



Miami-Dade County Board of County Commissioners

Office of the Commission Auditor

Board of County Commissioners

Supplemental Legislative Analysis

May 3, 2011
9:30 A.M.
Commission Chamber

Charles Anderson, CPA
Commission Auditor
111 NW First Street, Suite 1030
Miami, Florida 33128
305-375-4354

**Miami-Dade County Board of County Commissioners
Office of the Commission Auditor**

**Miami-Dade County Board of County Commissioners
Meeting Agenda**

**Supplemental
Legislative Analysis**

May 3, 2011

Written analyses and notes for the below listed items are attached for your consideration. These analyses are in addition to those which are included in the official agenda kit.

Item Number(s)

1F1-1F17
8F1C
8J1C
8Q1A
9A11

Acknowledgements:

Bia Marsellos, Legislative Supervisor
Michael Amador-Gil, Senior Legislative Analyst
Mia Marin, Legislative Analyst
Elizabeth Owens, Legislative Analyst

**MIAMI-DADE COUNTY
BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**



Legislative Notes

Agenda Item: 1(F)1 – 1(F)17
Committee(s) Board of County Commissioners
of Reference:
Date of Analysis: April 28, 2011
Type of Item: Sunset Review of County Boards for 2011

BCC Agenda No.	County Board	Created	Quorum Activity 1/1/2009 – 12/31/2010	Vacancies
1F1	Ronald Reagan Equestrian Center Advisory Board	2005	4 meetings scheduled, 4 meetings with quorum	0
1F2	Land Acquisition Selection Committee	1991	4 meetings scheduled, 4 meetings with quorum	1
1F3	Environmental Quality Control Board	1967	21 meetings scheduled, 20 meetings with quorum	0
1F4	Agricultural Practices Board	1995	24 meetings scheduled, 23 meetings with quorum	3
1F5	Commission on Disability Issues	2002	22 meetings scheduled, 22 meetings with quorum	1
1F6	Zoo Miami Oversight Board	1998	22 meetings scheduled, 20 meetings with quorum	1
1F7	Kendale Lakes Landscape & Maintenance Special Taxing District Board	2001	9 meetings scheduled, 4 meetings with quorum	0
1F8	Park and Recreation Citizen's Advisory Board	2001	16 meetings scheduled, 7 meetings with quorum	16 (out of 27 members)
1F9	Library Advisory Board	1963	6 meetings scheduled, 4 meetings with quorum	2
1F10	Country Club of Miami Community Council 5	1996	16 meetings scheduled, 16 meetings with quorum	1
1F11	Fisher Island Community Council 16	1996	2 meetings scheduled, 2 meetings with quorum	2
1F12	Kendall Community Council 12	1996	26 meetings scheduled, 26 meetings with quorum	1
1F13	Westchester Community Council 10	1996	25 meetings scheduled, 23 meetings with quorum	1
1F14	West Kendall Community Council 11	1996	20 meetings scheduled, 19 meetings with quorum	1
1F15	North Central Community Council 8	1996	24 meetings scheduled, 23 meetings with quorum	1
1F16	Community Image Advisory Board	2001	17 meetings scheduled, 17 meetings with quorum	45 (out of 72 members)
1F17	Building Better Communities Citizens Advisory Board	2005	14 meetings scheduled, 13 meetings with quorum	7

**MIAMI-DADE COUNTY
BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**



Legislative Notes

Agenda Item: 8F1C

File Number: 110493

**Committee(s)
of Reference:** Board of County Commissioners

Date of Analysis: April 20, 2011

District: 5

Summary

Item 8F1C: This resolution authorizes the execution of a Lease Agreement for additional space with Biscayne Building, Inc., a Florida Corporation, occupied by the Office of Inspector General (OIG) located at 19 West Flagler Street, Suites 201-207, 209, 215 and 220 in the amount of \$2,322,158.09 for the term of the lease.

Item 11A42: This resolution terminates the Interlocal Agreement between the Miami-Dade School Board and the County for the provision of inspector general services through the OIG.

In 2008, the Board of County Commissioners (BCC), through R-25-00, authorized the execution of a Lease Agreement at the same location which only included Suites 207, 209 and 220.

