer Fund, Venetian Pool, Golf
10 Course, Tennis Centers and Parking Fund are all
11 there. Some of them, for Stormwater Revenues,
12 we receive them on a two to three month lag.
13 So it really depends on when -- the Venetian
14 Pool, for instance, and some of the other park
15 funds, they're seasonal. So the revenues and
16 expenditures really vary throughout the year.

17 And then we show the Internal Service
18 Funds, which are like the Motor Pool, Public
19 Facilities Fund, and these funds just show how
20 the internal City Departments use the
21 expenditures they incur for the vehicles and
22 the facilities that they use.

23 And then the Transportation/Trolley Fund,
24 Revenue Fund, the Transportation Sales Tax goes
25 a hundred percent to fund the City's trolley

1 operations. That's another fund that's
2 collected on a two to three-month lag from
3 Miami-Dade County. As of December 31st, we
4 hadn't received any of the current year's
5 revenues, but it is consistent -- it is a good
6 two to three months lag before receiving it,
7 but we always do properly receive everything we
8 expect, and accrue for it properly at the end
9 of the fiscal year.

10 I don't know if there's any questions that
11 you may have as to any specific schedule or
12 report. So I will open it up to questions, if
13 there's any.

14 MR. HOLIAN: Is there anything that you see
15 unusual that we should pay attention to?

16 MS. GOMEZ: At this point in the budget,
17 no. It's very early, when you're looking at
18 the first quarter, to know. We don't have any
19 report of anything that's significant, even as
20 we're into March. There's really nothing that
21 we're -- that's of concern or of note.

22 MR. PAREDES: Whatever happened to the
23 fiscal year end report, the CAFR? Is that
24 getting issued?

25 MS. GOMEZ: So we're in the process of --

1 we're in the final review with the auditors.

2 MR. PAREDES: Okay. So it's going to get
3 filed on May 31st?

4 MS. GOMEZ: March 31st. On or before March
5 31st, we'll be finished with it.

6 MR. PAREDES: March 31st.

7 And we don't have to see it or we don't
8 have to look at it?

9 MS. GOMEZ: We will bring it to you at the
10 next meeting.

11 MR. PAREDES: After the fact.

12 MS. GOMEZ: Yes. But we are in the process
13 of --

14 MR. PAREDES: Any concerns with that? Is
15 that a clean opinion?

16 MS. GOMEZ: Yes. Up to this point, it's a
17 clean opinion. They haven't told us anything
18 that it will be different. So it's going to be
19 a clean opinion.

20 There's nothing of significant note in the
21 financials. I've done my final review. Sally
22 has done hers. It's now with the conferring
23 partners and we expect it to be issued in the
24 next couple of days.

25 CHAIRMAN MENENDEZ: What about the

1 reimbursements from FEMA, how is that going?

2 MS. GOMEZ: So we are in the process. We
3 have submitted all of our claims. Quite some
4 time ago we submitted all of our claims.
5 There's a big back and forth process with FEMA,
6 where they have extra questions, they need
7 extra supporting documentation.

8 We've received about \$8,000 from FEMA. It
9 took forever to get that first little bit, but
10 we have a bunch of projects that are in the
11 obligation stage. We're anticipating very soon
12 another \$260,000. It's a process. There's
13 nothing that indicates that we're in jeopardy
14 of not receiving reimbursements. It's just a
15 matter of --

16 MS. SABATER: What was the total?

17 MS. GOMEZ: So total expenditures for FEMA
18 is around 22 million dollars. How much of that
19 we're going to get back -- there's some amounts
20 that we incurred that we knew were not going to
21 be reimbursable by FEMA, things like planting
22 new trees and straightening leaning trees and
23 sod replacement, things like that, that FEMA
24 just doesn't reimburse, that we chose to do in
25 order to maintain our City aesthetics. So

1 those things, we're funding on our own, with
2 available resources.

3 So the amount, right as of 9/30, we expect
4 to get from FEMA and the State is about 14 and
5 a half million.

6 MS. OLA OLA: 14.5.

7 MS. GOMEZ: And that's based on
8 expenditures actually incurred. There's a lot
9 of projects that we will get money from FEMA,
10 but we haven't incurred the expense yet. So
11 that's where some of the difference is from
12 that amount to the total amount. So for the
13 financial statements, it's just based on
14 expenditures, not estimates that we have,
15 because we're still doing some of the repair
16 work for some of the --

17 MR. PAREDES: Let me make sure I
18 understood. Out of the 22 million, 14 comes
19 from the State?

20 MS. GOMEZ: No.

21 MR. PAREDES: Or that's in addition to the
22 14 million?

23 MS. GOMEZ: Out of the 22 million, we
24 anticipate to get about two million from
25 insurance reimbursements. We anticipate to get

1 14, as of 9/30, million, and there's another
2 maybe four or -- four million, let's say, that
3 we haven't incurred yet. We have projects
4 outstanding with FEMA. So it's not in the
5 financials. I believe it's three or four. So
6 it's about three-and-a-half million -- three
7 million, three-and-a-half million that we are
8 responsible, because it's, for the most part,
9 75 percent reimbursable by FEMA, 12-and-a-half
10 percent reimbursable by the State and
11 12-and-a-half percent that the City has to
12 incur.

13 On top of the 12-and-a-half percent that
14 the City has to incur, we have additional
15 expenditures for things like trees and sod and
16 things like that, that we are going to have to
17 pay, that's above and beyond our 12-and-a-half
18 percent.

19 MR. PAREDES: And we've budgeted for that?

20 MS. GOMEZ: We haven't budgeted for it, but
21 we have -- the storm was an unknown, but we
22 have been able to cover those expenditures with
23 available resources, year end available
24 resources.

25 So the last fiscal year end, we covered our

1 share with available surpluses. This year,
2 we're covering our portion with available
3 surpluses.

4 MS. SABATER: But the 14 million you
5 incurred already and are we recording a
6 receivable?

7 MS. GOMEZ: So we can't record a receivable
8 until it gets obligated by FEMA. Even though
9 we submitted the claim to FEMA, they haven't
10 obligated it yet. Although we believe we're
11 going to get reimbursed for it, it's not an
12 accounting proper receivable until FEMA
13 obligates it. So we have noted it in the
14 footnotes, that we anticipate to get
15 reimbursement for it, but since it's not an
16 obligation, we can't record it as a receivable
17 yet.

18 MS. SABATER: But we've recorded all of the
19 expenses?

20 MS. GOMEZ: Correct.

21 So we're using our 25 percent fund balance
22 reserve to cover the actual expense. Like we
23 haven't had to take out a line of credit or
24 anything like that in order to cover the
25 expenditures. We have sufficient fund

1 balances, cash on hand, to cover it.

2 CHAIRMAN MENENDEZ: Do you have any other
3 questions?

4 Other than the trolley -- is the trolley is
5 still cost neutral?

6 MS. GOMEZ: Yes. The trolley is being paid
7 for with CITT funds.

8 MR. KLEIMAN: By CITT funds.

9 MR. HOLIAN: I have a question on the
10 trolley. Whatever happened to the trolley
11 station we were going to build in Coconut
12 Grove?

13 MS. GOMEZ: That whole swap building -- if
14 you want to talk about that.

15 MR. ROBERTS: Sure.

16 So that whole deal was a settlement. That
17 building was sold to an independent company,
18 and currently we're leasing the trolley
19 facility from Miami-Dade School.

20 MR. HOLIAN: Okay. So just for the record,
21 we had a piece of property. It was in a good
22 location. We had a deal to get it done to go
23 somewhere else. We wanted the deal. We got
24 that done and then that didn't work. And now
25 we're leasing from the --

1 MR. ROBERTS: Yes. We had some Federal
2 lawsuits that came into play, and as a result,
3 we walked away from it. And we do have a
4 current -- we are building where the Fire
5 Station 2 site is --

6 MS. GOMEZ: On US-1.

7 MR. ROBERTS: And we currently have a
8 temporary site that we are leasing from the
9 Dade County Public Schools.

10 MR. HOLIAN: Okay.

11 MR. KLEIMAN: And those settlement dollars
12 are funding the construction of the trolley
13 building.

14 CHAIRMAN MENENDEZ: Any other questions?

15 All right. So we are done with Quarterly
16 Financials. We'll move into Coral Gables
17 Cinema.

18 MS. GOMEZ: Cinema.

19 MR. ROBERTS: So some history. Coral
20 Gables Cinema currently leases where the museum
21 garage is located, across from Books & Books.
22 They've been there since 2010. They're a great
23 cultural asset to the City.

