

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

Meeting Minutes: Thursday, September 22, 2016

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

MEMBERS	O	N	D	J	F	M	A	M	J	J	A	S	APPOINTED BY:
	15	15	15	16	16	16	16	16	16	16	16	16	
Jose E. Smith	E	-	P	P	P	E	-	P	-	P	-	P	Mayor Jim Cason
Erin Knight	P	-	P	P	P	P	-	P	-	E	-	P	Commissioner Jeanette Slesnick
Alex Menendez	P	-	E	P	E	P	-	A	-	P	-	P	Commissioner Vince Lago
John Holian	P	-	E	P	P	P	-	P	-	P	-	P	Commissioner Frank C. Quesada
Cheryl Goldstein	P	-	P	P	P	P	-	E	-	E	-	P	Commissioner Pat Keon

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

^- New Member

#- Special meeting

** - Resigned Member

Staff:

Diana Gomez, Finance Director

Keith Kleiman, Budget Director

Sally Ola Ola, Assitant Director

Minutes preparation and Recording Secretary: Estela Valle, Bailey & Sanchez, Court Reporting, Inc.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CITY OF CORAL GABLES
BUDGET/AUDIT ADVISORY BOARD AGENDA
MEETING: THURSDAY, SEPTEMBER 22, 2016, 8:06 a.m.
FIRST FLOOR, CITY HALL
405 BILTMORE WAY, CORAL GABLES, FLORIDA

MEMBERS PRESENT:

- ALEX MENENDEZ, CHAIRMAN
- CHERYL GOLDSTEIN
- JOHN HOLIAN
- ERIN KNIGHT
- JOSE SMITH

CITY STAFF PRESENT:

- DIANA GOMEZ, FINANCE DIRECTOR
- KEITH KLEIMAN, MANAGEMENT and BUDGET DIRECTOR
- SALLY OLA OLA, ASSISTANT FINANCE DIRECTOR

1 THEREUPON:

2 (The following proceedings were held.)

3 MS. GOMEZ: Mr. Chair, are we ready to start?

4 CHAIRMAN MENENDEZ: I'd like to call the meeting
5 to order. Right now it is 8:06, and I believe we have a
6 quorum.

7 We'll take roll call now. So roll call-- who's
8 here?

9 MS. GOMEZ: Diana Gomez, Finance Department.

10 MS. OLA OLA: Sally Ola Ola, Assistant Finance
11 Director.

12 MR. KLEIMAN: Keith Kleiman, Budget Director.

13 MS. GOLDSTEIN: Cheryl Goldstein, Member.

14 MS. KNIGHT: Erin Knight, Member.

15 MR. SMITH: Jose Smith, Member.

16 MR. HOLIAN: John Holian, Member.

17 CHAIRMAN MENENDEZ: Alex Menendez, Member.

18 All right. The next thing is to approve the
19 Minutes from the July 7th meeting.

20 Did everybody have a chance to look at those
21 Minutes? Does anybody have any comments on them?
22 Changes that have to be made?

23 No? No one has any. We'll make a motion to
24 approve the Minutes.

25 MS. GOLDSTEIN: Moved.

1 CHAIRMAN MENENDEZ: Second?

2 MR. SMITH: Second.

3 CHAIRMAN MENENDEZ: Everybody in favor?

4 All right. Now, we get to-- I believe this will
5 be the order of the meeting, an update on the RFP for
6 Internal Auditing.

7 MS. GOMEZ: So we did-- as you guys are aware, we
8 were going through the RFP. We did have the Evaluation
9 Committee, not too long ago, Crowe Horwath was selected
10 unanimously by the Committee. We took it to the
11 Commission on September 13th, and it passed by the
12 Commission. So now we're in the contract execution
13 negotiation phase of the process.

14 What we're going to do is be-- you know, writing
15 the contract for execution, doing it throughout the City
16 and hopefully we can get them started in the next few
17 weeks, because it does take a week or so to make sure
18 insurance requirements are met, and all of the contract
19 is executed.

20 So what we're doing on the City's side-- well,
21 first, we need to negotiate with them. Verdeja was the
22 consultant that helped us throughout the RFP process.
23 They have evaluated everything, pricing and everything,
24 and they felt very comfortable that the pricing that
25 they were offering us was a very reasonable and very

1 good price, so they suggested that when we negotiate
2 with them, there may be some more about the special
3 projects or added projects, not so much fee reductions.
4 So we need to take that into consideration.

5 I'm going to pass out-- this is just a section of
6 the RFP that had to do with-- that had to do with their
7 process and approach. And, if you could, take a look at
8 it at some point, and maybe if you have any comments or
9 anything that you would like to see included in our
10 negotiations, just kind of maybe shoot me an email. I
11 think that would be helpful.

12 This is just a section about how they plan on
13 going about the audit and the different projects that
14 they're going to be doing.

15 On the very back of it-- if you flip it to the
16 very back, there's a schedule of the scope of services,
17 and this was based out of the RFP, the projects that
18 they were going to try to tackle. It doesn't have to be
19 in this order or anything, but this was just the idea of
20 what they were going to do. With the first year,
21 though, they're also doing the overall risk assessment.
22 So the risk assessment will kind of help guide this, in
23 terms of what is most important to do, in terms of
24 timing. So if you have any comments on it or want to
25 give me some ideas, that would be great, because we'll

1 probably, in the next week or so, start discussing with
2 them as we're trying to get the contract.

3 MS. GOLDSTEIN: A couple of things. One is to
4 maybe include, in the scope, something as it relates to
5 the cyber security, because that was the common theme
6 that came up, and it came up also at the Commission
7 meeting. And a second thing that you might do is talk
8 about the process of timing and what happens after the
9 risk assessment, because just as a reminder to-- this
10 committee that we put together for the scope of the RFP,
11 to have apples to apples, so that we were presenting
12 what we thought a typical-- what we thought the year
13 might be. So I would expect it to change, and I feel--
14 and Jose can state, also, he's very confident in this
15 firm, and I think they will do a very good job.

16 They also commented the importance of the City
17 having a Coordinator that can help facilitate their
18 getting to people, getting information, getting-- being
19 efficient, and so--

20 MS. GOMEZ: So we're in the process of doing that.
21 We are-- the model that we're going to use, that we
22 believe is going to be the right model, is going to be--
23 we're going to hire a part-time solely internal auditor.
24 Hopefully we can get somebody who has internal auditing
25 experience, just maybe at the end of their career, just

1 looking for a part-time-- the part-time model here has
2 worked in a lot of instances. We offer benefits-- well,
3 time off, not health benefits, time off, things like
4 that, sick, vacation, bereavement, floating days to our
5 part-timers, and it's 29 hours a week, and so we are in
6 the process of drafting a job description, which I will
7 probably forward to you guys. If you can provide any
8 comments, and if you know anybody that's interested in
9 it, it would be great. The coordinator-- there's- right
10 now, we're not exactly sure, but the Manager believes
11 that the Coordinator is going to report to the Manager
12 or someone in the Manager's Office.

13 She's been discussing maybe the possibility of it
14 reporting under Budget with a dotted line reporting to
15 the City Manager's Office, because Finance is one of the
16 main auditees, so we don't want to have any kind of
17 perception of impropriety with them reporting to me,
18 because-- you know, internal audit should not be, but
19 the internal audit doesn't really audit Budget. It's
20 never an area of-- so I don't know your thoughts in
21 terms of the reporting structure. I'd like to get your
22 feedback as to if you think that that would work or you
23 know--

24 MS. GOLDSTEIN: I have a pretty strong opinion.

25 MS. GOMEZ: Okay. Please.

1 MS. GOLDSTEIN: That, at least, in the start of
2 this, that the Coordinator should be or be tightly tied
3 to an existing employee who can expedite and know the
4 City. And I agree with the vision maybe at the end of a
5 year to get there, but to get it off and running, I
6 don't know-- it came forward in the presentation, as
7 well, that it's very helpful to have someone who knows
8 the ins and outs and the employees of the City.

