John A. Carey
Inspector General

OFFICE OF INSPECTOR GENERAL
PALM BEACH COUNTY

Inspector General
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"Enhancing Public Trust in Government"

Contract Oversight Report

CA-2024-0043

City of Riviera Beach Fire Stations 87 and 88 Contract Review

March 24, 2026

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PALM BEACH COUNTY

CONTRACT OVERSIGHT REPORT
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CITY OF RIVIERA BEACH - FIRE STATIONS 87 AND 88 CONTRACT REVIEW

SUMMARY

WHAT WE DID



The Palm Beach County Office of Inspector General (OIG) received a complaint regarding the City of Riviera Beach's (City) procurement and award process (Contract No. ITN-1015-21-1) for the finance, design and construction of Fire Stations 88 and 87.

The complainant alleged the City violated its procurement code by improperly expanding the scope of ITN-1015-21-1 to include Fire Station 87. The complainant further alleged that the awarded contractor Kaufman Lynn Construction, Inc. (Kaufman Lynn) violated the comprehensive agreements for Fire Stations 88 and 87 by not providing $150,000 in required community reinvestment funds per station to the Youth Recreation Association of Riviera Beach. Lastly, the complainant alleged that Kaufman Lynn did not meet the Small Business Enterprises (SBEs) and Minority and Women Businesses (M/WBEs) subcontracting goals set forth in the comprehensive agreements for Fire Stations 88 and 87.

Our review included examining the City's procurement process; relevant ordinances, statutes, and contract documents; and City meeting agendas, minutes, and audio files. We interviewed individuals directly involved in the City's procurement process, including the City Director of Procurement, City Engineer, City Finance Director, City Fire Chief, and Kaufman Lynn's representatives.

We identified the following issues for review:

Issue (1): The City improperly expanded the scope of ITN-1015-21-1 to include Fire Station 87 after the original ITN was publicly noticed and awarded, in violation of the terms of the ITN and section 255.065(3)(c), Florida Statutes (2021).

Issue (2): Kaufman Lynn did not meet its contractual requirement for utilization of Small Business Enterprises (SBE) and Minority Business Enterprises (MBE) for Fire Station 88 and Fire Station 87, in

violation of its comprehensive agreements with the City.

Issue (3): Kaufman Lynn did not pay $150,000 in required community reinvestment funds per fire station to the Youth Recreation Association of Riviera Beach, in violation of its comprehensive agreements with the City.

WHAT WE FOUND

Issue (1): Supported. The City improperly expanded the scope of ITN-1015-21-1 to include Fire Station 87, resulting in questioned costs[1] totaling **$18,867,368.92.**

These costs associated with the construction of Fire Station 87 are not questioned due to any fraud or identified waste, but for noncompliance with Florida Statutes and failure to properly solicit responses for the design and construction. Fair competition primarily serves to ensure the agency receives the best value in serving the public's interest.

Issue (2): Not Supported. Kaufman Lynn committed to using commercially reasonable efforts to achieve an aspirational goal of 30% Small Business Enterprise (SBE) utilization, including a goal to exceed 15% utilization of African American-owned firms. Documentation indicates that these participation levels were achieved for Fire Stations 87 and 88.

Issue (3): Not Supported. Kaufman Lynn, with the approval of the City, tendered $150,000 directly to the Youth Recreation Association of Riviera Beach for Fire Station 88, and another $150,000 for Fire Station 87.

WHAT WE RECOMMEND

Our report contains one (1) finding and one (1) recommendation. Implementation of the recommendation will strengthen the City's internal controls relating to competitive procurement for soliciting P3s.

We recommend that the City establish or amend procurement policies and procedures to ensure compliance with section 255.065, F.S., and that the City's solicitation documents clearly define the scope of work on which proposers are expected to compete. These actions will enhance transparency and accountability, ensure compliance with state law, support consistent evaluation of proposals, and reduce the risk of challenges to the procurement process. Additionally, conducting competitive solicitations in compliance with section 255.065 will increase the likelihood that the City obtains the best value for construction of the fire stations, thereby maximizing the resources available to serve the community.

The City did not concur with our finding and partially concurred with our recommendation. We have included the City's management response as Attachment 1.

[1] Questioned costs can include costs or financial obligations incurred pursuant to a potential violation of a provision of law, regulation, contract, grant, cooperative agreement, other agreement, policies and procedures, or document governing the expenditure of funds; a finding that, at the time of the OIG activity, such cost or financial obligation is not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable. As such, not all questioned costs are indicative of potential fraud or waste.

BACKGROUND

The Town of Riviera Beach was incorporated in 1922. The town later expanded to include part of Singer Island and adopted the name Riviera Beach. The town became the City of Riviera Beach (City) in 1942. The City is located along the Atlantic shore of southeast Florida in Palm Beach County.

The City Charter was initially adopted by referendum on April 17, 1973, and subsequently revised by referendum on March 11, 2008 to create a new, revised City Charter that generally superseded and replaced the earlier charter.

The City's stated mission is "a commitment to creating an exceptional City by providing excellent customer service, progressive leadership, and accountable stewardship."[2]

The City operates under a Mayor–Council–Manager form of government. The governing body consists of an elected Mayor and five City Council members elected at-large to three-year terms, with each council member representing a designated district. The City Council serves as the City's primary policymaking and fiduciary body, while the Mayor presides and exercises ceremonial and veto authority granted under the City Charter, but does not vote on Council matters.

The City Manager and the City Attorney are charter officers and report directly to the City Council. The City Council appoints the City Manager as the chief executive officer to manage the day-to-day operations of the city. The City Manager appoints department directors, prepares the budget for the Council's consideration and makes reports and recommendations to the City Council.

Invitation To Negotiate (ITN): Design-Build-Finance of City Riviera Beach Fire Rescue Facilities

On January 3, 2021, the City issued an Invitation To Negotiate (ITN): Design-Build-Finance of City Riviera Beach Fire Rescue Facilities. The Introduction section of the solicitation document stated:

> The City of Riviera Beach (hereinafter, the "City") issues this Invitation to Negotiate (hereinafter, the "ITN") with the **intent of obtaining proposals** from interested and qualified firms (hereinafter, "Proposers") to enter into a public-private partnership with the City, **consistent with the provisions of Section 255.065, Florida Statutes** (Public-private partnerships), to update and improve the City's aging **fire rescue facilities**. The objective of **this ITN** is to select a team to provide for the **professional design, management, construction, and financing for the City's aging fire rescue facilities, but specifically for the initial construction of Fire Station No. 88**. **The facility is to be located at the northeast corner of**

[2] https://www.rivierabch.com/government/development/economic/history?utm_source=chatgpt.com

> **Congress Avenue and West Blue Heron Boulevard, Riviera Beach, Florida (the "Project"). A draft site plan, survey, and site dimensions of the property depicting location** are provided in **Exhibit A**.
>
> …..The City desires for **Fire Station No. 88** to be completed on or before December 1, 2022.
>
> The City **is requesting proposals** from qualified Proposers to work with the City Manager's Office and Fire Department (hereinafter, the Departments) **to design, build and finance the Project**. The most qualified firm(s) that offers a proposal that is deemed to be in the City's best interest both economically and operationally will move forward in negotiations for a final contract.

[Emphasis added]

The Scope of Work outlined in the ITN stated:

> **Scope of Work**
>
> **With this ITN, the City of Riviera Beach is soliciting proposals for the design, building, and finance related to the improvements to its aging fire rescue facilities, beginning with the construction of Fire Station No. 88**. The selected team will be required to negotiate a Comprehensive Agreement, as required by **Florida Statutes 255.065** which is subject to the approval of the City Council.
>
> ….Specifically, **the initial phase related to addressing our aging facilities is to construct a new Fire Station No. 88 on real property**, recently purchased by the City located at **1904-1920 W. Blue Heron Blvd., Riviera Beach**. The preliminary layout of **Fire Station No. 88** is approximately 28,000 +/-sq. ft. **("Property").** The property is a *visible* property that sits on a main intersection, Congress Avenue and Blue Heron Boulevard, in Riviera Beach. **Fire Station No. 88**, upon completion will be ideally located [at] 4000 feet from Interstate 95 and 11,000 feet from US Highway 1. **At some point in the future, the City is also considering re-constructing one or all of two remaining fire rescue facilities, Fire Station No. 86, 87 and 89**. Fire Station No. 86 is located at 5010 N. Ocean Drive; Fire Station No. 87 is located at 600 W. Blue Heron Blvd.; and Fire Station No. 89 is located at 7501 N, Military Trail. As the City moves forward to implement its *Vision 2030 Reimagine Riviera Beach*, we anticipate the incorporation of a public safety service facility, consisting of fire rescue and law enforcement services, in the municipal/civic center complex.
>
> **The City has decided to pursue a public-private partnership providing for the design, build and finance of Fire Station No. 88, its first fire rescue services initiative**…..

Scope of Services

The work proposed under this ITN may include the following elements:

1. Design and construction of a two-story 28,000 +/- square feet public, HOT Zone Design facility consisting of five apparatus bays, sleeping and private restroom facilities for male and female firefighters, locker rooms, exercise room, kitchen, dining room, lounge/dayroom, offices, a training element, a decontamination area and a fire operations center.

….

5. Design and construction services related to the additions needed at the **property's intersection at Congress Avenue and Blue Heron Blvd**, with the Fire Department "Locution", including any necessary coordination with Florida Department of Transportation (FDOT)…..

….

9. Provide a preliminary project construction schedule and preliminary project cost estimate.

[Emphasis added]

The ITN included a draft site plan, survey, and 1st and 2nd floor site dimensions for Fire Station 88 as Exhibit A.

The ITN also included:

TAB 9: SBE/M/WBE FORMS (Schedules 1-4)

1. Describe how your team members enlists [sic] small, women, local, and minority owned business enterprises and involve them in your projects.

