



**CASE CLOSED**  
Date 8/11/2016

**Miami-Dade Commission on Ethics & Public Trust**  
**Report of Inquiry**

**Investigators:** Sylvia Batista and Karl Ross

<b>Case:</b> PH16-032	<b>Case Name:</b>	<b><u>Date Opened:</u></b>	
<b>Complainant(s):</b>	<b>Subject(s):</b> Miami-Dade County Commissioner Bruno Barreiro.	<b>07/05/16</b>	

**Allegation(s):**

On or about 07/05/16, the COE was informed of a possible voting conflict regarding an ordinance recently sponsored by Miami-Dade Commissioner Bruno Barreiro (Barreiro). Barreiro sponsored legislation that would require dual exterior meters on new mixed-use buildings with residential and commercial uses so that use by residential customers can be measured and calculated separately from use by commercial customers.

Currently, plumbing of mixed-use buildings is connected to one meter, the total consumption of which is equally divided among all of the building's customers. The result is that residential customers pay the same rate as commercial customers. According to Barreiro's comments to the Miami Herald, this situation creates a financial burden on many of the individuals residing within the residential portions of mixed-use buildings.

Passing the ordinance proposed by Barreiro would require that separate plumbing be installed in new mixed-use buildings—one for the commercial units and one for the residential portions of the building. The plumbing will be connected to separate exterior meters at separate points of connection to the M-D County water distribution system. This will result in more meters being purchased and installed for each new mixed-use project, but will enable billing residential customers for residential rates and commercial customers for non-residential rates.

The question of Barreiro's possible voting conflict arises from the fact that Barreiro owns a controlling interest in IUSA Water, Inc. (IUSA). IUSA specializes in selling "re-meters" or "sub-meters", which permit the building to customize water fees of residential and commercial customers rather than having to divide the total cost of water consumption from a single bill by

all users in the building.

The COE initiated an inquiry of the matter.

### **Relevant Laws:**

Section 2-11.1. Conflict of Interest and Code of Ethics Ordinance, Subsection (d) *Further prohibition on transacting business with the County.*

### **Investigation:**

#### **Records Review and Interview:**

**07/06/16** - Ordinance sponsored by Barreiro relating to water and sewer connections requiring installation of separate water meters for the commercial and residential portions of newly-constructed mixed-use buildings in the Miami-Dade Water and Sewer Department (WASD) service area. The ordinance passed first reading on July 6, 2016.

#### **07/20/16 – Commissioner Bruno Barreiro and Chief-of-Staff, Loreta Sanchez –**

Barreiro and his Chief of Staff, Loreta Sanchez (Sanchez) were interviewed by this investigator and by COE attorney Radia Turay at the office of the COE.

Barreiro said that he has owned 22% of IUSA since December of 2013. Grupo IUSA is a Mexican company which started the practice of using sub-metering or re-metering meters to measure the water use of one unit within a building. Grupo IUSA manufactures the sub-meters sold by IUSA. IUSA is partially owned by Grupo IUSA. IUSA buys Grupo IUSA's sub-meters and technology.

Neither IUSA nor Grupo IUSA sell their product to Miami-Dade County. IUSA is in the process of selling sub-meters to the West Palm Beach Housing Authority. Barreiro said that he attended a meeting at the COE where he was told that he could not sell meters to the County. For this reason, IUSA does not and will not sell meters to the County.

Water meters for the utility are the meters that will measure how much water is fed into the building. It is one meter that feeds into the mixed-use building. Presently in mixed-use buildings the code does not include the requirement that the water use be customized. The WASD has made the determination to charge everyone the commercial rate. The commercial rate itself is not much higher than the residential rate, but the formula used by the department in the way they add up consumption results in a significantly higher sum billed to residential

customers. When the building uses only one meter and the total is divided by the number of customers in the building, the residential customers end up paying commercial rates.

