

CITY OF CORAL GABLES
BUDGET/AUDIT ADVISORY BOARD
Minutes of December 13, 2007
Office of the City Manager
405 Biltmore Way, Coral Gables, Florida

| MEMBERS: | J | F | M | A | M* | M | J | J* | J | J* | A | S | O | N | D | APPOINTED BY: |
|-------------------|----------|----------|----------|----------|-----------|----------|----------|-----------|----------|-----------|----------|----------|----------|----------|----------|-----------------------------------|
| Jorge Villacampa | P | P | P | P | A | P | P | P | P | P | E | P | P | P | P | Mayor Donald D. Slesnick, II |
| Roland Sanchez^ | - | - | - | - | P | P | A | P | P | P | P | P | P | P | P | Vice Mayor William H. Kerdyk, Jr. |
| Alfredo Balsera | P | A | P | P | P | P | P | E | E | P | E | E | P | P | A | Comm. Rafael "Ralph" Cabrera, Jr. |
| John Lindsey | P | P | P | P | P** | P | P | P | P | E | P | P | A | P | P | Comm. Wayne "Chip" Withers |
| Ofelia Fernandez^ | - | - | - | - | - | - | P | A | P | P | P | P | P | P | A | 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
Maria Alberro-Jimenez, Assistant City Manager
Omar Padron, Internal Audit Chief Compliance Officer
Vickie Siegel, Senior Internal Auditor
Carolina McElroy, Internal Auditor

* = Special Meeting

^ = New Member

** = Present via Telephone

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

PROCEEDINGS:

The meeting was called to order at 10:15 a.m. by Mr. Villacampa.

APPROVAL OF OCTOBER 11, 2007 MEETING MINUTES:

Mr. Sanchez made a motion to approve the October 11, 2007 meeting minutes as written. Mr. Lindsey seconded the motion, which passed unanimously.

APPROVAL OF NOVEMBER 8, 2007 MEETING MINUTES:

Mr. Lindsey made a motion to approve the November 8, 2007 meeting minutes as written. Mr. Sanchez seconded the motion, which passed unanimously.

2006/2007 ANNUAL REPORT:

Referring to the distributed draft of the Board's 2006/2007 Annual Report, Ms. Lubin explained that such reports for each City board are prepared and submitted by the board chair each year in accordance with Ordinance 2004-30. Board additions, corrections or deletions were requested prior to presenting the report for approval.

Mr. Sanchez made a motion to approve the annual report as presented. Mr. Lindsey seconded the motion, which passed unanimously.

STORMWATER UTILITY BILLINGS AUDIT:

Ms. Siegel provided a comprehensive background for the audits to be presented. The period for the stormwater utility billings audit was January 2004 through November 20, 2007. She explained the City's unique position of owning wastewater lines but not owning water lines or the water treatment center. Regarding U.M.'s University Village, there were discrepancies that resulted from initial establishment of the system. Through extensive records research, follow up with numerous departments and outside entities, she reported that the implementation of audit recommendations would result in approximately \$28,000 in additional revenues.

Audit Recommendations:

- The City should have a documented system in place that results in the timely collection of all the stormwater

receivables it is due.

- The Public Works Department should continue its efforts in the recovery of unbilled and incorrectly billed stormwater utility fees.
- The City should consider billing for stormwater utility fees in-house.
- The City should amend Chapter 78, Article IV, Stormwater Management Utilities of the City Code to allow the City the option to bill or back-bill stormwater utility fees in-house; to eliminate the Code's requirement of a Certificate of Occupancy in order for the City to bill stormwater utility fees; to include a computation of the stormwater utility fee for mixed-use properties.
- The City should either formulate and negotiate a new contract with MDWASD for the administration, billing and collection of charges for stormwater utility services or do the billing in-house.
- The City should readdress a request to MDWASD to supply a back-up/support CD or an e-mail transmission with each monthly wastewater and stormwater remittance to the City, including specified information.
- A new contract with MDWASD should include a requirement of back-up/support, which is sufficient for auditing purposes, to accompany each MDWASD stormwater remittance.
- The Finance Department should send copies of all MDWASD remittances to the Stormwater Utilities Administrator in Public Works along with back-up/support sent by MDWASD.
- Public Works should reconcile each monthly MDWASD stormwater remittance with the back-up/support supplied by MDWASD.
- The City should recalculate the stormwater utilities Equivalent Residential Unit (ERU) now and recalculate it periodically to assure that the square footage is representative of an equivalent residential unit in the City.
- The City should internally, with in-house resources, recalculate the City's stormwater utilities ERU.
- The City should request two additional passcodes/portals to MDWASD's PeopleSoft software.
- Public Works should become a member of the Florida Stormwater Association.