The proposed Lease Agreement provides additional space allowing the legal unit, consisting of four attorneys, to perform its duties more effectively given its increased workload. The new legal unit space will also accommodate a legal secretary/paralegal and legal interns, and will provide a small conference area for group meetings and ample storage for OIG records and files.

The OIG has been operating from this location since 2000, and requests to continue utilizing the office space.

Legislative Item	Lease Agreement Information at 19 West Flagler Premises	Total Cost first Year
R-25-00	On January 13, 2000, the BCC, through R-25-00, approved a Lease Agreement located at the Biscayne Building to be utilized by the Commission on Ethics and Public Trust and the OIG. Both entities were located at the Courthouse Center 175 N.W. 1 Avenue before relocating to 19 West Flagler premises. The terms for the 2000 contract included two years with three additional two-year renewal option periods. The rentable use totaled 3,598 square feet.	\$56,668.50
R-488-00	On May 9, 2000, the BCC, through R-488-00, authorized an <i>amendment</i> to the Lease Agreement at 19 West Flagler Street, Miami, Florida utilized by the Commission on Ethics and Public Trust and the OIG. The purpose of the amendment was to increase the square footage from 3,598 square feet to 5,795 square feet. The annual rent increased from \$56,668.50 to \$91,271.85.	\$91,271.85
R-1244-01	On November 6, 2001, the BCC, through R-1244-01, authorized a <i>second amendment</i> to the Lease Agreement at 19 West Flagler Street, Miami, Florida utilized by the Commission on Ethics and Public Trust and the OIG. The purpose of the amendment was to increase the leased square footage by 2,025 rentable square feet from 5,795 rentable square feet to 7,820 rentable square feet with the addition of Suite 207 and to increase the annual rental amount from \$91,271 to \$123,164.	\$123,164.00

Legislative Item	Lease Agreement Information at 19 West Flagler Premises	Total Cost first Year
R-413-04	On April 13, 2004, the BCC, through R-413-04, authorized a <i>third amendment</i> to the Lease Agreement at 19 West Flagler utilized by the Commission on Ethics and Public Trust and the OIG. The purpose of the amendment was to increase the leased square footage by 452 rentable square feet from 7,820 to 8,272 rentable square feet with the addition of Suite 209 increasing the annual rental amount from \$124,511.76 to \$131,690.24.	\$131,690.24
R-508-06	<p>Relocation of Commission on Ethics and Public Trust</p> <p>On May 9, 2006, the BCC, through R-508-06, authorized a Lease Agreement at 19 West Flagler Street, Miami, Florida, Suite 820 for the Commission on Ethics and Public Trust.</p> <p>Both agencies had leased space for six years on the second floor located at the 19 West Flagler premises.</p> <p>The Commission on Ethics and Public Trust relocated to the 8th floor.</p>	
R-739-08	On July 1, 2008, the BCC, approved a new Lease Agreement for a five-year term with one additional five-year renewal option.	\$182,908.43
Legistar No. 110493	<p>The proposed terms include five-years with one additional five-year renewal option period.</p> <p>The total amount for the five years, plus renewal option totals \$2,322,158.09.</p>	\$200,021.70

Relevant Legislative History

On July 21, 2009, the BCC, through R-1002-09, directed the Mayor or designee to evaluate the cost of current lease contracts and current market value, and to the maximum extent possible, renegotiate leases to achieve savings where the language in leases provides a basis for possible renegotiation of the terms.

On December 7, 2010, the BCC, through R-1207-10, directed the Mayor or designee to prepare a report regarding County leases. Miami-Dade County owns a number of buildings and other real property that it leases to private entities, not-for-profit entities and governmental entities, including space at airports, the seaport and parks.

Questions and Comments

In response to questions from the Office of the Commission Auditor, OIG staff provided the following information:

GSA staff did not provide responses.