The City issued one (1) Addendum on February 25, 2021 to remove and replace a Drug Free Form and Replace with the Addendum Acknowledgement Form. All other terms and conditions of the solicitation remain unchanged.

The City required proposers to submit proposals by March 18, 2021. Kaufman Lynn Construction, Inc. and The P3 Group, Inc. submitted proposals to the City on or before the deadline.

The ITN indicated that the City was soliciting proposals to enter into a public-private partnership with the City, consistent with the provisions of section 255.065, Florida Statutes (2021), which stated in part,

(3) PROCUREMENT PROCEDURES. - A responsible public entity may receive unsolicited proposals **or may solicit proposals for a qualifying project** and may

thereafter enter into a comprehensive agreement with a private entity, or a consortium of private entities, for the building, upgrading, operating, ownership, or financing of facilities.

….

(c) If the **solicited qualifying project** …. **includes design work**, **the solicitation must include a design criteria package prepared by an architect, a landscape architect, or an engineer licensed** in this state which is sufficient to allow private entities to prepare a bid or a response. **The design criteria package must specify reasonably specific criteria for the qualifying project such as the legal description of the site, with survey information; interior space requirements; material quality standards; schematic layouts and conceptual design criteria for the qualifying project; cost or budget estimates; design and construction schedules; and site development and utility requirements.** The licensed design professional who prepares the design criteria package shall be retained to serve the responsible public entity through completion of the design and construction of the project.

(d) Before approving a comprehensive agreement, the responsible public entity must determine that the proposed project:

1. Is in the public's best interest.

….

(7) COMPREHENSIVE AGREEMENT. -

(a) Before developing or operating the qualifying project, the private entity must enter into a comprehensive agreement with the responsible public entity…..

[Emphasis added]

Kaufman Lynn's Proposal

Kaufman Lynn's proposal attached a cover letter stating:

ITN: 1015-21-1 Fire Rescue Facilities

Dear Selection Committee & City of Riviera Beach:

The construction of Fire Station No. 88 is not only the first step in replacing the City's aging fire rescue facilities, but as the City's first use of Florida public-private partnership law, it is also potentially the model for other improvements identified in the City's Vision 2030 Reimagine Riviera Beach. You need to have certainty that you can finalize a viable structure with the selected team, and that you can do so quickly in order to meet your **goal for a December 1, 2022 opening of Fire Station No. 88**.

….

> **Our team has developed a plan to design, build, and finance Fire Station No. 88 with an opening date prior to December 2022**. However, this is only possible because we already have the contract basis ready, significantly speeding up the "transaction making" phase of the project.
>
> ….
>
> To date we have 18 local SBE/W/MBE firms committed to this team that will be involved in providing services for **Fire Station No. 88** and we're just getting started!
>
> ….
>
> Our community benefits extend beyond local businesses and into the classroom. We will partner with the School District of Palm Beach County, John F. Kennedy Middle School and the City of **Riviera Beach Youth Recreation Association** to create educational programs for students.
> **Please turn to Tab 9 for a detailed description of our community educational program benefit.**

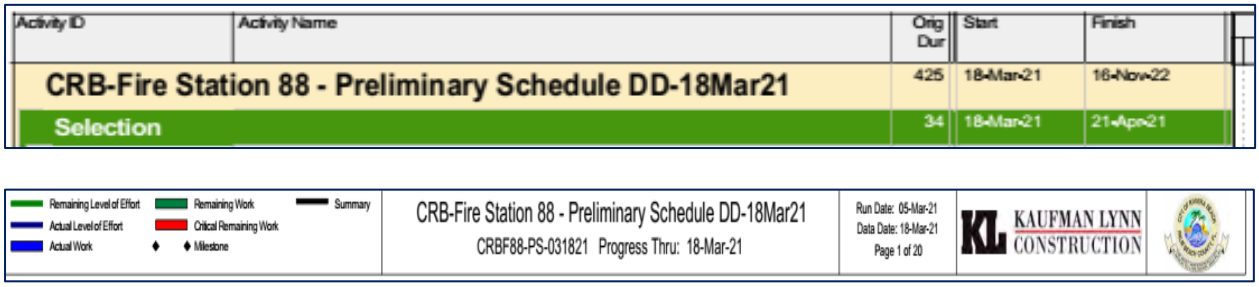
[Emphasis added]

Kaufman Lynn stated in TAB 9: SBE/M/WBE FORMS (Schedules 1-4) the following:

> The partnership's $100,000 investment will be **administered by** the **City of Riviera Beach Youth Recreation Association**, the longest standing City of Riviera Beach 501C3 Non-Profit since 1965.
>
> The partnership's $100,000 investment is exclusively earmarked to sponsor twenty (20) City of Riviera Beach students attending John F. Kennedy Middle School and Riviera Beach Prep based upon principals and School District's approvals.
>
> ….
>
> The partnership's $50,000 investment will be **administered by** the **City of Riviera Beach Youth Recreation Association**, the longest standing City of Riviera Beach 501C3 Non-Profit since 1965.
>
> The partnership's $50,000 investment is exclusively earmarked to sponsor twenty (20) City of Riviera Beach students attending John F. Kennedy Middle School, Palm Beach Lakes High School and Riviera Beach Prep based upon principals and School District's approvals.

[Emphasis added]

Exhibit A of Kaufman Lynn's proposal included fire station renderings, Exhibit B was a timeline for Fire Station 88, and Exhibit C was a preliminary schedule for completion of Fire Station 88.



Evaluation Committee

On March 31, 2021, the Evaluation Committee met to review and evaluate the proposals. Proposals were evaluated based on the following criteria:

Evaluation Criteria	Maximum Points
Private Entity or Respondent	15 Points
Organization Profile, Identity of the Team	10 Points
Development Team Experience	15 Points
Financial Capability, Viability, and Plan	30 Points
Project Concept, Development Program, and Management Plan	15 Points
Local Vendor Preference (S/W/MBE)	15 Points
Total Possible Written Points	**100 Points**

The Evaluation Committee awarded more points to Kaufman Lynn than to P3 Group. Afterwards, the Procurement Director provided a memorandum to the City Council noting that P3 Group was non-responsive and disqualified for not specifically naming an engineer.

Agreement for Fire Station 88

On April 28, 2021, the City Council approved Resolution 43-21 awarding ITN 1015-21-1 to Kaufman Lynn and authorizing the Mayor and City Manager to execute an interim agreement for design-build-finance predevelopment services in an amount not to exceed $500,000:

> **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RIVIERA BEACH, FLORIDA that:**
>
> **SECTION 1.** The City Council hereby awards ITN 1015-21-1 to Kaufman Lynn Construction.
>
> **SECTION 2.** An Interim Agreement, as provided by Sec. 255.065(6), Florida Section [sic], be negotiated with Kaufman Lynn Construction, for the commencement of preconstruction work **related to the construction of**

> **Fire Station No. 88**, to be located at Blue Heron Blvd., and Congress Avenue, Riviera Beach, Florida.
>
> [Emphasis added]

On February 9, 2022, the City Council approved Resolution 010-22 attaching the Comprehensive Agreement For the Design and Construction of the City of Riviera Beach **Fire Rescue Fire Station No. 88** with Kaufman Lynn. To cover the costs associated with the Comprehensive Agreement, the Finance Director is directed to allocate funds in the amount of $20,000,000 from appropriate available sources.

The Comprehensive Agreement negotiated and signed by Kaufman Lynn and the City for the design and construction of Fire Station 88 provided that the City determined that the project was in the public's best interest and met the requirements of section 255.065(3)(5)(d) [sic] and stated:

> **Section 10.8. SMALL BUSINESS ENTERPRISE ("SBE") AND LOCAL HIRING GOALS AND COMMITMENTS; EDUCATIONAL PROGRAMS**.
>
> (A) Developer has committed to a Small Business Enterprise ("SBE") **utilization goal of 30%** of the subcontracted work being performed on the Project, valued as of the Effective Date, and Developer has committed to **using commercially reasonable efforts to achieve the foregoing goal**, including in particular the goal **to exceed 15% utilization of African American owned firms**.
>
> ….
>
> (F) In cooperation with the **Education Foundation of Palm Beach County**, the Developer shall create with the approval of the School District of Palm Beach County an educational program that provides exposure and training for students of Riviera Beach Schools to an Electrical Pre-apprentice Skills Achievement Program for 20 students residing in the City and attending schools within the City boundaries. This program, in conjunction with the program set out in Section 10.8(G), **will utilize a $150,000 investment by the Developer**….

On June 11, 2024, the City and Contractor amended Section 10.8 of the Comprehensive Agreement, effective retroactive to March 4, 2022, to state that Kaufman Lynn's investment of $150,000 would be paid to the Youth Recreation Association of Riviera Beach.

Agreement for Fire Station 87

On February 9, 2022, the City approved Resolution 025-22 stating:

> **NOW, THEREFORE, BE IT RESOLVED BY CITY COUNCIL OF THE CITY OF RIVIERA BEACH, FLORIDA** that:
>
> ….

> **SECTION 2**. The City Council hereby approves the city-owned real property located at the SW corner of 28th Street and Avenue H West, for the erection, construction and operation of the future **Fire Station 87**, with such site being depicted in Exhibit "A"[3], attached and incorporated hereto.

The following month, on March 2, 2022, the City approved Resolution 032-22,

> **Now, Therefore, be it resolved by the City Council of the City of Riviera Beach, Florida, that:**
>
> **Section 1.** The City Council hereby authorizes staff to negotiate an Interim Agreement, as provided by Sec. 255.065(6), Florida Section {sic}, with Kaufman Lynn Construction, Inc., for the commencement of preconstruction work related to the construction of the future, **permanent Fire Station No. 87.**
>
> ….
>
> **Section 3.** As soon as practicable, the City Manager shall ensure the negotiation and completion of the required Comprehensive Development Agreement, as provided in Section 255.065, Florida Statutes, for presentation and approval by the City Council.

