



AUDIT AND MANAGEMENT SERVICES DEPARTMENT
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September 19, 2019

Mr. Jimmy L. Morales
City Manager
City of Miami Beach
1700 Convention Center Drive
Miami Beach, FL 33139

**Re: Final Audit Report – Charter County Transportation System Surtax Review –
City of Miami Beach**

Dear Mr. Morales:

Attached is the above-referenced Audit Report, together with the City's Response. We appreciate the courtesies and assistance extended to our staff during the audit process. Please contact me should you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Cathy Jackson".

Cathy Jackson
Director

CJ:bm

Attachment


c: Javier A. Betancourt, Executive Director, OCITT
John Woodruff, Chief Financial Officer, City of Miami Beach

Memorandum



Date: September 10, 2019

To: Javier A. Betancourt, Executive Director
Office of the Citizens' Independent Transportation Trust (OCITT)

From: 
Cathy Jackson, Director
Audit and Management Services Department (AMS)

Subject: Final Audit Report – Charter County Transportation System Surtax Review –
City of Miami Beach

PURPOSE AND SCOPE

We performed a review of the City of Miami Beach's (City) use of Charter County Transportation System Surtax (Surtax) Proceeds remitted by Miami-Dade County (County) for the three years ended September 30, 2018. The primary objective was to ensure that Surtax Proceeds were used in compliance with the *Interlocal Agreement for Distribution of Charter County Transit System Surtax Proceeds Levied by Miami-Dade County (Interlocal Agreement)*, executed on August 13, 2003. Additionally, we assessed resolution of prior audit findings referenced in our Report dated October 31, 2016 (Exhibit I).

BACKGROUND

County Ordinance No. 02-116, enacted on July 9, 2002, imposed a one-half of one percent Surtax on eligible sales transactions for Transportation-related projects. However, at least 20% of the Surtax Proceeds received by the County must be distributed to municipalities incorporated as of November 5, 2002, on a pro-rata basis using population statistics (Schedule IV). The Surtax Program is administered by the Citizens' Independent Transportation Trust (CITT), a group comprised of 15 members appointed by the Board of County Commissioners, County Mayor, and Miami-Dade League of Cities.

Pursuant to the *Interlocal Agreement*, the City must annually continue the same level of General Fund support for Transportation projects appropriated in its Fiscal Year (FY) 2002 Budget (Maintenance of Effort), which totaled \$2.9 million (Table I). Surtax monies may be used to develop, construct, equip, maintain, operate, or expand County-wide bus systems, fixed guideway rapid transit systems, roads, and bridges, as well as secure such bonds or pay debt service. Further, the City must apply at least 20% of the Proceeds to Transit-related projects, such as circulator buses, bus shelters, bus pullout bays, or other related infrastructure. *CITT Resolution No. 09-055*, adopted July 30, 2009, allows for the rollover of unspent Surtax funds for up to five years, provided the municipality's Five-Year Transportation Plan demonstrates how the funds will be used.

Additionally, *CITT Resolution No. 15-027*, adopted May 20, 2015, allows for carryover credits in the event amounts expended are in excess of annual Surtax allocations.

SUMMARY RESULTS

For the three years ended September 30, 2018, the City received \$11.2 million in Surtax Proceeds and claimed Transit and Transportation-related expenditures totaling \$28.4 million (Table I). However, \$2 million was disallowed primarily due to unexplained increases in *Public Works Streets and Streetlighting* personnel costs. After adjusting claimed Transportation expenditures for the Maintenance of Effort (MOE) and disallowed costs, the City had a carryover credit of \$509,812 that may be applied to future Surtax funding (Schedule II). The City appropriately expended 20% of its annual Surtax Proceeds on eligible Transit Services.

Table I
Surtax Statistics

Description	Fiscal Year (FY) Ended September 30,			All Years
	2016	2017	2018	
Maintenance of Effort (MOE)	\$ 2,937,514	\$ 2,937,514	\$ 2,937,514	\$ 8,812,542
Surtax Proceeds (Schedule I) ¹	\$ 3,639,471	\$ 3,696,831	\$ 3,875,355	\$ 11,211,657
Claimed Expenditures:				
Transit (Table II)	\$ 3,126,116	\$ 3,677,727	\$ 3,701,000	\$ 10,504,843
Transportation (Schedule III)	5,067,617	6,605,514	6,200,028	17,873,159
	\$ 8,193,733	\$ 10,283,241	\$ 9,901,028	\$ 28,378,002
Unspent Surtax Proceeds (Credit Carryforward) (Schedule II):				
Transportation	\$ 4,302,385	\$ 1,327,395	\$ (509,812)	
Key Account Balances, as of September 30th:				
Half Cent Transit Surtax-County Fund (Schedule I)				
Equity in Pooled Cash	\$ 11,713,871	\$ 9,477,703	\$ 8,700,658	
Fund Balance	\$ 11,548,117	\$ 9,339,805	\$ 8,566,852	

¹ Revenue amounts reported by Miami Beach differ from Schedule IV due to timing differences.

These and other findings are detailed in the remainder of this Report, along with the City's Responses which are incorporated herein (Attachment I). The City took exception to certain disallowed transportation costs. Nonetheless, we maintain that the inadequately supported costs for increased personnel (\$1.07 million) and expenditures claimed to repurpose Espanola Way as a pedestrian plaza (\$100,000) are not eligible for Surtax Funding.

We appreciate the courtesies and assistance extended to our staff by City personnel during the audit process. Based on the foregoing, we now consider this audit closed. Please contact G. Nancy McKee, Assistant Director, at 786-469-5900, if you have any questions.

FINDINGS AND RECOMMENDATIONS

Use of Transit Proceeds

At least 20% of Surtax Proceeds, or \$2.2 million, must be used for Transit-related projects, of which the City claimed \$10.5 million, primarily for its trolley operations (Table II).

