

Memorandum



Date: October 20, 2020

Agenda Item No. 14(A)(6)

To: Honorable Chairwoman Audrey M. Edmonson
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor

Subject: Recommendation for Approval to Award a Designated Purchase Contract: BW-10100, Hotel Management

Recommendation

It is recommended that the Board of County Commissioners (Board) approve this request for designated purchase, *Contract No. BW-10100, Hotel Management*, to Driftwood Hospitality Management II, LLC for the Miami-Dade Aviation Department (MDAD). Approval of a designated purchase is being requested pursuant to Section 2-8.1(b)(3) of the Miami-Dade County Code, by a two-thirds vote of the Board members present, to authorize award of a contract for management and operation of Miami International Airport (MIA) Hotel located on the second level of Terminal E. The hotel is comprised of 259 rooms, a conference center, and auditorium rooms. MDAD requires the services of a firm to manage, maintain and operate the MIA Hotel to enhance the accommodations and convenience of airline passengers and Airport patrons.

A Request for Qualifications, RFQ-MDAD-16-03, was issued under full and open competition on December 9, 2016. Four vendors submitted qualification statements, and were ranked by the Evaluation Selection Committee in the following order:

- MCR Investors, LLC (MCR)
- Driftwood Hospitality Management II, LLC (Driftwood)
- Crescent Hotel Management Services, LLC
- Hostmark Hospitality Group
- Yotel Management Company Limited

The Board approved an award to MCR for a seven-year term, with three, one-year options to renew, through Resolution No. R-202-18; however, MCR exercised its right to terminate the current agreement for convenience. Due to the immediate need for a new hotel operator, competition for these services is not practicable at this time. MDAD and the Internal Services Department reviewed the results of the competitive RFQ-MDAD-16-03 procurement and determined that negotiating with the second ranked vendor, Driftwood, is the most efficient way to secure an operator.

Compensation under the current agreement consists of a 2.5 percent Base Management Fee and a 2.2 percent Incentive Management Fee of the adjusted monthly Net Operating Income, and full reimbursement of operational costs incurred. In the new agreement, the County will pay Driftwood a Management Fee of 3.5 percent of Gross Revenues (net of taxes) or \$15,000, whichever is greater, on a monthly basis, and all operational costs. The compensation structure for the new agreement was changed due to the current conditions, as a result of the COVID-19 pandemic that has affected the hospitality industry.

Accordingly, it is in the County's best interest to award this designated purchase contract pursuant to Section 2-8.1(b)(3) of the Miami-Dade County Code to obtain the required hotel management services.

Scope

Miami International Airport is located within District 6, which is represented by Commissioner Rebeca Sosa. However, the impact of this item is countywide, as Miami International Airport is a regional asset.

Fiscal Impact/Funding Source

This agreement will generate estimated annual gross revenues of \$12,000,000, with a net return to MDAD of approximately \$4,900,000 per year. The fiscal impact for the management fee is \$1,680,000 for the four-year term, or \$2,100,000 should the County choose to exercise the one-year option to renew.

The total net revenue generated under the replacement contract is anticipated to be lower than the current contract due to the global effects of the COVID-19 pandemic on the hospitality and travel industry.

Department	Allocation	Funding Source	Contract Manager
Aviation	\$1,680,000	Proprietary Funds	Sylvia Novela
Total:	\$1,680,000		

Track Record/Monitor

Basia Pruna, Assistant Division Director of the Internal Services Department.

Delegated Authority

If this item is approved, the County Mayor or County Mayor’s designee will have the authority to exercise all provisions of the contract, including any cancellation, renewal or extension provisions, pursuant to Section 2-8.1 of the County Code and Implementing Order 3-38.

Vendor Recommended for Award

Vendor	Principal Address	Number of Employee Residents	Principal
		1) Miami-Dade 2) Percentage*	
Driftwood Hospitality Management II, LLC	11770 US Highway one, Suite 202 North Palm Beach, FL	190	David Buddemeyer
		1%	

*Provided pursuant to Resolution No. R-1011-15. Percentage of employee residents is the percentage of vendor’s employees who reside in Miami-Dade County as compared to the vendor’s total workforce.

Due Diligence

Pursuant to Resolution No. R-187-12, due diligence was conducted in accordance with the Internal Services Department’s Procurement Guidelines to determine contractor responsibility, including verifying corporate status and that there are no performance or compliance issues. The lists that were referenced included convicted vendors, debarred vendors, delinquent contractors, suspended vendors, and federal excluded parties. There were no adverse findings as to overall contractor responsibility.

It was noted that a Driftwood executive was the subject of an ethics enforcement matter in Commission on Ethics (COE) Case No. C17-28. Carlos Rodriguez, Chief Executive Officer of Driftwood Acquisitions and Development, was charged with violating the County’s Cone of Silence, contained at Section 2-11.1 (t) of the County Ethics Code. The Ethics Complaint alleged that Mr. Rodriguez, on one occasion, sent an email to the MDAD Deputy Director averring that the selection committee in that procurement had made a major mistake in ranking Driftwood second. The communication was made during the Cone of Silence, but after the selection committee had already ranked the proposals, and was not copied to the Clerk of the Board. The failure to copy the Clerk of the Board constituted the violation. Mr. Rodriguez did not contest the allegation and was issued a public Letter of Reprimand for his conduct.

