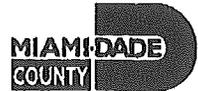


# Memorandum



**Date:** March 9, 2009

**To:** Charles D. Scurr, Executive Director  
Office of the Citizens' Independent Transportation Trust

**From:** *Cathy Jackson*  
Cathy Jackson, Director  
Audit and Management Services Department

**Subject:** Audit Report – Charter County Transit System Surtax Review – City of Miami

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## PURPOSE AND SCOPE

As requested, we reviewed the City of Miami's use of Charter County Transit System Surtax (Transit Surtax) proceeds remitted by Miami-Dade County (County) for the period January 1, 2003 through September 30, 2007, to verify compliance with the Interlocal Agreement. Our review included, but was not limited to, testing expenditures for propriety and assessing internal controls over recordkeeping and financial reporting.

## BACKGROUND

The City of Miami (City) is situated at the mouth of the Miami River on the western shores of Biscayne Bay in Miami-Dade County. The City is governed by an elected Mayor and five Commissioners. The City Manager, as appointed by the Mayor, is responsible for day-to-day oversight and administration. During the five-year period ended September 30, 2007, the County, through the Office of the Citizens' Independent Transportation Trust (OCITT), remitted \$54 million in Transit Surtax proceeds for the City to expend on qualifying transportation-related projects (Schedule I).

Pursuant to Section 212.055(1), Florida Statutes (2001), Miami-Dade County Ordinance (Ordinance) No. 02-116, enacted on July 9, 2002, imposed a one-half of one percent Transit Surtax on eligible sales transactions for transportation-related projects. Of the proceeds received by the County, 20% must be distributed to municipalities incorporated as of November 5, 2002 on a pro rata basis using population statistics. However, cities receiving Transit Surtax proceeds must continue the same level of General Fund support for transportation projects that was appropriated in their Fiscal Year (FY) 2002 Budget. Surtax funds must be spent or encumbered in the year of receipt. Proceeds may be used to develop, construct, equip, maintain, operate, or expand:

- County-wide bus systems,
- Fixed guide-way rapid transit systems, and
- Roads and bridges in the County.

Surtax proceeds may also be used to secure bonds or pay debt service for such systems.

Further, cities are required to apply at least 20% of the proceeds to transit-related projects such as circulator buses, bus shelters, bus pullout bays, or other related infrastructure. If unable to do so, cities may apply such proceeds to a County project that enhances traffic mobility within their municipal boundaries, or funds shall be redistributed among other cities in the ensuing year for similar purposes.

Under the terms of the August 6, 2003 *Interlocal Agreement for Distribution of Charter County Transit System Surtax Proceeds Levied by Miami-Dade County* (Interlocal Agreement), the City reported zero dollars as its budgeted FY2002 General Fund transportation support level, or Maintenance of Effort (MOE). During the five years ended September 30, 2007, the City did not submit required annual reports of qualifying expenditures to the OCITT (Table I). Eligible expenditures should be determined each year using actual costs or appropriated amounts for qualifying transit and transportation projects, less the FY2002 MOE. As projects may take longer than a year to develop and construct, not all funds received for any given year will actually be spent in that fiscal year. The funds, however, must be authorized and appropriated within that fiscal year.

**Table I**  
**Surtax Proceeds and Expenditures Claimed**  
**For the Five Fiscal Years Ended September 30, 2007**

Description	Fiscal Year Ended September 30,					All Years
	2003	2004	2005	2006	2007	
Maintenance of Effort (MOE)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Surtax Proceeds	\$ 6,905,410	\$ 10,580,915	\$ 11,208,930	\$ 12,562,541	\$ 12,855,629	\$ 54,113,425
Surtax Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: OCITT and City of Miami

**SUMMARY RESULTS**

During the audit period, the City received \$54 million in Transit Surtax funds but submitted no annual reports of qualifying expenditures. However, City management reported to our auditors listings detailing how Surtax proceeds were spent or appropriated on qualifying projects (Schedule II). Albeit the City reported no MOE, we identified \$4.7 million of qualifying expenditures in the entity’s FY2002 Budget (Table II) that should have been reported. Based on the foregoing, we have determined that \$25.7 million (47%) of the Surtax proceeds were not spent or appropriated in fiscal years 2003 through 2006, and thus are subject to recapture (Table III). Further, City officials could not provide our auditors with copies of annual reports required by the Interlocal Agreement.