Table II
Summary of Claimed Transit Expenditures, As Adjusted

Description	Account No.	Fiscal Year Ended September 30,			All Years
		2016	2017	2018	
<i>Half Cent Transit Surtax-County Fund</i>					
Trolley Services:					
<i>North Beach Loop</i>	187-6300-349	\$ 1,288,876	\$ 1,596,045	\$ 1,718,801	\$ 4,603,722
<i>South Beach Local Circulator</i>	187-6300-349	1,365,378	1,406,340	98,254	2,869,972
<i>Middle Beach Loop</i>	187-6300-349	-	666,666	1,805,996	2,472,662
Active Traffic Monitoring and Management	187-6300-349	151,748	-	-	151,748
Installation of Bicycle Racks	187-6300-349	83,423	-	-	83,423
<i>South Beach Loop</i>	187-6300-349	-	-	71,143	71,143
Other Trolley Expenses	187-6300-349	442	808	6,806	8,056
		<u>2,889,867</u>	<u>3,669,859</u>	<u>3,701,000</u>	<u>10,260,726</u>
Traffic Studies & Others:					
Various Traffic Studies	187-6300-312	114,314	-	-	114,314
Feasibility Study - Trolley Park and Ride	187-6300-312	22,168	-	-	22,168
Master Transportation Plan	187-6300-312	16,906	-	-	16,906
Communication Charges - South Beach Local	187-6300-312	5,940	5,940	-	11,880
		<u>159,328</u>	<u>5,940</u>	<u>-</u>	<u>165,268</u>
Administrative and Technical Costs:					
Transit Connection Study	187-0880-312	47,776	-	-	47,776
Traffic Circulation and Conceptual Alternatives Study	187-0880-312	21,820	-	-	21,820
		<u>69,596</u>	<u>-</u>	<u>-</u>	<u>69,596</u>
		3,118,791	3,675,799	3,701,000	10,495,590
<i>General Fund - Bus Benches</i>	011-9311	<u>7,325</u>	<u>1,928</u>	<u>-</u>	<u>9,253</u>
Total Transit Expenditures, as Claimed		3,126,116	3,677,727	3,701,000	10,504,843
Less: Misapplied FDOT Grant for the North Beach Loop		<u>(60,437)</u>	<u>-</u>	<u>-</u>	<u>(60,437)</u>
Total Eligible Transit Expenditures		<u>\$ 3,065,679</u>	<u>\$ 3,677,727</u>	<u>\$ 3,701,000</u>	<u>\$ 10,444,406</u>

Source: Miami Beach General Ledgers, vendor invoices, and other supporting documentation

The City uses a third-party company, Limousines of South Florida, to operate its four Trolley routes - *North Beach Loop*, *South Beach Loop*, *Middle Beach Loop*, and *Collins Express*. However, the *Collins Express* route is funded with the City Resort Taxes. In November 2017, the *South Beach Loop* replaced the County-operated *South Beach Local* and the third-party operated *Alton-West Loop*. Trolley services are free, and operate Monday to Saturday from 6:00 AM to midnight, and Sunday from 8:00 AM to midnight. Ridership increased steadily during the audit period (Table III).

Pursuant to a Joint Participation Agreement with the Florida Department of Transportation (FDOT), the City was awarded a \$400,000 grant to fund 50% of the new *North Beach Loop*. The City properly reduced claimed Surtax expenditures for grant proceeds totaling \$339,563, but incorrectly recorded the remaining \$60,437 to another *Special Revenue Fund*. As such, we reduced claimed costs by the misapplied amount (Table II).

Table III
Trolley Ridership

Description	Fiscal Year Ended September 30,			All Years
	2016	2017	2018	
<i>North Beach Loop</i>	874,864	897,070	807,839	2,579,773
<i>Collins Express</i>	-	804,317	1,567,239	2,371,556
<i>Middle Beach Loop</i>	-	1,118,106	940,618	2,058,724
<i>South Beach Local</i> ¹	904,132	656,162	76,441	1,636,735
<i>South Beach Loop</i>	-	-	1,472,072	1,472,072
<i>Alton-West Loop</i> ¹	397,963	415,472	54,553	867,988
	<u>2,176,959</u>	<u>3,891,127</u>	<u>4,918,762</u>	<u>10,986,848</u>

Source: Miami Beach Trolley Ridership Reports

¹ These routes were terminated in November 2017.

Recommendation

The City should correct the error.

City's Response

The City agrees with the auditors' conclusion that the City overstated its PTP expenditures by \$60,437 due to a reclassification error that did not properly reduce PTP expenditures for grant expenditures that were reimbursed. The City will credit the PTP fund for such error in quarter 4 fiscal year 2019. The credit will be reflected on the PTP report for the period ended September 30, 2019. To prevent or minimize future related errors, the City has implemented Standard Operating Procedures regarding all grant journal entries and structured a hierarchical dual review of all grant journal entries.

Use of Transportation Proceeds

The remaining 80% share (\$9 million) was used for streets and streetlight operations, bridge construction, street improvements, and bicycle paths (Schedule III). However, we deducted \$637,514 in costs for ineligible non-streetlighting utilities and parks-related activities. Further, the City claimed \$155,364 in Hurricane Irma-related costs for debris removal, concrete and asphalt repairs, and emergency streetlighting repairs, which are being disallowed pending Federal Emergency Management Agency (FEMA) reimbursement. Another \$100,000 claimed to close *Espanola Way* to create a pedestrian plaza was disallowed.

In addition, the City could not support a large increase in claimed *Public Works Streets and Streetlighting* personnel costs. As of October 1, 2015, there were 13.7 full-time positions, which increased 68% to 22.95 as of September 30, 2018. According to City staff, additional personnel were added to the *Streets and Streetlighting Division* during FY 2017, that had previously been charged to other Divisions. Because the City was unable to adequately justify the large increase AMS reduced annual personnel costs for FYs 2017 and 2018 to the same level as FY 2016. After adjusting claimed expenditures for the MOE and ineligible costs of \$2 million, the City had a credit of \$509,812 in Transportation-related Surtax monies as of September 30, 2018 (Schedule II).

Recommendation

Prospectively, greater diligence should be exercised in assuring that only eligible and supported expenditures are claimed. Also, the City should better account for personnel costs incurred for Street and Streetlight maintenance.