- The OIG has no knowledge of what evaluation GSA may have conducted based upon the OIG's request to add more space to their current offices at the Biscayne Building; however, the OIG has always maintained that it would be difficult for them to occupy traditional county-owned office space because they require separate premises to operate independently and to provide appropriate privacy and confidentiality to complainants, witnesses and subjects that have appointments with OIG staff.*
- M-DCPS does not contribute to paying OIGs lease at the Biscayne Building. M-DCPS provides sufficient office space for OIG staff at the district administration annex building. That office space is used by County OIG personnel doing work under the interlocal agreement, as well as M-DCPS-OIG personnel that OIG staff supervises.*
- OIG has two vacancies and intends on filling them once the budget situation is resolved (or at least they have a better idea of the proposed cuts). But the new space is to relocate the legal unit. The space vacated by legal will be used by investigators returning from field assignments.*

**MIAMI-DADE COUNTY
BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**



Legislative Notes

Agenda Item: 8(J)1(C)
File Number: 110720
Committee(s) of Reference: Board of County Commissioners
Date of Analysis: April 28, 2011
Type of Item: Joint Participation Agreement

Summary

This resolution authorizes the execution of a Joint Participation Agreement (JPA) with the Florida Department of Transportation (FDOT) to provide State funding in the amount of \$1 million for the construction of a pedestrian overpass at the University Metrorail Station (Project). In addition, this resolution authorizes the following:

- The receipt and expenditure of funds as specified in the JPA;
- The use and expenditure of any additional funds should they become available; and
- The use of charter county transportation system surtax funds to serve as the local match.

This JPA is a multi-year agreement, which will provide State funding in the amounts of \$750,696 in FY 2011, \$48,902 in FY 2012, and \$200,402 in FY2013 for a total of \$1,000,000.

The funds authorized through this resolution will be used for final/post design services; construction engineering and inspection (CEI); right-of-way acquisition; and construction of the pedestrian overpass.

Background and Relevant Legislation

On November 5, 2002, the Miami-Dade County electorate approved a ½ percent increase in the sales tax to fund the implementation of the People's Transportation Plan (PTP). On July 29, 2003, the Citizens' Independent Transportation Trust (CITT) recommended the inclusion of the Project to the list of Capital Improvement Projects included as part of the PTP. Provided below, is the Board of County Commissioners (BCC) legislative history for this Project.

<u>Date</u>	<u>Resolution</u>	<u>Legislation</u>
Oct. 9, 2003	R-1154-03	The BCC approved the inclusion of the Project to the PTP.

<u>Date</u>	<u>Resolution</u>	<u>Legislation</u>
Mar. 6, 2007	R-230-07	<p>The BCC authorized the execution of a Professional Services Agreement (PSA) between Miami Dade County and H.J. Ross Associates, Inc. to design and prepare a set of biddable construction documents for two (2) pedestrian overpasses: South Miami and University Metrorail Stations in a total amount not to exceed \$781,650. The estimated costs and funding source for each project is as follows:</p> <ul style="list-style-type: none"> • University Metrorail - \$315,787 in Charter County Transit Surtax; and • South Miami - \$465,864 in Federal Transit Administration funds. <p>According to Miami-Dade Transit (MDT), the existing PSA with H.J. Ross is in effect until April 2012. Once the federal funds are awarded later this year, H.J. Ross will resume design of the Project. Since the suspension of work lasted 2 ½ years, MDT will need to go back to the BCC for a supplemental agreement to add contract time and exercise the option for design services during construction. Currently, the construction is projected to end December 2013.</p>
Nov. 6, 2007	R-1218-07	<p>The BCC approved the execution of a JPA with the FDOT to provide State funds in the amount of \$2.045 million for the Project. The funding was programmed in FY 2010 for \$1 million and FY 2011 for \$1.045 million. Resolution No. 1218-07 also committed up to \$2.045 in Charter County Transit System Surtax Funds as a local match.</p>
Jan. 10, 2008	R-38-08	<p>The BCC authorized the acquisition of land and temporary construction easement needed for this Project.</p> <p>The Project required a partial taking of approximately 1,364 sq. ft. parcel and 2,052 sq. ft. temporary construction easement from a 137,991 sq. ft. parent tract located at 1250 South Dixie Highway. However, due to fiscal challenges and FDOT's reduction in several million dollars in State Block Grant funding, the Project was placed on-hold indefinitely in September 2008 at approximately 45% completion final design phase.</p>

Subsequently, in 2009, MDT de-funded the Project due to local fiscal constraints. To preserve the State funding, the \$1 million was re-programmed to the Earlington Heights/Miami Intermodal Center Connector project and the Project was removed from the FY 2010-11 Capital budget.

