

City of Coral Gables City Commission Meeting
Agenda Item G-4
May 25, 2021
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Vince Lago

Vice Mayor Michael Mena

Commissioner Rhonda Anderson

Commissioner Jorge L. Fors, Jr.

Commissioner Kirk R. Menendez

City Staff

City Manager, Peter Iglesias

City Attorney, Miriam Ramos

City Clerk, Billy Urquia

Budget Director, Keith Kleiman

Public Speaker(s)

Agenda Item G-4 [Start: 12:03 p.m.]

Update on the City's Operational Audit
(Sponsored by Mayor Lago)

Mayor Lago: Item G-4, its an update on the City's Operational Audit. Anyone presenting in regard to staff? Anybody wants to discuss this issue?

City Manager Iglesias: Yes Mayor. We have our Assistant Director of Finance, Keith Kleiman.

Mayor Lago: Sir, good afternoon, by five minutes.

Budget Director Kleiman: Good afternoon then. And welcome to the new members and the newly elected.

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City Manager Iglesias: Before you start Keith. Let me just say Mayor and Commissioners, we are in a process of infrastructure technology and operational best practice. One of the issues that we've initiated technology is because it provides an operational best practice. We are currently finishing up InterGov, which will be ready in September of this year, and we are currently starting InFor, which is our financial program, which will be the last enterprise program that we have before creating our dashboard in our paperless city in the end of 22, beginning of 23. So, the fact that we are looking at these enterprise programs that have best practices forces us to – we are not looking at customization in these programs. We are looking at dealing on a best practice perspective as much as possible, which is really most of the city. So, we are working towards really the infrastructure, we have the technology, we have the operational best practice and all those are integrated together into that one package. When we finish in 22, we will be there. And it also makes it easier to keep up with technology. All this software is being continuously updated and the more we are on a best practice technology, the easier it is to maintain as far as the city is concerned and maintain us at a very high level from a Smart City perspective. So, these are initiatives that are already occurring, and we want to continue, and we want to continue to the end of 22, beginning of 23, when we go completely paperless. The way that these programs work and the way that you program your operations have to be logical, and they have to be on a best practice. And that's what we've initiated, and we have our IT Director, which has a presentation on a lot of these issues, and where we want to be. Where we are at now is a very high level, one of the top cities, if not the top city under 75,000. I'd like to be the top city period regardless of size. And so, we are moving towards that. The operational budget tracks staffing very, very carefully. That's one of the reasons that I believe we did so well during Covid, because I think we are mean and lean at this time; and we want to maintain ourselves that way, and with the technology and everything that we are bringing forward, this will just get better and better until we reach that 22, beginning of 23, we will be a completely paperless city.

Mayor Lago: Keith, how are you sir?

Budget Director Kleiman: I'm doing fine. How are you? I can take you back eleven years when I first got here. Pat Salerno was the Manager at that point. He called me in once he hired me and he said, and he showed me the budget, he says, this is not a budget. There is no detail in here. The numbers are based on prior years spending and that's all we had. So, what we did, we implemented a budget system that built the budget incrementally that we don't show exclusive detail in the budget book. We have all the backup from almost every account, especially the significant accounts. We have backup that tells you what those numbers are there for. So now, we've come to a turning point. We are entering – we have InterGov, we have InFor, it is time to start looking at the budget and looking at are we doing best practices. You have to look at our budget and we are probably two-thirds staffing and then one-third is operating, so its time to start looking, are we now structured to move forward into the future? So, I think this is an opportune time to look at it.

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So, the Manager and I – I answer to the Manager for internal audit, that’s not through Finance, so I wear a separate hat for that, and we just started doing operational audits of departments. We have one under our belt already. We are working on another one right now, which is Development Services, and what we are looking to do is, very specifically, look at how they are doing business, and what is their staffing and comparing them to other cities. Its very important to see, if you look at the work volume and you look at the staffing, are we comparable? – are we an anomaly? We have to sort of figure that out. So, as Peter said, this is best practices for a lot of things, many things and the new systems come with best practices, but there are other things where there are no best practices. We have to determine the best practice for Coral Gables. So that’s what we are trying to do, now with these new operational audits that we are doing under the internal hat, internal audit hat. So, we are looking forward to implementing that. So, with the audit now that the Mayor is referring to, I’d like definitely we are going to give you our help, whatever we can possibly do to help you out on this one. I would love more detail if you need our help on it.

