



City Commission Workshop

City Hall, Commission Chambers, 3rd Floor, 1700 Convention Center Drive

March 1, 2006

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Mayor David Dermer
Vice-Mayor Saul Gross
Commissioner Matti Herrera Bower
Commissioner Simon Cruz
Commissioner Luis R. Garcia, Jr. In at 10:27:24 a.m.
Commissioner Jerry Libbin
Commissioner Richard L. Steinberg

City Manager Jorge M. Gonzalez
City Attorney Murray H. Dubbin
City Clerk Robert E. Parcher

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CIP PROGRAMS: Accomplishments, Growth, Benchmarks to Other Programs, Market Conditions and Construction Costs, CIP Staffing, Schedules, Program Administration and Administration Recommendations.

ATTENTION ALL LOBBYISTS

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Special note: In order to ensure adequate public consideration, if necessary, the Mayor and City Commission may move any agenda item to the alternate meeting date which will only be held if needed. In addition, the Mayor and City Commission may, at their discretion, adjourn the Commission Meeting without reaching all agenda items.

Meeting called to order at 10:18:50 a.m.

Vice Mayor Gross explained that the CIP Commission Workshop is being held with members of the G.O. Bond Oversight and Budget Advisory Committees present and informed the audience that Mayor Dermer is not in attendance at today's meeting due to family business. He gave an overview of the program and turned the meeting over to the City Manager.

Jorge Gonzalez, City Manager, added that the purpose of the workshop, as requested by the Finance and Citywide Projects Committee, is to discuss the

accomplishments and challenges. The Administration met with G.O. Bond members, and that's where the project by project specifics are being tracked. The dialogue over the course of a year and a half with Finance has been to find out how the City can continue to expedite the program and how to get those projects implemented and constructed, in particular the underground water & sewer improvements and the neighborhood improvement projects. The progress of the projects will be highlighted today. He added that it is important to recognize the status of the program and stated that the right of way (ROW) neighborhood projects will be looked at. He added that the CIP program has grown dramatically, and the ROW program has grown dramatically as well. From this workshop, the Administration has questions for the City Commission, as the program has expanded in funds, in time and in the need for staffing, both in-house in the CIP Office, and for the need of Program Managers. The presentation will focus on the program model and what the City needs to do with respect to the residential component which can be handled by the Engineers. The end of the presentation will show that the City needs to extend the contract of Hazen & Sawyer. Funds have been earmarked to accelerate projects and there was a commitment made for additional bond funding.

Commissioner Cruz asked what the City has in bonds and how much does the City have to issue in bonds?

Jorge Gonzalez, City Manager, stated that at the next Commission Meeting an item will be brought forth that will allow the City to get Gulf Breeze Bonds, by refinancing some and about \$13 million of new bonds authorized at the next meeting, leaving a need of approximately \$67 millions that have to be issued probably no earlier than 2008. There is capacity to meet most of the needs, but there may be a need to adjust stormwater rates, maybe in 2010 or beyond.

Commissioner Cruz asked for an explanation regarding staffing needs.

Vice-Mayor Gross explained that at the Finance and Citywide Projects Committee the Administration reported that of the 14 Program Manager positions in CIP only seven were filled, and the focus is to figure out how to hire individuals needed and what other resources are needed.

Commissioner Cruz stated that originally that was not the concept. The concept was to rehire outside Program Managers, not from the inside; and now the City is creating some duplicity going forward by hiring staff within; and that is his concern.

Jorge Gonzalez, City Manager, stated that originally back in the year 2000 the process was that the projects were divided into thirds. One-third of the projects were primarily underground ROW neighborhood projects with Hazen and Sawyer as Program Manager; one-third of the project was primarily aboveground construction for parks and facilities with URS doing those projects, and one-third of the projects were miscellaneous projects done in-house, such as historical projects, managing improvement at the Convention Center, TOPA, 41st Street Bridge, close out the Bass Museum, etc, and there are other projects envisioned being managed in-house for several years. Hazen and Sawyer are managing the programs until 2011 or 2012. By the time the program is completed, there are still

projects that are envisioned being managed in-house.

Commissioner Garcia asked if a cost comparison has been made between out sourcing or hiring staff in-house and how would that justify whatever the cost is to the efficiency and timeline of the project, and ultimately, is this Commission satisfied with the timeline for completion of the projects.

Jorge Gonzalez, City Manager, presented a PowerPoint presentation.

