

# Memorandum



**Date:** May 6, 2008

**To:** Honorable Chairman Bruno A. Barreiro  
and Members, Board of County Commissioners

Agenda Item No. 8(A)(1)(C)

**From:** George M. Burgess

County Manager

**Subject:** Resolution Waiving the Provisions of Section 7.01 of the Nonexclusive General Aeronautical Services Permit (GASP) Agreement between Miami-Dade County and American Sales & Management Organization (ASMO)

## RECOMMENDATION

It is recommended that the Board adopt the attached resolution waiving the provisions of Section 7.01 of the Nonexclusive General Aeronautical Services Permit (the "GASP Agreement") between Miami-Dade County through its Miami-Dade Aviation Department ("MDAD") and American Sales & Management Organization ("ASMO"), to permit the transfer of the GASP Agreement from ASMO to American Sales and Management Organization, LLC ("ASMO, LLC"). The Board's approval of the transfer carries with it the Board's approval of the proposed and potential ownership interests in ASMO, LLC, initially consisting of 52% equity ownership by ASMO and 48% by Grupo Eulen.

## SCOPE

Miami International Airport (MIA) is located primarily within District Six.

## FISCAL IMPACT/FUNDING SOURCE

There is no fiscal impact from this item changing ownership as the company pays fees and rents to the County and will continue to do so. See track record below.

## TRACK RECORD/PROJECT MANAGER

ASMO has a history of outstanding debt but is current in its payments to the County at the present time. Grupo Eulen is a very promising company with a high volume of earning annual revenues and a total of 65,000 employees in 11 different countries. The Project Manager is MDAD Special Projects Administrator 1 Virginia Carrillo.

## COMPLIANCE DATA

During the first quarter for contract year 2008, ASMO has met 5.1% out of 15.0% by subcontracting with LDB certified firms. This 5.1% could increase to 8.9% if an additional four firms could obtain LDB certification. The Department of Small Business Development (SBD) indicated at least two out of the four firms doing business with ASMO are under review for certification. Since the goal is 15.0% per year, MDAD Minority Affairs has asked ASMO to submit an action plan on how to meet the goal on or before the end of third quarter of the contract year (July 31, 2008).

In accordance with Section 3.14 of the Permit and Ordinance 94-40 and Administrative Order No. 3-19 of the County, a compliance review included timely payment to LDB subcontractors was conducted.

On the basis of aged receivables statement from LDB firms, all outstanding amounts as of January 31, 2008, have been paid at about 45 days or more. After discussions with ASMO concerning this issue, the Department expects ASMO to improve on prompt payment net 30 days. ASMO has submitted letters regarding its LDB goal issues and those are attached to this item. Under Article 8.04 of the Agreement, the County has the right to terminate the Permit, if it has reason to believe that the ASMO is in violation of its obligation under the LDB provisions.

## **BACKGROUND**

On September 12, 2006, the Board approved the Non-exclusive GASA with ASMO for a term of five years, ending on October 31, 2011. As a GASP provider, ASMO is authorized to contract with airlines to provide a full range of services for commercial aircraft operators and airlines at Miami International Airport (MIA). These services include, but are not limited to: ramp services, including loading/unloading of passengers; baggage; cargo to and from aircraft; the transporting of baggage and cargo to and from aircraft as well as to and from locations on airport sites; porter assistance; passenger services; dispatching and communications; meteorological navigation services; ticket counter and operations services; janitorial; delayed baggage, and security services.

ASMO provides services to fifty-two (52) different airlines at MIA under the current GASP Agreement. ASMO is also the principal contractor for American Airlines, United and Delta Airlines at MIA. Furthermore, American Airlines awarded the Passenger Services contract to ASMO, effective April 1, 2007, through March 31, 2010.

ASMO is negotiating the sale of substantially all of its assets to ASMO, LLC. ASMO, LLC, will initially be 52% owned by ASMO and 48% by Grupo Eulen, S.A., although Grupo Eulen has the right to increase its interests in ASMO, LLC in the future to the extent it may acquire all of ASMO's interests.

Grupo Eulen is a European service company created in 1962 with operations in eleven (11) countries, employing 65,000, and earning annual revenues in excess of 1.1 billion Euros. Grupo Eulen has the capability of providing the scope of services required by ASMO's GASP Agreement. In addition, the company has expertise in the following service areas, which inevitably would enhance and strengthen ASMO: temporary work, public health, information systems, recreational, commercial and administrative services.

It is in the best interest of the County to approve the transfer/assignment of ASMO's GASP Agreement to ASMO, LLC, to avoid interruption of services to Airlines. Any interruption of the essential services provided by this or any of the other GASP providers would be detrimental to the airlines serviced by the permittees and to the operation of MIA. It is therefore recommended that the Board approve both the waiver of the no-transfer clause of Section 7.01 of ASMO's GASP Agreement and the transfer of the ASMO GASP Agreement to ASMO, LLC. Such approval carries with it the Board's approval of the proposed and potential ownership interests of ASMO, LLC.

