



Miami-Dade County Board of County Commissioners

Office of the Commission Auditor

Board of County Commissioners

Legislative Analysis

November 15, 2011
9:30 A.M.
Commission Chamber

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Commission Auditor
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Miami, Florida 33128
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**Miami-Dade County Board of County Commissioners
Meeting Agenda**

Supplemental Analysis

November 15, 2011

*These analyses are in addition to
8A2, 8A3, 8A4, 8A5, 8F14, 8N1, 8N2, 8N3 and 8N4
provided in the BCC agenda kit.*

Item Number(s)

8H1
14A3

Acknowledgements:

Bia Marsellos, Legislative Supervisor
Michael Amador-Gil, Senior Legislative Analyst
Mia Marin, Legislative Analyst
Elizabeth Owens, Legislative Analyst

**MIAMI-DADE COUNTY
BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**



Legislative Notes

Agenda Item: 8(H)1

File Number: 111974

Date of Analysis: October 17, 2011

Summary

This resolution waives formal bid procedures and approves a new agreement between Kelly Fleet, Inc. (KFI) for the Concession and Operation of the Drift Boat Fishing Facility at the Bill Bird Marina at Haulover Park. The proposed Concession and Operation agreement is for a period of ten (10) years.

The bid waiver is necessary as market research conducted by the Department of Parks, Recreation and Open Spaces (PROS) staff concluded that there is very limited willingness or interest, from the companies contacted, to expand and move from their current operations to Miami-Dade County. Market research included indentifying the existence of companies with the financial capacity, willingness and desire to relocate to Haulover Park. The companies contacted by PROS staff include the following:

Company Name	Location of Business	Drift Fishing	Number of Vessels
Kelly Fleet, Inc.	Miami	Drifts	3
Sea Legs II	Hollywood	Drift/Charter	1
Bud N Mary's Marina	Islamorada	Drift	1
Fishing Headquarters	Ft. Lauderdale	Drift/Corporate Charters	1
The Reward Fishing Fleet	Miami	Drift/Charter	2
Whale Harbor Genesis Sport Fishing	Islamorada	Drift/Charter	1
Miss Isla Morada	Islamorada	Drift/Charter	1
Bar Jack Fishing	Lantana	Drift/Charter	1
Blue Heron Fishing	Riviera Beach	N.R*	N.R*
The Flamingo	Bahia Mar	Drift	1

* N.R - PROS staff was unable to obtain a response from the company after leaving several voice mail messages.

Furthermore, only one company, other than KFI, indicated having financial capacity to operate at least three vessels at Haulover Park. The name of that company meeting the financial capacity is "The Reward Fishing Fleet". PROS staff is required to conduct market research in order to show the Department of Internal Services (Procurement Management), that there is significant market to conduct a Request for Proposal (RFP) solicitation. In this case, PROS staff was unable to find at least three companies that would be interested in the solicitation.

Background and Relevant Legislation

KFI has operated, managed and maintained drift fishing boats at Haulover Park since 1982. On February 3, 1982, the Board of County Commissioners (BCC) through R-122-82 executed a Lease and Concession Agreement with an initial term of 10 years, including two additional options to renew for ten years each for a total term of thirty years, for the operation of drift boat fishing services to the general public at Haulover Park. The current agreement with all options to renew exercised will expire on January 31, 2012.

KFI operates what is known as a “Party Boat or Drift Fishing Boat” at Haulover Park. There are no other Drift Boat operators at the Haulover Park. There are Charter fishing boats that operate at Haulover Park but they are different from the Drift Boats. The major differences in Drift and Charter Boats include the following:

- Number of passengers- Drift Boats typically carry 40-80 passengers per trip while Charter Boats charter up to 6 passengers per trip.
- Cost- Average cost per person on a Drift Boat trip is \$45 while the average cost per person on a Charter Boat trip is \$450 per person.

Haulover Marina

According to the PROS website, Haulover Park is home to the largest charter/drift fishing fleet in South Florida. The Haulover Marine Center provides dry storage for boats and personal watercraft. The Haulover Park contains a retail facility, gas dock, bait shop, marine service department and a restaurant.

Currently, there are a total of 145 slips at the Haulover Park. Of the 145 slips, 22 are designated as commercial slips. Of the 22 commercial slips, seventeen (17) are rented to charter boats, three (3) are occupied by KFI and two (2) are vacant. The seventeen (17) commercial slips are rented to charter boats at \$500 per month per slip and KFI’s revenue per month per slip is \$1,073.