Then, on November 2, 2022, the City Council approved Resolution 134-22 accepting a Comprehensive Agreement with Kaufman Lynn for design and construction of the new Fire Station No. 87.

The resolution noted that the City elected not to enter into an interim agreement, and instead proceeded directly to negotiation of a comprehensive agreement for the design and construction of Fire Station No. 87, and such project was in the public's best interest.

The Comprehensive Agreement stated:

> Section 10.8. SMALL BUSINESS ENTERPRISE ("SBE") AND LOCAL HIRING GOALS AND COMMITMENTS: EDUCATIONAL PROGRAM.
>
> (A) Developer has committed to a Small Business Enterprise ("SBE") **utilization goal** of 30% of the subcontracted work being performed on the Project, valued as of the Effective Date, and Developer has committed to using **commercially reasonable efforts** to achieve the foregoing goal, including in particular the goal to exceed **15% utilization of African American owned firms**.
>
> ….
>
> (F) The Developer shall provide $150,000 to fund an educational program to be approved by the City Council.

[Emphasis added]

[3] Exhibit A was not attached to the City's ITN 1015-21-1, nor included with Kaufman Lynn or P3 Group's responses to ITN 1015-21-1, which were opened on March 18, 2021.

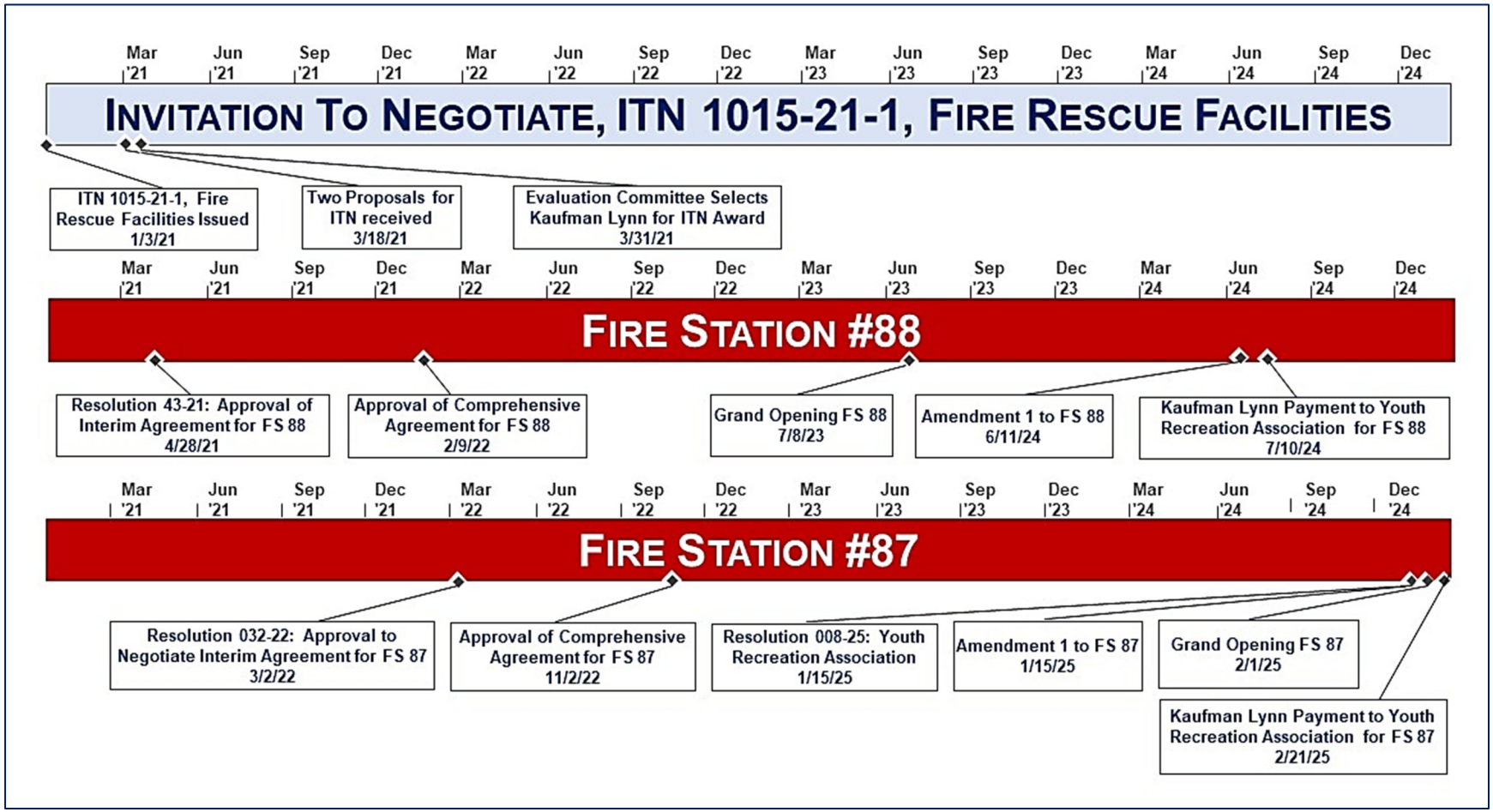
On January 15, 2025, City and Kaufman Lynn amended Section 10.8 of the Comprehensive Agreement for Fire Station 87, effective retroactive to November 3, 2022, to state that Kaufman Lynn's investment of $150,000 shall be paid to the Youth Recreation Association of Riviera Beach.

City's Code of Ordinances

The City's Code of Ordinances, Section 16.5-1 Purpose., states:

> The purpose of the city of Riviera Beach Procurement Code (hereinafter, "this chapter") is to provide for the fair and equitable treatment of all persons involved in purchasing by the city, to encourage participation by and utilization of locally-owned businesses, to maximize the purchasing value of public funds, and to provide safeguards for maintaining a procurement system of quality and integrity. (Ord. No. 4010, § 2(1-101), 1-18-12).

City of Riviera Beach
Procurement Timeline for Fire Stations 88 & 87



FINDINGS

Issue (1):

The City improperly expanded the scope of ITN-1015-21-1 to include Fire Station 87 after the original ITN was publicly noticed and awarded, in violation of the terms of the ITN and section 255.065(3)(c), Florida Statutes (2021).

OIG Review

The information obtained **supports** the issue.

On January 3, 2021, the City issued Invitation to Negotiate ITN-1015-21-1 to solicit proposals[4] from private entity partners, pursuant to Section 255.065, F.S., to update and improve the City's aging fire rescue facilities. The ITN stated that it was specifically "for the initial construction of Fire Station No. 88." Thereafter, Kaufman Lynn and the City negotiated a Comprehensive Agreement for Fire Station 88. The ITN included a draft site plan, survey, and 1st and 2nd floor site dimensions for Fire Station 88 as Exhibit A.

OIG Interview with City Staff to discuss the Fire Station solicitation

On April 15, 2025, the OIG met with City Engineer Terrence Bailey, Procurement Director Latonya Ammons, Chief Financial Officer Randy Sherman, Fire Chief John Curd, and Assistant City Manager Deidre Jacobs, to discuss the procurement of Fire Stations 88 and 87. During that meeting, Mr. Baily stated that, at the time the ITN was issued, Ms. Althea Pemsel was the City's Procurement Director and listed as the contact in the ITN. (Ms. Pemsel's separated from the City in August 2021.)

This office asked the City representatives what authority allowed the City to execute a Comprehensive Agreement for Fire Station No. 87 under ITN 1015-21-1. Mr. Bailey stated the ITN was solicited in accordance with the Florida Statutes for a Public Private Partnership (P3). Mr. Bailey stated the City was within its right to solicit Fire Station No. 87 under ITN 1015-21-1, and that the solicitation was intended for future Fire Stations referenced in the ITN.

Mr. Bailey said there were no other Comprehensive Agreements negotiated under the initial ITN besides the agreement for Fire Station 87 and 88. He also stated that City Council and staff decided to do a new solicitation for Fire Station 86. He stated:

> Fire Station No. 86 was a stand-alone as City-owned property. It is a multifaceted project and the scope changed so there were two different financing methods so it was no longer apples to apples comparison because of location and scope.

[4] Section 255.065(1)(h), Florida Statutes (2021) defined "Proposal" to mean a plan for a qualifying project with detail beyond a conceptual level for which terms such as fixing costs, payment schedules, financing, deliverables, and project schedule are defined.

When asked why and when did the City remove the financing from ITN 1015-21-1, Mr. Bailey and Mr. Sherman said that they were unsure when the financing was removed from the solicitation; it was either during the solicitation or after receiving proposals. Mr. Sherman stated that the City was in a good financial position to finance the project and was capable of doing it on its own. The City conducted a full financial analysis, looked at the interest rates, sold bonds, and determined it was in their best to self-finance Fire Stations No. 88 and 87.

Follow Up OIG Interview with City Engineer Terrence Bailey

During an interview with the OIG on August 20, 2025, City Engineer Terrence Bailey said he wrote the original ITN for the Fire Station Facilities. According to Mr. Bailey, the original draft of the ITN specifically listed all of the fire stations being considered for upgrade, which would have "made it clear" that the ITN was intended for all of the fire stations with differences relating to the scope. He said once he presented his draft of the ITN to the City's management, "someone" removed the language listing all the Fire Stations. He said the solicitation scope and design in ITN 1015-21-1 was not specific to Fire Station No. 87. He also pointed out that the solicitation says "at some point in the future, the City is also considering re-constructing one or all of two remaining fire rescue facilities, Fire Station No. 86, 87 and 89."

Mr. Bailey said the City did not receive a proposal from Kaufman Lynn for Fire Station 87.

