

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: June 25, 2025

TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING THE SETTLEMENT OF A CLAIM, IN THE AMOUNT OF \$150,000.00, TO BE PAID TO GOLDWATER REALTY II, INC, OWNER OF THE PROPERTY LOCATED AT 1741 ALTON ROAD (PRIVATE PROPERTY); AND FURTHER, AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE A SETTLEMENT AGREEMENT AND ANY OTHER DOCUMENTS RELATED TO THE SETTLEMENT, SAID SETTLEMENT AGREEMENT AUTHORIZING THE PRIVATE PROPERTY OWNER TO UTILIZE THE SETTLEMENT PROCEEDS TO REPLACE THE CITY'S SEAWALL AT LENOX COURT, LOCATED ALONG THE COLLINS CANAL AND ADJACENT TO THE PRIVATE PROPERTY.

RECOMMENDATION

The Administration recommends approving the Resolution.

BACKGROUND/HISTORY

On March 30, 2025, the City received notification that a seawall, located at 1741 Alton Road, Miami Beach ("Private Property"), had collapsed into the adjoining waterbody, the Collins Canal, during a heavy rainfall event. Public Works dispatched a crew to secure the site and conduct an assessment of the damage. The Miami-Dade County Department of Environmental Resource Management ("DERM") inspected the site and an inspection notice and waste dumping violation were issued to the Private Property owner, Goldwater Realty II, Inc. ("Goldwater"). Based upon the City's investigation, it was determined that approximately 23 feet of the 194-foot segment of seawall correspond to Lenox Court and are within City right-of-way, and the remaining 171 feet correspond to the adjacent Private Property.

On or around May 15, 2025, Goldwater notified the City that it intended to make a claim against the City alleging that the Lenox Court seawall, owned by the City, had not been repaired and that during the March 30, 2025 "rain bomb," canal water may have entered upon the Private Property from that point in the seawall opening, causing the Private Property seawall to collapse. On or around June 6, 2025, City staff met with Rabbi Zalman Fellig, a principal of Goldwater, where he formally presented his claim (the "Claim"). The City denied any liability but requested that Goldwater provide an engineering report substantiating the Claim.

Goldwater engaged an engineering and construction company, to provide a report and quote for the permitting and replacement of 194 feet of seawall, including the 23 feet owned by the City and the structural reinforcement of remaining 13 feet. The cost proposal presented, which includes all work necessary to perform all work including the 23-foot segment belonging to the City, was for \$377,200.00. Goldwater requested that the City pay 50% of the cost based on its claim that the City's failure to repair the Lenox Court seawall had caused Goldwater's seawall to collapse. The City Administration denies any liability on the City's part or that a 50% contribution is required.

Nevertheless, to avoid the cost and uncertainty of litigation, the City Administration believes it is in the City's best interest to reach an amicable resolution. The City Administration has offered to settle all claims associated with the Claim for the sum of \$150,000, subject to approval by the Mayor and City Commission, and Goldwater has indicated its willingness to settle all claims related to the Claim for this amount.

ANALYSIS

The City of Miami Beach has approximately 55 miles of seawalls, of which approximately 50 miles are privately owned, and 5 miles are City-owned. To optimize the benefits of the seawall program, the Public Works Department developed a methodology to prioritize the reconstruction of approximately 2.8 miles of City-owned seawalls within the next 10 years. Factors such as elevation, location, and condition of each seawall were used to develop the initial ranking of each seawall. The Lenox Court seawall is included in the Public Works Department's seawall reconstruction initiative and was recently in the process of being procured.

Lenox Court Seawall

The City-owned 23-foot Lenox Court seawall has undergone multiple procurement efforts, beginning with an existing push button contract ITB 2020-125-AY. This contract uses pre-priced line items for seawall construction. The project is awarded to the lowest contractor once all line items and quantities and unit prices are considered. The lowest priced contractor rejected the project due to scope complexity and the walls deteriorated condition, they also advised pre-covid pricing could not be honored given increased construction and materials costs. All subsequent contractors on the contract rejected the project with similar concerns.

