



Joseph M. Centorino, Inspector General

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

DATE: December 23, 2024  
RE: Inspector General G.O. Bond Quarterly Report  
OIG No. 24-31

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## **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.

## **Program Expenditures**

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

	PARKS	INFRASTRUCTURE	PUBLIC SAFETY	TOTAL
SPENT	\$51,183,450	\$24,153,441	\$22,002,105	\$97,338,996
ENCUMBERED	\$18,955,751	\$1,981,027	\$3,763,971	\$24,700,749
AVAILABLE	\$21,059,846	\$3,147,665	\$12,385,947	\$36,593,458
FUTURE	\$81,167,061	\$148,887,871	\$34,815,900	\$262,870,830
TOTAL	\$172,366,106	\$196,000,000	\$72,967,923	\$441,334,029

**Program Update**

To date, 77% of all Tranche 1 funds have been spent or are encumbered: \$122 million out of \$158.6 million. In January 2024, the City Administration advised the Oversight Committee that 14 projects totaling \$47.2 million dollars would start construction during the year. As of this quarterly report, nine of the projects (see below) have not started and only \$2.5 million has been spent on construction, thereby delaying access to Tranche 2 funds. The continuing pre-construction challenges that the OIG has identified since the inception of the 2018 bond include, but are not limited to, project modifications, funding gaps due to scope increases, permitting delays, unforeseen site conditions, and a lengthy community outreach process.

PROJECT	REASON FOR DELAY
PEDESTRIAN BRIDGE	UTILITY RELOCATION DID NOT START AS PLANNED; PERMITTING DELAYS; PRIVATE PARTY DEVELOPER
MARJORIE STONEMAN DOUGLAS PARK LIGHTING	INSUFFICIENT FUNDING TO MEET ORIGINAL INTENDED SCOPE/REVISED SCOPE TO WORK WITHIN BUDGET
FIRE STATION #1	COMMISSION ACTION/REDESIGN/
BAYSHORE TRAFFIC CALMING	DESIGN REVISIONS AFTER COUNTY REVIEW
34 <sup>th</sup> STREET SHARED USE PATH	COMMISSION ACTION/REDESIGN
POLICE HEADQUARTERS	PRE-CONSTRUCTION SERVICES HAVE BEEN STOPPED AS A RESULT OF DESIGN CHANGES REQUESTED BY POLICE CHIEF AND HIS COMMAND STAFF. THE REDESIGN PROCESS, EXPECTED TO TAKE THREE MONTHS, IS STILL ONGOING. A FINAL GUARENTEED MAXIMUM PRICE HAS NOT BEEN DETERMINED
STREET LIGHTING	CONTRACTOR SELECTION PROCESS TOOK LONGER THAN EXPECTED
FLAMINGO PARK SOFTBALL FIELD	ADDITIONAL SCOPE ADDED, HIGH DESIGN COST NEEDED INDEPENDENT COST ANALYSIS
23 <sup>RD</sup> STREETScape	BIDS WERE HIGHER THAN ENGINEER'S ESTIMATE-CAPITAL BUDGET AMENDMENT REQUIRED

The Flamingo Park Softball Field, 23<sup>rd</sup> Streetscape and Street Lighting now have construction contracts that have been approved by Commission and are expected to break ground in early 2025. Additionally, the Commission authorized a capital budget amendment to allocate \$1,282,154 from the interest that has accrued in the infrastructure category. To date, \$7,494,318 in interest has been transferred to projects in need of additional money (Bayshore Park and Fire Station 1).

**Marine Patrol**

In September, the City received a probable construction cost estimate from Program Controls Inc. for the Marine Patrol Facility. The project is currently at the 90% design

stage. The consultant's estimated total construction cost is \$10,749,894. This did not include additional costs related to LEED upgrades, permitting, inspectors, construction management, general fees, art in public places and associated contingencies. At the time of the estimate, no construction schedule was available so it was assumed that the permit set would be completed by the end of 2024, and that the project award would be issued six months after that date with a total project duration of 18 months after the notice to proceed. The City engaged in a value engineering process that has lowered the construction cost estimate at 90% design to \$9,314,212. The 90% construction documents are under review for permits by Miami-Dade County DERM, the City Building Department, FDEP and Army Corps.