Our findings and recommendations along with the City’s preliminary responses (Attachment I) are presented in the remainder of this report. We have reviewed those responses and are pleased with the actions planned or already taken to address our concerns, except as otherwise noted. The City has requested that our recommendation to recapture unspent funds of \$25.7 million be

deferred until their officials have had the opportunity to further discuss the matter with OCITT. Nonetheless, final responses are requested from the City and OCITT no later than April 30, 2009, in accordance with Administrative Order 3-7. We appreciate the courtesies and assistance extended to our staff during the audit process. Please contact Nancy McKee, Deputy Director, at 305-349-6100 if you have any questions.

**FINDINGS AND RECOMMENDATIONS**

**General Fund Support**

The City reported zero dollars as its FY2002 General Fund transportation support level or MOE. However, our auditors identified \$4.7 million in eligible transportation items in the FY2002 Budget that should have been reported as MOE (Table II). Since municipalities are required to apply Surtax proceeds to supplement, rather than replace, their General Fund support for eligible projects, the propriety of all future uses of Transit Surtax proceeds are affected by the accuracy of the MOE.

**Table II  
 FY2002 MOE**

<b>Description</b>	<b>Budget</b>
<b>Public Works Operations Division</b>	
Salaries and Benefits	\$ 479,219
Contractual Services	68,461
Road Materials and Supplies	23,252
Street Lighting	4,148,000
	<u>\$ 4,718,932</u>

Source: City of Miami FY2002 Budget Analysis

**Recommendation**

Require the City to support and certify a corrected MOE within 30 days or withhold future disbursements until the certification is received. At a minimum, the certified MOE should be \$4.7 million.

**City's Response**

*The City has certified its Maintenance of Effort support level to be \$4.7 million as defined in the Interlocal Agreement (Attachment II).*

**Use of Surtax Proceeds**

Municipalities are required to apply at least 20% of their OCITT proceeds to transit-related projects such as circulator buses, bus shelters, bus pullout bays, or other related infrastructure. Although the City did not report any Surtax expenditures to the OCITT, City management provided a list of projects to our auditors (Schedule II). Based upon those actual expenditures

and the corrected MOE, we found that the City was unable to expend \$5.3 million of its required transit amount and \$20.4 million of its remaining 80% of Surtax proceeds on transportation-related projects (Table III).