Mr. Bailey told the OIG that Fire Station 88 was the first constructed under the ITN-Public Private Partnership (P3). Later, the City began pre-construction efforts for Fire Station 86, but ran into several issues that led to the decision to hold off on Fire Station 86, and begin construction on Fire Station 87 as the second fire station under the ITN-P3. He said that Fire Station 86 was done as a traditional progressive design-build under Consultants' Competitive Negotiation Act (CCNA).

OIG Interview with Mr. Jeffrey Zalkins, Vice President of Development, Kaufman Lynn Construction, Inc.

During an interview with the OIG on September 17, 2025, Kaufman Lynn confirmed that the company did not submit a proposal for Fire Station 87. Instead, Kaufman Lynn entered directly into a Comprehensive Agreement with the City for $18,500,000 for the Design and Build of Fire Station 87. Kaufman Lynn stated that the company believed the ITN called for multiple fire stations and not just Fire Station 88.

City of Riviera Beach, Regular City Council Meeting, November 2, 2022

On November 2, 2022, the City Council approved Resolution 134-22 accepting a Comprehensive Agreement with Kaufman Lynn for design and construction of the new Fire Station No. 87.

Two of the council members expressed confusion over not being aware that ITN 1015-21-1 also included Fire Stations 87 and 86.[5]

> Chair Pro Tem Lanier: …I just want to ask, I think I asked Chief Curd this in the, in the…, in the Agenda review and it was the question of fire stations. Because, when we gave the funding for the first fire station, I did not know that it included all of the fire stations. So, if you can tell me how that came about.
>
> ….
>
> Chair Pro Tem Lanier: I was just kind of confused as to how it became all of them.
>
> ….
>
> Council Person McCoy: I second that because I, I feel the same way.
>
> ….
>
> Deputy City Manager McBride: It said for Fire Rescue facilities. And it certainly designated and did identify in some way, those four stations. Okay. **The biggest thing was, I think if I would say it right, the design criteria on the first package only included, specifically, 88**.

Conclusion

Section 255.065(3)(c), Florida Statutes, (2021), provided that if the solicited qualifying project includes design work, the solicitation must include a design criteria package prepared by an architect, a landscape architect, or an engineer licensed in this state which is sufficient to allow private entities to prepare a bid or a response. The design criteria package must specify reasonably specific criteria for the qualifying project such as the legal description of the site, with survey information; interior space requirements; material quality standards; schematic layouts and conceptual design criteria for the qualifying project; cost or budget estimates; design and construction schedules; and site development and utility requirements.

Invitation to Negotiate ITN-1015-21-1 seeking proposals included the design criteria package specific to Fire Station 88. The City received and opened two proposals on March 18, 2021, which were evaluated and ranked. The proposals related to Fire Station 88 and contained no information regarding Fire Station No. 87**.**

On February 9, 2022, the City entered into a Comprehensive Agreement with Kaufman Lynn Construction for the design and build of Fire Station 88. The design criteria package did not include specific criteria for Fire Station 87, such as the legal description of the site, with survey information; interior space requirements; material quality standards; schematic layouts and conceptual design criteria for the qualifying project; cost or budget

[5] City of Riviera Beach, Regular City Council Meeting Minutes, November 2, 2022, pages 28 -29.

estimates; design and construction schedules; or site development and utility requirements.

Notwithstanding the absence of a compliant design criteria package or competitively solicited scope for Fire Station No. 87, the City approved a Comprehensive Agreement on November 2, 2022, for the design and construction of Fire Station No. 87. According to City staff and Kaufman Lynn, the language in ITN-1015-21-1 was sufficiently broad to include Fire Station 87 because the ITN stated that the City intended to obtain "proposals from interested and qualified firms (hereinafter, "Proposers") to enter into a public-private partnership with the City, consistent with the provisions of Section 255.065, Florida Statutes (Public-private partnerships), to update and improve the City's aging fire rescue facilities."

However, the City did not publish notice of and the ITN did not include a design criteria package for Fire Station 87. Both the City and Kaufman Lynn admit that Kaufman Lynn did not submit a proposal for Fire Station 87 prior to the evaluation committee's meeting to review proposals.

The solicitation documents did not clearly define the scope of work to include Fire Station 87 in order to allow both Kaufman Lynn and P3 to have an opportunity to fairly compete, the evaluation committee to fairly assess and evaluate proposals, or to meet the requirements section 255.065, F.S. Because section 255.065(3)(c), conditions the solicitation and procurement of a design-build public-private partnership project on the inclusion of a project-specific, professionally prepared design criteria package, only Fire Station No. 88 constituted a qualifying project properly solicited and procured under ITN-1015-21-1.

Thus, we find that the City improperly expanded the scope of ITN-1015-21-1 and did not properly solicit responses for the design and construction of Fire Station 87. Accordingly, we find that the allegation **is supported**.

Issue (2):

Kaufman Lynn did not meet its contractual requirement for utilization of Small Business Enterprises (SBE) and Minority Business Enterprises (MBE) goals for Fire Station 88 and Fire Station 87, in violation of its comprehensive agreements with the City.

OIG Review

The information obtained **does not support** the issue.

The City entered into separate Comprehensive Agreements with Kaufman Lynn for the Design and Build of Fire Stations 88 and 87. Section 10.8 (A) of the agreements the Kaufman Lynn's commitment to SBEs, MBEs, and Local Hiring Goals:

> Section 10.8. SMALL BUSINESS ENTERPRISE ("SBE") AND LOCAL HIRING GOALS AND COMMITMENTS; EDUCATIONAL PROGRAM.
>
> (A) Developer has committed to a Small Business Enterprise ("**SBE**") utilization goal of 30% of the subcontracted work being performed on the Project, valued as of the Effective Date, and Developer has committed to using commercially reasonable efforts to achieve the foregoing goal, including in particular the goal to exceed 15% utilization of African American-owned firms.
>
> (B) Within 15 days of Effective Date, Developer will provide Local Business Tax Receipts from the Palm Beach County Constitutional Tax Collector demonstrating local business jurisdiction, Palm Beach County Office of Equal Business Opportunity SBE Certificates, and State of Florida Minority and Women Business Certifications for relevant design and construction team members;
>
> (C) Developer has committed to enroll all certified SBE and M/WBE firms on the Project in the Developer's Subcontractor Default Insurance ("**SDI**") Program.
>
> (D) Developer has committed to establishing a 30-day line of credit, as needed, for each electrical, plumbing and HVAC SBE and M/WBE Project Subcontractor supplies.
>
> (E) Developer has committed to establish intentional local hiring policies, "Employ City of Riviera Beach's Residents First", to provide gainful employment for unemployed Riviera Beach residents and residents in an underserved community.

Figure 1 – Comprehensive Agreements, Section 10.8, Fire Station 88 and 87

Interview with Mr. Terrence Bailey, City of Riviera Beach Engineer

During the August 20, 2025, interview with Mr. Bailey, the OIG asked who was responsible for approving any contractor changes to the SBEs/MBEs. Mr. Bailey stated that he would have been responsible for approving the changes, but he does not recall any changes in the SBEs/MBEs on the fire station contracts. He stated there was no subcontractors list at the beginning of the project, and the subcontractors were selected later in the process. Mr. Bailey said the City hired an Owner's Representative to provide contract administration. The City entered into an agreement with PSA Management to provide professional Owner's Representative construction management services.

Mr. Bailey also said that for six (6) years the City did not have a Contract Manager, or a person who was designated and responsible for carrying out the City's contractual obligations for City contracts. He stated he was responsible for approving the pay applications, and was the main point of contact with PSA Management, but that he was not responsible for managing the PSA Management contract.

The City, through a Request For Qualification (RFQ), hired PSA Management from a pool of qualified firms to provide Owner's Representative Construction Management Services for Fire Station 88. PSA Management was also contracted to provide Owner's Representative Construction Management Services for Fire Station 87.

Interview with Mr. Chris Hassall, Executive Vice-President, PSA Management

On August 25, 2025, we spoke with Mr. Chris Hassall, Executive Vice-President, PSA Management. Mr. Hassall stated that PSA Management was responsible for ensuring the work done by the contractor met the design standards and specifications in accordance with City Code. He also stated that PSA Management was responsible for approving the pay applications. Mr. Hassall stated that the pay applications were certified based on the backup provided by Kaufman Lynn Construction, Inc. The small business certifications were included in the pay applications and Kaufman Lynn Construction, Inc. met their SBE subcontracting goal of 30%.

Interview with Mr. Jeffrey Zalkins, Vice President of Development, Kaufman Lynn Construction, Inc.

On September 17, 2025, we interviewed Mr. Zalkins about the subcontractors used for the fire stations construction, and if they made any changes in the subcontractors from those in their proposal. Mr. Zalkins explained that the list of subcontractors that were initially provided in the proposal is not always the final list; it depends on the design and scope of the project. He also said they exceeded their goal of 30% on both projects.

CONCLUSION

Kaufman Lynn committed to using commercially reasonable efforts to achieve an aspirational goal of 30% Small Business Enterprise (SBE) utilization, including a goal to exceed 15% utilization of African American-owned firms. Based upon our review and analysis of each contractor pay application approved by the Owner's Rep, we found that these participation levels were achieved for Fire Stations 87 and 88. Thus, we find the allegation is not supported.

Table 1: Fire Stations 88 & 87 SBE Subcontract Achievement

Fire Station 88	
Total Payments to KL for FS 88 (OIG calculated)	$ 18,399,350
Total SBE Payments	$ 5,860,283
African American SBE Payments	$ 2,623,579
% Total SBE: (Total SBE Payments/Total KL Payments)	31.9%
% Total African American SBEs: (African American SBEs/Total SBE Payments)	44.8%

Fire Station 87	
Total Payments to KL for FS 87 (OIG calculated)	$ 18,867,369
Total SBE Payments	$ 6,732,489
African American SBE Payments	$ 1,053,462
% Total SBE: (Total SBE Payments/Total KL Payments)	35.7%
% Total African American SBEs: (African American SBEs/Total SBE Payments)	15.6%

Issue (3):

Kaufman Lynn did not pay $150,000 in required community reinvestment funds per fire station to the Youth Recreation Association of Riviera Beach, in violation of its comprehensive agreements with the City.

