

Agenda Item No. 9B

City Council Meeting of:

09-10-2012

ADDITIONAL BACK-UP  
INFORMATION FROM THE  
8-27-12 CERM

City Manager Department  
201 Westward Drive  
Miami Springs FL 33166  
305-805-5010



TO: Honorable Mayor Garcia and Members of the City Council

FROM: Ron Gorland, City Manager

DATE: August 23, 2012

SUBJECT: Clarification of Council Workshop Directives Regarding CMI Funding

Regarding the budget workshop of August 6<sup>th</sup>, the Administration needs to confirm their understanding of the Council directives regarding the funding of CMI and the parking lot construction as follows:

1. That approximately \$251,005.50 representing 50% of the current outstanding advancements on behalf of CMI of approximately \$502,011 (\$475,000+\$9,900+\$7,012+\$10,000) will be classified by the City as a City ["investment"] in the Curtiss Mansion. The other half (approx. \$251,005.50) is to be repaid to the City by CMI via a formal parking lot rental agreement which is to be developed jointly by the Administration and CMI which ultimately results in repayment over time to the City of approx. \$251,005.50
2. From the net proceeds from the historic tax credit transaction (estimated to be approximately \$500,000) that the City construct the required Curtiss Mansion Parking lot (includes drainage, paving, lighting, landscaping, etc.) and Curtiss Mansion security fence (total cost est. \$365,000) as quickly as possible working with CMI volunteers as much as is possible with all parties adhering to the City's procurement policies and procedures
3. The CMI detailed construction budget is to be provided to the Administration and to Council for their approval as quickly as possible. (see attachment a-construction detail provided by CMI)

4. That in addition to the City constructing the required parking lot and new Curtiss Mansion security fence, the City will provide to CMI their requested \$105,000 working capital under the following restrictions:
  - A. a detailed budget (which will necessarily be public) will be provided by CMI to the Administration and Council for the 13 months (through September 30, 2013) beginning September 1, 2012 for Council approval (see attachment b provided by CMI)
  - B. a documented plan approved by Council for City disbursement of the \$105,000 working capital including details concerning what is qualified to be paid by the City from the working capital the City plans to provide CMI
5. While we are sympathetic with CMI's request for immediate funding (ex. attached request for \$35,000) and not withstanding any of the foregoing, but due to the possible risks involved in the actual final funding of the Historic Tax Credit transaction, it is the recommendation of the Administration that, except for the payment of the day-to-day operational expenses currently being paid by the City (approximately \$1,500-\$1,600 monthly), there should be no distribution of any funds to CMI until verification is received acknowledging and approving the ongoing cost certification audit amounts and the receipt of final funding from the Historic Tax Credit transaction.

We are also providing for your review attachment c which are CMI's responses to certain questions that the Administration had forwarded to CMI. Additionally, attachment d provides the backup information for the \$9,999 advance provided to CMI back in 2004 and which is included in the loan amount listed above.

## Construction Detail for Curtiss Mansion Security Fence and Parking Lot Projects

### Security Fence

The design was based on CMI Board recommendations for security of the Mansion, while allowing gate access for service and exterior areas intended for event use. Signed and Sealed plans were provided on a pro bono basis and have been submitted to the City for permit processing. This project is ready to be awarded to the lowest responsible bidder. The costs are established from the proposal process at a total of \$65,000.

- Materials - \$40,000.00
- Installation - \$25,000.00

### Parking Lot

The design of this project has not yet been finalized. The layout will need to coordinate the area between the original Mansion site and the bike path on the perimeter of the Golf Course. Development costs are based on the experience of the CMI Construction Team.

**Step one** – Selection of a Site Planner to coordinate intended current and future uses, required set backs and buffers, existing utilities and landscape. Proposals have been received and reviewed by CMI and meetings held with each firm. Selection of the planner is pending funding of approximately \$20,000.

**Step two** - Engineering of the drainage, utilities, paving, curbing, signs, etc. will begin when the site layout is finalized. CMI is in negotiation for this work to be completed with an estimated cost of \$35,000.

**Actual construction** estimates as provided by the CMI Construction team – note that this work has not yet been bid so no final numbers are available:

- Drainage - \$ 60,000.00
- Irrigation - \$ 25,000.00
- Site lighting/electric - \$ 60,000.00
- Paving - \$100,000.00

To: Ron Gorland

Date: August 21, 2012

From: Richard L. Wheeler

Subject: CMI Working Capital Detail

My previous correspondence has provided details of CMI financial requirement of \$105,000 for the start up of the CMI operation above and beyond the \$365,000 previously noted for the fencing and parking lot.

\$55,000 of the \$105,000 was targeted for completion of a number of construction and equipment tasks – although those were included as being part of the working capital requirement. These expenses include door closers, a refrigerator, floor sealing, interior and office furniture and courtyard rain gutters.

The balance of \$50,000 is and has been the CMI funding need to cover operational expenses during the launch of the business - working capital to provide for positive cash flow while the CO is obtained, rentals are booked and revenue catches up with expenses. The combined income elements of rental revenue, donations, CMI fund raising and working capital from the City will be used to pay all operating expenses.