Ms. Siegel concluded her presentation, during and after which discussion was held. She was commended for exceptional diligence in researching and conducting a thorough audit.

Mr. Lindsey made a motion to approve the audit as presented. Mr. Sanchez seconded the motion, which passed unanimously.

WASTEWATER SERVICE BILLINGS AUDIT:

Ms. Siegel explained that the purpose of the audit was to determine if wastewater service billings followed the Code of the City and were being billed correctly. The audit covered the period from January 2004 to November 20, 2007.

Ms. Siegel first stated that the City owns waste lines. After intensive examination of over 500 accounts, software and codes, Ms. Siegel discovered that an estimated \$218,842 in revenues that belong to the City are in MDWASD's accounts, along with erroneous and double billings. After thoroughly reviewing all aspects of the audit, circumstances and findings, audit recommendations were articulated as follows:

- Public Works should continue its efforts to recover unbilled and erroneously billed and retained wastewater service fees.
- Public Works should research "closed" MDWASD wastewater accounts for further revenues.
- The City should revise Chapter 78, Article III, Sanitary Sewer System of the City Code to allow for the option to bill wastewater service fees in-house.
- The City should either execute a new contract with MDWASD for the administration, billing and collection of charges for wastewater services or bill in-house. The contract should include penalties and fines when MDWASD erroneously retains City wastewater services revenues.
- The City should readdress a request to MDWASD to supply a back-up/support CD or e-mail transmission with each monthly wastewater and stormwater remittance to the City that includes specified information.
- The new contract with MDWASD should include a requirement of back-up/support sufficient for auditing purposes to accompany each MDWASD wastewater remittance.
- The Finance Department should send copies of all MDWASD remittances to Public Works along with back-

up/support sent by MDWASD.

- Public Works should reconcile each monthly MDWASD wastewater remittance with the back-up/support supplied by MDWASD.
- The City should address a \$2 per bill charge by MDWASD that has not been authorized by the City.

Mr. Padron praised Ms. Siegel for her attention to detail, pointing out that there were numerous issues involved with MDWASD, including a lack of communication, and said that City understaffing was also an issue that affected the results of these audits. Ms. Siegel stated for the record that the audit resulted from the combined efforts of the Facilities Analyst in Public Works and herself. Mr. Brown and Board members added their commendations for Ms. Siegel's efforts.

Mr. Sanchez made a motion to approve the audit as presented. Mr. Lindsey seconded the motion, which passed unanimously.

STORMWATER AND WASTEWATER SERVICE AUDITS SUMMARY:

Through the combined efforts of the Public Works Department's Facilities Analyst and the Auditor, Ms. Siegel summarized that the estimated annualized stormwater and wastewater revenue increase would be \$294,442 and the stormwater and wastewater credit not yet received would be \$640,219. She recommended the City safeguard stormwater utility and wastewater service revenues either by putting additional systems in place and requiring additional documentation from MDWASD or by doing the stormwater utility and wastewater service billings in-house. She also recommended first changing the Code and then eliminating the Certificate of Occupancy provision, streamlining the process to avoid getting bogged down in a myriad of details involving multiple people responsible for maintaining multiple aspects of a system without reliable follow through resources. She pointed out that improvement was already apparent, and Mr. Brown added that a meeting has been scheduled with multiple departments to ensure a properly managed and seamless system.

STATUS OF AUDIT RECOMMENDATIONS:

Ms. McElroy stated that all audit recommendations were up to date and all department directors had responded.

MONTHLY OVERTIME ANALYSIS:

Mr. Padron presented an overtime analysis, comparing September 2005/2006 to September 2006/2007 and indicating that there was approximately \$260,000 less paid overtime during the present year than prior. He pointed many contributing variables within the periods, ranging from hurricanes and special events to the timing of refunds. He said this analysis was an estimate until audited numbers were available.

In view of Mr. Padron's upcoming retirement, Mr. Brown commended him for his professionalism and many years of service to the City. Mr. Padron expressed his appreciation to the City for the experience and the people with whom he worked, including Board members, the City Manager and Assistant City Managers.

ADJOURNMENT:

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

The meeting adjourned at 11:30 a.m.

NEXT MEETING: Thursday, January 10, 2008, 8:00 a.m.

Respectfully submitted,

David L. Brown
City Manager