AIRPORT & TOURISM COMMITTEE

Board of County Commissioners
March 15, 2007

Prepared by: Nelson Diaz

EXHIBITS LIST

NO.	DATE	ITEM #	DESCRIPTION
1	3/15/2007		Memorandum from Commissioner Sosa re: Late arrival to meeting.
2	3/15/2007		Memorandum from Commissioner Martinez re: Absence from meeting.
3	3/15/2007	2B-1	Letter from John Martinez-District Secretary of Florida Department of Transportation to Chairman Jose "Pepe" Diaz Chairman of the Airport & Tourism Committee.
4	3/15/2007	2B-2	Additional Information titled RENTAL CAR CENTER SPACE ALLOCATION.
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MEMORANDUM
BOARD OF COUNTY COMMISSIONERS
Commissioner Rebeca Sosa
District 6

TO:	The Honorable Jose "Pepe" Diaz, Chair and Members of the Airport and Tourism Committee	DATE:	March 13, 2007
FROM:	The Honorable Rebeca Sosa Commissioner, District 6	SUBJECT:	Late Arrival to the Airport & Tourism Committee

Please be advise that I will arriving late to the Airport and Tourism Committee on Thursday, March 15, 2007 due to my flight back from Tallahassee which lands at 10:15 AM. It is my intention to join the committee meeting immediately upon my arrival.

Thank you for your attention to this important matter.

Cc: George Burgess, County Manager
Murray Greenberg, County Attorney
Kay Sullivan, Clerk of the Board
Diane Davis, Agenda Coordinator

CLERK OF THE BOARD
2007 MAR 14 AM 9:34
CLERK, CIRCUIT & COUNTY COURTS
DADE COUNTY, FLA.
#1

JOE A. MARTINEZ

MIAMI DADE COUNTY COMMISSIONER

DISTRICT 11

Memorandum

To: The Honorable Chairman Jose "Pepe" Diaz and
Members of the Airport and Tourism Committee

From: Commissioner Joe A. Martinez

Date: March 15, 2007

Re: Airport and Tourism Committee Meeting

Please be advised that I will not be attending the Airport and Tourism Committee Meeting on March 15, 2007. I apologize in advance for any inconvenience that this may cause.

If you should have any questions please call my office at (305) 552-1155.

Thank you.

JM/lg

Cc: Honorable Mayor Carlos Alvarez
Honorable Chairman Bruno Barreiro and
Members of the Board of County Commissioners
George Burgess, County Manager
Murray Greenberg, County Attorney

Florida Department of Transportation

CHARLIE CRIST
GOVERNOR

Office of the District Secretary
District Six
1000 NW 111th Avenue
Miami, FL 33172
Phone: (305) 470-5197
Email: Johnny.martinez@dot.state.fl.us

STEPHANIE KOPELOUSOS
INTERIM SECRETARY

March 7, 2007

Filed with the Clerk
for the record.
MAR 15 2007
Item 2B
Exhibit 1
Appl. ATC

The Honorable Jose "Pepe" Diaz
Chairman, Airport and Tourism Committee
Board of County Commissioners – District 12
8345 N.W. 12th Street
Miami, Florida 33126

Dear Chairman ~~Diaz~~: Pepe

We are ready to build the Miami Intermodal Center (MIC). In fact, I am prepared to sign a contract to construct the Rental Car Center (RCC), the linchpin of the entire MIC Program, but I am delaying doing so because the current impasse on space allocation for rental car companies could effectively "kill" the RCC and place the entire MIC Program in jeopardy.

If the space allocation plan for the RCC does not substantially conform to the terms of the existing duly executed Concession Agreements between Miami-Dade County and the rental car companies, the national brand companies will likely have the grounds to opt out of the Agreement and the project. While I do not expect those companies to leave the MIA market, I fully believe they will refuse to participate in the RCC because the "alternative allocation" of space would be a material breach of the existing Concession Agreements.

The eight national brand companies' customers are nearly 98 percent of rental car traffic that generates the customer facility charge to pay for the RCC. Although we have negotiated a fair price with Turner Construction Company to construct the RCC, it would be imprudent for me to commit the Department to spend over $300 million while the agreements supporting the payment of the RCC are in serious jeopardy.

The Department took the lead in implementing the MIC Program upon the request of the Miami-Dade community and based upon the County's firm agreement with FDOT to fulfill the obligations memorialized in the 1999 MIC Memorandum of Understanding (MOU). The Department further relied upon that binding agreement with the County in our interactions with other public and private stakeholders, including negotiating the Concession Agreement, which was a prerequisite to obtaining the construction loan from USDOT. The Department additionally relied on the County's commitment as we expended nearly $600 million on right-of-way acquisition, environmental clean-up, planning, design, and construction of MIC transportation facilities and roadway improvements.

It would be an unmitigated disaster if the MIC Program failed because of this issue and the State was left with no recourse but to recoup its $600 million investment from the County. Further, the citizens of Miami-Dade County would forever lose a major transportation "grand central station" and the direct economic activity, including thousands of jobs to build and operate the MIC.

I trust it is clear what is at stake if the Airport and Tourism Committee continues to advance an alternative space allocation plan that perpetuates the current impasse. Mr. Chairman, time is of the essence. Please contact me or Gary L. Donn, MIC Program Manager, at 305-470-5145 if you would like to discuss this matter further before the next Committee meeting.