9 MS. GOMEZ: Which is one argument for having them
10 report under Budget, because Budget-- Keith does
11 obviously-- does know the ins and outs of the City. As
12 part of having to put together the budget, he interacts
13 with every single department all of the time in a
14 detailed level and at a management level to see what's
15 going on in everybody's operations. And so, you know,
16 that could work. If it reported under the City Manager
17 directly, there may be some issues where, you know, she
18 doesn't have a whole lot of time to be able to dedicate,
19 you know, to an individual perhaps, so that we're kind
20 of still talking about that, and I don't know if you
21 guys have any suggestions or--

22 MR. KLEIMAN: Let's just make it clear also, the
23 Budget in this City is under Finance.

24 MS. GOMEZ: Right.

25 MR. KLEIMAN: This would be a dotted relationship

1 between myself and the City Manager. I would not go to
2 Diana on that. So this still is a little bit of a
3 conflict. I mean, if you want to look at it as such.
4 So it's really up to this Board-- I think a
5 recommendation here to the City Manager would weigh as
6 to which way you guys would want it to go.

7 CHAIRMAN MENENDEZ: Okay. So it's either going to
8 report directly to the City Manager or they'll report to
9 Budget?

10 MS. GOMEZ: Or maybe to one of the ACM's in the
11 City Manager's Office.

12 CHAIRMAN MENENDEZ: I do know that for sure-- and
13 I watched the recording of the hearing-- and actually
14 Cheryl did a great job in representing the Board. It
15 was nice to see someone up there doing that for us.
16 That was awesome. But I did see that the Commission
17 actually asked to see a report. It was never actually
18 determined whether it'd be quarterly, semiannually or
19 annually.

20 MS. GOMEZ: Right.

21 CHAIRMAN MENENDEZ: I would also like to request
22 that we see that same report so that we would have the
23 same--

24 MR. KLEIMAN: Oh, absolutely.

25 CHAIRMAN MENENDEZ: Great.

1 MS. GOMEZ: The internal auditor is going to
2 report or is going to provide information on a
3 presentation here on a regular basis. The Manager wants
4 this Board to be involved with the internal audit
5 function and all of that, so that's why, you know, we're
6 even talking to you about it, because she wants your
7 feedback. She has, since the beginning of all of this,
8 and she really does want to-- she values you guys' input
9 and wants to make sure that, you know, we're all kind of
10 on the same page, as we're moving forward toward the
11 betterment of the City.

12 MR. KLEIMAN: "Transparency" is the word. That's
13 what we want with the Board, transparency.

14 MS. GOLDSTEIN: And I think the fact that you have
15 an outside firm doing the work makes me comfortable that
16 wherever you feel that it fits, and wherever you feel
17 that it will work for the organization, because it's not
18 a large organization, so--

19 MR. HOLIAN: That's what I was going to say.

20 MS. GOLDSTEIN: --so I think whatever you feel
21 that it works, and I would also like to bring up-- I
22 agree with the transparency. It was clear that they
23 wanted that.

24 It was also clear that they wanted to know more.
25 We had an amazing representative from the City of Miami

1 Beach on the Evaluation Council, and the City of Miami
2 Beach posts online all of their internal audit reports,
3 and I suggest that we think about that, and that will--

4 MR. KLEIMAN: We would add that.

5 CHAIRMAN MENENDEZ: How do other cities do it,
6 because I know we're not the first City to use an
7 external firm?

8 MS. GOMEZ: Some of them just use the external and
9 they just coordinate-- I don't know that they have
10 another coordinator. Some have a mixed model.

11 CHAIRMAN MENENDEZ: Who do they report to?

12 MS. GOMEZ: Oh, a lot of times the internal
13 auditors report directly to the City Commission, but
14 that's not the model here in our Code. The model is
15 that it goes to the City Manager.

16 CHAIRMAN MENENDEZ: Okay.

17 MS. GOMEZ: So it will-- whether the individual is
18 managed by Keith, the internal audit function is still a
19 division of the City Manager's Office, so it's still
20 going to be-- right now we're talking more about the
21 administration of the staff auditor or the senior
22 auditor that we're going to use for purposes of this.

23 MS. GOLDSTEIN: I take back my opinion.

24 MS. GOMEZ: Okay.

25 MS. GOLDSTEIN: I think, from my gut, it would

1 work better to have it be a dotted line, and go through
2 Budget, because that person will be able to access Keith
3 and his department more frequently for like, "Oh, I'm
4 having trouble getting a document from this department.
5 Can you help me," versus going to the City Manager and
6 trying to get ahold of these things.

7 MR. HOLIAN: Hypothetically, if you had another
8 person, and they needed to get that information, who
9 would they go to to get that information? Would they
10 end up at you, at the end run?

11 MR. KLEIMAN: Most likely.

12 (Simultaneous speaking.)

13 MR. KLEIMAN: And this could be a trial basis,
14 too.

15 MR. HOLIAN: I agree with you completely, because
16 if someone else would ask someone else in my department,
17 they need to gather the information, get the help--

18 MR. KLEIMAN: Right.

19 MR. HOLIAN: They're going to end up with you
20 anyway.

21 MR. KLEIMAN: Right.

22 MR. HOLIAN: So I don't think we need another
23 person in between that.

24 MR. KLEIMAN: Right. Even Lori was coming to me
25 and my staff to get information.

1 MS. GOLDSTEIN: You might as well have a little
2 responsibility there.

3 MR. KLEIMAN: Well, again, it's going to be the
4 City Manager making the decisions. Basically, again,
5 just someone that can help her out because she can't--
6 she just has very little time.

7 MS. GOMEZ: So when you have a chance over the
8 next couple of days maybe take a look at the packet and
9 see if you have any comments or something you think that
10 we should add.

11 Again, as to the fees, Verdeja believes that
12 they're very reasonable fees. Actually, I think they
13 were actually the second lowest in actual dollar fees,
14 so maybe if there are some special projects, I could
15 take note about the cyber security, and so maybe adding
16 a couple of things to it to-- in terms of negotiation,
17 but other than that, you know, hopefully within a month,
18 we'll be squared away with signed documents and have
19 them on board.

20 I'm also going to forward to you the internal
21 audit job spec. If you have a chance, just take a quick
22 peek at it. Remember, it's going to be a Coordinator
23 type position. They should be able to understand audit
24 and do a couple of things, Some of the test work maybe
25 or some of the coordination test work, so it should be a

1 decent level, but not so high or not so low. It's not
2 just an admin per se, it's someone who really can
3 coordinate, and any comments that you have on it would
4 be just greatly appreciated just so that we can post
5 that. And if you know anybody that is looking for a
6 part-time job, and we're pretty flexible, that would be
7 helpful, too.

8 MR. HOLIAN: I would just like to add one thing.
9 Going through in the next 12 months or a year, I'd like
10 just something rough that just shows what our costs are
11 since we changed the internal. It'd be nice to see,
12 okay, we did a great job, it's wonderful, but it went up
13 \$100,000, or we did a great job, it's wonderful, and
14 it's the same amount of money or whatever, or more
15 services or whatever it is.

16 MS. GOLDSTEIN: Right. In addition to the planned
17 headcount.

18 (Simultaneous speaking.)

19 CHAIRMAN MENENDEZ: They were saying-- it was
20 already, not weak, but it was understaffed, so they were
21 saying, do we ramp up personnel to have a real robust
22 audit function, or do we hire outside? If you're
23 looking at apples to apples, it's going to be off about
24 \$100,000.

25 MR. HOLIAN: I understand, but you could sit there

1 and say, "But we were doing this job before. Now we're
2 doing this job, and this job, and this job going
3 forward."