Concession and Operation Agreement

In the proposed new Concession and Operation agreement, KFI’s monthly base rent will be \$5,434. In addition to the base rent, KFI will pay percentage rent (10% of concessions-plus tax) averaging approximately \$152 per month or \$51 per slip per month. Furthermore, KFI has also agreed to defray the cost of waste removal and collection by paying an additional \$350 per month (\$4,200 per year or \$42,000 over the term of the agreement) to the County. Finally, the new agreement requires KFI to be responsible for renovations to their existing building requiring a minimum capital investment of \$25,000.

Prepared by: Mia B. Marin

**MIAMI-DADE COUNTY
BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**



Legislative Notes

Agenda Item: 14A3
File Number: 112148
Date of Analysis: November 10, 2011

Summary

This resolution approves an award to Shanghai Zhenhua Heavy Industries Co., Ltd (ZPMC) for the design, fabrication, assembly, painting, transportation, installation, testing and commissioning of four (4) 65 Long Ton Capacity, Super-Post-Panamax, "H" Frame, Dockside, Rail-mounted Gantry Container Handling Cranes (Cranes). The cost per crane is \$9,450,000 for a total of \$37,800,000 and \$1,500,000 for additional optional crane components.

- *The three (3) firms which responded to the Request for Proposal were: ZPMC, Cargotec USA, and Paceco. Paceco declined to bid.*

Background

A Request for Proposals was issued for the design, fabrication, assembly, painting, transportation, installation, testing, and commissioning of two (2) Cranes, *with an option to purchase an additional two (2) cranes.*

The Port of Miami is recommending the purchase of four (4) cranes to take advantage of very favorable prices submitted by the contractor, as well as substantial savings in transportation costs, rather than the purchasing two (2) additional cranes at a later date.

Legislative History

On July 23, 2002, the Board of County Commissioners, through R-860-02, approved a \$10.6 million contract for purchase from ZPMC of two (2) 65 long ton twin-lift "Super-Post-Panamax, " H-Frame, rail-mounted gantry container handling cranes for the Port of Miami. The contract included provisions for options to purchase up to four (4) additional cranes at similar unit costs (\$5.3-\$5.4 million per crane) and for \$4.5 million in optional components. Installation, training, warranties and bond requirements were also included.

Only one bidder, Noell Crane, was ranked 24 percent lower in composite score by the Selection Committee and bid \$3.5 million higher for the basic contract for two cranes. Most major subsystems in the cranes were to be provided by major North American and European manufactures.

The agreement did not provide for employment of local tradesmen or other local labor in the on-site assembly of the cranes; and no CSBE/BBE measures were assigned by the Review Committee due to insufficient availability of potential vendors.

In response to questions posed by the Office of the Commission Auditor, Port of Miami staff provided the following information:

- In regards to File No. 112148, please let me know if all the laboring will be performed in China? *All of the labor will be performed in China.*
- Who was the second firm that withdrew its proposal due to heavy workload? *A Request for Proposals was issued on October 28, 2010 for the design, fabrication, assembly, painting, transportation, installation, testing, and commissioning of 2 65-Long Ton Capacity, Super-Post-Panamax, "H" Frame, Dockside, Rail-mounted Gantry Container Handling Cranes, with an option to purchase an additional 2 cranes. Three firms responded to the request Shanghai Zhenhua Heavy Industries Co., Ltd, Cargotec USA, and Paceco. Paceco declined to bid.*
- Will ZPMC open an office in Miami? If so, for how long? *It is not anticipated that ZPMC will open an office in Miami.*
- For how long will the POM have access to ZPMC personnel? *We currently have access to ZPMC as they are the fabricators of Cranes 7-12 and we will continue to have access on an as needed basis.*
- Once the parts arrive and assembly begins at Lummus Island, will local labor be allowed to participate in the assembly (welding and painting etc.) of the cranes? If yes, please provide the local labor estimates? *There will be no assembly on Lummus Island. The cranes are shipped fully erected and operational. However, during the unloading of the cranes from the transport ship, ZPMC will hire approximately 4-6 longshoremen through a local stevedoring company to assist in the unloading.*
- What's the life-span of the cranes? *The structure is designed for approximately 30 years. However, with proper maintenance of the structure, the life-span can last up to a century. Electronics generally need to be upgraded every 10-15 years due to advances in technology*
- Who will operate these cranes? *International Longshoreman Association (ILA) Gantry Crane Operators employed by local stevedoring companies will unload and load the ships.*
- What happens if any of the new cranes require service, maintenance, repairs etc., will services and parts be readily available? *Port of Miami Crane Management, Inc., (PMCM), manages and maintains the Port of Miami gantry cranes. The contract with ZPMC includes essential spare parts that are required to replace any damaged component. In addition, under the warranty, ZPMC is obligated to resolve any breakdowns. What occurs if one of these gantry cranes breakdown? Does the County have a service agreement with ZPMC? And for how long? The County contract with ZPMC includes a full warranty of the cranes; five (5) years for corrosion and paint, and two (2) years "Bumper-to-Bumper". Any breakdowns and repairs are the responsibility of the Management and Maintenance Company.*
- Provide a breakdown of the \$1.5 million in additional crane components? *The \$1.5 million is a contingency allowance not specifically for spare parts.*

