



Joseph M. Centorino, Inspector General

August 5, 2020

TO: Honorable Mayor and Members of the City Commission
FROM: Joseph Centorino, Inspector General

RE: Inspector General G.O. Bond Second Quarterly Report
OIG No. 20-21

INTRODUCTION:

This report is written in compliance with Miami Beach Ordinance 2019-4239 which requires the Office of the Inspector General (OIG), on a quarterly basis, to prepare and submit to the City Commission a written report concerning the planning and execution of the General Obligation Bond Program including, but not limited to, progress reports, financial analyses and potential risks. The review is based on official city records, OIG attendance at implementation and oversight committee meetings, interviews with procurement staff and other department personnel and attendance at procurement selection/evaluation committee meetings. This report is intended to provide the Mayor, City Commission and public with useful information and periodic evaluations regarding the implementation of the G.O. Bond projects to date. The OIG oversight of the General Obligation Bond Program began in November 2019. In April 2020, the City recognized the one-year anniversary of the launching of the first Tranche of G.O. Bond funding.

PROGRESS REPORT:

Within Tranche 1, there are 38 projects. As of this writing, six have been completed (two more since the last quarterly report), 29 are active and three are pending. The completed projects include Collins Park, Crespi Park, Polo Park, Stillwater Park, roofs for the City's cultural arts facilities and landscaping on Palm and Hibiscus Islands. The City has spent \$25.42 million and another \$18.74 million is encumbered. There remains \$106.98 million of available funds for Tranche 1 projects.

Most of the 38 projects in Tranche 1 have sub-projects, which are tracked separately and have their own budgets, procurement process and implementation schedules. In total, there are 71 subprojects. The project dashboard indicates that 28 of the subprojects have been completed, eight are under construction, 11 are in design, 19 are in planning and five are pending. Thirty-seven subprojects are being tracked as part of the 20 "quick wins" projects which, with the exception of four, were completed by the June 2020 deadline.

The four "quick wins" that will continue past the June 2020 scheduled deadline are the Mid-Beach Beachwalk Phase 3, Public Radio System, License Plate Readers on the Julia Tuttle Causeway

and Cameras on the Beachwalk. With respect to the Middle Beach Beachwalk Phase 3, there was a change in scope when the Commission approved the addition of security cameras. This change has delayed the project 60-90 days. The Public Safety Radio System will be delayed six months. The system requires four radio transmitting sites to be placed throughout the City. Two of the four sites are connected. The remaining two sites will be functional by September 2020. The delay was caused by prolonged contract negotiations with the condominium where the radio transmitters are to be placed. Finally, interruptions in the Miami-Dade County and State of Florida permitting process due to COVID-19 have delayed the License Plate Readers on the Julia Tuttle Causeway and Cameras on the Beachwalk.

G.O. Bond Project #15, Bayshore Park, will begin the procurement process later this year. In the last G.O. Bond quarterly report, it was noted that the project was delayed for more than a year while consultants and DERM worked on sustainable and resiliency components. The new anticipated end date is October, 2022.

Two additional projects, G.O. Bond #37 and #38, are on hold as a direct consequence of the COVID-19 pandemic. These projects involve street paving and sidewalk improvement, predominantly in the South Beach area. The "quick wins" portion of these projects were completed on time. However, the City ordered residents to "shelter at home" making the streets inaccessible to pavement contractors. Residents' cars have remained parked on the streets for months. Under normal circumstances, the City would have provided notice of the upcoming paving project and towed cars if residents did not comply. According to Ms. Hernandez, G.O. Bond Program Director, the City staff made an administrative decision to leave the cars in the street due to the impact of COVID-19. The projects have been further complicated by restaurants opening with outdoor street seating as a way of enforcing social distancing. Traffic has been re-routed through the targeted neighborhoods. Nevertheless, Ms. Hernandez is confident that the City will catch up and the projects will be completed on time.

In the first quarterly report, the OIG examined G.O. Bond Project #1, the 72nd Street Community Complex. It was reported at that time that the project would face a \$10.6 million short-fall and, because of the fiscal impact of Covid-19 on the City's budget, it was unknown how the shortfall would be managed. However, Ms. Hernandez has advised that the \$10.6 million shortfall has been remedied. The money is coming from the Parking Department budget and has been allocated and approved by the City Commission on July 31, 2019.

