

ISSUING DEPARTMENT INPUT DOCUMENT

CONTRACT/PROJECT MEASURE ANALYSIS AND RECOMMENDATION

New
 OTR
 Sole Source
 Bid Waiver
 Emergency
 Previous Contract/Project No.

Contract
 Re-Bid
 Other – Access of Other Entity Contract
 LIVING WAGE APPLIES: YES NO

Requisition No./Project No.: RFP-01677
 TERM OF CONTRACT 53 YEAR(S) WITH YEAR(S) OTR

Requisition /Project Title: New Hotel at Miami International Airport

Description: Design, build, finance, operate and maintain a new hotel at Miami International Airport under a project agreement. Selected developer will pay the county rent.

Issuing Department: ISD
 Contact Person: Rita Sila
 Phone: 3053751081

Estimate Cost: Revenue Generating
 GENERAL FEDERAL OTHER

Funding Source:

ANALYSIS

Commodity Codes:	906	96812	97130		
Contract/Project History of previous purchases three (3) years Check here <input type="checkbox"/> if this is a new contract/purchase with no previous history.					
	<u>EXISTING</u>	<u>2ND YEAR</u>	<u>3RD YEAR</u>		
Contractor:					
Small Business Enterprise:					
Contract Value:					
Comments:					

Continued on another page (s): YES NO

RECOMMENDATIONS

	Set-Aside	Subcontractor Goal	Bid Preference	Selection Factor
SBE				

Basis of Recommendation:

Signed: Rita Silva
 Date sent to SBD: 7/28/20

Date returned to SPD:

1. Solicitation Overview

1.1 Introduction / Anticipated Agreement Term

Miami-Dade County, hereinafter referred to as the “County,” as represented by the Miami-Dade Aviation Department, herein after referred to as “MDAD,” is soliciting proposals from qualified Proposers to design, permit, construct/build, finance, manage, operate, and maintain a hotel at Miami International Airport (the “New Hotel”) under a Project Agreement. The County anticipates entering into a Project Agreement with a thirty (30) to fifty (50) year term following Scheduled Substantial Completion of the New Hotel, and pending FAA approval.

This competitive solicitation is divided into two phases. In Phase 1, the County will solicit and evaluate the Phase 1 Proposals with the intent of short listing the Proposers, in accordance with **Section 4.7**, that the County determines to be the most highly qualified to successfully deliver the Project. The Short Listed Proposers will, in the County’s discretion, be invited to participate in the Individual Negotiation Meetings Process and to prepare a Phase 2 Proposal. The County will issue Phase 2 of the RFP, in the County’s sole discretion, via addendum to the Short Listed Proposers to include the submittal requirements and evaluation criteria.

3. SCOPE OF SERVICES

3.1 Background

Miami International Airport (MIA), located on 3,230 acres of land near downtown Miami, is operated by the Miami-Dade Aviation Department (MDAD) and is the property of Miami-Dade County. Founded in 1928, MIA now offers more flights to Latin America and the Caribbean than any other U.S. airport, is America’s second-busiest airport for international passengers, boasts a lineup of over 100 air carriers, and is the top U.S. airport for international freight. MIA’s vision is to grow from a recognized hemispheric hub to a global airport of choice that offers customers a world-class experience and an expanded route network with direct passenger and cargo access to all world regions.

Aviation has been a hometown industry in Miami, having started more than 90 years ago. The first flight from Pan Am Field in 1928 was an international departure. Today, MIA is the port of entry for nearly 70% of all international traffic arriving by air to Florida. The Airport is the world’s largest Latin American/Caribbean gateway, offering over 1,273 weekly departures with direct service to 77 non-stop destinations in the region. With 50% of total passenger traffic being international, MIA maintains one of the highest international-to-domestic passenger ratios of any United States airport.

MIA is also the leading economic engine for the County and the state of Florida, generating direct and indirect business revenue of \$30.9 billion annually and approximately 60% of all international visitors to Florida. MIA and related aviation industries contributes over 270,000 jobs directly and indirectly to the local economy, which equates to 1 out of 4.1 jobs.

MIA’s strengths in international passengers and cargo activity stimulate a host of other industries, such as cruise ships, tourism, and international banking and commerce. 81% of all exports and 84% of all imports between the United States and the Latin American/Caribbean region flow through MIA.

Miami-Dade County operates the world’s leading cruise port, and more than 70% of all cruise passengers begin or end their cruise with flights to/from the Airport. In addition, Miami is the leading international financial center in the southeastern United States, with MIA stimulating much of that activity via the financing of international trade facilitated through the Airport.

