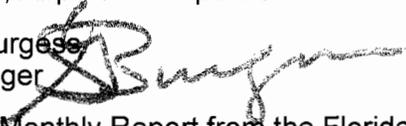


Memorandum



Date: April 16, 2009

To: Honorable Chairman Dorrin D. Rolle
and Members, Airport & Seaport Committee

From: George M. Burgess
County Manager 

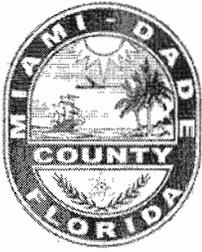
Subject: Supplement: Monthly Report from the Florida Department of Transportation on the Port of Miami Tunnel

ASC
Supplement to
Agenda Item No. 7B

Attached is a letter sent by the Mayor to Representative David Rivera in response to Secretary Kopelousos' April 1, 2009 memorandum regarding scenarios for the development of the Tunnel Project.



Assistant County Manager



OFFICE OF THE MAYOR MIAMI-DADE COUNTY, FLORIDA

CARLOS ALVAREZ
MAYOR

April 7, 2009

The Honorable David Rivera
Chairman, House Full Appropriations Council on Education & Economic Development
222 The Capitol
402 South Monroe Street
Tallahassee, FL 32399-1300

Subject: Project Status - Port of Miami Tunnel

Dear Chairman Rivera:

I am in receipt of the letter Secretary Kopelousos sent to you last week outlining four possible courses of action for moving forward with the Port of Miami Tunnel (POMT) project. After reviewing her scenarios with both County staff and representatives of the selected concession team, Miami Access Tunnel (MAT), it is clear that all factors continue to point to there being only one plausible solution, identified by the Secretary as Scenario 'A': we must re-establish and finalize negotiations with MAT.

I believe the three alternative solutions to Scenario A to be critically flawed. Each would trigger legal action by the selected proposer that would effectively tie up the POMT project long past the time either you or I will be in our respective offices. This project must move forward now, as opposed to years from now, as it is a local stimulator of jobs for Miami-Dade County. Importantly, if the POMT project is delayed beyond the expected completion date of the Panama Canal expansion, Miami will be in a weakened position to capture the new post-Panamax vessel class for Florida. The Port of Miami is currently the Florida port (and one of three on the east coast) federally authorized to have a channel depth equaling that of the expanded Panama Canal.

Rather than deal individually with the three alternatives that I believed are flawed, I would like to address the Secretary's concerns regarding Scenario A, which seem to be narrowed to two. The first involves the ability of a recently proposed equity partner, Meridiam Infrastructure, to meet the minimum qualifications associated with this project. The second concerns the significant time lapse since the original proposals were submitted, and the changed financial and construction markets.

In regard to the first concern, I am told both by County professionals who have kept close track of this project (and by representatives of MAT) that Meridiam Infrastructure's ability to meet minimum qualifications does not appear to be in question. The financial vetting of Meridiam was all but complete in December when the State suspended the project. The financial vetting of Meridiam can be refreshed by the State's consultants and presented to the Secretary's staff in less than a week. While it is true that this new partner was not configured to take on the principal equity role when this project was originally competed, they are, more importantly, qualified now. The Secretary's second concern is a very logical one in regards to changes in financial and construction markets. I shared similar thoughts as I have examined options for moving this project forward. Fortunately for this project, the State's financial consultant and concession team have intelligently reacted to the markets and captured significant savings. First, the selected concessionaire has all but secured \$400 million of TIFIA loans for this project, making the financing at approximately 3% more stable and affordable than at any time in its history (Personally, I am disappointed to learn that FDOT has made no effort to work

with the federal government to keep TIFIA funding in place, and that this critical project element has been and continues to be concession lead). Second, I have come to understand how this project, not unlike other public private partnerships, has taken a very intelligent stance concerning construction market price fluctuations. The MAT team has informed us that they are willing to re-price the project according to formulas previously negotiated with the State's team. These formulas are set to save the project millions of dollars associated with concrete and petroleum pricing, and even changes to the Euro-Dollar exchange. As a result of these formulas, the benefits of re-bidding have been nearly eliminated. The consequences of rebidding, however, have not been: the project will be tied up in the courts and we will lose, no matter the court outcome, the incredible advantages of the TIFIA allocation.

The County remains serious about bringing this project to fruition in the near term and about building the future of its Port. In addition to adding tunnel access, the Port is well along the path to deepening its main shipping channel, having secured both federal approval and an agreement with the Corp to complete its engineering. Under its master planning effort, the Port is creating economically viable options to provide intermodal access that will be a requirement of the new, larger vessel classes. All the projects mentioned above, including the tunnel, are scheduled to converge around the year 2013. I know that you and the Governor will be supportive of the Port of Miami's infrastructure program even as the State faces extraordinary fiscal challenges.

I think it would be to all our advantages that a meeting take place no later than April 17, attended only by a few, to settle on a path forward. I and representatives of the City remain pliable as to how we can work through the Secretary's concerns to get the selected team in place. I will be contacting both you and the Secretary shortly to arrange for what I hope is a productive meeting.

Sincerely,



Carlos Alvarez
Mayor

- c: The Honorable Charlie Crist, Governor
- The Honorable Chairman Juan Zapata and Members, Miami-Dade Delegation
- The Honorable Chairman Dennis Moss and Members, Board of County Commissioners
- Members, Metropolitan Planning Organization Governing Board
- The Honorable Manny Diaz, Mayor, City of Miami
- The Honorable Chairman Joe Sanchez and Members, City of Miami Commission
- Stephanie Kopelousos, Secretary, Florida Department of Transportation
- Marcos Marchena, Chair, Florida Transportation Commission
- Marshall Criser, District VI Member, Florida Transportation Commission
- Gus Pego, District Secretary, FDOT District VI
- Denis Morales, Chief of Staff, Office of the Miami-Dade County Mayor
- George Burgess, Manager, Miami-Dade County
- Pedro Hernandez, Manager, City of Miami
- Ysela Llort, Assistant County Manager, Miami-Dade County
- Bill Johnson, Director, Port of Miami
- Frank Nero, President/CEO, The Beacon Council
- Chair and Board of Directors, Downtown Development Authority
- Jose Mesa, Executive Director, Metropolitan Planning Organization
- Barry Johnson, President/CEO, Greater Miami Chamber of Commerce
- William Talbert III, President/CEO, Greater Miami Convention Center and Visitors Bureau
- Bill Diggs, President, Miami-Dade Chamber of Commerce