



Joseph M. Centorino, Inspector General

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

DATE: December 18, 2023
 RE: Inspector General G.O. Bond Quarterly Report
 OIG No. 23-25
 Revised Report

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 public with useful information and periodic evaluations regarding the implementation of the G.O. Bond projects to date.

The current financial status of the G.O. Bond program is:

	PARKS	INFRASTRUCTURE	PUBLIC SAFETY	TOTAL
SPENT	\$29,094,042	\$19,414,504	\$18,974,693	\$67,483,239
ENCUMBERED	\$35,577,666	\$5,384,487	\$4,690,312	\$45,652,465
AVAILABLE	\$26,527,344	\$3,200,986	\$14,487,022	\$44,215,352
FUTURE	\$81,167,054	\$168,000,024	\$34,809,031	\$283,976,108
TOTAL	\$172,366,106	\$196,000,000	\$72,961,058	\$441,327,164

IMPLEMENTATION

The OIG has previously reported that one of the performance measures driving the progress of the program is the rate of spending. Twice a year, the Program Director presents an analysis of the rate of spending in each bond category to the G.O. Bond Oversight Committee. The analysis identifies critical targets, assumptions that are made regarding these targets and specific milestones that must be met for the program to achieve the required 85% minimum spending

threshold. Meeting this threshold facilitates the City's ability to return to the bond market for additional funds to begin Tranche 2 projects. In OIG Report No 21-35, it was documented that the cumulative expenditures had begun to slow. For this quarter, the OIG requested the current cash flow projections from the Program Director which show continued slowing of expenditures.

Parks Category

The OIG previously reported that \$73.7 million was the spending threshold needed to issue Tranche 2 bonds for the parks category. In this category to date, \$29 million, 35% of the 85% target, has been spent. The Program Director anticipated that spending would rapidly increase as Maurice Gibb Park, Bayshore Park and the Pedestrian Bridge construction began. However, revisions in the critical targets within these projects have caused at least a four-month delay. Originally, it was anticipated that Tranche 2 bonds would be issued in December 2024; the latest data suggests April 2025 is the more likely date.

With respect to Maurice Gibb Park, construction has started, however, unforeseen concrete structures and fuel tanks discovered below the ground surface now must be removed. Permits have been sought from DERM, the County's environmental regulatory agency, for the removal of the fuel tanks. The additional scope of work and permitting process has slowed the construction schedule as well as expenditures during this quarter. However, at the time of this writing, the OIG notes that spending has started to increase for a total of \$1.1 million to date. Similarly, the Pedestrian Bridge, which was slated to begin during the last quarter of 2023, has been moved to the first quarter in 2024. The delay in this project has been attributed to design changes that were needed due to conflicts with utilities.

The other drivers in this category include the Flamingo Park Master Plan and the Scott Rakow Ice Rink Floors. The delays in Flamingo Park include the following: the Lodge construction, revised from May 2023 to January 2024; the softball field construction, revised from July 2023 to September 2024 and the baseball field construction, which has been delayed for a year, and is now expected to begin in April 2025.

Infrastructure Category

The money in this category is being spent faster than the other categories. At the time of this report, 82% of the 85% target amount of \$23.8 million, or \$19.4 million, has been expended. However, G.O. Bond project #37 Sidewalks and #38 Streets have not seen expenditures since May 2023. The combined projected expenditures amounted to \$700,000. The delay in executing these projects is related to the creation of a new work plan by the Public Works Department. At the November 29th internal implementation meeting with staff, the Public Works Department reported that the workplan is now complete and both sidewalk and street paving is re-commencing in January 2024. Public Works presented its 5-year plan and is updating the progress maps which will be presented to the Oversight Committee in December. The other delays in this category affecting the issuance of Tranche 2 bonds include G.O. Bond project #42 Traffic Calming and #43 23rd Streetscape Improvements. Both projects have delayed construction commencement dates and are expected to begin in the spring of 2024. The issuance of Tranche 2 bonds is expected to be delayed only four months.