24 Next door to them is Patio & Things, and
25 next door to Patio & Things is No Boundaries.

1 That area, we see as a cultural corridor. We
2 have Books & Books across the street. We have
3 the Coral Gables Museum. We have the Cinema.
4 And so it's kind of created that kind of
5 cultural ambiance.

6 Back in 2017, Cinemateque had reached out
7 to the City related to the Patio & Things
8 space. Patio & Things' lease is expiring in
9 August 2020.

10 CHAIRMAN MENENDEZ: Cinemateque, sorry, is
11 the Director of the Cinema or someone who works
12 at the Cinema?

13 MR. ROBERTS: I apologize. Coral Gables
14 Cinema is an actual -- it's a City-owned
15 property that we lease to the Coral Gables
16 Cinemateque, which Steve Krams is the Executive
17 Director.

18 CHAIRMAN MENENDEZ: Okay.

19 MR. ROBERTS: And it's a non-for-profit
20 entity that leases it. Yeah, it's a long term
21 lease and we have --

22 CHAIRMAN MENENDEZ: So they manage the
23 Cinema?

24 MR. ROBERTS: So they manage the actual
25 operations of the Cinema, correct.

1 The Patio & Things space is expiring. It's
2 August 2020, I think it is, and in 2017,
3 Cinemateque approached the City with interest
4 of expanding into that space.

5 The City went to the Commission and the
6 Commission authorized the City to negotiate
7 terms. It never came to this Board at the
8 time, because we didn't have financial terms.
9 It's usually when we have financial terms.

10 So what the City Commission authorized the
11 City to do is to execute a letter of intent to
12 express the interest of wanting them to expand
13 into the space next door. At that time, the
14 approval was to go forward and negotiate and
15 bring forth a lease agreement, and at the time
16 come back to the City and review it.

17 Well, where we're at today is that the
18 Cinema is out there currently looking for
19 funding. They're non-for-profit. Obviously,
20 they're not a profit center, so they're out
21 there looking for funding, and to kind of like
22 spur that growth, they're seeking \$350,000 seed
23 money for improvements to the Patio & Things
24 space, so that they could expand into that
25 area.

1 So the request for the purpose of this
2 Board is to understand the request, understand
3 the benefits that the Cinema brings to the
4 community, and, then, after you guys have a
5 little history, I'll allow Cinemateque to talk
6 about the Cinema, the history, what it does,
7 and what its goals are for the expansion. And
8 then this board is going to answer these
9 questions, and I'll just have you have these
10 three questions in the back of your mind as you
11 listen to the presentation.

12 Number 1, the first question that you're
13 going to consider for the purpose of the
14 Procurement Code, is the lease consistent with
15 the appraisal as required under section 2-2014?
16 Again, we'll go into the details of these
17 questions after.

18 What is the immediate impact on the fiscal
19 current budget and the long term effect on the
20 future budget?

21 And considering the City's mission
22 statement, are there other alternatives to
23 entering into the proposed transactions?

24 So these are just questions that need to be
25 answered as part of this Advisory Board's goal

1 related to the Cinemateque and their objective
2 on expanding.

3 So Steve, Brenda, if you guys -- I'm not
4 sure who exactly is going to be.

5 CHAIRMAN MENENDEZ: Can I ask you a quick
6 question before you start? The land, Patio &
7 Things, that's a City lease also?

8 MR. ROBERTS: That's also a City lease.

9 CHAIRMAN MENENDEZ: That's City owned
10 property, as well?

11 MS. EBBERT: It's the same building.

12 CHAIRMAN MENENDEZ: Okay. And real quick,
13 prior to 2010, who ran the Cinema?

14 MR. ROBERTS: It was a brand new building.

15 CHAIRMAN MENENDEZ: It was a brand new
16 building?

17 MR. ROBERTS: Yeah. They're the first
18 tenant.

19 MR. HOLIAN: Are you going to tell us the
20 financial impact to the City?

21 MR. ROBERTS: Yes. Yes.

22 MR. HOLIAN: Do you want to tell us that
23 before we start or at the end?

24 MR. ROBERTS: I'll let them present first.

25 MR. HOLIAN: Okay.

1 MR. PAREDES: There's no appraisal in the
2 material that we were sent. So on the first
3 question, we don't have a basis to answer the
4 question.

5 MR. ROBERTS: Correct. So the first
6 question, usually you have an appraisal, but
7 because the appraisal is based upon the lease
8 terms, we haven't negotiated lease terms. This
9 is a letter of intent. When it comes down to
10 us proposing the actual lease agreement to you
11 guys, we'll have an appraisal of what the
12 actual rental values would be.

13 We won't go to that extent because we
14 haven't negotiated. We don't have anything to
15 compare it to. So that's why we haven't
16 brought that. So the annual impact is roughly,
17 the current lease space right now is 120,000.
18 And so because of that --

19 MR. HOLIAN: And then the 350 that they
20 want, right?

21 MR. ROBERTS: And the \$350,000 for seed
22 money.

23 CHAIRMAN MENENDEZ: Can you clarify
24 something? Before you said you didn't bring it
25 to us before when they went to the Commission.

1 The Commission said, let's start with a letter
2 of intent. You didn't bring it to us because
3 it was still in the letter of intent process.
4 But now you're bringing it to us and we're
5 still in the letter of intent process. So what
6 is the purpose of bringing it to us now?

7 MR. HOLIAN: This is exactly what we did
8 with the other property. The first question,
9 we have to answer, no, right out of the box.

10 MR. ROBERTS: Yes, exactly.

11 MR. HOLIAN: Okay.

12 MR. ROBERTS: So, usually, in a situation
13 like this, the agreement comes to you. We
14 don't have an agreement.

15 CHAIRMAN MENENDEZ: Understood.

16 MR. PAREDES: So this is a preliminary
17 session?

18 MR. ROBERTS: Correct.

19 MR. PAREDES: This is just an informative
20 session? There's no decision making?

21 MR. HOLIAN: We're not going to answer your
22 questions, then?

23 MR. ROBERTS: So the intention here is
24 to -- so what the Commission wants is to get
25 advice from the Boards on going forward to

1 negotiate an agreement. Once we get to an
2 agreement, then these questions -- we will go
3 ahead and order the appraisal, once we have --
4 because --

5 CHAIRMAN MENENDEZ: So we know it was a
6 directive from the Commission to ask us input
7 into the process before getting into an actual
8 agreement?

9 MR. ROBERTS: Well, part of the Procurement
10 Code requires us to come to you first, when we
11 have financial information. In the first
12 instance, we didn't come to you. We didn't
13 have any financials. The terms of the
14 agreement were to negotiate a letter of intent.
15 We were trying to provide some kind of basis
16 for them to go out there and seek funding.

17 We wanted to show the public that, listen,
18 the City is interested in doing this. We
19 haven't negotiated any financial terms.
20 There's nothing set in stone. There's no
21 dollar amounts even discussed.

22 MR. HOLIAN: Okay. But, then, the document
23 that you want to go into, we're not doing that
24 today, correct? You're not going to ask those
25 questions or are we going to be asked those

1 questions, because those questions are going to
2 be, no?

3 MR. ROBERTS: Well, then, we'll answer "no"
4 to the questions.

5 CHAIRMAN MENENDEZ: One question. You're
6 saying to allow them to go out and seek money.
7 So they're going to do their own drive, on top
8 of this?

9 MR. ROBERTS: Yes.

10 CHAIRMAN MENENDEZ: So then it allows them
11 the ability to say, we have this chance, and we
12 want to go ahead and do a drive for our cinema
13 and then be able to match dollars or be able to
14 figure out the expansion.

