

# Memorandum



**Date:** June 7, 2016

**To:** Honorable Chairman Jean Monestime  
and Members, Board of County Commissioners

Agenda Item No. 14(A)(3)

**From:** Carlos A. Gimenez  
Mayor

**Subject:** Recommendation to Waive Competitive Bidding and Approve the First Amendment to the Lease and Concession Agreement for Non-Exclusive Luggage Wrapping Services at Miami International Airport, RFP No. MDAD-05-12, with Safe Wrap of Florida JV, LLC and Authorizing a \$2,668,750.00 Credit

## **Recommendation**

It is recommended that the Board of County Commissioners (Board) waive competitive bidding by two thirds vote of the members present pursuant to Section 5.03(D) of the Home Rule Charter and Section 2-8.1 of the County Code; waive the provisions of Resolution No. R-1587-72 as being in the best interests of Miami-Dade County; approve the First Amendment to the Lease and Concessions Agreement for Non-Exclusive Luggage Wrapping Services at Miami International Airport (MIA) with Safe Wrap of Florida JV, LLC (Safe Wrap) to reduce the Minimum Annual Guarantee (MAG) from \$9.6 million to \$3.5 million, reduce the percentage fee from 52 to 35 percent, and remove the one (1) two-year term extension. The MAG adjustment and the percentage fee will be retroactive to January 1, 2016, resulting in a \$2,668,750.00 credit for Safe Wrap for the months billed in 2016.

## **Scope**

MIA is located primarily in District 6, which is represented by Commissioner Rebeca Sosa; however, the impact of this agenda item is countywide in nature, as MIA is a regional asset.

## **Delegated Authority**

In accordance with Section 2-8.3 of the Code of Miami-Dade County related to identifying delegation of Board authority, the Mayor or the Mayor's designee may terminate the Agreement and exercise all rights and privileges granted to the County.

## **Fiscal Impact/Funding Source**

This project generates revenue for the Miami-Dade Aviation Department (MDAD). Safe Wrap's current MAG is \$9.6 million. Under this amendment, the MAG is reduced to \$3.5 million. If this amendment is approved retroactive to January 1, 2016 through June 7, 2016, the \$2,668,750.00 credit may be used to extinguish the outstanding debt or replenish the security deposit.

## **Track Record/Monitor**

Safe Wrap of Florida is in arrears to MDAD in the amount of \$1,837,695.28. MDAD Chief of Concession Development Adrian Songer will monitor this project.

## **Background**

On April 23, 2012 MDAD issued a Request for Proposals (RFP) for an entity to provide luggage wrapping services at various locations throughout the MIA Terminal and the Rental Car Center. The Board rejected the recommendation to award a non-exclusive lease and concession agreement for luggage wrapping services at MIA to the top-ranked firm Truestar USA, a joint venture between Sinapsis Trading USA,

LLC and Truestar Group SPA. Subsequently, the Board overrode the veto of the Board's rejection of the recommendation and, pursuant to Resolution No. R-151-13, on April 2, 2013, the Board approved the agreement with Safe Wrap.

Safe Wrap has informed MDAD that since its award changes have occurred in the industry and in the competitive environment which were not contemplated in its response to the RFP. According to a survey conducted between January 18, 2016 and January 24, 2016, the number of bags wrapped by Safe Wrap totaled 3,823. Conversely, the total number of bags wrapped by competitors or passengers themselves totaled 8,136. Safe Wrap further asserted that these changes were beyond its control and accepted MDAD's offer to renegotiate a reduction in its MAG due to the impact of the growing off-airport bag wrapping industry.

Prior to Safe Wrap's commencement of operations at MIA on June 15, 2013, only a small percentage of passengers wrapped their bags off-airport. MDAD estimates that at that time approximately 80 percent of all checked bags on departing charter flights to Cuba were wrapped. Of those wrapped bags to Cuba, MDAD estimated that 80 percent were wrapped at MIA while the remaining 20 percent were wrapped off-airport; however, the off-airport wrapped bag activity continues to increase with services provided at a much lower price or self-wrapped by passengers. A review of Safe Wrap's activity at MIA for 2014 and 2015 showed a reduction of 124,000 wraps year over year.

The term of the agreement will remain unchanged to provide for continuous luggage wrapping service. MDAD will continue to monitor industry conditions as they relate to baggage wrapping activities at MIA and if supported by those conditions reserve the right to increase the MAG accordingly, up to and including returning the MAG to its original \$9,600,000.00 plus CPI adjustments that may have been applicable since the effective date of this First Amendment.