Vice-Mayor Gross asked the City Manager to explain the reason for the water and sewer and stormwater bonds increasing in cost from \$94 million to \$217 million.

Jorge Gonzalez, City Manager, explained that aboveground improvement is done by what residents are seeking, and stormwater is done based on engineering on flood system. As BODR were developed, staff identified desires from residents and the City worked with them on securing the engineering to establish standards which went into construction drawings. The neighborhoods were being designed to the budget. About a year and a half ago, to expedite projects, the Administration decided to add money to the program, and as the designs were redesigned to get down to scope, that incurred additional funding and delays; it was then decided to design to scope rather than budget due to the rising cost of construction and then in 2007 or 2008 the City will replenish those projects.

Vice-Mayor Gross stated that this is engineer-driven for water, sewer and stormwater and asked why these rising of costs were not anticipated when the program was conceived.

Jorge Gonzalez, City Manager, explained that in 1999 when the bonds were approved, there was little or no designs or drawings done. Until the drawings are done and the area is surveyed, those are things that one cannot anticipate.

Commissioner Garcia agreed with Jorge Gonzalez, City Manager, and stated that there was faulty foundation and planning from the beginning and added that the GO Bond was probably also underestimated.

Vice-Mayor Gross asked for clarification of the five-year storm event and asked for an explanation in laymen's terms of what a resident would expect and how fast flooded areas would recede.

Pat Davis, Hazen and Sawyer, stated that the level of service for stormwater system is what drives the design which drives the cost; the level of service for the stormwater designed for the City of Miami Beach is Level C, which is one in five year events, and what that means is that every five years statistically there will be a rainfall of a certain intensity and duration and during that rainfall period there is a certain amount of time where streets are designed to drain.

Vice-Mayor Gross gave a sample of a heavy rain on Friday and asked to explain to the residents in laymen's terms.

Burt Vidal, Hazen and Sawyer, stated that the Master Plan that the City establishes for stormwater designs are Levels C, B and A. The majority of all the

roads in the City are Level C, which is a standard accepted by local permitting agencies for five year storms, which is a rainfall of 7.5" over a 24-hour period. This is the typical municipal standard.

PowerPoint presentation continued.

Jorge Gonzalez, City Manager, explained that \$105 millions of the \$620 million have already been completed, such as the golf course, the beachwalk, the library, and the museums; and the current projects under construction, i.e., Washington Avenue and the Fire Stations, will eventually be completed or built. In the neighborhoods projects, progress has been made in particular in the design, planning and engineering that needs to take place. He added that five years ago upon his arrival that did not exist, and stated that not everything perceived or promised is going to be met, and not every street is going to be repaved.

Commissioner Libbin stated that the frustration from the residents is because they are paying the taxes on the bonds and it would have been better to start with the neighborhood improvements first. He agrees that money and manpower need to be found to complete these projects as expeditiously and effectively as possible.

Jorge Gonzalez, City Manager, stated that now the City has much more knowledge of this industry than four years ago, and so the learning process was during the projects that did not take as long and were not as disruptive to the neighbors and residents. He continued to say that now we have a variety of different purchasing methods which the City will see the benefit of on the projects that are on schedule. He further explained that for underfunded projects there is the pay-as-you-go and capital reserves that can be used.

Ruth Remington stated that there are certain projects such as the South Pointe Treatment Station and there is documentation that Dwight Kraaic has analyzed and submitted in a report, that there is reduced water flow over the years and that's \$15 million that can be taken off the table. Every project should be looked at to see if it's necessary and she doesn't even know if Dwight has had an official response to his report.

Vice-Mayor Gross asked the City Manager to have the Engineers respond to Mr. Kraaic in writing.

Commissioner Cruz suggested that the City Manager explain the issues brought forth by the speaker.

Jorge Gonzalez, City Manager, stated that the City will not build unneeded projects; a design was done for the entire system; and the City's professionals will sit with Dwight Kraaic and go through the details. He added that the City's Engineer, the Master Plan Engineers and the Public Works Director advice that the issue is not if the system is needed, but where it should be placed. The Administration looked at various sites and in order to address the concerns of the residents the project is delayed.

Jorge Chartrand, CIP Director, explained that a presentation on the booster system will be done early in April.

Commissioner Bower asked if there are other areas or if this is unique to this area and also asked if there is going to be an odor or noise problem.

Fred Beckmann, Public Works Director, explained that the booster pump station is an enclosed loop system, which makes it unique.

