



Joseph M. Centorino, Inspector General

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

DATE: April 25, 2024
 RE: Inspector General G.O. Bond Quarterly Report
 OIG No. 24-05

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) to prepare and submit to the City Commission on a quarterly basis a written report concerning the planning and execution of the General Obligation Bond Program, including progress reports, financial analysis, and potential risks. The review is based on official city records, OIG attendance at internal 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.

Status of Projects

The current financial status of the 2018 G.O. Bond program as of this report is:

	PARKS	INFRASTRUCTURE	PUBLIC SAFETY	TOTAL
SPENT	\$35,748,581	\$21,790,951	\$19,540,580	\$77,080,112
ENCUMBERED	\$32,313,831	\$3,755,083	\$5,000,617	\$41,069,531
AVAILABLE	\$23,136,641	\$2,453,945	\$13,610,826	\$39,201,412
FUTURE	\$81,167,054	\$168,000,021	\$34,809,033	\$283,976,108
TOTAL	\$172,366,106	\$196,000,000	\$72,961,058	\$441,327,164

Projects Under Construction this Quarter are as follows:
 (Note: Amounts may have changed since this report was issued. The amounts only reflect G.O. BOND dollars.)

Project Name	Total Budget for Tranche 1	Amount spent	Amount encumbered	Amount Available	Grant	Length of Delay	Budget Gap
Maurice Gibb Park	\$4,500,000	\$1,466,228	\$3,033,770	----- ----	\$1,203,750 Expires 09/30/2024	55 months	CIP projects \$800,000- \$1,000,000
Bayshore/Par 3 Park	\$20,166,105	\$5,940,139	\$14,225,004	\$959	-----	33 months	-----
Flamingo Park Historic Lodge	\$1,051,675	-----	\$1,019,639	\$32,036	-----	-----	-----
Other Readers	\$1,390,000	\$509,606	\$140,602	\$739,791	-----	26 months	-----
Alton Road Corridor Cameras	\$211,999	\$113,025	-----	\$98,973	-----	12 months	-----
Collins Ave/Washington Ave Cameras	\$665,154	\$291,565	-----	\$373,589	-----	16 months	-----
Indian Creek Above Ground Improvements	\$1,112,000	\$1,111,636	-----	\$363		2 months	-----

There are a variety of reasons for the delays in the above projects. The following are general reasons for delays:

1. Consultant issues that delay the design and/or construction documents.
2. Expiration of permits or additional permits needed. (Example-Maurice Gibb Park).
3. Design Review Board and/or Historic Preservation Board processes that may take 3-6 months including possible extensions.
4. The request for an RFQ or RFP must go to Commission for approval where it may be deferred or continued to a later date.
5. Scope changes, both in design and construction, which extend the time it takes to complete a project and also raises costs. (Example-the 34th Street Shared Use Path).
6. Internal review by other departments takes extra time and may also result in changes to design or construction documents.
7. Changes in laws, code, or ordinances that cannot be controlled.
8. Staff turnover that causes interruptions in projects.
9. Outside stakeholders who may have unreasonable expectations.
10. Extended permitting processes with outside agencies such as DERM, USACE, DEP, FDOT, Florida Fish & Wildlife, etc.
11. Cost escalations which require additional funding to go through the capital budget process. (Example-Bayshore Park)
12. Delays caused by force majeure events such as COVID 19.

The delays may also have domino effects that adversely affect other projects.

34th Street Shared Use Path

The OIG has, on two prior occasions, raised concerns regarding the waste of taxpayer dollars as a result of the efforts to redesign this project after it had been designed, permitted and funded. It has been previously reported that 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 consultant completed 90% of the construction documents.

The design of the project was nearly complete with FDOT approval, community input and support, and with the receipt of the grant based on the proposed design, on July 12, 2023. The Public Safety and Neighborhood Quality of Life Committee (PSNQLC), asked staff to consider redesigning the project to accommodate an outside stakeholder.

