



Joseph M. Centorino, Inspector General

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

DATE: September 13, 2024
RE: Inspector General G.O. Bond Quarterly Report
OIG No. 24-21

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.

Update

In OIG No. 25-05, the OIG reported on the wasteful practice of late-stage design changes and the impact on project timelines and budgets. The OIG recommended that the City 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. On May 9, 2024, the OIG met with the G.O. Bond Oversight Committee to discuss the recommendations in OIG No. 25-05, including the suggestion that the City conduct an inventory of all cost estimators currently being used in order to assess how well they predict construction market changes in light of the budget shortfalls on many of the projects.

On July 10, the OIG met with Commissioner Alex Fernandez, former City Manager, Rickelle Williams, the City Attorney, the G.O. Bond Director, Interim Assistant City Manager Director, and other staff to discuss proposed legislation labeled, "Stop the Pause." Commissioner Fernandez sponsored the new legislation, Item R5AJ on the July 24th Commission meeting agenda, and stated in his Commission memorandum:

As recognized by the Mayor and City Commission in Resolution No. 2024-33144 and by the Office of the Inspector General in OIG Opinion Nos. 24-05 and 24-12, it is in the best interest of the City to ensure that such critical infrastructure projects proceed without unnecessary interruptions or modifications once they have reached advanced stages of design or are shovel-ready.

The proposed Ordinance would codify more stringent voting thresholds necessary to take any action that would have the effect of pausing, delaying, stopping or materially modifying critical

infrastructure projects at advanced stages to ensure continuity and completion, while allowing for exceptions in the case of unforeseen site conditions that materially impact the cost of the project, funding limitations, and/or funding emergencies, and provided, the Ordinance would not in any way limit the Commission's ability to accept the recommendation of the City Manager to reject all bids, to take any action the Commission deems necessary to protect the City's rights under a contract with a design consultant or contractor. In addition, the Ordinance contemplates that the approval of (a) material changes to increase the scope of a critical infrastructure project having an estimated construction cost of \$1,000,000 or more or (b) to approve an increase to the contract price relating to such a critical infrastructure project shall continue to require only a simple majority (i.e. 4/7th) vote of the City Commission.

The proposed Ordinance also clarifies its scope by defining "critical infrastructure projects" as only the following:

- (i) Projects relating to fire flow, stormwater systems, potable water, and sanitary sewer projects deemed by the city manager to be critical due to risk of failure;*
- (ii) Utility projects to replace and/or upgrade systems that are at or near capacity;*
- (iii) Neighborhood Improvement Projects ("NIPs") that have been approved by the city commission, that may include resiliency-related improvements such as road raising and harmonization.*

The ordinance was passed by the City Commission on second reading at its regular meeting on September 11. The OIG supports the ordinance as a step towards greater fiscal responsibility. As a result of its adoption, the OIG foresees that its successful implementation may provide the basis for considering its extension to additional projects, including certain ones in the 2018 General Obligation Bond.

Compliance with Management Policy for Internal Controls on Major Construction Projects

Resolution 2022-32047, passed in February 2022, said, in part, that "the City Administration and the City Commission desire to establish consistent management policies in the completion of major construction projects, particularly as the City proceeds with a robust capital improvement program to implement General Obligation Bond projects..." The goal of the policy is to identify those projects with construction budgets greater than \$5 million that experience a 5% increase in scope and cost without the knowledge of the department directors, City Manager and Commission in order to control escalating costs and "scope creep."

During this quarter, the OIG requested a report from the G.O. Bond Director to determine which G.O. Bond projects fell within the policy and whether the policy was being followed. A copy of the analysis can be reviewed in the attachment [List of G.O. Bond Projects by Bond Category](#). The OIG met with the Administration and has identified a number of issues related to the application of the policy. For example, the Marine Patrol Facility, in the design stage, has experienced scope/design changes that have resulted in a budget increase request of \$3,431,834.50, well above the 5% contemplated by the policy, but still below the \$5 million threshold for the construction budget. The increase in scope and cost occurred based on instructions from the Design Review Board and was within the knowledge of the department director and City Manager. Consequently, it was ultimately determined by the Administration that the policy did not apply. The OIG will work collaboratively with staff to ensure the policy is consistently applied whenever warranted.

Construction Delays

The following six projects have not started construction as previously anticipated:

Project Name	Reason for Delay
Bayshore Traffic Calming	Design revisions required after County review
Pedestrian Bridge	Permitting with outside agencies. This is being delivered by a private party developer.
Police Headquarters	GMP* over budget/design revisions needed
Flamingo Park Butterfly Garden	Construction of the temporary daycare center at Flamingo Park
Fire Station #1	Commission Action/Project on Hold
Street Lighting	Contractor selection process took longer than expected

*Guaranteed Maximum Price

G.O. Bond Oversight Committee Motions

The Committee made a motion to include workforce housing, including artist housing, as part of the Byron Carlyle theater project, utilizing \$4 million of G.O. Bond funds available in Tranche 2 for workforce housing.