**PROJECT:** Luggage Wrapping Services at MIA

**PROJECT NO.** RFP No. MDAD-05-12

**USING AGENCY:** Miami-Dade Aviation Department

**COMPANY NAME:** Safe Wrap of Florida JV, LLC

**COMPANY PRINCIPAL(S):** Managing Members  
Rudolph Gentile  
David Debach  
Radames Villalon

**LOCATION OF COMPANY:** MIA Concourse E – Office E2692  
Miami, Florida

**GENDER/ETHNICITY:** Safe Wrap of Florida JV, LLC is comprised of Safe Bag USA, LLC

(75 percent) and Secure Wrap of Miami, Inc. the ACDBE partner (25 percent). Safe Bag has one (1) representative employee versus Secure Wrap with 180 employees. Secure Wrap is in charge of the operation and Safe Bag is a silent investor.

**YEARS IN BUSINESS:** Safe Wrap of Florida JV, LLC as an entity filed with State of Florida on May 16, 2012

**CONTRACT MEASURES:** 30 percent Airport Concession Disadvantaged Business Enterprises (ACDBE) goal

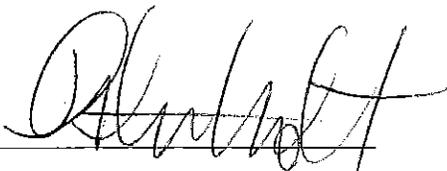
**CONTRACT MEASURE ACHIEVED AT AWARD:** 30 percent

**ACDBE:** Secure Wrap of Miami 25 percent

**ADVERTISEMENT DATE:** April 23, 2012

**PREVIOUS AGREEMENTS WITH THE COUNTY WITHIN THE PAST FIVE (5) YEARS:** No previous agreements with the County

**TERM:** The term of the Lease and Concession Agreement is eight (8) years.



Jack Osterholt, Deputy Mayor

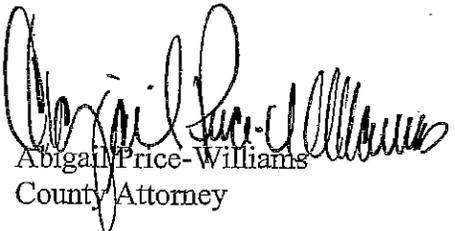


# MEMORANDUM

(Revised)

**TO:** Honorable Chairman Jean Monestime  
and Members, Board of County Commissioners

**DATE:** June 7, 2016

**FROM:**   
Abigail Price-Williams  
County Attorney

**SUBJECT:** Agenda Item No. 14(A)(3)

Please note any items checked.

- "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
- Statement of social equity required
- Ordinance creating a new board requires detailed County Mayor's report for public hearing
- No committee review
- Applicable legislation requires more than a majority vote (i.e., 2/3's , 3/5's , unanimous ) to approve
- Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

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

Agenda Item No. 14(A)(3)  
6-7-16

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

RESOLUTION WAIVING COMPETITIVE BIDDING BY TWO THIRDS VOTE OF THE MEMBERS PRESENT PURSUANT TO SECTION 5.03(D) OF THE HOME RULE CHARTER AND SECTION 2-8.1 OF THE COUNTY CODE; WAIVING THE PROVISIONS OF RESOLUTION NO. R-1587-72 AS BEING IN THE BEST INTERESTS OF MIAMI-DADE COUNTY; APPROVING FIRST AMENDMENT TO LEASE AND CONCESSION AGREEMENT FOR NON-EXCLUSIVE LUGGAGE WRAPPING SERVICES AT MIAMI INTERNATIONAL AIRPORT BETWEEN MIAMI-DADE COUNTY, AND SAFE WRAP OF FLORIDA JV, LLC (SAFE WRAP); PROVIDING FOR A REDUCED MINIMUM ANNUAL GUARANTEE OF \$3,500,000.00, A REDUCED PERCENTAGE FEE OF 35 PERCENT FOR LUGGAGE WRAPPING ACTIVITIES WITH SUCH REDUCED MINIMUM ANNUAL GUARANTEE AND PERCENTAGE FEE EFFECTIVE RETROACTIVELY TO JANUARY 1, 2016 RESULTING IN A \$2,668,750.00 CREDIT TO SAFE WRAP AND REMOVING THE ONE TWO-YEAR CONTRACT EXTENSION FROM THE AGREEMENT; AND AUTHORIZING COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO EXECUTE AND ENFORCE SAME

