MIAMIBEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Alina T. Hudak, City Manager
DATE: March 13, 2024

SUBJECT: REFERRAL TO THE APRIL 19, 2024 FINANCE AND ECONOMIC RESILIENCY COMMITTEE TO DISCUSS FUNDING AND PATH FORWARD OF THE FIRST STREET PROJECT.

RECOMMENDATION

The Administration recommends approving the referral.

BACKGROUND/HISTORY

Public Works would like to place a referral to the April 19, 2024 Finance and Economic Resiliency Committee meeting to discuss funding for the construction phase and path forward of the First Street Project.

The City of Miami Beach is committed to preserving the welfare and safety of its residents, visitors, and businesses. As part of this commitment, the City prioritizes the needs of infrastructure throughout Miami Beach. The last remaining area of the South of Fifth Neighborhood to receive improvements after the approval of the 1999 General Obligation bonds is the segment of First Street between Alton Road and Washington Ave. The City has considered this area's recurring flooding issues and low elevations and has worked diligently to provide both short- and long-term solutions by designing the improvements to the infrastructure.

The City began the process for this project by performing public outreach prior to the Commission approval to issue a Request For Qualifications (RFQ) to select a design consultant on October 19, 2016 via Consent Agenda Item C2 C. On February 8, 2017, via Resolution 2017-29759, the City selected and awarded the contract for design to civil engineering firm Wade Trim, Inc. Following a significant rainfall event on August 1, 2017, the Commission approved Resolution 2017-30039 on October 18, 2017, which directed the City to modify the design criteria for stormwater systems citywide from a 5-year level of service (LOS) to a 10-year LOS. On September 11, 2019 via Resolution 2019-30987, the City attempted to resolve the issues at First Street by amending Wade Trim's contract to allow them to increase the LOS to a 10-year storm, incorporate additional hydraulic modeling, and continue coordination on the selection of a cross section and pump station location.

After nearly two more years of trying to reach consensus regarding the cross section and pump station location, on May 12, 2021, the Commission adopted Resolution No. 2021-31711, which directed the Administration to select a location for the stormwater treatment system and to negotiate a design task order with a new design team.

On December 8, 2021, the City of Miami Beach Commission approved the consultant service order for Jacobs Engineering Group Inc (Jacobs) for the design of the First Street Neighborhood Improvement Project for a total of $5,981,000. This task entails the design and permitting for the installation of a new stormwater quality treatment system and pump station at First Street and Washington Avenue; road reconstruction including appropriate elevation and streetscape redesign for First Street between Alton Road and Washington Avenue; and replacing water, sewer and stormwater infrastructure along Alton Road and Washington Avenue from South Pointe Drive to 5th Street and along First Street.

Extensive public outreach efforts took place upon completion of the conceptual design (in June 2022) and the 30% design (in November 2022). The 30% design update included engineering findings and resulting recommended scope changes that received strong community opposition. Public Works continued with the 60% design, as originally approved by Commission. The 60% design was completed in December 2023.

Project Budget Update

There has been a significant increase in the overall estimated construction cost of the project. It is important to note that significant market volatility and uncertainty experienced in recent months with contractor bids—due to materials supply shortages, labor shortages, inflation, and other factors experienced following the start of the pandemic—is impacting project budgets citywide and beyond.

Unfortunately, this project's budget is not an exception.

The construction of this project was originally estimated and funded for $46M in early 2021, based on pre-covid historical bid data. As of the 30% design completion, the consultant estimated the project construction cost at $129M ($168M total budgetary cost,

including construction management, design, permitting, inspections, and other administrative fees, that are necessary for the administration of a capital project).

The Administration, in an effort to validate that early-design-stage construction cost estimate, engaged a third-party independent consultant, Nova Consulting Inc., at the 60% design completion to provide a detailed cost estimate and conduct a constructability and phasing analysis. This task was intended to provide a more accurate project estimate, as well as provide guidance to the implementation plan for this project. The independent estimate, received in February 2024, resulted in total project budgetary cost estimate of $178M.

The project currently has a total available funding of $81.4M, which includes Resilient Florida Grant funds for construction of $35M and GOB funds of $5M. The total funding gap is estimated at $96.6M

With this reality in mind, the Administration continues to work on securing grant funds and is considering the option to phase out the implementation. The 60% updated cost estimate is being presented to the governing body and to the community for further input on the project path forward.

SUPPORTING SURVEY DATA

Results from the 2022 Resident Survey related to the City's perception and satisfaction show an overall approval of 67.4%, and rated the City as a good place to live.

FINANCIAL INFORMATION

To be discussed at the FERC Committee.

CONCLUSION

The Administration recommends approving the referral.

Applicable Area

South Beach

Is this a "Residents Right to Know" item, pursuant to City Code Section 2-14?	Does this item utilize G.O. Bond Funds?
Yes	No

Strategic Connection

Environment & Infrastructure - Reduce risk from storms, high tides, groundwater, and sea level rise.

Legislative Tracking

Public Works