

BAL HARBOUR VILLAGE BUDGET COMMITTEE
REGULAR MEETING MINUTES – JULY 18, 2013

A Regular Meeting of the Bal Harbour Village Budget Committee was held on Thursday, July 18, 2013, in the Council Chamber at Bal Harbour Village Hall (655 – 96th Street, Bal Harbour, Florida).

The meeting was called to order at 7:09 p.m. by Councilman Packer.

1. CALL TO ORDER/ROLL CALL: The following members were present:

Councilman Martin Packer
Dina V. Cellini
Seth E. Salver¹
Raj Singh

Absent: Michael M. Krop

Others Present: Councilwoman Patricia Cohen
Jay Smith, Interim Village Manager
Ellisa L. Horvath, MMC, Village Clerk

As a quorum was determined to be present, the meeting commenced.

2. PLEDGE OF ALLEGIANCE: The pledge was led by Village Attorney Richard Weiss.

3. APPROVAL OF MINUTES: The minutes will be provided for approval, at the next meeting.

DISCUSSION OF LEGAL FEES: It was the consensus of the Committee to discuss Tab 5 out of order. The Committee commenced discussion on the legal fees.

Richard J. Weiss – Village Attorney (Weiss Serota Helfman Pastoriza Cole & Boniske), addressed the Committee.

The following items were highlighted:

Mr. Weiss clarified that the amounts listed in the categories didn't pertain to the work that was done, but was based on a formula used by the Village, which allocated a percentage of the legal fees to each department. He noted that the Village paid a \$216.00 hourly rate (one quarter of the firm's normal rates) and was not billed for phone calls or his attendance at regular Council meetings. He agreed that the legal bills were high, but explained that there was a lot going on in the Village.

Mr. Salver arrived.

¹ Mr. Salver arrived during discussion of legal fees.

Mr. Weiss spoke in favor of budgeting the same amount for legal fees, due to anticipated items including: the Bal Harbour Shops expansion project, the Department of Justice (DOJ) findings, a new Village Manager, etc.

Mr. Smith explained the formula that was used (55% general fund, 15% resort tax, 15% water, and 15% sewer), if the bills were not specified for a certain area.

Ms. Cellini clarified that the legal fees for the Gated Area were not paid with general funds.

Chris Wallace, Finance Director, arrived.

Mr. Weiss reviewed pending litigation including red light cameras and possibly forfeiture matters. Mr. Smith discussed a whistleblower complaint, which was not in litigation. Mr. Weiss would see if the whistle blower complaint would be covered by insurance first and then his firm would work in conjunction with the insurance company.

Ms. Cellini discussed the DOJ findings. Mr. Weiss discussed an upcoming internal affairs investigation, to see if any disciplinary actions, etc. were appropriate. He noted that could be a source of legal expenses, if the Police Officers/Police Benevolent Association fought the actions. He advised that the insurance company was notified and there was a possibility of litigation.

Mr. Singh suggested that the legal bills be applied to the appropriate department, instead of using a formula. Mr. Smith suggested moving all the legal fees to General Government, other than for the Gated Residential Section Advisory Committee or the Resort Tax Committee. The current formula will be used until September 30th.

Mr. Weiss noted that it was possible that there would be increased exposure, as a result of the latest DOJ report.

Mr. Singh suggested that the \$800,000.00 (Contingency) that was budgeted in the current year be restricted in the General Fund and possibly increased, for the DOJ findings.

Councilman Packer questioned the possibility of recovery from the employees involved. Mr. Weiss explained the internal affairs investigation and possible grievances.

Mr. Singh briefly left the meeting and returned.

Anamarie Kelly Stoppa - 77 Camden Drive, questioned contact with the insurance company regarding the DOJ issue. Mr. Weiss will have further conversations with the insurance company. Ms. Stoppa suggested that the former Police Chief and Manager, who were receiving pensions, pay their legitimate share of what they owed the taxpayers. She suggested that money be budgeted, in a contingency fund, for possible litigation.

Mr. Wallace will provide the total amount budgeted for legal fees. He preferred to charge each department the appropriate amount, instead of using a formula.

Mr. Weiss didn't think the legal fees would be less, since a new Manager would need help and information with the numerous pending issues.

Mr. Weiss left the meeting.

4. DISCUSSION OF PRELIMINARY BUDGET FOR THE PUBLIC WORKS ACCOUNT: The Committee commenced discussion on the Public Works budget.

Leonard Robinson, Public Works Director, addressed the Committee.

The following items were highlighted:

Salaries: Mr. Wallace will provide a footnote or comment, to explain that the increase was due to personnel absorption into the public works department, so the prior years were not comparable.