OIG Review

The Information obtained **does not support** the issue.

Kaufman Lynn included in its proposal to the ITN a commitment of $100,000 for the Youth Recreation Association for Electrical Pre-Apprenticeship Skills Achievement Educational Program (Electrical Program), and $50,000 for the Firefighters, Paramedics and Emergency Medical Technicians – Career Awareness Education Program (Firefighter Program).

The Youth Recreation Association of Riviera Beach was not specifically included in the original Comprehensive Agreement for Fire Station 88 to receive the $150,000 donation from the Kaufman Lynn. In the Comprehensive Agreement for Fire Station 88 (dated February 9, 2022), Section 10.8(F), the City designated the Education Foundation of Palm Beach County, Inc., as the recipient of the $150,000 donation to administer both the Electrical and Firefighter education programs proposed by the Kaufman Lynn:

...

> (F) In cooperation with the Education Foundation of Palm Beach County, the Developer shall create with the approval of the School District of Palm Beach County an educational program that provides exposure and training for students of Riviera Beach Schools to an Electrical Pre-apprentice Skills Achievement Program for 20 students residing in the City and attending schools within the City boundaries. This program, in conjunction with the program set out in Section 10.8(G), will utilize a $150,000 investment by the Developer. This program, in addition to Section 10.8(G), will be implemented for the 2022/2023 school year. As

> part of the Electrical Pre-apprentice Skills Achievement Program the Developer will attempt to implement a summer internship program with our industry electrical subcontractors where the participants (students) will be paid $10 an hour for their involvement.

On June 11, 2024, the City and Kaufman Lynn amended the Comprehensive Agreement for Fire Station 88 for Kaufman Lynn to pay the $150,000 donation to the Youth Recreation Association of Riviera Beach.

On July 10, 2024, Kaufman Lynn issued a check for $150,000 to the Youth Recreation Association of Riviera Beach.

In the Comprehensive Agreement for Fire Station 87 (dated November 2, 2022), Section 10.8(F), the City did not designate a recipient for the $150,000 donation:

…

> (F) The Developer shall provide $150,000 to fund an educational program to be approved by the City Council.

On January 15, 2025, the City and Kaufman Lynn agreed to amend the Comprehensive Agreement for Fire Station 87 to change the fiscal agent. The City Council approved Resolution 008-25, naming the Youth Recreation Association of Riviera Beach as fiscal agent to receive the $150,000 investment on behalf of the City.

On February 21, 2025, Kaufman Lynn issued a check to the Youth Recreation Association of Riviera Beach for $150,000.

During the April 15, 2025 meeting with City Engineer Terrence Bailey, Procurement Director Latonya Ammons, Chief Financial Officer Randy Sherman, Fire Chief John Curd, and Assistant City Manager Deidre Jacobs, the OIG asked if the Kaufman Lynn honored its commitment to the Educational Training program that was referenced in its proposal for Fire Station No. 88. Fire Chief John Curd said that two payments, in the amounts of $150,000 each, were issued to the Youth Recreation Association. He said the obligations for both Fire Stations 88 and 87 have been satisfied, and the Youth Recreation Association of Riviera Beach received a total of $300,000.

CONCLUSION

We reviewed copies of the checks and confirmed Kaufman Lynn Construction, Inc. submitted payments of $150,000 to the Youth Recreation Association of Riviera Beach for both Fire Station 88 and Fire Station 87.

Thus, we find the allegation is not supported.

Recommendation:

1. We recommend that the City establish or amend procurement policies and procedures to ensure compliance with Section 255.065, F.S., and ensure its solicitation documents clearly define the scope of work on which proposers are expected to compete, to enhance transparency and accountability, meet the requirements of state law, support consistent evaluation of proposals, and reduce the risk of challenges to the procurement process.

QUESTIONED COSTS

Questioned Costs Total = $18,867,368.92 represents the amount paid to Kaufman Lynn Construction, Inc. for Fire Station 87 in violation of the ITN and section 255.065(3)(c), Florida Statutes (2021), which provided the requirements for the design package.

RESPONSE FROM MANAGEMENT

Pursuant to Article XII, Section 2-427 of the Palm Beach County Code, the City of Riviera Beach was provided the opportunity to submit a written response to the findings in this report. The response from the City is provided in Attachment 1.

ACKNOWLEDGEMENT

The Inspector General's Contract Oversight staff would like to extend our appreciation to the City of Riviera Beach and the management of Kaufman Lynn Construction, Inc. for the cooperation and courtesies extended to us during the contract oversight process.

This report is available on the OIG website at: https://www.pbc.gov/OIG. Please address inquiries regarding this report to the Contract Oversight and Evaluations Director by email at inspector@pbc.gov or by telephone at (561) 233-2350.

ATTACHMENT 1 – CITY OF RIVIERA BEACH'S MANAGEMENT RESPONSE

Riviera Beach

CITY OF RIVIERA BEACH
Office of the City Manager
600 West Blue Heron Boulevard
Riviera Beach, Florida 33404

March 13, 2026

Tony Montero
Director, Contract Oversight & Evaluations
Office of Inspector General Palm Berach County

Re: Contract Oversight Report CA-2024-0043 Fire Station 88 and 87 Contract Review

Dear Mr. Montero:

The premise of this correspondence is to acknowledge receipt of your February 23, 2026, correspondence in relation to the above-referenced project. Staff has reviewed the report and offers the following response

ISSUE #1:

Issue (1): The City improperly expanded the scope of ITN-1015-21-1 to include Fire Station 87 after the original ITN was publicly noticed and awarded, in violation of the terms of the ITN and Section 255.065(3)(c), Florida Statutes (2021).

WHAT WE FOUND

Issue (1): Supported. The City improperly expanded the scope of ITN-1015-21-1 to include Fire Station 87, resulting in questioned costs[1] totaling **$18,867,368.92.**

The report suggests that the City expanded the scope of the procurement to include Fire Station No. 87 after the solicitation process had concluded. The City of Riviera Beach respectfully disagrees with any characterization suggesting that Fire Station No. 87 was wholly outside the contemplation of ITN No. 1015-21-1. Rather, the City's position is that the solicitation was structured as a phased fire rescue facilities initiative, with Fire Station No. 88 identified as the initial facility and subsequent legislative and contractual actions advancing Fire Station No. 87 as part of that same broader modernization effort. At the same time, the City recognizes the narrower concern raised in the report that the design criteria materials and competitively evaluated submissions were centered more specifically on Fire Station No. 88, and that greater facility-specific precision in the procurement record would have better avoided later dispute.

1481 West 15th Street | Riviera Beach, FL 33404

II. Legal Framework of the Procurement

The procurement was conducted pursuant to Section 255.065, Florida Statutes, which authorizes public entities to utilize a Public-Private Partnership (P3) procurement structure for qualifying public infrastructure projects.

Section 255.065 provides public entities with the authority to solicit private partners to assist with the:

- planning
- design
- construction
- financing
- development

of public infrastructure facilities.

The statute allows public entities to enter into both Interim Agreements and Comprehensive Agreements for qualifying public facilities. Importantly, the statute does not limit a procurement to a single facility. Rather, the statutory framework contemplates that public entities may structure procurements to address multiple related public facilities or phased infrastructure improvements under a single competitive solicitation and negotiated agreement.

Accordingly, the City's procurement of development services for its fire rescue facilities under ITN No. 1015-21-1 was consistent with the statutory authority provided under Section 255.065.

III. Structure and Intent of the Solicitation

The solicitation issued by the City was titled: "Design-Build-Finance Fire Rescue Facilities."

The plural term "facilities" was used intentionally throughout the solicitation documents. The ITN explains that the City sought a qualified development partner to assist in addressing the City's aging fire rescue facilities infrastructure.

Within the solicitation, Fire Station No. 88 was identified as the initial facility to be constructed, signaling that the procurement was intended to support a broader infrastructure initiative rather than a single construction project.

This broader reading of the solicitation is also consistent with Kaufman Lynn's August 21, 2024 correspondence, which states that the ITN sought proposals for the design-build-finance of multiple City fire rescue service facilities, beginning with Fire Station No. 88, and expressly contemplated the potential award of future contracts for Fire Stations 86 and 87. The City believes that this reinforces the programmatic nature of the procurement. However, the City also recognizes that the procurement record would have been stronger had a more facility-specific design criteria package, supplemental solicitation documentation, or comparable project-specific procurement support been issued before advancing Fire Station No. 87 to a comprehensive agreement.

The solicitation also references potential improvements to additional stations, including Fire Stations 86, 87, and 89, further demonstrating that the procurement was structured programmatically to address multiple fire rescue facilities.

IV. Frequency of the Term "Facilities" in the Procurement Record

The repeated use of the plural term "facilities" throughout both the solicitation and the legislative record further supports the City's position that the procurement contemplated improvements to multiple facilities.

A review of the procurement documents and City Council resolutions confirms the following number of occurrences:

Document	Number of Times "Facilities" Appears
ITN 1015-21-1 – Fire Rescue Facilities	41
Resolution No. 43-21 (Award of ITN and Interim Agreement)	4
Resolution No. 10-22 (Comprehensive Agreement – Fire Station 88)	11
Resolution No. 032-22 (Pre-Development Costs – Fire Station 87)	6
Resolution No. 134-22 (Comprehensive Agreement – Fire Station 87)	7

Total references across the procurement and legislative record: 69 uses of the word "facilities."

The consistent use of the plural term across the solicitation and subsequent legislative approvals demonstrate that the City's procurement initiative was framed as an effort to modernize the City's fire rescue facilities systemwide, rather than a procurement limited to a single facility.

V. Legislative Record Supporting the Procurement Scope

The City Council's legislative actions consistently reflect the understanding that the procurement addressed multiple fire rescue facilities.

