

RESOLUTION NO. 2021-31738

**A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND ECONOMIC RESILIENCY COMMITTEE, AT ITS MAY 21, 2021 MEETING, DIRECTING THE ADMINISTRATION TO OBTAIN AN INDEPENDENT COST ESTIMATE ON ALL PROJECTS WITH AN ESTIMATED CONSTRUCTION COST GREATER THAN \$5 MILLION, AND REQUIRING THAT ANY ESTIMATE EXPECTED TO COST IN EXCESS OF \$100,000 BE SUBMITTED TO THE CITY COMMISSION FOR PRIOR APPROVAL.**

**WHEREAS**, at its April 21, 2021 meeting, the City Commission referred an item to the Finance and Economic Resiliency Committee (the "Committee") for a discussion on requiring independent cost estimates on capital projects prior to the issuance of a competitive solicitation; and

**WHEREAS**, typically, construction cost estimating is performed at specific milestones along a project's design cycle; and

**WHEREAS**, pursuant to the requirements of professional service agreements, design consultants retained by the City are required to provide cost estimates at intervals as deemed necessary by the Administration to assure that projects are being designed to the budget determined by the City for construction costs; and

**WHEREAS**, additionally, it has been the Administration's practice to retain the services of independent (third-party) estimators on select projects as warranted; and

**WHEREAS**, at its May 21, 2021 meeting, the Committee discussed the item; and

**WHEREAS**, to minimize budgetary risks and the potential for bids received to be in excess of available project budgets, the Committee recommends that, on projects with an estimated construction cost greater than \$5 million dollars, the City Commission require that an independent cost estimate be obtained prior to the issuance of a solicitation; and


**WHEREAS**, the Committee further recommended that City Commission approval be obtained prior to engaging a consultant to complete a cost estimate on a project when the consultant's fee is expected to be greater than \$100,000.

**NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA,** that the Mayor and City Commission hereby accept the recommendation of the Finance and Economic Resiliency Committee, at its May 21, 2021 meeting, directing the Administration to obtain an independent cost estimate on all projects with an estimated construction cost greater than \$5 million, and requiring that any estimate expected to cost in excess of \$100,000 be submitted to the City Commission for prior approval.

**PASSED and ADOPTED** this 23 day of June 2021.

**ATTEST:**

  
RAFAEL E. GRANADO, CITY CLERK

  
DAN GELBER, MAYOR



APPROVED AS TO  
FORM & LANGUAGE  
& FOR EXECUTION

  
City Attorney

06/08/21  
Date

# MIAMI BEACH

## COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission  
FROM: Alina T. Hudak, City Manager  
DATE: June 23, 2021

SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND ECONOMIC RESILIENCY COMMITTEE, AT ITS MAY 21, 2021 MEETING, DIRECTING THE ADMINISTRATION TO OBTAIN AN INDEPENDENT COST ESTIMATE ON ALL PROJECTS WITH AN ESTIMATED CONSTRUCTION COST GREATER THAN \$5 MILLION, AND REQUIRING THAT ANY ESTIMATE EXPECTED TO COST IN EXCESS OF \$100,000 BE SUBMITTED TO THE CITY COMMISSION FOR PRIOR APPROVAL.

---

### RECOMMENDATION

The Administration recommends that the Mayor and City Commission approve the Resolution accepting the recommendation of the Finance and Economic Resiliency Committee requiring that, prior to the issuance of a solicitation, the Administration obtain an independent cost estimate on projects with an estimated construction cost greater than \$5 million. The Committee further recommends that City Commission approval be obtained prior to engaging a consultant to complete a cost estimate on a project when said cost estimate is expected to cost \$100,000 or more.

### BACKGROUND/HISTORY

At its April 21, 2021 meeting, the City Commission referred an item to the Finance and Economic Resiliency Committee (the "Committee") for a discussion on requiring independent cost estimates on capital projects prior to the issuance of a competitive solicitation. At its May 21, 2021 meeting, the Committee discussed the item. The Committee recommends that, in order to ensure that all stakeholders are aware of the accurate cost estimate and probable cost of projects for which the City issues a solicitation and, further, to assure that funding is available for the project prior to the issuance of the solicitation, the Administration seek an independent cost estimate. To mitigate excessive expenditures relating to independent cost estimates, the Committee recommends that these only be required on projects expected to be greater than \$5 million. Further, the Committee recommends that prior to engaging a consultant for a construction cost estimate expected to cost more than \$100,000, the Administration seek prior City Commission approval.

### ANALYSIS

Obtaining cost estimates on construction projects is a routine practice currently utilized by the Administration on nearly all construction projects. Typically, construction cost estimating is performed at specific milestones along a project's design cycle. As part of the City's professional service agreements, design consultants are required to provide cost estimates at intervals as deemed necessary by the Administration to assure that projects are being designed to the budget determined by the City for construction costs. Additionally, it has been the Administration's practice to retain the services of independent (third-party) estimators on select, but not all, projects as warranted.

In considering the impact of this recommendation, it is important to note that independent construction cost estimates tend to have a relatively small impact on the overall project cost. For example, based on prior experience, the cost of obtaining independent estimates tends to be approximately \$3,000 per each \$1 million of project construction costs. In other words, an independent cost estimate for a \$5 million project could cost around \$15,000.

Finally, based on the current capital program, there are 10-15 projects planned over the next 5-10 years that have a construction cost in excess of \$5 million and for which, based on the Committee's recommendation, an independent cost estimate would be required.

### **SUPPORTING SURVEY DATA**

N/A

### **FINANCIAL INFORMATION**

The fiscal impact is expected to be approximately \$3,000 per each \$1 million of project construction costs and will be funded from existing project budget. Additionally, the benefit of accurately anticipating project costs for the desired scope before issuing a solicitation outweighs any relatively small cost impact.

### **CONCLUSION**

The Administration recommends that the Mayor and City Commission accept the recommendation of the Finance and Economic Resiliency Committee to require an independent cost estimate on projects with an estimated construction cost greater than \$5 million prior to the issuance of a solicitation, and requiring City Commission approval to be obtained prior to engaging a consultant to complete a cost estimate expected to cost \$100,000 or more.

### **Applicable Area**

Not Applicable

### **Is this a "Residents Right to Know" item, pursuant to City Code Section 2-14?**

No

### **Does this item utilize G.O. Bond Funds?**

No

### **Legislative Tracking**

Procurement/CIP

### **Sponsor**

Commissioner Micky Steinberg

**ATTACHMENTS:**

**Description**

- Resolution