Jorge Gonzalez, City Manager, also explained that part of the increase in these water and sewer bonds is because there is funding allocated to address odor and noise attenuation, and it stems in large part from the 28th street, and since it's a different type of system there is more odor likely to come out of it and funding has been added to address that.

Commissioner Cruz stated that what Commissioner Bower wants to ensure is that everyone is treated equally.

Discussion continued.

Jorge Gonzalez, City Manager, continued with the PowerPoint presentation.

Commissioner Steinberg asked if the Administration has considered the traffic impact for the oceanfront projects that may be in construction for a year at 63rd Street.

Jorge Chartrand, CIP Director, explained that oceanfront projects will not interfere with that, but traffic management will be handled by MOT.

Jorge Gonzalez, City Manager, explained that 40% of the projects are finished or under construction and the City Commission should focus on the challenges for the 60%. He asked Pat Davis, from Hazen and Sawyer, to explain the reasons for the growth in costs.

Pat Davis, Hazen and Sawyer, indicated the challenges they are being faced with and the external influences that should be recognized and will impact this program. He spoke about the State of the Industry and how it affects Miami Beach.

PowerPoint presentation shown.

Commissioner Libbin stated that there should be a difference in how the City looks at considering increased expenses in soft costs.

Mr. Davis, Hazen and Sawyer, answered that costs have accelerated at the same pace.

Jorge Gonzalez, City Manager, stated that the soft costs are negotiated with all Architects and Engineers in a service time and effort type contract. The down side, he continued, is that as projects get caught up in the affecting inflationary factors, and as continued redesigns and time extensions exist beyond what was anticipated, they are faced with a dilemma.

Vice-Mayor Gross asked for a timeframe for the neighborhood projects.

Jorge Chartrand, CIP Director, informed that as of January 2006 Biscayne Point is expected to be completed in 2007 and able to bid an award sometime in 2007 with construction starting early in 2008. He added that almost every project is two years behind schedule right now. An LTC will be prepared on this subject.

Vice-Mayor Gross asked what the City Commission can do to try to move these projects forward on a steady progress.

Jorge Gonzalez, City Manager, asked Jorge Chartrand, CIP Director to highlight the projects that are due for construction this year, and then present those that are due the next calendar year.

Jorge Chartrand, CIP Director, explained that the oceanfront neighborhoods in the areas of 23rd and 41st streets are completely designed. Construction is expected to begin in May and will probably last for one year. Belle Isle is in the process of finalizing permitting and regulatory agency processes which are expected to be resolved within thirty days. Normandy Shores designs are expected to be completed sometime this summer and hopefully bid sometime between July and October to begin construction in December. Normandy Isle has a similar schedule as Normandy Shores.

Commissioner Bower asked if the Normandy Shores and Normandy Isle projects will have an impact on the traffic, since they have the same schedule.

Tim Hemstreet, Assistant City Manager, explained that these are primarily residential streets; the limit is 1500 linear feet, so the project is being built in segments.

Vice-Mayor Gross asked the Administration to very closely review the schedule of these projects before finalizing the schedule to make sure that there will not be a great impact on the traffic and that residents are not inconvenienced.

Commissioner Bower stated that the neighbors will be very upset if the entire area will be disrupted and in addition to that residents have to deal with the bridge project.

Commissioner Libbin stated that with progress comes inconvenience. He stated that to reschedule these two projects will be a problem because there is not another project even close to begin construction. He suggested going ahead with this work.

Commissioner Bower asked that the neighbors be informed and give them a full picture of all the projects at other areas. **Jorge Chartrand to handle.**

Commissioner Cruz stated that although this Commission wants to be sensitive to everyone's needs, the projects are in place where design is done and construction is going to begin, and the City needs to forewarn the neighbors of what is coming their way. The projects cannot be delayed any longer.

Jorge Chartrand, CIP Director, added that La Gorce and Nautilus neighborhoods may be completed in 2006, as well as part of the Venetian neighborhood project which may start construction by the end of this calendar year. For 2007, some of the construction will begin in phases of South Pointe Phase II, probably Lake Pancoast, the Lower Bay Road and Sunset Islands and the Flamingo B.

Vice-Mayor Gross suggested including the progress of projects, schedule and sequencing of neighborhoods by neighborhoods in the Miami Beach magazine, on Channel 77 and the website. **Jorge Chartrand and Nannette Rodriguez to handle.**

Commissioner Cruz suggested distributing flyers in the neighborhoods affected.