City's Response

- **\$100,000 of disallowed expenditures for the Espanola Way project**, the City believes the expenditures are eligible under the CITT Municipal Guidelines. The project was intended to improve pedestrian safety in the one block between Washington and Drexel Avenues, and involved the conversion of the street into a pedestrian and bicycle plaza for safer mobility and connectivity to the adjacent sidewalk network. The area remains right of way and accessible by the public. This one block is part of a larger network of planned pedestrian paths connecting Lincoln Road, Espanola Way and Ocean Drive corridors. Therefore, based on the Guidelines, we feel that the PTP expenditures in this project are an allowable use. Please reconsider this finding.
- **Clarification to "...the Streets and Streetlighting Division was merged with the Water and Sewer Division during FY 2017..."** At the time when the Audit Report was published in 2016, the City of Miami Beach Public Works Department's Operations/Infrastructure Division was comprised of the following subdivisions/sections/disciplines with the assigned accounting/budgetary funds and cost-centers: Water (425-0410), Sewer (425-0420), Stormwater (427-0427), and Streets & Streetlighting (011-0840). The Water, Sewer, and Stormwater funds are all designated and accounted for as Enterprise funds, while the Streets & Streetlighting funds are derived from the City's General Fund. Although they are disciplines within the Infrastructure/Operations Division of the City of Miami Beach's Public Works Department and share spaces within the same facility, Water, Sewer, and Streets & Streetlighting were never and are currently not merged together budgetarily.

- **“...Miami Beach could not support a large increase in claimed Public Works Streets and Streetlighting Division personnel costs. As of October 1, 2015, there were 13.7 full-time positions, which increased 68% to 22.95 as of September 30, 2018...”** During the City’s FY 2018-2019 budget cycle development, the Department thoroughly scrutinized its position control allocations (or location of each employee’s payroll and where it was being funded and budgeted) within the Department.

Throughout this review process, the Department identified several employees across the department and verified whether the job duties they performed and whether their job descriptions were either an exact match and/or were closely related to the work performed in the Streets & Streetlighting Division. Once determined, the Department requested that the correctly identified positions be allocated and shifted to the Streets & Streetlighting Division’s (011-0840) cost center. This action and previous positions inadvertently gave the appearance that additional headcount was added or budgeted in the Streets and Streetlighting Division, when, they were actual existing positions that were located in other funds, but they have always performed jobs/tasks exclusively or closely related to Streets & Streetlighting Division responsibilities.

Attached for your review are the Public Works Department – Operations/Infrastructure Division’s most updated organizational chart based on budgeted positions and the division’s Salaries and Wages history (Attachment I).

- As recommended, the City will exercise greater diligence in assuring that only eligible and supported expenditures are paid with PTP proceeds.

AMS Rejoinder

- The Espanola Way Project created a pedestrian plaza, where restaurants, shops, and social events could expand beyond the sidewalks, which is not an eligible use of Surtax Funding (Exhibit II). This matter was discussed with representatives from OCITT and the Office of the County Attorney who concurred with our conclusions. We therefore reaffirm the \$100,000 disallowance.
- The documentation provided by the City was not sufficient to justify the 64% increase in Public Works Streets and Streetlighting personnel costs from FY 2016 to FY 2018. Thus, we are unable to reconsider our conclusion.

Signage Requirements

The *Interlocal Agreement* requires posting of conspicuous signage for all projects funded with Surtax Proceeds. Several City Trolleys did not display the required vehicle signage.

Recommendation

Within 30 days, all City Trolleys should display the required Surtax funding signage.

City's Response

The City is now in compliance with this requirement. Attached for your review are 3 photos showing evidence of the signage (Attachment I).

Interlocal Agreement and Reporting

As stated in our prior Audit Report, the City has not executed the Revised 2007 *Interlocal Agreement* with the County. In addition, required annual Certification Letters and other Compliance Reports were not timely submitted to OCITT.

Recommendation

- The City should execute the Revised 2007 *Interlocal Agreement* within 60 days to continue receiving its share of Surtax Proceeds.
- Compliance Reports should be submitted timely.

City's Response

- *The City's Interlocal Agreement with Miami-Dade County is still in effect (see attachment).*
- *The City regrets any late reporting that occurred during the period under audit. The City has improved the reporting process and all fiscal year 2019 reports were submitted in a timely manner.*

AMS Rejoinder

The Interlocal Agreement was revised in 2007, but the City did not execute the revision. We therefore reaffirm the accuracy of our recommendation.

CJ:bm

Attachments

- c: Honorable Harvey A. Ruvin, Clerk of the Courts
Abigail Price-Williams, County Attorney
Edward Marquez, Deputy Mayor
Jennifer Moon, Deputy Mayor/Director, Office of Management and Budget
Jimmy L. Morales, City Manager, City of Miami Beach

Charter County Transportation System Surtax Review - City of Miami Beach
Half Cent Transit Surtax-County Fund

Balance Sheets			
Description	As of September 30,		
	2016	2017	2018
Assets			
Equity in Pooled Cash	\$ 11,713,871	\$ 9,477,703	\$ 8,700,658
Receivables, Net	607,861	642,622	666,119
Total Assets	<u>\$ 12,321,732</u>	<u>\$ 10,120,325</u>	<u>\$ 9,366,777</u>
Liabilities and Fund Balance			
Accounts Payable	\$ 771,144	\$ 672,857	\$ 715,513
Retainage Payable	2,471	107,663	71,019
Accrued Expenses	-	-	13,393
Fund Balance	11,548,117	9,339,805	8,566,852
Total Liabilities and Fund Balance	<u>\$ 12,321,732</u>	<u>\$ 10,120,325</u>	<u>\$ 9,366,777</u>
Statements of Revenues, Expenditures, and Changes in Fund Balance			
Description	Fiscal Year Ended September 30,		
	2016	2017	2018
Revenues			
Half Cent Transit Surtax-County	\$ 3,639,471	\$ 3,696,831	\$ 3,875,355
Interest Allocated-Pooled Cash	63,104	29,626	117,906
	3,702,575	3,726,457	3,993,261
Transportation Expenditures	4,638,380	5,934,769	4,766,214
Net Change in Fund Balance	(935,805)	(2,208,312)	(772,953)
Fund Balance, Beginning of Year	12,483,922	11,548,117	9,339,805
Fund Balance, End of Year	<u>\$ 11,548,117</u>	<u>\$ 9,339,805</u>	<u>\$ 8,566,852</u>

Source: City of Miami Beach General Ledgers

**These Financial Statements are not complete without the accompanying
Independent Auditors' Reports and Notes.**

Charter County Transportation System Surtax Review - City of Miami Beach
Surtax Proceeds Usage Analysis

