



Joseph M. Centorino, Inspector General

January 4, 2023

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

RE: Inspector General G.O. Bond Quarterly Report
OIG No. 22-23

INTRODUCTION

This report is written in compliance with Section 2-256(j) of the City of Miami Beach Code, 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 analysis and potential risks. The review is based on official city records, OIG attendance at implementation and oversight committee meetings, interviews with staff and other department personnel as well as regular discussions with the Program Director. This report is intended to provide the Mayor, City Commission and the general public with useful information and periodic evaluations regarding the implementation of the G.O. Bond projects to date.

UPDATE

The Program Director reported to the G.O. BOND Oversight Committee and the Commission that 31 of the 43 projects in Tranche 1 are in some form of “active” status and 11 projects have been completed. Additionally, \$55.1 million has been spent and another \$17.4 million is encumbered for a total of \$72.5 million, or 48%, of the \$151.1 million available in Tranche 1. The program must spend 85% of the money in Tranche 1 before issuing Tranche 2 bonds.

In November 2021 and May 2022, the Program Director reported the cash flow projections to the Oversight Committee and the expected dates for that critical 85% target. Since May 2022, the target has been delayed by seven months in the Parks category, two months in the Infrastructure category, and eight months in the Public Safety category. In December 2022, the Program Director reported the following delays in the three bond categories:

1. **Parks**-Currently, the program has spent \$24.4 million of the total \$86 million (approximately 28%) in this category. The target of 85% has been delayed for an additional seven months. The drivers of the delay include the 72nd Street Complex

(discussed below), Maurice Gibb Park (construction commencement revised from September 2022 to February 2023), Par 3/Bayshore Park (construction commencement revised from November 2022 to March 2023), and the Skate Park (construction commencement revised from May 2023 to November 2024). The current assumption is that the second Tranche will be ready to issue in December 2024. This assumption is based on the following projections: a) construction of the 72nd Street Complex will begin in November 2024, b) the Flamingo Park Lodge and softball fields will begin construction in 2023 and the baseball fields will begin construction in 2024, c) the Lummus Park design will begin in 2023, and d) the Pedestrian Bridge will begin construction in June 2023.

2. **Infrastructure**-This category is projected to have a two-month delay. The Maurice Gibb Seawall and Shoreline project will commence in 2023 rather than November 2022 and the Chase Avenue Shared Use Path, Traffic Calming and 23rd Streetscape Improvements have delayed construction commencement targets of four to twelve months. Tree planting, sidewalk improvement and street pavement are ongoing. The expectation is that the second Tranche will be ready to issue within one year.
3. **Public Safety**-The projects in this category have an overall delay of eight months. The main drivers are the Fire Station #1, Police Headquarters (No bids were received during the procurement process. Procurement is working on an industry review to determine what options are available.) and Street Lighting which is expected to be delayed one year due to issues with the consultant. These projects are expected to begin construction in 2023. The second Tranche will be ready to issue in 20 months.

In summary, the Program Director has reported that in 2023, the following projects will begin construction:

1. Maurice Gibb Park
2. Bollards
3. Bayshore Park
4. Bike Lane Project on 23rd Street
5. Flamingo Park, The Lodge and Softball Fields
6. Pedestrian Bridge
7. Police Headquarters (This will depend on the results of the industry review.)
8. Traffic Calming/Bayshore and Palm View Neighborhoods
9. North Shore Playground
10. Soundscape Storage
11. Fire Station No. 1

72nd Street Project

After months of negotiations with the top bidder in the previous procurement (and the second bidder as well) and having no contract awarded, the City is now seeking an RFQ for a design firm and plans on issuing a subsequent RFQ for a Construction Manager at Risk. On December 14th, the Commission authorized the issuance of RFQ 2023-121-ND for architectural and design services from respondents "which have proven experience in the development of high-profile, design centric multi-level mixed use parking structures with over 300 parking spaces." This will delay the project by at least a year while the procurement and design processes are underway. According to CIP Director, David Martinez, the City's approach of moving from a design-build to a construction manager at risk gives the City more control over the project. At the December G.O. Bond Oversight Committee meeting, Mr. Martinez told the members that the contracted firm will be instructed to design to budget and designs not within budget will need to be redesigned to budget at no cost to the City. Committee members raised a number of questions about the

money that has already been spent on design (approximately \$2 million) as well as the impact of inflation and other market influences on the overall project scope and length of time for delivery. Mr. Martinez advised that the dollars spent in design will not be wasted and he estimated that the project will be delivered in 2027.