This violation was related to a single transaction, an email forwarded to a user department official. COE's investigation in that enforcement action did not involve or reveal any other instances of misconduct by Mr. Rodriguez or Driftwood and the email did not appear to impact the procurement process. ***The COE was consulted prior to finalizing the recent negotiations with Driftwood, and it was determined the violation did not impact this award recommendation.***

Applicable Ordinances and Contract Measures

- The two percent User Access Program provision does not apply.
- The Small Business Enterprise measures and Local Preference do not apply.
- A voluntary Airport Concession Disadvantaged Business Enterprise (ACDBE) Goal was established for this project. Driftwood Hospitality Management II, LLC will utilize Gilly Vending, Inc. to meet this goal (<1 percent).
- The Living Wage and Responsible Wages apply.



Jack Osterholt
Deputy Mayor



MEMORANDUM
(Revised)

TO: Honorable Chairwoman Audrey M. Edmonson
and Members, Board of County Commissioners

DATE: October 20, 2020

FROM: Abigail Price-Williams
County Attorney

SUBJECT: Agenda Item No. 14(A)(6)

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 present , 2/3 membership ____, 3/5's ____, unanimous ____, CDMP 7 vote requirement per 2-116.1(3)(h) or (4)(c) ____, CDMP 2/3 vote requirement per 2-116.1(3)(h) or (4)(c) ____, or CDMP 9 vote requirement per 2-116.1(4)(c)(2) ____) to approve
- Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved _____ Mayor
Veto _____
Override _____

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10-20-20

RESOLUTION NO. _____

RESOLUTION AUTHORIZING DESIGNATED PURCHASE PURSUANT TO SECTION 2-8.1(B)(3) OF THE COUNTY CODE BY A TWO-THIRDS VOTE OF THE BOARD MEMBERS PRESENT; AUTHORIZING AWARD OF CONTRACT NO. BW-10100 FOR THE PURCHASE OF HOTEL MANAGEMENT TO DRIFTWOOD HOSPITALITY MANAGEMENT II, LLC IN AN AMOUNT OF 3.5 PERCENT OF GROSS REVENUES NET OF TAXES OR \$15,000.00, WHICHEVER IS GREATER, ON A MONTHLY BASIS, NOT TO EXCEED \$2,100,000.00 IN MANAGEMENT FEES FOR THE INITIAL FOUR-YEAR TERM AND ONE-YEAR OPTION TO RENEW AND ALL OPERATIONAL COSTS FOR THE MIAMI-DADE AVIATION DEPARTMENT; AND AUTHORIZING THE COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO EXERCISE ALL PROVISIONS OF THE CONTRACT, INCLUDING ANY RENEWAL, CANCELLATION OR EXTENSION PROVISIONS, PURSUANT TO SECTION 2-8.1 OF THE COUNTY CODE AND IMPLEMENTING ORDER 3-38

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:

Section 1. This Board finds it is in the best interest of Miami-Dade County to award Contract No. BW-10100 for the purchase of hotel management to Driftwood Hospitality Management II, LLC in an amount of 3.5 percent of gross revenues net of taxes or \$15,000.00, whichever is greater, on a monthly basis , not to exceed \$2,100,000.00 in management fees for the initial four-year term and one-year option to renew and all operational costs for the Miami-Dade Aviation Department, pursuant to Section 2-8.1(b)(3) of the Code of Miami-Dade County, by a

two-thirds vote of the Board members present. Copies of the contract documents are on file with and available upon request from the Internal Services Department, Strategic Procurement Division.

Section 2. This Board authorizes the County Mayor or County Mayor’s designee to exercise all provisions of the contract, including any renewal, cancellation or extension provisions, pursuant to Section 2-8.1 of the County Code and Implementing Order 3-38.

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:

- | | |
|--------------------------------|----------------------|
| Audrey M. Edmonson, Chairwoman | |
| Rebeca Sosa, Vice Chairwoman | |
| Esteban L. Bovo, Jr. | Daniella Levine Cava |
| Jose “Pepe” Diaz | Sally A. Heyman |
| Eileen Higgins | Barbara J. Jordan |
| Joe A. Martinez | Jean Monestime |
| Dennis C. Moss | Sen. Javier D. Souto |
| Xavier L. Suarez | |

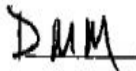
The Chairperson thereupon declared this resolution duly passed and adopted this 20th day of October, 2020. This resolution shall become effective upon the earlier of (1) 10 days after the date of its adoption unless vetoed by the County Mayor, and if vetoed, shall become effective only upon an override 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