Description	Fiscal Year Ended September 30,			All Years
	2016	2017	2018	
Sources of Funds (Schedule I):				
Surtax Proceeds ¹	\$ 3,639,471	\$ 3,696,831	\$ 3,875,355	\$ 11,211,657
Interest Attributable to Surtax Funds	63,104	29,626	117,906	210,636
	<u>\$ 3,702,575</u>	<u>\$ 3,726,457</u>	<u>\$ 3,993,261</u>	<u>\$ 11,422,293</u>
Surtax Uses:				
Eligible Transit Expenditures (Table II)	<u>\$ 3,065,679</u>	<u>\$ 3,677,727</u>	<u>\$ 3,701,000</u>	<u>\$ 10,444,406</u>
Eligible Transportation Expenditures (Schedule III)				
Less MOE (Table I)	\$ 4,886,127	\$ 5,961,234	\$ 5,066,982	\$ 15,914,343
	<u>(2,937,514)</u>	<u>(2,937,514)</u>	<u>(2,937,514)</u>	<u>(8,812,542)</u>
Expenditures Available For Surtax Use	<u>\$ 1,948,613</u>	<u>\$ 3,023,720</u>	<u>\$ 2,129,468</u>	<u>\$ 7,101,801</u>
AMS Analysis:				
Transit-Related Expenditures:				
Expenditures Available for Surtax Use	\$ 3,065,679	\$ 3,677,727	\$ 3,701,000	\$ 10,444,406
Less 20% Minimum Amount ²	<u>(727,894)</u>	<u>(739,366)</u>	<u>(775,071)</u>	<u>(2,242,331)</u>
Amount Available (Unavailable) for Surtax Use	2,337,785	2,938,361	2,925,929	8,202,075
Amount Applied to Transportation-Related Expenditures	<u>(2,337,785)</u>	<u>(2,938,361)</u>	<u>(2,925,929)</u>	<u>(8,202,075)</u>
Decrease in Unspent Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Transportation-Related Expenditures:				
Expenditures Available for Surtax Use	\$ 1,948,613	\$ 3,023,720	\$ 2,129,468	\$ 7,101,801
Less Remaining 80% Minimum ²	<u>(2,911,577)</u>	<u>(2,957,465)</u>	<u>(3,100,284)</u>	<u>(8,969,326)</u>
Less Interest Attributable to Surtax Funds	<u>(63,104)</u>	<u>(29,626)</u>	<u>(117,906)</u>	<u>(210,636)</u>
(Increase) Decrease in Rollover Amounts	<u>\$ (1,026,068)</u>	<u>\$ 36,629</u>	<u>\$ (1,088,722)</u>	<u>\$ (2,078,161)</u>
Analysis of Unspent Rollover:				
Beginning Balance ³	\$ 5,614,102	\$ 4,302,385	\$ 1,327,395	\$ 5,614,102
Transit-Related Amounts Applied	<u>(2,337,785)</u>	<u>(2,938,361)</u>	<u>(2,925,929)</u>	<u>(8,202,075)</u>
Increase (Decrease) in Unspent Amounts	<u>1,026,068</u>	<u>(36,629)</u>	<u>1,088,722</u>	<u>2,078,161</u>
Remaining Unspent Amount (Carryforward Credit) ⁴	<u>\$ 4,302,385</u>	<u>\$ 1,327,395</u>	<u>\$ (509,812)</u>	<u>\$ (509,812)</u>

¹ Amounts differ from Schedule IV due to timing differences.

² At least 20% of the Surtax Proceeds must be used on Transit-related projects, such as circulator buses, and the remaining funds (80%) are earmarked for eligible Transportation projects.

³ Per the October 31, 2016 Audit Report.

⁴ Credits may be applied to future Surtax funding per *CITF Resolution No. 15-027*.

Charter County Transportation System Surtax Review - City of Miami Beach
Claimed Transportation Expenditures, As Adjusted