**Table III**  
**Transit Surtax Funds Recommended for Recapture**

Description	Fiscal Year Ended September 30,					All Years
	2003	2004	2005	2006	2007	
Surtax Proceeds	\$ 6,905,410	\$ 10,580,915	\$ 11,208,930	\$ 12,562,541	\$ 12,855,629	\$ 54,113,425
Qualifying Costs (Schedule II): Transit Expenditures	\$ -	\$ 442,443	\$ 1,141,000	\$ 1,345,457	\$ 3,445,017	\$ 6,373,917
Transportation Expenditures	\$ 4,719,207	\$ 5,909,050	\$ 10,040,778	\$ 10,847,731	\$ 18,998,936	\$ 50,515,702
Less: MOE, as adjusted (Table II)	(4,718,932)	(4,718,932)	(4,718,932)	(4,718,932)	(4,718,932)	(23,594,660)
Transportation Expenditures, as adjusted	\$ 275	\$ 1,190,118	\$ 5,321,846	\$ 6,128,799	\$ 14,280,004	\$ 26,921,042
AMS Analysis:						
Transit Expenditures						
Required 20% Transit Minimum <sup>1</sup>	\$ 1,381,082	\$ 2,116,183	\$ 2,241,786	\$ 2,512,508	\$ 2,571,126	\$ 10,822,685
Qualifying Transit-Related Expenditures Applied	-	(442,443)	(1,141,000)	(1,345,457)	(3,445,017)	(6,373,917)
Unused (Excess) Transit Funds	\$ 1,381,082	\$ 1,673,740	\$ 1,100,786	\$ 1,167,051	\$ (873,891)	\$ 4,448,768
Transportation-Related Expenditures						
Remaining 80% Balance <sup>1</sup>	\$ 5,524,328	\$ 8,464,732	\$ 8,967,144	\$ 10,050,033	\$ 10,284,503	\$ 43,290,740
Excess Transit Expenditures Applied <sup>2</sup>	-	-	-	-	(873,891)	(873,891)
Qualifying Transportation-Related Expenditures Applied	(275)	(1,190,118)	(5,321,846)	(6,128,799)	(9,410,612)	(22,051,650)
Unused Transportation Funds	\$ 5,524,053	\$ 7,274,614	\$ 3,645,298	\$ 3,921,234	\$ -	\$ 20,365,199
Recommended Recapture:						
Transit	\$ 1,381,082	\$ 1,673,740	\$ 1,100,786	\$ 1,167,051	\$ -	\$ 5,322,659
Transportation	5,524,053	7,274,614	3,645,298	3,921,234	-	20,365,199
	\$ 6,905,135	\$ 8,948,354	\$ 4,746,084	\$ 5,088,285	\$ -	\$ 25,687,858

<sup>1</sup> At least 20% of Transit Surtax proceeds must be used on transit-related projects, such as circulator buses, and the remaining funds (80%) are earmarked for eligible transportation projects as defined by Florida Statutes.

<sup>2</sup> Excess transit expenditures may be used to offset available transportation funds.

**Recommendation**

OCITT should recapture or withhold \$25.7 million from subsequent remittances.

**City's Response**

***Regarding the eighty-percent (80%) transportation portion of the City's municipal share:***

*Pursuant to City Commission Resolution R-07-0586, adopted October 11, 2007, the City has pledged all of the eighty-percent (80%) transportation portion of the City's municipal share of the Transportation Surtax to repayment of the City's outstanding approximately Seventy-Eight Million, Six Hundred and Forty Thousand Dollars (\$78,640,000) of Special Obligation Bonds, Series 2007 (Street and Sidewalk Improvement Program) (the "Series 2007 Bonds").*

*Under that authorizing Resolution R-07-0586, the pledge of the eighty percent (80%) transportation portion attaches from the beginning of the City's municipal share revenue stream in 2002 through the maturity of not only the Series 2007 Bonds, but also through the maturity of any future series of bonds to be issued by the City for the Street and Sidewalk Improvement Program.*

***Regarding the twenty-percent (20%) transit portion of the City's municipal share:***

*As required by the Interlocal Agreement, from 2003 to 2007 the City transmitted annually its certified City Budget report with no written notices of deficiencies from the County in accordance with the notice and ninety (90) day cure processes of Section 7. As has been discussed, the City's ongoing transit projects and programs span multiple years and are not completed in just one fiscal cycle, but have funding reserved on an annual basis in the City's Budget. This practice was not questioned from 2003 until 2008, so the City's good faith understanding has been that it is in compliance under the Interlocal Agreement.*

**AMS Rejoinder**

*Surtax funds must be spent or encumbered in the year of receipt. The City's unused Surtax proceeds in FY2003-2006 were not expended, pledged nor encumbered in those fiscal years, thus we reaffirm our finding.*

**Certification and Reporting Requirements**

The City could not provide our auditors with annual reports of qualifying expenditures, nor with the Five-Year Transportation Plan for FY2003. These reports must be submitted annually on June 1, along with a certification that OCITT funds were used in accordance with the terms of the Interlocal Agreement.

**Recommendation**

- The City should submit all required reports to the OCITT as required by the Interlocal Agreement.
- OCITT should consider withholding funding if reports are incomplete or delinquent.

