

MEMORANDUM

Agenda Item No. 8(A)(1)

TO: Honorable Chairman Jose "Pepe" Diaz
and Members, Board of County Commissioners

DATE: March 1, 2022

FROM: Geri Bonzon-Keenan
County Attorney

SUBJECT: Resolution approving the County Mayor's recommendation to reject the unsolicited proposal and enter into direct negotiations with CCR USA Airport Management, Inc. and AIRIS USA, LLC for a Master Development Agreement to design, build, finance, operate, and maintain a vertical cargo solution at Miami International Airport

This item was amended from the original version as stated in the County Mayor's memorandum.

The accompanying resolution was prepared by the Aviation Department and placed on the agenda at the request of Prime Sponsor Commissioner Raquel A. Regalado.



Geri Bonzon-Keenan
County Attorney


GBK/uw

Memorandum



Date: March 1, 2022

To: Honorable Chairman Jose “Pepe” Diaz
and Members, Board of County Commissioners

From: Daniella Levine Cava
Mayor 

Subject: Recommendation to Reject the Unsolicited Proposal and Enter into Direct Negotiations with CCR USA Airport Management, Inc. and AIRIS USA, LLC for a Master Development Lease Agreement for the Construction of a Patented Vertical Cargo Solution at Miami International Airport

At the February 8, 2022 Airports Economic Development Committee (AEDC) meeting, typewritten page 12 of the Resolution (for this item) was amended to add two additional sections, specifically Sections 3 and 4, as noted below. Section 3 provides that any agreement entered shall not include any land within the Florida East Coast Railway corridor or the area directly adjacent to it and/or conflict with the plan proposed by Atlas Air, and Section 4 directs the County Mayor to provide a report to the Board if negotiations are not successful.

The amendment is shown and underlined below:

Section 3. Directs the County Mayor to ensure that any agreement for the above-described vertical cargo project not include any land within the Florida East Coast Railway corridor or the area directly adjacent to it and/or conflict with the plan proposed by Atlas Air.

Section 4. Directs the County Mayor to provide a report to the full Board, without committee review, in the event that negotiations are not successful.

Recommendation

In response to an unsolicited proposal received by the Miami-Dade Aviation Department (MDAD or Aviation Department) pursuant to Section 2-8.2.6 of the Code of Miami-Dade County, it is recommended that the Board of County Commissioners (Board) adopt the attached resolution approving the County Mayor’s recommendation to reject the unsolicited proposal and not publish a solicitation for the same project purpose, but instead, allow the Administration to enter into direct negotiations with CCR USA Airport Management, Inc. and AIRIS USA, LLC (the “Proposers”) as authorized by Section 125.35, Florida Statutes, and ultimately place on the agenda for Board review and approval a Master Development Lease Agreement with the Proposers for the construction of a patented vertical cargo solution (US Patent 10,210,477 B2), at no cost to the County, known as the “Vertically Integrated Cargo Community” (VICC), as well as other required ancillary facilities at Miami International Airport (MIA).

The overall concept of a state-of-the-art patented vertical cargo solution at MIA is welcomed, and more importantly, it is needed as the airport is nearing its cargo capacity with no simple way to acquire more land within or near its footprint to accommodate the expansion of its cargo facilities.

The current COVID-19 pandemic has accelerated air cargo growth at an unprecedented rate, propelling it faster and further beyond MDAD’s current Capital Improvement Plan (CIP), which calls for incremental cargo capacity expansion in the next 25 years. In order to meet the growth in demand, it is critical that MIA’s cargo capacity be increased in the immediate future as it is estimated that MIA will reach 2.7 million tons in airfreight in 2021, 3.7 million tons in 2031, and 4.9 million tons in 2041. These projected cargo volumes put MIA behind the curve and at risk of losing aviation-based trade. As of 2021, MIA will be approaching the capacity of its cargo facilities estimated between 2.6 and 3.0 million annual tons. In order for MIA to retain its current ranking as the number one airport nationwide in international freight, the number three airport among U.S. airports for total cargo, and the number nine airport worldwide in international freight traffic, construction of the VICC is essential as it will ultimately double MIA’s cargo capacity to 5.59 million annual tons in less than five years, ensuring the expansion of MIA’s commercial cargo dominance in the Americas. It should also be noted that two of MIA’s largest air cargo carriers, FedEx Express and DHL Express, have just recently completed expanding their cargo facilities at MIA to meet the growing customer demand and to strengthen their service capabilities to Central and South America, the Caribbean and worldwide. FedEx completed a \$72.2 million expansion to their main sort facility at MIA and added 138,000 square feet, bringing the facility to a total of 282,000 square feet, and DHL Express invested \$78 million to renovate and expand its MIA cargo hub facility to double volume throughput.

