

1 CITY OF CORAL GABLES
2 BUDGET/AUDIT ADVISORY BOARD
3 TRANSCRIPT
4 CORAL GABLES CITY HALL
5 405 BILTMORE WAY, FIRST FLOOR CONFERENCE ROOM
6 CORAL GABLES, FLORIDA
7 WEDNESDAY, AUGUST 21, 2019, COMMENCING AT 8:00 A.M.

8 Board Members Present:

9 Alex Menendez, Chairman
10 Frank Paredes
11 Carmen Olazabal
12 Carmen Sabater
13 Rosa Bravo

14
15 City Staff and Consultants:

16 Keith Kleiman, Assistant Finance Director for Management
17 and Budget
18 Valarie Phillip, Witt O'Briens
19 Michelle Blackstock, Crowe Horwath
20 Zeida Sardinias, Asset Manager
21
22
23
24
25

1 THEREUPON:

2 (The following proceedings were held.)

3 CHAIRMAN MENENDEZ: It's eight o'clock and
4 we'll call the meeting to order. We have a
5 quorum. I'm here, myself.

6 Carmen? Here?

7 MS. OLAZABAL: Uh-huh.

8 CHAIRMAN MENENDEZ: Frank?

9 MR. PAREDES: Yes, here.

10 CHAIRMAN MENENDEZ: Rosa?

11 MS. BRAVO: Here.

12 CHAIRMAN MENENDEZ: Perfect. And then
13 we'll start with the minutes. Was everybody
14 able to get their packages, their e-mails and
15 all of the agenda items?

16 MS. OLAZABAL: Yes.

17 CHAIRMAN MENENDEZ: And were you able to
18 review the minutes? If anyone has any
19 questions, bring them up now, and then we can
20 make a motion, if there's no questions about
21 the minutes.

22 No questions?

23 MR. PAREDES: I would just ask, is there a
24 way to reduce it, 67 pages, to just where we
25 take actions, as opposed to every comment we

1 make here, because it is just -- 67 pages of
2 this thing is --

3 MR. KLEIMAN: We have to do the whole
4 thing, as far as I know. We can check. We
5 will check, but I believe it has to be
6 verbatim.

7 MR. PAREDES: Nothing against you.

8 CHAIRMAN MENENDEZ: We've had it both ways.
9 We had one which was just bullets and it was
10 very -- it wasn't enough and there was no
11 context. Then we went full --

12 MR. PAREDES: I would just say, whenever we
13 take decisions, we can document that, but not
14 the, uh-huh, uh-uh --

15 MS. BRAVO: You just added two pages to it.

16 MS. OLAZABAL: We just have to be very
17 succinct in the comments.

18 MR. PAREDES: Just food for thought.

19 CHAIRMAN MENENDEZ: But compliance wise,
20 can we check for the next meeting and see if we
21 can actually -- I'm not sure if this is
22 quasi-judicial. I have no idea of what we have
23 to keep on record.

24 MS. OLAZABAL: Yeah, could it be just
25 minutes, as opposed to everything?

1 CHAIRMAN MENENDEZ: Okay. We'll put it
2 under Open Items, under Frank's request, for
3 the next meeting.

4 Any other questions about the minutes --

5 MR. PAREDES: I'll make a motion that we
6 approve them.

7 CHAIRMAN MENENDEZ: Perfect.

8 (Thereupon, Carmen Sabater joined the
9 meeting.)

10 CHAIRMAN MENENDEZ: Before we close it out,
11 we just made a motion to approve the minutes.
12 Do you have any questions about the minutes?

13 MS. SABATER: No.

14 CHAIRMAN MENENDEZ: Carmen is here now.
15 No questions?

16 Okay. So will someone second the motion?

17 MS. OLAZABAL: I second the motion.

18 CHAIRMAN MENENDEZ: Perfect.

19 All right. Motion approved.

20 MR. KLEIMAN: So you just want a summary?
21 Is that what you're -- or just actions?

22 MR. PAREDES: No. Whenever we take
23 actions, I don't have a problem if we discuss
24 it, but every other item, we don't need 67
25 pages of it, is my view.

1 MR. KLEIMAN: Okay. So I just want to make
2 it clear, though, so you would have to rely on
3 the court reporter to decide what discussions
4 are related to actions and that's what she
5 would be giving to us, which might be a little
6 -- whether objective or subjective, it's hard
7 to know exactly where she's going to start
8 cutting off and where she's not.

9 It's up to you. I'm just giving you the
10 option that it might be a little difficult --

11 MR. PAREDES: I think, wherever we vote
12 should be documented.

13 MR. KLEIMAN: Okay.

14 MR. PAREDES: But if we don't vote on
15 anything --

16 CHAIRMAN MENENDEZ: Just so you know, we're
17 having a discussion about whether it should be
18 verbatim or bullet points.

19 MS. SABATER: Yeah, I figured. I don't
20 know what the best practices are for
21 municipalities, for government entities, if
22 everything has to be documented.

23 MR. KLEIMAN: We're going to check that.

24 MS. SABATER: I serve on another
25 non-for-profit and they follow something along

1 the lines of what Frank is recommending, but
2 there is always some documentation of
3 discussion.

4 MR. KLEIMAN: Yes. So we'll ask. I'll
5 talk to the City Clerk and find out what the
6 rules are, and we'll get back to you.

7 CHAIRMAN MENENDEZ: And, Keith, do you want
8 to follow this order from the agenda or do you
9 want to pull anything up?

10 MR. KLEIMAN: This is fine.

11 So we will start with the discussion
12 regarding FEMA Reimbursement Process.

13 MS. SABATER: I'm sorry, just one thing, on
14 the agenda, I don't see the Investment
15 Committee or investment policy review --

16 MR. KLEIMAN: Yes. This is going to be on
17 the next one, because this one was just too
18 long.

19 MS. SABATER: Okay.

20 MR. KLEIMAN: So it is on the next one.

21 CHAIRMAN MENENDEZ: And that was a good
22 add. They added the Open Items now this time
23 around.

24 MR. KLEIMAN: Yes. We're tracking the Open
25 Items, yes.

1 CHAIRMAN MENENDEZ: The Open Items, and
2 we're going to complete one of them today,
3 which is, I guess, a capital improvement
4 funding project.

5 MR. KLEIMAN: Right. The Open Items, we
6 have FEMA -- Carmen, you had a request for a
7 FEMA status, so we have Valarie here today with
8 that.

9 Benchmarking the City's investments, that
10 was also you, that's going to be on the next
11 one.

12 Capital funding, we're here, and the
13 expense breakout at the quarterly reports is
14 going to be in the next report for the third
15 quarter. So we should be all set.

16 And the one new is now the verbatim
17 minutes.

18 CHAIRMAN MENENDEZ: If we pulled you
19 forward, would you stay for the entirety of the
20 meeting?

21 MS. BLACKSTOCK: It doesn't matter.

22 CHAIRMAN MENENDEZ: It doesn't matter?
23 Because we can do the audit portion first.

24 MR. KLEIMAN: Either way, we have --

25 CHAIRMAN MENENDEZ: Oh, we have two?

1 MR. KLEIMAN: Yes, we have two. We have
2 FEMA, as well.

3 CHAIRMAN MENENDEZ: Okay. So we'll do FEMA
4 then.

5 MS. PHILLIP: Hi, good morning. My name is
6 Valarie Phillip. I'm with Witt O'Brien's. We
7 are the City's consultant for FEMA cost
8 recovery and FEMA grants management, and we've
9 worked with the City for quite a long time, and
10 Diana asked if I would come and give you a
11 status update on the numbers and the process
12 and timing of everything, as well as talk a
13 little bit about the entire process that FEMA
14 and the State undertake, as in, i.e., why is it
15 taking so long?

16 And so I know some of those things are of
17 interest, so I'll cover a few short things, and
18 if there's something that you would like me to
19 elaborate a little bit more on, I'll be happy
20 to do so.

21 First of all, before I even start, I want
22 to let you know that even with the lack of the
23 funding flowing at this point, the City is not
24 in a boat by itself. It's spread across all of
25 the applicants to the Irma Disaster and Public

1 Assistance and so it's a systematic problem
2 with both, the FEMA and the State and the
3 layers of processes and policies that they're
4 trying to go through in order to allocate
5 funding to local governments and to actually
6 get that funding out of their coffers into the
7 hands of the local governments.

8 So it's across the board. It's clients
9 that we work with, it's other applicants in the
10 area and so it's not just a singularly focused
11 area or applicant that's behind on getting
12 funding reimbursement.

13 So with that being said, to date there's
14 been quite a number of projects completed and
15 there are actually not that many that are still
16 pending, but, unfortunately, the pending
17 projects are some of the largest dollar value
18 projects, related to the tree removal from the
19 City and the emergency protective measures that
20 your police and your fire, getting the City
21 prepared for the storm, and putting it back
22 into shape of the storm.

23 And so to date just over 12.3 million
24 dollars have been approved by FEMA and
25 transmitted to the State of Florida. The

1 sticking point on that right there is that out
2 of the 12.3 million dollars, only roughly
3 \$838,000 has been paid out to the City. So
4 there's quite a bit of discrepancy. There's
5 \$178,000 and change in process currently with
6 the State of Florida, but there's 10.5 million
7 dollars unpaid, and those three figures
8 represent the 12.3 obligated.

9 So once FEMA goes through their exhaustive
10 review process and working with the City to get
11 all of the information for each of the projects
12 claimed, when that project is obligated, the
13 funding is transferred immediately to the State
14 of Florida. So it's no longer a holdup on the
15 FEMA side, it's a holdup on the State side, and
16 so that process has been very delayed, due to
17 the way the State has changed their processes
18 since past disasters. They have been subject
19 to many audits, and have gone under great
20 scrutiny and paid out very large sums of money
21 in the past and didn't have supporting
22 documentation to verify that people actually
23 spent the money. So they've done a 180-degree
24 turn, and instead of not validating hardly
25 anything, they're validating 100 percent of

1 everything that's come through that's
2 considered to be a large dollar value project.

3 And FEMA defines a large dollar value
4 project, for Irma, it's over \$123,100. So
5 anything above that is, all of your "I"s
6 dotted, "T"s crossed, 100 percent dollar audit.
7 And below that dollar value, it's a cursory
8 review.

9 So the problem I see right now at the State
10 of Florida is that the projects that are small,
11 they're not all paid out. Those should be paid
12 out almost immediately. You don't have to ask
13 for the money. Once FEMA puts the money in the
14 State's account, they should flow. So that's
15 something that I will go over with Diana when
16 she gets back, to see if we can reach out to
17 the appropriate State personnel to find out
18 what their holdup is with their auditors, on
19 the small projects, to see if some of that
20 money can flow, because I think about three
21 million dollars of small projects, and only
22 nine million of that twelve obligated is the
23 biggest projects, which is the debris, one
24 debris project.

25 Some of the small projects have not been

1 paid at 100 percent. They've only been paid at
2 a fraction, which is the appropriate way to pay
3 out a small project. You're paid 100 percent
4 of whatever the value is below that threshold.

5 So when it comes to large projects and the
6 State's audit, in an effort to get money
7 flowing more quickly, they're auditing a
8 portion, close to fifty percent. So if you
9 have a five million dollar project come in,
10 they're going to audit up to half. So they'll
11 get 50 percent of the project audited, let it
12 go through obligation, and when that project
13 funding comes in from FEMA, they're supposed to
14 pay that whatever funding percentage they
15 review automatically.

16 So you have one debris project that's been
17 obligated, that is worth 9.6 dollars. Right
18 now, nothing's been paid. If it is obligated,
19 then close to 50 percent has been reviewed, and
20 you should be getting four and a half million
21 dollars or 4.8 million dollars. And so that, I
22 saw the payment start, but it's been stalled.
23 So I don't know what the problem is with that
24 payment, but half of that nine plus million
25 dollar project has been audited and that money

1 should be coming to the City.

2 So we'll look into that, as well as the
3 small projects that haven't been paid yet,
4 because they're not even noted as being in
5 process. So they're not into the first queue
6 for the State payment. So that's the delays on
7 the State side.