- Was the price proposal by ZPMC negotiated by POM staff? *It was negotiated by the Negotiation Committee approved by the County Manager's Office that included two members from Port of Miami staff, one from the Procurement Department and one from the South Florida Container Terminal, LLC.*
- What's the cost to transport and maintain the proposed gantry cranes from China in comparison to the existing cranes at the POM? *The transport of the cranes will be by cargo vessel from China which takes approximately 2 months; one shipment with all four cranes on one vessel will realize substantial savings. The transportation of the new cranes is included in the contract price.*
- How long will the project manager from ZPMC be in site to address any issues? *The ZPMC Project Manager will be at the Port of Miami until the cranes are fully operational working on ships and thereafter as needed thru the life of the contract.*
- Will SZHI subcontract any of the work to local firms? *No. The local ILA will be hired for the unloading of the cranes.*
- Where will the testing for the gantry cranes take place? *At ZPMC's Fabrication facility in Shanghai and at the Port of Miami.*
- Provide the estimate of jobs these gantry cranes may generate for Miami-Dade County? *While there is no rule of thumb for job generation or economic impact per crane, these Super-Post Panamax cranes are necessary to service the new class of mega vessels expected to call on East Coast ports after the opening of an expanded Panama Canal in 2014.*
- What is the estimated economic impact to Miami-Dade County? *Each crane has the capacity to move 60,000 containers per year. Overall, we believe the investment in the dredge, tunnel, rail, and cranes will generate 33,000 sustained jobs by 2020 throughout the state. We would expect South Florida to capture the highest percentage of these jobs.*
- How much will the County save by outsourcing with ZPMC (China)? *The pricing submitted by the second ranked proposer for four (4) cranes was \$52,800,000. The final negotiated price for four (4) cranes with the highest ranked proposer was \$37,800,000.*
- Has anyone raised any questions about the safety and quality of the materials used to fabricate these cranes in China? *No. The technical specifications are specific to what is required.*
- Are gantry cranes manufactured anywhere in the US? *No.*
- Have other U.S. ports used ZPMCI? *Most of the container ports in the US and around the world use ZPMC cranes.*
- The item mentions that the basis of this recommendation is: Overall past performance and experience in providing cranes. Please provide their performance and experience. *ZPMC commenced designing and building ship-to-shore and gantry cranes in 1992. They are the*

world's largest gantry crane supplier providing 80% of the cranes worldwide. They have built well over 1,200 cranes since 1992. This will be the County's third (3rd) contract and order of cranes from ZPMC.

- What is the POM Crane Management, Inc's role in this? What, if any, recommendations has Crane Management made in regards to: (1) future crane operations at the POM; maintenance issues (breakdown and repairs); purchasing parts for the cranes; and training and re-training existing and future personnel. *Crane Management's role is as noted above. They manage and maintain the gantry cranes and cargo handling equipment owned by the County at its Seaport (Port of Miami).*
- Pending: Will the Super-Post-Panamax cranes be electrically powered or diesel engine powered?

Additional Information

ZPMC is a heavy-duty equipment manufacturer, and a state holding company listed on A and B shares in Shanghai Stock Exchange. The major shareholder is China Communication Construction Co., Ltd. (CCCC), which is one of top 500 companies in the world. ZPMC headquarters is located in Shanghai.

ZPMC also has 8 production bases located in Shanghai, Nantong and Jiangyin, and including heavy-duty dock of 3.7 kilometer. ZPMC is the largest heavy-duty equipment manufacturer in the world and owns 26 transportation ships of capacity from 60,000 DWT to 100,000 DWT, delivering products to all over the world.

Prepared by: Michael Amador-Gil