**City's Response**

*The City annually provided the County with certified Budgets for the fiscal years 2002-2003, 2003-2004, 2004-2005, 2005-2006, and 2006-2007 under the Interlocal Agreement dated August 6, 2003.*

**AMS Rejoinder**

*While the City did submit its certified Budgets, it did not submit annual reports of qualifying expenditures nor the FY2003 Five-Year Transportation Plan. Thus, AMS maintains the accuracy of our finding.*

CJ:zg

Attachments

- c: Honorable Harvey A. Ruvin, Clerk of the Courts  
George M. Burgess, County Manager  
Robert A. Cuevas, Jr., County Attorney  
Ysela Llort, Assistant County Manager  
Jennifer Glazer-Moon, Special Assistant/Director, Office of Strategic Business Management  
Charles Anderson, Commission Auditor  
Pedro G. Hernandez, City Manager, City of Miami

**Charter County Transit System Surtax  
Summary of Payments to Municipalities  
For the Five Fiscal Years Ended September 30, 2007**

Municipality	Fiscal Year Ended September 30,					Total
	2003	2004	2005	2006	2007	
City of Aventura	\$ 495,408	\$ 759,096	\$ 818,788	\$ 933,612	\$ 947,021	\$ 3,953,925
Town of Bal Harbour Village	62,707	96,085	99,550	112,832	105,834	477,008
Town of Bay Harbor Islands	96,989	148,613	155,936	172,145	173,190	746,873
Village of Biscayne Park	62,045	95,070	104,750	117,666	110,586	490,117
City of Coral Gables	810,009	1,241,148	1,298,953	1,467,752	1,480,710	6,298,572
Village of El Portal	47,795	73,232	76,045	84,400	84,367	365,839
City of Florida City	153,748	235,582	254,464	288,454	291,983	1,224,231
Town of Golden Beach	17,511	26,830	27,952	32,999	24,732	130,024
City of Hialeah	4,382,718	6,715,483	7,014,990	7,730,686	7,656,151	33,500,028
City of Hialeah Gardens	373,801	572,763	604,331	676,565	681,956	2,909,416
City of Homestead	621,791	952,745	1,051,671	1,208,129	1,275,853	5,110,189
Indian Creek Village	625	955	931	1,093	-	3,604
Village of Key Biscayne	202,733	310,644	333,638	369,378	379,639	1,596,032
Town of Medley	21,186	32,464	33,963	37,170	37,616	162,399
<b>City of Miami</b>	<b>6,905,410</b>	<b>10,580,915</b>	<b>11,208,930</b>	<b>12,562,541</b>	<b>12,855,629</b>	<b>54,113,425</b>
City of Miami Beach	1,686,079	2,583,517	2,719,756	3,029,839	3,108,056	13,127,247
Town of Miami Lakes	460,331	705,348	737,093	822,002	822,114	3,546,888
Village of Miami Shores	197,655	302,860	313,826	346,278	348,437	1,509,056
City of Miami Springs	259,738	397,985	412,534	456,196	459,353	1,985,806
City of North Bay Village	126,762	194,231	198,770	218,913	215,921	954,597
City of North Miami	1,136,965	1,742,129	1,805,505	1,989,253	2,004,095	8,677,947
City of North Miami Beach	799,300	1,224,740	1,267,423	1,402,019	1,366,735	6,060,217
City of Opa-Locka	291,102	446,045	468,652	533,416	513,020	2,252,235
Village of Palmetto Bay	459,612	704,246	745,086	824,252	823,908	3,557,104
Village of Pinecrest	361,540	553,977	579,684	639,364	646,631	2,781,196
City of South Miami	203,889	312,415	323,655	360,476	351,494	1,551,929
City of Sunny Isles Beach	293,299	449,411	486,866	548,772	555,020	2,333,368
Town of Surfside	95,908	146,959	157,799	184,160	144,185	729,011
City of Sweetwater	270,238	414,075	429,218	472,215	477,595	2,063,341
Village of Virginia Gardens	44,592	68,325	70,576	77,979	78,619	340,091
City of West Miami	113,307	173,613	185,212	202,961	194,190	869,283
	<u>\$ 21,054,793</u>	<u>\$ 32,261,501</u>	<u>\$ 33,986,547</u>	<u>\$ 37,903,517</u>	<u>\$ 38,214,640</u>	<u>\$ 163,420,998</u>