Maurice Gibb Park

At the November 16th Commission meeting, a contract was awarded to Lunacon Engineering Group Corp. pursuant to ITB No. 2022-607-ND. The Project is expected to begin in February 2023.

Bayshore Park/Par 3

On December 14th, the Commission approved the award of a contract to Buslam Company Partners Inc. pursuant to ITB No. 2022-310-AY and authorized the City Manager to execute a contract upon confirmation of the state grant funding. Buslam Company Partners, Inc. was the lowest bidder in the amount of \$31,965,025. The project had a \$13-\$16 million shortfall. (The \$16 million shortfall in the budget is being remedied by a capital budget amendment in the amount of \$9 million and a \$4 million disbursement from stormwater funds. The remaining \$3 million is expected to come from a state grant.) Acting Chief Financial Officer Kathie Brooks advised the Finance Committee at a special meeting on December 9th that Buslam Company Partners Inc. will hold its bid for six months after the award of the contract. Until the grant is awarded, or the \$3 million gap is funded from a different source, the contract will not be fully executed. Bayshore/Par 3 Park is now expected to begin construction in March 2023.

Fire Station #1

The design of the fire station is expected to reach 90% by the end of 2022 and a guaranteed maximum price determined by the beginning of 2023. The project is facing a budget shortfall of at least \$2 million and the relocation of the child-care center remains an impediment to starting construction. However, the budget gap is expected to be closed, in part, by a grant and CIP will be taking over the development of the compound in Flamingo Park to temporarily house the child-care program.

G.O. Bond for Arts and Culture

In the November 8, 2022 election, voters approved a \$159 million General Obligation Bond for Arts and Culture which will be overseen by the G.O. Bond Oversight Committee. Chapter 2, Division 26, Sec. 2-190.107 of the City Code was amended to state:

The purpose of the General Obligation Bond Oversight Committee is to make advisory recommendations to the City Manager and the City Commission from a macro perspective regarding the timely progress, overall goals, costs, including financial efficiencies, and the timely completion of General Obligation Bond Program projects approved by the voters in the City of Miami Beach Special Elections held on November 6, 2018 and November 8, 2022.

Other changes include Sec.2-190.109 which expands the Committee to 14 members, composed of nine at large voting members, two of which must be City residents from any geographical area of the City, with experience working with cultural/arts organizations, including experience with respect to operations, facilities management or design, to be appointed by the Commission. An additional non-voting member will be added by designation of the City's Cultural Arts Council for

a total of five designees. The Oversight Committee, which had been meeting every other month, will now resume monthly meetings.

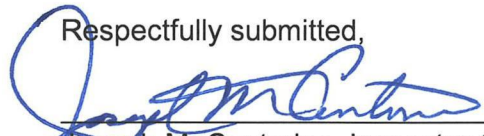
At the December meeting of the Oversight Committee, the Program Director presented a draft General Work Plan and an explanation of how the projects will be prioritized. The Program Director is in the process of creating a timetable for the issuance of the bond(s) and the delivery of the projects. Some of the projects in this bond are "shovel ready," reflect an urgency because of the asset's deterioration, or are "quick wins" that can be accomplished immediately. A few of the projects have longer lead times and will require more extensive planning. A copy of the draft General Work Plan is attached. The combined value of the two bonds is approximately \$600 million.

CONCLUSION

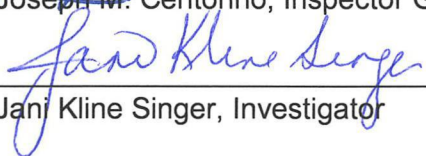
The G.O. Bond Oversight Committee continues to thoroughly assess the work being done on the Tranche 1 projects and raise issues regarding the implementation. The Oversight Committee chairperson and the Program Director are in regular communication with each other and staff remains responsive to questions raised by Committee members. This productive working relationship has been helpful as the City navigates challenges to schedules as a result of delays and will prove beneficial now that their responsibilities include the recent Cultural Arts Bond. The Oversight Committee has discussed with members of the City staff that changes to the scope of the pending projects may be forthcoming. The transparency with which the City has engaged with the Committee will assist in this decision-making process if needed.

The OIG appreciates the courtesies and inclusionary efforts extended to OIG staff by the Oversight Committee and City departments involved in the G.O. Bond program.

Respectfully submitted,



Joseph M. Centorino, Inspector General



Jani Kline Singer, Investigator

01/04/2023
Date

01/04/2023
Date

cc: Alina T. Hudak, City Manager
Maria Hernandez, G.O. Bond Program Director
Karen Rivo, Chair Person of G.O. Bond Oversight Committee

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