

April 2, 2013

CLERK OF THE BOARD

Clerk of the Board
Date and Time Recorder Stamp

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CLERK, CIRCUIT COURT COUNTY OF
MIAMI-DADE COUNTY, FLA.
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**OFFICE OF THE MAYOR
MIAMI-DADE COUNTY, FLORIDA**

VETO AND VETO MESSAGE

To: Honorable Chairwoman Rebeca Sosa and
Members of the Board of County Commissioners
Miami-Dade County, Florida

From:



Carlos A. Gimenez, Mayor
Miami-Dade County, Florida

Pursuant to the authority vested in me under the provisions of Section 2.02.D of the Miami-Dade County Home Rule Charter, I hereby veto Resolution No. R-151-13 to award the non-exclusive lease and concession agreement for luggage wrapping services at Miami International Airport (MIA), RFP No. MDAD-05-12, to Safe Wrap of Florida JV, LLC, a joint venture between Secure Wrap of Miami, Inc. and Safe Bag USA at the March 5, 2013 Board of County Commissioners meeting:

RESOLUTION APPROVING LEASE AND CONCESSION AGREEMENT WITH SAFE WRAP OF FLORIDA JV, LLC FOR A TERM OF EIGHT YEARS, EXCLUSIVE OF OPTIONS TO RENEW, WITH A MINIMUM ANNUAL GUARANTEE OF \$9,600,000.00, AND FOR A PERCENTAGE OF GROSS REVENUES TO THE COUNTY OF 52%; AUTHORIZING THE COUNTY MAYOR OR MAYOR'S DESIGNEE TO EXERCISE AND ENFORCE ALL PROVISIONS THEREOF, INCLUDING EXTENSIONS AND TERMINATION

VETO MESSAGE

On Tuesday, March 5, 2013, the Board of County Commissioners (Board) rejected my recommendation to award a non-exclusive lease and concession agreement for luggage wrapping services at Miami International Airport (MIA), RFP No. MDAD-05-12, to Truestar USA, a joint venture between Sinapsis Trading USA, LLC (Sinapsis) and Truestar Group SPA. Subsequently, the Board approved Resolution No. R-151-13 to award the non-exclusive lease and concession agreement for luggage wrapping services at MIA to Safe Wrap of Florida JV,

LLC (Safe Wrap), a joint venture between Secure Wrap of Miami, Inc. (Secure Wrap) and Safe Bag USA.

In July 2010, Sinapsis was awarded a five-year contract, with a two-year option to renew, for luggage wrapping services at MIA. At the time, Sinapsis offered a minimum annual guarantee (MAG) of \$11.1 million or 56.5% of gross revenues. The second-ranked firm, Secure Wrap, offered a MAG of \$4.1 million or 35% of gross revenues. In February 2012, the Board of County Commissioners approved an amendment to the Sinapsis contract, which lowered the MAG to \$8.65 million, however the 56.5% of gross revenues remained in effect. This was as a result of Sinapsis requesting an adjustment of their MAG due to off-airport luggage wrapping that was affecting their revenues at MIA. While the Board approved the adjustment, they also approved issuing a new solicitation as recommended by the Administration, thereby voiding the current contract. However, it should be noted that since the MAG was lowered, Sinapsis has paid MIA \$9.2 million based on the 56.5% of gross revenue, not the \$8.65 million. Subsequently, in April 2012, the Miami-Dade Aviation Department (MDAD) issued RFP No. MDAD-05-12 for luggage wrapping services at MIA.

In their submitted proposals to RFP No. MDAD-05-12, TrueStar USA offered a MAG of \$9.6 million or 65% of gross revenues, while Safe Wrap offered a MAG of \$9.1 million or 52% of gross revenues. Safe Wrap was ranked first after the technical evaluation, however when the price proposal scores were factored in, Truostar USA finished ranked first.

The Evaluation Committee for RFP No. MDAD-05-12 consisted of seven voting members, of which two were airline representatives, two were aviation industry professionals, one was from the Greater Miami Convention and Visitors Bureau, and two were MDAD employees. Additionally, a representative from the Office of the Inspector General was present at the meeting of the Evaluation Committee, which was open to the public and videotaped. The Evaluation Committee unanimously voted to recommend to me that the award be made to Truostar USA.

In January 2013, my recommendation to award to Truostar USA was filed with the Clerk and the second ranked firm, Safe Wrap, filed a bid protest. A hearing was held on February 11, 2013 before the Hearing Examiner. On February 14, 2013, the Hearing Examiner affirmed my original recommendation to award to Truostar USA.

While Safe Wrap agreed, at the March 5th meeting, to the Board's request to match TrueStar USA's MAG of \$9.6 million, they refused to match the 65% of gross revenues. It is noteworthy that their proposed 52% of gross revenues is lower than the 56.5% percentage that is being paid by Sinapsis under the current contract. Safe Wrap's refusal to match TrueStar USA's percentage of 65% has the potential to cost MIA \$6 million in payments in just the first three years of the eight (8) year (with a two-year option to renew) contract. This is based on Safe Wrap's own income projections in the RFP. The MAG of \$9.6 million per year for three years comes to \$28,800,000. Safe Wrap projects that in the first three years their revenues will be \$53,660,925. Based on that figure, their offer of 52% of gross revenues will equal \$27,903,681, so Safe Wrap will pay the MAG, as it is the higher amount. However, if Safe Wrap were to pay

65% of gross revenues, as TrueStar USA has offered, the amount paid to MIA would be higher than the MAG at \$34,879,601, a difference of \$6,079,601. When you calculate that for every \$300,000 in revenue that MIA is able to generate, they are able to lower their landing fee by one cent, this difference equates to a 20 cent adjustment. Given that MIA's landing fee is currently at \$1.75, this is a significant impact. The potential loss of revenue to MIA is even higher, approximately \$7.9 million, if the revenue projections of \$60.6 million by TrueStar USA are applied to this scenario.