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 and reviewed again. CIP staff explained that FDOT will require that revised plans detailing the changes in the design to be submitted for review and, upon review, would determine if/how the design changes would potentially affect the grant funds (which expire on June 30, 2024) and the project schedule.

At Committee direction, CIP and the Transportation and Mobility Department staff met with the consultant and requested a review of the proposed design options which were presented to the City Commission on 09/13/2023. Staff reaffirmed that the original design was the best and safest one for the community. The G.O. Bond Oversight Committee filed a Motion on 12/14/23 in support of the project as designed and encouraged the Commission to move forward since the project was ready for construction. The Transportation Committee approved the original design.

The item was continued to the 10/18/2023 City Commission meeting, at which time it was deferred again. On December 13, 2023, instead of voting on item R7-G, a resolution approving the design and authorizing the administration to proceed with the invitation to bid and subsequent construction, the item was again referred to the PSNQLC.

The item was subsequently withdrawn at the PSNQLC, and, on January 31, 2024, the Commission passed a Resolution approving a new design option for the project and authorizing the administration to modify the design consultant's scope to include the revision of the construction documents to reflect the new design.

The project will now require a review of the proposed new design and a renewed permitting process. Additionally, the status of the FDOT grant is unknown and the project, originally expected to be completed by July 2025, is now anticipated by staff to be finished in February 2026. At the time of this report, CIP had not received a proposal from the consultant to review the new design, so the cost of the redesign is unknown. \$411,620.00 has already been spent or committed. The balance remaining in Tranche 1 is \$418,379.00. It is anticipated that, as a result of the new design proposal, the current budget shortfall will be greater.

Fire Station No.1

The OIG has previously reported that the City began its search for a new location for the Fire-station eight years ago. After eight years of building assessments, feasibility studies, Commission and committee actions and deliberations, community meetings and public presentations, it was determined that the currently approved location, the South Shore Community Center, provides the optimal solution for the placement and construction of the new Fire-station #1. In its last quarterly report, the OIG noted that since 2015 there have been 79 public meetings during which the Fire-station project has been discussed. 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 pre-construction process and the City has already spent or encumbered approximately \$4,000,000, of which \$2.1 million is from G.O. Bond funds. While there are other funding sources, the City received an \$11 million dollar grant from the Resilient Florida Grant program for the current project as designed on this specific site. Staff has warned that the cumulative effect of efforts to prevent the demolition of the South Shore Community Center could cause the City to lose \$13,000,000.

Between January 31, 2024, and March 25, 2024, CIP staff has spent an additional **324.5 hours** in an effort to find an alternate site and an additional **295 hours** of senior management time has been expended for the same purpose. The results of this additional work were to be presented to the City Commission on April 3rd but the item was not reached. In a memorandum dated April 3, 2024, the City Manager provided a complete analysis of all other sites and determined that only three were feasible.

The City Manager prepared a matrix of the feasible alternate sites which is summarized in the chart below:

ORIGINAL SITE BEING CONSIDERED	ADDITIONAL PROJECT COST	ANTICIPATED DELAY
South Shore Community center	\$2,000,000 plus cost of future permanent day care center; \$4,000,000 has already been spent including \$2.1 million of GO BOND funds	Minimum 6 months. Estimated completion Fall 2026
ALTERNATIVE SITES BEING CONSIDERED	ADDITIONAL PROJECT COST	ANTICIPATED DELAY
Flamingo Park	\$15-\$20 million including a County-wide referendum and costs to renovate the existing track and field and other facilities.	2 ½ years
1000 Alton Road 1001 West Avenue 1025 West Avenue (Whole Foods Market)	\$21 million including purchase of the site from a third party.	2 ½ years
1100 5 th Street	\$20 million including purchase of the site from a third party.	2 ½ years

The City Manager concluded:

All things being equal, and discounting concerns related to time and cost impacts (emphasis added), the Flamingo Park and Whole Foods sites offer viable alternative sites for the Fire Station No. 1 project. However, with no current additional funding sources, considering the immediate and future needs of the Fire Department and the age of the existing Fire-station No. 1, the Administration continues to recommend that the new Fire Station No. 1 project, currently in the construction phase, remain at the currently proposed South Shore Community Center site, as designed and previously approved. The site analysis and Exhibits have been provided to the Mayor and Commission for consideration of the Fire-station No. 1 project, as directed.