Resolution No. 43-21 (April 28, 2021)

City Council awarded ITN No. 1015-21-1 to Kaufman Lynn Construction and authorized the negotiation of an Interim Development Agreement for the development of the City's fire rescue facilities.

The resolution references the City's need to improve its aging fire rescue services facilities and confirms the Council's understanding that the procurement addressed the City's facilities infrastructure.

Resolution No. 10-22 (January 2022)

City Council approved the Comprehensive Agreement associated with the construction of Fire Station No. 88 and again referenced the procurement for public-private partnership services for fire rescue facilities.

This resolution reaffirmed that the procurement addressed the City's fire rescue facilities broadly even though Station 88 was the initial phase.

Resolution No. 032-22 (March 2, 2022)

City Council authorized pre-development costs associated with Fire Station No. 87, further demonstrating the Council's continued implementation of the infrastructure initiative originally contemplated under ITN No. 1015-21-1.

The legislative and contractual record further supports that Fire Station No. 87 was treated as part of the same procurement framework rather than as an unrelated project. As reflected in Kaufman Lynn's August 21, 2024 correspondence, the Fire Station No. 87 contract recitals trace the City Council's direction to publish ITN No. 1015-21-1 for new fire rescue facilities, the award of that ITN for the City's fire rescue facilities, the comprehensive agreement for the initial fire rescue facility contemplated under the ITN, namely Fire Station No. 88, and the subsequent authorization for a second fire rescue facility contemplated under the same ITN, namely Fire Station No. 87. The City believes that those recitals demonstrate legislative and administrative continuity as well as transparency in the progression from Fire Station No. 88 to Fire Station No. 87.

Resolution No. 134-22 (November 2, 2022)

City Council approved the Comprehensive Agreement for Fire Station No. 87. The resolution references the procurement under ITN No. 1015-21-1 and confirms the City's capital improvement program for constructing two replacement fire stations.

VI. Procurement Process and Vendor Participation

The procurement process included:

The City also notes that the development of Fire Station No. 87 proceeded through formal City Council action and public approval, and the record reflects that there were no protests or objections to the Fire Station No. 87 contract at the time of its authorization. In addition, Kaufman Lynn's August 21, 2024, correspondence states that PSA later reviewed Kaufman Lynn's proposed Fire Station No. 87 subcontractor list and advised that it had no objection to the proposed list. While these facts are not dispositive of the legal question raised in the report, they do support the City's position that Fire Station No. 87 was advanced openly and transparently rather than through concealment or circumvention.

- Public advertisement of the ITN
- A publicly noticed pre-proposal conference
- A formal question-and-answer period
- Evaluation committee review
- City Council approval

At no point during the solicitation process did any proposer request clarification regarding the use of the term "facilities" or question whether the procurement contemplated multiple fire rescue facilities.

The absence of such inquiries supports that the marketplace did not interpret the procurement as limited to a single facility.

VII. Procurement Law Considerations

Under widely recognized procurement law principles, a modification to a procurement is considered improper only if it constitutes a material change that would have:

- Altered the nature of the competition
- Discouraged potential proposers from participating
- Provided an unfair competitive advantage.

In this case, the procurement documents repeatedly referenced fire rescue facilities (plural) and identified Fire Station No. 88 as the initial facility. The subsequent development of Fire Station No. 87 did not alter the fundamental purpose of the procurement and therefore does not constitute a material change.

Additionally, no evidence exists that the inclusion of Fire Station No. 87 caused competitive harm or disadvantaged any proposer.

VIII. Timeline of Procurement and Legislative Actions

The chronology of events further demonstrates that the City acted consistently with the original procurement framework:

- January 3, 2021 – ITN No. 1015-21-1 issued for Design-Build-Finance Fire Rescue Facilities.
- January 26, 2021 – Pre-proposal conference held.
- March 18, 2021 – Proposals received.
- March 31, 2021 – Evaluation committee review completed.
- April 28, 2021 – Resolution No. 43-21 adopted awarding the ITN.
- February 9, 2022 – Resolution No. 10-22 approved for Fire Station No. 88 Comprehensive Agreement.
- March 2, 2022 – Resolution No. 032-22 approved, authorizing pre-development costs for Fire Station No. 87.
- November 2, 2022 – Resolution No. 134-22 approved the Comprehensive Agreement for Fire Station No. 87.

IX. Management Position

Based on the solicitation language, statutory framework, and legislative record, the City maintains that:

1. The procurement was intentionally structured to address improvements to multiple fire rescue facilities.
2. Fire Station No. 88 was identified as the initial facility within a broader infrastructure initiative.
3. The development of Fire Station No. 87 was consistent with the intent of the solicitation and the actions authorized by the City Council.
4. The legislative record demonstrates a continuous, cohesive and transparent process from the issuance of the ITN through the approval of the subsequent agreements.

However, the City acknowledges that future solicitations under section 255.065, Florida Statutes, would benefit from more explicit and individualized: facility-specific scope descriptions, design criteria packages, and proposal expectations for each separate facility. Still, the use of a qualified phased concept which describes a more global initiative could also be utilized. Clarifying those elements prospectively would strengthen the procurement record, reduce ambiguity, and avoid similar disputes going forward.

X. Conclusion

The procurement documents, statutory authority, and City Council actions collectively demonstrate that the City's initiative was designed to modernize the City's fire rescue facilities infrastructure through a phased and programmatic approach.

The consistent use of the plural term "facilities" throughout the solicitation and legislative record, 69 total references across the procurement and resolutions, further confirms that the initiative was not limited to a single facility.

Accordingly, the development of Fire Stations No. 88 and No. 87 was implemented as part of the same infrastructure program originally contemplated under ITN No. 1015-21-1.

The City remains committed to transparency, compliance with Florida law, and the continued improvement of procurement practices.

ISSUE #2:

	WHAT WE FOUND
Issue (2): Kaufman Lynn did not meet its contractual requirement for utilization of Small Business Enterprises (SBE) and Minority Business Enterprises (MBE) for Fire Station 88 and Fire Station 87, in violation of its comprehensive agreements with the City.	Issue (2): Not Supported. Kaufman Lynn committed to using commercially reasonable efforts to achieve an aspirational goal of 30% Small Business Enterprise (SBE) utilization, including a goal to exceed 15% utilization of African American-owned firms. Documentation indicates that these participation levels were achieved for Fire Stations 87 and 88.

City Staff agrees with the finding that Kaufman Lynn did in fact meet the participation levels for both Fire Station 88 and 87.

ISSUE #3:

	WHAT WE FOUND
Issue (3): Kaufman Lynn did not pay $150,000 in required community reinvestment funds per fire station to the Youth Recreation Association of Riviera Beach, in violation of its comprehensive agreements with the City.	Issue (3): Not Supported. Kaufman Lynn, with the approval of the City, tendered $150,000 directly to the Youth Recreation Association of Riviera Beach for Fire Station 88, and another $150,000 for Fire Station 87.

City Staff agrees with the finding that Kaufman Lynn did in fact tender the $150,000 to Youth Recreation Association of Riviera Beach for both Fire Station 88 and 87.

WHAT WE RECOMMEND

We recommend that the City establish or amend procurement policies and procedures to ensure compliance with section 255.065, F.S., and that the City's solicitation documents clearly define the scope of work on which proposers are expected to compete. These actions will enhance transparency and accountability, ensure compliance with state law, support consistent evaluation of proposals, and reduce the risk of challenges to the procurement process. Additionally, conducting competitive solicitations in compliance with section 255.065 will increase the likelihood that the City obtains the best value for its money, thereby maximizing the resources available to serve the community.

For those reasons, the City partially concurs with the recommendation to clarify procurement policies and solicitation documents for future public-private partnership procurements. While the City maintains that ITN No. 1015-21-1 was intended to support a broader fire rescue facilities initiative, the City agrees that more explicit facility-specific documentation for later and concurrent phases would improve procurement clarity, strengthen the procurement record, and reduce the risk of future dispute.

As stated above, it is the City's position that the Solicitation is clear in scope to address all Fire Department Facilities thus the recommendation to clearly define the scope is redundant as the scope is clear as presented.

Should you have any questions regarding this determination or wish to provide additional documentation for review, please feel free to contact my office.

Sincerely,

Jonathan Evans, MPA, MBA, FRA-RA, ICMA-CM
City Manager
City of Riviera Beach

cc: John A Carey, Inspector General,
Dawn Wynn, City Attorney

KAUFMAN LYNN CONSTRUCTION

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CGC 021732

August 21, 2024

VIA EMAIL
Jonathan Evans, City Manager
Terrance Bailey, City Engineer
City of Riviera Beach
600 West Blue Heron Blvd.
Riviera Beach, Florida 33404

Re: SBE Participation on Riviera Beach Fire Rescue Facilities Nos. 87 and 88 Design-Build Projects and Response to PSA Management Letter of July 19, 2024

Dear Mr. Evans and Mr. Bailey:

It has come to Kaufman Lynn Construction, Inc.'s ("KL") attention that PSA Management ("PSA), the Owner's Representative on the design-build projects for Fire Stations Nos. 87 ("FS 87") and 88 ("FS 88") (collectively the "Projects"), sent a July 19, 2024 letter to the City of Riviera Beach ("City") making numerous factually and legally baseless allegations against KL regarding its selection and use of SBE/MWBE subcontractors. PSA's letter also baselessly challenges the validity of the City's award of the FS 87 project.

As set forth more fully below, PSA's "findings" are meritless because:

(1) KL used properly certified SBE/MWBE firms in accordance with the terms of the respective agreements for the Projects and the City's Code of Ordinances;

(2) KL fully met its SBE/MWBE commitments to the City on the Projects; and

(3) the contract between the City and KL for FS 87 is valid and its award was consistent with the City's published procurement method and Florida law.