In 2010, MDT re-programmed \$3.862 million in federal funds to this Project from three other pedestrian overpasses which will not be constructed. The Metropolitan Planning Organization (MPO) at its October 21, 2010 meeting and the State have amended and approved the FY 2011 Transportation Improvement Program (TIP) and State Transportation Improvement Program (STIP) to include this Project (MPO Resolution No. 36-10). This Project is also included in the proposed Capital budget for FY 2011-12.

On February 1, 2011, Resolution No. 85-11 was approved by BCC to apply \$1 million, the local match amount, in Charter County Transportation Surtax Funds towards the design and construction of this Project.

Budgetary Impact

This Project is estimated to cost approximately **\$6.267 million**. Funding for the construction of this Project includes:

- \$1 million in State funding (this item)
- \$1 million local match provided through charter county transportation system surtax funds
- \$3.862 million in Federal Transit Administration (FTA) grant
- ***\$405,000 from prior PTP funds issued to complete the planning phase (\$750,000 - \$345,000 in reimbursed funds)***

Comments

According to MDT, Miami-Dade County is currently in the process of applying for the Federal and State funds to continue with the design and construction of this Project.

Of the \$315,787 in Surtax funds to H.J. Ross Associates, approximately \$136,235 has been expended to H.J. Ross Associates for biddable construction documents for activities such as public involvement, coordination with the City of Coral Gables/Board of Architects, and some other ancillary activities like TARC presentations.

Concurrent with this process, MDT completed the re-evaluation of the Categorical Exclusion (CE) determination originally made by the FTA on November 30, 2007, and submitted the CE determination to the FTA for their concurrence. On February 28, 2011, the FTA concurred with the re-evaluation of the CE determination, thus updating MDT's compliance with the National Environmental Policy Act (NEPA).

Prepared By: Elizabeth N. Owens

MIAMI-DADE COUNTY
BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR



Legislative Notes

Agenda Item: 8(Q)1(A)
File Number: 110840
Committee(s) of Reference: Board of County Commissioners
Date of Analysis: April 20, 2010
Type of Item: Amendment No. 2 to Cruise Terminal Agreement- Carnival
District: 5

Summary

This resolution approves Amendment No. 2 to the Cruise Terminal Agreement between Miami-Dade County and Carnival Corporation. This Amendment provides Carnival Corporation (Carnival) incentives to Home Port the new Carnival Breeze in Miami beginning in the fall of 2012. Carnival will Home Port the Breeze in Miami for a minimum of two (2) years (through Fiscal Year 2014) and the Breeze or another vessel in the Dream-class through September 30, 2018.

According to the County Manager's memo, should a third berth become available at the Port commencing in November 2012, the net effect of the Breeze at the Port of Miami (POM) will increase to an additional 400,000 passengers, as Carnival will be able to keep another vessel in Miami. Furthermore, the Breeze will sail its inaugural season in Europe followed by a year-round Caribbean itinerary from South Florida beginning in the fall 2012.

Carnival intends to announce this deployment schedule upon the Board of County Commissioners (BCC) approving this Amendment.

The 2nd Amendment proposes the following financial incentives to Carnival:

Incentives to Carnival	2 nd Amendment (Proposed)
Marketing Incentives	The County will provide an annual marketing incentive to Carnival for bringing a new ship to Miami. This payment is based on the total number of passengers which Carnival Home Ports above its current annual average of 1,800,000 passengers.
Water Component of the Unitary Fee	The cap on the water component of the Unitary Fee will increase in Fiscal Year 2013 coinciding with the arrival of the Breeze. Should Carnival's costs for water usage exceed the Water Usage Cap during any fiscal year, Carnival will pay the County the prevailing rate for the excess water used.
Committed Terminal Improvements By the County in the Proposed Amendment	<p>The County commits to making terminal improvements to berth the Breeze and process its passengers at Terminal D. These improvements, estimated to cost approximately \$15,000,000, include additional seating, a terminal build out and expansion project, additional vertical integration between terminal levels, baggage conveyor upgrades, two new passenger boarding bridges, and runway improvements. <i>The County is solely responsible for any costs that exceed the initial estimate for these improvements. Such improvements will be substantially completed no later than October 15, 2012.</i></p> <ul style="list-style-type: none"> • Question: Which County funds (future seaport revenues and/or non-advolerm revenues) will be appropriated to pay for these improvements?