Jorge Gonzalez, City Manager, reiterated that the direction from the City Commission is to inform the residents of those neighborhoods where construction is to begin.

Vice-Mayor Gross asked about the challenges the City faces, as far as staffing and other issues.

PowerPoint presentation continued.

Jorge Chartrand, CIP Director, explained the challenges of the program, such as lack of sufficient trained and experienced staff, recruitment, etc. The City has created several additional funding sources to plug gaps as they present themselves or to fund projects when they come in higher than expected, such as the pay-as-you-go and the capital reserves, thereby avoiding delays.

Tim Hemstreet, Assistant City Manager, spoke.

Jorge Chartrand, CIP Director, discussed the needs for each necessary component of the program and suggested keeping the program manager involved towards the end of 2012, keeping CIP staff as well manned as possible and requesting to transfer that responsibility to the A&E to Hazen and Sawyer.

Jorge Gonzalez, City Manager, stated that as contracts with the A&E have grown from the original, one of the ways to spur them to re-engage in some of these projects when they are in redesign is the prospect that new money is going to be put out there for them to earn and as a result they will provide services to the City as residential representatives.

Commissioner Cruz would like to discuss to understand the scope and ramifications not only on the budget but on the time frame.

Commissioner Libbin stated that the City needs both, Program Managers and CIP. He added that after the CIP projects, which may go to 2012 and beyond, there will still be needs in the City, and in his opinion the City should strive to fill the seven positions and even pay a little more if we have to because the cost of not doing that and the delay in the projects far out weights the cost of the delay on the projects.

Vice-Mayor Gross stated there is some balancing that needs to be made between the Project Managers and the in-house staff. He added that the lengthy reviews at 30%, 60% and 90% are slowing the projects down and causing a log jam. He asked whose job it is to push City departments to complete their reviews on time.

Jorge Gonzalez, City Manager, stated that the bulk of the bottleneck is in Engineering, and answered that it is CIP's role to keep the reviews moving forward.

Tim Hemstreet, Assistant City Manager, explained that through the past four or five years the roles were not well defined on the City's side, and that has been resolved; at the present the only required CIP staff review is probably 60%. The issue becomes making sure that the CIP staff is communicating up front and communicating and understanding what is part of the scope or not. In answering Vice-Mayor Gross he stated that this change has been implemented.

Commissioner Cruz asked if perhaps the City has taken more than it can handle.

Jorge Gonzalez, City Manager, stated that this is a ten year program and the project is half way done. One of the challenges is that at 60% of BODR and after the neighbors approve it, when the City goes back with 90% completion, due to delays, the neighborhood has changed so much that staff finds itself trying to convince the residents one more time that this is positive for the community. The Administration is suggesting taking the 90% meeting and combining with the construction kick-off meeting to avoid extra costs and delays.

Commissioner Libbin asked if it is a regulatory process requirement that there needs to be a 60% drawing, or can the meetings, if desirable, be moved to two meetings to a 30% and 75% completion.

Jorge Gonzalez, City Manager, explained that at 30% there is not much detail. At 60% there is enough detail to make changes, and at 90% completion is basically done.

Commissioner Cruz stated that he will support this and suggested that at the 60% drawing the City obtains as much detail as possible with the understanding that there will be no more changes and inform the residents.

Commissioner Libbin asked for examples of what happens at the 90% neighborhood meetings and what kinds of changes are encountered.

Jorge Chartrand, CIP Director, stated that Belle Isle is one of the examples because of the widening of the streets and parking requirements.

Jorge Gonzalez, City Manager, stated that the Venetian Isle residents wanted to completely redesign the stormwater system. He clarified that from the 90% drawing, in 9 out of 10 cases the City ends up doing major changes, but it is stalled for about six months coming to that conclusion.

Commissioner Bower has a concern that under this process a big change in a neighborhood will be overlooked.

Jorge Gonzalez, City Manager, stated that the projects are primarily underground work, such as stormwater, tree planting in swale, lighting, etc., and staff works with the neighbors to make them feel comfortable, but at 90% no change has been accomplished.

Ruth Remington spoke.

Commissioner Bower stated that it should be clearly stated that at the 60% review this is the last chance to make changes to the project design.

Vice-Mayor Gross stated that it was unanimously agreed that the direction to Administration is to have the final design at 60% review. He asked for staffing suggestions.

Jorge Chartrand, CIP Director, stated that the seven vacancies need to be filled either by offering more money or by outsourcing.