Frankly, KL was shocked by PSA's assertions, which come nearly a year ***after*** FS 88 was completed and when FS 87 is more than seventy percent (70%) complete. KL worked closely with the City and PSA throughout the design and construction of the Projects. KL has also been completely open and transparent with the City and PSA on all aspects of the Projects, including the selection of SBE/MWBE participants and SBE/MWBE compliance. Not only has PSA been directly monitoring these aspects of the Projects, PSA has ***verified and confirmed*** for the City in writing that KL met its obligations on a continuous basis throughout the Projects.

KL is compelled to send this letter because of the nature of PSA's assertions and the complete lack of any basis or justification for its conclusions. PSA's erroneous and misleading allegations, and in particular the suggestion that KL made any misrepresentations to the City, are also completely contradicted by the overwhelming amount of information and documentation on the Projects, which is in the City's possession and most of which was generated by PSA itself.

BACKGROUND

In order to provide additional context on the erroneous conclusions in PSA's letter, we think it is appropriate to summarize the background for the solicitation of the Projects.

On January 3, 2021 the City issued its Invitation to Negotiate: Design-Build-Finance of City of Riviera Beach Fire Rescue Facilities, Solicitation No. 1015-21-1 (the "ITN"). The ITN was the City's first use of Florida's public-private partnership law, Section 255.065, Florida Statutes. Under the ITN, the City sought proposals for the design-build-finance of ***multiple*** City Fire Rescue Service facilities, beginning with FS 88. The terms of the ITN expressly noted that it encompassed the potential award of future contracts to be executed for Fire Station 86 and FS 87.

The ITN did not mandate any SBE/MWBE participation requirements or direct proposers to identify any particular types or groups of SBE/MWBE participants. Instead, the ITN simply requested each response to include a general discussion of the approach to local, small, women, and minority participation. Thus, at Tab 9 of the response, Respondents were to provide a description of "how your team members enlists small, women, local, and minority owned business enterprises and involve them in your projects" and provide information on their respective plans.

Two groups submitted proposals in response to the ITN: (1) KL; and (2) The P3 Group, Inc. In its response KL, provided the information requested at Tab 9 regarding its SBE/MWBE plan along with a commitment to the goal of meeting or exceeding 30% SBE/MWBE participation.

On April 28, 2021, the City Council approved the award of the ITN to KL. There were no bid protests or objections to the award. On June 28, 2021, the City and KL entered into an Interim Development Agreement to conduct pre-development activities for FS 88. The pre-development services included, among other things, designing FS 88 and partnering with the City to conduct an outreach program to generate SBE/MWBE interest in the Projects. KL and the City then entered into a "Comprehensive Agreement for the Design and Construction of the City of Riviera Beach Fire Rescue Fire Station No. 88" on March 4, 2022 (the "FS 88 Contract"). Significantly, the FS 88 Contract expressly identified (more than a year after KL's initial response to the ITN) the Project Subcontractors (*see* Appendix 5) that the City and KL ultimately agreed would be utilized by KL on FS 88.

On March 2, 2022, the City approved Resolution #32-22 whereby it authorized staff to contract with KL for Fire Station No. 87. The City and KL entered into a "Comprehensive Agreement for the Design and Construction of the City of Riviera Beach Fire Rescue Fire Station No. 87" on November 3, 2022 (the "FS 87 Contract") (collectively with the FS 88 Contract as the

"Contracts"). There were no protests nor challenges to the FS 87 Contract. Unlike at the time the FS 88 Contract was signed, KL and the City had not yet agreed upon the Project Subcontractors for FS 87. So, when that information was ultimately determined, KL submitted a list of proposed subcontractors to PSA and the City for approval on September 12, 2023. On September 19, 2023, PSA notified KL and the City in writing that it had reviewed KL's list of proposed subcontractors and ***"has no objection."*** (emphasis added) PSA further noted its recommendation ***"that the City approves the proposed subcontractor list."*** (emphasis added)

In addition to the written approvals of KL's subcontractors, with each monthly Application for Payment submitted to the City and PSA during the Projects, KL reported on SBE/MWBE compliance, including (again) identifying the SBE/MWBE subcontractors. Each month, PSA issued an acceptance letter for KL's payment applications and thereafter provided an Executive Progress Report to the City. Each PSA report analyzed KL's SBE/MWBE subcontractor participation, its compliance with the participation goals, and its administration/management of the work performed by those subcontractors. **At no time on either project did PSA raise any objection or concern about the identity/certification of KL's SBE/MWBE subcontractors or KL's compliance with the SBE/MWBE goals outlined in the Contracts.**

RESPONSE

I. KL Did Not Misrepresent its SBE/MWBE Commitment to the City.

PSA alleged that KL misrepresented its commitment to use SBE/MWBE subcontractors because: (1) KL did not use SBE/MWBE firms certified by Palm Beach County, exclusively; and (2) KL ultimately did not use the same SBE/MWBE firms that it cited in its response to the ITN. PSA's allegations are premised on a flawed understanding of the facts, law, and terms of the Contracts.

A. KL Utilized Subcontractors With Proper SBE/MWBE Certifications.

As an initial matter, it is important to address PSA's fundamental mistake that KL should be considered "in breach" for not using SBE/MWBE firms certified by Palm Beach County. This conclusion is meritless for the simple reason that KL was not required to use Palm Beach County certified firms, exclusively, as PSA asserts.

Nothing in either of the Contracts or the City's Code of Ordinances (the "Code") limits qualifying firms to only those certified by Palm Beach County. Indeed, the terms of the Contracts do not actually define the specific type of certification required and, as a result, there is no contractual support for PSA's exceedingly narrow interpretation.

By contrast, the City's Code actually provides a very broad scope for the types of certifications permitted for a firm to qualify as an SBE. Specifically, Section 16.5-291(5) of the City of Riviera Beach Code of Ordinances defines a "Certified Small Business Enterprise" as "a business which has been certified as such by the State of Florida, Palm Beach County Office of Small Business Assistance ***or*** other county ***or*** state governmental agency (SBA)." (emphasis added) This broad language makes clear that the Code allows for multiple different types of certifications, ***not*** just those from Palm Beach County, exclusively.

Consistent with these requirements, all of KL's SBE/MWBE subcontractors were certified at either the state or local level. Copies of the applicable certifications, which have been previously provided to the City, are attached to this letter as Composite Exhibits "A" and "B" for FS 88 and FS 87, respectively.

Simply put, KL cannot be held in breach of the Contracts for utilizing subcontractors with certifications from governmental agencies other than Palm Beach County because there is no restriction against doing so. Never once did PSA raise an objection to the types of certifications provided by KL's SBE/MWBE subcontractors despite having the opportunity to do so every

single month. Apparently, PSA has now reached an entirely different conclusion (which is erroneous), but if it had any objection to the types of certifications being relied upon by KL, PSA had a duty to advise KL and the City ***during*** the Projects.

B. KL Is Permitted to Utilize Alternative SBE/MWBE Firms.

In addition to misunderstanding the types of permissible certifications, PSA erroneously concluded that KL breached the Contracts by not using the exact same SBE/MWBE subcontractors cited in the plan stated by KL in Tab 9 of its Response to the ITN. Without any justification, PSA goes as far as asserting that the use of alternatives is a misrepresentation by KL to the City. This is factually and legally incorrect.

For various reasons including, without limitation, Project scope development/changes and design decisions, performance issues on other projects, the period of hyper-inflation and unprecedented supply chain disruptions, certain subcontractors declining to proceed forward, and the length of time that passed between KL's response to the ITN and the execution of the Contracts, KL ultimately selected some alternative subcontractors to execute the plan outlined for SBE/MWBE participation as originally stated in its response to the ITN. KL's ITN response demonstrated the ability to utilize SBE/WMBE firms, but there was no way to know for certain which specific firms would be able to timely and properly perform work, within budget, on a project until a design was created and finalized. Of course, that original ITN plan was ultimately reduced to a set of express contractual terms and obligations stated in the Contracts that were negotiated in good faith and at arm's length by the City and KL.

On FS 88, KL exceeded its contractual goal of 30% SBE/MWBE participation by nearly 12% for a total participation of approximately 42% as follows:

Subcontractor/Consultant	Scope	SBE/MWBE	Percentage Participation
Stanford Construction Co.	Earthwork	X	4.56%
Wright Brothers	Plumbing	X	5.24%
Brown Electric	Electrical	X	16.03%
East Coast Metals	Structural Steel	X	9.78%
O'Neil Flooring	Floor Finishes	X	.48%
Triumph Marketting / Sign Lady	Dedication & Memorial Plaques	X	.36%
Tropic Fence	Fence & Gates	X	1.67%
MCO Construction Services	Consultant	X	3.46%
		TOTAL SBE/MWBE PERCENTAGE	**41.58%**

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Importantly, the above list of SBE/MWBE firms does not even include KL's design partner, Currie Sowards Aguila Architects ("CSAA"). CSAA, and its subconsultants, are also certified SBE firms identified in KL's response to the ITN, and they all participated in the Projects. On FS 88, KL paid CSAA (and its subconsultants) a total of $911,191.00. If this amount is included, the total SBE/MWBE participation for FS 88 ***exceeds 50%.***

In August 2023, PSA submitted its final monthly report to the City for FS 88. In this report, PSA again (as it did with all of its other reports) identified KL's SBE/WMBE subcontractors, and importantly, made the express finding that:

"The minimum contractually required 30% DBE for the project has been met."

Notwithstanding that 30% participation was stated as a goal in the FS 88 Contract, not a requirement as PSA suggests, this is a written admission by PSA that KL has met its contractual obligations under the FS 88 Contract.

