



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE MEMORANDUM

TO: Members of the Finance and Economic Resiliency Committee

FROM: Alina T. Hudak, City Manager

DATE: May 21, 2021

SUBJECT: **DISCUSSION REGARDING THE PROJECT BUDGET AND SCOPE OF THE 72nd STREET PARK, LIBRARY AND AQUATIC CENTER**

BACKGROUND/HISTORY

On November 6, 2018, Miami Beach residents approved a ballot measure, which authorized the issuance of a general obligation bond (G.O. Bond) for the design, permitting, installation, and construction of the 72nd Street Community Complex. A total of \$53.8 million of general obligation bonds are allocated to fund the project, including but not limited to the design, permitting, and construction. An additional \$10.6 million has been allocated from different funding sources bringing the total project budget to \$64.4 million. The Project programming as described in the Design Criteria Package (DCP) includes a multi-level mixed-use, 500 space parking garage, 50-meter competition pool with support amenities, 25-meter multi-purpose pool, 7,500 SF library, 5,000 SF commercial/retail, 7,500 SF fitness center, 5,000 SF community center, 60,000 SF of active green space, and a jogging path.

ANALYSIS

On June 24, 2020, the Mayor and City Commission authorized the issuance of Request for Proposals (RFP) 2020-180-ND for Design/Build Services for 72nd Street Community Complex. The RFP stipulated a two-phase process. Phase I required the submittal and consideration of the Design/Build firm's qualifications. Phase II required the submittal and consideration of the Design/Build firm's Technical Proposal which included each firm's proposed design, project approach during design and construction, project schedule and the Guaranteed Maximum Price (GMP). On June 26, 2020, the RFP was issued.

On August 10, 2020, the City received seven (7) Phase I proposals. On September 16, 2020, City Commission adopted Resolution No. 2020-31387 shortlisting the following firms to be further considered in Phase II: Kaufman Lynn Construction, Inc, PCL Construction Services, Inc. and The Haskell Company. On December 14, 2020, the City received proposals in response to Phase II of the RFP from the three short-listed proposers.

On January 29, 2021, The Evaluation Committee, appointed by the City Manager via LTC # 276-2020, convened to consider the Phase II technical proposals received. The evaluation process resulted in the ranking of proposers, with their associated GMPs as follows:

1. The Haskell Company - \$94,200,025
2. PCL Construction Services, Inc. - \$80,202,724
3. Kaufman Lynn Construction, Inc. - \$79,976,000

On March 17, 2021, City Commission awarded the project to the top ranked proposer, authorizing the Administration to enter negotiations relating to Request for Proposals No. 2020-180-ND with The Haskell Company, provided, however, that the final negotiated agreement shall be subject to prior approval of the Mayor and City Commission.

In addition, the City Commission also referred the item to the Finance and Economic Resiliency Committee to look for options to bond the parking garage or other options to increase the budget.

On April 12, 2021, City staff entered negotiations with the top ranked proposer, The Haskell Company. To date, several meetings have been held to clarify and confirm the program requirements for the facility and refine the proposal. The proposer has re-evaluated early design assumptions which increased the project cost and continues to evaluate additional cost savings measures while meeting the minimum requirements of the DCP.

Impact To Project Budget

The current total project budget is \$64.4M. This includes an estimated design-build cost of \$55M, as well as project soft costs such as FP&L costs, design criteria consultant, permitting fees, testing, Arts in Public Places, GOB oversight, project management and a 10% owner's contingency. Increased design-build costs also increase soft costs. For reference, the following chart outlines total project costs including design-build cost ranges and associated soft costs of approximately 27 percent. Related estimated budget deficits are also quantified.

Design-Build Cost	Total Project Budget	Budget Deficit
\$70,000,000	\$89,000,000	\$24,600,000
\$80,000,000	\$101,300,000	\$36,900,000
\$90,000,000	\$113,500,000	\$49,100,000

Potential Funding Options

As part of the current FERC item to lessen the City's dependence on tourism revenue, the Property Management Department has worked with CBRE to maximize the value of City-owned assets across the real estate portfolio. At the April 30th FERC meeting, Property Management identified 5 vacant parcels that could potentially be sold to generate approximately \$10 million. As part of this process, the current North Shore Branch Library site was also evaluated and estimated to have a value of \$58 to \$65 million less legal, brokerage, and subdivision fees. The Committee discussed the possibility of splitting the parcel to create green space on the ocean side part of the parcel that would potentially reduce the value to closer to \$40 million. In order to potentially use all or a portion of this value to offset the funding gap in the 72nd Street project, the parcel would need to be sold and leased back from the new property owner until the current library was ready to move into the new 72nd Street complex once it is complete approximately 3 years later.

Other funding sources include the \$1 million set aside from the Ocean Terrace legal settlement for the 72nd Street project, an additional \$1.6 million (net of legal fees) from the Ocean Terrace legal settlement that is currently uncommitted, and a potential \$7.4 million from the proposed Seagull Hotel street vacation.

In the parking garage portion of the project, if there is a funding gap between the current budget and the final cost, the Administration would recommend closing the gap by adding additional parking funds or parking bond funds. An alternative would be to use one or more of the funding sources identified above to offset all or a portion of the potential gap. In no case could additional parking funds or parking bond funds be used to offset the non-parking garage portion of the project.

CONCLUSION

City staff will continue to work with The Haskell Company to re-evaluate early design assumptions as well as additional cost savings measures while meeting the minimum requirements of the DCP. Parallel to this process, the Administration recommends that various funding options be evaluated over the next several months so that the final estimated project cost can be determined and necessary funding identified for inclusion in the FY 2022 Capital Budget.