In a nutshell, the VICC will advance the development of modern, high-technology new cargo infrastructure at MIA, exceeding capacity demands for the next 25 years, and setting a new and high standard for air cargo throughput efficiency, security, and resilience on which Miami-Dade County can depend on for generations. It will also allow MIA to preserve its dominant market position within the Americas and avoid potential cargo leakage to competing cargo airports due to insufficient capacity and infrastructure at MIA. Interim facilities proposed by the Proposers will allow MIA to maintain its current cargo position during the construction of the VICC and provide its cargo customers a solution from which they can develop long-term strategies for maintaining their operations at MIA.

The Proposers are seasoned aviation infrastructure developers and investors. CCR USA is part of the CCR Group (CCR), a publicly traded multi-national organization based in Brazil. Founded in 1999 and with a workforce of over 30,000, CCR is one of America’s largest transportation groups investing in cooperative management structures at 19 airports throughout Central and South America and the Caribbean. CCR operates 25 transportation units having long-term established relationships with 270 communities and public authorities at local, state, and federal levels. CCR serves 2 million passengers daily across all its transportation modes. Airis USA is the project development and construction management arm of the MIA VICC proposal team. As a premier private sector aviation facilities developer and a leader in its field since 1994, Airis has developed and planned over 20 million square feet of new cargo and related facilities at leading world airports, including the Eastern U Cargo Complex at MIA, similar major facilities at John F. Kennedy International Airport (JFK), Newark Liberty International Airport (EWR), Los Angeles International Airport (LAX), Cincinnati/Northern Kentucky International Airport (CVG), and other airports in the US and at primary airports overseas.

The CCR+Airis joint venture is also dedicated to ensuring sustainable infrastructure design and operations that implement social and community equity programs that benefit Miami. The Proposers

are including local Miami partners and experts in the design, development, construction, and operations phases of the project along with local architects, engineers, and key other contributors in the development and delivery of the VICC. Enterprise opportunities for local Small Business Enterprise, (SBE), Women Business Enterprise (WBE) and Disadvantaged Business Enterprise (DBE) firms, and many other community-based organizations and businesses are integral to the VICC proposal. The Master Development Lease Agreement will present a meaningful opportunity for local business enterprises to serve, for the first time, a neglected sector of MIA operations, creating an appreciable number of new services and jobs supporting thousands within the air cargo workforce at the airport.

Scope

MIA is located primarily within District 6, which is represented by Commissioner Rebeca Sosa. However, the impact of the proposed patented vertical cargo solution is countywide as MIA is a regional asset.

Delegation of Authority

This item does not include any delegation of authority to the County Mayor or County Mayor’s designee.

Fiscal Impact

There is no fiscal impact to the County associated with this recommendation to enter into direct negotiations with the Proposers on the next page.

Proposers (Joint Venture)

| Name | Principal Address | Principal |
|----------------------------------|--|---------------------------|
| CCR USA Airport Management, Inc. | 1725 Hughes Landing Blvd, Suite 840 The Woodlands, Texas 77380 | Gildo Araujo Rodrigues |
| AIRIS USA, LLC | 625 Kentucky Street Suite 200 Scottsdale, Georgia 30079 | Ronald D. Factor |

Track/Monitor

MDAD’s Chief of Staff, Arlyn Rull Valenciaga, oversaw the evaluation of this unsolicited proposal.

Background

This unsolicited proposal, which is offering a new and unique cargo infrastructure solution for MIA, was received on October 7, 2020, by the Miami-Dade County Office of the Mayor and the MDAD Director’s Office. Within 30 days of receipt, and in accordance with Section 2-8.2.6 of the Miami-Dade County Code of Ordinances (the Code), staff reviewed the unsolicited proposal and determined it met the requirements of Section 2-8.2.6 of the Code, and therefore, recommended to the County Mayor or County Mayor’s designee that the proposal be evaluated. On February 5, 2021, approval was granted by the County Mayor to begin the evaluation of this unsolicited proposal.

The unsolicited proposal proposes to enter into a 50-year ground lease agreement with the County for the development of a five-level, 1,706,575 square foot cargo structure, the VICC, which is

projected to have the ability to process 4.95 million tons of annual cargo volume. The VICC would be designed, built, operated, and maintained with private funds on 29.4 acres of MDAD-owned land located in the existing MIA West Cargo area, and would provide ground rent and a participatory revenue share from their gross revenues to the County. The total development site would be comprised of 41.4 acres aggregated from existing MDAD land and two non-MDAD owned parcels, totaling 12 acres.