In 2024 the City attempted competitive solicitation under ITB 2024-056-JP. That process resulted in a single bid of \$899,525.00 for 23 linear feet, or approximately \$39,110.00 per linear foot. This bid was deemed excessive when compared to other seawall projects across the City, which have typically ranged between \$2,700.00 and \$5,900.00 per linear foot, and was therefore rejected.

Following the ITB, the City pursued pricing through its Job Order Contracting (JOC) program. Pricing was solicited at two different times. The first solicitation prior to the collapse of the seawall resulted in only a single contractor submitting a quote of approximately \$1.3 million—significantly higher than the original ITB bid. After the seawall collapsed, the same contractor was contacted again to determine whether the altered site conditions might improve constructability and pricing. However, at that time, the contractor declined to proceed with construction under the existing permitted plans, further highlighting the elevated risk and complexity associated with the site.

The high cost of this project is largely due to severe site constraints. Lenox Court is situated within a narrow 20-foot-wide public right-of-way, bounded by two private properties and an adjoining seawall that was also identified as being in poor condition and at risk of collapse at the time of the original bid. There is no viable access to the site from the water side due to existing bridges along the canal, that limit the ability to barge in equipment; and the adjacent private parcels preclude conventional land-side mobilization and staging. Additionally, overhead FPL utility lines along Lenox Court, across the canal and near the seawall's end introduce further safety and logistical complications. These cumulative factors make standard construction methods infeasible, and contractors have indicated that if access remains restricted to the City's narrow right-of-way, work, if completed by the City, would need to be staged from Dade Boulevard, across the canal—dramatically increasing mobilization costs, equipment needs, and community impacts through closure of travel lanes.

Given the extreme circumstances stated above, limited access for seawall repairs at Lenox Court, and excessive cost for a seawall repair, the Administration finds it to be in the City's best interest

to pay \$150,000.00 (the “Settlement Amount”) in settlement of all claims associated with the Claim, with the understanding that the City’s contribution will be applied towards the full reconstruction of the Lenox Court seawall. The cost of replacement of the seawall to the City would be equal to or greater than the proposed Settlement Amount, so this will be a cost-effective solution. Additionally, this approach will result in immediate attention to the matter which would otherwise be delayed if following the City’s standard Procurement process.

As a conditions to the City’s contribution to the shared cost, the new seawall will include a structural separation joint at the right-of-way line to ensure structural independence between the City-owned and privately owned segments, allowing for separate maintenance responsibilities. Additionally, the city will require the inclusion of a “knock out” panel that is required for future drainage improvements in the area. The City will coordinate with the design and construction team to make sure this modification is incorporated.

FISCAL IMPACT STATEMENT

\$150,000.00

Does this Ordinance require a Business Impact Estimate? (FOR ORDINANCES ONLY)

If applicable, the Business Impact Estimate (BIE) was published on:

See BIE at: <https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notices/>

FINANCIAL INFORMATION

Funded from the G.O. Bond account #396-0815-069357-29-410-576-00-00-00-27823 (Capital Contracts).

CONCLUSION

Based upon the substantial cost savings to the City and the need to address the current conditions at the Lenox Court seawall, the City Manager recommends approving the settlement of the claim, in the amount of \$150,000.00, to be paid to Goldwater; and further, authorizing the City Manager to negotiate and execute a Settlement Agreement and any other documents related to the settlement, so that Goldwater may replace the City’s seawall in connection with the replacement of its adjoining seawall.

Applicable Area

South Beach

Is this a “Residents Right to Know” item, pursuant to City Code Section 2-17?

Is this item related to a G.O. Bond Project?

No

Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying? No

If so, specify the name of lobbyist(s) and principal(s):

Department

Public Works

Sponsor(s)

Co-sponsor(s)

Condensed Title

Accept Agreement w/ City and Zalman Fellig, Replace the Lenox Court Seawall. PW

Previous Action (For City Clerk Use Only)