Likewise, on FS 87, KL is exceeding its goal by achieving a total SBE/MWBE participation of approximately 50% as follows:

Subcontractor/Consultant	Scope	SBE/MWBE	Percentage Participation	
MCO Construction Services	Partner/Consultant	X	2.88%	
Wright Brothers Construction	HVAC & Plumbing	X	10.79%	
Kasper Electric	Electrical	X	12.96%	
Stanford Construction	Sitework & Utilities	X	10.14%	
East Coast Metals	Structural Steel & Miscellaneous Metals	X	9.57%	
A Cut Above Landscaping	Landscape & Irrigation	X	1.55%	
O'Neill Brothers Flooring	LVT & Resilient Flooring	X	0.69%	
Triumph Marketing Signs	Signage	X	1.25%	
		TOTAL SBE/MWBE PERCENTAGE		**49.83%**

Like with FS 88, CSAA and the same subconsultants were again KL's design team on FS 87. CSAA (including its subconsultants) has been paid $1,012,952 to date for FS 87. If these payments are counted, it would bring KL's total participation to an amount in excess of ***60%.*** Of course, the work on FS 87 remains ongoing. This means that KL may still further increase this percentage before the project concludes.

PSA's allegation that there was a misrepresentation is fundamentally misleading because it is based on the erroneous premise that Kaufmann Lynn was required to use the same SBE/MWBE firms identified as part of its plan for SBE/WMBE participation in response to the ITN. PSA is

incorrect. There is no language in the ITN, the Code, or the Contracts, prohibiting KL from ultimately contracting with different qualified and certified SBE/MWBE entities. In fact, the Contracts contemplate the opposite.

In each of the Contracts the "Developer", *i.e.*, KL, committed to an SBE goal of 30% of the subcontracted work. (Section 10.8, "Small Business Enterprise and Local Hiring Goals and Commitments; Educational Program")[1] KL was not required to identify its subcontractors for approval by the City until "as soon as practicable after execution" of the Contract. (Contract, FS 87, Section 10.1, "Use of Project Subcontractors.") (emphasis added) Even then, each of the Contracts contemplates the right of KL to replace subcontractors. Section 10.5 of each Contract notes that "If at any time any amendment is made to any Material Project Subcontract, or a replacement Material Project Subcontract . . .is entered into, the Developer shall deliver to the City a copy of each such amendment or agreement . . ." (emphasis added).

Likewise, the Contracts also provide for KL to sponsor community outreach and involvement efforts intended for the sole purposes of identifying and providing information to SBE/MWBE firms consistent with the approach KL outlined in its ITN response. One such event occurred on August 5, 2021, in collaboration with all stakeholders on the Project, including the City and PSA. There would be absolutely no purpose to undertaking any of that effort if KL was limited to only using the specific firms noted in the plan outlined in its response to the ITN.

If, as PSA incorrectly concludes, KL was required to only utilize entities identified in its response to the ITN (submitted at least a year before physical work began on FS 88), these provisions of the Contracts would be meaningless. Clearly, neither the City nor KL intended to agree upon meaningless contract terms. KL, per the terms of the Contracts, utilized properly certified SBE/MWBE subcontractors as it was permitted to do. KL's subcontractors for FS 88 were expressly identified in the FS 88 Contract and its subcontractors for FS 87 were approved in writing by PSA and the City. It is outrageous for PSA to now assert KL made any misrepresentations to the City because KL has proceeded openly, transparently and with approval at all times.

II. The FS 87 Contract Is Valid And Enforceable.

In addition to challenging KL's actions regarding SBE/MWBE participation, PSA also challenges the validity of the City's actions in the award of the FS 87 project itself. Here again, PSA erroneously determined that the FS 87 Contract was invalid because it was neither subject to competitive bidding nor properly awarded as a sole source procurement.

PSA's incorrect finding is based on nothing more than the fact that the FS 87 Contract was negotiated and executed more than a year after the initial award of FS 88 under the ITN and several months after the execution of the FS 88 Contract. However, the fact that FS 88 was the first Project under the ITN is completely irrelevant. The award of multiple contracts for multiple facilities, including FS 87, ***was always contemplated by the ITN.***

[1] It is important to note that the Contracts specifically identify 30% participation as a ***goal*** not a requirement. That is a fundamental distinction, and one that is consistent with Section 16.5 of the City Code. That Section outlines the City's policy goal of 30% SBE participation but stops short of mandating that this level or participation be a contractual requirement for all of the City's projects.

First, the ITN was for the "Design-Build-Finance of City of Riviera Beach Fire Rescue **Facilities**." (emphasis added) Although the first contract awarded under the ITN was for FS 88, the ITN expressly noted that the awardee would also likely enter into a contract for FS 87 and Fire Station 86. (ITN, p. 8 of 23) ("At some point in the future, the City is also considering re-constructing one or all of two remaining fire rescue facilities, Fire Station No. 86, 87 and 89.")

Moreover, the FS 87 Contract expressly referred to the ITN as the predicate procurement for the Contract. The FS 87 Contract even explains the relationship between the ITN and the Contracts:

> WHEREAS, on December 10, 2020, the City Council of Riviera Beach, Palm Beach County, Florida (the "Council") was provided information on the City's fire rescue services and the planned Invitation to Negotiate ITN 1015-21-1 (the "ITN"), and directed the City Mayor or City Manager's designee to develop and publish a solicitation for the selection of, and contracting with, a private entity for the delivery of new fire rescue facilities; and
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> WHEREAS, the ITN was advertised starting January 3, 2021, seeking proposals from interested firms to design-build-finance facilities for the City's Fire Rescue Department, and the City held a pre-proposal conference on January 26, 2021; and
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> * * *
>
> WHEREAS, on April 28, 2021, the City Council approved Resolution No. 43-21 and awarded the ITN to Developer, for the design, build, and finance of the City's fire rescue facilities contemplated under the ITN and authorizing the City to enter into an interim agreement with Developer; and
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> * * *
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> WHEREAS, the City and Developer entered into an interim agreement, pursuant to Resolution No. 43-21, and a comprehensive agreement, pursuant to Resolution No. 10-22 (approved by the City Council on February 9, 2022), for the design and construction of the initial fire rescue facility contemplated under the ITN, namely Fire Station No. 88, in accordance with Section 255.065, Florida Statutes; and
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> * * *
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> WHEREAS, on March 2, 2022, the City Council approved Resolution No. 32-22, authorizing the City to enter into an interim and comprehensive agreement for the design and construction of a second fire rescue facility contemplated under the ITN, namely Fire Station No. 87; and

It is clear that the FS 87 Contract was entered into pursuant to the same ITN as FS 88. The City had the discretion to make the contract awards in this manner. It is well settled that "a public body has **wide discretion** in soliciting and accepting bids for public improvements and its decision, when based on an honest exercise of this discretion, will not be overturned by a court even if it may appear erroneous and even if reasonable persons may disagree." *See, e.g., Biscayne Marine Partners, LLC v. City of Miami,* 273 So. 3d 97, 102 (Fla. 3d DCA 2019) (emphasis added) This discretion extends to determining the number of contract awards. *Am. Safety Council, Inc. v. U.S.*, 122 Fed. Cl. 426, 439 (2015) ("it is within the sound discretion of an agency to determine

its minimum needs and determine the number of contract awards, consistent with a solicitation's requirements."); *see also Savantage Fin. Servs., Inc. v. U.S.*, 595 F.3d 1282, 1286 (Fed. Cir. 2010) ("[C]ompetitors do not dictate an agency's minimum needs, the agency does."); *Am. K-9 Detection Servs. v. U.S.*, 155 Fed. Cl. 248, 273 (2021) ("it is firmly within the agency's discretion to determine the number of contract awards"); *Cybermedia Techs. Inc.*, B-405511.3, 2011 CPD ¶ 180 at 3, 2011 WL 4256758, at *3 (Comp. Gen. Sept. 22, 2011) (complaining that an agency should have made nine rather than eight awards is not a valid protest ground); *Sys. Res. & Applications Corp.*, B-298107, B-298107.2, 2006 CPD ¶ 103 at 10, 2006 WL 4701814, at *8 (Comp. Gen. June 26, 2006) ("[W]here multiple awards are contemplated by a solicitation, the agency is entitled to exercise sound business judgment consistent with the terms of the solicitation in determining how many awards should be made."). Here, the City chose to exercise its wide discretion to award multiple contracts under the single ITN. There is no basis to challenge the City's action.

Not only is PSA's argument meritless, but it is also untimely. PSA's attack on the City's actions goes to the method of procurement, which was not the subject of any bid protest during the procurement or when the City approved multiple Resolutions (at public meetings) authorizing the FS 87 Contract with KL. The City's regulations make clear that anyone aggrieved in connection with the award of a contract is to file a bid protest within five calendar days of when it knows "or could have reasonably been expected to know of the facts giving rise thereto." *See* §5-241(a), Riviera City Code ("Any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with the solicitation or award of a contract may protest to the city council. . . The protest shall be submitted within five calendar days after such aggrieved person knows or could have reasonably been expected to know of the facts giving rise thereto.") Here, when the City adopted Resolution 32-22, thereby authorizing staff to negotiate and enter into an agreement with KL for FS 87, there were no protests or objections of any kind. Nor were there any challenges to the entering of the ensuing contract. It is only now, with FS 87 approaching completion, that the solicitation is being questioned.

PSA raising baseless alleged deficiencies against KL while contemporaneously soliciting the City for additional fees is concerning. Of course, we expect that the City staff will address this concern with PSA given, as we have outlined above, PSA was actually monitoring KL's SBE compliance and specifically reporting on the same to the City throughout the Projects.

Although the City is already in possession of most of the documents referenced and relied upon above, KL intends to provide the City with electronic copies of these documents under separate cover. KL values its partnership with the City, and it is our sincere hope that the information being provided in this letter and in the corresponding documents will allow the City to quickly conclude this matter. However, KL remains available to discuss any questions the City may have to facilitate a comprehensive understanding of the issues.

Very truly yours,

Derek Wolfhope
Senior Vice President

Cc: Joshua Atlas (via email)
Mishel Mako (via email)

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