8 There are some additional projects that
9 aren't done with FEMA yet. There are eight
10 projects pending FEMA obligation, and those
11 projects are worth 6.3 million dollars.

12 MR. PAREDES: How much?

13 MS. PHILLIP: 6.3. So you have 12.3
14 million obligated and another 6.3 million in
15 process with FEMA. So they're not even to the
16 State yet to start talking about payment. And
17 so they're in various stages, from initial
18 project review, all of the way through close to
19 final stage, and those are some of your larger
20 projects. You have your emergency protective
21 measures, which is Category B, as a in Bravo.
22 You have 1.7 million dollars of those, and then
23 you have, let's see, 3.8 million dollars in
24 debris projects that are not obligated.

25 So those are your two big pots of money,

1 and then there are some other additional fire
2 station, some signage and lighting, and
3 sanitary sewer pump that are smaller dollar
4 value projects, but the majority of what's left
5 are the hardest ones to do. Unfortunately,
6 everyone has quotas for production of getting
7 projects completed, and they took all of the
8 low hanging fruit first, which were all of your
9 little individual permanent restoration
10 projects around the City, and left the hardest
11 ones for last, because there's the most amount
12 of documentation required to be submitted with
13 your debris projects and your emergency
14 measures projects.

15 So, unfortunately, that's happening with
16 lot of applicants. They take the easy ones
17 first, to get the numbers, and then they're
18 left with the hard ones, but they're the ones
19 you want first, because they're the largest
20 dollar value. And it's just been backwards
21 ever since Irma started.

22 MR. KLEIMAN: Let me ask you, does Diana
23 have that type of summary of all of the
24 information so nice and summarized?

25 MS. PHILLIP: Yes. I use two. There's

1 two places where you get information. FEMA has
2 its online portal and the State of Florida has
3 an online portal. So you can get these two
4 pieces of information and printable reports out
5 of those systems.

6 MR. KLEIMAN: Oh, really? That will give
7 us that information? Because then we can
8 actually give it to the Board.

9 MS. PHILLIP: Yes. I wrote my notes on
10 here, but I can send her these two exact
11 reports and give her the summary of what I
12 provided you, because I do need to follow-up
13 when she comes back, because we want to dig a
14 little bit more into the State of Florida's
15 process to find out where these payments are
16 and what's holding them up, because there's
17 nothing that should stop the ones that are
18 small dollars, and I'm worried about the time
19 it's taking to get half of that large debris
20 project out to you, because that's a lot of
21 money in one check.

22 MS. OLAZABAL: Yes, there's like seven and
23 a half million that we could be getting.

24 MS. PHILLIP: Yeah, four and a half, plus
25 another three in the small, yeah, that's just

1 not paid.

2 MS. SABATER: So your goal as consultant is
3 to help the City put together the
4 documentation, but is there follow-up on
5 collection?

6 MS. PHILLIP: That's the grants management
7 piece, yes. So we help with follow-up, with
8 monitoring what's being paid out. Any requests
9 for reimbursement that are required, we can
10 assist with that. And just to push buttons, we
11 have relationships with a lot of the FEMA
12 people down here and the State people, since we
13 work with so many different clients in Florida,
14 that we can reach out to the right people to
15 see if we can get things moving.

16 The team here over in Diana's group has
17 done a really great job in coordinating and
18 getting all of the departments to provide
19 information and get all of the detail that's
20 required. It's difficult to put it together.
21 There's so much information. There's time
22 sheets. There's activity reports. There's a
23 payroll, equipment logs. There are so many
24 things.

25 MS. SABATER: Right, but they've obviously

1 put something together, because FEMA already --

2 MS. PHILLIP: All of the packages have been
3 submitted to FEMA.

4 MR. PAREDES: And that total -- I'm sorry,
5 Carmen. Go ahead.

6 MS. SABATER: I was just going to ask, when
7 did FEMA release the funds to the State, like
8 how long has it been sitting at the State?

9 MS. PHILLIP: Every single project is
10 different. They obligate one at a time.

11 MS. BRAVO: More or less? Like the 9.6
12 one, when was that one obligated?

13 MS. PHILLIP: That one has actually not
14 been obligated that long ago. I don't have
15 dates on my report right now. That's something
16 we'll follow-up and make sure that Diana is
17 able to get that. That one is not very old,
18 and it has moved to the ready to pay queue. It
19 just hasn't moved from the ready to pay, to the
20 payment in process queue.

21 MR. PAREDES: Did I understand you
22 correctly, the total claim to FEMA was the 12.3
23 that's already been obligated and then the 6.3
24 that's been --

25 MS. PHILLIP: Yes, sir.

1 MR. PAREDES: So that's 18.6.

2 MS. PHILLIP: Yes, sir.

3 MR. PAREDES: Now, was that our total cost,
4 Keith, because of Irma?

5 MR. KLEIMAN: It was somewhere around 19
6 million, I think.

7 MR. PAREDES: Okay. 18.6 and 19 is close.

8 MS. PHILLIP: It's really close. There's
9 are always going to be things you need to do
10 that are not going to be FEMA reimbursable.
11 There's three projects that have been termed as
12 ineligible. I don't have any details on them
13 specifically, but there was a museum project, a
14 pump station at Campana, and the Venetian pool.
15 Those three project were deemed ineligible, but
16 we have to pull them up individually to find
17 out what the dollar value was claimed and why
18 they were ineligible.

19 MR. PAREDES: But our claim, if we were to
20 be good, 18.6 was our total claim. That's what
21 should be coming back to us from FEMA?

22 MS. PHILLIP: No.

23 MR. KLEIMAN: No.

24 MS. PHILLIP: I'll explain that.

25 So when there's a disaster declaration, the

1 standard Federal funding share is 75 percent.
2 So if a project is funded at 75 percent, the
3 remaining 25 is split 50/50 with the State. So
4 the City would be responsible for 12 and a half
5 and the State would be responsible for 12 and a
6 half.

7 Now I'll give you the caveats.

8 CHAIRMAN MENENDEZ: That's why they audit
9 it? I couldn't figure out why the State
10 audited it.

11 MS. PHILLIP: No. They're auditing at the
12 volume and level that they're doing now because
13 in the past, you said, "Oh, I spent a million
14 dollars on labor," and they would cut you a
15 check for a million dollars without one piece
16 of paper. Now, they want your time sheets,
17 your payroll, your benefits, your daily
18 activity logs, they want all of the stuff for
19 every single person that you're claiming, and
20 they will look at every single one and cross
21 reference the records.

22 MR. PAREDES: And the Federal government
23 has given the State that responsibility? If
24 FEMA obligated the 12.3, then we should be
25 getting the 12.3.

1 MS. PHILLIP: Yes, and the State is the one
2 who chooses at what level they pay out, and
3 audit. Some hold back a retainage until you
4 supply all of the documents. Some audit a
5 certain percent, and if you find no errors,
6 then you let it go. Some audit a great deal,
7 like the State of Florida is choosing to do
8 now, but it's coming back to being a big issue
9 politically, so there are some changes.

10 But let me go back to the Federal funding
11 share real quick. In Irma, one of your large
12 Category B emergency protective measures
13 project is one and a half million dollars.
14 That's the first thirty days from the
15 declaration of the storm, approximately.
16 That's 100 percent. So of that one and a half
17 million dollar project, that's going to be 100
18 percent Federal share. That was a declaration
19 the President made.

20 And then with respect to your debris
21 projects, it's kind of all over the place. The
22 first about nine days was 75 percent, the next
23 30 days was 90 percent, the next 60 days was 80
24 percent, and then it drops back down to 75. It
25 was a pilot program incentive for, the faster

1 you get your debris done, the more Federal
2 funding share you get.

3 So if the Federal share is 90, the State is
4 five, the City is five. If the Federal share
5 is 80, the State is ten and the City is ten.

6 So as of Monday, it's Wednesday now, the
7 State of Florida has reached the dollar value
8 threshold to move the declaration from a 75
9 percent storm to a 90 percent storm. This
10 means more money from each project. The
11 Governor announced in a press conference that
12 he was requesting the President to increase the
13 funding share for Irma, so anything that was
14 below 90 already, which is all of two projects,
15 you have one debris project at 90 and one
16 emergency measures project at 100, everything
17 else will go up to 90 percent, so the City will
18 only be responsible for five percent of
19 anything that's not 100, basically, which is
20 one project, the one emergency measures.

21 MR. KLEIMAN: If it's approved.

22 MS. PHILLIP: If it's approved. So there's
23 a certain dollar value of damages recorded per
24 capita. They divided it out for the State, and
25 there's a certain threshold to get the

1 declaration and then there's a certain
2 threshold to move to 90 and then there's a
3 certain threshold to move to 100 percent
4 Federal funding.

5 So right now they're asking for an increase
6 from 75 to 90. So we're crossing our fingers
7 that we'll have that approved by the President
8 and the State will be able to release
9 additional money.

10 So any project they already paid out, that
11 was less than 90, they'll write a revision to
12 that project and they will just automatically
13 include the extra funding, and then the State
14 will pay their extra piece on top. So that's
15 in process. And so we've covered the Federal
16 funding share.

17 Also, the speed of payment, as of
18 yesterday, we've received a new change in the
19 program. Every time one individual project is
20 approved and obligated by FEMA, the State sends
21 an amendment to the City to include that
22 project and that dollar value in the agreement
23 between the State and the City. Every time you
24 get an amendment, you have to have it executed,
25 more than one copy, e-mail it, you know,

1 delivery receipt required, and if there's
2 contract work, you have to include debarment
3 forms, you have to do this long process.

4 So after you send it, it's taking between
5 two and four weeks plus for the State to
6 execute their side. Payment process does not
7 start until that document is completed and
8 executed on all sides. There's been delays on
9 the State side, not the City side. And as of
10 yesterday, because of the delays that those
11 amendments are causing, some people are up to
12 Amendment Number 20 plus, they're going to stop
13 doing that, and you have your initial
14 agreement, they're going to make one final
15 amendment to incorporate all of the changes in
16 the entire process, so that anytime now a
17 project is obligated, there's no amendment to
18 execute and another four weeks' delay in the
19 middle, it's going to go straight to payment.
20 So that's a new process that I heard of and got
21 an e-mail about yesterday. So that's another
22 thing that will help.

23 The payments are taking too long. The
24 audits are taking too long. They have to make
25 more changes. They're coming very slowly, and

1 so the more people complain and badger the
2 State in Tallahassee, anyone who has
3 connections otherwise is already using their
4 connections to reach out and make noise,
5 because there's very large and significant
6 payments being delayed. So this is one little
7 baby step in a change, and I anticipate some
8 more, but that's in a nutshell the status of
9 most everything that's in process for the City.

10 MR. PAREDES: One question, and I'm sorry,
11 I don't know, are you guys on a contingent fee
12 or on a fixed fee basis?

13 MS. PHILLIP: Our contract is time and
14 materials. It's hourly.

15 We've done the bulk of our hourly work,
16 which was in the main preparation and submittal
17 of the projects, and we're just filtering in as
18 needed temporarily, assisting on questions on
19 projects that are submitted, you have to answer
20 RFIs. So once you submit them to FEMA, they're
21 not done, done, but the majority of it is done.
22 You just have to clarify and re-arrange
23 sometimes.

24 MR. KLEIMAN: You can well imagine the
25 state that some cities are in, because they

1 took out lines of credit to pay for all of
2 their damages. Obviously, having reserves set
3 aside, we're losing interest, but we had
4 reserves. We still have reserves, but other
5 cities, lines of credit --

6 MS. PHILLIP: One of my clients has a line
7 of credit, and they call the State every single
8 day, because the payments are in the State's
9 hands now. They are out of FEMA's hands.
10 Everything is obligated, and they're not
11 getting their money.

12 MR. KLEIMAN: Right. Right.

13 MS. PHILLIP: And it's been months, and
14 they're paying about \$452 a day. And this is
15 since -- you know, they started paying this off
16 a little less than two years ago.

17 CHAIRMAN MENENDEZ: Thank you for that FEMA
18 reimbursement detail. Any other questions,
19 Carmen, you guys might have regarding this?