**WHEREAS**, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA**, that this Board hereby finds that it is in the best interest of Miami-Dade County to waive competitive bidding by a two-thirds vote of the Board members present, pursuant to Section 5.03(D) of the Home Rule Charter and Section 2-8.1 of the County Code; waives the provisions of Resolution No. R-1587-72 in the best interests of Miami-Dade County; authorizes the County Mayor or the County Mayor's

designee to execute the First Amendment to the Lease and Concession Agreement with Safe Wrap of Florida JV, LLC (the "First Amendment") for Luggage Wrapping Services in substantially the form attached and made a part hereof, which reduces the minimum annual guarantee ("MAG") to \$3,500,000.00 and reduces the percentage fee paid for luggage wrapping activities to 35 percent, with such reduced MAG and percentage fee effective retroactively to January 1, 2016, resulting in a \$2,668,750.00 credit to safe wrap of Florida JV, LLC; removes the one two-year option to extend from the Agreement; and authorizes the County Mayor or County Mayor's designee to enforce the terms of such First Amendment.

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:

Jean Monestime, Chairman	
Esteban L. Bovo, Jr., Vice Chairman	
Bruno A. Barreiro	Daniella Levine Cava
Jose "Pepe" Diaz	Audrey M. Edmonson
Sally A. Heyman	Barbara J. Jordan
Dennis C. Moss	Rebeca Sosa
Sen. Javier D. Souto	Xavier L. Suarez
Juan C. Zapata	

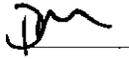
The Chairperson thereupon declared the resolution duly passed and adopted this 7<sup>th</sup> day of June, 2016. This resolution shall become effective upon the earlier of (1) 10 days after the date of its adoption unless vetoed by the County Mayor, and if vetoed, shall become effective only upon an override by this Board, or (2) approval by the County Mayor of this Resolution and the filing of this approval with the Clerk of the 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.



David M. Murray

**FIRST AMENDMENT TO THE LEASE AND CONCESSION AGREEMENT  
FOR NON-EXCLUSIVE LUGGAGE WRAPPING SERVICES AT MIAMI  
INTERNATIONAL AIRPORT**

THIS FIRST AMENDMENT to the Lease and Concession Agreement for Non-Exclusive Luggage Wrapping Services at Miami International Airport (the "First Amendment") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by and between Miami-Dade County (the "County"), acting by and through its Miami-Dade Aviation Department (the "Department" or "MDAD") and Safe Wrap of Florida JV, LLC ("Concessionaire"), and shall be effective upon approval by the Board of County Commissioners of Miami-Dade County, Florida (the "Board") and execution by the County Mayor or Mayor's designee.

WHEREAS, on March 5, 2013, the Board passed and adopted Resolution No. R-151-13, and authorized a Lease and Concession Agreement for Non-Exclusive Luggage Wrapping Services at Miami International Airport (the "Lease and Concession Agreement") with the Concessionaire;

WHEREAS, on March 14, 2013, the County Mayor vetoed Resolution No. R-151-13;

WHEREAS, on April 2, 2013, the Board overrode the County Mayor's veto;

WHEREAS, the Department recognizes the negative impact that the off-airport luggage wrapping operations within Miami-Dade County are having on the penetration rates of the Concessionaire;

WHEREAS, it has been mutually agreed upon by the County and the Concessionaire to modify the Lease and Concession Agreement to adjust the Minimum Annual Guarantee and to reduce the percentage fee paid to the Department;

WHEREAS, the Concessionaire will continue to operate during the remaining term of this agreement, however the extension provision will be deleted in its entirety by this First Amendment;

WHEREAS, the market for luggage wrapping services remains in flux, and it is unclear the extent to which off airport luggage wrapping will continue to grow; and

WHEREAS, it is not in the best interests of the County to solicit bids for a new luggage wrapping contract at this time, given this market uncertainty, the requirement for a new operator to make substantial investments in startup costs, and the likelihood that a new operator would find itself under immediate financial pressure;

NOW, THEREFORE, in consideration of the premises, and terms and conditions of the Lease and Concession Agreement, the parties to this First Amendment agree as follows:

1. Delete **Sub-Article 1.02, EXTENSION** in its entirety.
2. Delete **Sub-Article 3.01, MINIMUM ANNUAL GUARANTEE** in its entirety and replace with the following new Sub-Article 3.01:

**3.01 MINIMUM ANNUAL GUARANTEE:** As consideration for the privilege to engage in business at MIA, Concessionaire shall pay the Department a Minimum Annual Guarantee of **Three Million Five Hundred Thousand Dollars (\$3,500,000)** inclusive of the Annual Rental of the Location(s) pursuant to **Sub-Article 3.06, "Annual Rental"**.