I referenced an immediate need of \$35,000 last week – CMI operational expenses began the day it executed the new Agreement with the City. I have attached the budget that was provided to the City as part of the Tax Credit process along with some notes for clarification. This budget adequately reflects the operational expenses that CMI anticipates.

## Annual Expenses as required by Agreement or Operations

### Utilities

Electric	24,000	City is currently covering*
Water	2,582	City is currently covering*
Communications	2,880	CMI and/or not in place
Waste removal	1,080	City is currently covering*

### Equipment

<u>Inspections</u>		
Fire suppression	500	Pending
Elevator	500	Pending
<u>Maintenance</u>		
Elevator	4,934	Pending
Elevator monitoring	240	Pending
Generator	300	Pending
Fire suppression archive	560	Pending
Air conditioner	1,800	Pending
Building	3,600	Pending
Fire line charge	309	Pending

### Exterior

Pond treatment	2,500	CMI
Lawn treatment	3,500	Pending and/or City
Grounds keeping (contractor)	36,000	City is currently covering

### Personnel

Independent contractor (Marketing/Events)	50,000	CMI
Executive director (Management)	50,000	CMI
Part-time	10,000	Not yet required
Insurance Florida worker's comp	1,500	CMI
Insurance medical	6,800	Not yet required
Social security	3,720	CMI
Medicare	810	CMI
Travel/car/parking	1,000	CMI

### Professional services

Audit	3,500	Pending
Tax preparation	500	Pending
Bookkeeping	6,000	Volunteer
Pest control	4,000	Pending - Volunteer
Security	28,800	Pending
Cleaning	14,400	Volunteer

Miscellaneous

Liability insurance (Officers/directors)	918	CMI
Liability insurance (Operations)	8,200	Adjusted to actual
Emergency reserves	10,000	Pending
Supplies	2,500	Pending
Equipment/office furniture	4,800	Pending
Postage	1,600	Pending
	<u>294,333</u>	

This results in estimated annual expenses for the full CMI operation of about \$300,000 per year. CMI believes that by limiting/delaying its operation expenses, utilizing volunteers and donations that it can achieve a first year expense level of about \$205,000.

**Revenues**

Rent Experience Aviation	1,200	Contract executed
Fundraising events	80,000	Will start October
→ Sponsorships	100,000	Soliciting
~ Naming opportunities	150,000	Soliciting
Event rentals	120,000	Booking
	<u>451,200</u>	

The revenues listed in the previous budget included naming rights and sponsorships – which may well occur, but I do not believe we should include them in an operational budget. Since the venue will still be limited (no CO, without fencing and no parking lot) into the fall CMI has to reduce the revenue expected in year one. Revenue from events and CMI fundraising are therefore projected at \$170,000 leaving a shortfall of about \$35,000.

\*These City covered expenses will be recovered as part of the previous advance/investment process or Tax Credit funding format.

**William Alonso**

**From:** William Alonso  
**Sent:** Thursday, August 09, 2012 1:52 PM  
**To:** Richard Wheeler (rlwheeler@fltpkservices.com)  
**Cc:** Ronald K. Gorland (gorlandr@miamisprings-fl.gov); Jan Seiden (jseiden@olsrhh.com)  
**Subject:** FW: Clarification of Council Workshop Directives Regarding CMI Funding

Richard: See City's comments in red below..

Ron -- Thanks for the opportunity to comment -- never could turn one down.

- 1) This item is clear but I still need to know how and what transpired in regards to the \$9,900. I had mentioned that in my original memo -- I had no involvement and JoEllen indicated to me that it was a matching portion of a grant. What do you have as further explanation?

This was an advance that Jim Borgmann approved for JoEllen since CMI did not have the \$9900 to match the grant. JoEllen should have the details on this.

- 2) Fine -- speed is the key -- we need to establish how we work through the site development and planning phase on the parking lot starting with where CMI is now-- but that part is not a Council task.
- 3) The construction budget -- Roy did provide to Tammy our complete binder with back up. That includes everything we see happening in the next year -- from the CO essentials to our smaller amenities to some "hope we can accomplish". The total is over \$600k but includes items that will be funded by grants and sponsors. I just need direction on what elements you want in the construction budget -- no need to include things that will happen outside the scope of this current process and outside of City funding.

The budget you need to provide is a detailed budget for the \$365,000 you requested for the parking lot, fence, drainage, etc.

- 4) Budgets -- while we would rather not (due to public records) -- with the City providing the working capital it's hard to argue -- and yes, once it hits Council we realize its public.
  - a. I will put this together so Council is comfortable with the WC commitment.
  - b. Disbursement of WC -- I am assuming that the smaller amenities that I had listed as construction elements would follow our previous process -- CMI commits all the way to the invoice and then the City pays. The actual WC (\$50k) needs to be funds to CMI directly -- we can't have the City paying our payroll etc. I will detail further with our budget but I think the first direct cash in to CMI would need to be in the \$35,000 range to get us set for operation. Given the timing, this and the fence funding would need to be available within a week or so -- so that may be the "advance" request to Council.