Storm Drain Project: Mr. Wallace explained that the Storm Drain Project was not done in the current budget year, as anticipated, and was projected to be done in the upcoming budget year. He added that there was also revenue for that. Mr. Singh suggested that the money that was budgeted for the project this year (\$460,000.00) be set aside instead of re-budgeted and charged to the taxpayers again. Mr. Wallace explained that any money that wasn't used in the budget would be placed in the General Fund and could be re-appropriated. He noted that could be considered when the Village reviewed its total revenues and expenditures. Mr. Smith suggested that the Village appropriate whatever was not spent this year, for next year.

Mr. Singh spoke in favor of maintaining the integrity of each line item. He suggested that the Department Heads review their budgets by line item and not take money from one line item to cover another.

Mr. Smith suggested that an amount be allocated when the revenue portion was reviewed.

Machinery & Equipment: Mr. Smith noted that the amount should be zero, since the current budget was for the bus shelters, which should be completed by August. He clarified that the St. Regis was paying for the shelter in front of their property (they have paid \$50,000.00 and will be billed for the remainder).

Peter Kunen – Village Engineer (Craig A. Smith & Associates), thought that additional seating would be provided, outside of the shelter in front of the St. Regis. Ms. Cellini suggested that the Village wait until it knew the total cost, before the St. Regis was invoiced for their shelter.

Water Usage: Mr. Singh suggested less cushion in each line item, such as Water Usage. Mr. Wallace will review the current year expenses.

Maintenance of Equipment: The Committee recommended that this line item be decreased from \$51,000.00 to \$35,000.00.

Mr. Robinson budgeted enough to cover maintenance for the bucket truck (estimated to last one more year) and trash truck. He noted that a new bucket truck would be approximately \$80,000.00 to \$90,000.00. He explained that the Village picked up debris

from Brickman, on the beach, because only the Village was allowed there.

Mr. Robinson reviewed the street sweeper and the work done in the Gated Area (water, sewer, street sweep, storm drains, pressure cleaning curbs and gutters).

Mr. Wallace explained that was a General Fund expense, not a Gated Area expense, which was charged in the Water/Sewer fund. Councilman Packer questioned the amount of time the Village spent in the Gated Area. Ms. Cellini referred to the Village Attorney's opinion that curbs in the Gated Area belonged to the Village. Mr. Wallace agreed and explained that the streets were cleaned, to keep debris out of the storm drains. Mr. Kunen explained the storm drainage, drinking water, and sewer systems, which were interconnected throughout the entire Village (inside and outside of the gates).

Mr. Robinson discussed the need to replace one employee, who was terminated. Ms. Cellini suggested that employees who were terminated, due to the outsourcing of the garbage, be considered.

Mr. Salver requested the amount of time that was spent by Village personnel, in the Gated Area.

Councilman Packer discussed looking into the use of more energy efficient lights.

Operating Supplies: The Committee recommended that this line item be decreased from \$35,000.00 to \$20,000.00.

Purchasing Card: Mr. Robinson discussed his purchasing card usage and the lack of one affecting his ability to purchase items. Mr. Singh discussed being invoiced by the vendors, in lieu of using purchasing cards.

Tires: Mr. Smith suggested that this line item be moved under Maintenance of Vehicles and that the \$2,750.00 for tires be deleted, from the budget.

Uniforms: Mr. Smith will look at the possibility of decreasing this line item.

Professional Services: Mr. Smith reported that Landscape Architect Bill O'Leary will retire August 31, 2013 and additional money was budgeted for his replacement. He noted that Mr. O'Leary's fees were distributed amongst several departments, based on actual work. He added that the Village would put out a Request for Qualifications, for a Landscape Architect. Mr. Salver was surprised that Brickman didn't provide any landscape design, based on the amount they were paid.

Councilwoman Cohen suggested that Mr. O'Leary's position be reviewed, since he was retiring. She volunteered to provide her services, at no cost.

Councilman Packer voiced concern that would be a conflict of interest.

Mr. Smith will provide the total fees paid to Mr. O'Leary. Mr. Wallace estimated it to be approximately \$100,000.00. Mr. Singh suggested that a Landscape Architect be hired for specific projects, as they came up.

Anamarie Kelly Stoppa - 77 Camden Drive, agreed that the Village didn't have a conflict going into the Gated Area with the street sweeper, since the structure was installed by the Developer and dedicated to the Village. She questioned how the expense for the sprinkler system, etc. was charged to the Gated Area. Mr. Wallace explained that there were meters, which were charged to the Gated Area.

