

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

**Monday, January 24th, 2022, 8:00 a.m.**

**Location: City Hall Commission Chambers**

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

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

**MEETING MINUTES**

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

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

^ New Member

#- Special meeting

\*\* - Resigned Member

PVC – Present Via Video Call

P – Present

A – Absent

E - Excused

**City Staff:**

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

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

**Julian Perez**, Director, Economic Development

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

**Raimundo Rodulfo**, Director, Information technology

**Nelson Gonzalez**, Assistant Director, Information Technology

**Alex Gamundi**, Systems Analyst II, Information Technology

**Matt Anderson**, Senior Sustainability Analyst, Public Works

**Paula Rodriguez**, Assistant Director – Solid Waste, Public Works (VIA Zoom)

**Anna Vall**, Administrative Assistant, Information Technology

**Outside Consultants (VIA Zoom):**

**Mike Del Giudice**, CROWE Consultant

**Solomon Gheberemeskel**, CROWE Consultant

**Michelle Blackstock**, CROWE Consultant

**John Weber**, CROWE Consultant

**Call to Order:**

The meeting was called to order at 8:10 AM by Frank Paredes. The roll was taken and there was an in-person quorum of three members. The meeting was also available on Zoom for public access.

**Meeting Minutes:**

A motion was made by Javier Banos to approve the minutes of November 17<sup>th</sup>, 2021, and second by Carmen Sabater. The motion was voted upon and passed unanimously.

**Presentations/Discussions:**

• **Discussion: Internal & External Penetration testing and Cybersecurity Assessment**

Raimundo Rodolfo led the discussion highlighting the City’s efforts to review its current cybersecurity posture by allowing auditors full access to all logistical & physical systems as well as to the document library. This included internal and external penetration tests, social engineering tests, and a policy and procedures review.

Their study yielded 23 findings whose risks were rated at 4-high, 3-moderate, and 16-low. Thirteen of the 23 findings were immediately resolved, and a remediation plan was developed to mitigate the rest. The remaining observations were reassessed and tagged as 4-high, 1-moderate with 3-low for their potential impact.

They also established that the City's network infrastructure has enough layers of security, monitoring and compensation controls to reduce the exploitation risk for all the outstanding findings. The city is committed to the remediation plan and has deployed all available resources to address all concerns.

Javier Banos requested that the board be informed on a recurring basis of all end-results highlighting all potential threats that remain outstanding. Keith Kleiman agreed to provide timeline on progress under Old Business as a recurring item.

- **Discussion: Lease with SRA. CORAL GABLES RESTAURANT, LLC. Sra. Martinez, 2325 Galiano Street, Coral Gables, Fl 33134 – City-Owned Premises**

The Economic Development team presented the board with the details surrounding the proposed lease by Sra. Martinez, LLC. as a potential tenant for the city owned property located at 2325 Galiano Street.

This tenant was selected from an initial pool of 25 applicants reduced to three finalists and finally selecting Sra. Martinez since the proposal had a higher level of investment. The other finalists offered less than half a million dollars in improvements. Carmen Sabater questioned whether this was the only factor, but the ED team explained how the prestige of having Chef Bernstein, one of only four, and the only female chef in South Florida to have receive the national honor of the James Beard Award in our community would further enhance the dining experience in the area.

This fifteen-year lease with two additional five-year renewal options at the City's discretion uses a base rate of \$31 per sq.ft. (4,111) commencing in year three escalating to \$34 on year four and would increase at a rate of 3% per annum thereafter. An additional \$9 per sq. ft. to cover the tenant's proportionate share of property taxes, insurance CAM and other operating costs will be collected on the 19th-month from the effective date of the lease.

The agreement also includes a commitment by the tenant of \$1.3M for lease hold improvements over the first 24 months. The tenant will ***not*** pay rent during this period.

The Board is required to provide answers to three specific questions as it relates to the terms listed which is required by the Economic Development to present it to the Commission.

- a. **Is the purchase, sale and/or lease consistent with the property appraisal as required under section 2-1092?** No. The board did not receive an appraisal. The only valuation is through local market lease rates which included Graziano's market at \$33.99 adjacent to the property and Frits Franz Bierhaus at \$33.21, located across the street.
- b. **What is the immediate impact on the current fiscal budget and the long-term effect on future budgets, i.e., the long -term overall effect on the city?** An increment of \$10 per sq. ft over the previous tenant's base rent per sq. ft of \$21.49.. Since the property was vacant prior to the current fiscal year, there is no rent budgeted for this retail space and therefore no negative impact on the City's current budget.
- c. **Considering the city's mission statement, are there other alternatives to entering the proposed transaction?** The property was marketed for several months and received 25 requests. The decision was narrowed to three participants, with Sra. Martinez as the top pick.