20 MS. SABATER: You just mentioned you answer
21 questions related to the FEMA submittal, but do
22 you also answer the questions if the State has
23 a --

24 MR. PHILLIP: It's the same. There's two
25 RFI processes, Requests for Information. When

1 the process of FEMA is taking place and they're
2 reviewing all of the initial information,
3 they'll ask questions. And then, once it gets
4 to the State review queue, that audit team on
5 the State side can ask additional questions.

6 MS. SABATER: And is there reimbursement
7 for your services, as well?

8 MS. PHILLIP: Yes. Along with the, what
9 did we say, 18.6 million dollars, there's
10 approximately five percent set aside for direct
11 administrative costs. That's the management of
12 this process, and that includes our time and
13 that includes the time over in the Finance
14 Department and anyone else who keeps track of
15 their hours related to working on preparation
16 of a FEMA project or submittal of a FEMA
17 project or gathering, you know, cost
18 documentation.

19 So that five percent of 18.6 -- I can't do
20 math in my head -- that's the administrative
21 cost that will be allocated to the City. So
22 all of our invoices are more than covered, and
23 there's plenty more money for the City
24 personnel, especially in Finance, who have been
25 working on this process, to submit all of their

1 time. So the City will get reimbursed for the
2 time they weren't doing a normal job process
3 for the City, and instead having to work with
4 FEMA.

5 So all of that will be reimbursable by
6 FEMA, and it's at the Federal funding share,
7 which will by now be 90. So it's a good
8 recovery mechanism to get assistance and to do
9 the work yourself, both.

10 MS. BRAVO: Do you know overall how much
11 FEMA has obligated to Florida? I know you told
12 us the numbers for Coral Gables, but what about
13 for the rest of the State of Florida?

14 MS. PHILLIP: No, I don't have a number of
15 obligation versus payout.

16 MR. PAREDES: Keith, remind me, that's why
17 we're not recording any of these receivables in
18 the general fund? So we're waiting until we
19 get it?

20 MR. KLEIMAN: Yeah. Actually, we reduced
21 our reserves on the balance sheet.

22 MR. PAREDES: Right, because you paid it
23 out. You paid it out. Now you're trying to
24 get reimbursed.

25 MR. KLEIMAN: Right.

1 MR. PAREDES: But we're not recognizing the
2 reimbursement --

3 MR. KLEIMAN: The only thing we're
4 recognizing is the part that the City had to
5 pay, which now has changed, but we've
6 recognized that already and that's gone --

7 MR. PAREDES: Yeah. Yeah. That's gone.
8 That was as an expenditure. I'm talking about
9 the revenue side.

10 MR. KLEIMAN: Right. We did it at the
11 close of FY17 and FY18. And FY19, we'll have
12 that, as well, until we get confirmation about
13 what we recovered.

14 MS. PHILLIP: I didn't listen to the whole
15 press conference from the Governor, but the
16 print article that came out from Lee County, I
17 think it said, 2.6 billion. He gave the number
18 that would make the State reach that 90 percent
19 threshold. It had some numbers behind it, but
20 I think it was 2.6 billion dollars in damages,
21 but in the print article, it didn't mention
22 anything about the number paid out, and I doubt
23 he would say anything like that in public at a
24 press conference.

25 Except if you're a small applicant, some of

1 the tinier ones that were further north and
2 east, that were lesser impacted by Irma, some
3 of them may be complete, and I know a couple of
4 the smallest that we have are, but on the
5 Southwest coast and down in the south, there's
6 one done, hardly, unless you just had no one or
7 two projects, because you didn't have resources
8 to do a lot of the work yourself. Everybody
9 else is still open and is still pending money.
10 So I would imagine the dollar value is
11 significant.

12 MR. KLEIMAN: Also, to be clear, the City
13 portion, based on the old rule, not the 90
14 percent, was not taken out of reserves. We
15 absorbed it at the close of each fiscal year
16 with available surpluses.

17 MR. PAREDES: As operating expenses.

18 MR. KLEIMAN: As operating expenses.

19 CHAIRMAN MENENDEZ: Thank you very much.

20 MR. PHILLIP: You guys are in good shape,
21 much better shape than a lot of our clients.
22 You all do a good job.

23 MR. KLEIMAN: Right. Yeah, knock on wood
24 for us.

25 CHAIRMAN MENENDEZ: Thank you very much for

1 your time.

2 MR. KLEIMAN: Thank you, Valarie.

3 MS. PHILLIP: If you have any follow-up
4 questions, just ask Diana and they can either
5 answer them or she'll ask me.

6 MR. KLEIMAN: Yeah. If you could just --
7 those two reports, that would be great.
8 Wonderful. Thank you.

9 CHAIRMAN MENENDEZ: Now we'll transition
10 over to the Internal Audit reports that we have
11 today.

12 MS. BLACKSTOCK: Okay. I was going to
13 start with Development Services, because it is
14 the largest report, and then move to Parks and
15 Rec and the Procurement Services.

16 The majority of the reports that we have
17 for you today in the draft phase of this are
18 department wide. So one of the questions that
19 was asked in the earlier was, you know, when we
20 look at these reports, is it done on a dollar
21 amount or is it done specifically for policies
22 and procedures?

23 When we go into a particular department,
24 for the most part, what we're going to do is,
25 we're going to start with policies and

1 procedures and then we're going to go into
2 interviewing all of the department heads or
3 division heads, and, then, from there, when we
4 get an understanding of that, then we will
5 decide what we need to detail tasks, as far as
6 pulling samples.

7 And when we do that, and take that
8 approach, we are certainly going to look at the
9 high dollar levels. So we'll say, "Okay" -- so
10 I know the cash management is an example. We
11 started looking at all of the cash receipts,
12 specifically, and recreation, because that's a
13 large part of where all of the cash comes in,
14 we certainly take a look at where does the
15 majority of the money and the cash flow, so
16 that we're concentrating our efforts on our
17 samples being pulled from those areas.

18 So that's kind of the overall approach of
19 what we take, but the majority of these,
20 especially Development Services, and then Parks
21 and Rec, was an overall of the department, and
22 then gain an understanding of the policies
23 procedures.

24 Procurement Services, we also looked at the
25 policy and procedures there, but, of course, we

1 did some detailed testing on samples, and we
2 looked at every single one of the cut-offs,
3 because notoriously when you do this long
4 enough and you're an auditor, you're going to
5 see departments will take like the thresholds
6 that they know, oh, 25,000, I don't have to go
7 out for RFP. 5,000, I don't have to go get
8 three bids. So they know that, and they'll try
9 to split the transactions.

10 So what we do is, then we take that
11 analytic software and we run on it. We go,
12 okay, we want to know, on this day or within a
13 certain number, you know, "X" of days, if a
14 particular division or department or individual
15 had like two or three purchases right under
16 that dollar amount, that would add up to one.
17 So those are the kinds of things that we look
18 for, when we're doing that testing, so that you
19 have an understanding of that.

20 Since I'm trying to get through three of
21 these, I think that I'm just going to do a very
22 high level and maybe just discuss the higher
23 risk items that we found, and, then, if you all
24 have any questions, I would be more than happy
25 to answer them.

1 For the Development Services, this is a
2 monster of a department. I can tell you that.
3 And there are several different divisions that
4 we went into. For each of these, like I said
5 very quickly, we went in and we looked at the
6 policies and procedures on a department-wide
7 level, and then in each particular division.

8 The two items that we had, that we
9 considered a higher risk, were in the Building
10 Services. The actual procedures that we
11 performed had to do with the processes for
12 permit review, approval and also inspections.
13 And that's kind of the higher levels on Page 5.
14 And the two high risks were that, during our
15 audit procedures, we noted that preset fees can
16 be modified and deleted within the permit
17 module of Eden, and that's Recommendation 5,
18 and that's on Page 10, if you would like to go
19 there very quickly.

20 But that was just, during our walk through
21 and inquiry, we noted that employees with
22 access to the permits module within Eden also
23 had the ability to override or delete the
24 preset fees custom field setting that's in
25 Eden, and it allows anyone with access to that

1 module the ability to edit or delete the fee
2 without approval or independent review.

3 The management response to that, of course,
4 because you know that once we develop our
5 findings and opportunities, we then present it
6 to Keith, who does a cursory review, and we
7 have discussions, and then we present it to the
8 department head, who has the opportunity to go
9 through it. We actually meet with them, to
10 make sure that we have not had any
11 misunderstandings about the processes and
12 procedures, and then they have the opportunity
13 to make their responses back to us.

14 So previous management had set up for all
15 counter staff to have these security
16 privileges, The new management had requested
17 for the issue to be reviewed, and that the
18 ability to edit and modify fees be limited to
19 supervisors. Furthermore, they requested this
20 to be implemented in approvals for inspections
21 and plan reviews and they're implementing
22 proper security access through the EnerGov
23 implementation relating to fee modifications,
24 approval of plans, inspections, et cetera.

25 In addition, there will be a permanent

1 history in EnerGov that will document any
2 modifications made on a corresponding plan and
3 permit, and there are various e-mails dated
4 August 16th, 2018 that address that particular
5 issue.

6 EnerGov, they're implementing, and I know
7 that they're working on that, and it's not so
8 much as issue as long as there's a clear audit
9 trail. If you'll remember, we do IT user
10 access reviews and as long as you can go in and
11 someone is, you know, monitoring those user
12 accesses to make sure that the people that
13 should have the detail access are the ones that
14 do and no one else is going in and accessing
15 the program, so that is also part of it.

16 So management has clearly, you know, taken
17 into consideration all avenues and has
18 addressed all of those and has very quickly
19 made changes to implement a process to
20 eliminate that high risk.

21 CHAIRMAN MENENDEZ: So we know there's no
22 open items on this, that it's been fixed, based
23 on this report? So everything that says,
24 "Management response, action plan" --

25 MS. BLACKSTOCK: We have not gone back in

1 and checked that. We do have time, in year
2 three and then also year four, to go back to
3 some of these higher risk items, to look at
4 them again, to detail test it, to make sure
5 that the processes have been put in place, and
6 we work with management on that.

7 MR. KLEIMAN: Right. The Department has an
8 action plan that they say they're going to
9 implement it. And we've talked to Suramy, who
10 is the director, and she is clearly -- I mean,
11 she was in with the original scope of work,
12 before we started very much looking forward to
13 having the audit done, very pleased with the
14 findings, and that's why the action plan is
15 there, and then we'll go back within a year and
16 see how it's been doing.

17 CHAIRMAN MENENDEZ: It's been a year at
18 this point. Has it been fixed? Or are the
19 dates wrong? This was conducted August 16,
20 2018. That's when the e-mails started going
21 back and forth, so the work was probably done
22 even before that.

23 MR. KLEIMAN: I think it finished in April,
24 right, this past April?

25 MS. BLACKSTOCK: Yes.

1 MR. PAREDES: See, that's the concern, the
2 overall concern I have. The work was done in
3 August 2018, the report was issued in April
4 2019, and now we're talking about it in August
5 2019. Has the Commission seen this report?
6 Has the City Manager seen the report? Or is it
7 just the family, just the department head and
8 the family?

9 MR. KLEIMAN: Then it goes to you. You're
10 seeing it before the City Manager, before --
11 the director has seen it. The reason for the
12 extension is that we met with the director
13 after the first draft, and she said, no, there
14 are some other things I want you to look into,
15 and so we went back to work, to go in and get
16 more detail, and then this was the final one.

17 MS. BLACKSTOCK: Yeah, we had follow-up
18 interviews. And I will say that we have tried
19 to schedule to be here for two months, I think.
20 So there's been a delay with us being able to
21 present to you for two months.

22 MR. KLEIMAN: Right. The dates were not
23 working for everybody to get together.

24 CHAIRMAN MENENDEZ: But more important to
25 presenting to us would be if the fixes are

1 actually taking place.

2 MR. PAREDES: Yeah, the fixes.

3 MR. KLEIMAN: Right. Now, we have more
4 contracts coming up, so we're going to
5 basically -- we give it a year, so if it was
6 finalized right now in April, so in the coming
7 Spring, we'll go in and make sure that the
8 action plans are implemented and they're
9 working. That will give it twelve months from
10 the time that our work ended and then we go
11 from there.