15 MS. EBBERT: And we have the support of the
16 City.

17 CHAIRMAN MENENDEZ: And you have the
18 support of the City, exactly.

19 So we could still answer, no, to those
20 questions, which to us is counterintuitive,
21 because we're very structured in the way we
22 look at our questions. So this defies what
23 we're supposed to actually do.

24 MR. HOLIAN: This has nothing to do with
25 it. This has to do with the internal

1 procedure. What they're asking us to do, we're
2 going to answer, no, to and that's where we're
3 at, but it has nothing to do with the cinema
4 and it has nothing to do with the pricing or
5 any of that stuff.

6 MR. ROBERTS: The alternative to this is to
7 not come to you and come to you when I have an
8 agreement. So I'm choosing to come to you
9 earlier, to give you the basis of discussion,
10 so that we can come to you at the -- so if I
11 didn't come to you and I came to you at the
12 end, you wouldn't have the full information
13 necessary to make -- you'll have information at
14 that given point in time.

15 Now that we have an actual number of a
16 discussion, that's why it's coming to the
17 Budget Advisory Board. In the past, under that
18 letter of intent, all we were doing is to
19 provide the cinema the support. We want to
20 give them a support letter saying, hey, listen,
21 we know we haven't discussed any financial
22 terms, but we're interested in working on a
23 deal with you to expand.

24 Now we have a dollar amount of a request.
25 So because we have a dollar amount of a

1 request, that's why it's coming to this Board
2 for advice. But even after it comes to this
3 Board for this 350, it's going to come to you
4 again when we have an agreement in place, with
5 that 350, right, because now it's a signed
6 agreement and the actual lease agreement terms.

7 So it seems like it's a little premature
8 coming to you, but for purpose of going forward
9 with this one request, we're asking you to
10 review the three questions. Their answers may
11 be, no, and then you can give other feedback
12 related to what you would like to see done.

13 CHAIRMAN MENENDEZ: Okay. Perfect.

14 And you confused me at the end, the 350
15 would be to make improvements on a piece of
16 property that they haven't yet agreed to the
17 lease terms.

18 MR. ROBERTS: Correct.

19 CHAIRMAN MENENDEZ: Okay. So it's asking
20 for pre-funding a grant for money to improve --

21 MR. ROBERTS: So that they can go out
22 there --

23 CHAIRMAN MENENDEZ: To match whatever they
24 need on top of that 350?

25 MR. ROBERTS: Exactly.

1 Okay. So Steve will begin.

2 MR. KRAMS: Thank you very much.

3 I'm Steve Krams. I'm the president and the
4 founder of the Coral Gables Cinemateque, which
5 operates the Coral Gables Art Cinema.

6 For those of you who are not up to date and
7 informed about the history of the cinema, how
8 it came to be, I am also the president of
9 Magna-Tech Electronic Company, Continental Film
10 and Digital Labs, and was at the time we got
11 started on a project with the president of a
12 theater chain.

13 I originally got involved with the City of
14 Miami, improving the Tower Theater for them and
15 refurbishing it, and after some short period of
16 time, I was asked to operate it, which we did
17 for several years.

18 As a consequence of that, we came above the
19 horizon for Coral Gables and I was approached
20 by the Development Department here to do some
21 pro bono work in the space that presently is
22 the Cinemateque. Now, that would have been in
23 2007 -- excuse me, 2006.

24 In 2007, we formed a 501(c)(3) not for
25 profit organization, and with the support and

1 the help of the City, we were able to negotiate
2 a lease which was on favorable terms to the
3 cinema and we were able to put together a
4 financial package, which included a \$250,000
5 grant from the City, a \$250,000 grant from the
6 Coral Gables Community Foundation and
7 Magna-Tech Electronic Company agreed to commit
8 to raising either in equipment and furnishings
9 and cash about \$400,000.

10 And we went out to do the project. It
11 cost, in the end, about a million one hundred
12 and thirty-five thousand dollars, and the rest
13 of the money was raised from the community, to
14 finish the job, and at the end of the day, we
15 were able to go to construction and we opened
16 the theater October 13th of 2015 --

17 MS. EBBERT: 2010.

18 MR. KRAMS: 2010. Thanks.

19 As a consequence of that, the City, I
20 think -- those of you who know the theater, I
21 think you will agree that we've all benefited
22 from it being there, but the City itself, all
23 of the businesses in the area, and most
24 importantly, the residents of Coral Gables.

25 The moment that we actually opened the

1 theater, based on how theaters work, it was
2 clear to us that we had to consider the
3 possibility of expanding, if we were to
4 maintain the theater and maintain the financial
5 viability of it. And so we began a process,
6 actually, in 2014 -- in 2017, in trying to put
7 together a program which would allow us to
8 expand the cinema.

9 And so that brings us to where we are
10 today. We now are putting together a package,
11 which would cost about a million and a half to
12 two million dollars, to add two additional
13 screens to the theater, with other spaces for
14 offices and also for utilities and so forth.

15 We would like to count on the City, again,
16 for bricks and mortar, as we did before, and in
17 order to show the request of the community, as
18 Leonard said, the support of the City and
19 enable us to go to foundations, like the Knight
20 Foundation. We've been invited to go before
21 them and submit a request for funding.

22 We can't go to the Knight Foundation until
23 we actually have the commitment from the City
24 for the funding, and as I said, we've been
25 invited. We've missed one cycle already, and

1 the money was allocated to the O Cinema, which
2 got a million and a half dollars from them, and
3 as I said, we've been trying to get to you
4 folks for a long, long, long time. It's longer
5 than 2017.

6 We're here today. We're happy to be here.
7 We don't want to miss the next cycle. We don't
8 want to miss the next budgeting cycle here at
9 the City or the budgeting with the Foundation
10 either.

11 I think that kind of gives you some of the
12 background of the theater. I'd like to let
13 Brenda, who is the co-executive director of the
14 theater, give you some of the details of what
15 we have done and where we're going.

16 Before I do that, I want to express the
17 salutations of Aura Reinhardt, who is the
18 Chairman of our Board, who was unable to be
19 here today. She would have liked to have been
20 here, but previous commitments prevented her
21 from being here. Marlin Ebbert is the
22 vice-chair of our board, and so now I'll turn
23 it over to Brenda.

24 MS. MOE: Good morning. Thanks for having
25 us.

1 Just a little bit of history about this
2 process that we've been going through. We have
3 already seen and received recommendations in
4 favor of our \$350,000 request from the Cultural
5 Advisory Board, Property Advisory and Economic
6 Development, so you all are our final stop on
7 this journey that we've been requested to go
8 through, and it's been a great experience for
9 us to get feedback and be able to share our
10 goals of expanding.

11 So as Steve went and said, the necessity
12 for expanding for us is, we need three screens
13 to remain sustainable. Having only one screen
14 limits us in so many ways, including one just
15 being revenue. There's only so much that we
16 can do with just one screen. So three screens
17 helps to guarantee the continuation of our
18 success.

19 We've been in our space for eight, almost
20 nine years. It will be nine in October. We
21 have operated really well for all of those nine
22 years, performing great. We have never gotten
23 ourselves into a situation of where we're not
24 earning money, we're not earning revenue or we
25 see that we're in financial trouble. So we're

1 coming to the City with, you know, what we see
2 as an opportunity to just expand upon the
3 success that we've had.

4 So some of the information that you have in
5 front of you is just, Cinema at a Glance,
6 really just gives an idea of who supports us.
7 Our corporate patrons are companies that rent
8 our space, use it as a venue. So with
9 additional space comes additional
10 opportunities. And as we see more companies
11 coming into the Coral Gables area, with
12 additional space, we'll be able to provide
13 additional venue rental space.

14 Our Stats at a Glance, 1.1 million budget.
15 On average we screen 223 films a year. 55,000
16 people come through our doors and we expect
17 that to double when we expand.