MDAD created a team comprised of personnel from the Department’s Planning, Design, Construction, Business Development, Marketing and Finance Divisions as well as MDAD’s Master Planning Consultant to carefully assess the technical and financial merits of this unsolicited proposal and to ascertain whether it contributes to Miami-Dade County’s goals and whether it is financially viable.

Due to the extremely complex nature of the proposed patented vertical cargo solution, the evaluation process was lengthy and tedious. It required multiple in-person and online meetings as well as numerous phone calls with the Proposers to address various issues such as how to make sure existing users of the buildings that must be demolished to develop the VICC can continue their operations uninterrupted during the construction phase of the VICC, and what other modifications to the Department's Cargo Master Plan would be necessary, such as relocation of a fuel delivery facility. After extensive discussions between MDAD staff and the Proposers, potential solutions to mitigate those challenges have been identified and the project now includes other components (such as interim buildings) that would be constructed to ensure uninterrupted service to existing cargo customers during the development phase of the VICC. For that reason, it was concluded by the Administration and by MDAD staff that the benefits afforded to the County through this development proposal far outweigh any disadvantages, as construction of the VICC will expand and elevate MIA’s existing air cargo hub to that of a world class cargo operation, unlike any cargo solution in the country. Moreover, because the expanded project now involves multiple components that must be developed in a coordinated fashion to minimize existing user disruption, it was determined that it is in the best interest of the County to reject the unsolicited proposal to maintain maximum scope flexibility and not publish a solicitation for the same project purpose, but instead, enter into direct negotiations with the Proposers to further discuss and negotiate a Master Development Lease Agreement for the lease of airport property to facilitate the construction of the VICC and the ancillary facilities. Through the negotiation process, the Department will work closely with the Proposers (i) to make sure the operational capabilities of MIA’s business partners are not impacted by the Proposer’s construction plans, and (ii) to allow MDAD to review and approve the Proposer’s construction schedules.

Advantages of the VICC

As the number of cargo flights to and from Miami continue to increase so does the demand for additional on-site cargo facilities at MIA, which is known as the Gateway to Latin America and the Caribbean and continues to rank among the world’s top 10 international cargo hubs. With limited available real estate to accommodate the expansion of MIA’s cargo facilities, the County has been relying on the occasional sale of an industrial property westward of MIA to develop its cargo portfolio. These expansion plans, which are based on incremental property acquisition would take about 20-25 years to complete, if not more. Considering that MIA’s existing cargo capacity is nearing maximum capabilities and at the present growth rate will tap out in a few short years

(2-3 years), MDAD’s current CIP would not meet volume demand until after the expansion plans are fully constructed in 2045. This will produce a condition that would cause considerable cargo volume leakage to other competing airports and cities, resulting in potentially billions of lost revenues to the County, and the loss of 52,000+ jobs over that time period. This loss of MIA’s cargo market share would jeopardize Miami’s commercial dominance in the Americas if cargo demand were not met.

The VICC project will be fast-tracked and completed in four (4) years plus. This development proposal offers the County a unique opportunity, without the use of any public sector funds, to enhance MIA’s air cargo capacity and operations by providing its cargo airlines and operators with a patented multi-level cargo infrastructure solution capable of handling large volumes of cargo on a smaller parcel of land at an on-airport site, as well as the opportunity to use advanced technologies, operate in high-efficiency buildings with e-commerce centers, and minimize fixed costs.

The most notable benefits of the proposed VICC to the County are summarized below.

- The Proposers estimate a private sector investment of \$2 billion to construct a five-level state-of-the-art patented cargo handling structure (the VICC) in a restricted land area consisting of approximately 29.4 acres of land, currently occupied, for the most part, by Cargo Buildings 700, 701, 702, and 704 in MIA’s West Cargo Area. All capital investments will be borne by the Proposers, allowing MDAD to preserve and direct its capital budget towards other airport projects. The Master Development Lease Agreement will shield the County from capital risk, from commercial and market risk, and all construction and construction-scheduling risks.
- Through the construction of the VICC, the Proposers estimate that approximately 13,620 jobs will be created during the construction period. It is expected that up to \$837.2 million will be paid in wages to the local workforce during the estimated four-years plus construction period. During the build-out period, the Proposers are committed to identifying and retaining local, Small Business Enterprise (SBE) and Disadvantaged Business Enterprise (DBE) architects, engineers, and construction firms as well as providing opportunities for those disadvantaged by age, physical strength, or mobility. Furthermore, it is anticipated that over 3,000 permanent cargo jobs, with average wage increases of over 20 percent from current market wage rates, will be generated to handle cargo operations at the VICC. Further, due to the technological advances to be deployed within the VICC, MIA cargo jobs in the future will not be affected by an employee’s physical strength, mobility, age, or other limitations.
- Project costs are currently estimated at minimum to total \$1.1 billion for the VICC facility itself. Additional enabling and complementary projects are expected to approach a capital investment of up to \$2 billion including hard project costs and soft project costs.
- The Proposers expect to generate new revenue streams for the County without the requirement for capital outlay by the County. The VICC offers the County facility rent subsidies, participatory revenues, and ground lease rents (which at 2021 rates