Public Safety Category

To date, 58%, or \$19 million, of the 85% target amount of \$32.5 million has been expended. The main drivers of progress in this category are Fire Station #1 and Police Headquarters. Two other

projects of significance are the Ocean Rescue Nobe Facility (commencement of design has been delayed from October 2023 to January 2025) and Street Lighting for which construction is now expected to begin in July 2024. Fire Station #1 construction cannot begin construction until the daycare center currently located in the South Shore Community Center is relocated to the modulars in Flamingo Park. Staff anticipates that these will be completed by spring of 2024.

Interest Earned to Date

The G.O Bond has accrued interest in these amounts:

Infrastructure	\$1,298,673
Parks	\$4,466,106
Public Safety	\$1,746,058
TOTAL	\$7,510,837

As will be discussed below, \$6,212,164 of the accrued interest has been allocated to projects facing funding gaps during the 2023 budget cycle in the Parks and Public Safety categories. Those transfers have depleted the earned interest in these categories. There is currently \$1,298,673 in accrued interest available for an infrastructure project.

An additional \$3,739,342 of project savings has been realized since the inception of the G.O. Bond program out of which \$1,339,070 remains to be transferred to future projects.

Funding Swaps

The Soundscape Park project is comprised of 2 subprojects: Soundscape 4K Technology, completed in 2019 with \$51,503 in savings, and Soundscape Storage. The original scope of work of this subproject was a restroom facility with a storage component for the housing of large portable screen video walls purchased by New World Symphony. Over the course of the project, it was determined that the construction of a restroom facility within the park was not feasible. The administration moved forward with a design of the storage facility large enough to house the portable screens. Permitting is currently being finalized. The City has received a proposal from a JOC Contractor which exceeded the available budget. The total budget shortfall is \$127,000.

GO #24, the Middle Beach Beachwalk, was completed in 2021, with \$285,821 remains in savings. The Administration recommended the transfer of savings to Soundscape Storage as follows: \$51,503 from Soundscape 4K Technology and \$75,497 from Middle Beach Beachwalk for a total of \$127,000. The transfer from Soundscape 4K Technology will be done administratively, which is compliant with the established protocols, since it is within the same G.O. Bond Project. The transfer from the Middle Beach Beachwalk requires a Capital Budget Amendment to be approved by the City Commission. This request has been approved by the Oversight Committee.

Project Updates:

41st Street Corridor Improvements

In September the City's Transportation Department and Capital Improvements Program met with the Florida Department of Transportation to review the project's design. As a result of the meeting, there were required changes to the 60% construction documents to meet FDOT requirements, and, consequently, additional money was needed. The total G.O. Bond budget for this project is \$15,000,000, with \$2,080,318 allocated in Tranche 1 and the remainder in Tranche 2. Because

the rate of spending has slowed and the City cannot yet go to the bond market for additional money, a funding swap between projects in this category was executed.

Acting in compliance with the established protocols that are in place, when funding swaps occur between projects in a bond category, the Program Director notified the G.O. Bond Chair, Karen Rivo, that this project needed advanced funding (Tranche 2) in the amount of \$451,000 for additional design services. The additional money was necessary to cover constructability reviews, a public information officer, permitting fees and CIP management fees. The additional money was moved from G.O. Bond Project #31, the Ocean Drive Corridor, which now has a balance of \$408,000 in unencumbered funds. The City Commission adopted the eighth amendment to the capital budget which included the re-alignment of the \$451,000.

The 90% construction documents are due in the spring of 2024.

34th Street Shared Use Path

This project, a priority in the Miami Beach Transportation Master Plan, continues to be delayed due to a request by the Public Safety and Neighborhood Quality of Life Committee in May 2023 to reconsider the project. This Project is a part of a network of paths which will provide connectivity around the Miami Beach Golf Club, connecting to existing bicycle lanes and sidewalks already located on Prairie Avenue, and a proposed shared-use path along the east side of Alton Road (abutting the Miami Beach Golf Course). The City Administration is working with the Florida Department of Transportation (“FDOT”) to include North Michigan Avenue to 43rd Street in the Alton Road reconstruction project, anticipated to begin construction in 2025 (“Alton Road Shared-Use Path”).