Source: Citizens' Independent Transportation Trust

Charter County Transit System Surtax - City of Miami  
 Listing of Qualifying Surtax Projects  
 For the Five Years Ended September 30, 2007

Description	Project Number	Fiscal Year Ended September 30,					All Years
		2003	2004	2005	2006	2007	
<b>Transit Projects</b>							
Miami Streetcar	B-71215	\$ -	\$ -	\$ -	\$ -	\$ 3,950	\$ 3,950
Miami Streetcar - Feasibility Study	B-71215A	-	442,443	90,002	-	-	532,445
Miami Streetcar - Design & Utility Relocation	B-71215B	-	-	570,916	382,518	-	953,434
Miami Streetcar - Financial Analysis	B-71215C	-	-	180,082	148,767	-	328,849
Miami Streetcar - Midtown Underground Infrastructure	B-71215D	-	-	-	-	1,939,183	1,939,183
Miami Streetcar - Preliminary Design	B-71215E	-	-	-	539,746	1,091,350	1,631,096
Miami Streetcar - Topographical Services	B-71215G	-	-	-	-	21,964	21,964
Miami Streetcar - Geotechnical Services	B-71215J	-	-	-	-	84,000	84,000
Bus Circulator Services	B-71201	-	-	300,000	274,426	304,570	878,996
<b>Total Transit Projects</b>		\$ -	\$ 442,443	\$ 1,141,000	\$ 1,345,457	\$ 3,445,017	\$ 6,373,917
<b>Transportation Projects</b>							
Coconut Grove Traffic Calming	B-30004	\$ -	\$ -	\$ 7,726	\$ 64	\$ 33	\$ 7,823
SW 27 & 28 St. East of 27 Ave. Traffic Calming Circle	B-30083A	-	-	-	6,759	320,606	327,365
Shenandoah Traffic Calming	B-30167	-	-	-	-	923,027	923,027
Silver Bluff Traffic Calming - Phase I	B-30168	-	-	-	-	642,865	642,865
Downtown Infrastructure Streets - Phase II	B-30177	-	-	-	120,435	655,856	776,291
Allapattah NW 22 Court Improvements	B-30226	-	-	-	32,500	326,084	358,584
NW 19 Terrace - Milling, Resurfacing	B-30228	-	-	-	22,428	-	22,428
Glenroyal Parkway Enhancements	B-30230	-	-	-	-	160,496	160,496
Citywide Traffic Circles - The Roads, Flagami, Coconut Grove	B-30235	-	-	33,564	79,054	-	112,618
West Little Havana, Home Depot Area Traffic Circles	B-30235A	-	-	-	7,500	256,540	264,040
Shore Crest Along NE 85 and NE 86 Streets - Speed Humps	B-30235B	-	-	-	-	79,835	79,835
Allapattah Road Improvements - NW 39 St.	B-30243	-	-	48,259	2,533	-	50,792
Civic Center Implementation Plan - Design Report	B-30248	-	-	-	72,125	211,695	283,820
Buena Vista Heights - Phase II - Milling, Resurfacing	B-30323	-	-	-	-	206,461	206,461
NW 3 Street Improvements - Milling, Resurfacing	B-30324	-	-	44,114	682,818	-	726,932
NW 20 Street Streetscape - ADA Ramps, Concrete Sidewalks	B-30328	-	-	-	33,863	33,438	67,301
Biscayne Blvd. Reconstruction - NE 14 St. to 15 St.	B-30337	-	-	-	1,421,874	62,323	1,484,197
NE 4 St. Improvements - Milling, Resurfacing, Expansion	B-30357	-	-	-	919	149,681	150,600
Utility Coordination of Street Projects - Citywide	B-30359	-	-	200,254	6,301	-	206,555
PAC Super Block Streetscape Improvement	B-30361	-	-	-	-	107,837	107,837
Variable Message Sign Traffic Initiative	B-30506	-	-	-	-	15,999	15,999
NW 32 St., NW 23 and 24 Ave. - Street Maintenance	B-30507	-	-	-	-	632,198	632,198
Liberty Square Traffic Barriers - Relocate Barriers	B-30529	-	-	-	-	18,224	18,224