Background and Relevant Legislation

On October 20, 1998, the BCC, through R-1196-98, authorized an Agreement with Carnival for a fifteen (15) year term with a five (5) year renewal period. Under the terms of the long-term cruise Terminal Agreement, Carnival committed to the POM a guaranteed minimum revenue stream of 80 percent of the projected net revenue from tariff over the fifteen year term of the Agreement. Carnival also agreed to home port a minimum of six vessels at the POM. The projected net revenues from the tariff totaled approximately \$229 million, with the 80 percent minimum guarantee yielding \$183 million over the fifteen year term of the Agreement.

According to the terms of the 1998 Agreement with Carnival, the County provided volume incentives from 30 percent up to 33 percent off Wharfage and Dockage tariff (including security).

On June 15, 2010, the BCC, through R-697-10, approved Amendment No. 1 to the Cruise Terminal Agreement between Miami-Dade County and Carnival Corporation. The Amendment exercised the five (5) year renewal option of the current Agreement. The term of the Amended Agreement is effective October 1, 2010, through September 30, 2018, with the renewal option having been exercised. This Amendment provides for a minimum annual guarantee of \$20,400,000 for fiscal year 2011 beginning on October 1, 2010, and escalates up to \$25,095,000 in fiscal year 2018, for minimum guaranteed revenue of \$181,425,000 throughout the eight (8) year term.

Incentives to Carnival	1 st Amendment/June 2010 (R-697-10)
Marketing Incentives	The County will pay Carnival a marketing incentive to be dedicated towards the promotion of cruises from Miami. The marketing incentive will be based on the parking revenue collected by the County for vehicles parked at the Port. The Market Incentive will be determined by Carnival's total embarkations to the Port's overall passenger embarkations. For Fiscal Year 2010-2011, the Port has budgeted \$10,400,000 in Parking Revenue based on 3,954,000 anticipated cruise passenger movements and an overnight parking rate of \$20.
Water Component of the Unitary Fee	The water component of the Unitary Fee is capped at \$1,150,000 for FY 2011 and will increase by 3% each fiscal year. If the Seaport Department's costs for water usage by Carnival exceed the Water Usage Cap during any fiscal year, Carnival will pay the County the then prevailing rate for the excess water used.

The County provided additional financial incentives below to Carnival in the 1st Amendment:

- **Free Office Space**-The office space to which Carnival currently holds a lease agreement with the County will be provided free of charge. This space consists of a maximum of 1,800 square feet. The current office lease agreement terminates effective October 1, 2010.
- **Free Warehouse Space**- The warehouse space Carnival currently holds a lease agreement with the County will be provided free of charge. The space consists of a maximum of 2,000 square feet. The current warehouse lease agreement terminates effective October 1, 2010.
- **A Unitary Fee** of \$13.60 per embarking and \$13.60 per disembarking passenger beginning on October 1, 2010, this includes a (\$.25) net revenue increase per passenger charge over the current fiscal year and escalates up to \$16.73 in fiscal year 2018. The County may increase the Unitary Fee by no more than 3% each fiscal year beginning on October 1, 2011.
- If a new fee or security charge is imposed by any federal, state or local governmental authority, excluding Miami-Dade County, on Carnival and all other multi-day passenger cruise lines at the Seaport then the Unitary Fee will be increased to include the new charge. However, the Unitary Fee increase is subject to the 3% annual cap in Section 5(ii). When the County is contemplating a new fee that may impact Carnival, the Seaport Department will provide Carnival written notice in advance of any public meeting of the BCC when the fee will be considered.
 - If the new fee increases the then current Unitary Fee by five million dollars (\$5,000,000) or more in any fiscal year, Carnival will have the right to terminate the Agreement by giving the County twelve (12) months prior written notice.¹⁰

Additional Comments/Information

On April 6, 2010, Carnival Corporation signed one of its largest passenger terminal use agreements with the Broward County Board of County Commissioners, committing that 25.5 million cruise guests will sail to and from Broward County's Port Everglades over the next 15 years. It is projected the 15 year agreement will generate nearly \$425 million in revenues for Port Everglades.