4 CHAIRMAN MENENDEZ: Right.

5 MS. GOMEZ: There were very few audits being done,
6 whereas now we hope to get whatever, six or eight audits
7 done a year, whereas before it was maybe two or three
8 audits a year.

9 MR. KLEIMAN: Or ones that honestly the Board
10 didn't really care about. I mean, auditing the fuel
11 over at automotive, I mean--

12 (Simultaneous speaking.)

13 MS. GOMEZ: So hopefully we'll get that wrapped
14 up, and get it started, and hopefully it will be a
15 success.

16 CHAIRMAN MENENDEZ: All right. So the next item
17 is Discussion on National Parks Service Audit.

18 MS. GOMEZ: Yes. As you know, every two years the
19 former internal auditor would report on the National
20 Parks Service Audit. She had been out for the ending--
21 until she left, you know, she had been out a lot on
22 medical leave, and so the City Manager's Office asked my
23 office to assist in taking care of that audit. So I'm
24 just going to have Sally go over it a little bit, just
25 highlights of it. I have a copy of it, if you want to

1 pass it around or whatever, of the actual audit, and so
2 we can-- you know, it's just to report that it was done
3 and in compliance. So go ahead.

4 MS. OLA OLA: Good morning, everyone. This is the
5 fourth audit and report that the City has completed in
6 order to be in compliance with the Historic Surplus
7 Property Program. The requirements is to have an audit
8 and issue the report every two years. This audit and
9 report covers the period from October 1, 2013 to
10 September 30, 2015.

11 The main purpose of the audit is to report to the
12 National Parks Service how the City of Coral Gables
13 uses, preserves and maintains the Biltmore Hotel, in
14 accordance with the terms of the Transfer Agreement.
15 And also to report on how the City uses or intends to
16 use the funds generated from the hotel for the
17 maintenance and preservation of the City's other
18 historical properties and parks for recreational
19 purposes.

20 There are standard reporting guidelines from the
21 National Parks Service, and the management company of
22 the Biltmore Hotel assisted us by providing information
23 and responses to the specific items on the report. This
24 report is typically due on the 15th of June, but,
25 however, due to the transition of the former internal

1 auditor, there was a misunderstanding with the due date,
2 and we believed that it was due on the 30th of June.
3 And once we realized it was due on the 15th, we
4 requested and received an extension until June 30th, and
5 on August 1st, 2016, the National Parks Service sent a
6 notification to the City Manager that our report has
7 been accepted and indicated that the report was deemed
8 satisfactory, and finds that the City is in compliance
9 with the provisions of the Deed of Conveyance, and
10 that's all we need for the last report.

11 If you have any questions?

12 MR. HOLIAN: I don't have any questions.

13 MS. GOMEZ: It's the standard report we do every
14 two years. You know, we picked it up. I want to thank
15 Sally. She did a great job with putting it together at
16 the last minute. Once we realized that, okay, the
17 former internal auditor wasn't coming back in time to do
18 it, we just had to kind of pick it up and run with it
19 and get it done. So we were-- you know, Sally and her
20 staff were able to do that, and without a problem, so--

21 CHAIRMAN MENENDEZ: And it says that some of the
22 funds from this property should be used to maintain
23 parks. Is it specifying national parks?

24 MS. GOMEZ: No, it's any parks.

25 MS. OLA OLA: It's any park, as long as it's for

1 recreational purposes.

2 CHAIRMAN MENENDEZ: Okay. In the last two years
3 how much money actually went to parks?

4 MS. GOMEZ: It's in the report.

5 CHAIRMAN MENENDEZ: Is it a significant amount?

6 MS. GOMEZ: Whatever surplus they have, it goes
7 toward the-- you know, we use it toward the normal parks
8 budget, and so the parks budget-- I don't know how much
9 the parks budget is.

10 MR. KLEIMAN: The budget itself is five, six
11 million dollars, but on top of that we have capital,
12 which also comes from the general fund. So the
13 capital-- right now we're budgeting \$1.4 million just
14 for general capital projects within parks specifically.
15 So we're more than-- that money is fully utilized, you
16 can say, within parks. The whole-- is it 1.8 million,
17 1.5 million?

18 MS. OLA OLA: Yeah, 1.5.

19 MR. KLEIMAN: Something like that.

20 CHAIRMAN MENENDEZ: It's close to 1.5, 1.4?

21 MR. KLEIMAN: Right. So we're more--

22 (Simultaneous speaking.)

23 CHAIRMAN MENENDEZ: I was just wondering how much
24 it was.

25 MR. KLEIMAN: I can't tell you that that dollar

1 went to this.

2 MS. GOMEZ: Sure, we can. That dollar went to
3 this.

4 MR. KLEIMAN: Okay.

5 MS. GOMEZ: It has to, so that dollar went to
6 that.

7 CHAIRMAN MENENDEZ: I was more curios about the
8 actual amount in the two years.

9 (Simultaneous speaking.)

10 MS. GOMEZ: We have more expenditures than we have
11 surplus in this program, so, yes, it does get--

12 CHAIRMAN MENENDEZ: It doesn't fund the entire
13 park budget?

14 MS. GOMEZ: Yes, exactly. But every dollar of it
15 does go toward parks, and we still supplement with our
16 normal budget.

17 MR. KLEIMAN: Right. And I'm going to say this,
18 on the record, that there are different ways we can
19 record some of this stuff. Like this money can go into
20 a special revenue fund, as well as fire fees go into a
21 special revenue fund, and then you see them going
22 directly into where they're supposed to go into. So
23 that way it actually makes it very transparent.

24 MS. GOMEZ: Right.

25 CHAIRMAN MENENDEZ: Okay. So does anyone have any

1 questions on the park audit?

2 No questions. Okay. Ready to move to the
3 Quarterly Financial Report?

4 MS. GOMEZ: Sure. So this is the Quarterly
5 Financial Report. It's a little bit-- it may be a
6 little sterile at this point, but we hadn't reported it
7 yet, just based on other things that we had on the
8 agenda and the timing of getting it to the Commission,
9 but the report is the normal Quarterly Financial Report.

10 If you want, we can go over it in detail. I don't
11 know if you have any questions. You know, we can, for
12 the sake of time, if you have any specific questions, we
13 can answer it or we can give a full presentation. It's
14 up to you.

15 MR. HOLIAN: Is there anything that draws your
16 attention that we should be looking at?

17 MS. GOMEZ: The Communications Services Tax, yeah.
18 I believe we may have spoken about it here at a previous
19 meeting. I'm not sure.

20 MR. KLEIMAN: I don't think so.

21 MS. GOMEZ: I get confused. We've talked about it
22 at several budget meetings, whatever. So the
23 Communications Services Tax, under the
24 Telecommunications Services Tax revenue, which makes up
25 about \$4 million of the budget, it's coming in lower and

1 it's a two-part reason. Do you want to explain the
2 reason behind it?

3 MS. OLA OLA: Yeah. So starting in June 2016,
4 there was a refund that the State of Florida, Department
5 of Revenue, took back from the jurisdiction of the State
6 of Florida. This is regarding the-- there was a
7 settlement of a case against AT&T, that they were
8 charging taxes on internet access users from 2005,
9 January to August 2010, so there was a court ruling that
10 that is not acceptable or that is not-- that should not
11 have been the case, so AT&T was asked to refund to the
12 customers that particular tax, and so for them to be
13 able to get it, they need to have the Department of
14 Revenue request to refund the monies that they have
15 remitted to the cities to their jurisdiction. So they
16 came up with this listing that they sent to all of the
17 cities affected, and the City of Coral Gables is going
18 to be asked to return, over a 15-month period, \$730,000.
19 So starting June 2016, they took \$48,000 from our
20 monthly remittance. So it will affect the last four
21 months of 2016, and then eleven months of 2017.