**Charter County Transit System Surtax - City of Miami**  
**Listing of Qualifying Surtax Projects**  
**For the Five Years Ended September 30, 2007**

Description	Project Number	Fiscal Year Ended September 30,					All Years
		2003	2004	2005	2006	2007	
<b>Transportation Projects Continued</b>							
Vizcaya Median & ROW	B-30530	-	-	-	-	16,200	16,200
South Bayshore Drive Medians Beautification - New Sod	B-30535	-	-	-	-	19,730	19,730
Little River Industrial Park - Study of Streetscape Related Items	B-30540	-	-	-	-	12,000	12,000
US1 Wall Replacement and Milling/Resurfacing Improvements	B-30542	-	-	-	-	4,071	4,071
Marlins Stadium Orange Bowl Site Preliminary Traffic Assessment	B-30560	-	-	-	-	45,338	45,338
Marlins Stadium Downtown Site Preliminary Traffic Assessment	B-30560A	-	-	-	-	45,338	45,338
NW 34 Ave. Improvements - Milling, Resurfacing	B-30561	-	-	-	-	436,440	436,440
Baypoint Storm Sewer Rehabilitation	B-30563	-	-	-	-	12,990	12,990
NW 43 Ave. Street Improvements - Milling, Resurfacing	B-30565	-	-	-	-	20,097	20,097
NW 18 Terrace Street Improvements - Milling, Resurfacing	B-30570	-	-	-	-	67,352	67,352
NE 39 St. Reconstruction - Milling, Resurfacing	B-31208	-	-	51,209	382,204	1,882,642	2,316,055
NE 38 St. Reconstruction - Milling, Resurfacing	B-31209	-	-	84,142	46,549	7,911	138,602
NW 35 Court Medians - Milling, Resurfacing	B-31221	-	-	-	23,100	323,078	346,178
NW 16 St. Improvement Project - Milling, Resurfacing	B-31221A	-	-	-	31,900	861,242	893,142
NE 9, 10 & 11 Streets Two Way Street Conversion	B-33100	-	20,352	15,666	13,095	-	49,113
The Roads Neighborhood Traffic Calming	B-40671	-	-	1,238,363	759,592	10,421	2,008,376
Coral Gate Neighborhood Traffic Calming	B-40688	-	-	315,815	19,448	-	335,263
NW 15 Ave. Improvements Project - Milling, Resurfacing	B-40689	-	-	215,585	56,739	-	272,324
Miami River Greenway Streetscape Project - Segment A	B-40690	-	-	-	12,980	267	13,247
Miami River Greenway Streetscape Project A - Lighting Installation	B-40690A	-	-	-	-	34,329	34,329
Miami River Greenway Streetscape Project - Segment E2	B-40693	-	-	6,195	159,932	53,924	220,051
Miami River Greenway Streetscape Project - Segment F	B-40694	-	-	145,219	25,867	-	171,086
Miami River Greenway Streetscape Project - Segment G	B-40695	-	-	10,684	-	-	10,684
SW 69 Ave. Road Priority Reconstruction Project	B-40697	-	-	265,239	352,160	-	617,399
Allapattah Road Improvements Project - Milling, Resurfacing	B-40702	-	-	101	129,780	-	129,881
Model City/ Floral Park - Street Improvements Phase I	B-40703	-	-	74,390	114,513	476,579	665,482
Holliman Park Area Street Improvements - Milling, Resurfacing	B-40705	-	-	51,474	-	-	51,474
Belle Meade Storm Sewer Project, Phase II	B-50672	-	-	-	-	365,857	365,857
NW 14 St. Project - Milling, Resurfacing	B-50686	-	-	136,291	-	98,336	234,627
Liberty City Drainage Improvements Project Phase I	B-50692	-	-	14,619	-	-	14,619
Flagami/West End Storm Sewer Impr. Project Phase II	B-50695	-	-	-	65,480	2,570	68,050
Fairlawn Storm Sewer Pump Station Proj Phase 2B	B-50703	-	-	-	27,199	35,893	63,092
Spring Garden Bridge Repairs - Replace Sidewalk	B-60459	-	-	-	31,565	321,071	352,636
South Miami Ave. Improvements - Roundabout Construction	B-60479	-	-	-	41,916	1,962,742	2,004,658
HDR Program Management Services	B-71214	-	-	-	1,161,834	1,171,943	2,333,777