The fiscal impact of luggage wrapping is quite significant for MIA. In fact, in the approximately 25 months that Sinapsis has held the current contract, they have paid MIA more than \$22.5 million on overall revenues of \$34.69 million. In comparison, Secure Wrap over the course of 10 years paid MIA approximately \$12.25 million on revenues of \$53.83 million. I have no doubt that prior to the current contract, MIA could have been paid substantially more than it was. The numbers clearly attest to that.

CLOSING

My Administration has as its foundation fundamental principles, including honesty, transparency, and protecting our taxpayers. We have steadfastly applied these principles to the procurement process that the Board of County Commissioners has established, and we have created an environment of fair and open competition. In recent years, MIA has greatly benefited from this process as evidenced by more companies engaging in solicitations, which in turn has resulted in better prices and higher revenues for our airport.

It is important to note that Miami International Airport is our community's largest economic engine. It contributes, directly and indirectly, to one out of every four jobs in Miami-Dade County and contributes almost \$33 billion to our economy. Its importance cannot be overstated and its success is vital to our County's economic well-being. With a Capital Improvement Program of \$6.5 billion nearing conclusion, MIA must find ways of increasing its non-aeronautical revenues to meet its outstanding bond obligations while remaining competitive and attracting new domestic and international air carriers. With more than 19.3 million international passengers, MIA ranks #2 among U.S. airports for international passengers, behind only New York's JFK International Airport. To this end, luggage wrapping is an integral part of MIA's revenue producing strategy as the large majority of bags being wrapped are for international destinations. In fact, MIA is one of a small handful of U.S. airports that offers this service and is the only U.S. airport that re-wraps bags opened during TSA inspection.

In the case of RFP No. MDAD-05-12, this Administration has followed the procurement process with honesty and transparency and brought forward our best professional recommendation. The second-ranked firm did not agree with our recommendation and exercised their right, as stated in our Code, to file a bid protest. In the end, the hearing examiner upheld my recommendation, which protects our taxpayers through maximizing the revenue to our community's most important economic engine.

My Administration stands ready to continue to work with the Board as we strive to make the right decisions entrusted to us by the residents of Miami-Dade County.

Amended

Approved _____ Mayor

Agenda Item No. 8(A)(7)

Veto 3-14-13 

3-5-13

Override _____

RESOLUTION NO. R-151-13

RESOLUTION APPROVING LEASE AND CONCESSION AGREEMENT WITH SAFE WRAP OF FLORIDA JV, LLC FOR A TERM OF EIGHT YEARS, EXCLUSIVE OF OPTIONS TO RENEW, WITH A MINIMUM ANNUAL GUARANTEE OF \$9,600,000.00, AND FOR A PERCENTAGE OF GROSS REVENUES TO THE COUNTY OF 52%; AUTHORIZING THE COUNTY MAYOR OR MAYOR'S DESIGNEE TO EXERCISE AND ENFORCE ALL PROVISIONS THEREOF, INCLUDING EXTENSIONS AND TERMINATION

WHEREAS, this Board has rejected the recommendation of the County Mayor to award the Lease and Concession Agreement for Luggage Wrapping Services at Miami International Airport to True Star USA Joint Venture, and desires to contract with the next ranked proposer for the provision of such services,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board hereby approves the award of a Lease and Concession Agreement for the Luggage Wrapping Services at Miami International Airport Project No. MDAD-05-12, between Safe Wrap of Florida JV LLC, and Miami-Dade County, in substantially the same form as was attached to Miami International Airport Project No. MDAD-05-12, with a minimum annual guarantee of \$9,600,000.00, a percentage of gross revenues to the County of 52%; a term of eight (8) years with a two (2) year option to renew; requiring prices to be held at current levels; requiring concessionaire to agree not to renegotiate its minimum annual guarantee; and authorizes County Mayor or Mayor's designee to execute same and to exercise and enforce all terms thereof, including the renewal and termination provisions thereof.

The foregoing resolution was offered by Commissioner **José "Pepe" Diaz**, who moved its adoption. The motion was seconded by Commissioner **Audrey Edmonson** and upon being put to a vote, the vote was as follows:

	Rebeca Sosa, Chairwoman	aye	
	Lynda Bell, Vice Chair	aye	
Bruno A. Barreiro	absent	Esteban L. Bovo, Jr.	aye
Jose "Pepe" Diaz	aye	Audrey M. Edmonson	aye
Sally A. Heyman	absent	Barbara J. Jordan	aye
Jean Monestime	aye	Dennis C. Moss	aye
Sen. Javier D. Souto	aye	Xavier L. Suarez	aye
Juan C. Zapata	aye		

The Chairperson thereupon declared the resolution duly passed and adopted this 5th day of March, 2013. 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: **Christopher Agrippa**
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

A handwritten signature in dark ink, appearing to be "DM", is written over a horizontal line.

David M. Murray