Description	Account No.	Fiscal Year Ended September 30,			All Years
		2016	2017	2018	
<i>Half Cent Transit Surtax-County Fund</i>					
West Avenue Bridge over Collins Canal	187-0810-069357-25750	\$ -	\$ 1,024,645	\$ 342,288	\$ 1,366,933
Venetian Bike Lanes	187-9615-000349-60207	-	-	383,409	383,409
Pedestrian Countdown Signals	187-0810-069357-25520	285,497	-	-	285,497
Sidewalk Repairs - Citywide	187-0810-000342-69890	168,843	32,136	-	200,979
Alleyway Restoration - Phase III	187-0815-069357-29810	115,098	27,584	40,151	182,833
Parks Driveway and Sidewalk Repairs (Ineligible)	187-0920-000342-67250	31,645	87,044	52,308	170,997
47th Street between Pine Tree Drive and Alton Road	187-9615-069357-27850	80,143	72,217	-	152,360
Dickens Avenue Bike Lanes	187-9615-000342-65020	79,422	71,566	-	150,988
West Avenue/Bay Road Improvements	187-0815-069358-23360	-	98,900	42,100	141,000
Meridian Avenue (North) 28th Street and Dade Path	187-0820-069357-27910	134,973	-	-	134,973
West Avenue Bridge over Collins Canal	187-0810-069351-25750	-	115,984	17,862	133,846
Bicycle Pedestrian Projects Citywide	187-0870-061357-24580	115,323	12,751	-	128,074
Prairie Avenue from 28th Street to 44th Street	187-9615-069357-27900	67,315	60,657	-	127,972
Royal Palm Avenue from 42nd Street to 47th Street	187-9615-069357-27890	61,981	55,851	-	117,832
West Avenue/Bay Road Improvements	187-0815-069351-23360	-	117,000	-	117,000
Byron Avenue Bike Lanes	187-9615-000342-65030	60,860	54,840	-	115,700
Pavement Assessment Survey	187-0815-000312-64180	70,308	44,707	-	115,015
Crosswalks - Phase II	187-0810-069357-23630	84,935	21,731	-	106,666
Permanent Closure of Española Way (Ineligible)	187-0820-069357-28090	2,377	97,623	-	100,000
Right of Way Improvements	187-0810-069357-26700	1,836	37,034	47,739	86,609
Miami Beach Transportation Improvement Study	187-0870-000312-61620	74,855	-	-	74,855
Sidewalk Assessment Survey	187-0810-000312-64210	-	72,282	-	72,282
West Avenue/Bay Road Neighborhood	187-0815-061357-23360	-	17,532	50,512	68,044
Master Bicycle Plan Update - Phase II	187-0810-000312-61150	62,546	-	-	62,546
Intelligent Transportation and Smart Parking System	187-9615-069357-28080	-	50,168	-	50,168
Euclid Avenue from 17th Street to 5th Street	187-0820-061357-27940	-	30,396	13,393	43,789
Signalization Alton Road and 4th Street	187-9615-061357-20718	-	-	41,941	41,941
Pedestrian Crossing Improvements	187-0870-069357-27250	13,000	21,900	-	34,900
Shared Path on Parkview Island Park	187-9615-061357-27930	-	-	20,997	20,997
Citywide Curb Ramp Installation and Maintenance	187-0810-069357-25650	-	16,977	-	16,977
Euclid Avenue from 17th Street to 5th Street	187-0820-069351-27940	1,523	6,090	7,514	15,127
Shared Path on Parkview Island Park	187-9615-069351-27930	-	4,875	5,000	9,875
Pedestrian Crossing Improvements	187-0870-061357-27250	7,109	495	-	7,604
Traffic Calming Program	187-0870-000350-68430	-	5,985	-	5,985
		<u>1,519,589</u>	<u>2,258,970</u>	<u>1,065,214</u>	<u>4,843,773</u>
<i>General Fund - Public Works Streets and Street Lighting</i>					
Personnel Costs (\$1,065,938 Ineligible)	011-0840	1,349,944	1,546,643	2,219,183	5,115,770
Streetlighting - Electricity (\$466,517 Ineligible)	011-0840	983,123	1,078,474	1,029,042	3,090,639
Operating Expenditures (\$155,364 Ineligible)	011-0840	366,958	960,455	1,206,589	2,534,002
Internal Services Expenditures	011-0840	848,003	760,972	680,000	2,288,975
		<u>3,548,028</u>	<u>4,346,544</u>	<u>5,134,814</u>	<u>13,029,386</u>
Transportation Expenditures, As Claimed		<u>5,067,617</u>	<u>6,605,514</u>	<u>6,200,028</u>	<u>17,873,159</u>
<i>Disallowed Amounts:</i>					
Parks Driveway and Sidewalk Repairs	187-0920-000342-67250	(31,645)	(87,044)	(52,308)	(170,997)
Permanent Closure of Española Way	187-0820-069357-28090	(2,377)	(97,623)	-	(100,000)
Unsupported Personnel Costs	011-0840	-	(196,699)	(869,239)	(1,065,938)
Non-Streetlighting Utilities	011-0840	(147,468)	(164,693)	(154,356)	(466,517)
Hurricane-Related Costs Pending Reimbursement	011-0840	-	(98,221)	(57,143)	(155,364)
		<u>(181,490)</u>	<u>(644,280)</u>	<u>(1,133,046)</u>	<u>(1,958,816)</u>
Total Eligible Transportation Expenditures		<u>\$ 4,886,127</u>	<u>\$ 5,961,234</u>	<u>\$ 5,066,982</u>	<u>\$ 15,914,343</u>

Source: Miami Beach General Ledgers, vendor invoices, and other supporting documentation

**Charter County Transportation System Surtax Review
Summary of Payments to Municipalities**

Municipality	Fiscal Year Ended September 30,							All Years
	2003 to 2012	2013	2014	2015	2016	2017	2018	
City of Miami ¹	\$ 116,849,163	\$ 14,564,114	\$ 15,424,405	\$ 16,414,208	\$ 16,889,133	\$ 16,523,990	\$ 18,187,632	\$ 214,852,645
City of Hialeah	68,960,371	8,118,432	8,457,199	8,983,772	9,243,159	9,346,775	9,873,020	122,982,728
City of Miami Beach	27,484,782	3,166,271	3,351,080	3,552,358	3,670,335	3,678,499	3,925,123	48,828,448
City of Miami Gardens ²	10,352,937	3,837,951	3,985,238	4,199,539	4,336,722	4,409,954	4,737,286	35,859,627
City of North Miami	17,943,986	2,107,503	2,212,494	2,328,969	2,454,241	2,473,804	2,665,998	32,186,995
City of Homestead	13,789,737	2,204,159	2,354,015	2,519,902	2,669,792	2,788,854	2,969,698	29,296,157
City of Coral Gables	13,391,235	1,685,507	1,781,041	1,897,394	1,955,854	1,981,236	2,091,593	24,783,860
City of North Miami Beach	12,435,165	1,493,737	1,566,354	1,659,574	1,733,203	1,746,039	1,882,765	22,516,837
City of Aventura	8,891,581	1,280,248	1,385,071	1,436,028	1,494,036	1,502,980	1,590,870	17,580,814
City of Doral ²	3,642,653	1,667,049	1,767,800	1,925,900	2,120,606	2,232,433	2,508,437	15,864,878
Town of Miami Lakes ¹	7,766,182	1,052,533	1,095,293	1,172,205	1,209,319	1,211,635	1,288,227	14,795,394
Town of Cutler Bay ²	3,886,873	1,453,608	1,541,361	1,643,660	1,721,858	1,769,140	1,899,220	13,915,720
Village of Palmetto Bay	7,423,535	841,373	879,379	930,008	952,951	956,304	1,013,542	12,997,092
City of Hialeah Gardens	6,178,662	780,808	816,410	859,975	904,713	922,372	986,599	11,449,539
City of Sunny Isles Beach	5,376,896	752,852	795,768	834,090	869,990	866,019	933,221	10,428,836
Village of Pinecrest ³	5,225,789	1,205,816	686,122	723,235	737,876	738,316	777,521	10,094,675
City of Miami Springs	4,113,990	496,146	522,095	550,052	562,418	565,087	601,223	7,411,011
City of Opa-locka ⁵	4,640,264	552,018	580,600	556,122	90,323	195,000	210,000	6,824,327
City of South Miami	3,280,419	443,069	504,946	538,750	546,219	547,720	546,151	6,407,274
Village of Key Biscayne	3,415,345	443,069	461,282	489,679	502,197	508,734	540,692	6,360,998
City of Sweetwater ¹	4,077,699	390,842	326,534	275,281	273,778	133,332	466,662	5,944,128
City of Florida City	2,794,031	419,450	440,752	477,906	498,385	504,443	542,769	5,677,736
Miami Shores Village	3,145,976	368,810	384,663	408,970	419,557	420,697	443,831	5,592,504
North Bay Village	1,965,557	263,374	279,848	299,797	314,789	328,007	378,523	3,829,895
City of West Miami	1,770,807	214,600	224,057	235,786	241,053	241,373	279,166	3,206,842
Town of Surfside	1,666,675	206,033	214,832	226,558	229,428	228,739	234,500	3,006,765
Town of Bay Harbor Islands	1,566,561	201,912	214,053	227,105	231,953	222,682	234,375	2,898,641
Village of Biscayne Park	994,312	110,094	115,264	122,506	125,900	126,220	135,905	1,730,201
Bal Harbour Village	948,405	89,667	110,690	113,983	114,472	111,421	114,881	1,603,519
Village of El Portal ⁴	751,852	83,900	87,815	88,880	6,467	174,873	90,094	1,283,881
Village of Virginia Gardens	704,328	85,654	89,044	94,354	96,229	96,903	102,910	1,269,422
Town of Medley	333,660	29,889	31,913	33,823	34,442	33,529	35,277	532,533
Town of Golden Beach ¹	262,985	33,042	34,366	35,427	36,766	37,221	39,423	479,230
Indian Creek Village	3,604	-	-	-	-	-	-	3,604
	<u>\$ 366,036,017</u>	<u>\$ 50,643,530</u>	<u>\$ 52,721,784</u>	<u>\$ 55,855,796</u>	<u>\$ 57,288,164</u>	<u>\$ 57,624,331</u>	<u>\$ 62,327,134</u>	<u>\$ 702,496,756</u>