The Council voted in favor of the Budget Committee reviewing the \$30,000.00 administrative fee, paid by the Gated Area to the Village. Councilman Packer would also like to review the Village services used by the Gated Area (Police, etc.). He spoke in favor of Kent Security providing security for the Gated Area, not the Police. He suggested that the Police patrol up to the gates, similar to the condominium buildings. He also suggested that the Gated Area could hire an off-duty officer, to sit in the Gated Area, etc.

Mr. Singh discussed the ad valorem taxes paid by the Gated Area, for Village services.

Maintenance of Parking Meters: Mr. Smith explained the agreements with Laz Parking and Royce Parking, for maintenance of the parking meters, at the North Lot. He explained that the Village received the money from the meters, in the General Fund revenue and part of that went to the State. Mr. Wallace added that the Village was responsible for maintaining the North Lot.

Councilwoman Cohen reviewed the amount for the uniforms. Mr. Robinson explained that each employee received 11 pants, shirts, t-shirts, and steel toed boots.

Mr. Salver briefly left and returned to the meeting.

Mr. Robinson left the meeting.

5. DISCUSSION OF PRELIMINARY BUDGET FOR THE PARKS & RECREATION ACCOUNT: The Committee commenced discussion on the Parks & Recreation budget.

Michael O'Quinn, Director of Park and Transportation, addressed the Committee.

The following items were highlighted:

Special Events: Councilman Packer spoke in favor of the special events provided at the Park.

Salaries: Mr. Salver questioned if an outsourced company could provide the same services as the Park Department currently did (presented as an option by Mr. Smith at a prior Council meeting).

Councilman Packer discussed the need for a permanent restroom at the park. Mr. O'Quinn agreed. Mr. Smith advised that it was the Council's prior direction to wait for a re-evaluation of the Park. Ms. Cellini discussed the ability to use the bathroom at the recreation center. Mr. Smith noted that there was \$78,000.00 in the current budget, for park improvements.

Councilwoman Cohen discussed the need for a bathroom at the North lot also.

Councilman Packer spoke against a bathroom without attendants and against a bathroom at the North lot.

Councilwoman Cohen discussed the need for a Jewish event, at the Park. She will speak to Mr. Weiss about the ability to do that.

Councilman Packer suggested a holiday party in December, for the seniors. Mr. O'Quinn noted that the holiday party was changed to the snow festival, in January.

Purchasing Card: Mr. O'Quinn reviewed his purchasing card usage.

Mr. O'Quinn discussed the deterioration of the Park items and the need for an update. Councilman Packer discussed a proposal for a bathroom.

Fuel: Mr. Wallace thought that the fuel was being charged to the wrong department (Police), since that department had the car before Mr. O'Quinn.

Mr. O'Quinn left the meeting.

DISCUSSION OF PURCHASING CARD USE: It was the consensus of the Committee to discuss this item out of order.

Carolyn Travis, Director of Tourism Marketing, addressed the Committee and discussed her purchasing card usage and process for coding.

Mr. Singh requested the backup for the expense reports. He discussed problems with the purchasing cards, since the amount was debited from the Village's account right away. Mr. Wallace noted that disputes could still be made. Mr. Singh thought that there were some issues that needed to be addressed, for internal policy control. Mr. Wallace will request Marcum (Village Auditors) to provide a proposal to review that.

Mr. Salver discussed the need for a travel policy. Mr. Singh requested the expense reports for any of the trips to review. Ms. Travis reviewed some of the items charged to the purchasing cards.

Ms. Cellini requested the credit limits for each card. Mr. Wallace will provide that, but noted that the credit limit were normally \$1,500.00 to \$5,000.00. He added that sometimes the credit limits were increased temporarily, such as for Ms. Travis, but then reverted back.

Ms. Travis discussed FAM trips, etc. She noted that she flew business for international flights, per her contract. Mr. Singh requested Ms. Travis' contract. He recommended a policy to require three bids for overseas events, etc. Ms. Travis advised that she does that and has the backup, but doesn't present it to the Resort Tax Committee.

Mr. Singh requested to review the purchasing card expenses and backup for the year for everyone.

Ms. Travis didn't think that her flight arrangement was in the contract, but was a conversation she had with the Village Manager (Mr. Treppeda).

Mr. Singh spoke in favor of the Village being able to receive the frequent flyer miles, instead of Ms. Travis who was receiving them now. Mr. Wallace will look at that regarding taxing etc.

Councilman Packer reviewed a list he compiled of employees with purchasing cars. Mr. Wallace noted that the list didn't include employees who had the cards, but didn't use them.

Councilwoman Cohen discussed the use of the purchasing cards and the ability for fraud.

Mr. Singh spoke in favor of giving Ms. Travis three credit cards (one for travel, one for FAM trips, etc.), to separate the items and control them easier. Mr. Wallace noted that Mr. Futterman (Marcum) will provide a proposal and review for possible improvements.