22 MS. GOMEZ: So you see a reduction in--

23 MR. HOLIAN: That stinks.

24 MS. GOMEZ: Yes, it does.

25 MR. KLEIMAN: But it is one time.

1 MS. GOMEZ: And so, in terms of the budget, we
2 did-- you know, Keith, we've adjusted the fiscal for
3 '16, as well as '17.

4 MR. KLEIMAN: Right.

5 MS. GOMEZ: We're adjusting the budget to
6 recognize that we're not going to receive as much
7 revenue as we initially thought we were going to.

8 MR. KLEIMAN: Right. But there were two pieces to
9 it. We've been lowering the communications tax budget
10 every year because the trend has been down. The
11 bundling of services, prices are a little bit more
12 competitive, so we're receiving less and less each year.
13 This year we dropped it \$50,000 in the first go round
14 from {4 million 50} to just \$4 million.

15 It turns out, the amount that we're getting-- the
16 estimate came in after the July book was published, and
17 it showed that we're going to have to cut \$800,000. 600
18 or so is the portion of the 11 months that is going to
19 be one time. The extra two is a permanent hit, so
20 it's-- that trend just changed a lot. So we're going to
21 have to anticipate that for the future now. So we did
22 cover it for FY17, and we're going to have to really
23 analyze it and really follow the estimates coming in.

24 Unfortunately for us, the estimates come in, in
25 July, which is after this budget gets submitted. So we

1 had to find \$800,000 at the last minute, and we did
2 get-- we got a bump up in our taxes, because the values
3 went up from June 1 to July 1. That helped us. We got
4 two other State estimates that came in higher, and then
5 we had to take \$366,000, because it's one time, we have
6 one-time money set aside for emergency uses and fund
7 balance, and we pulled that in. So we're good for FY17.

8 MS. HOLIAN: I assume there's no wiggle room. You
9 can't argue with AT&T. This is what it comes down to.

10 MR. KLEIMAN: The Judge is done. The Court has
11 settled.

12 MS. GOMEZ: Yeah, because they never should've
13 charged it, so we received revenues that weren't due to
14 us, so that's why the State is taking it back.

15 Any other questions on the Quarterly Financial
16 Report? We are trying to work toward planning for our
17 final year end audit by September 30th. Our year end is
18 coming up, so we'll be busy with that over the next few
19 months, and have a report in the first quarter of the
20 second period-- the first quarter of the calendar year,
21 second quarter of the year.

22 CHAIRMAN MENENDEZ: So was that the budget update?

23 MS. GOMEZ: No. That was the Financial Reports.
24 Next is the overtime-- the Quarterly Overtime Report.

25

1 MR. KLEIMAN: Does everyone have copies?

2 Sally?

3 MS. OLA OLA: Thank you.

4 MS. GOMEZ: No, I don't, actually.

5 MR. KLEIMAN: Okay. Overall, we're actually doing
6 okay. This is the first time we can say this in several
7 years.

8 You know-- again, as you know, we discussed this
9 at the second quarter, that we bumped up the overtime
10 for Fire and Police, because of a very large amount of
11 vacancies. Fire is now up to speed. They hired
12 everybody, so they promised us they were not going to
13 incur much more overtime. So even though we're-- I'm
14 going to show you that it went up to 95 percent in the
15 third quarter, of the total allotment. They still have
16 money available now. I checked their accounts, so
17 they're going to make it through the end of the year
18 without going over.

19 And, Police, they're at about 75, 76 percent,
20 which is directly at the third quarter where we should
21 be. But just keep in mind that's because we put an
22 influx of money from salary surplus, because they're
23 covering extra overtime due to vacancies.

24 Now, one of the Members was asking me, when we
25 first started this morning, why not raise the salaries

1 of the police? Now, we're at the-- in FY17 is the end
2 of the three-year contract, and that was, every year we
3 were raising the salaries. We raised the cap. I
4 believe the starting salary now is 52,000, something
5 like that.

6 Now, the Manager's goal at the time-- this is
7 before Cathy. This is when Carmen was acting and Cindy
8 was the ACM and the Commission. Their goal was to get
9 to above middle, but not the highest, and that's where
10 the 52 would've gotten us.

11 Now, of course, we're going to-- once again, and
12 we're going to have to look and see where we are in that
13 placement, but just so everybody knows, it's a very
14 expensive process to raise salaries. Now, if that's
15 what the Commission wants, then, again, it's going to
16 take a tax increase to find that kind of money to do
17 something like that.

18 CHAIRMAN MENENDEZ: Do you have compression, if
19 you raise the starting salaries?

20 MS. GOMEZ: If you do raise them, you have to
21 raise everything, and it gets very, very expensive.

22 MR. KLEIMAN: Right.

23 MS. GOLDSTEIN: So sitting through the Commission
24 meeting, the Chief of Police was presenting on the
25 rising crime before the internal audit item came up, and

1 after sitting in these meetings for a number of years
2 now, it seems like the same issue is there, that we're
3 understaffed in Police, and so-- and we do everything we
4 can to recruit, the open houses, all of that. So
5 obviously everywhere around the nation now, as police
6 officers jobs or lives are more at risk, it's harder and
7 harder to recruit.

8 So my question is, is it time for a change in
9 mentality to pay more, get our full staff, be the City
10 that is-- that takes the jump to have the support for
11 the citizens, because we are Coral Gables, and get out
12 of the treadmill we've been in to be at a better place?
13 And so as we sit here and watch the millage rate not go
14 up at all because that is someone's agenda, to not have
15 the millage rate go up at all-- I mean, it might be
16 everybody on the Commission. I have no idea-- versus
17 going up a little bit in taxes-- I don't know what it
18 would be-- to be able to get experienced police officers
19 from other cities and be the place that police officers,
20 who have a career, who want to be in this career, want
21 to come work. I'm just putting it out there.

22 MR. HOLIAN: I have a comment on that.

23 CHAIRMAN MENENDEZ: Did millage go up?

24 MS. GOMEZ: It did not.

25 MR. KLEIMAN: It's a tax increase, because the

1 value went up.

2 (Simultaneous speaking.)

3 CHAIRMAN MENENDEZ: Because at the last meeting,
4 we said that it was okay-- like they said it was okay if
5 millage went up to--

6 MS. GOMEZ: No. They said it's okay if you don't
7 lower it, so it just stayed the same.

8 MR. HOLIAN: On that police issue, I've been here
9 27 years. I think I've been through four or five police
10 chiefs, and I grew up in northern New Jersey, and a
11 bunch of police officers and high ranking officials, and
12 John Timoney, who passed away a couple of weeks ago, was
13 a close friend, and Michael Julian was the police chief
14 in New York City, my stepbrother is a deputy chief in
15 New York City, and all police departments have internal
16 problems, you know, risk return, but I can't believe in
17 our city-- we can't find a model city that's doing it
18 correctly or better than we're doing it, because we
19 wrestle between overtime and benefits, and this, that,
20 the other. And if the police department worked for me,
21 and for five, seven years, we have been understaffed-- I
22 mean, at what point are we going to get rid of that
23 understaffing? I mean, if they can't raise the
24 salaries, then we just have to say, "Unless we can raise
25 the salaries, we can't get the full staff."

1 MR. KLEIMAN: Right. But I think they're
2 understaffed because of the vacancies, not understaffed
3 because the staffing is not correct.

4 MR. HOLIAN: Oh, no. That's what I'm saying.

5 MR. KLEIMAN: Even as we go into annexation, we
6 don't expect to need that many more officers until we
7 start ramping up. It could be several years after the
8 annexation, and this is working with police. We don't
9 determine this. This is from the ACM, and we put a plan
10 in place of how many officers-- of like 12 officers for
11 annexation, but it was down the line. So the problem is
12 not the staffing level, it's the vacancies and
13 recruiting.