**Charter County Transit System Surtax - City of Miami**  
**Listing of Qualifying Surtax Projects**  
**For the Five Years Ended September 30, 2007**

Description	Project Number	Fiscal Year Ended September 30,					All Years
		2003	2004	2005	2006	2007	
<b>Transportation Projects Continued</b>							
Consul-Tech General Engineering Consultant Services - Design	B-71217	-	997,136	2,002,864	-	-	3,000,000
Model City Infrastructure/MLK Boulevard - Milling, Resurfacing	B-78505	-	-	-	200	266,942	267,142
NE 2 Ave. Improvements - Design	B-78508	-	-	-	55,000	-	55,000
		-	1,017,488	4,961,773	6,000,226	13,358,501	25,337,988
<b>Public Works Operations Division</b>							
Salaries and Benefits		520,972	535,769	594,325	521,446	610,547	2,783,059
Contractual Services		64,357	26,481	12,615	19,913	29,186	152,552
Road Materials and Supplies		19,172	21,979	21,552	22,879	30,246	115,828
Street Lighting		4,114,706	4,307,333	4,450,513	4,283,267	4,970,456	22,126,275
		4,719,207	4,891,562	5,079,005	4,847,505	5,640,435	25,177,714
<b>Total Transportation Projects</b>		<b>\$ 4,719,207</b>	<b>\$ 5,909,050</b>	<b>\$10,040,778</b>	<b>\$ 10,847,731</b>	<b>\$18,998,936</b>	<b>\$ 50,515,702</b>
<b>Total Transit and Transportation Projects</b>		<b>\$ 4,719,207</b>	<b>\$ 6,351,493</b>	<b>\$11,181,778</b>	<b>\$ 12,193,188</b>	<b>\$22,443,953</b>	<b>\$ 56,889,619</b>

Source: City of Miami Transit Half-Cent Surtax Expenditures Report

# City of Miami



PEDRO G. HERNANDEZ, P.E.  
CITY MANAGER

P.O. BOX 330708  
MIAMI, FLORIDA 33233-0708  
(305) 250-5400  
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January 23, 2009

**Preliminary Response:**

Cathy Jackson, Director  
Audit and Management Services Department  
Miami-Dade County  
SunTrust International Center,  
1 S.E. Third Avenue, Suite 1110  
Miami, Florida 33131

RE: December 31, 2008 Informal Discussion Draft Audit Report – Charter County  
Transit System Surtax Review – City of Miami

Dear Ms. Jackson:

Thank you for the opportunity for the City of Miami (the "City") to provide Miami-Dade (the "County") with additional review comments to the informal Discussion Draft Audit Report Charter County Transit System Surtax Review dated December 31, 2008 regarding the City's use from January 1, 2003 through September 30, 2007 of its municipal share of the Charter County Transit System Surtax as approved by the electorate of the County on November 5, 2002 (the "Transportation Surtax"). My understanding is that the City and the County Auditor's have already agreed: (1) that the City annually provided the County with certified Budgets for the fiscal years 2002-2003, 2003-2004, 2004-2005, 2005-2006, and 2006-2007 under the Interlocal Agreement dated August 6, 2003 (the "Interlocal Agreement"), and (2) that the City certified its Maintenance of Effort support level as defined in the Interlocal Agreement.