The OIG has been monitoring this project (as well as Fire station #1 and the 72nd Street Community Complex) due to concerns regarding schedule delays and expenditures. It should be noted that this project began in 2018 with a feasibility study that included public meetings with residents and City staff between October 2018 and December 2018. The public meetings allowed staff to present the initial designs and take community feedback into consideration as the design process progressed. In October 2019, the City Commission adopted Resolution 2019-31036, approving the proposed conceptual design. In 2021, the City hired a consultant to prepare the design and construction documents which were presented to the public and approved by Bayshore residents.

In 2022, the design review board approved the design, and the City applied for and was awarded an FDOT grant in the amount of \$495,075. The grant was for the implementation of a shared-use path to provide a safe link for pedestrians and bicyclists. The project, which is subject to all FDOT rules and requirements, must gain its approval. The consultant has completed 90% of the construction documents, which are currently under review by the City of Miami Beach Building Department, DERM, and the Miami-Dade County Transportation and Public Works Department.

Although the design of the project was nearly complete, with FDOT approval, community input and support, and the receipt of the grant based on the proposed design, on July 12, 2023, the Public Safety and Neighborhood Quality of Life Committee, asked staff to consider redesigning the project to accommodate a single-family home in the neighborhood. CIP staff explained that the Committee’s request to alter the proposed design of the shared-use path would require that the design be revised to remove bicyclists from the shared-use path in front of the private residence. CIP staff also explained that FDOT will require that revised plans detailing the changes in the design be submitted for review. Upon review of the revised permit documents, FDOT would

determine if/how the design changes would potentially affect the grant funds (which expire on June 30, 2024) and the project schedule.

CIP and the Transportation and Mobility Department staff recently met with the consultant and requested a review of the current design. Committee action required staff to consider additional design options for the project which are still awaiting approval by the Commission. Several options were presented to the City Commission on 09/13/2023. The item was deferred to the 10/18/2023 City Commission Meeting at which time it was deferred again. The expected date for the completed design was September 2023. It is likely that design will not be completed until the beginning of 2024, at which point the City will have to obtain FDOT approval. CIP Director David Martinez advised the Oversight Committee that if the Commission hears the item at the December 13th meeting, the project will stay on schedule. The cost associated with the review of other design options is estimated at \$10,500.

The G.O. Bond Oversight Committee members in their September meeting expressed concern that a project which was funded and permitted was being unnecessarily delayed. The G.O. Bond Oversight Committee has expressed its opinion that their work is being discounted, the cost of the project has increased, the working relationship with FDOT has been undermined and staff time wasted.

In the case of the 34th Street Shared Use Path, \$411,620.00 has been spent or committed. The balance remaining in Tranche 1 is \$418,379.00.

Fire station #1

This quarter, staff performed a funding swap without the prior consent of the G.O. Bond Oversight Committee to close a \$5,000,000 funding gap. The Program Director advised that because the G.O. Bond Oversight Committee did not meet during the summer, and the budget had to be finalized before the end of the fiscal year, staff made the decision to fill the funding gap utilizing earned interest on the bonds and money from the City's PAYGO funds. CFO Jason Greene attended the first G.O. Bond Oversight Committee meeting in September to explain the movement of money and how the City closed the \$5 million funding gap for this project.

Mr. Greene stated that the accrued interest in the public safety bond was \$1,746,058 and this money was used to partially fill the gap, leaving approximately \$3.3 million unfunded. Because of higher interest rates, the accrued interest in the parks bond was \$4,466,106. Staff took this money and put it into the Bayshore Park project. This project is also partially funded by PAYGO dollars. The next step was to take \$4.46 million from Bayshore Park and return it to the PAYGO funds. Once this was done, the remaining \$3.3 million gap for the Fire station was filled by utilizing PAYGO FUNDS. Mr. Greene explained to the Oversight Committee that PAYGO funds can be used for any purpose on a capital project.

The OIG is monitoring efforts to stop the demolition of the South Shore Community Center, the location for the new Fire Station #1. As with the 34th Street Shared Use Path, this project is being reconsidered by the Commission, following years of planning, community meetings and successful grant applications. Both projects are facing potential schedule delays and the possibility that they will lose the grant money due to the redesign.