18 The two additional screens will be -- it's
19 two additional screens, but we're looking at
20 140 seats total, so about 70 for each screen.
21 1,600 people are members of our cinema, and
22 that means that they've purchased an annual
23 membership, and then 43,000 subscribers means
24 that that's how many people we have that we
25 reach out to through our newsletter and social

1 media. Our Board of Directors are listed on
2 the back page.

3 We have a validation machine inside the
4 cinema, so we're able to track how many people
5 use this. Obviously not every single person
6 who parks in the parking garage is using the
7 validation machine, but what this shows is just
8 the revenue that is brought in through those
9 validations. And this was taken from the
10 merchant portal, a direct report. So this is
11 what we can say for sure is brought in through
12 parking revenue. And we can guesstimate on,
13 you know, what's over this, but we just want to
14 be careful with that and say, you know, this is
15 for certain.

16 The map that is here, this is the
17 Metropolitan Service Area map, and this is
18 ticket buyers. So we know that people from out
19 of town come to our cinema and this ticket
20 buyers' map just helps to support that, to show
21 you where people are coming to Coral Gables
22 from. And, then, the total economic impact,
23 this shows total economic impact of our
24 organization as it is in our area.

25 And, of course, we have our letter from the

1 City Manager, Mr. Iglesias, expressing support
2 for us going out and working on the expansion.

3 So today what we are hoping to do is to
4 answer any questions that you have and
5 ultimately have a recommendation going to the
6 City Commission in support of our cost of
7 350,000. That money, also, we are going to the
8 State of Florida for a capital grant. Those
9 funds help with the match that's required for
10 that for us to apply for that State capital
11 grant.

12 And so that's ultimately what we're hoping
13 for today.

14 MR. KRAMS: Marlin, would you like to add
15 to that?

16 MS. EBBERT: Yes. I wear a number of hats
17 in this City, but one of my favorite is the hat
18 that I wear for the cinema. I've been involved
19 for a number of years, and it's very hard to be
20 a single screen cinema in a town where Sunset
21 Place has sixteen and Landmark has seven, and
22 what I hear mainly from people that I know that
23 go to the cinema, "When is the film changing?"

24 You know, you enter into an agreement with
25 a distributor and you have to keep it so for

1 long. So by the second and the third week, so
2 many people have seen it. But if you have an
3 additional screen, you can move that movie into
4 a smaller screen and then be continually
5 bringing new programs in.

6 I think that where we sit on Aragon, with
7 the museum across the street, the Books &
8 Books, the second weekend of every month is
9 family day on Aragon, where Books & Books will
10 do a book, the museum will do something. We
11 just got a grant that any child attending on
12 Saturday and Sunday, the grant was from --

13 MS. MOE: Two grants, Coral Gables
14 Community Foundation and National Endowment for
15 the Arts.

16 MS. EBBERT: That the children come free to
17 those monies on Saturday and Sunday.

18 We can do so many things at the cinema,
19 that regular theaters cannot. When we showed
20 Mary Queen of Scots, we had on a Sunday
21 afternoon tea and scones.

22 I'm the Villager, for Black History Month,
23 we showed the wonderful film that's about the
24 McFarlane Homestead here in the Gables, the
25 Black area that people don't really know about.

1 Last fall, before the midterm elections, we
2 showed All of the President's Men, and David
3 Lawrence led a panel of Miami Herald political
4 writers. Casablanca on Valentine's Day.
5 Tonight, Last Tango in Paris, which was quite
6 risque in its day. I'm going. I didn't go to
7 see it then. I'm sure it's very tame.

8 I serve on the Sustainability Board, and
9 during the month of April, I've asked the City
10 to propose that the whole month will be
11 dedicated to the Earth, and the cinema is going
12 to give us an evening performance for a film.
13 Dinner and a movie, think what we do for the
14 restaurants around town.

15 Anyway, you know, I think that we're a
16 wonderful addition to the City. We add so
17 much. That's what I hear all of the time, "Oh,
18 I love the cinema." So thank you.

19 MR. KRAMS: Just a footnote to that. The
20 plus side, obviously, for the community to have
21 more screens is to have more variety of films,
22 but the other side of that is that if we don't
23 move ahead with this kind of a plan, our film
24 distributors are telling us that they won't be
25 able to give us the films that we want, because

1 we don't play them long enough for them. We
2 don't produce enough revenue, because we don't
3 play them long enough.

4 So, obviously, we would satisfy both sides
5 of the coin by making this expansion a reality,
6 satisfying the community, satisfying the people
7 who supply us with the content. The other
8 side, also, to keep in mind is the fact that
9 it's just not a movie theater. We do lots of
10 things without movies being shown. We even use
11 the facility for the City to have meetings. We
12 recently just offered the City the use of the
13 theater in the period of time that they're not
14 able to have Commission meetings here. So I
15 think that we need to think of it as just not a
16 movie theater.

17 The other side, in the construction, which
18 I've suggested, when we first did the
19 construction and the creation of the original
20 theater, the City actually managed the money
21 and managed the construction. And in speaking
22 to the City Manager, he expressed interest in
23 doing the same thing again, so that we would
24 not be involved in that part of it, if the City
25 agrees to do what they did before, which was to

1 manage the construction for us.

2 Any questions that I could answer for you?

3 CHAIRMAN MENENDEZ: I'm sorry, can you
4 repeat the last part? Manage the construction?

5 MR. KRAMS: The City managed the
6 construction, did the bidding. We did the
7 design and the interior design and so forth,
8 and then all of that documentation was shared
9 with City Architects and so forth. Then the
10 City went out and bid the job, and we made sure
11 that all of the money that was coming in from
12 outside of the City was in the hands of the
13 City so they can discharge their obligations.

14 MR. PAREDES: So let me ask you, Patio &
15 Things is moving out. You guys are taking over
16 that --

17 MR. KRAMS: I'm sure they don't want to
18 move out. I know they don't want to move out.

19 MR. PAREDES: Okay. So that's still up in
20 the air?

21 MR. KRAMS: No. Their lease is coming to
22 an end in 2020. The City Commission has
23 already, you know, expressed themselves that
24 they would like to have us --

25 MR. PAREDES: So the 350 is for

1 construction of that facility?

2 MR. KRAMS: Brick and mortar in that
3 facility. So it will improve the City's
4 facilities.

5 MR. PAREDES: Would the parking there be
6 enough? By the way, I'm one of the guys that
7 uses that parking. So I'm a statistic there
8 for sure.

9 Okay. Is there going to be enough parking
10 for the new facility, because that parking is
11 getting busy?

12 MR. KRAMS: The heavy load of the parking
13 is during the daytime hours.

14 MR. PAREDES: That's when I --

15 MR. KRAMS: That's the heavy load. Okay.
16 But our heavy load is in the evening.

17 MR. PAREDES: Oh, is that right?

18 MR. KRAMS: Yes. Occasionally we have some
19 afternoon screens, but we usually don't start
20 until later in the day, 3:00 or four o'clock in
21 the afternoon.

22 MR. PAREDES: 4:00, 4:35, Penelope Cruz was
23 playing -- I patronize that theater a lot.

24 Now, didn't you guys work a deal with
25 Landmark at Merrick that they wouldn't be

1 playing the same films you would or something
2 like that?

3 MR. KRAMS: No. There was an arrangement
4 that they would not interfere with when we
5 wanted to book something.

6 MR. PAREDES: Okay.

7 MR. KRAMS: And that was actually done
8 through the -- not directly with Landmark, that
9 was done with General Growth Properties, and so
10 far it's worked out pretty well.

11 Well, at the very beginning, there were
12 some hiccups, but we got that straightened out,
13 and since then it really hasn't been a problem.
14 And, actually they've been helpful. They've
15 actually made a cash donation to the theater
16 for the last three years. They have another
17 two years on the commitment.

18 MS. EBBERT: They advertise.

19 MR. KRAMS: And I'm hopeful that they will
20 re-up it again. They let us put a poster right
21 next to the Landmark Theater. So the
22 relationship --

23 MR. PAREDES: Will the new facilities have
24 the comfort seats that Landmark has?

25 MR. KRAMS: I don't think so.

1 MR. PAREDES: Although your seats are not
2 bad, I would say.

3 MR. KRAMS: You have to look at it from our
4 point of view. We have very limited space, and
5 so if we put very large seats in there, then we
6 won't get very many people to come to the
7 theater.