### **72<sup>nd</sup> Street Community Complex**

The other notable program update this quarter relates to the 72<sup>nd</sup> Street Complex, a project originally scheduled to begin construction in 2022, but which is at only the 30% design stage. The delays on this project include cost proposals which far exceeded the budget, unsuccessful negotiations during the original RFP 2020-180-ND, a termination of RFP 2020-180-ND, and a new competitive solicitation which resulted in an agreement with Wannemacher Jensen Architects as the consultant and Kaufman Lynn Construction, Inc. as the Construction Manager at Risk in 2023.

The Consultant submitted a design concept which exceeded the \$70M construction budget target. In accordance with the design agreement, the consultant re-designed the concept to meet the construction budget. Certain value engineering (VE) strategies, representing cost savings, were identified for implementation. City staff authorized the Consultant to proceed to the 30% schematic design in June 2024. The Consultant submitted the 30% schematic design including renderings, and the Construction Manager at Risk has submitted the corresponding construction cost estimate. Preliminary review shows that the estimate is approximately 14% over the \$70,000,000 construction budget.

City staff commenced the public outreach and stakeholder engagement process. The schematic design was presented, and received favorable support at the November 14, 2024, meeting of the General Obligation Oversight Committee, the November 19, 2024, meetings of the Parks and Recreation Board and the Committee for Quality Education in Miami Beach. On December 10, the North Beach Community Redevelopment Agency Advisory Committee voted unanimously in support of the 72<sup>nd</sup> Street project as originally designed and against the value-engineered version of the project. The Committee recommended that the City Commission secure the funding to build the more expansive project.

This project has been the topic of much public discussion by the Commission, including suggestions to "scratch" the project and begin again within the budget originally approved by the voters. To date, \$3,832,908 has been spent and \$5,231,864 is encumbered. On December 11<sup>th</sup>, the Commission discussed the project and agreed to move it forward with the recommendation to include an additional level of parking.

## **Bond Accrued Interest Transfers**

There were two additional appropriations of G.O. Bond dollars to supplement existing projects with budget gaps: 23<sup>rd</sup> Street Improvements and Collins Park Rotunda. From accrued interest, the 23<sup>rd</sup> Street Project received \$1.3 million, and Collins Park Rotunda received \$2.64 million. At the G.O. Bond Oversight Committee meeting in December, the City's CFO, Jason Greene, reported the transfers and advised the Committee that a policy related to accrued interest was never discussed, in large part, because interest rates had remained low and the accrued interest was minimal. However, as rates increased, the amount of interest earned has become significant and the City has allocated those dollars to facilitate projects. In total, \$7,494,318 dollars in accrued interest within the 2018 G.O. Bond has gone towards overcoming budget gaps in the Par 3/Bayshore Park, Fire Station 1 and 23<sup>rd</sup> St Streetscape projects. The Collins Park Rotunda project received its dollars from the 2023 G.O. Bond for Arts and Culture.

## **Update On Implementation Of Specific Inspector General Recommendations**

For the last four years, the OIG has been conducting oversight and making recommendations to the City in an effort to minimize unnecessary spending, identify inefficient resource allocation, and improve cost effectiveness. Below are the recommendations that have been made and an update on their implementation:

1. The OIG recommended that staff receive training on “waste” in government projects to enable them to understand the impact of waste on project outcomes (including budget overruns, delays and quality issues) and to identify ineffective project management practices, red flags that indicate potential waste in projects and strategies to promote cost-effectiveness. The sources of waste that have been identified by the OIG have included, but are not limited to, project scope changes, inefficient communication and coordination and unrealistic project budgets. No formal training has been done on this topic to date, but the G.O. BOND Program Director has committed to researching some options to propose to the City Manager for implementation as part of the broader staff development program.
2. The OIG recommended training for the development of a clear and concise scope of work at the beginning of procurement to ensure that the product or services meets the desired outcome. The Procurement Director committed to researching training opportunities through the Institute for Public Procurement. At the time of the OIG recommendation, the procurement department reviewed available options but did not find any course that provided significant value. However, since it has been some time since that review, the current Director has committed to revisiting this to determine if the Institute for Public procurement has introduced any advancements in specification training.
3. The OIG identified that there is no standardized training for project managers and much of the work is being done as “on the job” training. Additionally, it was found



that City employees working on projects are not being measured by performance metrics that are tied to efficient and orderly practices. The OIG suggested that a simple decision tree may allow employees to be consistent on the status of every project, thereby reducing delays and improving schedule adherence by promoting actions in every phase of the project. In CIP, for example, a master project schedule is developed for every active capital project, and it becomes a roadmap for how the project will be carried out. The milestones identified in the schedule become performance metrics for each of the project managers assigned to the project and they are used during their midterm and annual performance evaluation. The G.O. BOND program director has advised the OIG that staff continues to identify ways of improving the efficiency in managing projects, but that it is not uniform across all departments.

4. The OIG identified the inconsistent use by CIP of E-Builder, the department's project management software, and recommended a performance metric tied to its regular use. It is still not being utilized consistently and uniformly by CIP staff. CIP has advised the OIG that it is finalizing a standard operating procedure on the use of E-builder.
5. The OIG recommended that the Administration assess opportunities to improve internal coordination and prioritization of G.O. BOND projects. The OIG understands that prioritization tends to occur through a combination of direction provided by the City Commission or relevant committees, as well as ongoing internal meetings and Oversight Committee meetings. However, the OIG sees an opportunity for the City to analyze the drivers of delays on G.O. BOND projects (e.g. the time it takes to obtain permits) and to formalize a policy or procedure that recommends the prioritization of GOB projects.
6. The OIG recommended 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. To date, this has not been done. However, the G.O. BOND Program director has advised the OIG that the City can conduct a comparative analysis between the independent estimates and the actual bids received for all projects that have gone to bid over a specified period time. To further improve the evaluation process, Procurement can update the Consultant Evaluation Form, which is provided prior to contract renewals, to include a section specifically addressing the accuracy of cost estimates. By systematically tracking and evaluating estimator performance, the City can ensure it continues to use the most reliable and effective cost estimating practices. The OIG encourages the City to update the evaluation form and, additionally, identify and maintain a database of those contractors prone to cost increases.

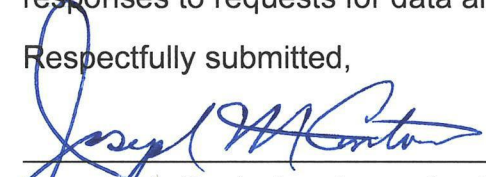
**Conclusion**

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 the various reasons for cost escalations and project delays. This information is obtained, in part, by the OIG's participation in the staff's internal meetings for the G.O. BOND projects. The OIG recommends that during these meetings staff should submit progress reports that include the fiscal status, degree of completion and challenges, so that management remains aware of impediments to deliverables. While some of this information is provided orally during the internal staff meetings, the OIG thinks a more formalized process would benefit the City.

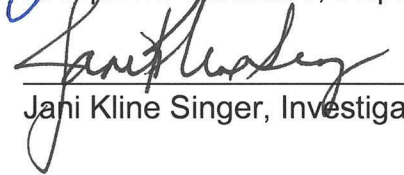
The OIG wants to highlight and commend City staff this quarter for its accumulated savings of \$3,798,659 to date.

The OIG would like to express appreciation for the new G.O. BOND Program Director and her seamless transition. She has been generous with her time and thoughtful in her responses to requests for data and information from this office.

Respectfully submitted,

  
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Joseph M. Centorino, Inspector General

12/23/2024  
Date

  
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Jani Kline Singer, Investigator

12/23/2024  
Date

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