Source: Office of the Citizens' Independent Transportation Trust (OCITT) and the County's Financial Accounting Management Information System

¹ Amounts are net of withholdings of \$76,553 from the Town of Miami Lakes, \$1.6 million from the City of Sweetwater, \$21,058 from the Town of Golden Beach, and \$2.5 million from the City of Miami, due to specific instances of noncompliance.

² Pursuant to the respective Interlocal and/or Settlement Agreements, these Municipalities, which were incorporated after November 2002, are receiving a share of the County's Surtax Proceeds consistent with the other Municipal distributions.

³ In FY 2009, \$551,589 was returned by the Village of Pinecrest for their unspent Transit portion of funding as of September 30, 2007. In FY 2013, OCITT returned the monies to the Village.

⁴ Amount in FY 2016 is net of \$84,069 withheld due to instances of noncompliance, which was returned in FY 2017 by OCITT.

⁵ A total of \$1.7 million is being withheld from the City of Opa-locka, due to instances of noncompliance.

**Charter County Transportation System Surtax
City of Miami Beach
Status of Prior Audit Findings¹**

Finding	Recommendation	Auditee Response	Current Status
Uses of Surtax Proceeds			
The City claimed \$44.2 million in transportation-related expenditures. We identified ineligible charges totaling \$960,228 for stand-alone sidewalks, seawall repairs, and non-streetlighting utilities. After adjusting claimed expenditures for the MOE and ineligible costs, Miami Beach had \$5.6 million in unspent Transportation Proceeds as of September 30, 2015.	The City should submit an updated Five-Year Transportation Plan reflecting how unspent Transportation Proceeds will be used. Prospectively, only eligible and supported expenditures should be paid with Surtax Proceeds.	The City is compiling final FY 2016 expenditures, and will update its Five-Year Capital Improvement Plan to include the spend-down of transportation proceeds.	<u>Resolved</u>
Interest on Unused Funds			
The City pools unused Surtax Proceeds with other operating monies, but investment earnings were not allocated to Surtax balances. We estimated \$111,000 of interest should have been recorded in the Surtax Fund.	Prospectively, interesting earnings should be timely recorded in the <i>Half Cent Transit Surtax-County Fund</i> , to be used for eligible Surtax projects.	The City will begin allocating interest to this Fund quarterly.	<u>Resolved</u>
Interlocal Agreement and Reporting			
The City has not executed the Revised 2007 <i>Interlocal Agreement</i> with the County. In addition, certain required Reports were not submitted to OCITT prior to FY 2013, and thereafter, Reports were submitted after applicable due dates.	The City should promptly execute the Revised Agreement to continue receiving its share of Surtax Proceeds. Prospectively, Compliance Reports should be submitted timely, or OCITT should withhold Surtax remittances.	The City's <i>Interlocal Agreement</i> with Miami-Dade County has yet to expire. The City will submit Compliance Reports on a timelier basis.	<u>Unresolved</u> <i>See Page 7 of the Audit Report.</i>

¹ For the full text, see the October 31, 2016 Audit Report and City of Miami Beach response.

**Charter County Transportation System Surtax Review – City of Miami Beach
Espanola Way Images**



Figure 1
Entrance at Washington Avenue



Figure 2
Restaurant Tables at Washington Avenue



Figure 3
Street Pavers at Washington Avenue



Figure 4
Street Closure at Drexel Avenue



Figure 5
Bollards at Drexel Avenue



Figure 6
Street Pavers at Drexel Avenue

MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, FL 33139 Tel. 305-673-7010 Fax: 305-673-7782

Jimmy Morales, City Manager
Tel. 305-673-7010, Fax: 305-673-7782

August 23, 2019

Ms. Cathy Jackson
Director
Miami Dade County Audit and Management Services Department
701 NW 1st Court – Suite 8-175
Miami, Florida 33136

Re: Audit Report dated August 7, 2019 – Charter County Transportation System Surtax Review – City of Miami Beach

The City of Miami Beach (the City) is providing responses to the Draft Charter County Transportation System Audit Report for the City's utilization of the People's Transportation Plan (PTP) Funds from Fiscal Year 2016 through 2018. Please contact Allison Williams at 305-673-7466 or allisonwilliams@miamibeachfl.gov if you have any questions.

Response to Finding No. 1 – Use of Transit Proceeds

The City agrees with the auditors' conclusion that the City overstated its PTP expenditures by \$60,437 due to a reclassification error that did not properly reduce PTP expenditures for grant expenditures that were reimbursed. The City will credit the PTP fund for such error in quarter 4 fiscal year 2019. The credit will be reflected on the PTP report for the period ended September 30, 2019. To prevent or minimize future related errors, the City has implemented Standard Operating Procedures regarding all grant journal entries and structured a hierarchical dual review of all grant journal entries.