3.2 Existing Facilities

3.2.1 Airport Overall

Miami International Airport encompasses over 7.7 million square feet of space in the Terminal. The Airport’s Terminal space is allocated as follows:

- North Terminal - 3.7 million square feet
- Central Terminal - 2.1 million square feet
- South Terminal - 1.9 million square feet

In addition, there is 7.7 million square feet of Non-Terminal space divided as below:

- Cargo - 18 cargo buildings with over 3.4 million square feet of warehouse, office and support space in the west cargo area
- Apron space – 4.4 million square feet with 44 common-use cargo positions and 27 leased cargo positions

There are Hangars, Maintenance and Repair Facilities and other cargo facilities along the northern edge of the Airport fronting NW 36 Street which are 3,296,195 square feet.

In the Terminal, the North terminal has one concourse, D; the Central Terminal has three concourses, E, F and G and the South Terminal has two concourses. Each Terminal has the following uses for the passengers of commercial airline flights:

TERMINAL	NORTH	CENTRAL	SOUTH	TOTAL
Number of Security Checkpoints	4	3	3	10
Number of Passenger Loading Bridge Gates	50	48	28	126
Regional Aircraft Boarding Gates	15			15
Ground Load Boarding Gates		3		3

3.2.2 Capital Improvement Program

a) A Modernized, Enhanced MIA

The Miami-Dade County Board of County Commissioners adopted a new capital improvement program at MIA that will fund up to \$5 billion dollars in airport-wide modernization projects over the next 5 years, paving the way for future growth in passenger and cargo traffic at MIA, projected to reach 77 million travelers and more than four million tons of freight by the year 2040.

b) Sub-Programs

- Concourse “F Modernization and Central Terminal Redevelopment
- Redevelopment of North Terminal’s Regional Commuter Facility
- South Terminal Apron and Gate Expansion
- New Hotel Development
- Expanded aircraft parking positions and warehouse for cargo operations

3.2.3 MIA Figures for CY 2019

Flight Operations: (Commercial Aircraft Movements)

Domestic: 223,123
 International: 191,277
 Total: 414,400

Passengers

Domestic: 23.5 Million
 International: 22.4 Million
 Total: 45.9 Million

Weekday Daily Average

122,841 passengers

Weekend Daily Average

129,421 passengers

Weekly Average

867,074 passengers

Freight (US Tons)

Domestic:	389,368
International:	<u>1,880,997</u>
Total:	2,270,365

3.2.4 MIA Access & Intermodal Transport

a) Central Boulevard

Improvement Program completed which include widening of Central Boulevard, new service roads, wider bridges and improved access to parking facilities.

b) MIA Mover

The elevated train which connects MIA, the new Rental Car Center, and the Miami Intermodal Center opened September 9, 2011. The Mover runs through Central Boulevard with the capacity to transport more than 3,000 passengers per hour.

c) Rental Car Center (RCC)

The 3.4 million square foot facility opened on July 13, 2010. The RCC consolidates under one roof the operations of 16 rental car companies, with a combined inventory of 6,500 rental cars.

d) Miami Intermodal Center (MIC)

Next to the RCC is the MIC, a massive ground transportation hub developed by the State of Florida Department of Transportation linking rail, light rail, automobile, and bus traffic under one roof.

3.3 Existing Hotel at MIA

At the present time there is an operating 267 key hotel that was constructed in 1959 within the Central Terminal area of the Airport. Either this existing hotel or a second new hotel (which could be built on the surface short term parking located across the Departure roadway from the Central Terminal at Door 11) will be operating at MIA. The Concessionaire will not be precluded from proposing on any solicitation may for management of the existing hotel or the construction of a second new hotel.

3.4 New Hotel Design and Characteristics

The proposed New Hotel should offer an investment in the project site so as to bring it to its highest and best economic development and aviation and/or aviation-related use supported by the market. The Project must provide for functional and aesthetic integration of the project site with MIA to encourage use of MIA. The Project must comply with all applicable local, state and federal regulations, to include construction codes and Miami-Dade Aviation Department Design Guidelines. The Project should be consistent with world-class standards for international airports and capable of accommodating both the present and future needs of MDAD's airports.

3.4.1 Specification

- a) The maximum allowable height is 160 above mean sea level. For example, with an assumed 10 feet ground elevation, the maximum allowable structure would be 150 feet.
- b) The Project will include a pedestrian bridge connecting the New Hotel to concourse D. Concessionaire will be responsible for a new connector or provide for a climate controlled space into the Dolphin Garage and connecting to the existing Terminal connector from the Garage to the Third Floor of the Terminal.

3.4.2 Project Schedule and Budget

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- a) Project site will be available at such time as Concessionaire is ready to commence construction. Access is granted as need for field verification, subject to coordination with MDAD.
 - b) The development of the site shall be completed within 3 years of the effective date of the Project Agreement.
 - c) All costs incurred for the design, permitting, construction, operation and maintenance of the New Hotel construction shall be borne by the Concessionaire.