14 MR. HOLIAN: Well, but, see, I completely join in
15 Cheryl's comments, but the question is, eight years ago
16 we went from a 50-hour work week to a 40-hour week.
17 We're going to work four 10's because that's more
18 efficient. Now we're going to a five-day work week, and
19 it seems to me-- the ex-City Manager-- we did an
20 external police audit or we hired a consultant to come
21 in, and did audits around the country, and they came up
22 with this other model, and now we get a new police
23 chief, and nothing against that, but all of a sudden the
24 model is changing. There has to be a model that works,
25 and if we say, "We want to be able to recruit, retain

1 and develop good police officers, who out there is doing
2 it?" And I'd say, "Well, quite frankly, you're in the
3 bottom core file in compensation. You're in the middle
4 core file on benefits," and something, something,
5 something. So I agree completely. I'm just sick and
6 tired of hearing we're understaffed, and we can't raise
7 the pay of police officers.

8 I think being a police officer in Coral Gables is
9 a nice job. It's probably a relatively boring job than
10 being a police officer somewhere else. It's probably a
11 lot safer than other communities. These poor guys roll
12 around, and, you know, they see me looking for a stray
13 dog, we had a couple of break-ins with kids stealing-- a
14 little group of kids breaking into cars when people
15 leave their cars open, that's pretty much most of our
16 crime in the city. I mean, knock on wood, but--

17 MS. GOLDSTEIN: There have been a couple of home
18 invasions.

19 MR. HOLIAN: There was the one guy with a machete
20 two weeks ago.

21 MS. GOLDSTEIN: Yeah, so it's not that boring.

22 MR. KLEIMAN: I mean this is something that if the
23 Board wants this, each one of you maybe should go up to
24 your Commissioners and bring it to the table. It's not
25 something for Finance to recommend. This is something

1 that is really much higher than us. We're the ones,
2 once we're directed to do something, we cost it out, and
3 come up with our recommendations for funding. But other
4 than that, the actual recommendation to do it is
5 something that's above us.

6 MR. HOLIAN: I've seen this overtime number of \$4
7 million at one point, and I've seen it as low as
8 \$600,000 off the top of my head. There's always going
9 to be an overtime number. So what's the optimum
10 overtime number? I mean, are we better off with 100
11 cops and \$1.2 million in overtime, or are we--

12 (Simultaneous speaking.)

13 MR. KLEIMAN: If you look at it this way, we're
14 generating-- because of the vacancies, we're generating
15 a healthy amount of salary surplus. Logically, now, if
16 you have to cover every single bit of that vacancy,
17 right, with overtime, you'd never have enough, because
18 overtime is time and a half. Yet, we still don't use
19 all of our salary surplus for overtime. Here we are at
20 76 percent. Yes, we put in \$700,000 into overtime,
21 which sounds like a lot of money, but we're not spending
22 it on salaries.

23 MR. HOLIAN: Right.

24 MR. KLEIMAN: But we never have gone up to the
25 point of using all of the salary surplus for overtime.

1 So we're giving them what they needed.

2 MS. GOLDSTEIN: Let me ask this question in a
3 different way. So what is the real number of vacancies
4 that operationally is optimal, because it's planned?
5 Not numbers, not for budgeting purposes, although it
6 leads into the budget, because the vacancies give more
7 money for the overtime, because I think that-- and maybe
8 we can invite the police department back again for like
9 an annual review-- maybe they really only need three or
10 four officers to really get them out of a stressful
11 situation, versus 11 or 12-- where are we? Sorry,
12 versus 11, because the overtime that the other officers
13 are doing is manageable and fine.

14 MR. HOLIAN: And they love overtime.

15 MS. GOLDSTEIN: Right.

16 MR. HOLIAN: Some police officers love overtime.

17 MS. GOLDSTEIN: So I think it's misleading to talk
18 about 11 and we're down 11. So how do we know what that
19 is so that-- so that someone not sitting in this meeting
20 understands that we're not in a real big problem?

21 MR. KLEIMAN: The normal amount of overtime, which
22 is somewhere around \$1.2 million, is what is there just
23 for a normal, healthy amount of vacancies, because
24 you're always going to have vacancies. and you look at
25 a lot of cities, 10 percent sometimes is the highest

1 ever that you really want to be, that we've been that
2 and a little bit higher. So you're always going to have
3 vacancies. There's just always turnovers. There's
4 nothing you can do. People leave after a certain number
5 of years or people just go and change jobs. There's
6 always going to be-- so the 1.2 million was planned for
7 vacations, sick leave and vacancies. That was meant to
8 cover it. And, you know, it was only until the last,
9 what, three years that we've been having this problem
10 with recruitment. Before that, we were at four, five,
11 six. I mean, it wasn't that bad, but it's then been
12 major for the last few years, and we've been using,
13 again, salary surplus to cover it.

14 For a better explanation of this, I think it would
15 be great to have the ACM here, to really answer your
16 questions fully, because he's the expert. He really is.

17 CHAIRMAN MENENDEZ: So you would say that 1.2
18 million is the normal overtime that's expected, because
19 you're going to have overtime--

20 MR. KLEIMAN: Right.

21 CHAIRMAN MENENDEZ: --Whether it be sick or people
22 on vacation, or people that like-- because I remember
23 that part of the issue was, when they worked those four
24 10's or five 8's, that they're at the end of their
25 shift, they pick somebody up, they have to stay two

1 hours late because they have to fill out the paperwork,
2 so there's a normal expectation that there's going to be
3 some overtime. Everything above the 1.2 is considered
4 basically funds that are being used to fill spots that
5 could be vacancies?

6 MR. KLEIMAN: Right.

7 MR. HOLIAN: And policemen count on overtime. I
8 have some friends here, who are Miami-Dade cops, and
9 like five years ago they were used to making like 80
10 with overtime, and they cut back his overtime, and then
11 he went to 68. If you've living on \$80,000, a \$12,000
12 drop is a lot of money, especially for a household.

13 I think there's an answer. Someone has an answer.

14 CHAIRMAN MENENDEZ: You might know this, but
15 police, I guess they don't switch departments throughout
16 their career, because they're already vested, and
17 they're already going for the benefits and stuff like
18 that, so trying to get people to switch over, then you
19 would lose your--

20 MS. GOMEZ: Well, sometimes when they're in the
21 FRS, then it doesn't matter. They can go to any agency
22 with the FRS and they just continue. It's the Florida
23 Retirement System.

24 MR. HOLIAN: And it's also different with smaller
25 communities. Like, if you go up in New York/New Jersey,

1 you don't have small communities with their own police
2 department. You usually have a much larger police
3 department. So you can move and still be within the
4 same police department. But I don't think we're losing
5 police officers to move from here to there to another
6 police department, unless there's an opportunity for
7 something, and--

8 MR. KLEIMAN: And most of our recruitment is
9 because people are leaving and retiring. That's most of
10 the case.

11 MR. HOLIAN: And then they DROP, and then they
12 come back.

13 CHAIRMAN MENENDEZ: There's a much harder time
14 attracting people with experience versus bringing in a
15 bigger starting class and putting them through the
16 academy.

17 MR. KLEIMAN: Yeah. We're putting them through
18 the academy, and we're using the salary surplus for
19 that, as well.

20 MS. GOLDSTEIN: I think it's also important to
21 note what kind of police officers, because there's nine
22 administrative civilians and six communications
23 operators. So actual, like officers, on the street,
24 really isn't that high, so-- so then when you hear and
25 hear people talking about it, "Oh, we're down--

1 MR. HOLIAN: We're down 11 patrolmen.

2 MS. GOLDSTEIN: --It's really not as bad as what--

3 MR. KLEIMAN: The new ACM has really ramped up the
4 recruitment process. They're going nationwide. They're
5 doing a lot of things. I mean, basically they have cut
6 it almost in half, because it was up to about 20.