12 MR. PAREDES: Just for information
13 purposes, the change in management was the
14 result of the audit or that was previous --
15 that was politics or that was ineffectiveness
16 or that was management? Because everything
17 gets blamed on the previous management, and --

18 MR. KLEIMAN: The current manager started,
19 I'm trying to think now, Suramy has been here
20 possibly a year and a half, maybe going on two
21 years. She has been trying to implement some
22 things, but, again, it's moving them out.

23 Carmen was in that office, as well, way
24 back when, right?

25 MS. OLAZABAL: 2010 to 2012.

1 MR. KLEIMAN: Right. And you can vouch how
2 difficult it is to move people that are
3 ingrained in what they do. They just don't
4 want to do it.

5 MS. OLAZABAL: Yeah. And then you also
6 have a very stoic permitting system.

7 MR. KLEIMAN: Right.

8 MS. OLAZABAL: Are we doing a new
9 permitting system?

10 MR. KLEIMAN: Yes, the e-permitting.

11 MS. OLAZABAL: Because it really doesn't
12 allow --

13 CHAIRMAN MENENDEZ: But we've been talking
14 about that for five or ten years, since I've
15 been on this Board, and then it was, we're
16 going to do a one fix, and then it was a
17 comprehensive fix, and then it was an entire
18 system upgrade.

19 MR. KLEIMAN: We're doing the system
20 upgrade now.

21 CHAIRMAN MENENDEZ: The system upgrade is
22 going on right now?

23 MR. KLEIMAN: It's being worked on right
24 now, but these things take time --

25 MS. BLACKSTOCK: Oh, that will take at

1 least 18 months, if not longer.

2 MR. KLEIMAN: It's being worked on.
3 Because we started budgeting for it three years
4 ago in IT. As a matter of fact, we started
5 budgeting for it when you were Acting City
6 Manager.

7 MS. OLAZABAL: I was requesting it since
8 2010.

9 MR. KLEIMAN: Right. Yes. Yes.

10 MS. OLAZABAL: But it was bad financial
11 times.

12 MS. SABATER: I'm sorry, taking it back
13 to --

14 MR. KLEIMAN: When we were talking about
15 the capital matrix for IT, that's when we
16 started budgeting for it.

17 MS. SABATER: I think just taking it back
18 to Frank and Alex's comment, you know, even if
19 the reports -- if the reports are available in
20 draft form back in April and you haven't had a
21 chance to present it, I think, as a Committee,
22 though, we should -- I mean, we've met several
23 times since this report date. I think it's
24 important just for us to know and be able to
25 share with our Commissioners, because there's

1 high risk areas and they deal with revenue
2 opportunity, and so I think, even if you can't
3 present physically, we should be provided the
4 copies and then we can share with our
5 Commissioner, and then the Commissioner can,
6 you know, either go back to Diana or the
7 department and figure out what additional
8 steps -- what immediate additional steps they'd
9 like to take, but, you know, again, we have met
10 as a group and we could have -- somebody could
11 have e-mailed us the report.

12 MR. KLEIMAN: Right, but e-mailing the
13 report does not -- I mean, not having the
14 auditor here, to me, is a weak spot for us.
15 What we try to do is gather a few reports and
16 then come to the Committee, the Board, but at
17 that point, I think there was just one. We
18 were waiting for Parks & Rec to be finished.
19 The first one to finish was Procurement, I
20 think. That was finished. And then
21 Development Services, and then we were waiting
22 for Parks to be finished.

23 So we were trying not to come to you with
24 one report at a time.

25 MS. SABATER: No, I understand, but, again,

1 if there's something that's high, the sooner
2 that we bring it to our Commissioner's
3 attention, I think the better off we are,
4 whether we're able to meet in person or not.

5 MR. KLEIMAN: We can do that.

6 Just so you know, if you have questions,
7 then we'll have to just relay them to the
8 auditor, because the in-house staff may not be
9 able to answer your questions, okay?

10 MS. OLAZABAL: I guess I'm not
11 understanding what you're saying, Keith. Are
12 you saying that you want to present kind of
13 three departments at a time or what you're
14 saying is that the process -- that you don't
15 relay it as quickly -- the auditor does the
16 first pass, and then it goes to the department.
17 You want to include kind of the response of the
18 department --

19 MR. KLEIMAN: Oh, no, no. We were just
20 honestly trying to come and have -- since
21 everybody's time is valuable, have a few
22 reports. As simple as that. We can come one
23 at a time. If the reports are ready and you
24 guys want to see them at that time --

25 CHAIRMAN MENENDEZ: Moving forward, now

1 that we know that there's a risk item, to not
2 be held up, then we just ask you to bring it to
3 us one at a time.

4 MR. PAREDES: We want the deadlines and the
5 timing to tighten up.

6 MR. KLEIMAN: We can do that.

7 MS. SABATER: Yeah. When I received the
8 package, the first thing I did was circle the
9 dates. Like we're in August, and this is
10 February and April --

11 MR. PAREDES: And the work was done in
12 August.

13 CHAIRMAN MENENDEZ: I thought they were
14 wrong dates, truthfully.

15 MS. BLACKSTOCK: I will also tell you, you
16 will find, any time we start working with a
17 contract, with an internal third-party
18 provider, it's going to take even longer,
19 because there's communications between and
20 selections and so --

21 MS. SABATER: Notwithstanding, the date on
22 the report is the date that you're issuing the
23 report, not the date that you commenced your
24 internal audit, right?

25 MS. BLACKSTOCK: Correct.

1 MS. SABATER: So this is the date you
2 issued your report, and, you know, six months
3 later --

4 MS. BLACKSTOCK: Well, issue, no, because
5 it's still in draft form until you all approve.

6 MR. KLEIMAN: Right.

7 MS. OLAZABAL: Right. Right, but it's
8 already the back and forth between the auditors
9 -- all of that communication is out.

10 MR. KLEIMAN: Right. If we have a final
11 draft, that's the date of the final draft.

12 MS. OLAZABAL: Right. So, yeah, I think it
13 might make sense for them to trickle in as
14 they're ready.

15 MS. BRAVO: I have a question on this
16 ability to modify fees. Does the Manager have
17 a report that tells him what variances there
18 are from the standard fee to what's been
19 charged, so they can look over these
20 differences and see if they agree with them or
21 go back and see why there's differences from
22 what your standard fee to what we've charged,
23 because someone needs to look at a variance
24 report and approve it? Does that exist?

25 MR. KLEIMAN: I don't know.

1 MS. BLACKSTOCK: Yes, but that was not the
2 topic of this particular opportunity that we
3 found. We didn't go in and find that anybody
4 was modifying. It's just the capability.

5 MS. BRAVO: Right.

6 MS. BLACKSTOCK: It can be done. We're not
7 saying that it was done.

8 CHAIRMAN MENENDEZ: But if it was done, you
9 couldn't find it, either, though, based on the
10 findings?

11 MS. BLACKSTOCK: Right, because we didn't
12 do detailed testing.

13 MS. BRAVO: Right. But my question is, is
14 there a report that a manager gets, that if the
15 fee is modified --

16 CHAIRMAN MENENDEZ: You wouldn't know it.
17 You wouldn't have found any changes, because
18 you can't track changes, right, modifications
19 to fees?

20 MS. OLAZABAL: Was the change made to now
21 track the changes or -- no?

22 CHAIRMAN MENENDEZ: No, what they were
23 going to is limited, I think, the amount of
24 people that have access to it, and then there
25 was another thing, which was about costing

1 something out, that they were going to changed
2 to a percentage, but I think that might have
3 been in impact fees, where instead of measuring
4 -- I forgot where that was.

5 MR. KLEIMAN: They're going to limit the
6 people who have access to actually make the
7 changes.

8 CHAIRMAN MENENDEZ: That was the first
9 thing.

10 MR. KLEIMAN: We did that similarly in
11 Finance, when we had the issue --

12 CHAIRMAN MENENDEZ: And I think there was
13 something saying that there will be an audit
14 trail now. If there was a change made, at
15 least you would be able to see that there was
16 an audit change and who made the change.

17 MS. OLAZABAL: Right. That's what I
18 understood, but that's already in the works.
19 So if you had an audit trail, you could have a
20 variance report, because it could tell when
21 that field was changed and who changed it and
22 you can have that audit report.

23 MR. KLEIMAN: Right. There is an audit
24 feature in Eden, but it's not to the point -- I
25 think what Alex is saying is correct. There's

1 no way to start identifying, without actually
2 going into every single thing and start
3 checking to see what could have happened, and,
4 you know, that would extend this process way,
5 way too long.

6 MS. BLACKSTOCK: Yes.

7 MR. KLEIMAN: But the issue is, and the
8 correction at this point is to stop the access
9 and restrict the access to a high manager and
10 not have somebody behind a desk accessible to
11 going in there to make changes or somebody
12 going in there and making changes under someone
13 else's name, which I believe was in there, as
14 well.

15 CHAIRMAN MENENDEZ: And implementing a
16 periodical review of certain ones, also, right?
17 That was one of the recommendations, close case
18 review, somewhere along one of these?

19 MS. BLACKSTOCK: I do know that other
20 systems, because I also have someone else who
21 has this issue, and so it's not limited to just
22 the City. It is a different system, and I know
23 that there is a report that can be pulled.
24 With Eden, I'm not quite sure, but there is a
25 trail of, you can go in and see when people

1 accessed it and what they actually did.

2 We would have to probably ask the IT
3 Department specifically for Eden, if that is a
4 function that can -- you know, that somebody is
5 going in there and they can see the audit trail
6 and see the changes. I would find it hard
7 pressed that there is not something, a report,
8 that can be pulled, that you can look at.

9 MR. KLEIMAN: When I first got here, over
10 in Finance, there were no budget checks. It
11 was just turned off. Or better yet, never
12 turned on. So people just spent. They got a
13 warning, but it didn't matter, they just would
14 spend.

15 When we got here, we said, "No, turn it
16 on," and then we turned it on.

17 MS. OLAZABAL: You mean, you could spend
18 beyond your budget?

19 MR. KLEIMAN: Yes. People were just
20 spending it every which way. And so we turned
21 that budget check on, and you can imagine the
22 screaming that went on, but the point is that
23 it wasn't set up -- there was a whole
24 atmosphere here of not having the controls in
25 place.

1 CHAIRMAN MENENDEZ: Specifically to this
2 internal audit, is there any other questions on
3 the Development Services that you guys have or
4 anything else you want to share with us? No?

5 Moving forward, and it will be for all of
6 them, are we going to see the post draft final
7 version? I mean, does that come back to us?

8 MR. KLEIMAN: We can. First of all, unless
9 you have changes to this, then there will be no
10 change of what you're seeing now, but we can
11 still send you one that does not say, "Draft."

12 CHAIRMAN MENENDEZ: No, I didn't know if
13 once it goes to management, if it comes back to
14 us, if there's any other --

15 MR. KLEIMAN: No.

16 CHAIRMAN MENENDEZ: Once we're done with
17 this --

18 MR. KLEIMAN: Now we have your approval.
19 We go to the City Manager and present it, and
20 then that's it. Then we go to the Commission.

21 CHAIRMAN MENENDEZ: And then we used to
22 have that internal audit open items thing that
23 we used to review every once in a while. Are
24 we creating that now in this function?

25 MR. KLEIMAN: Yes. Actually, Elsie, we're

1 trying to get her to come back, because she
2 retired, and we're trying to get her back,
3 because she's a FEMA rep, too, she's designing
4 something that's going to have everything
5 outstanding and then we can report to you.

6 CHAIRMAN MENENDEZ: Perfect. And then
7 maybe you bring that quarterly or something
8 like that to the group. That would be great,
9 if you can add that. Perfect.

10 MR. PAREDES: Keith and Michelle, the only
11 other thought I would say is, the sense of
12 urgency has got to change for this Committee to
13 be effective. It's got to be quicker, faster.
14 Bring up the issues. The issues, we deal with
15 them, and we communicate, but I think, you
16 know, this is yesterday's news.