The Minimum Annual Guarantee ("MAG") payment shall be retroactive to January 1, 2016, and shall be in U.S. funds, prorated and payable in twelve (12) equal monthly payments (the "Minimum Monthly Guarantee" or "MMG"), on or before the first day of each month, in advance, without billing or demand, plus applicable taxes as may be required by law. Concessionaire agrees that the combined full value of the credit due based on the retroactive application of the MAG and/or Percentage Fee is \$2, 668,750.00. In no event shall credits due under this First Amendment exceed such amount.

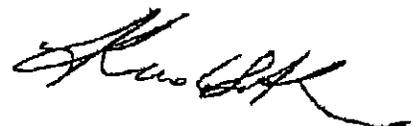
After, the first year, on the anniversary of the Effective Date, and every year thereafter, during the term of the First Amendment including any extensions thereto, the MAG will be adjusted in accordance with **Sub-Article 3.03 "Recalculation of Minimum Annual Guarantee"**.

Should (i) scheduled commercial flights to Cuba commence, or (ii) the Board of County Commissioners or other entity limit wrapping services at the Airport only to approved on-site contractors, MDAD will conduct an analysis within one hundred twenty (120) days of the effective date of such policy event. If supported by the analysis, MDAD, at its sole discretion, reserves the right to increase the MAG accordingly, up to and including returning the MAG to its original **\$9,600,000**, plus any CPI adjustments that may have been applicable since the Effective Date of the First Amendment.

3. Delete **Sub-Article 3.04, PERCENTAGE FEE TO THE DEPARTMENT** in its entirety and replace with the following new Sub-Article 3.04:

**3.04 PERCENTAGE FEE TO THE DEPARTMENT:** The Concessionaire shall pay the Department the percentage fee of **Thirty Five (35%)** for luggage wrapping activities gross revenue or the Minimum Monthly Guarantee, whichever is greater. The monthly percentage fee shall be due on the fifteenth (15th) day of the month following the month during which the monthly gross revenues were received or accrued. Percentage fees are non-taxable.

Monthly percentage fee payments to the Department payable on any unreported Gross Revenues, as determined by the annual audit required pursuant to **Sub-Article 3.17 "Annual Audit"**, are considered as having been due on the tenth (10th) day of the month during which the unreported Gross Revenues were received or accrued.

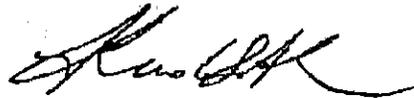
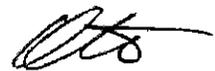
  


The percentage fee shall be retroactive to January 1, 2016. Concessionaire agrees that the combined full value of the credit due based on the retroactive application of the MAG and/or Percentage Fee is \$2,668,750.00. In no such event shall the credits due under this First Amendment exceed such amount.

4. Except for the aforementioned modifications, and in all other respects, the Lease and Concession Agreement shall remain in full force and effect in accordance with the terms and conditions specified therein. The modifications contained in this First Amendment are effective upon execution by the County Mayor.

5. In consideration of the approval and full execution of this First Amendment, Concessionaire does hereby release and forever discharge County and all of its officers and employees from any and all actions, claims, causes of action, or debts which Concessionaire may or could assert related to the Lease and Concession Agreement, or which arise out of or are related to the Lease and Concession Agreement, or the County's operations of the Airport. Notwithstanding the preceding, this release shall not apply to claims, debts, or causes of action which accrue after the execution of this First Amendment.

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A handwritten signature in black ink, appearing to be "K. Smith", written in a cursive style.A handwritten signature in black ink, appearing to be "J. Smith", written in a cursive style.

IN WITNESS WHEREOF, the parties have executed this First Amendment to the Agreement the date and year first above written.

ATTEST:

MIAMI-DADE COUNTY, FLORIDA, a political subdivision of the State of Florida

HARVEY RUVIN, CLERK

BY ITS BOARD OF COUNTY COMMISSIONERS

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

By: \_\_\_\_\_  
Mayor

(MIAMI-DADE COUNTY SEAL)

Approved as to form and legal sufficiency: \_\_\_\_\_  
Assistant County Attorney

NAME OF OPERATOR:  
Safe Wrap of Florida JV, LLC

By: \_\_\_\_\_  
President

RUDOLPH GENTILE  
Print Name

Attest: \_\_\_\_\_  
Secretary

ALESSANDRO NOTARI  
Print Name

(CORPORATE SEAL)

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