8 MR. PAREDES: So 350 for capital, a million
9 eight over the ten years, is what the numbers
10 have coming in here? That's what they're
11 asking?

12 MR. KRAMS: Well, there's more to this
13 equation than that, because the rent that we
14 pay is a very, very, very low rent. So we're
15 going to negotiate that --

16 MR. ROBERTS: Right. So what's coming to
17 you today, we have not negotiated the lease
18 terms related to that, but it's most likely are
19 going to be something similar to what we're
20 doing now.

21 MR. PAREDES: All right. So we forego the
22 Patio & Things rent, which is at relative
23 market value --

24 MR. ROBERTS: Correct.

25 MR. PAREDES: -- to a subsidized value.

1 MR. ROBERTS: Right.

2 MR. PAREDES: So based on what we have
3 today, a million eight over 10 years and 350.
4 That's all there is.

5 MR. HOLIAN: What is the two million dollar
6 number? How does that equate to that two
7 million dollars request on line item one? On
8 the request for general funding, how do we get
9 to two million dollars? "The subsidy for the
10 new space works out to be two million dollars
11 for the new space"?

12 MR. ROBERTS: The subsidy, the way it works
13 out is, roughly 1.8 million dollars in subsidy
14 for the rent over ten years and then we also
15 discount the parking by fifty percent. So that
16 fifty percent plus the 1.8 --

17 MR. HOLIAN: So if you go to the cinema,
18 you don't pay the same rate for parking as --

19 MS. MOE: It's for the first three hours.
20 It's not an entire day.

21 CHAIRMAN MENENDEZ: Real quick, just to be
22 clear, how long is the lease currently at the
23 cinema?

24 MR. ROBERTS: The cinema's lease expires --

25 MS. MOE: '25.

1 MR. ROBERTS: '25 -- thank you -- and it
2 has a renewal option.

3 CHAIRMAN MENENDEZ: It has a renewal
4 option?

5 MR. ROBERTS: Yes.

6 CHAIRMAN MENENDEZ: Okay. So it expires in
7 '25 and this wouldn't start until 2020.

8 MR. ROBERTS: Right.

9 MR. KRAMS: We would extend the lease
10 out --

11 MR. ROBERTS: Yes, as part of the
12 agreement.

13 CHAIRMAN MENENDEZ: And then the build-out
14 would happen some time after 2020.

15 MR. KRAMS: Yes.

16 MS. MOE: Yes.

17 CHAIRMAN MENENDEZ: Okay.

18 MR. HOLIAN: On your presentation there,
19 which is very nice -- we had the pleasure of
20 meeting, I don't know if you remember --

21 MR. MOE: Yeah, at the princess party.

22 MR. HOLIAN: Yeah, the litany of successes
23 relative through your peers, Coral Gables
24 Cinema blows the numbers out of the park
25 compared to most of your peers, community

1 cinemas --

2 MS. MOE: Yeah, absolutely. And we're
3 grateful that we live in a vibrant art house
4 city, with O Cinema, Miami Beach, the Cosford,
5 but our performance really is, you know, above
6 and beyond.

7 MR. HOLIAN: Can you rattle some of those
8 numbers off the top of your head or --

9 MS. MOE: So, for us, when we host a
10 movie -- for example, the film that we have
11 right now with Penelope Cruz, we're at 100
12 percent capacity for the entire weekend, and
13 that means every movie screening that we have,
14 we have 141 people inside of it.

15 MR. HOLIAN: How often does that happen?

16 MS. MOE: For this year, I would say we're
17 at like 40 percent -- 40 percent of the year
18 we're at a hundred percent.

19 MR. KRAMS: The national average is at 25
20 percent for occupancy.

21 MR. HOLIAN: That's what I'm saying. I
22 mean, they were amazing numbers, amazing
23 numbers.

24 MS. MOE: Yeah. Our performance, we're
25 really impressed with it and really happy with

1 it. And, again, you know, what we're grateful
2 for is to come to the City not with a problem,
3 like, "Oh, we're in financial trouble," but
4 here we actually need more space to perform
5 even better.

6 Something I wanted to build on, that Marlin
7 was saying is, we have partnerships with local
8 restaurants, where we do, it's called Film
9 Flavors. So we advertise our local restaurant
10 partners. After a movie, you can take your
11 movie ticket to House, to Seasons 52, to Bulla,
12 and you show them the movie ticket and you get
13 something for free, a drink or a dessert.

14 MR. KRAMS: A discount.

15 MS. EBBERT: Appetizer.

16 MS. MOE: Yeah. So we are promoting our
17 local businesses. We've worked with the BID
18 during the Giralda renovation. We were
19 approaching the BID, you know, that we have a
20 captive audience, let us help advertise the
21 businesses that are struggling because of the
22 renovation, and, you know, we offered those
23 services for free during, you know, the times,
24 you know, when our neighbors need some
25 additional help.

1 MR. HOLIAN: Okay.

2 MR. ROBERTS: And I apologize, I have
3 another Board Meeting that started like ten
4 minutes ago that I have to attend, but just for
5 the three questions, again, you guys can
6 answer, no, to this, "Is the lease consistent
7 with the property appraisal?"

8 There is no appraisal, obviously, because
9 there's no lease terms that are presented to
10 you. I will tell you that the Patio & Things
11 currently, like you mentioned, pays roughly
12 120, which has worked out to like 35 bucks a
13 square foot.

14 But, again, we're not looking at that.

15 CHAIRMAN MENENDEZ: They don't have an
16 extension, right, Patio & Things?

17 MR. ROBERTS: They don't have an extension.
18 It's either we renew a new -- set a new
19 agreement in place --

20 CHAIRMAN MENENDEZ: So no extension?

21 MR. ROBERTS: No.

22 CHAIRMAN MENENDEZ: Okay.

23 MR. ROBERTS: So that's the first question.
24 So you guys can answer that how you feel fit.

25 MR. HOLIAN: Well, can we answer, no, with

1 a footnote?

2 MR. PAREDES: Forget those questions, and
3 just say we support the facility.

4 MR. HOLIAN: I mean, we have to answer, no,
5 to the first question, but there should be a
6 footnote saying that the only reason we're
7 answering, no, is because you didn't present us
8 with what we needed to say, yes.

9 MR. ROBERTS: Yes.

10 MR. HOLIAN: That's the only reason. And
11 that shouldn't stop anything from moving
12 forward, correct?

13 CHAIRMAN MENENDEZ: We're showing our
14 support of approving the resolution supporting
15 the expansion. Very similar verbiage to what
16 Pete put in his letter.

17 MR. ROBERTS: Okay. So do you want to just
18 use that overall response?

19 CHAIRMAN MENENDEZ: Yeah, we're aware that
20 there's no financial information, because it's
21 not relevant at this moment, but we're
22 supportive as a Committee of the proposed
23 expansion.

24 MR. ROBERTS: Okay. So do you want to make
25 a motion?

1 CHAIRMAN MENENDEZ: Yes. And then we'll go
2 to the second one.

3 MR. HOLIAN: Are you okay with that?

4 MR. ROBERTS: Okay. What is the immediate
5 impact on the current fiscal budget and the
6 long term effect of the future budget?

7 The current fiscal budget, I mean, this is
8 not until 2020, for what it's worth, so there
9 is no impact on the current fiscal budget, but
10 the request is for \$350,000 that would go
11 towards improvements in 2020. And, then, you
12 know, we project a lease agreement and then
13 roughly two years for build-out, and then they
14 would commence the lease in 2022, potentially.

15 MR. HOLIAN: Should it say, what is the
16 immediate impact on the current fiscal budget,
17 zero, but --

18 MR. KLEIMAN: When Patio & Things is out,
19 so all of the time they're out during the
20 construction --

21 MR. KRAMS: If I could make a comment. I
22 don't think that construction is going to take
23 two years. It didn't take us two years to do
24 the original construction, and this is much
25 less work, because all of the infrastructure is

1 in the building, the air conditioning, the
2 plumbing, the floors. We had dirt in there.