17 MS. OLAZABAL: Right.

18 CHAIRMAN MENENDEZ: And with that said, do
19 we want to move to the Procurement Service
20 audit, the P-Cards.

21 MS. BLACKSTOCK: P-Cards. The only thing
22 that we found with regards to the procurement
23 and P card is the fact that at the higher
24 levels, they were having the ability to make
25 their purchases and approve the purchases, and

1 this is, you know, mostly at the director
2 level.

3 So the management response there is that
4 they are going to immediately have the -- if
5 it's a director's purchase, that someone review
6 and validate the director's purchases, usually
7 by an assigned deputy or assistant director, to
8 ensure that there's a transparent segregation
9 of duties.

10 MR. PAREDES: Do we know that that's
11 happening now?

12 MR. KLEIMAN: Like, for instance, now I
13 approve for Diana. If she has spent some
14 money, then I get the report and I have to look
15 at it.

16 MR. PAREDES: Because this one is even
17 dated February. So it's happening? The fixes
18 got done?

19 MR. KLEIMAN: Uh-huh.

20 MS. BLACKSTOCK: Yes.

21 MR. PAREDES: Perfect.

22 MS. BLACKSTOCK: So the detail report goes
23 through and specifically tells you how many
24 purchases we looked at, and when we did the
25 selection, we looked at all of those different

1 levels of thresholds, so that we made sure that
2 we were covered there.

3 CHAIRMAN MENENDEZ: And no usages were
4 noted, when you --

5 MS. BLACKSTOCK: If there have been, we
6 would have included that in the report, that we
7 found issues.

8 MR. KLEIMAN: Before Diana got here, there
9 were issues like that, and it was caught, and
10 we changed that.

11 CHAIRMAN MENENDEZ: I think there were a
12 lot more P-Cards out, too, back them. Now
13 there's a significant reduction in the number
14 of P-Cards and who had access to them.

15 MR. KLEIMAN: Right. And we have a very,
16 very strong procurement division now.

17 MS. SABATER: Are we seeing benefits from
18 using P-Cards, in term of the rebates and the
19 dollars back?

20 MR. KLEIMAN: You know, I don't know, but
21 we can ask that question.

22 MS. SABATER: And who is the provider for
23 the P-Cards?

24 CHAIRMAN MENENDEZ: It's a SunTrust
25 account. That was one of the things I thought

1 about. It almost seems like an ATM card. I
2 don't know if they have benefits or points or
3 rebates.

4 MS. SABATER: I mean, besides the cash
5 cycle deferral, it's supposed to have dollars
6 back.

7 MR. KLEIMAN: Right. Usually it's a
8 rebate. I think it tends to be more a
9 convenience thing for the departments and less
10 work load for procurement, but I will check on
11 the rebates. There were supposed to be
12 rebates.

13 MS. BLACKSTOCK: Page 4 of the report kind
14 of gives you an overview. There's 52 active
15 P-Cards, and four particular departments
16 represent more than 50 percent of the total
17 population of those active cards. That kind of
18 breaks it down for you that way.

19 CHAIRMAN MENENDEZ: You broke it out by
20 number of cards, but not by spending.

21 MS. BLACKSTOCK: No, but we did look at the
22 monthly purchase limits and most of them was
23 like at the \$15,000 level, until you got higher
24 into the director, and that's why, when we saw
25 that the directors could kind of, you know, do

1 it and approve it, and then we said, probably
2 you need to have a cursory segregation of
3 duties for review of that purchase.

4 MR. PAREDES: So the segregation of duty
5 is, now the Finance Department approves,
6 instead of the department head?

7 MS. BRAVO: He's only doing Diana. He's
8 not doing all of them.

9 MR. KLEIMAN: Diana. Every director can
10 longer sign their own purchases. They have to
11 go to someone that's at a high level, like an
12 assistant director, to sign and review it.

13 MR. PAREDES: Okay.

14 CHAIRMAN MENENDEZ: Other questions on
15 Procurement? Thank you very much.

16 MS. BLACKSTOCK: For the Parks &
17 Recreation, with this one, we had gone in, but
18 they had asked us to delay the process, because
19 they were also implementing new systems.

20 MS. SABATER: Tennis lessons.

21 MS. BLACKSTOCK: So we went back in, and
22 the two particular ones had to do with
23 registration documentation and then audit trail
24 of fees charged.

25 For the registration documentation, we just

1 noticed that there were -- you know, we looked
2 at a total of forty participants, and of those,
3 four participants did not have every single
4 piece of registration documentation that was
5 required, and it seems to me that, in
6 management's response, that some of those were
7 registrants that had been in the system for a
8 while, and so when they transferred it to the
9 new system, some of that documentation did not
10 get imported into the new system, it was not
11 there.

12 So they have certainly taken some steps to
13 make sure that all of the documentation is
14 there, and they did, you know, point out that
15 some of the documentation that we did allude to
16 in the report wasn't required for every single
17 registrant, and that's line two.

18 MS. SABATER: I think the biggest one,
19 which is the liability waiver --

20 MS. BLACKSTOCK: If it's required for that
21 particular activity, correct.

22 MS. SABATER: Should it then just be
23 defaulted to required for any activity on
24 property or --

25 MS. BLACKSTOCK: We can certainly go back

1 and look at that to see, and you're talking
2 about the waiver for liability?

3 MS. SABATER: Right.

4 And then the second one, the audit trail
5 for fee charges, when we did our testing in
6 this particular area, we noticed that there
7 were discounts that were given, and so -- and
8 it's not that there is not a policy in place
9 that says that if you're a volunteer, you get a
10 discount, if you're an employee, you get a
11 discount, because the policy is there.

12 When we went in and did our testing in this
13 area, it was just that, and we looked at it in
14 the system, there was no documentation as to
15 why. Yeah, there was no proof to us that said,
16 this person is a volunteer and they get this
17 "X" discount. We could just see that there was
18 -- it did not agree with the fee that was
19 supposed to be charged, that was passed by the
20 Commission. And so that was the issue on that
21 particular finding, and that we just -- most of
22 that was tennis, and it had to do with the
23 hourly rate.

24 You couldn't really also tell the fee that
25 was being change with the hourly rate, and so

1 we were having a difficult time trying to see
2 that audit trail and go, "Yeah, that agrees."

3 So management has specifically stated that
4 discrepancies in fees were specifically
5 affected by the tennis lessons. So they are
6 taking steps and their approach is going to be
7 that in fiscal year 2021, that they're going to
8 implement a different strategy on those
9 particular fees for tennis, so that it's easier
10 to document the charges. I guess, that there's
11 as five-year schedule that goes through fiscal
12 year 2020, so they're anticipating making that
13 change going forward for budgeting purposes.

14 CHAIRMAN MENENDEZ: Any other questions on
15 the Community Parks and Recreation audit? That
16 one was great. It's self-explanatory.

17 Any other updates from internal audit?

18 MR. KLEIMAN: No. The ones we're working
19 on now is Waste Management, right?

20 MS. BLACKSTOCK: We have started the
21 process of looking at the Waste Management
22 contract, which is going to be a very -- you
23 know, it's going to be huge, and they have --
24 and I'm happy to say that they have been very
25 responsive to us so far.

1 MR. KLEIMAN: Right.

2 MS. BLACKSTOCK: So we've gotten all of
3 their detail. So it's a matter of looking at
4 the detail and making the sample selections.
5 There is some concern there about delinquent
6 accounts and when they become delinquent, being
7 transferred back to the City, and then some
8 issues with the payment then going back to
9 Waste Management and the City.

10 MS. SABATER: We talked about that.

11 MR. PAREDES: Yeah, that came up before.

12 MS. BLACKSTOCK: So it's been kind of very
13 -- we had to go through the detail contract to
14 see who was responsible for what. We have
15 asked them specific questions to try to target
16 those areas.

17 What do you do if, what do you do when. If
18 it then gets paid to Waste Management and it
19 should have been paid to the City, how do you
20 -- so we're in the preliminary stages of that.

21 MR. KLEIMAN: And Public Works.

22 MS. BLACKSTOCK: Yes, and Public Works.

23 MR. KLEIMAN: And the lease -- the revenue
24 generating leases.

25 MS. BLACKSTOCK: That's upcoming.

1 MR. KLEIMAN: That are just about to start.

2 MS. BLACKSTOCK: Right. We've pulled two
3 that were going to specifically look at in that
4 area. Public Works, we had our last division
5 meeting, and so we're going to be hopefully
6 finalizing that one.

7 Johns Eastern, track the insurance claims
8 processing, that one is pretty much in the
9 final stages and we have to get the draft
10 report to Keith for him to look at. I do not
11 think that there's anything, you know,
12 catastrophic or in the high risk that I
13 remember in what they were doing in their
14 processes.

15 And then we have, in order of priority,
16 Granada Bay Pro Shop, the Metro Express
17 contract, the land leases, and we're going to
18 look at two, because those are the revenue
19 generating leases.

20 MR. KLEIMAN: Right. Revenue is based on
21 their revenue.

22 MS. BLACKSTOCK: Right. And then also the
23 Home Depot cards procurement.

24 MR. KLEIMAN: Right.

25 MS. SABATER: Because that's a separate

1 program than the procurement cards?

2 MS. BLACKSTOCK: Uh-huh.

3 MR. KLEIMAN: Right.

4 MS. BLACKSTOCK: So the majority of all of
5 that, my staff has scheduled time in the middle
6 -- like three weeks in the middle of September,
7 that we'll be here moving those audits through
8 the process.

9 CHAIRMAN MENENDEZ: Thank you so much for
10 your time.

11 MR. KLEIMAN: We're going to start going
12 back and following up with IT and some other
13 things. So we're going to start going now
14 through the cycle.

15 CHAIRMAN MENENDEZ: Thank you.

16 We'll move to Land Acquisition.

17 MR. KLEIMAN: Zeida.

18 MS. SARDINAS: Good morning. My name is
19 Zeida Sardinas. I'm the new Asset Manager. I
20 took over about three months ago from the
21 position that Leonard Roberts had. I don't
22 know if any of you had a chance to meet
23 Leonard.

24 MS. SABATER: Yes.

25 MS. SARDINAS: So the item that I brought

1 before you, I actually wanted to talk to you
2 about the land acquisition item, and, also,
3 since it's my first time with you all and as
4 part of the process of what Division 12, the
5 Procurement Code, calls for, for any land
6 acquisition, the City does have to come to your
7 Board, I also would like to just get a little
8 bit of feedback from you guys, if you like the
9 process, if you don't like the process, if you
10 feel that you're getting the correct
11 information to make your decisions, if there's
12 anything else that you would like to see from
13 me when I bring something before you, so that
14 way we can work better together and everybody
15 is informed and you have the right information.

16 I know that I tell you that the appraisals
17 have been done and things have been done. I
18 brought them with me, in case anybody wanted to
19 take the time. They're rather lengthy
20 documents, so I didn't want to like overwhelm
21 you with 128 pages of appraisals and all of
22 these other things, but what I did is, I sent
23 you a summary of a memo, so that you would
24 have, that you could go through, and also I
25 included the presentation that the Parks and

1 Receptions Department did at the neighborhood
2 meeting that they had, which turned out very
3 well. It was on August 1st.

4 They had done like a radius around the
5 properties to, you know, talk to the neighbors
6 and make sure that everybody was okay with the
7 purchase, and that went very well. It took
8 place August 1st, in the Community Center. It
9 was well attended.

10 You know, there were things that have come
11 up, and I'll talk to you a little bit about
12 that, but let me tell you a little bit about
13 the description.

14 So three lots were -- they're 5,000 square
15 foot lots of vacant land. They belong to
16 Granada Presbyterian Church. They're in the
17 corners of Alava and Toledo, behind the church.
18 It's 15,000 square feet. They're together.

19 So they had been listed for 450,000 each
20 lot, so a total of 1.35. We went ahead and we
21 started talking to the church, did our original
22 appraisal, which came back at 975. We offered
23 a million seventy-five, because the church was
24 offering so much more. They came up with their
25 own appraisal at 1.2, which I also have, and we

1 settled in the middle. So it's like 1.137500
2 that we're paying. It's about \$379,000 per
3 lot.

4 So I think that for a 5,000 square foot lot
5 in Coral Gables, Zoned Residential, that is a
6 pretty good price, in my opinion, for what the
7 market is calling for right now and what I
8 reviewed as far as vacant land.