The change proposed in the ordinance applies to new buildings only. The exterior meters used in the new mixed-use buildings would be purchased and installed by WASD. The residential customers in existing mixed-use buildings will continue to pay commercial rates for now. The WASD has to deal with this situation by analyzing it and looking for a solution to resolve it. The WASD has to come up with a new, more equitable rate structure. An example of how unfair the present water and sewer billing can be in mixed-use buildings is the Barcelona Condominiums located on 22<sup>nd</sup> Avenue and N.W. 7<sup>th</sup> Street in Miami. The Barcelona has only 4 commercial units and 74 residential units, and all customers pay commercial rates.

Barreiro explained that he thought about the problem while selling sub-meters for IUSA. In his business capacity, he analyzed the building and the bills and noticed that the residential units were being charged commercial rates. Constituents were often calling his office wanting to know how this situation had developed. There was no solution in the works. The exterior meters being added through the subject ordinance are not the same meters that IUSA sells. Neither IUSA nor Grupo IUSA sell their meters to another meter company to be resold.

The ordinance requires that three large capacity meters be installed in each new mixed-use building—one for commercial users, one for residential users and one for the fire sprinkler system. The exterior meters will be bought and installed by the County. Presently, IUSA does not make these types of meters. Barreiro said he doesn't know whether Grupo IUSA will be making them in the future. IUSA and Grupo IUSA do not buy meters from other companies to resell. Their business model is they don't intend to make or buy large meters.

After the county installs the meters, the building decides how the total bill will be divided. The building's condominium associations presently do that as well. The higher the total sum, the more interest they have in splitting it up.

Manufacturers of big meters are only in the meter making business and not in the sub-metering business. There are many other companies that sell sub-meters other than IUSA. In new mixed-use buildings, the plans will reflect the exterior meters. Barreiro said that his business sells only sub-meters. IUSA does not sell the big meters to be installed upon construction of new mixed-use buildings. As part of IUSA's sub-meter business, they sell and install the sub-meters. Barreiro said that his company, IUSA, does not do any maintenance of the sub-meters. Some of the older buildings cannot do sub-metering. There was an ordinance passed after the financial crisis in 2007 that required every building to have one pipe, one entry point for each unit, but no individual meters were required. The County can install individual meters, but the County is well aware that they cannot buy meters from IUSA.

Barreiro said that he is a Director for IUSA. All members of IUSA are directors since they have not yet assigned corporate titles. IUSA was formed in December of 2013. This happened when Grupo IUSA was selling to this market through a marketing office that he worked for. Barreiro said that he does not have an interest in any other water meter business. No member of his immediate family owns a business to install, sell or manufacture water meters. Barreiro does not work for any other metering company.

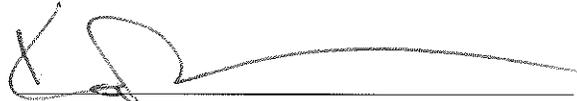
IUSA does not sell to the County, but they do sell to private companies located within the County. Barreiro's designated sales region is Florida.

Barreiro advised that his Chief of Staff at the County, Sanchez, also works for IUSA.

**Conclusion:**

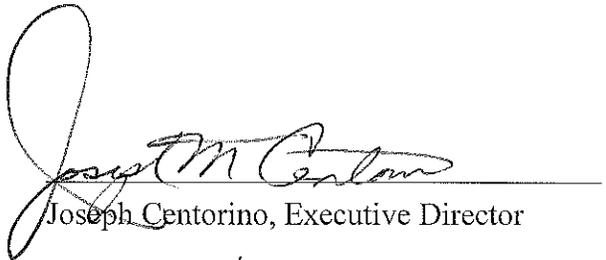
The new ordinance sponsored by Commissioner Barreiro will not benefit his private company, IUSA, because IUSA does not manufacture or sell the type of meters that will be required in the new mixed-use buildings. The meters required in newly constructed mixed-use buildings will be bought and installed by the County, thereby eliminating the possibility that IUSA meters will be used by developers. Additionally, IUSA is prohibited from doing business with the County and the County is fully aware of the prohibition.

  
Sylvia Batista, COE Investigator

  
Karl Ross, COE Investigator

Approved by:

  
Michael Murawski, Advocate

  
Joseph Centorino, Executive Director

Date: 8/11/2016

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