It is notable that the development of the Flamingo Park Youth Facility cannot move forward until this is resolved since relocation of the PAL facility may be contingent upon the current fire station building being vacated and the permanent location of the daycare being determined.

Process Reform Recommended To Avoid Wasteful Practices

The OIG has previously identified the City's practice, both within the G.O. Bond and in general, of starting and stopping projects to change the scope (for reasons unrelated to the quality of a design) as a practice that expends extensive resources. The federal Government Accountability Office (GAO) defines waste as: "The act of using or expending resources carelessly, extravagantly, or to no purpose. Waste can include activities that do not include abuse and do not necessarily involve a violation of law." Although some delays and changes in projects may be necessary or justifiable, there needs to be a more logical assessment of their costs and benefits in order to avoid the risk of wasteful practices.

A democracy, especially at the local level, must find a way to recognize the legitimate interests communicated by neighborhood groups and individual constituents to elected officials, and at the same time protect the overall public interest from being damaged by undue delays and resulting community and financial detriment. Achieving the best balance of these interests in the completion of major projects in which the City has already invested heavily in staff time, planning and budgeting requires foresight and discipline on the part of those who are responsible and accountable for the decisions on those projects.

Former and current City department heads have recommended that once a project has achieved a 30%-60% design, ideally at Design Review Board or Historic Preservation Board approval, and has been fully vetted in the community, there should be no additional scope/design change, barring an unforeseen or other extraordinary event. The OIG sees an opportunity for the City to study the cumulative impact of this practice on project costs and timelines, weigh the costs and benefits of the practice, and assess whether changes in the approval process for G.O. Bond and other City projects are warranted.

The OIG is prepared to work with the City Administration and elected officials in creating any reasonable process reform that will better achieve that balance. One approach to consider is the establishment of a voting threshold in excess of a majority of the Commission members that would be required to alter the scope/design of a project after certain critical pre-established criteria have been met.

Prioritization of G.O. Bond Projects

There is currently no general policy or procedure that requires departments to prioritize G.O. Bond projects due to the City's 5-year capital plan which includes many other projects competing with G.O. Bond projects. This lack of prioritization can be seen this quarter in the Marjory Stoneman Douglas Park project, pending since 2018, which only needs the lighting to complete the park. This project was placed on hold while the lighting in South Point Park was given priority.

It should be noted that the Building Department joins the internal peer review meetings for all large projects, including G.O. Bond projects, to provide input prior to a project's being submitted for a permit. If the department managing the project experiences a delay in the permitting process, the current remedy is to raise it with the Building Department staff or G.O. Bond Program staff, if needed, who will assist to move the process forward.

The OIG recommends that the City assess opportunities to improve the internal coordination and prioritization of G.O. Bond projects among departments.

Oversight Committee Motions

The following chart details the concerns of the G.O. Bond Oversight Committee this quarter related to the two projects detailed above in the form of the following Motions:

GOB Project No.	Project Name	Motion Made	Commission Action
#13, #25	North Shore Park & Fields, Waterway Restoration	Motion to Approve the Administration's recommendation to temporarily re-align \$400,000 from GO #13 North shore Path and fields to GO #25 Waterway Restoration to allow project to proceed	Resolution 2024-32933 approved the re-alignment
#45, #42, #43	FS1, Bayshore Traffic Calming, Chase and 34 th Shared Use Path	The GO Bond Oversight Committee moved to express its concerns regarding the delays caused by Commission action, particularly, but not exclusively, FS #1 and the 34 th Street Shared Use Path, that have undergone thorough vetting and have received extensive public input over many years. The purpose of the Motion was to emphasize the urgency of moving forward with these projects promised to residents and to highlight the wasteful financial consequences including possible loss of grant funding, cost escalations, and expended staff time associated with unreasonable delays.	The Commission unanimously approved the re-design of the 34 th Street Shared Use Path, potentially delaying the project for one year and continues to look for other sites for FS1.