9 MR. KLEIMAN: Those are adjoining, you
10 said, right?

11 MS. SARDINAS: Yes.

12 MR. KLEIMAN: So it's basically the
13 assembly of that --

14 MS. SARDINAS: There's 15,000. So what
15 we're hoping to do there is a neighborhood
16 park. It's going to cost now about \$6,000 a
17 year just to maintain it. Obviously, it's not
18 in the Capital Improvement Plan yet, you know,
19 until we're able to identify the land and buy
20 it, but the department will be working to be
21 able to, you know, figure out how they're going
22 to develop that park.

23 MS. SABATER: By way of background, how did
24 this opportunity get presented to the City?
25 Did the church say to the City, "Look, I have

1 these three lots. It would be nice to have a
2 park. Or did the residents say, "We wish we
3 had more green space"?

4 MS. SARDINAS: The City (sic) actually
5 listed it for sale and just put like a for sale
6 sign on it.

7 MS. BRAVO: The City or it's owned by the
8 church?

9 MS. SARDINAS: It's owned by the church.

10 MS. BRAVO: Right. So the church put it up
11 for sale?

12 MS. SARDINAS: Yeah, the church put it up
13 for sale, and someone -- the Communications
14 Location Department and our department had been
15 looking for a while in that area. They have a
16 lower level of service in that particular area,
17 and I believe, from the conversations I've had,
18 that they had tried to purchase land before
19 somewhere in the area, but it hadn't worked out
20 or it was --

21 MS. SABATER: So it was on a list of --

22 MS. SARDINAS: Of areas where they need to
23 raise their level of service, because they
24 don't have enough neighborhood parks or enough
25 park space to be able to service the

1 neighborhood. So that's basically how it came
2 about.

3 MS. BRAVO: And right now, there's two more
4 lots that are empty.

5 MS. SARDINAS: Yes, but those are not for
6 sale.

7 MS. BRAVO: So the church is not selling
8 them?

9 MS. SARDINAS: No, the church is not
10 selling those right now.

11 MS. BRAVO: So they could potentially put
12 something there against the park?

13 MS. SARDINAS: I don't know and you would
14 have to ask the church that.

15 MS. SABATER: Well, it would have to be
16 approved by the City anyway.

17 MS. SARDINAS: I think, to them, it was --
18 they were approached to develop the park, but I
19 think to them it was much more attractive that
20 it would remain a park. They have a school
21 there. They're going to be able to use the
22 park with the kids. You know, for them, I
23 think it was a better thing, that the City
24 would take it over, because it gives them a
25 benefit, as well.

1 MR. KLEIMAN: Just as additional
2 information, the City is right now taking part
3 in a Park's Master Plan. The results should
4 be coming this beginning winter, right around
5 December, because right now we're basically --
6 the City doesn't have a specific direction of
7 how to develop its parks. They know the weak
8 spots, hence this purchase.

9 MS. SABATER: Yeah, the whole map with the
10 radius, walking radius.

11 MR. KLEIMAN: Right. Exactly. But they
12 want to decide how and where they're going to
13 have larger parks and smaller parks. So the
14 Master Plan will make recommendations. It will
15 be up to the City Commission. And thank God it
16 will be in time for the FY21 budget, so we can
17 really start having some clear direction on how
18 we're going to start funding park development,
19 including what level this park will be.

20 MS. SARDINAS: So, more or less, I've
21 included that. For purposes of what the
22 Procurement Code says, and I know that
23 sometimes -- and I know with the particular
24 other Boards that I take things to, there are
25 these questions, and, you know, I kind of bring

1 the answers to the questions, but they're just
2 written into the Code.

3 It's kind of something I'm taking a look at
4 now, because, you know, we want to be able to
5 have, like I said, a better process, talk to
6 the Boards and like find out exactly what it is
7 that you would like to see when something like
8 this comes before you, so that I can
9 incorporate that into what I'm looking at, just
10 to develop a better feel for our communication
11 with the other Boards that this goes to.

12 So right now the question is, is the
13 purchase consistent with the appraisals, which
14 they are. We have actually three. We're
15 required to do two, but the church did one. So
16 we have one at 975, another one at 1.140, which
17 is the second one that the City did, and, of
18 course, the one that the church did for 1.2.

19 What is the immediate impact on the current
20 fiscal budget and where was the money coming
21 from to fund this? The Park Impact Fee fund is
22 going to fund 731,661 of the purchase, and the
23 rest, which is 105,000, is going to come from
24 the general capital improvement fund. Like I
25 said, it's \$6,000 a year to maintain the entire

1 15,000 square foot site.

2 And, then, were there other alternatives to
3 the transaction?

4 CHAIRMAN MENENDEZ: Can we stop on that one
5 real quick?

6 MS. SARDINAS: Yeah. Sure.

7 CHAIRMAN MENENDEZ: We'll go one by one.
8 I'm sorry, this is the one item I didn't look
9 at. I didn't catch it in the e-mail, so I
10 missed this portion. The park impact fees,
11 what is the account that we've been parking
12 money into to be able to buy parks?

13 MR. KLEIMAN: That's the General Capital
14 Improvement Fund, of which we're getting 400
15 and change. So we're using the most
16 restrictive money first and reserving that
17 money.

18 CHAIRMAN MENENDEZ: And did we clean out
19 that restrictive fund?

20 MR. KLEIMAN: Yes. That's cleaning it out
21 at this point. It has 700 some odd thousand.

22 Remember, going back about a year or so,
23 Vice Mayor Lago had put forth 65 percent and 35
24 percent of the impact fees. So 65 was for
25 purchasing and 35 was for developing the park

1 itself. We haven't touched the development
2 money, but the 65, it went back to, not this
3 past April, but the previous April. So that's
4 the money -- all of the collections we've had
5 came up to 730,000, something like that.

6 CHAIRMAN MENENDEZ: That's the same account
7 that we were budgeting for future purchases of
8 land?

9 MR. KLEIMAN: No. The rest of the money,
10 we have. Right now, I think, as of FY19, 2.1
11 million dollars in the General Capital
12 Improvement Fund. That money, we're using
13 about 400,000 to come up to the 1.1 million we
14 need for this.

15 CHAIRMAN MENENDEZ: Okay.

16 MR. KLEIMAN: And we're still adding money.
17 We added, I think, 500,000 more to the 2.1 in
18 FY20 as the proposed budget.

19 CHAIRMAN MENENDEZ: So we took it from a
20 quarter million to a half million each year --

21 MR. KLEIMAN: It was 300,000 and we're
22 jumping to 500,000 for FY20.

23 MS. BRAVO: And so, I guess, in a separate
24 budget, we have a budget for the cost of
25 converting it to the park?

1 MR. KLEIMAN: It's still impact fee money.
2 It's separated now.

3 MS. BRAVO: That 65, 35, so we haven't
4 touched that 35, and that's available and
5 budgeted for conversion costs?

6 MR. KLEIMAN: It's not budgeted yet. We
7 haven't appropriated it.

8 MS. OLAZABAL: It's restricted to the
9 element of any park, but it is restricted.

10 MR. KLEIMAN: We take this very seriously.
11 If it is restricted, it is restricted. We
12 don't touch it, just like our reserves.

13 CHAIRMAN MENENDEZ: The appraisals, real
14 quick, one question, was the appraisal priced
15 for properties individually or was it an
16 aggregate with a premium?

17 MS. SARDINAS: No, I did them as aggregate,
18 because it works better for us to be able to
19 have the whole, and that's what we wanted. We
20 want the whole 15,000 square feet.

21 CHAIRMAN MENENDEZ: You don't add a premium
22 to that, because we're aggregating it? So
23 wouldn't it be better to do it individually?

24 MS. SARDINAS: You know what, the
25 appraisals here, I know that when they did

1 them, I have all three of them, and so they
2 have the -- I remember that they had the --
3 they did assume, and I'm pretty sure, because I
4 know I had this conversation with them, that
5 there were three adjacent lots and that -- I'm
6 trying to find the actual language, so that I
7 can read it to you -- that they were being done
8 together.

9 So I don't hold you up, can I --

10 CHAIRMAN MENENDEZ: That's okay. I'll go
11 back and look at it. Not a problem.

12 MS. SARDINAS: Yeah.

13 CHAIRMAN MENENDEZ: So I think the next
14 question -- the first one was, was it within
15 the --

16 MS. SARDINAS: Is it within an appraised
17 value?

18 MR. PAREDES: It was.

19 MS. SARDINAS: The second one is, what's
20 the current impact on the budget, and the third
21 question is, were there other alternatives
22 other than to enter into the transaction?
23 There's vacant land all over the City. It's
24 just, this particular area is one that they
25 were looking to elevate their level service and

1 it happened to fit.

2 MR. PAREDES: Where is it located?

3 MS. SARDINAS: It's behind the church.

4 MR. PAREDES: Which one is Granada?

5 MS. SARDINAS: Yes, it's north of Bird.

6 MR. PAREDES: North of Bird?

7 MS. BRAVO: No, it's south of Bird. It's
8 right off Granada, east of Granada. I looked
9 it up last night.

10 MR. PAREDES: I just didn't know where
11 Toledo and all of that --

12 MS. BRAVO: Look, I put notes on it here
13 yesterday.

14 MS. OLAZABAL: So it's here.

15 MS. BRAVO: You know where like the
16 playground of the church is? If you go where
17 the playground of church is, you cross Bird
18 Road, it's those lots right there.

19 MS. SABATER: It's a busy street. Are they
20 going put up fencing on Bird Road?

21 MS. BRAVO: But the lots don't go up to
22 Bird Road. The church is keeping the ones --

23 MS. SARDINAS: The ones by Bird Road.

24 MS. BRAVO: Right, the church is keeping
25 the ones on Bird Road.

1 MS. OLAZABAL: So the church owns all of
2 the way south there? Interesting. Do they own
3 this lot, too?

4 MS. BRAVO: They own this, this, and a
5 bunch of this. I looked it up last night.

6 MS. OLAZABAL: And this one, too?

7 MS. BRAVO: They own this one. They own
8 this one. They own that one, yes. And they
9 own these two, too.

10 CHAIRMAN MENENDEZ: So the second question
11 usually has to do with the budget, and if it's
12 within the proper use of funds. What is the
13 exact terminology? It was budgeted for
14 appropriately?

15 MR. KLEIMAN: Right.

16 CHAIRMAN MENENDEZ: Okay. And then the
17 last one is, was there another use for the
18 funds or for the land?

19 MS. SARDINAS: Well, it's zoned for
20 Residential vacant, you know, single-family
21 home, which the City would not do, but there's
22 a value to that, obviously, to a developer or
23 whatever, that would establish its highest and
24 best use in that sense, but we wanted to take
25 it to --

1 MR. KLEIMAN: For us, making a park --

2 MS. SARDINAS: -- is the highest and best use.

3 CHAIRMAN MENENDEZ: And it was identified
4 from a park study you guys did? This was an
5 underserved area?

6 MR. KLEIMAN: No, the park study --

7 CHAIRMAN MENENDEZ: Not the Master Plan,
8 but there was --

9 MS. SARDINAS: No, they have their own
10 level of service areas that they -- underserved
11 area.

12 CHAIRMAN MENENDEZ: Do you guys want to
13 answer those questions? We already kind of
14 did. Do you want to go 1, 2 and 3? I know
15 you're looking for guidance on whether or not
16 we should do that moving forward, but that's
17 what's asked of us. So how can we possibly
18 change it as a Committee?

19 MS. SARDINAS: No change. First of all, my
20 question is, how do you feel about the process?
21 Do you feel that there is other information
22 that you guys want?

23 Okay. So, in the normal world, when you're
24 going to go purchase something, you present a
25 contract, the person does the counteroffer, you

1 go back and forth, and then you enter into a
2 contract phase and then there are stipulations,
3 inspections, financing, whatever.

4 MR. PAREDES: So the million one three
5 seven five hundred is already agreed to,
6 subject to all of our approvals?

7 MS. SARDINAS: Exactly. The difference
8 between the regular world and the way we do it
9 in municipal purchases is that you enter into a
10 Purchase and Sale Agreement, which is basically
11 a contract, but you have a due diligence
12 process. And then, in that process, you tell
13 them, this is all subject to Commission
14 approval and to our process.