The City recently presented its vision for the 72nd Street Community Complex to the North Beach residents. The meeting was held via Zoom which allowed for robust community engagement. The City provided a link for residents to view the design criteria package. Ms. Hernandez gave the public information about the G.O. Bond Oversight Committee meetings and encouraged people to attend. Ms. Hernandez also urged the public to visit the G.O. Bond website so that they could monitor the project's progress.

David Martinez, Director of CIP, explained the project and the upcoming procurement process to the public. He advised that the procurement will have two phases. The first phase will convene an evaluation committee to assess all of the proposals received pursuant to RFP 2020-180-ND. The proposals are due on August 10, 2020. The committee's decision will be based solely on the qualifications of the design build firms. The second phase will allow the chosen design build firms to present the City with their unique visions. These proposals will include a guaranteed maximum price for the project. Mr. Martinez asserted that this process will start in September, 2020 and the

Commission will likely approve a design build firm in early 2021. Construction is expected to start in 2022. The project will have to go through the design review committee. The public was encouraged to participate as much as possible.

The OIG is monitoring this and other projects which utilize the design build methodology. In the first quarterly report, it was noted that material changes or additions to the scope of a project during design development, and especially during construction, are the main reasons for cost overruns and delays. To avoid this outcome, Ms. Hernandez has advised department heads that design criteria for their projects must be accurate. To facilitate improved cost savings, Ms. Hernandez is planning a tutorial on the impact of "waste" on G.O. Bond projects and subprojects. The tutorial is expected to occur this fall.

The OIG has been working with members of the procurement department to facilitate oversight of the remaining projects in Tranche 1 and to examine whether best practices have been applied to their department's work. In particular, the OIG explored whether the City's staff could improve their skills when writing the scope of work for a procurement. Development of a clear and concise scope of work at the beginning of a procurement helps to ensure that the product or service meets the stated outcome. To explore this issue further, the OIG met with Ms. Kristy Bada, Contracting Officer 3, from the procurement department. Ms. Bada concurred that part of the challenge is in drafting the original scope of the projects and acknowledged that more training is needed. The officers have been trained in specification writing but not the entire staff. Ms. Bada will investigate training opportunities for the procurement staff through the Institute for Public Procurement.

The internal implementation team continues to meet once a month and reports to the Oversight Committee once a month. The OIG attends both the internal implementation team meetings as well as the oversight committee meetings. In both meetings, expectations are clearly communicated to staff. The projects are scrutinized for schedule and budget issues that may prevent an on-time delivery. This quarter, the OIG attended the pre-proposal meetings related to RFQ 2020-119-ND (Architectural and Engineering Services for the Lummus Park Master Site Plan) and RFP 2020-180-ND (Design/Build Services for the 72nd Street Community Complex). Moving forward, the OIG will be attending the Capital Improvement Projects biweekly G.O. Bond meetings with the procurement department.

The OIG was also present during the evaluation committee process for RFQ 2020-119-ND (Architectural and Engineering Services for the Lummus Park Master Site Plan). The evaluation committee process has been adjusted as a consequence of the COVID-19 pandemic. The meeting was conducted pursuant to State of Florida Executive Order 20-69, which suspends any Florida Statute that requires a quorum to be present in person or requires a local government body to meet in a specific public place. The Order further allows for local governments to utilize communications media technology, such as telephonic and video conferencing. All participating firms, evaluation committee members and members of the public were provided a Microsoft Teams link and phone number with an access code for the sections of the meeting that were open to the public. Those included the introductions, background, Cone of Silence and Florida Sunshine Law instructions, deliberations and rankings. The committee meeting was recorded.

One of the most significant projects that the OIG will monitor moving forward is the new Fire Station #1. The Administration recently made a presentation to the G.O. Bond Oversight Committee to explain the decision-making process which resulted in the selection of the current site for the new Fire Station. The selected site is the South Shore Community Center, which

currently houses a number of community service organizations. For the residents of the South Beach area, these services are vital and necessary. Community members gave input during the Oversight Committee meeting to express their need for the services. Additionally, Mr. David McKinney spoke to the Committee about the historical significance of the building. The Oversight Committee was advised that the first submittal to the Historic Preservation Board is scheduled for mid-August. A community meeting will be scheduled after that, but prior to submission to the Commission. The final submission to the Historic Preservation Board is on track for November 2020. The City and Oversight Committee are aware of the community's concern that the social services currently being provided from the site are badly needed. The City is working to find alternative locations for the providers.