7 MR. HOLIAN: Right.

8 MR. KLEIMAN: So now it's almost in half. But
9 he's still stressing over it. He really is. He's so
10 dedicated to doing this.

11 CHAIRMAN MENENDEZ: Are these people in the
12 pipeline? Do we have an idea of the people that are in
13 the pipeline and in the academy?

14 MR. KLEIMAN: Yes. This information-- well, the
15 information that we do for every vacancy report, and
16 this one, of course, is back at the end of June, is, we
17 bring everything in Eden, which is our software, so that
18 shows just the vacancies, and then we reach out to HR,
19 what do you know that's not in Eden yet, and all of the
20 vacancy reports are up to date.

21 CHAIRMAN MENENDEZ: Would that encompass people we
22 have in training already?

23 MS. GOMEZ: They wouldn't be part of the 11.

24 CHAIRMAN MENENDEZ: If we have six people in
25 training-- I know it's a year minimum.

1 MR. KLEIMAN: Yes. Yes, but what happens is,
2 though, those people who are in training, even if
3 they're out of the academy, they're doubling up.

4 CHAIRMAN MENENDEZ: When do they start counting as
5 an actual person for this report?

6 MR. KLEIMAN: No. They are counting as an actual
7 person for the report. They're filling a position.
8 They're getting paid.

9 CHAIRMAN MENENDEZ: Even when they're in training?

10 MR. KLEIMAN: Yes. So what you're going to see
11 here-- you have the vacancies that have been filled, but
12 overtime is still going to be utilized, because we're
13 still doubling up.

14 CHAIRMAN MENENDEZ: Got you.

15 MR. KLEIMAN: Okay.

16 MR. HOLIAN: Can we get a little report broken up,
17 maybe more, from the police department, saying, we do
18 have 11 vacancies-- These are the vacancies we have. It
19 breaks down to patrolmen, administrative, so on and so
20 forth, and then we have 17 recruits in, because if you
21 see, we have 11 vacancies, sooner or later, well, why
22 isn't it filled?

23 MR. KLEIMAN: We can do that for the next meeting
24 or so. Would you like to have the ACM come to address
25 some of the issues and questions?

1 MR. HOLIAN: I think it's fine. I think I'd like
2 to see a report, we have 11 bodies, two of which are
3 administration, four of which are this, and three are
4 actually patrolmen/patrolwomen, whatever. I don't know
5 if that's a general term or not. If you sit there and
6 say, we have 11 vacancies, people think, why don't we
7 have 11 more policemen protecting us? At least that's
8 what I think people think.

9 MS. GOMEZ: Right.

10 MS. GOLDSTEIN: I don't really think we need a
11 full blown presentation yet. Let's get more
12 information.

13 MR. HOLIAN: I agree.

14 MR. KLEIMAN: Fine. Okay.

15 CHAIRMAN MENENDEZ: Can that report say how many
16 people are actually targeted to retire? Remember we
17 used to look at that before? And also how many people
18 are doubled up right now, so we know that those people
19 go from being two in one car, which causes overtime,
20 versus how many will be on the streets by themselves
21 following?

22 MR. KLEIMAN: Right. Actually, Fire was able to
23 do that, and we anticipated them, and they actually
24 hired ahead of time, and we're still doing it now.
25 There are vacancies coming up with Fire, they're

1 recruiting already.

2 MR. HOLIAN: Yeah. I think Fire is easier to
3 recruit.

4 MR. KLEIMAN: Well, yes. Absolutely, yes. I
5 mean, the question is, how many fires do we have here in
6 Coral Gables?

7 MR. HOLIAN: Right. Exactly.

8 (Simultaneous speaking.)

9 MR. KLEIMAN: Were there any questions? Did you
10 want me to go through this? There's really nothing to
11 report, honestly. It's completely clean.

12 CHAIRMAN MENENDEZ: I think we're good with that.

13 MS. GOMEZ: The budget update.

14 MR. KLEIMAN: Do you have a copy of the--

15 MS. GOMEZ: Of what, the presentations?

16 MR. KLEIMAN: I didn't bring it.

17 CHAIRMAN MENENDEZ: Did you want to take one
18 minute?

19 MR. KLEIMAN: Yeah. I can just go print it.

20 CHAIRMAN MENENDEZ: We can just go off the record.

21 (Thereupon, a short recess was taken, after which
22 the proceedings continued.)

23 MR. KLEIMAN: We can go back on the record. We're
24 handing out two sets of changes for the budget.

25 CHAIRMAN MENENDEZ: So we're now at the Budget

1 Update.

2 MR. KLEIMAN: Yes. There's two sets. You'll
3 notice on the first sheet that it says, First Hearing,
4 changes, and the second sheet, Second Hearing, changes
5 from the budget workshop, which was based on the budget
6 book that you all got for July 1.

7 The budget was \$183,104.00 and some change. To
8 that, you're going to see changes to the revenue
9 estimate. This is where we tackle that \$800,000
10 communication services tax, so we got \$190,000.

11 MS. GOMEZ: On the first hearing-- this is the
12 changes from this book to the first hearing which was
13 last week.

14 MR. KLEIMAN: Right. So you'll see that the
15 property tax went up by 190,000. That's because the
16 values were finalized by the property appraiser, so we
17 go a little notch up there. The next two, 143 and 100,
18 those are additional estimates from the State that came
19 in after July 1st. You see there is that whopping
20 \$800,000 hit that we absorbed, and then just to jump
21 down, you can see \$366,000 was a transfer from general
22 funds, which is an assigned balance that we use. We do
23 not touch our 25 percent. It's not there. So this is
24 money that we set aside for one time emergencies.

25 Okay. The golf course revenue we increased by

1 80,000.

2 CHAIRMAN MENENDEZ: That's part of the 25 percent?

3 MR. KLEIMAN: No.

4 CHAIRMAN MENENDEZ: This is separate funds for
5 emergencies?

6 MR. KLEIMAN: Yes.

7 CHAIRMAN MENENDEZ: Okay.

8 MR. KLEIMAN: We actually set aside-- and not just
9 emergencies, but also for one-time use. It was
10 identified in the close-out at FY15 in the CAFR. We set
11 it aside for one-time use in the budget process for
12 FY17. So we're always looking ahead-- or '16. It was
13 there for either purpose-- either year.

14 MS. GOLDSTEIN: Okay. 80,000 is a big number for
15 golf. Is it events?

16 MR. KLEIMAN: During the workshop. What happened
17 was, I do the estimates, and when I do the estimates--
18 we start doing estimates in May, which is fairly early
19 because the budget is due so early. So the estimates
20 were-- they weren't coming in, as far as I could tell,
21 at a healthy level. When I spoke to Fred, after July
22 1st, he said it was due to the fact that there was a
23 late start up, and things are coming in. Well, he gets
24 separate reports that I'm not privy to from the
25 Biltmore. So I found that out, and I told him I would

1 go back and look at it, and adjust my estimates upward.
2 So for both of them, actually, going down to golf course
3 and the tennis, I looked at the new estimate, and they
4 were coming in higher, so I upped it. I didn't go as
5 high as Fred wanted, but I was comfortable going up in
6 these two amounts. That's the 80,000 for golf and
7 40,000 for tennis.

8 Okay. And then, other than the \$366,000, the rest
9 of it is just balancing, because once we make any salary
10 changes in and out, it affected every fund, and that's
11 just because it's all formulized. The total change is
12 \$130,000. You will see the new revenue budget is
13 \$183,234,000.

14 On the expense side, there were salary adjustments
15 down \$17,000. Health insurance, the increase was
16 originally estimated at five percent, came in at four
17 percent, so we saved 46,000. And just so you know,
18 there's a project in place now to sound proof this room.