would be approximately \$2.7 million annually) from the VICC’s cargo operations and concessions, in addition to ground and facility rent currently received from Buildings 700, 701, and 702 to make MDAD revenue-neutral during the four-years plus construction period, which amounts to more than \$6 million per annum. All commercial terms in this regard are subject to direct negotiations between the parties to ensure compliance with Federal Aviation Administration (FAA) requirements and to meet MDAD’s goals and expectations. These three buildings, which were built in the 1990s and have been used as warehouses to process and store belly cargo, ground support equipment and parts for aircraft, will be demolished as part of the Proposer’s development plan because the land they reside on will be used as the foundation site to construct the VICC.

- The Proposers current development plan, which is subject to negotiations, calls for the construction of three new buildings within MIA’s footprint that will serve to house tenants in Buildings 700, 701, 702, and 704, concurrently with the demolition of the buildings. The first building will be known as the New Building 704, “Consolidated Ground Support Equipment (GSE) Maintenance Building”, which will house GSE tenants, and the second building, will be known as New Building 713, “General Cargo Operations Building”, which will house belly cargo tenants. The existing Building 704, which is currently used by American Airlines (AA) to store and maintain their GSE Equipment will also be demolished, and AA GSE Maintenance Operations will be relocated to another airport site in accordance with MDAD Planning. Additionally, the Proposers’ development plan calls for the construction of a “GSE Pavement Area” to store GSE equipment, the relocation of a fuel tender facility and fuel truck parking, and other “ancillary” projects such as a central support area for parking garages and retail facilities.
- The Proposers project that construction of the VICC will optimize MIA’s cargo operations through the use of new patented and proprietary logistic technologies and automated and mechanized cargo handling systems within a patented vertical platform. As mentioned previously, the current capacity of MIA’s cargo facilities is projected between 2.6 and 3.0 million annual tons, and it is estimated that approximately 2.9 million tons of cargo will be handled through the VICC in the initial years of operation after completion of the project within 4 plus years, expanding to a maximum 4.95 million tons over the term, providing a cargo volume capacity of double the existing airport capability, assuring MIA of sufficient air cargo capacity through 2045. Considering the existing cargo infrastructure, this near-term throughput volume would boost MIA’s cargo capacity to approximately 5.59 million tons (from the current cargo capacity of approximately 2,600,000 tons). This increase in capacity advances the Department’s existing Cargo Master Plan by 20 years, while the Proposers retain the risk should the actual forecasted cargo growth rate be lower or does not materialize.
- The Proposers state that the VICC is designed to achieve LEED “Gold” rating, as the design was recently assessed by the Global Infrastructure Basel (GIB), an

internationally recognized UN Annex Foundation, earning its highest rating, a Gold Certification, under SuRe standards for sustainability and resiliency. Resilient functionality is of paramount importance as it assures MIA of uninterrupted operational capability during natural or human-caused events, thereby significantly improving environmental performance at MIA. Continuity of VICC operations will be delivered by the inclusion of a dedicated, solar-enhanced, microgrid allowing the facility to operate in “island mode” in the event of power grid failure.

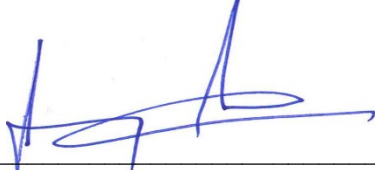
- The VICC’s patented design includes a robust commercial area on the 5th floor to accommodate value-added services for the VICC community of employees, visitors, vendors as well as neighboring businesses and the public. This is intended to include food and beverage, healthcare and wellness, and a variety of service amenities. The rooftop community elements are intended to both improve workforce productivity within the VICC itself, and at the same time reduce vehicular traffic and carbon emissions otherwise caused by employees, vendors and visitors travelling offsite for lunch breaks, appointments and/or to run errands. This design component also provides abundant opportunity for local business enterprise of all types to serve the intended needs of the VICC and surrounding workforce.
- The Proposers will establish a non-profit entity that will work in partnership with local academic institutions, including but not limited to Miami Dade College, Florida Memorial University, as well as other workforce hiring organizations to develop appropriate programs designed to attract, educate, and train future cargo employees for MIA. Such efforts will also include development and implementation of a broad “Job Hiring/Training Program”, with ongoing services to be established at MIA for employee wellbeing and health and human services programs for workers, visitors, the adjacent communities, such as Doral, Miami Springs, and Hialeah, and neighborhoods west of MIA near the VICC.