Project Cost Estimators

Project cost estimators used by different departments yield varying results in estimated project costs. Different estimators create different assumptions about the degree to which construction costs will rise over time. There also appears to be a difference between the estimated budgets during the planning and design phases and estimated costs during construction. The Program Director has advised the OIG that each department has the ability to use a pool of CEI (Construction, Engineering and Inspection) consultants or Constructability & Cost Estimating Consultants, both of which provide construction estimates. These services are not normally used unless the project exceeds \$5 million in construction cost, at which time it is required that a separate cost estimate be provided. For projects below that threshold, departments will either rely on contractor and vendor bids or on estimates of probable cost provided by a design consultant.

As a result of some budget shortfalls, the Administration has utilized funding transfers to fill gaps on Tranche 1 projects from savings which have been realized throughout the 5-year project execution period of the bond. To date a total amount of \$3.8 million has been saved from closed-out projects. In addition, the Administration utilizes temporary funding swaps from those projects not advancing as quickly as others to projects which need additional funding to continue. A funding swap is a temporary allocation of funds which gets reimbursed to the original project once Tranche 2 is issued. The most recent implementation plan identifies \$5,079,809 in combined budget swaps and transfers. The following chart reflects the transfers/swaps since the beginning of the program:

PROJECT NAME	TRANCHE 1 BUDGET	GO BUDGET AFTER SWAP OR TRANSFER	BOND AFTER OR	TRANSFER/SWAP	REASON
Collins Park	\$640,000	\$557,287		(\$82,713)	Transfer to Maurice Gibb Park
Crespi Park	\$211,000	\$184,921		(\$26,079)	Transfer to Maurice Gibb Park
Maurice Gibb Park	\$3,300,000	\$4,500,000		(\$1,200,000)	Transfer from Savings in Park Category
North Shore Park and Youth Center	\$3,540,000	\$5,725,000 (Tranche 2 money)		(\$100,000)	Funding swap to Waterway Restoration
Bayshore Park	\$15,700,000	\$15,700,000		(\$4,466,105)	Transfer from interest accrued
Polo Park	\$500,000	\$493,675		(\$6,325)	Transfer to Maurice Gibb Park
Scott Rakow Youth Center	\$5,088,000	\$4,053,045		(\$1,034,955)	Transfer to Maurice Gibb Park
Soundscape Park	\$4,500,000	\$4,575,497		(\$75,497)	Transfer from Mid-beach beachwalk savings
Stillwater Park	\$145,000	\$142,441		(\$2,559)	Transfer to Maurice Gibb Park
Mid-Beach Beachwalk	\$4,500,000	\$4,434,503		(\$75,497)	Transfer to Soundscape Storage
Waterway Restoration	\$5,900,000	\$6,000,000		(\$100,000)	Swap from North Shore Path and Fields
Roof Replacement for Cultural Facilities	\$2,980,000	\$2,932,631		(\$47,369)	Transfer to Maurice Gibb Park
Ocean Drive Improvement	\$2,000,000	\$1,549,000		(\$451,000)	\$451,000 swap to 41 st Street Corridor
Street Tree Master Plan	\$2,500,000	\$2,770,000		(\$270,000)	\$120,000 swap from Alton Road Shared Use path; \$150,000 swap from Sidewalks
Neighborhood Above Ground Improvements (Tranche 2 Project)				(\$1,112,000)	\$1,112,000 moved to Tranche 1 for Indian Creek; \$888,000 remains in Tranche 2; \$509,616 swap from Sidewalks and \$602,384 from Washington Ave Corridor
Washington Ave Corridor	\$1,000,000	\$397,616		(\$602,384)	\$602,000 swap to Above Ground Improvements (Indian Creek)
41 st Street Corridor	\$1,500,500	\$2,531,318		(\$1,031,318)	\$580,318 swap from Sidewalks; \$451,000 swap from Ocean Drive
Protected Bike Lanes and Shared Use Paths	\$2,500,000	\$2,380,000		(\$120,000)	\$120,000 swap to Tree Planting
Replace Fire-station #1	\$4,000,000	\$5,746,058		(\$1,746,058)	Transfer interest accrued
License Plate Readers	\$1,950,000	\$1,575,674		(\$374,326)	Transfers to #48: \$55,095 from MacArthur, \$208,417