The new agreement is effective October 1, 2010, and replaces the company's previous 10 year agreement. In return for this new long-term agreement, Port Everglades is committed to making significant improvements to four existing cruise terminals at Port Everglades to accommodate Carnival's fleet. Improvements to the terminals will be fully funded by the Port through a new Port User Charge. An Economic Impact Study conducted by Martin and Associates details an estimated average annual economic impact of 6,602 local jobs, related personal income of \$293.6 million and \$21.7 million of state and local taxes from home porting Carnival's ships in Port Everglades. Additionally, over 621 new jobs will be generated during improvements planned at the four terminals.

The tables below provide information pertaining to the major cruise liners berthing at the POM (Carnival, Royal Caribbean, and NCL) to include number of ports of call and total passenger for each from FY 2008 through FY 2011.

Total Number of Calls per Cruise Liner for FY2008-2011

Cruise Liners	FY2008	FY2009	FY2010	FY2011
Carnival	356	326	309	327
NCL	131	181	191	197
RCCL	268	253	257	207

Total Number of Passengers per Cruise Liner for FY2008-2011

Cruise Liners	FY2008	FY2009	FY2010	FY2011
Carnival	1,955,599	1,872,994	1,819,085	1,901,406
NCL	574,180	814,916	922,732	1,011,964
RCCL	1,561,594	1,398,584	1,466,692	1,038,839

In response to questions pertaining to Carnival's performance from the Office of the Commission Auditor (OCA), POM staff provided the information below:

- Currently, how many Carnival vessels are considered "home port" at the POM? Names for each vessel?
Total passenger embarkations for each?
Carnival currently homeports 5 cruise ships in Miami. FY 2010 numbers are as follows:

<u>Ship</u>	<u>Passenger Embarkations</u>	<u># Ship Calls</u>
Carnival Destiny	475,000	79
Carnival Imagination	486,000	102
Carnival Liberty	354,000	52
Carnival Valor	350,000	52
Carnival Glory	154,000	25

- How much has Carnival received in parking revenues from the County, since June 2010?
Parking revenue is paid at the end of each fiscal quarter with the first fiscal quarter close after the Effective Date of the First Amendment being December 31, 2010:
FY 2011
Q1 \$790,921
Q2 TBD

The passenger count for Carnival from 2000 to 2010 is 18.91 million.

The additional questions below were posed to POM staff. POM staff did not provide responses by time of OCA's printing deadline.

- Have the parking rates for Carnival passengers been adjusted in the past 10 months?

- Is Carnival meeting the MAG? What are the payment amounts since June 2010?
- What concerns has Carnival raised pertaining to the Tunnel, Dredging and Water and Sewer projects?
- How much has the County provided in volume incentives off Wharfage and Dockage tariff to Carnival?
Other discounts?
- What other cruise terminal agreements does POM have? How many vessels for each agreement? Names of vessels? Total passenger embarkations for each?
- What are the revenues collected by other Cruise Terminal Agreements?
- What is the total amount of revenue currently being collected through the Office and Warehouse Leases?
- In lieu of paying Carnival the marketing fee can the Port's Business Initiatives Division provide the service?
- What mechanism is in place to ensure that Carnival uses that marketing incentive fee to only promote the Port of Miami and not other ports?

Prepared by: Mia Marin

Cost Benefits to Improve Seaport's Cruise Terminal D

Prepared by: Keith Connor

What is the cost benefit of improving Seaport's Cruise Terminal D to accommodate the new Carnival Cruise Line ship Breeze, and future "Dream-class" vessels?