Conclusion

Last year was a record year for cargo at MIA with unprecedented increases in e-commerce goods and pharmaceutical supplies in addition to Miami’s traditional cargoes. As the demand for cargo business services continues to increase in the Miami area, the need for additional cargo space at MIA also continues to rise. Although the development plan of this unsolicited proposal presents some challenges for certain existing leaseholders and cargo operators at MIA, the concept of a world class patented vertical cargo solution, which is already a part of MDAD’s strategic cargo plan, has been well received and is needed at MIA. The VICC would place MIA on the “cutting edge” with respect to cargo, solidifies MIA’s position as a premiere cargo airport and would be the first patented vertical cargo solution of its kind in North America. The many attributes of the VICC will provide an additional basis to Miami’s thought-leadership within South Florida and the global community. In light of these considerations, the Aviation Department stands ready to negotiate a Master Development Lease Agreement with the Proposers that protects the existing operations of MIA’s business partners and promotes the interests of the County well into the future.

Honorable Chairman Jose “Pepe” Diaz
and Members, Board of County Commissioners
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Should you have any questions or require additional information, please contact Ralph Cutié,
Miami-Dade Aviation Department Director at 305-876-7066.



Jimmy Morales
Chief Operations Officer



MEMORANDUM
(Revised)

TO: Honorable Chairman Jose "Pepe" Diaz
and Members, Board of County Commissioners

DATE: March 1, 2022

FROM: 
Gen Bonzon-Keenan
County Attorney

SUBJECT: Agenda Item No. 8(A)(1)

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 _____

Agenda Item No. 8(A)(1)
3-1-22

RESOLUTION NO. _____

RESOLUTION APPROVING THE COUNTY MAYOR'S RECOMMENDATION TO REJECT THE UNSOLICITED PROPOSAL AND ENTER INTO DIRECT NEGOTIATIONS WITH CCR USA AIRPORT MANAGEMENT, INC. AND AIRIS USA, LLC FOR A MASTER DEVELOPMENT AGREEMENT TO DESIGN, BUILD, FINANCE, OPERATE, AND MAINTAIN A VERTICAL CARGO SOLUTION AT MIAMI INTERNATIONAL AIRPORT

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum and documents, copies of which are incorporated herein by reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board:

Section 1. Incorporates and approves the forgoing recitals and the accompanying County Mayor's memorandum as if fully set forth herein.

Section 2. Approves the County Mayor's recommendation to reject the unsolicited proposal, not publish a solicitation for the same project purpose as the unsolicited proposal, and enter into direct negotiations with CCR USA Airport Management, Inc. and AIRIS USA, LLC, for a Master Development Agreement to design, build, finance, operate and maintain a vertical cargo solution at Miami International Airport (MIA), as authorized by section 125.35, Florida Statutes, as more fully described in the accompanying memorandum.

>>Section 3. Directs the County Mayor to ensure that any agreement for the above-described vertical cargo project not include any land within the Florida East Coast Railway corridor or the area directly adjacent to it and/or conflict with the plan proposed by Atlas Air.

Section 4. Directs the County Mayor to provide a report to the full Board, without committee review, in the event that negotiations are not successful.<<¹

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:

| | |
|---------------------------------------|------------------------|
| Jose "Pepe" Diaz, Chairman | |
| Oliver G. Gilbert, III, Vice-Chairman | |
| Sen. René García | Keon Hardemon |
| Sally A. Heyman | Danielle Cohen Higgins |
| Eileen Higgins | Joe A. Martinez |
| Kionne L. McGhee | Jean Monestime |
| Raquel A. Regalado | Rebeca Sosa |
| Sen. Javier D. Souto | |

¹ Committee amendments are indicated as follows: Words stricken through and/or [[double bracketed]] are deleted, words underscored and/or >>double arrowed<< are added.

The Chairperson thereupon declared this resolution duly passed and adopted this 1st day of March, 2022. 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.

RCZ

Cynji A. Lee
Ryan C. Zagare