				from 71st St, \$110,814 from Julia Tuttle
Police Headquarters Renovations	\$5,500,000	\$6,573,272	(\$1,073,272)	\$1,073,272 public safety category savings transfer
Public Safety Radio System	\$10,000,000	\$9,700,000	(\$300,000)	300K transfer to Beachwalk cameras
LED Lighting in Parks	\$3,741,000	\$3,048,919	(\$692,081)	Transfers to Police HQ: \$99,240 from Tatum; \$45,218 from Crespi, \$45,218 from Stillwater, \$502,405 from Normandy Isle
Security for Public Spaces	\$2,000,000	\$1,999,916	(\$84)	\$84 transferred to Police HQ
Security Cameras on Beach Walk	\$400,000	\$693,219	(\$293,219)	\$300K transfer from Public Safety Radio; \$6,781 savings transfer to Police HQ

The OIG recommends that the City conduct an inventory of all cost estimators currently being used in order to assess how well they predict construction market changes. This can be done by comparing cost estimates provided by each estimator with actual project costs to gauge the reliability of the various estimators and determine their relative accuracy for use in future projects.

Conclusion

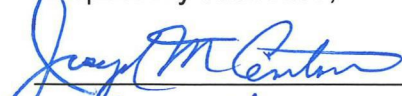
The G.O. Bond is entering its fifth year. A review of the original implementation plan shows that the program has achieved its intended goals of delivering the highest priority projects originally considered "Quick Wins". Some of those projects include:

1. Portable Bollards
2. Polo Park
3. Soundscape 4K Technology
4. LED Lighting in Parks
5. Stillwater Park
6. Collins Park
7. Fairway Park
8. License Plate Readers on Causeways
9. Palm & Hibiscus Landscaping
10. Scott Rakow Youth Center Improvements
11. North Shore Community Center Improvements
12. Nautilus Traffic Calming
13. Public Safety Radio System
14. Street Repaving
15. Sidewalk Repairs
16. Tree Planting
17. Middle Beach Beachwalk
18. Security Cameras on Beachwalk and other location

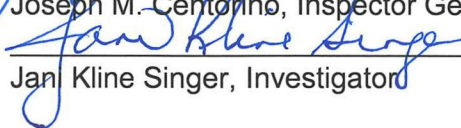
The big impact projects, such as the North Beach Beachwalk, Flamingo Park, 72nd Street Complex, Fire Station 1, Maurice Gibb Park, Bayshore Park, Pedestrian Bridge, Traffic Calming projects, Street Lighting, Police HQ, Marine Patrol Facility, Ocean Drive, and 41st Street Corridor are either completed, or are being built, designed, or planned. To date, the City has spent and

encumbered **\$118 million** of the **\$157 million** in Tranche 1 and the Administration intends to ask the Commission for approval to authorize the advance of **\$19.8 million** of Tranche 2 funding for 5 projects within the Infrastructure category over the next few months.

Respectfully submitted,



Joseph M. Centorino, Inspector General



Jan Kline Singer, Investigator

04/25/2024
Date

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Date

cc: Karen Rivo, Chairperson of the G.O. Bond Oversight Committee
Rickelle Williams, Interim City Manager
Eric Carpenter, Deputy City Manager
David Martinez, Interim Assistant City Manager
Maria Hernandez, G.O. Bond Program Director