Council will have to approve giving you the funds directly without any backup documentation, our understanding was that Council wanted the funds disbursed following receipt of CMI provided invoices before the City could release funds for CMI to pay the individual invoices. This is an item that needs to go before Council for approval. As for amenities and construction elements, Council directed us to follow City procurement or request waivers from Council.

Last item: We need to establish how we handle the difference between your estimates of the Tax Credit funding and the actual net is handled. The previous "loan" has been structured and the Tax Credit funds committed to the Mansion. CMI is at \$470,000 for construction/WC, presumably from the Tax Credit. If the net is actually \$500k this should allow for addition tasks to be completed or for our WC to increase. I would rather answer the question now. Hopefully that process will be closing quickly.

Ie will let Council decide what to do with any additional funds, IF the tax credit funding is more than \$470,000. However, let me point out that the amount may be less since the City has about \$70K in costs related to this transaction that will have to be deducted from the proceeds.

All of my comments are subject to paragraph #5 of the City Manager's clarification memo to the City Council dated August 9, 2012.

should be able to have the requested detail ready by Monday morning.

Thank You,  
Richard L. Wheeler  
President  
Florida Turnpike Services, LLC.  
800-927-7718

---

**From:** Ron Gorland [<mailto:gorlandr@miamisprings-fl.gov>]  
**Sent:** Wednesday, August 08, 2012 3:34 PM  
**To:** Jan Seiden; William Alonso; Richard Wheeler; 'JoEllen Phillips'  
**Subject:** Clarification of Council Workshop Directives Regarding CMI Funding

This version has some refinements but is essentially the same as the previous one. If I don't get any more comments by noon tomorrow (Thursday), it goes in the Thursday afternoon Council packet for Monday night's meeting.

Ron





**City of Miami Springs Interoffice Memo**

DATE: December 30, 2004  
TO: The Honorable Billy Bain and Members of the City Council  
FROM: James R. Borgmann, City Manager  
RE: Advance of Funds to Curtiss Mansion, Inc.

---

This memo is to inform you that I have advanced \$9,999 to Curtiss Mansion, Inc. (CMI). The attached letter from CMI President, JoEllen Phillips, explains the need for the funds. Simply put, CMI has a State grant which they stood to lose if they did not have their matching funds to the State by December 31, 2004.

Since CMI, through their lease with the City, acts somewhat as our "agent" to raise funds for the reconstruction of the Mansion, I believed it was in our best interests to provide this money rather than having them lose a \$27,500 grant.

The repayment of \$9,999 is already covered by funds forthcoming from the Metropolitan Planning Organization (MPO). Had those funds been received by CMI by today, you would not be receiving this memo.

# Curtiss Mansion

INCORPORATED

Approved  
James B.  
12/30/04  
\$9,999<sup>00</sup>

December 30, 2004

Mr. James Borgmann  
City of Miami Springs  
201 Westward Drive  
Miami Springs, Florida 33166

Dear Jim:

As you are aware, Curtiss Mansion Inc. (CMI) has been diligently submitting grants and raising funds for the restoration of the Curtiss Mansion. We were successful in receiving a recent grant from the State of Florida for the completion of the architectural plans in the amount of \$27,500. As with all State grants, the award is based on matching funds.

We had been led to believe that CMI would be in receipt of funds from the MPO grant of \$1 million by last July. That has not occurred as yet and we respectfully request temporary assistance from the City of Miami Springs to fulfill the matching fund obligation until the promised funds become available in the near future, at which time the City will be fully reimbursed.

To preserve our grant, the State Historic Preservation Office has agreed to the amount of Twelve Thousand Two Hundred and Fifteen Dollars and Eight Cents (\$12,215.08), which is due no later than December 31, 2004. CMI currently has Two Thousand Two Hundred and Twenty-five dollars available, leaving a balance of Nine Thousand Nine Hundred and Ninety Dollars to secure the grant.

Your immediate attention to this request will allow us to continue working toward the restoration of our founder's home and preserve the past for future generations. If you have any questions or concerns, please do not hesitate to contact me at any time. Thank you in advance for any assistance you may be able to provide for this very worthy effort.

Wishing you very Happy New Year!  
Sincerely,

*JoEllen Phillips*

JoEllen Phillips  
President

INVOICE #

ACCT #

TRANSAC

JN DESC

CHECK NO. 054101

SECURE GRANT 2005

00100001154000

AMOUNT

001 - 0120 - 115 - 40-00

CURTISS MANSION, INC.

2359

9999.00



CITY OF MIAMI SPRINGS  
201 WESTWARD DRIVE  
MIAMI SPRINGS, FL 33166

054101  
WACHOVIA BANK  
88-648/670

2359	12/27/2004	54101	\$*****9999.00
------	------------	-------	----------------

NINE THOUSAND NINE HUNDRED NINETY NINE AND 00/100

PAY  
TO THE  
ORDER  
OF

CURTISS MANSION, INC.  
P.O. BOX 061484  
MIAMI SPRINGS, FL 33266

NON-NEGOTIABLE

⑈054101⑈ ⑈06700063262655115900150⑈