Response to Finding No. 2 – Use of Transportation Proceeds

- \$100,000 of disallowed expenditures for the Espanola Way project, the City believes the expenditures are eligible under the CITT Municipal Guidelines. The project was intended to improve pedestrian safety in the one block between Washington and Drexel Avenues, and involved the conversion of the street into a pedestrian and bicycle plaza for safer mobility and connectivity to the adjacent sidewalk network. The area remains right of way and accessible by the public. This one block is part of a larger network of planned pedestrian paths connecting Lincoln Road, Espanola Way and Ocean Drive corridors. Therefore, based on the Guidelines, we feel that the PTP expenditures in this project are an allowable use. Please reconsider this finding.

- **Clarification to "...the Streets and Street Lighting Division was merged with the Water and Sewer Division during FY 2017..."** At the time when the Audit Report was published in 2016, the City of Miami Beach Public Works Department's Operations/Infrastructure Division was comprised of the following subdivisions/sections/disciplines with the assigned accounting/budgetary funds and cost-centers: Water (425-0410), Sewer (425-0420), Stormwater (427-0427), and Streets & Streetlighting (011-0840). The Water, Sewer, and Stormwater funds are all designated and accounted for as Enterprise funds, while the Streets & Streetlighting funds are derived from the City's General Fund. Although they are disciplines within the Infrastructure/Operations Division of the City of Miami Beach's Public Works Department and share spaces within the same facility, Water, Sewer, and Streets & Streetlighting were never and are currently not merged together budgetarily.
- **"...Miami Beach could not support a large increase in claimed Public Works Streets and Street Lighting Division personnel costs. As of October 1, 2015, there were 13.7 full-time positions, which increased 68% to 22.95 as of September 30, 2018..."** During the City's FY 2018-2019 budget cycle development, the Department thoroughly scrutinized its position control allocations (or location of each employee's payroll and where it was being funded and budgeted) within the Department.

Throughout this review process, the Department identified several employees across the department and verified whether the job duties they performed and whether their job descriptions were either an exact match and/or were closely related to the work performed in the Streets & Streetlighting Division. Once determined, the Department requested that the correctly identified positions be allocated and shifted to the Streets & Streetlighting Division's (011-0840) cost center. This action and previous positions inadvertently gave the appearance that additional headcount was added or budgeted in the Streets and Streetlighting Division, when, they were actual existing positions that were located in other funds, but they have always performed jobs/tasks exclusively or closely related to Streets & Streetlighting Division responsibilities.

Attached for your review are the Public Works Department – Operations/Infrastructure Division's most updated organizational chart based on budgeted positions and the division's Salaries and Wages history.

- As recommended, the City will exercise greater diligence in assuring that only eligible and supported expenditures are paid with PTP proceeds.

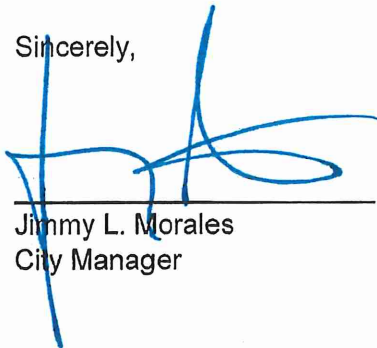
Response to Finding No. 3 – Signage Requirements

The City is now in compliance with this requirement. Attached for your review are 3 photos showing evidence of the signage.

Response to Finding No. 4 – Interlocal Agreement and Reporting

- The City's Interlocal Agreement with Miami-Dade County is still in effect. (see attachment)
- The City regrets any late reporting that occurred during the period under audit. The City has improved the reporting process and all fiscal year 2019 reports were submitted in a timely manner.

Sincerely,



Jimmy L. Morales
City Manager

JLM/aw

Attachments: Trolley signage photos (3)
Public Works Department org. chart
Public Works division 011-0840 salary and wages history
City of Miami Beach Interlocal Agreement with Miami- Dade County

CC: Susanne Torriente, Assistant City Manager
Eric Carpenter, Assistant City Manager
John Woodruff, Chief Financial Officer
Roy Coley, Public Works Director
Jose Gonzalez, Transportation Director
Josiel Ferrer, Assistant Transportation Director
Allison Williams, Deputy Finance Director

[illegible]

4 Year Comparison		Current Year	History	Fiscal Year 2019			Fiscal Year 2018			Fiscal Year 2017			Fiscal Year 2020		
Yr/Per	2019/11														
Original Budget				1,695,000.00		1,405,000.00		858,000.00							
Transfers In				.00		.00		.00							
Transfers Out				-30,000.00		-45,000.00		-10,000.00							
Revised Budget				1,665,000.00		1,360,000.00		848,000.00							
Actual (Memo)				1,246,272.20		1,261,069.20		862,143.95							
Encumbrances				.00		.00		.00							
Requisitions				.00											
Available				418,727.80		98,930.80		-14,143.85							
Percent used				74.85		92.73		101.67							



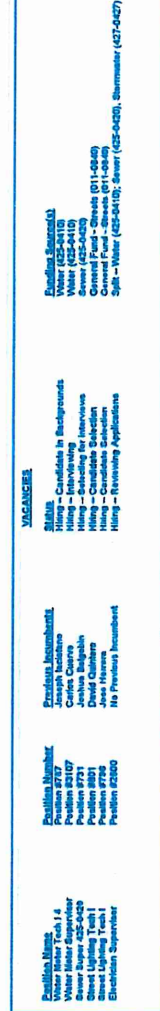




PUBLIC WORKS

VACANCY

- ☒ WATER (425-0410)
☐ SEWER (425-0420)
☐ STORMWATER (427



The News	
10/24/94	Prizem - Pres. Inc. Larver Insurance, guaranteed to position 9 (10/20/94)
9/4/94	Prizem - Pres. Inc. Mela Jarvis, guaranteed to position 9 (10/23/94)

The following teams were permanently removed and replaced with the following:

- **Water Main Tech D (4/14/93)** replaced with **1458R (1/93/97)**
- **ASAP II (9/13/94)** replaced with **Meson (1/97/97)**
- **WOCDO (1/10/97)** became **Incine (10/29/98)** (average position from Property Management)
- **Water Supervisor (9/20/98)** converted **41892918** to **Pumping Machine (9/10/97)**
- **Water Supervisor (9/20/98)** converted **41892919** to **Water Pump (1/97/97)**
- **Street Lighting Tech I (9/90/97)** Budget Allocation ending **PY 14200**

**INTERLOCAL AGREEMENT
FOR THE DISTRIBUTION OF
CHARTER COUNTY TRANSIT SYSTEM SURTAX PROCEEDS
LEVIED BY MIAMI-DADE COUNTY**

This Interlocal Agreement ("Agreement") entered into this 13th day of August 2003, by and between Miami-Dade County, a political subdivision of the State of Florida ("County"), and the City of Miami Beach, a municipal corporation located within the geographic boundaries of Miami-Dade County, Florida ("City").