PROJECT REPORTING:

The Project Dashboard, which breaks down project status and spending, is regularly updated. However, in some instances, the information is not current. There appears to be a disconnect between the public statements that the dashboard is updated every day and the actual status of the projects. The OIG met with Ms. Natalia Delgado who is responsible for some of the G.O. Bond projects in procurement. Ms. Delgado noted a few occasions where the information on the dashboard has not been accurate. Ms. Delgado stated that because of her position in procurement and regular meetings with the various departments involved in the G.O. Bond projects, she has more detailed information and would like to see the dashboard updates improve. Ms. Delgado stated that at the beginning of Tranche 1, the dashboard reflected the financials and was always accurate. However, now the updates are a combination of written inputs and financial records and this has raised an issue of accuracy.

The OIG discussed the dashboard process with Ms. Hernandez. She acknowledged that the financial part of the progress reports on the dashboard are accurate because the information is fed directly into the report from Munis. The verbal portion, however, is a group effort and her team is constantly asking other departments for updated information so that they can amend the report with up to date facts. Ms. Hernandez noted that she is regularly encouraging departments to give better information, but this is very labor intensive and requires her team to track it down as they are the only staff members, other than Capital Improvements Project staff, who can input directly into the dashboard. The OIG expressed concern that the public message was that the dashboard is always up to date when that is not completely accurate. Ms. Hernandez acknowledged the issue and will work with other departments to keep the website current for the public.

COMMUNITY OUTREACH:

The City tracks the number of visitors that come to the dashboard in its continuing effort to maintain open and transparent communication with the public regarding the projects. Allison Novack, the Community Information Manager, in conjunction with the City's communications department, has done an excellent job of communicating to the public. Prior to the COVID-19 pandemic, Ms. Novack was visibly present in the community showcasing the progress that was being made on various projects. In light of the current limitations on public engagement, the communications team has successfully utilized social media to extend its reach. Ms. Novack writes the content and it is delivered to the communications team for dissemination. At the G.O. Bond Oversight Committee meeting in July, Ms. Novack reported that between Facebook, Twitter, LinkedIn, Constant Contact and the G.O. Bond blog she writes, the team has touched nearly

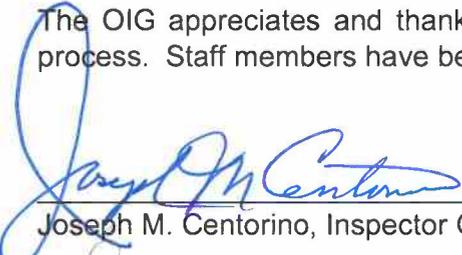
25,000 people with project updates and renderings. This does not take into consideration the number of people who "like" or share the postings which, obviously, extends their reach.

CONCLUSION:

The OIG wants to highlight and commend the City staff for two particular achievements. First, the City has saved \$2.4 million to date and is predicting a total savings of \$2.9 million for all completed subprojects. This includes \$2 million in the Parks category and \$955,677 in the Public Safety category. Second, at the request of the Oversight Committee during their April 2020 meeting, Ms. Hernandez created protocols for the implementation team to follow when faced with changes in scope, cost and schedule. The protocols provide the administration and Oversight Committee a guide to recommend current and future revisions under the G.O. Bond program. The protocols were reviewed by the Oversight Committee at its June meeting and approved in July. Moving forward, when staff makes a request that involves a change in cost, scope or schedule, the staff member will state the guideline being invoked, the money involved, a justification for the request and a history of the project. The protocols will promote uniformity in decision making and further transparency.

Over the next few months, the Program Director and staff plan on doing an in-depth analysis of the remaining projects to see where they will be in one year. The G.O. Bond requires the City to start or complete all 38 Tranche 1 projects before the three years expires. It is possible that a number of active projects will face budget shortfalls. One explanation for this is that, prior to the G.O. Bond referendum, budgets were cut but the scope of projects did not change. It is likely that the savings incurred to date will be used to complete projects, however, a more comprehensive plan is anticipated. The OIG will continue to monitor these issues.

The OIG appreciates and thanks the staff for their courtesies and cooperation in this review process. Staff members have been generous with their time and thoughtful in their responses.



Joseph M. Centorino, Inspector General



Jani Kline Singer, Special Agent

08/05/2020
Date

08/05/2020
Date

cc: Jimmy L. Morales, City Manager