This quarter the Oversight Committee once again made a motion recommending that the City Commission proceed with the Fire Station #1 project at the South Shore Community Center site, and not proceed with the Flamingo Park location because of concerns over the funds spent to date, the significant cost increase, and reduction of fire safety services during the next three years (due to project delays). However, in light of the recent Referendum approving the Flamingo Park location for the Fire Station and the apparent City Commission consensus toward removal of the Community Center site from consideration, that issue is probably closed at this point. As a G.O. Bond project, its implementation will continue to be monitored by the OIG.

Log Cabin

This quarter the OIG received a complaint from a North Beach resident who was concerned about the City's maintenance of the remnants of the historic Log Cabin which have been stored for several years in containers awaiting reconstruction of that building. The OIG confirmed that the dismantled logs have been stored in an air-conditioned structure. The chimney and fireplace are being stored in an open-air structure and have vegetation growing within the crevices of the remnants. The Division Director of Facilities Management, Frank Garcia, visited the North Shore area where the Log Cabin is being stored and observed the plant growth. The Department is opening a work order to remove the plant material from the structure and spray with an EPA approved organic pesticide. They have also opened a recurring preventative maintenance work order to check on the coral rock fireplace and remove all plant material on a quarterly basis. The City has started the procurement process to hire a design consultant for a newly-renovated Log Cabin.


G.O. Bond for Arts and Culture

In January, the Miami City Ballet requested a reimbursement for design services and project management costs associated with a scope of work that was beyond the enhancements outlined in its grant agreement

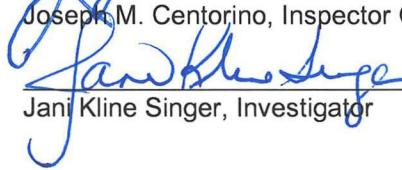
with the City. The reimbursement was put on hold while the City engaged in a series of meetings with the grantee to work through the items deemed to be outside the scope of work that had been authorized.

Currently, the total project cost is \$16,423,400 which creates a budget shortfall of \$4.425 million. On July 11th, the City issued a Notice of Non-Compliance to the Miami City Ballet and instructed them to suspend further expenditures related to the project until such time as the project complies with the scope of work and budget as set forth in the grant agreement. Therefore, the project is on hold until the budget deficit is resolved. The OIG will continue to monitor the project for possible future audit.

Respectfully submitted,



Joseph M. Centorino, Inspector General



Jani Kline Singer, Investigator

09/13/2024

Date

09/13/2024

Date

cc: Karen Rivo, Chairperson of the G.O. Bond Oversight Committee
Eric Carpenter, City Manager
Thais Vieira, Interim Director G.O. Bond Program
Ricardo Dopico, City Attorney