15 So we have to go to all of the Boards, we
16 have to get out appraisals, we have to get all
17 our ducks in a row, according to what the Code
18 requires, and then at that end, it goes for a
19 vote. All that has to happen, but you do have
20 to reach a price and everything else and have
21 all of the contingencies of a regular contract.
22 That's the way it works.

23 CHAIRMAN MENENDEZ: That was great. We
24 appreciate it. It was great to meet you, your
25 presentation, welcome.

1 MS. SARDINAS: I've been here for three
2 months. I have fifteen years' experience in
3 real estate. I worked for five years in Doral.
4 So I have a unique set of ability in the sense
5 that not a lot of people that are in real
6 estate could actually come into municipal
7 government and do what I do or vice-versa. So
8 it's been great. I'm happy to be here.

9 MR. KLEIMAN: She hit the ground running.

10 MS. SARDINAS: So, anyway, you need to take
11 action on the Item.

12 MR. PAREDES: I make a motion that we
13 approve.

14 CHAIRMAN MENENDEZ: Okay. Normally we
15 answer the three questions.

16 MR. PAREDES: We did.

17 CHAIRMAN MENENDEZ: We did. So we are all
18 in agreement. I guess we'll make a motion to
19 approve this.

20 MR. PAREDES: To move it on to whatever it
21 requires.

22 CHAIRMAN MENENDEZ: Second?

23 MS. BRAVO: I second the motion.

24 CHAIRMAN MENENDEZ: Okay. All in favor?

25 MS. SABATER: Aye.

1 MR. PAREDES: Aye.

2 CHAIRMAN MENENDEZ: Aye.

3 MS. OLAZABAL: Aye.

4 CHAIRMAN MENENDEZ: Thank you.

5 And then we move to the Capital Funding
6 Crash Course.

7 MR. KLEIMAN: Okay. So I figured the
8 easiest way to discuss capital is just to go
9 through the draft CIP. You guys are the first
10 to see this, because it says, "Draft," on it
11 for that very purpose.

12 But just to give you a history, you know,
13 I've been here now just over nine years. When
14 I got here, there was no CIP. There was a
15 small document that was done by Public Works,
16 and basically it was just what they needed in
17 the absolute year and most of it was utilities.
18 So there was really nothing.

19 If anyone wanted something to be done, it
20 was crisis management, and they went to, at the
21 time it was Pat Salerno, and whispered in his
22 ear, "I need this. I need this desperately,"
23 they would cry, and then whatever little
24 surplus we might have had or available dollars,
25 he would put a project or two in the budget.

1 So in Finance, we offered to take it over,
2 and if you go back starting six or seven years
3 ago, the book was very, very small. You know,
4 revenues have been rebounded, plus we've put
5 many programs in place, some of them starting
6 actually when Carmen was Acting City Manager,
7 to do a comprehensive replacement of capital
8 projects, to start funding certain asset
9 categories, fully funding them, so that they're
10 replaced on time, instead of what the City had
11 been doing, just ignoring its infrastructure.

12 So if you just look into your book, you're
13 going to start seeing that we have several
14 categories of assets. There's capital
15 equipment. There's facilities. There's
16 historical facilities. We broke it down so you
17 basically can follow this. There's Park and
18 Recreation, there's parking, there's public
19 safety, utilities and the biggest one is
20 anything that has to do with transportation and
21 streetscape.

22 MR. PAREDES: So --

23 MR. KLEIMAN: And ask questions and just
24 stop me, because we're just going to start
25 going through --

1 MR. PAREDES: That's basically our wish
2 list, right?

3 MR. KLEIMAN: No. These are categories --

4 MR. PAREDES: Are they already approved?

5 MR. KLEIMAN: Well, a lot of them is old
6 money. I should have brought my glasses with
7 me.

8 MR. PAREDES: So this is no longer a wish
9 list. This is actually projects that we
10 have -- that the City Administration, the
11 Commission, whoever, has approved these
12 processes?

13 MR. KLEIMAN: The way you would look at it
14 is, obviously in the column that's the camel
15 color, is the name of the project. The column
16 directly to the right says, "Prior year
17 available." So when you see the dollars in
18 there, that means monies that are available
19 already from a prior year, we just haven't
20 finished spending it yet.

21 MR. PAREDES: Okay. So that's already in
22 cash. That's listening to our conversation as
23 we speak today.

24 MR. KLEIMAN: Yes.

25 MR. PAREDES: Great.

1 MR. KLEIMAN: Then you have any open
2 purchase orders.

3 MR. PAREDES: That means?

4 MR. KLEIMAN: That means the project is in
5 process.

6 MR. PAREDES: Okay. So looking at the
7 Public Safety Building, that 38 million
8 dollars, that's purchase options that -- that's
9 purchase orders that are being currently
10 effected, because the building is being built,
11 obviously, I know?

12 MR. KLEIMAN: Yes.

13 MR. PAREDES: So the two million -- you
14 have two million in prior years. That 38
15 million is coming all from this year?

16 MR. KLEIMAN: No. No. So basically we
17 went out for debt. We went out for debt and I
18 believe we took in 50 million dollars. Now,
19 the past expenditures are no longer on here,
20 because it would just bloat the entire Capital
21 Improvement Plan.

22 MR. PAREDES: Okay. So the 38 million
23 is --

24 MR. KLEIMAN: Of the 50, you have the 38
25 million, almost 39, actually, plus the 2.4 of

1 the prior year money, that's what's left of the
2 50.

3 MR. PAREDES: Of the original 50 million
4 that was assigned to that?

5 MR. KLEIMAN: Right. And on top of that,
6 there was more that the City put into, that was
7 just designed monies. They were all spent in
8 this, so they're not showing up on here.

9 So you have right now, old money is the
10 2.4. The current obligation is almost 39
11 million.

12 MR. PAREDES: And the new money is, what?
13 Is that an overbudget? Is that what is
14 expected to overbudget --

15 MR. KLEIMAN: Oh, it's not overbudget.
16 This is the plan. This is new monies to finish
17 the project. It's furnishings. It's IT
18 wiring. It's all some of the final needs, that
19 we didn't have the money in --

20 MR. PAREDES: Back then.

21 MS. OLAZABAL: So that's new money from
22 2020.

23 MR. KLEIMAN: Right. It's new proposed
24 money, based on the City Commission approving
25 it, that's the new money going in.

1 MR. PAREDES: So it's still at 50 million,
2 that building. There's two from prior years.
3 There's 38, that's 40, and 545?

4 MR. KLEIMAN: Right. Just to clarify, the
5 entire project is going to be more like 67
6 million dollars.

7 MS. SABATER: I think maybe if we just go
8 to Page 4, this tells us what that five-year --
9 it's 322 million to be spent over the next five
10 years? For a total of which -- if you look at
11 public safety, it's 69 million --

12 MR. KLEIMAN: But that's not all. Public
13 Safety has several projects. Overall, yes,
14 this five-year plan goes out, again, to 2024,
15 and, yes, the total expected expenditure would
16 be 322.

17 And the way I say, expected, because from
18 '21 to '24 is a plan, not a commitment, and we
19 actually put that disclaimer in the City
20 Manager's message, that the Commission is
21 voting on just the commitment of the FY20 new
22 funds and they're voting on a plan for the
23 outer four years to go forward. That's what
24 we're going to plan.

25 Then, as those years come forth in the

1 budget process, we make the commitment and the
2 City Commission commits to it.

3 MR. PAREDES: But, Carmen, even before we
4 go there, the first column is cash already in
5 hand for all of these different projects.

6 MR. KLEIMAN: That's available and
7 unobligated at this point.

8 MR. PAREDES: The next column is all in
9 payables or in process, those are purchase
10 orders.

11 MR. KLEIMAN: Uh-huh.

12 MR. PAREDES: And the new money is budgeted
13 for 2020?

14 MR. KLEIMAN: Right.

15 MR. PAREDES: Starting in November.

16 MS. SABATER: So the prior year available,
17 45, does that go to cover the POs of 58 and
18 then we're just looking for a net new of the
19 difference?

20 MR. KLEIMAN: No. No. That's in addition
21 to the 58. That's available cash, that has not
22 been obligated. When I say, "Obligated," it
23 means, put into a requisition and/or purchase
24 order.

25 Let's say the project was funded at 50

1 million dollars -- I'm just going to make up
2 numbers -- 38 is made into a purchase order,
3 and they still had, whatever, let's say, 12
4 million dollars left -- and I'm making up
5 numbers now -- so total available cash that
6 that they still can use towards the project, it
7 may not be needed at the same point of that PO
8 of 38 million.

9 MS. SABATER: I understand. So I'm going
10 to say it a little differently. The prior year
11 available of 45, that's 45 million dollars
12 that's sitting in cash, that's available to
13 cover the purchase orders --

14 MR. KLEIMAN: No, additional purchase
15 orders, on top of the --

16 MR. PAREDES: And what's the new, because
17 I'm tracking Carmen's thought process? But 45,
18 we got; 58 is the new ones, so that's 90
19 whatever or 100 --

20 MR. KLEIMAN: 45 is cash, 58 are in process
21 purchase orders, and then the next 48 --

22 MR. PAREDES: It doesn't add up.

23 MS. SABATER: If 45 is cash, is that cash
24 available to cover the expenditures of the open
25 POs?

1 MR. KLEIMAN: No. That's what I'm trying
2 to tell you. That is free and clear cash
3 assigned to a project, that has not been
4 obligated.

5 CHAIRMAN MENENDEZ: You're saying the new
6 is obligated?

7 MR. KLEIMAN: The POs are obligated. You
8 see where it says, Open POs --

9 CHAIRMAN MENENDEZ: Open POs are obligated?

10 MR. KLEIMAN: Those are obligated.

11 CHAIRMAN MENENDEZ: The new is not
12 obligated.

13 MR. KLEIMAN: No.

14 CHAIRMAN MENENDEZ: But then what is the
15 difference between prior year available and
16 new?

17 MS. OLAZABAL: Let me see if I -- so,
18 Keith, I think I got it, but I'm not sure.
19 Previous year available, plus Open POs was what
20 was budgeted in 2019.

21 MR. KLEIMAN: And prior.

22 MS. OLAZABAL: The addition of those two --

23 MR. KLEIMAN: Right, exactly.

24 MS. OLAZABAL: -- is what was budgeted for
25 2019, whether it came from a previous year or

1 not. So the addition of the 45 and the 58 is
2 what was in 2019.

3 MR. KLEIMAN: Right.

4 MS. OLAZABAL: The Open POs is what has
5 been encumbered into it's going to get paid to
6 this vendor or that other vendor. The 45
7 hasn't been encumbered, but it's money that was
8 already budgeted last year.

9 MR. KLEIMAN: Right.

10 MS. OLAZABAL: And the new money is what
11 they're proposing to use for this fiscal year.

12 MR. KLEIMAN: Well, it's new money coming
13 up.

14 MS. OLAZABAL: The new money --

15 MR. KLEIMAN: It's additional money that's
16 being added to the project.

17 MS. OLAZABAL: Right. So the addition of
18 45 and the 58 was what was budgeted last year,
19 and then the 48 is what's proposed for this
20 fiscal -- for this coming fiscal year.

21 MR. KLEIMAN: Just to be clear, those
22 monies may have been from prior years. It's an
23 accumulated amount of all of the years that the
24 project has been in progress.

25 MR. PAREDES: Following this Carmen's

1 thought, 45 and 90 and 58, that's already been
2 budgeted and allocated and assigned, and that's
3 2019, which we're in right now --

4 MR. KLEIMAN: Just to make sure, the first
5 two columns is available and assigned. The one
6 that says, "New" above it, that's 2020.

7 MR. PAREDES: That's 2020. That's for the
8 new fiscal year --

9 MR. KLEIMAN: Yes.

10 MR. PAREDES: -- that hasn't been --

11 MR. KLEIMAN: -- approved by the City
12 Commission yet.

13 MR. PAREDES: No, that hasn't, of course.

14 MR. KLEIMAN: It will be in the second
15 budget hearing.

16 MR. PAREDES: Okay. And that's why the
17 heading, 2020, is a little confusing. The
18 first two columns deal with 2019.

