

# Memorandum



**Date:** September 21, 2009

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

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

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

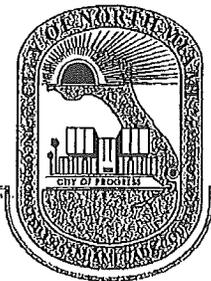
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We have reviewed the City of North Miami's Response to the subject Audit Report dated November 24, 2008. We do not agree that the raising and removal of landscaping qualifies as allowable uses of Surtax Proceeds. Those costs should be excluded from the City's Maintenance of Effort and its annual transportation expenditures. However, using the recently revised guidelines approved by Members of the Citizens' Independent Transportation Trust, we understand that the \$4.4 million in unspent Transit Surtax amounts cited in our Audit Report may be eligible for rollover.

Based on the foregoing, the audit has been closed, however, follow up reviews will be conducted to assure that the City has been formally notified regarding resolution of the unspent funds and new spending rules are adhered to. If you have any questions, please contact Nancy McKee, Deputy Director, at 305-349-6100.

CJ:ag

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  
Clarence Patterson, City Manager, City of North Miami



# City of North Miami

776 Northeast 125th Street, P.O. Box 619085, North Miami, Florida 33261-9085

(305) 893-6511

November 24, 2008

Ms. Cathy Jackson, Executive Director  
Miami-Dade County  
Audit and Management Services Department  
1 SE Third Avenue, Suite 1100  
Miami, FL 33131

**RECEIVED**

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DIRECTOR'S OFFICE  
AUDIT & MANAGEMENT  
SERVICES DEPARTMENT

Re: Response to Audit Report – Charter County Transit System Surtax Review

Dear Ms. Jackson:

This letter is in response to the September 30, 2008 Audit Report on the North Miami Surtax Review. The Report covered the proceeds remitted by the County from January 1, 2003 through September 30, 2007. The Report makes several recommendations and requires actions by the City. As you will see in this letter, we disagree with some of the findings and therefore will need a written response to questions raised in this letter before being able to deliver the following:

- A letter certifying the corrected Maintenance of Effort (MOE) for previous years
- Revised reports reflecting disallowed expenditures

### MISSING REPORT

One of the first requests, on page 2 of the Audit Report, is to provide auditors with copies of annual reports required by the agreement. Please note that we did submit reports when they were due, however, the 2007 annual report was not found in CITT Staff files. This report was sent to Ms. Nancy McKee on October 1, 2008 after our preliminary discussions about the Audit Report in September.

### GENERAL FUND SUPPORT

The City had been reporting an MOE of \$2,284,135, but this included right-of-way landscaping and maintenance expenses that were found to not qualify for MOE purposes. The amended MOE is therefore the amount budgeted for Transportation Projects (Decision Unit 450) in the 2001-2002 fiscal year. However, we are not able to provide updated MOE reports at this time because of issues raised in the body of this letter.

### DISALLOWED PROJECTS

We agree that the following adjustments listed in the Audit Report need to be made to the reported Surtax expenditures by the City:

- Entrance Sign at 135 Street: \$80,791 in 2004
- Income from Biscayne Park: \$20,000 in 2006 and \$32,500 in 2007
- Boom sprayer: \$9,986 in 2004
- Street Sweeping Expenditures that were paid out of the Stormwater fund

#### Adjustments to "Landscaping" Expenditures

The Audit Report states that expenditures that were labeled as "landscaping" are not allowable as they are not transportation related. We disagree with this finding because we have been very careful to use Surtax funds strictly for tree raising or removal in the City's right-of-way. This is not done for aesthetic reasons, but to allow traffic to flow without the obstruction of low lying tree limbs and to provide unobstructed views of traffic signals and signs. This is especially important for trucks and buses. Although this work is under the auspices of the Parks Department and our financial reporting system categorizes them as "landscaping," they are truly transportation related; in many cities this work falls under the Public Works department. Also, these expenses were reported to the OCITT in all previously submitted quarterly updates and annual reports. Lastly, it is critical that we are able to continue to use Surtax funds for this task in the future. We recommend that the adjustments below be added back to the transportation related portion of our expenditures.

<i>Parks Department transportation expenses</i>	2003	2004	2005	2006	2007	TOTAL
Street tree raising/removal	0	39,977	79,230	149,960	99,959	369,126
Chipper Equipment	0	0	0	0	35,490	35,490
Supplies	0	0	0	0	4,400	4,400

#### Sidewalk Expenditures

Although not explicitly stated in the Report, expenditures related to sidewalk repairs were deducted from the *Transit Expenditures - Reported Expenditures*, in Table IV. These expenditures were for sidewalk repairs and installations to allow for ADA access to adjoining transit stops, such as Miami-Dade Transit and NOMI Express bus stops. The definition about the distance to a transit stop changed over the years and this did lead to some confusion. However, the goal of improving pedestrian facilities anywhere near transit is essential if we want to provide a true alternative to the automobile. It is also important to note that although there were not significant General Fund expenditures for sidewalks since 2003, we received and spent \$1.2 million dollars of Federal and State funds for sidewalks that may not have been near transit stops. We therefore recommend that the sidewalk expenditure figures be added back to the transit related portion of our expenditures.