LIST OF G.O. BOND PROJECTS BY BOND CATEGORY

Bond Cat.	Project Name	GOB Total Budget + Funding Prior to 2018 Referendum	Total Project Budget Including All Grants + Other Funding	Internal Policy Controls Criteria	Does Policy Apply at this Time?
Parks	1 72 Street Community Complex	54,546,000	101,742,327	Policy created in February 2022 Construction Budget above \$5M 5% (+) or (-) in cost due to Scope 25% increase in time per contract	No
	2 Collins Park	557,287	557,287	Construction Cost < \$5M	No
	3 Crespi Park	184,920	184,920	Construction Cost < \$5M	No
	4 Fairway Park	260,000	260,000	Construction Cost < \$5M	No
	5 Flamingo Park & Youth Center	30,550,000	30,550,000	50% Master Plan in various stages. 50% PAL in future.	No
	6 Fisher Park	105,000	105,000	Construction Cost < \$5M	No
	7 La Gorce Park	150,000	150,000	Construction Cost < \$5M	No
	8 Lummus Park	4,737,000	4,737,000	Construction Cost < \$5M	No
	9 Marjory Stoneman Douglas Park	682,000	682,000	Construction Cost < \$5M	No
	10 Maurice Gibb Park	8,971,957	11,675,707	Policy created in February 2022 Construction Budget above \$5M 5% (+) or (-) in cost due to Scope 25% increase in time per contract	No
	11 Muss Park	250,000	250,000	Construction Cost < \$5M	No
	12 North Beach Oceanside Park Beachwalk	3,000,000	3,000,000	Construction Cost < \$5M	No
	13 North Shore Park & Youth Center	5,725,000	5,725,000	Each Sub-Project < \$5M	No
	14 Palm Island Park	231,000	231,000	Construction Cost < \$5M	No
	15 Par 3 / Community Park (Bayshore Park)	25,626,295	39,290,190	Policy created in February 2022 Construction Budget above \$5M 5% (+) or (-) in cost due to Scope 25% increase in time per contract	No
	16 Pinetree Park	700,000	700,000	Construction Cost < \$5M	No
	17 Polo Park	493,673	493,673	Construction Cost < \$5M	No
	18 Scott Rakow Youth Center	3,512,091	4,549,306	Each Sub-Project < \$5M	No
	19 Soundscape Park	4,575,497	4,575,497	Each Sub-Project < \$5M	No
	20 South Pointe Park	480,000	480,000	Future	No
	21 Stillwater Park	142,440	142,440	Construction Cost < \$5M	No
	22 Tatum Park	840,000	840,000	Construction Cost < \$5M	No
	23 Baywalk	15,000,000	15,000,000	In Design Phase	No
	24 Middle Beach Beachwalk Phase 3	6,889,179	12,889,179	Project COMPLETE with SAVINGS	No
	25 Waterway Restoration	6,000,000	6,250,000	In Design Phase & Future	No
	26 Roof Replacement for Cultural Facilities	2,932,631	3,322,112	Each Sub-Project < \$5M	No
	27 Log Cabin	1,076,000	1,076,000	Construction Cost < \$5M	No
	28 Art Deco Museum	2,000,000	2,000,000	Construction Cost < \$5M	No
	29 West Lots	5,000,000	5,000,000	Future	No
	30 Skate Park	937,000	1,137,000	Construction Cost < \$5M	No

LIST OF G.O. BOND PROJECTS BY BOND CATEGORY

Bond Cat.	Project Name	GOB Total Budget + Funding Prior to 2018 Referendum	Total Project Budget Including All Grants + Other Funding	Internal Policy Controls Criteria	Does Policy Apply at this Time?
Infrastructure	31 Ocean Drive Corridor	20,000,000	20,000,000	In Design	No
	32 Palm & Hibiscus Landscaping	1,000,000	1,000,000	Construction Cost < \$5M	No
	33 Street Tree Master Plan	5,000,000	6,187,720	Each Sub-Project < \$5M	No
	34 Above Ground Improvements	43,000,000	43,000,000	Future	No
	35 Flamingo Park Neighborhood	20,000,000	20,000,000	Future	No
	36 Washington Ave Corridor	10,000,000	10,000,000	Future	No
	37 Sidewalk Improvements	13,000,000	13,000,000	Future	No
	38 Street Pavement	30,000,000	30,000,000	Future	No
	39 Seawalls and Shorelines	10,000,000	10,150,000	Future	No
	40 41 Street Corridor	15,000,000	15,000,000	Future	No
	41 La Gorce Neighborhood	14,000,000	14,000,000	Future	No
	42 Traffic Calming	2,733,575	5,814,199	Each Sub-Project < \$5M	No
	43 Protected Bicycle Lanes and Shared Bike/Pedestrian Paths	5,000,000	8,919,500	Each Sub-Project < \$5M	No
44 North Shore Neighborhood	8,000,000	8,000,000	Future	No	
Public Safety	45 Fire Station #1	11,746,058	30,159,373	Policy created in February 2022 Construction Budget above \$5M 5% (+) or (-) in cost due to Scope 25% increase in time per contract	On Hold
	46 Ocean Rescue North Beach Facility	5,000,000	5,000,000	Feasibility Study Underway	No
	47 License Plate Readers	1,575,674	1,575,674	Each Sub-Project < \$5M	No
	48 Police Headquarters Facility	11,073,272	15,623,172	TBD once final CM @ Risk budget is received	TBD
	49 Public Safety Radio System	9,700,000	9,700,000	Project COMPLETE	No
	50 Cameras - Business Districts	825,000	825,000	Each Sub-Project < \$5M	No
	51 Fire Station #3	10,000,000	10,000,000	Future	No
	52 LED Lighting in Parks	3,807,919	3,807,919	Each Sub-Project < \$5M	No
	53 Security for Public Spaces	4,349,916	4,895,419	Each Sub-Project < \$5M	No
	54 Marine Patrol Facility	2,700,000	6,100,000	Construction Cost < \$5M	No
	55 Street Lighting Improvements	10,000,000	10,000,000	In Design	No
	56 Cameras - Beach Walk	693,219	693,219	Construction Cost < \$5M	No
	57 Cameras - Entertainment District	1,660,000	1,660,000	Each Sub-Project < \$5M	No
TOTAL		\$ 456,019,603	\$ 562,706,833		