**Regarding the eighty-percent (80%) transportation portion of the City's municipal share:**

Please note that pursuant to City Commission Resolution R-07-0586, adopted October 11, 2007, the City has pledged all of the eighty-percent (80%) transportation portion of the City's municipal share of the Transportation Surtax to repayment of the City's outstanding approximately Seventy-Eight Million, Six Hundred and Forty Thousand Dollars (\$78,640,000) of Special Obligation Bonds, Series 2007 (Street and Sidewalk Improvement Program) (the "Series 2007 Bonds").

Under that authorizing Resolution R-07-0586, the pledge of the eighty percent (80%) transportation portion attaches from the beginning of the City's municipal share revenue stream in 2002 through the maturity of not only the Series 2007 Bonds, but also through the maturity of any future series of bonds to be issued by the City for the Street and Sidewalk Improvement Program.

**Regarding the twenty-percent (20%) transit portion of the City's municipal share:**

As required by the Interlocal Agreement, from 2003 to 2007 the City transmitted annually its certified City Budget report with no written notices of deficiencies from the County in accordance with the notice and ninety (90) day cure processes of Section 7. As has been discussed, the City's ongoing transit projects and programs span multiple years and are not completed in just one fiscal cycle, but have funding reserved on an annual basis in the City's Budget. This practice was not questioned from 2003 until 2008, so the City's good faith understanding has been that it is in compliance under the Interlocal Agreement.

The City reserves all of its rights to discuss the forthcoming Audit Report with the County, to provide additional, amendatory, and supplemental responses, and to avail the City of all applicable processes. If you have any further questions, we appreciate the opportunity to work through any open issues.

Sincerely,



Pedro G. Hernandez, P.E.  
City Manager

Cc: Julie O. Bru, City Attorney  
Larry Spring, Chief Financial Officer  
Bill Anido, Assistant City Manager  
Diana Gomez, Finance Director  
Pete Chircut, Treasurer  
Ola Aluko, Director, Capital Improvements  
Lilia Medina, Assistant Transportation Coordinator  
Rafael O. Diaz, Supervising Attorney  
Robin J. Jackson, Assistant City Attorney

# City of Miami

PEDRO G. HERNANDEZ, P.E.  
CITY MANAGER



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January 20, 2009

Charles D. Scurr, Interim Executive Director  
Office of the Citizens' Independent Transportation Trust  
111 N.W. 1<sup>st</sup> Street, Suite 1010  
Miami, Florida 33128

**RE: OCITT Required Documentation per the ILA on the Municipal Portion of the  
Charter County Transit System Sales Surtax (People's Transportation Plan)  
Maintenance of Effort**

Dear Mr. Scurr:

The City of Miami, via this transmittal, is providing the Office of the Citizens' Independent Transportation Trust (OCITT), the following required documentation as outlined in the Interlocal Agreement (ILA) between the City and Miami-Dade County executed on July 10, 2007:

1. The City certifies that its Maintenance of Effort (MOE) has been revised from zero dollars to \$4,718,932 for Fiscal Year 2002.
2. The City also certifies that it has allocated at least the same level of General Fund support for transportation and transit projects in the City's budget for Fiscal Years 2003-2007. These are the years reviewed for compliance to the ILA by the Miami-Dade County Audit and Management Services Department. The City has submitted a revised MOE report for Fiscal Years 2002-2007 to the Audit Department. The City has actually spent more than the MOE amount for Fiscal Year 2002.

I hope that this transmittal serves to fully respond to the MOE documentation per the requirements of the ILA. If you have any questions, please call me at 305.416.1027 or Lilia I. Medina, Assistant Transportation Coordinator, at 305.416.1080.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Anido".

Bill Anido, P.E.  
Assistant City Manager

BA/lin

c: Pedro G. Hernandez, P.E., City Manager  
Cathy Jackson, Director, Audit & Management Services  
Nestor H. Toledo, Municipal Administrator, OCITT