Jorge Gonzalez, City Manager, suggested that the contracts for URS and Hazen and Sawyer be extended until 2012 at the next City Commission meeting which is an additional \$15 million additional cost in their contract that needs to be done for completion of these projects.

Jorge Chartrand, CIP Director, stated that the projects have been \$8 or \$9 million short of funding for the last two years of the projects.

Tim Hemstreet, Assistant City Manager, recommended continuing with the mix that exists with some of the projects being handled and interchanged among CIP and the Project Managers, and having the Resident Project Manager be placed back in the consulting A&E contract with Hazen and Sawyer.

Vice-Mayor Gross asked about the idea of design build.

PowerPoint presentation continued.

Commissioner Bower asked about community outreach and funding and asked how can this be alleviated.

Jorge Gonzalez, City Manager, responded that one person can do public information and outreach, and there will be additional positions doing the outreach. On the financing side, all appropriations will be tracked by the Finance Department in CIP.

Tim Hemstreet, Assistant City Manager, explained that design/build is used when practical, as in Washington and in the proposed Nautilus project.

Vice-Mayor Gross asked if there is a way of working with the contractors that have been successful through this process.

Tim Hemstreet, Assistant City Manager, stated that the bidding process has been modified and now previous history and qualifications are entered into the selection

process as well as risk management requirement plans upfront, which increases the competitiveness.

Commissioner Bower stated that she is concerned with going with the 60% and then having Miami-Dade County come in and not approve it.

Jorge Gonzalez, City Manager, stated that this is a regulatory change and not a resident change and they will make the changes and go back to the residents.

Jean-Francois LeJeune, resident and member of the Historic Preservation Board, stated that if there are major delays the neighborhoods needs to be officially informed by mail. He added that the permitting process needs to be improved or streamlined for CIP projects because the City is known as the worst when obtaining permits.

Rocio Sullivan asked who is to blame, when the studies were done and budgeted, why does the City have to extend the contracts.

Jorge Gonzalez, City Manager, stated that at the beginning of the workshop he highlighted the successes of the programs; the Administration almost put the "cart before the horse" by finding the money before knowing what was going to be built. In order to meet the expectations, the costs are greater. It is hard to blame any one group. He doesn't believe it is a failing program but a model for what other communities can do.

Dwight Kraaic informed the City Commission and the Administration that one of the major CIP projects is the booster pump system, and he has upgraded the data and sent it via email to the City.

Vice-Mayor Gross explained that the G.O. Bond Committee is the proper place to have his issues responded to. The City's Engineers should give Dwight a written response.

Tim Hemstreet, Assistant City Manager, stated that the City will meet with Mr. Kraaic and the Engineer on this booster system project.

Susan Kirkland commented on the 60% and 90% reviews. She stated that at the 60% if there is constructive feedback from residents, there needs to be some type of communication back to those residents before the 90% construction meeting. She added that on the booster station, she has comments from a recent tour to sites in Kendall and Opa-Locka, and a letter was sent to the Commission with all the issues of noise concerns that need to be addressed.

Deede Weithorn, Budget Advisory Committee Chairperson, asked for another workshop to find funding sources. She stated that the questions are where the money is coming from and how to treat everyone the same.

Ruth Remington commented that at the 60% review meeting she attended, since they are set up as a presentation, it sets the tone as a done deal, and she suggested having the presentations at 60% made available to the residents for review ahead of time.

Jorge Gonzalez, City Manager, summarized the direction given by the City Commission, which is to reconfigure BODR internally at 60%, bring an item for URS to provide staffing at the March 8 Commission Meeting and have a subsequent item added for Hazen & Sawyer extension of contract at a later Commission Meeting. There was consensus to have A&E take on RPR representation; and regarding internal staffing the Administration will continue its efforts as well as trying to be creative to get the best contractors.

Vice-Mayor Gross asked the Administration to circulate this information to the residents.

Jorge Gonzalez, City Manager, will prepare an LTC with the sequence of projects and other pertinent information to be circulated to the community.

Meeting adjourned at 1:11:15 p.m.

Handout and Reference Materials:

1. Notice of City Commission Workshop in The Miami Herald
2. Statistical Chart titled Water Purchased Sewer Treated for years 1995 through 2005
3. PowerPoint presentation titled "STATUS UPDATE: ROW and Capital Program Capital Improvement Projects (CIP) Office, dated March 1, 2006.