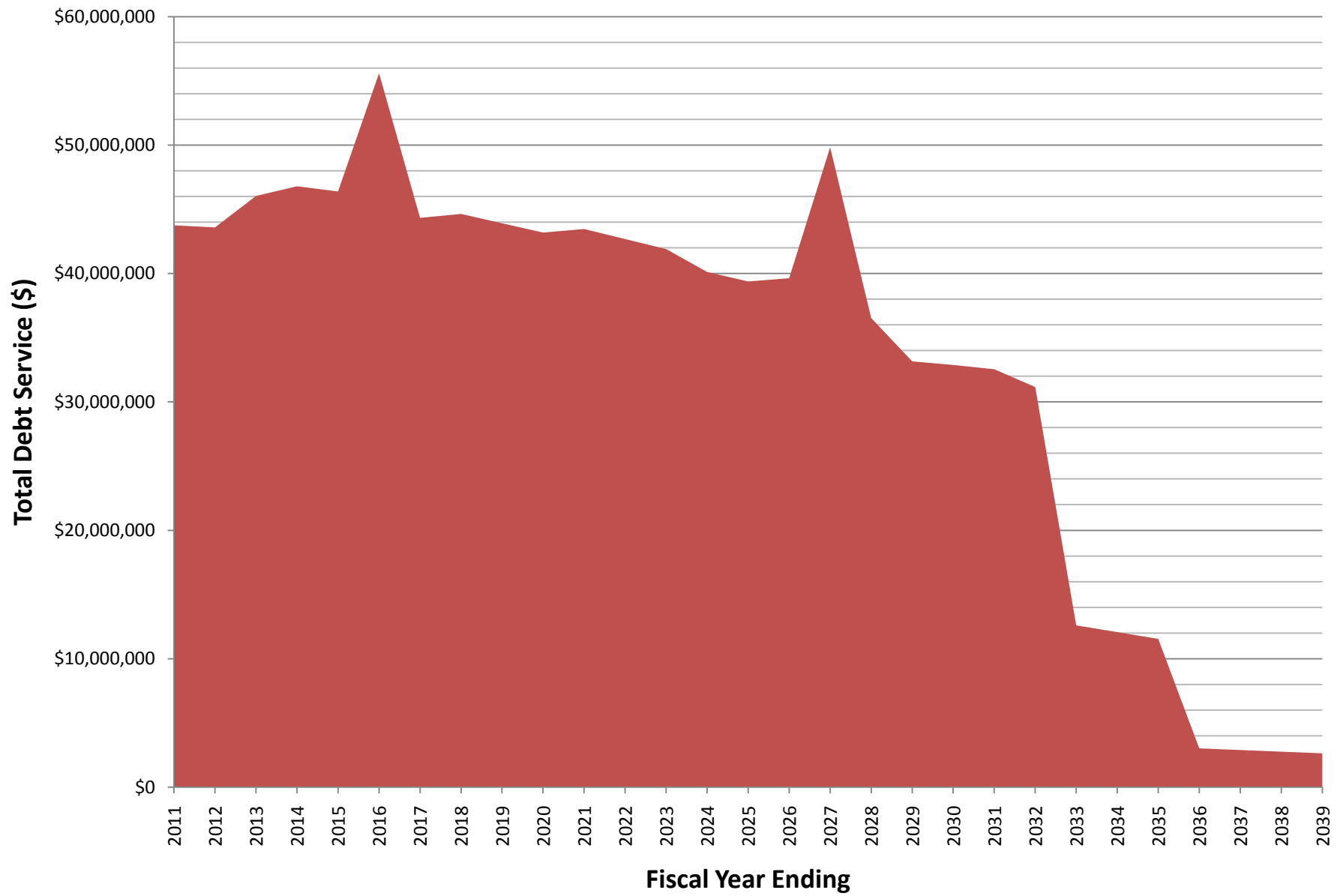
Project Assumptions

- \$15 million - estimated cost of modifications to Terminal D (Project), which finished new construction in 2007 at a cost of more than \$68 million for both Terminals D and E. The Project is included in the County's proposed Capital Improvement Plan for FY 2011-12.
- \$1.150 to \$2.1 million – additional annual revenues from Carnival Cruise Line to the Seaport from the Project "beginning in fiscal year 2013."
- \$900 thousand – estimated additional annual debt service for the Seaport for the Project's \$15 million cost (principal and interest) over 30 years (2041). A chart of the Seaport's current total debt service is attached. Construction for Terminals D & E were originally completed in 2007 at a cost of more than \$68 million.
- Marketing incentive – Carnival currently has Marketing incentive included in their agreement as part of Resolution R-697-10.

