



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

**COMMISSION AUDITOR'S
INFORMATIONAL RESEARCH**

TOURISM AND THE PORTS COMMITTEE MEETING

July 14, 2020

9:30 A.M.

Virtual Meeting

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Commission Auditor

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**TAPS Committee Meeting
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Research Notes**

**Item No. 3A
File No. 201262**

Researcher: JFP Reviewer: PGE

RESOLUTION REJECTING ALL PROPOSALS RECEIVED IN CONNECTION WITH THE REQUEST FOR PROPOSALS FOR PUBLIC PRIVATE INVESTOR PROJECTS AT MIAMI INTERNATIONAL AIRPORT, RFP NO. MDAD-07-06

ISSUE/REQUESTED ACTION

Whether the Board should approve rejection of all proposals received by the Miami-Dade Aviation Department (MDAD) for *RFP No. MDAD-07-06, Request for Proposals for Public Private Investor Projects*, for development of certain land parcels, known as Areas 3, 4, and 5, at Miami International Airport (MIA).

PROCEDURAL HISTORY

Prime Sponsor: None

Department/Requester: Aviation Department

This item has no procedural history.

ANALYSIS

The purpose of this item is to authorize MDAD's rejection of all proposals received for Public Private Investor Projects at MIA parcels known as Areas 3, 4, and 5, namely proposals received from MDIA Associates, LLC (MDIA) and Hines Interests Limited Partnership (Hines) in 2007. The rejection is the result of issues and changes that arose during a lengthy negotiation process, which was halted from 2008 to 2012 due to the economic downturn and real estate economy collapse as bank loans for construction projects were not readily available during this time, and further delayed due to zoning challenges that had to be resolved before this development at MIA could take place.

MDAD advertised the RFP seeking proposals from qualified investors to finance, construct, renovate, manage and/or operate development projects at both MIA and at Miami Executive Airport on June 5, 2007, yielding responses from two responsible, responsive firms: MDIA for Areas 3, 4, and 5, and Hines for Area 4. Negotiations, which began in March 2008, were focused on the following issues: 1) zoning changes and land values, 2) market values (rent), 3) limitations on increases in land rent adjustments, 4) additional rent payments for improvements after passage of the amortization period, and 5) transfer fees, if the lease interest is transferred or sold. Detailed below is what transpired, by Area, during the negotiation process, leading to this recommendation to reject all proposals.

Area 3

A Federal Aviation Administration policy change prohibited development within runway protection zones. As a result, the acreage MDAD originally offered for Area 3 was reduced as it is partially located inside the protection zone for Runway 27. The remaining acreage has since been evaluated as a potential site for PortMiami's fumigation facility to facilitate growth of its cargo operations. Upon a determination that Area 3 is a viable location for the fumigation facility, MDAD agreed to utilize Area 3 for this purpose.

Area 4

Area 4 was deleted from MDIA's development plans due to the Area's proximity to Runway 27 in light of the aforementioned Federal Aviation Administration policy change, thus narrowing the scope of MDIA's original proposal and impacting Hines, as Hines' proposal was solely for Area 4.

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Area 5

MDIA advised that they were no longer interested in developing Area 5 due to the delay and impact resulting from the zoning issues and real estate economy collapse.

Detailed below is OCA's due diligence on the firms originally recommended for award.

Awarded Firms	Corporate Registration	Tax Collector's Office
MDIA Associates, LLC	Florida Limited Liability Company Active Principal Address: 703 Waterford Way, Suite 800 Miami, FL 33126 Filed: September 17, 2007	Business Address: 7205 Corporate Center Dr., Suite A #304 Miami, FL 33126 Status: Paid and Current
Hines Interests Limited Partnership	Foreign Limited Partnership Active Principal Address: 2800 Post Oak Blvd., Suite 4800 Houston, TX 77056-6118 Filed: December 26, 1989	Business Address: 2525 Ponce de Leon Blvd., Suite 120 Coral Gables, FL 33134-6034 Status: No taxes due.

DEPARTMENTAL INPUT

The following questions were posed to the Aviation Department on July 13, 2020. As of the date of publication, they are pending response.

- What does each of the three areas encompass? What were the original development plans for Areas 3, 4, and 5?
- What is the status of Area 5 today? If it hasn't been developed, what does MDAD envision for the area? Will it be re-solicited as a P3?
- Please provide the following dates:
 - Date of the solicitation's advertisement
 - Proposal receipt deadline
 - Date the Competitive Selection Committee provided a recommendation to proceed with negotiations
 - Date of conclusion of negotiations
 - Date of recommendation to award
 - Date of FAA policy change
- Please provide more information and background on what occurred between 2008 and 2020, accounting for the delay in this item travelling to the BCC.

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ADDITIONAL INFORMATION

Section 2-8.1 of the Code of Miami-Dade County (Contracts and Purchases Generally) applies to all contracts for public improvements and purchases of all supplies, materials and services other than professional services and (1) requires formal sealed bids for purchases over \$250,000.00; (2) describes the circumstances under which non-competitive purchases may be approved; (3) establishes requirements for legacy purchases, designated purchases, and single vehicle leases; and (4) provides that procurement procedures shall be established by Implementing Order (I.O.) and approved by the Board.

[https://library.municode.com/fl/miami -
dade county/codes/code_of_ordinances?nodeId=PTIICOOR_CH2AD_ARTIINGE_S2-8.1COPUGE](https://library.municode.com/fl/miami_-_dade_county/codes/code_of_ordinances?nodeId=PTIICOOR_CH2AD_ARTIINGE_S2-8.1COPUGE)

Implementing Order No. 3-38 sets forth the County's processes and procedures for the purchase of goods and services. The I.O. outlines: the roles and responsibilities of the Internal Services Department (ISD); the methods of purchasing goods and services; the authority to award and modify contracts; and the requirements for access contracts, emergency purchases, bid waivers, confirmation purchases and sole sources.

<http://www.miamidade.gov/aopdfdoc/aopdf/pdffiles/IO3-38.pdf>

CONTRIBUTORS

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The Office of the Commission Auditor, Miami-Dade Board of County Commissioners

The Office of the Commission Auditor (OCA) was established in September 2002 by Ordinance 03-2 to provide support and professional analysis of the policy, service, budgetary and operational issues before the Miami-Dade Board of County Commissioners. The Commission Auditor's duties include reporting to the Board of County Commissioners on the fiscal operations of County departments, as well as whether the fiscal and legislative policy directions of the Commission are being efficiently and effectively implemented

These research notes, prepared in collaboration with the Miami Dade County departments as subject matter experts, is substantially less detailed in scope than an audit in accordance with the Generally Accepted Auditing Standards (GAAS). The OCA plans and performs the review to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on its objectives; accordingly, the OCA does not express an opinion on the data gathered by the subject matter expert(s).