The City first identified the need to replace the existing Fire Station 1 in 2015, after concluding that the repairs and upgrades would only provide a temporary solution without addressing any of the major structural, electrical, and mechanical deficiencies. The existing site was evaluated in

2015 by Borreli and Partners and a report issued which found that the current site conditions and minimum code requirements required a full site reconstruction and demolition. Intensive maintenance has been required to continue the operations of the Fire Station as it exists today. The current costs of maintenance include costs that over time will exceed the cost of full demolition and reconstruction of all facilities on the site.

At the time of the referendum on the G.O. Bond, the public was told that Fire station #1 needed to be replaced to current standards identified by the National Fire Protection Association. Those standards include a new building able to withstand a Category 5 hurricane and other natural disasters, and challenges such as security threats and/or risks. Additionally, the public was asked to consider the anticipated increase in demand based on growth in the area.

After voter approval for this project, the City began its search for a new location for the Fire station. After 8 years of building assessments, feasibility studies, Commission and committee actions and deliberations, community meetings and public presentations, the currently approved location provides the optimal solution for the placement and construction of the new Fire station #1. The OIG notes that there have been 79 public meetings during which the Fire station has been discussed since 2015

The voters approved \$10,000,000 for this project and \$5,746,058 has been appropriated in Tranche 1. The City has executed a contract with the construction manager at risk. The project is currently in the design process and the City has already spent or encumbered \$2,740,859.07. While there are other funding sources, the OIG notes that the City received an \$11 million dollar grant from the Resilient Florida Grant program for the current project as designed on this specific site. The cumulative effect of efforts to prevent the demolition of the South Shore Community Center could potentially cause the City to lose the \$13,000,000 grant.

72nd Street Complex

The Design Services Agreement with Wannemacher Jensen has been executed and the Design Phase has begun. The negotiations with the Construction Manager at Risk have been completed and the contract has been executed.

Like the Fire station#1 project, this project has been the topic of much public discussion by the Commission, including suggestions to “scratch” the project and begin it again within the budget originally approved by the voters. While this project is different from the Fire station in that it is at the beginning of the design phase, it is similar in that contracts have been executed and schedules have been implemented. To date, \$2,266,841 has been spent or is committed with a remaining balance in Tranche 1 of \$8,533,158.

In OIG Report No.22-07, (a review of the West Avenue Phase 2 Construction Project), this office wrote in detail about the costs associated with changes to project designs after those designs have been fully vetted by the community, City boards, committees and the Commission, and the resulting delays in the construction schedules adding to cost escalation. It was noted that the original budget of \$56,108,748.47 ballooned to \$105,140,819.32. This sum did not include the litigation costs associated with a lawsuit filed by the design builder who alleged that, due to project changes, he was unable to begin the project on time in compliance with contractual terms.

The OIG has calculated that, should the Commission take action to redesign and/or terminate the above projects, it will amount to a loss of \$4,841,436.00 of already expended funds as well as \$11.4 million in grants.

Security Cameras in Business and Entertainment Districts

The City has embarked on the installation of 800-850 security cameras in strategic locations. This quarter, the G.O Bond Committee considered several issues related to the Police Department's Camera Project following public comments that the cameras had not actually been purchased and, for those that had been purchased, they had not been installed or were not being monitored. The voters approved \$700,000 for the cameras on the beachwalk and all have been installed. G.O. Bond project #57 includes the installation of 72 cameras in the entertainment district.

At the time of the referendum, the voters were told that the funding would be used to complete the comprehensive laying of fiber optic lines and the installation of cameras. The referendum language asserted that there would be two cameras at every intersection of both Collins and Washington Avenues from 5th Street to 17th Street and that the cameras would retain footage for 30-days. There is \$1,489,999 appropriated in Tranche 1. To date, \$1,113,845 has been expended. Of that amount, \$824,845 (the total amount appropriated from the G.O. Bond) has been spent for the Ocean Drive/Lummus Park cameras and \$665,154 has been spent for Collins Avenue/Washington Avenue cameras. There remains \$376,154 in this category for additional cameras.