19 MR. KLEIMAN: Right. So this is why we
20 write, "new," because it's new money. This all
21 will be available -- see, right now, we take a
22 snapshot. So all of this is available for
23 FY20, though the only new money is in that
24 third column.

25 CHAIRMAN MENENDEZ: But they haven't

1 approved for '20 yet?

2 MR. KLEIMAN: Right.

3 CHAIRMAN MENENDEZ: Got it.

4 MS. OLAZABAL: Right, but those open POs,
5 some of it may go to pay. This is not a static
6 number. The open POs are not static. Like it
7 could go down.

8 MR. KLEIMAN: This book, the numbers in
9 here, there will be another snapshot taken --
10 when we start printing this for the final, for
11 the hearing at the end of September, these
12 numbers will be updated again, because some of
13 the Open POs will be gone. They will be
14 expended.

15 MS. OLAZABAL: They'll be spent and maybe
16 even some of the previous available will be --

17 MR. KLEIMAN: Right. I just approved
18 several million dollars for the public safety
19 building just yesterday on an invoice.

20 CHAIRMAN MENENDEZ: It doesn't go into the
21 project total, it actually is redacted out of
22 it?

23 MR. KLEIMAN: Yeah. You know, we were for
24 a while, but then the CIP was just bloating,
25 because it was carrying past expenditures and

1 adding on and adding on. So we said, no, it's
2 cut off. Where you will see past expenditures,
3 if you go to the actual budget page in here, if
4 you look at public safety, the historical is in
5 here.

6 CHAIRMAN MENENDEZ: So the five-year
7 project total doesn't necessarily mean it's
8 actually five years. You could have had a
9 project that's going from before. It's just
10 everything is carried --

11 MR. KLEIMAN: Right. And if you want to
12 see the detail -- just go to Page 109, for
13 argument sake, and you'll see that it's broken
14 on the left side of the page, from the middle
15 down, all of the historical expenses. We
16 didn't put it in the summary, and we're not
17 including it in the total 322 million that
18 Carmen is referring to, it's just this is the
19 history of each project, in case you wanted to
20 see it. So it is here.

21 You'll find that structure on any page. I
22 was just going to read off the specific number,
23 but if you look at any page in the body of the
24 book, you'll see the historical costs of the
25 project from start to finish.

1 MR. PAREDES: So on Page 4, Keith, the 322
2 total for the five years, only 17 percent of
3 that is grant and other, the rest of it is
4 going to come all from the City of Coral
5 Gables, basically?

6 MR. KLEIMAN: Right. I haven't done --

7 MR. PAREDES: I just calculated it. The 56
8 million, which has got all of the different
9 possibilities, and then grants and other and
10 then now the total.

11 So 83 percent would come from the citizens
12 and the City.

13 MR. KLEIMAN: Basically the general fund,
14 yes.

15 MR. PAREDES: Okay.

16 MS. SABATER: I mean, if we go back to why
17 we wanted to cover this, it was more of a
18 question of when we're reviewing the budget,
19 there was all of these funds that were left
20 over, and it gave me, at least, the impression,
21 were we keeping up with the infrastructure
22 spent that we needed to have for the City? I
23 don't know still if I've answered that
24 question.

25 And then the project related to stormwater

1 or rising tides and stuff like that. Where is
2 that?

3 MR. KLEIMAN: Okay. That's over in
4 Utilities.

5 MS. SABATER: What page?

6 MR. KLEIMAN: If you take a look at Page 3.

7 MS. SABATER: So then the Utility Repair
8 and Improvements?

9 MR. KLEIMAN: Yes.

10 MS. OLAZABAL: It's Number 211, right?

11 MR. KLEIMAN: Yes. That's the detail page,
12 Take a look at Page 3, you'll see it. They're
13 looking to generate 2.3 million dollars in
14 revenue, and that's going to be added to the
15 cumulative amount.

16 MR. PAREDES: But nothing is being spent
17 out of that?

18 MR. KLEIMAN: No.

19 MR. PAREDES: That's just accumulation.

20 MR. KLEIMAN: It's accumulated. Whereas,
21 on the sanitary sewer side, that remediation is
22 happening now. So as we rebuild our pump
23 stations, not only are we rebuilding them, we
24 have to either raise them, if that's the
25 correct thing to do, and harden them.

1 So they have to be storm ready, but since
2 we're investing in them now and they have a
3 thirty or more year life cycle, to start
4 rebuilding the way they are just makes
5 absolutely no sense, because sea level is not
6 going to just happen like that. So you see it
7 happening now.

8 You know, during a bad rainstorm, the King
9 Tide, certain areas are getting infiltrated
10 now. That's just going to get worse and it's
11 going to get worse and worse and worse, until
12 basically we're losing land, and that's what we
13 want to avoid.

14 Just as an aside, I told Cathy, when she
15 was still here, the City Manager, I said, "It's
16 not about losing value. It's about losing
17 land, tremendously losing land." And so the
18 City has to do something. The Federal
19 government has to do something about the entire
20 East Coast, which is where it's going to
21 happen. It's not scare tactics. It's just
22 unfortunately reality.

23 MS. OLAZABAL: So there was a sea level
24 rise assessment that was being done. Was that
25 finalized?

1 MR. KLEIMAN: I've been waiting to find
2 that out. I'd like to find out, and actually
3 that's something the Board might want to see.
4 We can have Matt Anderson come in, maybe in the
5 Fall, and give a presentation on sea level
6 rise, if that's something that you guys would
7 want to see.

8 MS. OLAZABAL: I would, but I don't know if
9 the Board does. I think it may be one of the
10 biggest -- it will be probably one of the
11 biggest capital projects we're going to have
12 moving forward. So understanding the basis of
13 it, the assumptions --

14 MS. SABATER: The timeline associated with
15 it.

16 MS. OLAZABAL: -- the timelines.

17 MR. PAREDES: But, Keith, now I'm confused.
18 That new column and that sea level -- that
19 2.335, you said that was revenue?

20 MR. KLEIMAN: That's going to be new
21 revenue for FY20.

22 MR. PAREDES: Okay. New revenue.

23 MR. KLEIMAN: Yes.

24 MR. PAREDES: And then the 5.6161 of
25 construction, the new public safety building,

1 the one seven, that's five million, that's
2 expenditure. So how can, in the same column,
3 you have revenues and expenditures?

4 MR. KLEIMAN: No. No. Wait a second.
5 This is an obligation. This appropriates the
6 funds. This is not the revenue. I'm saying,
7 we're bringing in 2.3 million dollars --

8 MR. PAREDES: From the citizens?

9 MR. KLEIMAN: -- from the citizens, from
10 the stormwater, that's going to go into a fund.
11 All this is doing is saying, we're going to
12 take that money, obligate it for the project,
13 and then put it away. That's all we're trying
14 to say. So this is the expenditure. Not
15 necessarily this is the obligation -- the
16 incumbrance -- not the incumbrance --
17 appropriation --

18 CHAIRMAN MENENDEZ: We're appropriating for
19 a future expense.

20 MR. KLEIMAN: So it's the appropriation of
21 the funds. That's all it is. In some cases,
22 like this, we do not spend it.

23 Impact fees, what we have to do to comply
24 with the Impact Fee Ordinance is to appropriate
25 the funds, and if we have no plan to spend it

1 on those, it goes right into fund balance, and
2 we hold it until the Commission decides they
3 want to spend it on impact fees.

4 We tried, when we designed this document,
5 to make it as simple as possible.

6 MR. PAREDES: No. I think it does its
7 purpose.

8 MR. KLEIMAN: It's just that it requires
9 explanation.

10 MR. PAREDES: The first column is cash
11 that's sitting there waiting for us to spend
12 it. The next one is the column that we think
13 we're going to spend this year.

14 MR. KLEIMAN: The second one, those are
15 open POs that are obligated -- that's progress.
16 That's, they're actually being worked on.

17 MR. PAREDES: They're in payables or
18 they're in process.

19 MR. KLEIMAN: Right.

20 MR. PAREDES: And then the new column would
21 be the new money --

22 MR. KLEIMAN: Just to clarify, it's not in
23 payables. That is the open POs. This is work
24 that is being worked on. So if it goes to
25 payable, that would get reduced, okay, just to

1 clarify, to make sure we're all on the same
2 page.

3 Like, for instance, I just yesterday --

4 MR. PAREDES: So the Commission
5 appropriates.

6 MR. KLEIMAN: Yes.

7 MR. PAREDES: And then the department
8 issues the PO.

9 MR. KLEIMAN: Yes.

10 MR. PAREDES: And then somebody spends the
11 money.

12 MR. KLEIMAN: Yes. Exactly.

13 MR. PAREDES: That's the order.

14 MR. KLEIMAN: But I just want to make sure
15 that you know what's in here. These are not
16 payables yet.

17 MR. PAREDES: Okay. But they could be?

18 MR. KLEIMAN: It will be.

19 MR. PAREDES: They're purchase orders.
20 They're open.

21 MR. KLEIMAN: Yes. Like just yesterday, I
22 approved over 1.5 million dollars for the
23 Public Safety Building. That's going to reduce
24 the 38.9 million dollars.

25 MR. PAREDES: The next time we have it --

1 MR. KLEIMAN: Yes. Right.

2 MS. BRAVO: If somebody puts in a purchase
3 order to buy computers or desks for that
4 building.

5 MR. KLEIMAN: If it's capital, then that
6 will go up. A payment out of that wouldn't
7 affect the prior year available. The 39 would
8 just go down.

9 CHAIRMAN MENENDEZ: I'm time sensitive.

10 MR. PAREDES: Me, too.

11 CHAIRMAN MENENDEZ: Is there anything else?

12 MR. KLEIMAN: I want to mention, as long as
13 everybody is understanding the capital
14 process -- Frank, did you have any more
15 questions?

16 MR. PAREDES: No, I got it.

17 MR. KLEIMAN: And if you do, by all means,
18 just e-mail us. We will definitely get back to
19 you.

20 MR. PAREDES: The only other thing I would
21 say is, this next meeting, September 4th, which
22 is two weeks away from here, is that when we
23 want to meet? I'm going to be out, but you
24 guys do what --

25 CHAIRMAN MENENDEZ: Is there anything that

1 needs to be reviewed for a Commission meeting,
2 that we had that meeting planned or it was just
3 a placeholder?

4 MR. KLEIMAN: Originally it was planned to
5 go over this, because we wanted to have you see
6 it before the two budget hearings, but now that
7 we have done it at this point, it probably can
8 be changed. Just remember that the
9 investments, Pete, our treasurer, was going to
10 come in at that point. If that can wait, we
11 can maybe reschedule, if that's an issue.

12 MR. PAREDES: No. No. No. That was a
13 Carmen request.

14 MR. KLEIMAN: No, I know. If you want to
15 reschedule the September 4th, let us know.

16 MR. PAREDES: That's in less than two
17 weeks.

18 CHAIRMAN MENENDEZ: I think we should. At
19 this point, if there's nothing that's urgent,
20 that we need to see before it goes to
21 Commission, unless there's a need for it, we
22 would push it back until after, until October.

23 If we were to move that meeting, we would
24 move it to October.

25 MR. KLEIMAN: That's entirely up to the

1 Board. We try to call a meeting once a month,
2 if there's something to discuss. In this case,
3 we had that discussion and the CIP has now been
4 discussed.

5 Why don't we do it this way, let me find
6 out what items we have to discuss and then we
7 can put that on an e-mail from Yvette, and then
8 she'll poll you guys to see how it works.

9 MS. OLAZABAL: Maybe September 25th.

10 MR. PAREDES: The 25th is good for me, too.

11 CHAIRMAN MENENDEZ: Okay. Perfect. We'll
12 just close out the meeting. Thank you.

13 (Thereupon, the meeting was concluded at
14 9:45 a.m.)

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C E R T I F I C A T E

STATE OF FLORIDA:

SS.

COUNTY OF MIAMI-DADE:

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

DATED this 29th day of August, 2019.



NIEVES SANCHEZ