Councilwoman Cohen discussed the need to look at the model being pursued by the Resort Tax Committee and if the Village wanted to continue on that path, to pursue bringing in tourists.

Councilman Packer discussed the duties of the Resort Tax Committee. Mr. Singh reviewed the history of the resort tax.

Councilwoman Cohen noted that it had been brought up how the residents benefitted. Mr. Singh clarified that the tax was primarily to promote tourism. Mr. Wallace explained that there were parameters on what the resort tax funds could be used for.

Ms. Cellini suggested that some employees be restricted from using their purchasing cards for meals. Mr. Wallace noted that could be done.

Mr. Salver suggested that itemized bills be provided from the restaurants.

Mr. Singh suggested a policy that the card couldn't be used for alcohol, etc.

Mr. Smith will adopt a policy for the purchasing cards.

Councilwoman Cohen reviewed purchases made by Sergeant Jack Young. Mr. Wallace advised that those were fraudulent charges and the Village was credited back for them.

Councilwoman Cohen questioned the charges at Bed Bath & Beyond. Mr. Smith noted that was for coffee.

Ms. Cellini discussed the continuous maintenance for the K-9 dog and questioned the necessity of having that unit.

Mr. Wallace will show where the 5% purchasing card rebate was posted, as miscellaneous revenue.

6. DISCUSSION OF PROPOSED REVENUE ACCOUNT: The Committee commenced discussion on the revenue accounts.

The following items were highlighted:

Parking Meter Collection: Mr. Salver suggested that this line item be decreased.

Red Light Camera Fines: Mr. Singh discussed the red light camera revenue. Mr. Salver thought that it benefitted the red light camera company, not the Village, and opened the Village up to liability.

Councilwoman Cohen agreed that it was a money maker for the company.

It was the consensus of the Committee that the revenue needed to be looked at.

Interest on SBA: Ms. Cellini questioned if anything should be budgeted, since nothing had been received to date. Mr. Wallace explained that the 5% rebate was only received, after a certain amount was charged, which varied.

Councilwoman Cohen questioned why the Village wasn't taking advantage on what it could receive from the card. Mr. Wallace explained the program.

Ms. Cellini agreed that if the Village wasn't receiving any benefits, even though it was spending up to \$700,000.00, it should look at other cards. Mr. Wallace will report what the Village had received over time and look into other card programs. He discussed the possible need to bid out card services.

Mr. Singh briefly left and returned to the meeting.

Mr. Singh discussed the risk involved with the cards. He didn't see the reason for the purchasing card program, when the Village wasn't doing any internal control and wasn't seeing the benefits. He discussed an American Express card for Ms. Travis.

Mr. Singh noted that the report showed a \$98,000.00 loss (red light cameras) that maybe shouldn't be there. Mr. Wallace will meet with Chief Daddario and will provide a copy of the contract with ATS (red light camera company). Mr. Singh noted that it wouldn't take any internal expenses into account. Mr. Smith reported that the Police Department was working on the amount of the internal expenses. Mr. Smith explained the upcoming red light camera hearing process.

7. DISCUSSION OF LEGAL FEES: This item was discussed earlier in the meeting.

8. DISCUSSION OF PURCHASING CARD USE: This item was discussed earlier in the meeting.

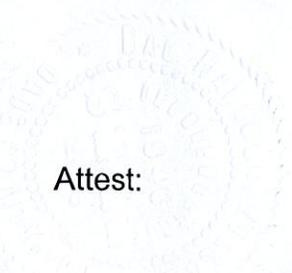
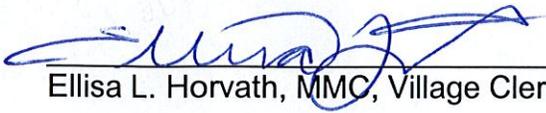
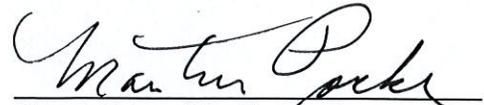
9. DISCUSSION OF TOP TEN VILLAGE VENDORS: This information will be provided at the next meeting.

10. ANNOUNCEMENT OF NEXT MEETING DATE: The next meeting is scheduled for July 30, 2013, at 7:00 p.m.

11. OTHER BUSINESS: None.

12. ADJOURN: There being no further business, a motion was offered by Mr. Singh and seconded by Ms. Cellini to adjourn. The motion carried (4-0) and the meeting was adjourned at 11:35 p.m.

Attest:



Ellisa L. Horvath, MMC, Village Clerk
Councilman Martin Packer