G.O. Bond project #50 is the installation of cameras in 80 locations within the business districts in the City. The Tranche 1 appropriation was \$825,000 and the City has spent \$346,946. The breakdown is as follows:

- a. \$112,220 for Alton Road corridor cameras
- b. \$17,999 for 41st Street corridor cameras
- c. \$85,307 for 71st Street corridor cameras

The OIG met with Police Captains Eric Garcia and Steve Feldman and Officer Roland Aragunde to discuss the camera projects, particularly the 41st Street and 71st Street projects. Those projects have seen the least amount of spending to date. The bulk of the expense on these projects comes from the required infrastructure work which the City has not been able to construct because both streets are state-owned. The Florida Department of Transportation objects to the installation of cameras for surveillance purposes and will not issue permits for the required infrastructure. However, the utilization of fiber optic cables gives the City the security of a resilient network. Therefore, this issue is being navigated on all state roads in the City where cameras are to be installed.

The Police have determined that it is 3 to 3.5 times more expensive to build the infrastructure after a project has been completed and, therefore, they are working the fiber optic cables into the design of the larger projects. For example, the Police and CIP have been working in collaboration to determine how to install the needed fiber optic cable infrastructure during the construction of the larger 41st Street Corridor project. Currently, the \$17,999 that has been spent to date is for storage of equipment that cannot be installed until the larger project is completed. The plan is to install city owned poles within the design of that project and place cameras on them. The same plan will be utilized in the design of Ocean Terrace project. This was already successfully done in the Rue Vendome Plaza where five cameras were installed at minimal cost on City owned poles utilizing existing microwaves.

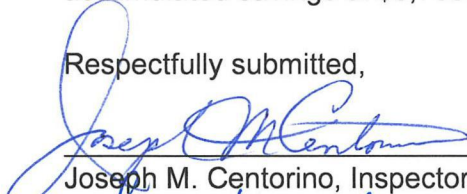
Conclusion

The OIG continues to identify and report on the issues within the G.O. Bond projects that may cause delays, waste resources and result in cost overruns. From the beginning of its oversight role, the OIG has identified that material changes to scope during design contribute to cost escalation and project delays. That dynamic is particularly apparent in this quarterly report where projects that have been in design for years, and fully vetted by the community, are now facing potential changes that could result in the waste of taxpayer money as well as the loss of a significant amount of grant money.

The OIG recognizes that the Tranche 1 projects have faced many obstacles over the last few years. The impact of Covid-19 on supply chains, construction costs and worker availability has been documented in prior reports. The funding gaps in G.O. Bond projects due to unforeseeable obstacles related to Covid-19 were identified in 2022. However, the project deficits have been filled during the 2023 budget process. Looking forward to 2024, program cash flows are expected to increase as 16 major projects begin construction, resulting in \$49.2 million being spent. Some of these projects include: Police Headquarters Real Time Crime Center, the Pedestrian Bridge, Fire station 1, Chase Avenue Shared Use Path, North Shore Playground, Flamingo Park Softball Field and the Marine Patrol Facility. Any disruptions to this schedule will delay the City’s ability to obtain Tranche 2 funding and bring the projects promised to the residents.

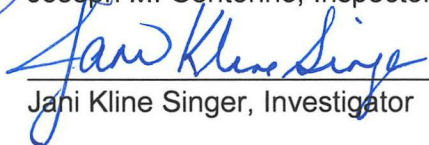
Finally, the OIG commends staff on its project tracking and continued transparency as well as the accumulated savings of \$3,739,342.00.

Respectfully submitted,



Joseph M. Centorino, Inspector General

12/18/2023
Date



Jani Kline Singer, Investigator

12/18/2023
Date

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

OFFICE OF THE INSPECTOR GENERAL, City of Miami Beach
1130 Washington Avenue, 6th Floor, Miami Beach, FL 33139
Tel: 305.673.7020 • Hotline: 786.897.1111
Email: CityofMiamiBeachOIG@miamibeachfl.gov
Website: www.mbinspectorgeneral.com