19 MR. HOLIAN: Why would you need that?

20 MR. KLEIMAN: No reason. I'm just saying.

21 MS. GOMEZ: There is actually.

22 MR. HOLIAN: Note to self. Sit on this side of
23 the table.

24 MR. KLEIMAN: You can hear it there, too.

25 All right. Then we have a new parking attendant

1 contract. That was an increase of \$6,000.

2 The teamsters excluded-- there were some items in
3 the contract, we were already too far ahead with the
4 budget process. It was money set aside within the
5 contingency fund, and we just moved it and put it in
6 place. So you'll see that \$40,000, you go two notches
7 down, you'll see a transfer out of contingency of
8 33,900. The other thing is coming from other funds,
9 because there are salary components in other funds. The
10 contingency is all in the general fund. And then the
11 rest is just balancing, once again, goes into all of the
12 formulas built into the spreadsheets. Total change,
13 \$130,000. Matches above. And the budget is
14 \$183,235,000. That was as to the first hearing.

15 Far fewer changes for the second, and the
16 Commission, of course, has not seen this yet, so you are
17 the first. The biggest change here, we've identified
18 now a need for the five parks that were recently
19 purchased. The renovation and improvement for those
20 parks is going to be \$959,000. We have money still in
21 the Neighborhood Renaissance Program with 559, I
22 believe, and we need 400,000 more, and we're going to
23 use the Coral Gables Park impact fees, which is a
24 perfect use for that, because it's an enhancement to the
25 City. So we're bringing that out of fund balance, and

1 we're going to appropriate it in the budget, and the
2 rest is just balancing.

3 MR. HOLIAN: How much did we pay to purchase the
4 parks for? I don't remember.

5 MR. KLEIMAN: 3.6--

6 MS. GOMEZ: Just under \$4 million.

7 MR. KLEIMAN: Yes, just under \$4 million.

8 MR. HOLIAN: And the fountain costs, too?

9 MR. KLEIMAN: The fountain?

10 (Simultaneous speaking.)

11 MR. KLEIMAN: No, the flower was one, and a
12 \$40,000 grant, I think.

13 MS. GOLDSTEIN: At the next meeting, can we get an
14 update on the properties presented to be purchased?

15 (Simultaneous speaking.)

16 MR. HOLIAN: The vacant lots.

17 MS. GOMEZ: Get the addresses?

18 MS. GOLDSTEIN: Yeah, and what we paid, and add it
19 to that graph. Did we get that?

20 CHAIRMAN MENENDEZ: I think, from the list that we
21 looked at, only one wasn't purchased, because it fell
22 through at the end.

23 MR. KLEIMAN: Yes, it was the largest purchase.

24 MS. GOMEZ: Yeah. We had it at one meeting.
25 Maybe you weren't at that meeting, but we did have it.

1 CHAIRMAN MENENDEZ: We had like for four or five.
2 We missed one, because then it got complicated.

3 MR. KLEIMAN: And we left that money in place.
4 We've utilized it now for-- we already renovated three
5 prior purchases; Lisbon Park, Durango Park, and one
6 other. We used some of the money that was left from
7 that purchase to renovate those parks. 200,000, you'll
8 see in the budget, has been transferred to Lot 25, which
9 is another park that's going to be developed in the
10 City. And now the rest of that money was 559,000, and
11 is going for these five parks, plus this 400. So we're
12 really utilizing money very carefully in order to
13 enhance the City's parks.

14 MR. HOLIAN: They are mowing the grass on those
15 lots, because one of them is near my house.

16 MR. KLEIMAN: Yes, they are mowing the grass.
17 That was one of Cathy's promises which was to make sure
18 that these parks were maintained up until the time that
19 they were going to renovate them, and then they'll be
20 landscaped properly.

21 CHAIRMAN MENENDEZ: And just moving quick, the
22 180,000 for the internal audit, was that 200,000 the
23 first year because you had the risk assessment? Did we
24 budget for that or is it insignificant?

25 MS. GOMEZ: That was the amount for the first year

1 of the contract, because it had a-- because of the risk
2 assessment. It goes down to like 140 in the second
3 year, and like 105 in the third year.

4 CHAIRMAN MENENDEZ: They're not separate. It's
5 all-- the total is 180?

6 MR. KLEIMAN: And the total is for the first year.

7 MS. GOMEZ: Right.

8 CHAIRMAN MENENDEZ: The first year only.

9 MR. KLEIMAN: And that includes the risk
10 assessment. That's why it's so high.

11 MS. GOMEZ: Right.

12 MR. KLEIMAN: I forgot to mention that when we
13 went over the first sheet, so that's the increase of
14 professional services.

15 CHAIRMAN MENENDEZ: And is there anything in the
16 budget for the underrail? I'm just curious, because
17 you're reading about it and stuff like that?

18 MR. KLEIMAN: Nothing yet.

19 MS. GOMEZ: There's a very small amount that we
20 did-- 50 grand comes to my head that we did last year,
21 but I'm not sure.

22 MR. KLEIMAN: It's not in the budget. We had
23 professional services money and not in the
24 non-departmental division, and they used it for ad-hoc
25 studies. They used that money. That money is not

1 budgeted for anything specific. It's always for money
2 as needed.

3 CHAIRMAN MENENDEZ: Okay. And the burying of the
4 lines eventually for FPL, is that being taken into
5 account in the budget?

6 MR. KLEIMAN: Not yet, because they're talking
7 about millions and millions of dollars. I forget how
8 much per--

9 MS. GOMEZ: I don't know that we're ready.

10 MR. KLEIMAN: --Per mile.

11 MR. HOLIAN: I don't think that's a done deal.
12 That was like a gazillion dollars. It's a great idea,
13 but--

14 MR. KLEIMAN: It's a great idea. And I just
15 buried the line from my house to the pole. I mean, that
16 was \$5,000, and we're talking about 20 feet. It really
17 hurts, but it looks good.

18 Okay. I apologize. I forgot to mention the 180
19 on that first sheet. Okay. So, again, we're on the
20 second sheet. On the revenue side, the biggest change
21 is 400,000 from fund balance, and on the expenditure
22 side, you'll see the 400,000 there is going to develop
23 the newly purchased pocket parks. We negotiated with
24 former Commissioner Chip Withers. That was the
25 direction that we got at the first hearing, to reconvene

1 some conversation about increasing the grant to the
2 museum, and so we settled on \$40,000, which is actually
3 lower than the discussion that was held at the hearing,
4 and everyone's on board. The museum is on board.
5 Commissioner Withers is on board. We're doing five
6 years, bringing the grant back up to 200,000, from 185,
7 plus we're giving them 25,000 toward a receptionist
8 part-time position. That's in their budget. It's not
9 going to be a city employee.

10 CHAIRMAN MENENDEZ: And that museum belongs to the
11 City or no? Is it a private museum?

12 MR. KLEIMAN: The building belongs to the City.
13 It's a private enterprise but it's not for profit,
14 right?

15 MS. GOMEZ: Right.

16 CHAIRMAN MENENDEZ: The building belongs, the
17 property doesn't?

18 MS. GOMEZ: The property is ours, but the museum
19 runs it. We provide them a grant.

20 CHAIRMAN MENENDEZ: And the grant is about
21 \$200,000 a year?

22 MR. KLEIMAN: Right. In addition, though, our
23 Public Works Department does support the building. It's
24 a City building, so we have to maintain the building.

25 MR. HOLIAN: Bob Fields is not feeling that well.

1 He's 93. He's the guy that donated it. So I was
2 friends with him. He's not doing that well. So in case
3 anybody knows.

4 MR. KLEIMAN: Okay. So the budget is-- actually,
5 minus salary changes, \$36,000 down, so the total-- the
6 bulk total change is \$400,783. The new budget that you
7 see in the second hearing is \$183,635,000.