WHEREAS, County adopted Ordinance No. 02-116 levying and imposing a one half of one percent Charter County Transit System Surtax ("Surtax") pursuant to the authority of Sec. 212.055(1) Fla. Stats. (2002); and

WHEREAS, Ordinance No. 02-116 provides that a portion of Surtax proceeds will be distributed annually to certain cities who meet specified conditions; and

WHEREAS, County and City wish to provide for distribution of Surtax proceeds to City on the terms and conditions provided below.

NOW THEREFORE in consideration of the mutual covenants expressed herein, and other good and valuable consideration, the sufficiency of which the parties hereby acknowledge, County and City agree as follows:

1. Net Proceeds shall mean the portion of Surtax proceeds collected by the Florida Department of Revenue ("DOR") that is actually distributed to County by DOR.
2. County shall distribute twenty percent of Net Proceeds ("Municipal Share") to those cities existing as of November 5, 2002, that continue to meet the conditions specified in Sec.29-124(f)(i) and (ii) of the Code of Miami-Dade County, Florida ("Eligible Cities").

3. The Municipal Share shall be distributed among the Eligible Cities on a pro rata basis based upon the ratio each Eligible City's population bears to the total population in all Eligible Cities, as adjusted annually in accordance with the Estimates of Population prepared by the Bureau of Economic and Business Research of the University of Florida. For purposes of the foregoing, whenever an annexation occurs in any Eligible City, the number of persons residing in such annexed area at the time it is annexed shall be excluded from all calculations. Increases in population in areas annexed over and above the population in such area at the time of annexation which occur after annexation shall be included in subsequent years' calculations.

4. City shall apply all of the portion of the Municipal Share that City receives to supplement, not replace, City's general fund support for transportation. City shall only expend the portion of the Municipal Share that City receives for the transportation and transit purposes specified in Sec. 212.055(1)(d)1-3 Fla. Stats (2002), as same may be amended from time to time.

5. City shall, on an annual basis, apply 20% of the portion of the Municipal Share that it receives to transit uses in the nature of circulator buses, bus shelters, bus pullout bays or other transit-related infrastructure. If City cannot apply 20% of the portion of the Municipal Share it receives as provided in the preceding sentence, City may contract with County for County to apply such portion on a County project that enhances traffic mobility within the City and immediately adjacent areas. If City cannot expend the 20% of the portion of the Municipal Share it receives in accordance with either of the two preceding sentences, then such portion shall carry over and be added to the Municipal Share to be distributed amongst the Eligible Cities in the ensuing year and

such carried over portion shall be utilized by the Eligible Cities solely for the transit uses enumerated in this paragraph.

6. Net Proceeds distributed to cities incorporated after November 5, 2002, shall not reduce or affect the Municipal Share as defined herein for Eligible Cities.

7. By June 1st of each year, City shall, in order to be eligible to receive a portion of the Municipal Share for the ensuing year, certify to County that: i) for the current fiscal year it is providing at least the same level of general fund support for transportation that City provided in City's FY 2001-2002 budget; and ii) it is using the current year's portion of the Municipal Share received in accordance with this Agreement. Such certification shall include a certified copy of City's budget for the current fiscal year, together with a list of the projects (including ongoing or completed projects that a city is paying debt service on borrowed funds) on which the current year's portion of the Municipal Share received is being expended. If City fails to meet the certification requirements, after being given a reasonable opportunity to correct any deficiencies, the amount equal to the pro rata portion of the Municipal Share the City is to receive in the ensuing year shall not be distributed to City and shall be distributed among the remaining Eligible Cities.

8. City agrees that the Citizens' Independent Transportation Trust ("CITT") shall have the power to monitor, oversee, review, audit and investigate the City's implementation of any project funded in whole or in part with the portion of the Municipal Share received by City. City shall not have to obtain prior approval of the CITT to select the transportation and transit projects on which City will expend the City's portion of the Municipal Share that is distributed to City nor to award contracts therefor. City further agrees that County may, at County's discretion, audit the funds received

under this Agreement to assure such funds are utilized in accordance with State Law, Ordinance No. 02-116 and this Agreement. The rights of the CITT and County under this paragraph shall survive any termination of this Agreement.

9. This Agreement shall remain in effect from year to year for so long as County receives Net Proceeds.

10. Notices to City under this Agreement shall be in writing sent by U.S. Mail addressed to:

City Manager
Miami Beach City Hall, 4th Floor
1700 Convention Center Drive
Miami Beach, Florida 33139

Notices to County under this Agreement shall be in writing sent by U.S.

Mail addressed to:

County Manager
Stephen P. Clark Center
111 N.W. 1st Street, 29th Floor
Miami, Florida 33128

IN WITNESS WHEREOF, the parties have caused this Interlocal Agreement to
be executed on their behalf as of the date first stated above:

ATTEST:



MIAMI-DADE COUNTY
a political subdivision of the State of
Florida

By: Harvey Ruvin

Harvey Ruvin, Clerk

By: Bert Johnson

County Manager

Approved as to form and
legal sufficiency

By: Bruce Zeltzer

Asst. County Attorney

Date: August 6, 2003

City of Miami Beach
Executed under authority of
City Resolution No. 2003-25251

ATTEST:

CITY OF MIAMI BEACH, a municipal
corporation of the State of Florida

By: Grant Parker

City Clerk

By: [Signature]

Mayor

Date: July 9, 2003

**APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION**

F:\WORK\STRAVAMELIA\SURTAX\Transit\Surtax\Interl.Agree.DOC

M. Adkins 6-20-03
City Attorney Date