Mayor Lago: The detail is simple, and I’ve spoken to the Manager about it, and we sat down, and we had a conversation and it’s included in my strategic plan for the next two years. I want to find as much efficiencies as possible, and I want to find as many savings as possible. I do it in my own business. We try to analyze what we can every single year where we are potentially being wasteful unintentionally, we never try to be wasteful intentionally, but it happens. Sometimes we spend too much gas, or one reason maybe we leave the lights on in a business and we are spending too much on electricity. I want to analyze ways that we as a city can cut back on waste, can cut back on inefficiencies. So that’s something that I’m going to continue to be harping on. I don’t know exactly what our tax revenue is going to be this year, and I know that we are working on that right now and we are moving into budget season, but I would like to see how our departments can find ways to say listen, our expected budget was going to be X, we’ve been able to find one-two percent of savings that we can pass on back to the Manager to address our needs to say, for example, in capital projects that may be a requirement, but I want to make an example of that where last year’s budget was X, this year its going to X minus one percent, two percent, three percent, and find these efficiencies, because right now what we have, and you can talk to all your colleagues here and my colleagues on the Commission know this, the Manager has a very, very long list, it resembles my two daughters Christmas list, on capital projects that he wants to get done. We are right now by far, it’s been the most ambitious capital program, if I can say it, since George Merrick dreamed up of the city. So, I want to limit our debt as much as possible, and the only way to limit your debt is by trying to find efficiencies and allocate funds in a way that, again, I hate to use waste, because nobody in this organization is wasteful, but there are certain things that we can potentially do, analyze, maybe there are some outdated programs, maybe there are some vehicles that we are using that are constantly breaking down. I want to be creative and when we analyze our budget, not look at our, like we discussed in yesterday’s meeting on Zoom, not just look at what our dream projects and what projects we have to do, because they are capital requirements, they are intensive

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right now. I also want to show this community what we have saved, and I think that's critical. That's aspirational for me and that's something that I'm going to do over the next two years, every single year, and I hope that my colleagues on this issue will support me, because I think it's important to show the residents of this community that we are being as fiscally conservative and prudent as possible, which we always are, and I want to put that on the record. We always are, we have 25 percent reserves, we have a triple, triple bond rating, our staff does a great job, but I want to be tougher, because I do it in my own house, actually my wife does it in our own house, because she cracks the whip on me very efficiently asking me why did I spend money on this, or why did I spend money on that, and I also doing it in my own business and I think it's important to do that, especially with the public's money.

City Manager Iglesias: Mayor, I can say we've spent a lot of time in Finance.

Mayor Lago: I know you do.

City Manager Iglesias: And we look at every penny and we try to be as prudent as possible.

Mayor Lago: But don't take this as I'm saying that Finance is not doing a great job. I always tell Diana, Keith, our Procurement Department what a wonderful job that they do, and when I have to put my foot down on certain issues, I will, but it's far and few between. What I'm trying to do here is, I would love nothing more than we finalize our budget this year when Commissioner Fors, Commissioner Anderson, Vice Mayor Mena, and Commissioner Menendez vote on the budget, we can say listen, we were able to find an additional million dollars, I'm just using an arbitrary number, a million dollars, two million dollars, throughout our 10-15 departments, which were used for capital projects, which were used to bring to fruition Vice Mayor Mena's interest in delivering a more robust parks matrix, or whatever it is that Commissioner Anderson or Commissioner Fors or Commissioner Menendez may want, after listening to their constituents. So, I would like to show the residents of this community that we are being very prudent, as we always are, but take it to the next level; and analyze department by department, challenge the departments, challenge them, and I'm telling this to the Manager, challenge the departments to say, let's find cost savings. Again, let's find cost savings, not at the cost of service, but let's be more efficient.

Budget Director Kleiman: Right.

City Manager Iglesias: Mr. Mayor, we are also looking at and I'm going to have Finance explain that during the budget process, what we do as far as budgetary issues to maintain our triple triple A rating, which is very, very important. And so, some of the issues that we do are towards that end, and I think during the budget process I will have Keith add that to that presentation, so you

all are aware of how we operate to make sure that we do maintain that and make sure that we do get the 1.6, 1.7, 1.8 percent interest rates on our bond issues.

Mayor Lago: Let me give you a simple example for our two Commissioners who are new Commissioners here. The Commission used to never have the ability to spend money for their office. I was able to allocate \$5,000 per Commissioner. Every single year I write a memo at the end of the year, which details my expenditures of those \$5,000 and I post it online so that anybody can read it in a transparent fashion, like I do with all my memos. Every year we return \$3,000, \$3,500 back to the General Fund. I'm not saying that we have to do that with every single department, but I would love nothing more than when we close the budget to say, hey listen, from last year to this year, we were able to save X amount, and I think that would be important that would continue to build on the public trust that we are trying to be as careful as possible.

Budget Director Kleiman: So, if I can just talk about the budget process as it is and where we are going to go forward for FY 22.

Commissioner Menendez: By the way, I didn't mean to interrupt, but before we move on, to piggyback on what the Mayor said, something I would like to see personally once we get the analysis of what can or can't be done by department, I would like each department to be able to then express to us and the community how it impacts services. Does the quality of service based on the efficiencies, does the quality of service stay the same, does it drop, or does it enhance, because I think that's the other part of the equation the community needs to know, because at the end of the day it's the services we provide the community, be it parks or anything else. So, I would like that to be part of the discussion once we analyze whatever can be done. But I would like each department to explain to us how that impacts the quality of services we provide.