	2003	2004	2005	2006	2007	TOTAL
Sidewalk expenditures	0	44,523	54,298	10,539	60,620	169,980

#### USE OF SURTAX PROCEEDS

##### Minimum 20% of Transit-Related Expenditures

According to Table V of the Audit Report, the City has accumulated \$809,339 in unused transit-related expenditures by not meeting the 20% minimum amount that must be spent on transit each year. The primary reason for this shortfall is that the City received a Florida Department of Transportation Grant (FDOT) of \$809,000 to pay for part of cost of the City's Transit Circulator, the NOMI Express. Therefore, the City does not think it should be penalized for being able to secure a Grant specifically used for the transit circulator. Also, the City has budgeted

approximately \$900,000 per year in transit expenses, far exceeding the 20% required (approximately \$380,000) going into the future. The NOMI Express is one of the CITT's success stories, serving up to 18,000 riders per month.

**Recapture of Unspent Funds, Not Including Transit**

Concerning the other 80% of Surtax funding, we feel that this should not be considered for recapture for three main reasons. First, the Surtax ordinance, the original and the updated Interlocal Agreement are all silent on whether or not these funds need to be expended in the year they are received. The City felt at the inception of the program that there was a possibility that the Surtax would be repealed, so no monies were spent in the first year and these funds were kept in reserve to meet any contractual obligations. (In fact, we have recently seen proposals to rescind the municipal allocation of the Surtax funds.) Secondly, we have been providing the CITT staff with quarterly reports which indicated how much money was being spent, and annually provided a budget with the reserve amount listed. CITT Staff never raised a concern about the reserve amount and other stated expenses. Thirdly, all Surtax proceeds, including the \$1.3 million in reserve has been appropriated to be spent on budgeted projects in the upcoming fiscal year.

Sincerely,

  
Clarence Patterson  
City Manager

Cc: Maxine Calloway, Director, Community Planning & Development Department  
Keith Kleiman, Budget Director  
Carlos Perez, Finance Director  
John O'Brien, Transportation Planner

MIAMI-DADE COUNTY, FLORIDA



AUDIT AND MANAGEMENT SERVICES DEPARTMENT  
SUNTRUST INTERNATIONAL CENTER  
ONE S.E. THIRD AVENUE - SUITE 1100  
MIAMI, FLORIDA 33131  
TELEPHONE: 305 349-6100  
FAX: 305 349-6190

November 14, 2008

Mr. John O'Brien  
Transportation Coordinator  
City of North Miami  
776 N.E. 125<sup>th</sup> Street  
North Miami, Florida 33161

Re: Charter County Transit System Surtax Review – City of North Miami

Dear Mr. O'Brien:

Your request to postpone responding to the captioned audit report dated September 30, 2008 has been granted. Please provide your written response no later than November 24, 2008.

You may contact Nancy McKee, Deputy Director, at 305-349-6100 if you have any questions or require further information.

Sincerely,

A handwritten signature in cursive script that reads 'Cathy Jackson'.

Cathy Jackson  
Director

CJ:ag

c: Nan Markowitz, Executive Director, Office of the Citizens' Independent Transportation Trust



## FAX

To: **Cathy Jackson**, Director, Miami-Dade Audit and Management Services Department

From: John O'Brien (Fax 305-895-4074)

Cc: **Carlos Perez**, Director, City of North Miami, Finance Department

Date: November 12, 2008

Re: Extension on Audit response

We are due to respond in writing to the Charter County System Surtax Review by November 17, 2008. However, as our Budget Director and City Manager are out of town this week and there are some important decisions that need to be made, we respectfully request a one week extension until November 24, 2008. If you have any questions, please do not hesitate to call me at 305-895-8993.

MIAMI-DADE COUNTY, FLORIDA



AUDIT AND MANAGEMENT SERVICES DEPARTMENT  
SUNTRUST INTERNATIONAL CENTER  
ONE S.E. THIRD AVENUE - SUITE 1100  
MIAMI, FLORIDA 33131  
TELEPHONE: 305 349-6100  
FAX: 305 349-6190

October 15, 2008

Mr. Clarence Patterson, City Manager  
City of North Miami  
776 N.E. 125<sup>th</sup> Street  
North Miami, Florida 33161

Re: Charter County Transit System Surtax Review – City of North Miami

Dear Mr. Patterson:

Enclosed is the above captioned audit report that was discussed with your staff in draft form on September 25, 2008. A written response is requested no later than Monday, November 17, 2008.

We appreciate the courtesies and assistance provided to our staff during the audit process. Please contact Nancy McKee, Deputy Director, at 305-349-6100 if you have any questions or require further information.

Sincerely,

A handwritten signature in cursive script that reads "Cathy Jackson".

Cathy Jackson  
Director

CJ:zg

Attachments

c: Nan Markowitz, Executive Director, Office of the Citizens' Independent Transportation Trust  
Carlos Perez, Finance Director, City of North Miami