The Economic Development Team believes the Sra. Martinez has the required design, and operations experience required for the total renovation. Additionally, this chef-driven, dining/entertainment concept will contribute to the vibrancy and resiliency of the downtown area as the city continues to work towards making Coral Gables one of the South Florida's premier dining destinations.

Although the board was committed to answer three specific questions, both Frank Paredes and Javier Banos favored a 10-year term over a fifteen-year term with a five-year renewal option and would not recommend the lease in its current form. Ms. Sardinas cited that the \$1.3M capital investment was significant and supported the fifteen-year term to allow the tenant to recoup their capital investment. She also added that the renewals are not automatic but rather at the City's discretion.

- **Discussion: Recycling & Waste Initiatives and its impacts on the community**

Matt Anderson explained the single stream recycling process in detail. He also added the city serves 11,000 homes twice a week with backyard collections once a week. Contamination rates are currently under 10% with no tipping fees since the rate is so low. Contamination rates for Miami-Dade County average between 40-50%. He shared the City's recycling tons per year have averaged as follows: FY18-2,088.88, FY19-2,269.42, FY20-2,631.99 and for FY21-2,583.06 due to more residents working from home.

Mr. Banos questioned the status of the new recycling bins & lids program. Paula Rodriguez confirmed the bins (22 Gallon) are currently in production with the requisition currently in Procurement. Each resident will receive one bin on the first push. They anticipate a strong increase in participation due to the convenience and ease of use.

The cardboard campaign has received a significant amount of compliance moving cardboards from waste to recycling bins.

Carmen Sabater questioned the process/fees associated with plastic bags. Mr. Anderson explained how it continues to affect the recycling process since the bags jam the conveyor belts. And although considered one of the main culprits in the process, current legislation does not allow us to fine the residents. We can only rely on educating our residents and businesses to control the measure.

Other viable programs in place throughout the city include but are not limited to: Battery Recycling, Metal Recycling (\$15K in income to the City), Prescription Drug Disposal (over 1,280 lbs. to date), America Recycle Days (April/November), clothing donations, (4,400 lbs.), paper shredding (4,500 lbs.), electronic waste (155,366), and Christmas tree recycling (2,800 units) which generated 140,000 lbs. of mulch and saved \$3-\$5 K in tipping fees.

***Javier Banos requested a Ride-Along for a three man visit with a joint visit with the City Clerk's office*** which both Ms. Rodriguez and Mr. Anderson agreed to schedule.

- **Discussion: (Open Items) FEMA Receivable**

No significant updates were reported for the Surfside building collapse. Claims for costs associated with the collapse have been submitted in its entirety but have not been received. Total amount claimed is still at \$37,195.80.

Total received to date for IRMA reimbursements is at \$15,393,981 with \$1,467,741 outstanding.

- **Discussion: (Open Items) OVERTIME Report – Solid Waste**

Paula Rodriguez explained how overtime last year of \$300K was affected through a lack of management, and defined leave policy. She discussed enhanced measures to the policy which were recently implemented to control service, & costs. YTD expense at the end of the first quarter stands at \$5.2K compared to last year at \$43K. Largest impact were absences related to COVID-19. Overtime has been low during the last month due to the enforcement of a pre-approval process. Overtime is not planned, and now simply published as not available; it is only available on weekends for special events.

- **Discussion: (Old Business) – update /Status of commencement of Internal Audit RFP Process**

Keith Kleiman explained that the process is not to replace our existing auditors but to prepare an RFP to solicit consultants specializing in staffing analysis since different companies specialize in different disciplines. There is no one company that does it all. We intend to solicit as many bids as possible so in the end we may have one company doing Fire, another might do Police and the same for Development Services, etc. We intend to use this alternate strategy as a segway to better defined results.

- **Discussion: (New Business)**

*Javier Banos will be adding a new item for board discussion but did not share the topic.*

- **Public Comment**

No public comments were made.

**Scheduling:**

The next meeting is scheduled for Wednesday, February 23, 2022, at 8:00 AM.

**Adjournment:**

Meeting Adjourned at 9:36 AM.