Budget Director Kleiman: And that actually goes right into what I'm about to say, which is perfect timing. So last year in order to balance the budget, we had to make two types of reductions. We made hard reductions and soft reductions. The hard reductions are items that were taken out of the budget, it was citywide, every department played a part, and we had to balance the budget with a revenue budget which was severely cut, \$12.6 million dollar cut. The departments came through, we made those reductions, they are out of the budget. We also made soft reductions. Those soft reductions are covered with revenue, but just in case revenue did not perform we had those operating expenses isolated in separate accounts. Now revenues had been performing, but we have not released those expenditures. So now for FY 22 and the planning of it, what we've asked the departments to do, if you want anything re put into your budget basically, you have to justify it. And we have something called the new need process, they are called the decision packages in EDEN, the software we currently have, and they have all submitted items where they are asking for their funds back and they are doing their best to justify it. Now whether the Manager does see

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that as maybe some need, in some cases the biggest question to ask, okay, how did you do this past year? – you didn't have that money in your budget; did it affect your service as you are saying right now; was it a hardship? – is it something that you are only able to tolerate one year? – or is it something that may be you worked around, because that's what it is. There is always something that can be done better, we all know that, and going into the new system, which is what the Manager is concerned about, is that there are new ways of doing things. Do you need all the staff you have now, okay? We froze, I forget how many positions, 20 positions maybe, a good number of them in the Building Department. So, we are not just giving everything back. We are going to hold onto those, and they have to fully justify why they need those positions. I know this is going to help out toward saving the city some money, because if we don't give back all of those savings right there you are cutting the budget down. When your revenues are going to start coming back, but you are not necessarily going to come back fully with your expenditures.

Mayor Lago: And I think we are going to be surprised in regard to revenues, especially with the housing market the way it is. There is a lot of fervor right now, but I use the example of the \$5,000 per Commissioner, because I want everybody to be aware, just because we have \$5,000 per Commission doesn't mean I go out and spend those \$5,000. At the end of the year, I sit down with Chelsea and Patty and we have a conversation in regard to where we stand, what did we spend the money on. We put everything, we track, we put it in the memo, and we put it up for everyone to see how the money that I have at my disposal how its being spent, and I send that money back to the General Fund through the Manager.

Budget Director Kleiman: Right.

Mayor Lago: Just because the money is allocated per department, I want to make sure that we can show that and track that and show that we are doing everything in our power at the end of the day, which I know we are, but I want to push it even further.

Budget Director Kleiman: Right. I get it. But now also keep in mind, there are certain pots of money, smaller pots, like the \$5,000 that each of you has, that is not specified for anything in particular. What we have done over the last ten years in our professional services accounts, its not just a pot of money. Each department has delineated what those are for. So now what you're asking is a legitimate question, do you still need to go to this consultant to do this? – is it needed with the new software? These are the things that we have to look at. The first go around of the budget for July 1st, meaning I had everything analyzed, because again, it comes so quickly for Coral Gables, we have three months in the summer to make fine tuning on a lot of these things. So, there is a lot of work ahead before you adopt the budget in September.

Commissioner Anderson: So, I'm going to ask you for one more thing too, because some of the money we spend prevents us from liability or additional cost, whether you are fixing a sidewalk, prevent someone from tripping or fixing a roof to prevent a leak and further damage to the building. So, if we could have a projection of those savings too, I think would help the public understand why we are spending money in those areas.

Budget Director Kleiman: Savings for?

Commissioner Anderson: Potential liability or potential damages. You are doing a repair on something or you are installing a roof to preserve a building, or you are repairing sidewalks to prevent someone from getting hurt and avoiding a lawsuit.

Budget Director Kleiman: Personally, I'm not sure how I would do, but I will check into that and see how we can possibly project liability savings on something like that. Honestly, on the top of my head I'm not sure how I would do it.

City Manager Iglesias: We will do it Commissioner. I know what you are talking about and certainly from the infrastructure and from many perspectives we will be looking at that, but I can assure you all that we look at our budget very, very carefully, we look at it item by item, and Mayor, we are trying to do the best we can as far as this budget, and we will continue to do that and continue to get better, there is no reason why we can't.

Mayor Lago: And I want to put it on the record, again, this is not an indictment on staff or what they are doing, they are doing a wonderful job, and I will say it over and over again, and if anybody needs a pat on the back, need a hug, I'm more than willing to give it to them. But I'm going to treat this position for the next two years like my wife treats my house, every penny is accounted for and the way that I treat my business. I want to make sure that when someone comes to me and says, why did we spend this money on XY and Z, why didn't we save this, I don't want to end the year and have Commissioner Fors or Vice Mayor Mena or Commissioner Menendez or Commissioner Anderson come to me and say, Vince, why couldn't we handle this issue, and the response is, we don't have the money. We don't have the money, it's been a tight year, we are addressing XY and Z. I want to find money to address concerns in the neighborhoods. We need to pave streets, we have issues with trash pits, we have issues with certain things that haven't been dealt with in a long time. So, I ask you to please, let's work on this together and if my colleagues would like to ever sit down and have a conversation, we can do it in the Sunshine, if they have ways to be more efficient, I welcome them. So, thank you. I appreciate it Keith, as always.