3 MR. ROBERTS: We put a projection in there
4 for two years, but, I mean --

5 MR. KRAMS: But that will affect the loss
6 of revenue.

7 MR. ROBERTS: Right. Right.

8 MR. PAREDES: But that's to you guys, not
9 to --

10 MR. KRAMS: Well, our lease wouldn't start
11 until we're actually --

12 MR. KLEIMAN: It affects the loss of
13 revenue to the City. So it affects the revenue
14 to the City, because the area is going to be
15 vacant. Patio & Things is going to be gone.
16 So if it's two years, it's \$240,000.

17 MR. PAREDES: Exactly. That's my point.

18 MR. KLEIMAN: So if it's one year, then
19 it's 120,000.

20 MR. KRAMS: We think it's six to nine
21 months. We think that's more likely.

22 MS. EBBERT: And, also, what's nice is,
23 usually when you expand it, it affects your
24 original space. We'll just be up and running,
25 because it's separate.

1 MR. ROBERTS: Let's get these questions
2 done.

3 CHAIRMAN MENENDEZ: So for Number 2, John
4 is saying that we just put, there's no
5 immediate impact to the current fiscal budget,
6 but the long term is, and then basically what
7 you wrote there.

8 MR. HOLIAN: And then whatever it is.

9 MR. ROBERTS: Okay.

10 CHAIRMAN MENENDEZ: The deal will commence
11 on August 2020, so no immediate impact, but the
12 long term is, and include this part that you
13 put in here.

14 MR. ROBERTS: Okay.

15 CHAIRMAN MENENDEZ: Are you guys okay with
16 that?

17 MS. SABATER: Yes.

18 CHAIRMAN MENENDEZ: And then the third is,
19 Considering the City's mission statement, are
20 there other alternatives to entering into the
21 proposed transaction?

22 We always answer, yes, to that. Let's see
23 what you put here. Yes, there are always other
24 alternatives; however, this transaction no
25 produce -- does not produce a direct benefit to

1 the City's budget, but rather add an economic
2 benefit to the City.

3 MS. SABATER: At the end, there's a typo.

4 CHAIRMAN MENENDEZ: Yeah, just a typo. So
5 if you can fix that.

6 MR. PAREDES: Can I get a historical
7 perspective? Where do these questions come
8 from?

9 MR. ROBERTS: The Procurement Code.

10 MR. PAREDES: Procurement?

11 MR. ROBERTS: Yeah. I don't create them.
12 Trust me.

13 CHAIRMAN MENENDEZ: Yeah. The Procurement
14 Code requires them to come to us to get an
15 answer to these questions before it goes to
16 Commission.

17 MR. ROBERTS: Right.

18 MR. HOLIAN: The only question I have about
19 Number 3 is, were there alternatives to
20 entering into the proposed transaction, did we
21 look at any other alternatives?

22 MR. ROBERTS: Well, currently Patio &
23 Things would like to renew, as an example.

24 MR. HOLIAN: Okay. But just from the
25 standpoint of defending the statement, did we

1 look at anything outside the Patio & Things?

2 MR. ROBERTS: No. We didn't go to market.

3 MR. HOLIAN: Okay. That's fine. As long
4 as we know Patio & Things was the other
5 alternative that we looked at.

6 MR. ROBERTS: Right. We can add that, if
7 you'd like.

8 MR. HOLIAN: It's fine. It's just that if
9 someone asked the question, I would say, what
10 are the other alternatives that we looked at.

11 MR. ROBERTS: Okay. And that's it. So
12 then the next step would be for someone to make
13 a motion based on those three questions,
14 non-Chair obviously.

15 MR. PAREDES: So moved.

16 CHAIRMAN MENENDEZ: We have a motion. Do
17 we have a second?

18 MS. SABATER: I'll second it.

19 CHAIRMAN MENENDEZ: Okay. All in favor?
20 Aye.

21 MS. SABATER: Aye.

22 MR. HOLIAN: Aye.

23 MR. PAREDES: Aye.

24 CHAIRMAN MENENDEZ: None opposed.

25 MR. PAREDES: The fact is, we support

1 Cinemateque and the area.

2 MR. HOLIAN: Very much so. This is a
3 process we're trying to work through.

4 CHAIRMAN MENENDEZ: Best of luck to you
5 guys.

6 MR. KRAMS: Thank you for having us.

7 MR. HOLIAN: I have one more question. You
8 said it took you so long to get you here. What
9 slowed you down in the process? Not us
10 specifically, but like two years to get this
11 far along?

12 MR. KRAMS: There was a lot of back and
13 forth about actually doing this, and it took a
14 lot to get here.

15 MR. HOLIAN: Okay.

16 MR. KRAMS: The letter to circulate, for
17 example, took over a year, to get that letter.

18 MS. SABATER: Part of it, too, is that the
19 lease --

20 MR. KRAMS: We never even got into the
21 discussion of the lease.

22 MS. SABATER: -- the Patio & Things --

23 CHAIRMAN MENENDEZ: Thank you.

24 MS. MOE: Thank you so much for your time.

25 (Discussion off the record.)

1 CHAIRMAN MENENDEZ: Back on the record.

2 All right. So we'll move to the Quarterly
3 Overtime Report.

4 MR. KLEIMAN: It's going to be very, very
5 quick. Anybody need a copy?

6 Okay. We can sail right through this. So
7 if you take a look at the first page, the
8 vacancies are at about 60, as of the end of the
9 first quarter, and I can report to you now,
10 that as of right now, the vacancies are at 37.

11 MS. SABATER: Wow.

12 MR. KLEIMAN: So HR has made some major
13 headway in reducing the number of vacancies.

14 But all of that said, we're still incurring
15 some overtime in police. There's only two
16 divisions which really need to be discussed.

17 MR. PAREDES: By the way, just, again,
18 information, why is this relevant, in terms of
19 this police overtime? Why is that --

20 CHAIRMAN MENENDEZ: This is historical.

21 MR. PAREDES: Is this historical?

22 CHAIRMAN MENENDEZ: The Committee used to
23 have a big issue. The overtime was a massive
24 problem.

25 MR. HOLIAN: It was a big problem.

1 CHAIRMAN MENENDEZ: John is responsible.
2 I'll leave it at that. So they ask for it
3 every quarter.

4 MR. PAREDES: No. No. No. I think it's
5 better than last year, but it's still over 25
6 percent which is what --

7 CHAIRMAN MENENDEZ: Oh, you mean the actual
8 overtime? I thought you meant the actual
9 bringing of the reports to the Committee.

10 MR. PAREDES: No, the whole. Why is it a
11 topic of discussion to this Committee, and I
12 got it.

13 MR. HOLIAN: Here's what historically
14 happened years and years ago, and this is
15 probably ten, fifteen years ago, if someone
16 didn't show up for work, they took one of the
17 highest ranking people, that weren't working,
18 and they went and filled that job. So if a \$20
19 an hour person didn't come in to work, and I
20 made \$50 an hour, I then came in on overtime.
21 So I made double in overtime, so I was making a
22 \$100, and it bumped up my base and then your
23 pension was based on your last five years of
24 your work experience. So people were retiring
25 with more money than when -- so that's why --

1 it was a hierarchy. So that's why it came
2 around.

3 MR. PAREDES: Thank you for that, because
4 I --

5 CHAIRMAN MENENDEZ: And in the police part,
6 too, they wanted to fill the vacancies, because
7 there was issues with --

8 MR. HOLIAN: And the other thing, the
9 police, with the vacancies, but then we've had
10 a couple of different police chiefs, saying"
11 We're always going to have vacancies and we're
12 always going to have overtime." So it came
13 down to, let's manage the overtime until it's
14 something that we can budget, as opposed to one
15 year it's this and that.

16 MR. KLEIMAN: And it should be said that
17 overtime is not budgeted based on vacancies.
18 Overtime is budgeted for natural absences.