3.4.3 Hotel Characteristics and Amenities

The Concessionaire will create a design for the New Hotel with an upscale feel that conforms with Miami's upscale new developments. It is the preferred that the design should represent the character, spirit and aspirations of Miami. The County is seeking the following components, characteristics, amenities, and quality in the development of the Project:

- a) Upper Upscale in conformance with accepted industry standards for the category requested here (4 stars)
- b) Minimum of 350 keys
- c) Sit down, full-service restaurant/bar
- d) 24-hour prepared food and beverage available
- e) Business center or business center type services to the business traveler
- f) Meeting/banquet space of a minimum of 20,000 square feet
- g) Fitness center
- h) Valet parking either within the New Hotel or connecting airport garage
- i) Possibility of a few concession opportunities for those already in the airport

Note: MDAD will reserve 100 parking spaces for the New Hotel patrons and valet parking. The New Hotel should not need to build any parking structures.

3.5 Concessionaire Responsibilities

The Concessionaire will be responsible for the design, construction, finance, operation, and maintenance of a world class New Hotel. The Concessionaire will obtain all permits necessary for the construction and operation of the New Hotel under applicable law, including all necessary building and development permits.

3.6 Concessionaire Qualifications

The Concessionaire should have a proven track record of undertaking and successfully accomplishing project investments and developments of similar scope, cost, and complexity of schedule. Concessionaire should have participated as a principal in a commercial real estate development project in the last five (5) years and specifically a hotel project within the last ten (10) years, at a minimum investment of \$50 million for each project.

The Concessionaire and its Team Member, as applicable to their roles, should have previous experience in hotel project planning, developing, renovating, furnishing, financing and managing of recognized brand hotels.

3.7 Rent and Fees

Below are the elements of the rental structure:

3.7.1 Initial Rent Period

The period between the effective date of the Project Agreement and the first Date of Beneficial Occupancy issued for any improvement shall be referred to as the **Initial Rent Period**, which period shall not exceed three (3) from the effective date of the Project Agreement. During the Initial Rent Period, Concessionaire shall pay to MDAD:

- a) Baseline Rent - an amount for the Ground Lease as established by appraised value for the airport land. Market rent is required under FAA regulations.

3.7.2 Regular Rent Period

The period between the first Date of Beneficial Occupancy issued for any improvement and the termination of the Project Agreement shall be referred to as the **Regular Rent Period**. During the Regular Rent Period, Concessionaire shall pay to MDAD:

The greater of:

- a) Minimum Annual Guarantee (MAG) – Minimum amount Concessionaire guarantees to pay to MDAD. The MAG will always be greater than the Baseline Rent for the Ground Lease.

OR

- b) Participation Rent – an amount Concessionaire will pay to MDAD specified as a percentage of the total revenues the Concessionaire receives during the operation of the New Hotel from all sources. If this Percentage Rent is greater than the MAG per year, then the Percentage Rent will be the rent that is paid to MDAD. In other words, it is the greater of the MAG and Percentage Rent that is paid to MDAD during the Regular Rent Period of the New Hotel. Certain aviation activities at MIA require a percentage of gross revenues to be provided as part of the agreement process allowing the activity to take place, such as, but not limited to, cargo handling, food catering activities, and/or retail activities.

3.7.3 Annual Adjustment to Initial Rent and Regular Rent

MDAD anticipates that consistent with current MDAD policy approved by the Board of County Commissioners, both Initial Rent and Regular Rent shall be adjusted annually throughout the term of the Project Agreement and the County reserves the right to use Fair Market Value (FMV) as determined by a State of Florida certified MAI appraiser engaged by the County. Alternatively, to the extent acceptable to the FAA, the Initial Rent and/or Regular Rent can be fixed at the start of the Project Agreement and thereafter increase annually based on the Consumer Price Index (CPI) published by the Department of Labor for the following categories; United States, All Urban Consumers, All Items; subject to re-adjustment to FMV periodically, typically every five years by appraisals. The base of the index computation of the increase, if any, shall be the month in which the Project Agreement commences.

3.7.4 Parking Fee

From the Date of Beneficial Occupancy for the New Hotel to the termination of the Project Agreement, the Concessionaire will pay the County a rate for the use of the 100 reserved parking spaces for the New Hotel patrons and valet parking which is anticipated to be at least the current rate MIA charges for parking.

3.7.5 Contingent Fee

MDAD shall receive a Contingent Fee for any sale or transfer of the development leasehold or gains from refinancing. If the leasehold is transferred at some point in the life of the lease it is expected that a percentage of the gains from that transaction will be paid to MDAD as a Contingent Fee.

3.8 Financial Responsibility

The Concessionaire shall provide any and all financing required to meet its obligations during the term of the Project Agreement. The financing may be provided through private debt or equity for the anticipated costs of the New Hotel, including reasonable reserves to address operation lifecycle replacement and contingencies. The Concessionaire must have the capacity to finance the New Hotel from construction, during operations and to the end of the term of the Project Agreement and must ensure the availability of moneys that will meet the New Hotel funding demands.