Other Project Considerations

- Carnival, which is home based in Miami, has a Terminal Usage Agreement with the Seaport through fiscal year 2018, and "pays the County a Minimum Annual Guarantee ranging from \$20.4 million in FY 2011 to \$25.1 million in FY 2018.
- Moody's writes that "the port's 2010-2016 capital improvement program (CIP) is significant at \$659.8 million with \$427.6 million to be debt financed; however, we note that none of the debt is expected to be secured on parity with the port's revenue bonds. **The debt is expected to be issued through the issuance of Capital Assets Acquisition Bonds or other alternative financial program backed by the county's non ad valorem revenue or as general obligations of the county...**"
- Seaport's reputation as the "Cruise Capital of the World" and increased competition from Port Everglades and 23 other North American ports. Cruise vacations are growing in popularity, and in recent months discounts and new ships are driving record cruise bookings in the industry. A total of 8 new ships were added in 2011 with a total passenger capacity of 15,112. From 2012 to 2014, a net of 14 more new cruise ships will come online adding 36,311 to passenger capacity. The ships from 2012 to 2014 will add \$1.6 billion in annual revenue to the cruise industry.

\$ 969 million Seaport Total Debt Service



**MIAMI-DADE COUNTY
BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**



Legislative Notes

Agenda Item: 9A11

File Number: 110927

**Committee(s)
of Reference:** Board of County Commissioners

Date of Analysis: April 25, 2011

District: Countywide

Summary

This resolution requests to reject all proposals for Consultant Services for Construction Inspection Services (CIS), Project No. A09-OCI-01,A.

During the April 13, 2011, Infrastructure and Land Use (ILUC) Committee meeting, Item 3K, Legistar No. 110369, was amended to re-solicit with reduced scope of work and to award the contract for the amount of work.

Background and Relevant Information

On March 2008, a survey (1st Survey) was conducted by the Office of Capital Improvements (OCI) staff which showed the volume of work expected (construction inspection activities) by several County departments (GSA, MDP, PWD and other County departments) and if it warranted a Request to Advertise (RTA). The RTA was approved on June 18, 2009, and was advertised on June 22, 2009. Two non-exclusive Professional Service Agreements (PSAs) were to be awarded under this solicitation. Each agreement is valued at \$750,000.

However, between 2009 and 2010, several departments mentioned above revisited the necessity for CIS from outside firms. OCI was notified by GSA and PWD that they no longer required CIS due to budgetary cuts.

On June 2010, OCI staff conducted another survey (2nd Survey) to determine the need for CIS. The survey showed a decreased necessity for CIS work among the departments, and an opportunity for in-house staff to perform the CIS scope and avoid lay-offs.

- *According to OCI staff, the 2nd survey showed that there was only 30 percent of work available for outside architectural firms.*

ILUC Meeting Notes

- County Attorney's Office (CAO): This is a design contract, and no bid waiver is allowed.
- OCI has not acted on this item for a year and half. *Why did it take so long to come before the BCC?*
- According to OCI staff, "if the project is not rejected, this may hurt the two awarded A&E firms because the moment the contract is awarded, this will count against them in any future solicitation because the dollar amount of the contract will be added to the amount awarded to the consultant."
- If needed, OCI may assign architectural work to outside firms through the Equitable Distribution Program (EDP) and/or utilize in-house staff to perform the architectural services. However, according to OCI staff, the EDP is not a Small Business Program.
- *The survey showed that most of the work (70 percent) was for engineering services.*

Reasons for Rejection by OCI Staff

Since 2008, anticipated work has dwindled due to the economic downturn.

OCI was advised by CAO to reject the consulting services, if there is no work to justify the solicitation.

1. Why was the solicitation advertised, if the work could be performed by in-house staff?

Prepared by: Michael Amador-Gil