Sincerely,

John Martinez, P.E.
District Secretary

cc: The Honorable Sally Heyman, Commissioner, Vice Chair
The Honorable Carlos A. Gimenez, Commissioner
The Honorable Joe A. Martinez, Commissioner
The Honorable Dorrin D. Rolle, Commissioner
The Honorable Rebeca Sosa, Commissioner
José Abreu, Miami-Dade Aviation Director
Lowell Clary, Assistant Secretary for Finance and Administration

FIEL[illegible]CE
5815 NW 25th Street
Miami, Florida 33142
www.micdot.com
1 888 638 5355

Miami Intermodal Center

RENTAL CAR CENTER SPACE ALLOCATION

Background Information
March 11, 2007

Received by the Clerk
for the record.
MAR 15 2007
Item 2B
Exhibit 2
Appl. ATC

History and Evolution of the Issue

- In April 2004, the Concession Agreement for the **Rental Car Center (formerly known as Rental Car Facility)** was signed by 19 rental car companies, with three companies signing letters of intent to sign once the plan (contained in the Agreement) for allocating space and equipment within the facility was revised to give smaller companies a more generous allocation.

- The Concession Agreement envisioned a space allocation plan that was "market share" driven, subject to certain minimum allocations to ensure each company could effectively operate and grow.

- Since then, six companies have ceased to operate and the three remaining companies have signed the Agreement. Although 16 companies have signed the Agreement, a consensus on space allocation has not been reached.[1]

- The smaller companies have proposed a space allocation plan that dates back to August 2005, when the smaller companies were estimated to collectively represent 3% of the MIA rental car market. This plan allocates roughly 20% of the total RCC space capacity to the smaller companies. Currently, the smaller companies are estimated to collectively account for 1.2% of the MIA rental car market.

- Under the Concession Agreement the smaller companies would receive certain agreed minimum space allocations that are greater than the 1.2% market share.

- In an attempt to reach a compromise, MDAD has recommended an alternative plan that recognizes the smaller companies 1.2% market share, but allocates roughly 10% of the total RCC space capacity to the smaller companies. However, neither the small companies nor the national brand companies support the MDAD recommendation.

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[1] Sixteen companies include: National Brands (Hertz, Alamo, Avis, Dollar, Budget, National, Thrifty, Enterprise); Other (Royal, Family, All Day, Florida Auto Rental, Payless, Siboney, Excellence, Global).

- Commissioner Gimenez has proposed a resolution that would direct the County Manager and the airport to use the space allocation plan recommended by MDAD. More recently, Commissioner Rolle has proposed a resolution that would direct the County Manager and the airport to use the August 2005 plan favored by the smaller companies.

- The County Attorney, during the October 26, 2006 meeting of the County's Regional Transportation Committee, opined that to implement either the MDAD plan or the August 2005 plan, it will require an amendment to the Concession Agreement since both substantially deviate from the plan and methodology contained in the Concession Agreement.

Discussion -- Financing Implications

- The Concession Agreement secures all RCC project revenues, which consist of both Customer Facility Charges (CFC) and Contingent Rent payments.

- The CFC collections, together with Contingent Rent payments, comprise the only pledged revenue source to repay RCC debt and other recurring project costs, such as facility maintenance and the transportation of customers to/from the MIA terminal.

- The County's adoption of a space allocation plan that does not conform to the Concession Agreement could be a basis for participating rental car companies to opt out of the Agreement and the project.

- Since the Concession Agreement secures the revenue source to build and pay for RCC expenses, a lack of consensus on space allocation that is supported by the Concession Agreement could place the RCC revenue source and the project at risk.

- Under the Concession Agreement as well as the RCC loan documents, the airport is required to impose Contingent Rent if CFC collections fall short of meeting annual RCC project costs. The loan documents, which were signed by FDOT, the County, and the lender (US DOT), allow FDOT to access a federal (TIFIA) construction loan.

- Based on CFC collections to date, the national brand companies are generating nearly 98% of project revenues.

- FDOT has negotiated a fair price with Turner Construction Company to build the RCC. However, the proposed actions by the County, the lack of assurance that the national brand companies will support any of the proposed space allocation plans, and the resultant uncertain nature of RCC project revenues, has delayed FDOT from signing a $300 million construction contract with Turner.

What's At Stake?

- The Department's good faith implementation of all MIC Program components.

- Contractual obligations between the County, the US DOT, the rental car companies and other public agencies, such as the Miami-Dade Expressway and South Florida Regional Transportation Authorities.

- The County's past representations that it would fulfill its obligations as part of the partnership arrangement that was first memorialized in the original 1999 MIC Memorandum of Understanding, identifying the respective roles and responsibilities of FDOT and the County. The Department has proceeded with the MIC Program in no small part based on these County representations.

- The RCC is the linchpin of the MIC Program and is sequenced first for construction. Should the RCC not be built, it would begin the unraveling of the entire Program.

- Without the RCC, the need for the MIA Mover is questionable. Without the MIA Mover, the functionality and customer service level of other MIC Program components may be degraded to the extent that proceeding with them may no longer make sense.

- The Department has spent nearly $600 million[2] to date on right-of-way acquisition and environmental clean-up; planning, design, and construction of MIC transportation facilities and roadway improvements.

Should the Program not go forward, it would be nothing short of a disaster if the State was left in a position of having to recoup from the County its $600 million investment to date.

[2] $573 million as of February 2007.