  
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Assistant County Manager



# MEMORANDUM

(Revised)

**TO:** Honorable Chairman Bruno A. Barreiro  
and Members, Board of County Commissioners

**DATE:** May 6, 2008

**FROM:** R. A. Cuevas, Jr.  
County Attorney

**SUBJECT:** Agenda Item No. 8(A)(1)(C)

Please note any items checked.

- "4-Day Rule" ("3-Day Rule" for committees) applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Bid waiver requiring County Manager's written recommendation
- Ordinance creating a new board requires detailed County Manager's report for public hearing
- Housekeeping item (no policy decision required)
- No committee review

Approved \_\_\_\_\_ Mayor  
Veto \_\_\_\_\_  
Override \_\_\_\_\_

Agenda Item No. 8(A)(1)(C)

5-6-08

RESOLUTION NO. \_\_\_\_\_

RESOLUTION RELATING TO MIAMI INTERNATIONAL AIRPORT; WAIVING THE PROVISIONS OF SECTION 7.01 OF THE NON-EXCLUSIVE GENERAL AERONAUTICAL SERVICES PERMIT AGREEMENT BETWEEN THE COUNTY AND AMERICAN SALES & MANAGEMENT ORGANIZATION (“ASMO”) AND APPROVING THE TRANSFER OF SUCH AGREEMENT FROM ASMO TO AMERICAN SALES & MANAGEMENT ORGANIZATION, LLC (“ASMO, LLC”) AND APPROVING PROPOSED AND POTENTIAL OWNERSHIP INTERESTS OF ASMO AND GRUPO EULEN IN ASMO, LLC

**WHEREAS**, this Board desires to accomplish the purposes outlined in the accompanying memorandum and documents, copies of which are incorporated herein by reference,

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA**, that this Board (a) waives the anti-transfer provisions of Section 7.01 of the Non-Exclusive General Aeronautical Services Permit (the “GASP Agreement”) between Miami-Dade County and the American Sales and Management Organization (“ASMO”), (b) approves the transfer of the GASP Agreement from ASMO to American Sales & Management Organization, LLC (“ASMO, LLC”), and (c) approves the proposed and potential ownership interests of ASMO and Grupo Eulen in ASMO LLC.

The foregoing resolution was offered by Commissioner  
who moved its adoption. The motion was seconded by Commissioner  
and upon being put to a vote, the vote was as follows:

Bruno A. Barreiro, Chairman	
Barbara J. Jordan, Vice-Chairwoman	
Jose "Pepe" Diaz	Audrey M. Edmonson
Carlos A. Gimenez	Sally A. Heyman
Joe A. Martinez	Dennis C. Moss
Dorrin D. Rolle	Natacha Seijas
Katy Sorenson	Rebeca Sosa
Sen. Javier D. Souto	

The Chairperson thereupon declared the resolution duly passed and adopted this  
6<sup>th</sup> day of May, 2008. This resolution shall become effective ten (10) days after the date  
of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only  
upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA  
BY ITS BOARD OF  
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: \_\_\_\_\_  
Deputy Clerk

Approved by County Attorney as  
to form and legal sufficiency.

TPA

Thomas P. Abbott

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**ASMO** AMERICAN SALES & MANAGEMENT  
ORGANIZATION CORP.

March 11, 2008

Mr. Jose Abreu  
Aviation Director  
Miami International Airport

RECEIVED  
MAR 11 2008  
PROPERTIES

**RE: Permit Transfer Request  
American Sales and Management Organization, Corp**

Dear Mr. Abreu:

As you know, American Sales and Management Organization, Corp. ("ASMO") is currently providing services to 52 different airlines at Miami International Airport ("MIA") under our current General Aeronautical Services Permit (the "Permit"). ASMO is also the principal contractor for American, United and Delta Airlines at MIA.

Since its founding in 1994, ASMO has had a proven track record of success in providing these types of services at MIA. ASMO is proud of its commitment and contribution to the continued growth and success of MIA and most recently was the sole vendor to participate in Disney Training Program in coordination with and support of the Miami Dade Aviation Department ("MDAD"). Evidence of ASMO's success includes multiple service and recognition awards received from the Port Authority, the Beacon Council, our clients and most notably our selection during the last RFP process as the top ranked qualified provider at MIA.

We are currently in the process of negotiating the sale of substantially all of our assets to American Sales and Management Organization, LLC ("ASMO, LLC"). ASMO, LLC will initially be owned 48% by Grupo Eulen, S.A., a European Service company with operations in 11 countries, in excess of 65,000 employee and yearly revenues in excess of 1.1B Euros ("Eulen") and 52% by ASMO, although Eulen has the right to increase its interests in ASMO, LLC in the future and may acquire all of the interests in the future. Pursuant to the aforementioned transaction, ASMO, LLC will retain all of its current employees and its entire existing management team including myself as President and Chief Executive Officer.