8 Does anybody have any questions?

9 MS. GOMEZ: And that second hearing is on the 27th
10 at 5:01.

11 MS. KNIGHT: 5:01?

12 MS. GOMEZ: Yes, because we can't have it before
13 5:01 p.m.

14 MR. KLEIMAN: Legally, that's the earliest time
15 they can have it, 5:01.

16 MS. GOMEZ: To make sure people can get out of
17 work and get here, I guess.

18 MR. KLEIMAN: That's exactly true.

19 CHAIRMAN MENENDEZ: Are there any contentious
20 issues? Like anything that's being brought up from--

21 MR. KLEIMAN: The museum was the most contentious,
22 and it was not even contentious, but it was the most
23 contentious, and that was resolved now after the first
24 hearing.

25 CHAIRMAN MENENDEZ: Okay.

1 MR. KLEIMAN: Now, as long as there's no question
2 about it-- it probably will come up again, because it's
3 on this change sheet, which is part of the
4 documentation, so we're going to let them know that this
5 is what their resolution was, and everybody was on
6 board. It's a five-year agreement that-- what it's
7 going to be is that it's not going to go up, it's not
8 going to go down. This is what we're doing.

9 CHAIRMAN MENENDEZ: Does anybody have any
10 questions about the budget update?

11 Anybody have any other discussion items?

12 Time for informal discussion. No.

13 MS. GOMEZ: Is there anything that you would like
14 to see at the next meeting? The next meeting is
15 proposed to be October 27, if that works. I'm not sure
16 what we'll have, because we don't do a quarterly
17 financial report, because we're working on the financial
18 statements. We can probably have the analysis and the
19 police-- the police analysis-- some of the analysis, not
20 the actual--

21 MS. GOLDSTEIN: I think you should invite the new
22 internal audit-- if there's an agreement-- a signed
23 agreement, I think you should invite them to just meet
24 the Committee.

25 MR. KLEIMAN: And maybe we can have a calendar of

1 when the review will be ready, the risk assessment, if
2 they know it at that point.

3 MS. GOLDSTEIN: And their proposal on how often
4 they think is appropriate to meet with us.

5 MS. GOMEZ: Okay.

6 MS. GOLDSTEIN: And also it might be helpful for
7 the Committee to get a copy of their presentation from
8 the RFP.

9 CHAIRMAN MENENDEZ: Would that proposal that they
10 did the other day to bring the speed limit to 25 miles
11 an hour-- and they talked about part of the concern was
12 the cost of changing all City signs and stuff like that,
13 have you guys been asked to look at that yet?

14 No, okay.

15 MR. KLEIMAN: We had, I believe, \$200,000 in the
16 budget last year, and then another \$200,000 this year,
17 but that's just for signage and wayfinding improvements.
18 It wasn't the changing of the signs like that.

19 CHAIRMAN MENENDEZ: Okay.

20 MR. KLEIMAN: I mean, not that it can't be used
21 for that, if that's what the Committee wants. So
22 basically you could have \$400,000 available if that's
23 what the Commission wants to do with it, but it wasn't
24 in the original intent.

25 CHAIRMAN MENENDEZ: We talked about it. I just

1 didn't know, to quantify it, how much it cost to change
2 the signs throughout the City from 30 to 25.

3 MS. GOMEZ: We may have talked about it, but I
4 don't recall.

5 MS. KLEIMAN: It was significant. I do recall
6 that. I just don't know the number. I don't recall the
7 number.

8 CHAIRMAN MENENDEZ: And they talked about, also,
9 the geofence at the Commission meeting. That was kind
10 of put on hold for 2016.

11 Is that accurate?

12 MR. KLEIMAN: Oh, no. No. Actually, we're going
13 forward. What Commissioner Keon wanted to know is, what
14 was the full extent of the cost and in the CIP, we had
15 placeholders for-- we had 500,000 going in, in addition
16 to the .1 million we had for '15 and '16. We had
17 500,000 going into '17, which we would now include, and
18 we had placeholders of 500,000 and 500,000 for '18 and
19 '19. We discussed this with the ACM, and he said,
20 absolutely, he thinks that is sufficient to cover the
21 full extent to completion. And that was basically what
22 Commissioner Keon had talked about.

23 MS. GOMEZ: And they had talked about that the CCT
24 actually did go live, just not too long ago.

25 MR. KLEIMAN: Yes. Yes. Parts of it.

1 MS. GOMEZ: Not the whole geofence, not the whole
2 system, but they did go live with parts of it.

3 CHAIRMAN MENENDEZ: And now they're monitoring it?

4 MR. KLEIMAN: Yeah. Just like a week-and-a-half
5 ago.

6 MS. GOMEZ: Like two weeks ago.

7 MR. KLEIMAN: Very recently.

8 CHAIRMAN MENENDEZ: If there are no other
9 questions, we can adjourn the meeting.

10 Okay. We'll adjourn the meeting.

11 MS. GOMEZ: Well, actually, there is one thing.
12 One thing that we are doing, Sally just reminded me.
13 I'll remember next week, we are doing a City wide fixed
14 asset-- physical fixed asset count. So we've engaged
15 Duff & Phelps, which took over American Appraisal
16 Associates. I don't know if you know that company.
17 They do physical inventory counts, so we engaged with
18 them to do a physical inventory of all of the equipment
19 of the City, tagging assets, as well as developing--
20 helping us develop policies and procedures for
21 properly-- we account for them for financial statement
22 purposes. We're just not very good at actually
23 physically tagging assets or disposing of them and
24 making sure that they're put in the right department.
25 Things just happen to move from department to

1 department. So they're coming in starting October 3rd.
2 We have a kick off meeting with all of the departments.
3 They're going to tag everything, provide us with
4 policies and procedures for proper disposal, best
5 practices, things like that. So that's a project that
6 we have going on in place, and then also we've been
7 having another project in place, and we'll share the
8 results with this Board if you're interested.

9 We also are doing a tax audit where we have an
10 accounting firm coming in and taking a look at how we
11 are doing all of our payroll related taxing. Some-- you
12 know, all of the benefits, how we-- make sure that we're
13 properly applying whether it should be taxable,
14 non-taxable, pretax, whatever.

15 About a year-and-a-half ago, we got notice from a
16 lot of different cities that the IRS was coming knocking
17 on their door, and really inspecting everything that
18 they're doing, in terms of proper reporting. So we
19 decided to be proactive and have an audit done, see
20 where our shortfalls are, and then make the change
21 going-- you know, prospectively, in the event that the
22 IRS does come and say, "Hey, what are you doing?" Well,
23 maybe we were doing it wrong, but we took it upon
24 ourselves to correct it, and from this point forward
25 we're going to be moving on. So we're kind of in the

1 draft report stage of that. We're actually meeting with
2 them at the end of this week.

3 MS. OLA OLA: Yes, Friday.

4 MS. GOMEZ: Tomorrow, to kind of have one more
5 pass to see where we're at with it, and then we'll start
6 talking about how we make those changes in the system,
7 if there's any financial consequences, and things like
8 that of the actions that we're doing. So those are two
9 projects that are going on as well.

10 That's all I have.

11 CHAIRMAN MENENDEZ: All right. Anything else?

12 MR. HOLIAN: Nothing from me.

13 MS. KNIGHT: And just reading this morning about
14 the art in the circle, is it possible that-- like
15 they're saying in the paper that people are protesting
16 to get rid of it. Is that really happening?

17 CHAIRMAN MENENDEZ: Are we done with the meeting
18 or--

19 MS. KNIGHT: Oh, I thought we were.

20 MS. GOMEZ: Yeah.

21 CHAIRMAN MENENDEZ: We're done with the meeting,
22 okay. We're adjourned.

23 (Thereupon, the meeting was adjourned.)

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

I, ESTELA L. VALLE, Shorthand Reporter and Notary Public
for the State of Florida, 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 26th of September, 2016.

Estela L. Valle
Shorthand Reporter and Notary Public