19 MR. HOLIAN: Right.

20 MR. KLEIMAN: So the way we work it, when
21 we have vacancies, we go into a brand new
22 budget year with vacancies, we budget those
23 vacancies a hundred percent. So if any
24 additional overtime is needed, we can take it
25 from salary surplus and move it over to

1 overtime. So we don't budget for vacancies.

2 But all of that said, also, I wanted to
3 make mention, like if you look at Specialized
4 Enforcement, that's the bottom one, Division
5 5070, they're at 47 percent, which is high, but
6 that's because a lot of their overtime gets
7 used in the first quarter of the year for the
8 holidays. They have special groups that go out
9 to prevent crime during the holidays. So we
10 should see that taper off.

11 Technical Services, that's 52 percent.
12 Now, that is from vacancies in Communications
13 Operators. We are having a devil of a time
14 filling those vacancies and keeping those.
15 It's a high pressure job, and people come
16 onboard as trainees, they will be working with
17 us for five months, and they just fail at it,
18 and then we have to start from scratch again.

19 MR. HOLIAN: That's been consistent for
20 awhile.

21 MR. KLEIMAN: Yeah, that's been consistent
22 for the last number of years.

23 MR. PAREDES: I've heard that a couple of
24 times already.

25 MR. KLEIMAN: Now, overall, one thing that

1 we've realized and it's just something that
2 came to my attention now, the City has done
3 well over the last number of years. It came
4 back from the recession and we have been giving
5 out COLAs again to police and fire. What we
6 failed to do was increase the overtime to cover
7 the additional salary component.

8 So if we're staying with overtime in here,
9 we have vacancies and the vacancies are costing
10 us more, because the salaries are higher, we're
11 not covering that in the overtime. So for the
12 FY20 budget --

13 CHAIRMAN MENENDEZ: So you budget for that
14 increase in the wage for vacancy overtime?

15 MR. KLEIMAN: Right. Exactly.

16 MR. PAREDES: So that would imply that this
17 year's actual is going to be a little bigger
18 than budgeted.

19 MR. KLEIMAN: Right.

20 MR. PAREDES: The million seven.

21 MR. KLEIMAN: Honestly, because there has
22 not been an appetite to increase overtime
23 because of the past, so I have to walk on pins
24 and needles when I actually present to them
25 that we're going to need some influx of money

1 to make them whole, okay. We're not going to
2 give them a lot of money, but we're going to
3 give them something, as far as what my
4 recommendation is going to be. I don't have
5 the numbers yet.

6 MR. PAREDES: But all in all, we're better
7 than last year, at 32 percent versus 33, but
8 it's a little bit over --

9 MR. KLEIMAN: Right, in some of them, but
10 in the Technical Services at 52 percent, that
11 is due to vacancies and then the Specialized
12 Enforcement, they're using money upfront.

13 MR. PAREDES: Well, but even that was 66
14 percent last year. So it's trending in the
15 right way, except for Specialized Enforcement,
16 which you highlighted.

17 MS. SABATER: And part of that was the
18 Hurricane, no, from the year before?

19 MR. KLEIMAN: Well, no, because that would
20 have been charged over to the Hurricane Fund.

21 MS. SABATER: Okay.

22 MR. KLEIMAN: It would not have been
23 charged against this.

24 MS. SABATER: Okay.

25 MR. KLEIMAN: Now, if you drop down to

1 Fire, you can see they're at 48 percent, and
2 that is due to vacancies. Now, they have
3 filled a number, because at this time there was
4 eight vacancies in Fire. Yes, there are eight
5 vacancies in Fire. I believe right now there
6 are two or three. So we should see these
7 numbers come down. And if there needs to be an
8 influx of money, it will come from the salary
9 surplus.

10 CHAIRMAN MENENDEZ: So in one quarter,
11 they've used up almost 50 percent of their --

12 MR. KLEIMAN: Right, but that's because
13 they had eight vacancies.

14 CHAIRMAN MENENDEZ: But they're down to
15 two, so they've filled six in the first
16 quarter?

17 MR. KLEIMAN: Exactly.

18 CHAIRMAN MENENDEZ: And they're not like
19 police, that they need to go to the academy.
20 There's plenty of firefighters ready to be able
21 to hire, so they don't have that time gap.

22 MR. KLEIMAN: It's not as hard as police.
23 As a matter of fact, we have a policy here,
24 that we started over the last year, that if you
25 know a vacancy is going to happen in police,

1 you could start the hiring process one year
2 before. With fire, it's only six months
3 before, because it's not as difficult.

4 CHAIRMAN MENENDEZ: Got it.

5 MR. HOLIAN: Yeah, but people are lining up
6 to be firemen all over the county.

7 MR. KLEIMAN: Right. It is an easier job
8 to fill, but we're also very selective.

9 CHAIRMAN MENENDEZ: Any questions on the
10 Overtime Report?

11 Okay. No questions from the group. Thank
12 you very much.

13 MR. KLEIMAN: Okay. No problem.

14 CHAIRMAN MENENDEZ: And then that takes us
15 to our last item, Discussion Items.

16 Carmen, do you see the questions that you
17 were talking about in the minutes?

18 MS. SABATER: Yes. Just in the minutes, we
19 had asked how many fires we actually had last
20 year or the year before; the status of the ERP
21 evaluation; did the attorney get involved with
22 the towing company issue; and we had had some
23 discussion on the Waste Management fees, that
24 we weren't sure if there was a revenue
25 opportunity or wasn't a revenue opportunity

1 when there was a delinquency, because we make
2 the company whole, and then we try to chase
3 down -- it had something to do with the
4 invoicing and the addresses, but just some
5 follow-up there.

6 MR. KLEIMAN: Okay. The fires, I will have
7 to look into that. What was the second one?

8 MS. SABATER: There's an ERP evaluation --

9 MR. KLEIMAN: Yes. The ERP, two more
10 companies actually put some good products on
11 the table. So the first one that we have
12 actually seen the demo of was Tyler, which is
13 the same company that owns Eden, which we have
14 now. It will be a much easier transition. But
15 there are two more products that we're going to
16 review, and they're both in the third or fourth
17 week of April, and then a decision will be made
18 and we're going to start moving forward.

19 It does take time. It can be a year to two
20 years to fully implement, and Finance will be
21 the first piece. It's always the base, the
22 general ledger, and then builds on that.

23 And what was the next one?

24 MS. SABATER: And you have those funds set
25 aside to cover --

1 MR. KLEIMAN: Yes. We've been budgeting
2 for the ERP for the last four years already.
3 That's part of the IT capital matrix.

4 MR. PAREDES: But the issue that was
5 described in the minutes had to do with the
6 manual reconciliation with the Eden to whatever
7 payroll system, and it's still very labor
8 intensive, and it's still -- I guess the gist
9 of the conversation was that the ERP system
10 would eventually get that, but in the meantime,
11 I think the auditors were complaining that it
12 was very manual work.

13 MR. KLEIMAN: It is. It is a very manual
14 system. So with the new system -- again,
15 systems, things like the budget process, it's
16 similar in all of the new systems the way it is
17 now. It actually works very, very well. But
18 some of them do not, like payroll and
19 permitting. The new system works much better
20 than Eden.

21 MR. HOLIAN: How long have we had Eden for?

22 MR. KLEIMAN: Since '05, I believe. It's
23 been a long time. It's antiquated. The new
24 systems, you can approve things on your phone.

25 MR. HOLIAN: Yeah, what can go wrong?

1 MR. KLEIMAN: It's going to be great.

2 CHAIRMAN MENENDEZ: The fourth one was also
3 what happened with the tow truck and the City
4 Attorney and then coming -- the contract.

5 MR. KLEIMAN: Well, you know, we presented
6 the audit to you guys here. So basically the
7 Procurement Assistant Director, she stuck by
8 her guns. She said, "It's not responsive," and
9 they did not get the contract.

10 So right now, I don't know the actual final
11 outcome, if they're going out to bid again. I
12 haven't heard anything.