With our staff and Management intact and Eulen's resources and experience, under my continued leadership, we plan to continue to provide the highest level of quality services at MIA.

2008 APR -4 AM 9:39

April 3, 2008

Mr. Abebe Tecele  
Aviation Special Assistant  
Minority Affairs Division  
Miami-Dade Aviation Department  
P.O. Box 592075  
Miami, Florida 3 3159

**RE: ASM LDB Implementation Plan**

Dear Mr. Tecele:

American Sales & Management Organization Corporation ("ASM") is one of the General Aeronautical Permit ("GASP") holders at Miami International Airport ("MIA"). ASM is the *only* GASP operator at MIA that is minority-owned, headquartered and founded in Miami-Dade County, Florida.

As a graduate of the both the Miami-Dade County Disadvantaged Business Enterprise ("DBE") and Local Developing Business ("LDB") programs, ASM is committed to the development of minority and developing businesses within Miami-Dade County. ASM is and has sponsored the Florida Regional Minority Business Council and continues to be MBE certified.

ASM was founded in 1994 as a Disadvantaged Business Enterprise and began operations at MIA, as a minority sub-contractor for Ogden Aviation Services ("Ogden"). ASM would eventually acquire Ogden's GASP Permit, which was assigned to ASM with Miami-Dade County's consent, in 1997. As of that time, ASM has had DBE and LDB participation goals of 100%. Over time, ASM graduated from the LDB program as its operations at MIA and across the country grew, but ASM continued to be DBE certified until March 2007.

Since March 2007 ASM has been working with you and your department to sub-contract portions of ASM's airline contracts to LDB certified firms. As you know, ASM's principal client is American Airlines, which has an 80% concentration of our overall business at MIA. In October 2007, American Airlines put out to bid 50% of the total services which ASM provides to that carrier. This bid was part of American Airlines' system wide "Big Bid 5," which concerned contracts scheduled to expire in April 2008.

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This bid was discussed with your department, as was the negative impact short term contracts could have on an LDB company. As such, due to the uncertainty of American Airlines' bid, the total revenue implication and the services to be transitioned, it was agreed with our LDB sub-contractor that ASM would begin transitioning services once that bid process was concluded. ASM and our LDB sub-contractor felt that to transition services prior to re-award would be inappropriate, particularly for a small, financially-challenged company.

On April 1, 2008 those American Airlines contracts which were out to bid as part of "Big Bid 5" expired and ASM continues to provide services to American Airlines on a month-to-month basis. We are pleased to advise that ASM has now been notified verbally by American Airlines that those contracts will be re-awarded to ASM and that official notification will be forthcoming. Based on this notification and upon written confirmation, ASM will begin the process of transitioning services to our LDB partner, Ultra Aviation Services, within 30 days of that notification.

Despite the uncertainty of our American Airlines contract award in 2008, we have worked diligently with your department in expanding our LDB participation goals. ASM in conjunction with your department has aided in expanding the current LDB list of companies and assisted companies such as Herrera Tire Service, Aeroservicios, Sirely Uniforms, JASMA Graphics, International Consulting Group, Global Mack, and Galloway Office Supply in applying for and attaining certification as LDB firms.

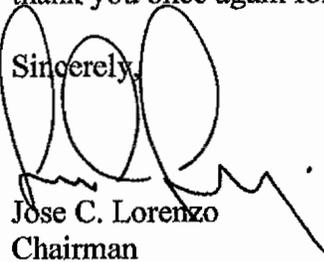
During the months of January/February 2008, ASM has sub-contracted \$430,094.30 to LDB firms, from revenues of \$3,387,814.83. This equates to 12.69% participation for that measurement period, despite \$1,700,000.00 worth of revenue being out to bid and scheduled to expire in April 2008. Therefore, of contracts that are in place for the next 2 year period, ASM has contracted with LDB firms, 25% of those revenues during the period.

We have identified along with our LDB partner those services that were out to bid as part of "Big Bid 5" that are to be transitioned. Those services are Lobby Management Services for concourses Super E, D and C, which have monthly revenues of \$100,000.00. This increase in monthly revenue to our LDB sub-contractor will bring ASM within the participation goals.

In conclusion, ASM has and will continue to work diligently with you and your department to expand ASM's participation goals by, among other things, subcontracting additional work to our LDB partners and continuing to working with and identify new LDB eligible companies to expand the program. There were various challenges ASM confronted, including the newness of the program, having to begin from "0" as a former LDB/DBE company and the limited number of certified companies. As a graduate of both the LDB and DBE programs we are committed to its success and are available to assist in any way which you feel may be productive.

Should you have any additional questions, please contact me at your convenience and thank you once again for all of your support.

Sincerely,



Jose C. Lorenzo  
Chairman

cc: Mr. Jose Abreu  
Mr. Gregory Owens  
Mr. Paul Acosta  
Ms. Cynthia Paul