13 MR. PAREDES: It didn't go up to the
14 Commission Meeting, because I thought the
15 internal audit was going to make the report?

16 MR. KLEIMAN: We did. The internal audit
17 went to the Commission. We presented there.
18 And I have not heard anything since, except now
19 I've heard, they did not get the contract.

20 MS. SABATER: Who is responsible for
21 towing, then?

22 CHAIRMAN MENENDEZ: You can't get towed.
23 Park anywhere you want.

24 MR. HOLIAN: Chaos.

25 MR. KLEIMAN: No. I believe they're on an

1 extension.

2 MR. PAREDES: So they're still on a month
3 to month basis? That's what the minutes said.

4 MR. KLEIMAN: Right. So we'll get a status
5 for you.

6 CHAIRMAN MENENDEZ: Don't pay for parking
7 in the Coral Gables Cinema, just park your car
8 in the street and you'll be fine.

9 MR. PAREDES: No, I get a discount --

10 CHAIRMAN MENENDEZ: I figured that one out.

11 Okay. So those four questions, it would be
12 great if we can get an update. You can give us
13 an e-mail update. We don't need to wait for
14 the meeting.

15 MR. KLEIMAN: So you do still want another
16 follow-up on the ERP?

17 MS. SABATER: No, that's fine.

18 MR. KLEIMAN: What was the fourth one,
19 then?

20 CHAIRMAN MENENDEZ: The fourth one was,
21 what happened with the towing.

22 MS. SABATER: And the Waste Management.

23 MR. KLEIMAN: The Waste Management, that
24 was resolved. We'll get you a copy of the --

25 MS. SABATER: No, but the question, really,

1 from the meeting was, was it a revenue
2 opportunity, if we address this --

3 CHAIRMAN MENENDEZ: It was a control issue.

4 MS. SABATER: Right.

5 MR. KLEIMAN: No. It was a process issue.
6 It was not a revenue opportunity at all. This
7 is not abuse, if that's --

8 CHAIRMAN MENENDEZ: No, she's right. There
9 was something where they were charging -- we
10 couldn't figure it out and we found out like
11 through a back channel and we said we would try
12 to look into the process to make sure it
13 doesn't happen again, because we might have a
14 revenue opportunity. It's something they were
15 telling us and using it -- and using it as a --
16 I forgot exactly what the issue was, but she's
17 right. It was a revenue opportunity, using
18 their records --

19 MS. SABATER: There's a third party that
20 we -- that they turned over uncollectibles back
21 to us. So it was almost like a factoring
22 situation and we're kind of out of pocket for
23 the revenue --

24 MR. KLEIMAN: Okay. I don't have an answer
25 for that.

1 MR. HOLIAN: It's in the minutes, right?

2 MR. KLEIMAN: Let me talk to Diana and see
3 what the resolution was.

4 MR. PAREDES: Talking about that whole
5 area, I didn't think, based on what I read in
6 the minutes, that that lady that was internal
7 audit was responsive to a lot of our questions.
8 A lot of it, she was --

9 MS. SABATER: Yes. She had not done a --

10 MR. PAREDES: It seemed like she was
11 unprepared totally for the meeting, just to
12 deliver that message. I don't know her name,
13 Constock (phonetic) or something like that.

14 MR. KLEIMAN: Blackstock, Michelle
15 Blackstock.

16 MR. PAREDES: Blackstock. I thought, based
17 on the reading of the minutes, because I wasn't
18 here at that meeting, she looked very
19 unprepared or she seemed very unprepared.

20 MR. KLEIMAN: For this Waste Management
21 item?

22 MR. PAREDES: No. No. For all of them,
23 the question on the Waste Management, the
24 question on the guy that picks up the car --

25 MS. SABATER: The towing.

1 MR. PAREDES: -- the towing. She didn't
2 know whether the law --

3 MR. HOLIAN: Nothing could be explained
4 about the towing.

5 MR. PAREDES: About legal counsel and all
6 of this other stuff, she seemed very unprepared
7 for the presenting, and if she's the one that
8 made the presentation to the Commission, I
9 would have been concerned.

10 MR. KLEIMAN: No, she did, and it was very
11 clear. I was there for that Commission
12 meeting. I don't recall, because I was at the
13 meeting when she presented here, I didn't know
14 you guys had a concern.

15 MR. PAREDES: No. No. No. It's just my
16 concern from reading the minutes. I didn't
17 think she was that prepared.

18 MR. KLEIMAN: Well, was there anyone here,
19 who was at the meeting, who has a concern?

20 MS. SABATER: In my mind, it was taking it
21 to the next level or what I refer to as
22 connecting the dots. You know, she was kind of
23 just -- they go through a checklist and they
24 either find it or don't find it, but then
25 there's not like a follow-up or translating it

1 to a business or revenue or cost consequence.
2 That's more -- it was very more compliance
3 driven than a business or advisory function.

4 And, again, it could be, that's just the
5 scope of her work and she's asked not to go
6 outside -- or the firm is asked not to go
7 outside, you know, the four corners of this
8 compliance, but it seems like there would be
9 more value add if they took it to a different
10 level.

11 MR. KLEIMAN: Well, honestly, it is a
12 compliance audit.

13 MS. SABATER: No, I understand.

14 MR. KLEIMAN: It's not a financial audit.
15 And basically they uncovered some weaknesses
16 and it's up to the City to decide if they're
17 going to get the next contract, because they
18 were deemed non-responsive. So it's up to the
19 City to say, yes or no, and I believe the City
20 said, no, they're not getting the contract.

21 Now, there has not been a protest, as far
22 as I know, but I'm going to look into this and
23 we will get more information for you for the
24 next meeting.

25 CHAIRMAN MENENDEZ: Okay. And just add to

1 that, if we have questions, as a Committee, we
2 would love for them to be answered, so we don't
3 have to bring it up in the second meeting.

4 MR. KLEIMAN: Oh, yeah. I'm not sure why
5 these weren't.

6 CHAIRMAN MENENDEZ: Any other things that
7 we want to bring up? Any other random stuff?

8 MS. SABATER: I guess the only other thing
9 is the proposed date for the next meeting. I
10 have a conflict. If it could be the Wednesday
11 after, which would be the 10th, instead of
12 April 3rd, but I'm not sure how that works with
13 everybody else's calendar.

14 CHAIRMAN MENENDEZ: So can we tentatively
15 schedule it for April 10th, since we don't have
16 Diana here, and she can get back to us in an
17 e-mail?

18 MR. HOLIAN: That's fine with me.

19 CHAIRMAN MENENDEZ: You guys are good with
20 it?

21 MR. ROBERTS: The 10th is fine.

22 MR. PAREDES: April 10th?

23 CHAIRMAN MENENDEZ: Tentatively. We'll
24 send an e-mail once Diana clears it with her
25 schedule.

1 MR. PAREDES: And meetings are every
2 Wednesday? They always have to be on a
3 Wednesday? I'm just curious.

4 MR. KLEIMAN: Well, it just seems to work
5 better for the Board. It's not necessary for
6 us.

7 MR. PAREDES: The 10th is fine with me.

8 CHAIRMAN MENENDEZ: It used to be
9 Thursdays. Now we moved it to Wednesday. I
10 think we moved it to Wednesdays for Carmen.
11 I'm not sure. But it was Thursdays and now
12 it's Wednesday and that's good with everybody,
13 so we can stick with Wednesdays.

14 MR. PAREDES: Yes. Wednesday is fine.

15 CHAIRMAN MENENDEZ: Okay. We'll end the
16 meeting. Thank you so much.

17 (Thereupon, the meeting was concluded at
18 9:12 a.m.)

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C E R T I F I C A T E

STATE OF FLORIDA:

SS.

COUNTY OF MIAMI-DADE:

I, NIEVES SANCHEZ, Court Reporter, and a Notary Public for the State of Florida at Large, do hereby certify that I was authorized to and did stenographically report the foregoing proceedings and that the transcript is a true and complete record of my stenographic notes.

DATED this 24th day of March, 2019.



NIEVES SANCHEZ