




# Memorandum



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To: Honorable Daniella Levine Cava, Mayor, Miami-Dade County  
Honorable Oliver G. Gilbert, III, Chairman  
Honorable Keon Hardemon, Chairman, Airport & Econ. Dev. Committee  
and Members, Board of County Commissioners

From: Felix Jimenez, Inspector General 

Date: May 9, 2023

Subject: OIG Contract Oversight – *New Hotel at Miami International Airport* RFP-01677; Committee Agenda Item 3F; IG20-0016-O

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The solicitation to identify a private partner to design, permit, construct/build, finance, manage, operate, and maintain an upscale, four-star hotel at the entrance to Miami International Airport (MIA) has been monitored by the Office of the Inspector General (OIG) since September of 2020. This two-phase solicitation process was initiated pursuant to a resolution (R-521-20) adopted by the Board of County Commissioners (Board) on May 19, 2020. As explained in this memorandum, the OIG found the administrative process for this competitive procurement to be in full compliance with the Board's procedures.

The OIG has monitored approximately 80 hours of virtual and in-person meetings, for both Phase 1 and Phase 2 of this competitive process. Many of these meetings were internal working group meetings between MDAD staff, the Strategic Procurement Department (SPD) Coordinator, and the consultants retained to assist with this initiative. MDAD engaged Mobio Architecture as the design criteria professional to provide the essential requirements for a hotel on this unique site; Jones Lang LaSalle provided expert input on the market, economics, and evaluation criteria for this solicitation.

The OIG finds the recommendation to award this competitive solicitation to FDR Miami Hotel LLC (FDR) reasonable as there is no assertion that this procurement process was flawed in any way. The OIG observed no irregularities, errors, or omissions by the administrators responsible for the management of Airport Hotel RFP 01677.

Throughout the years it took to get this recommendation submitted for approval, the County staff adhered to a consistent standard of professionalism and integrity. The OIG was witness to the diligence of staff laboring to ensure the process was transparent, fair, and competitive. Always, the staff and appointed selection committee members endeavored to ensure the Board could have complete confidence in the results of this solicitation.

RFP-01677 was issued on September 15, 2020, with notice of a scheduled pre-proposal virtual conference the following week, on September 23, 2020. The Competitive Selection Committee (CSC) was appointed on October 23, 2020. Phase 1 of the RFP involved evaluating the responding firms for qualifications. Three firms responded and based on the evaluation of the CSC, all three firms were advanced to Phase 2.

Phase 1 Scoring	
Proposer	Total Score (max 5000)
Parmco Airport Hospitality LLC	4750
FDR Miami Hotel LLC	4725
Mainsail Development International, LLC	4620

Phase 2 of RFP-01677 was advertised on February 9, 2022. All three firms responded with proposals on May 25, 2022. On July 14, 2022, the CSC met to score the firms. After learning the County Attorney's Office had deemed the proposal from Mainsail Development International, LLC to be non-responsive, the CSC evaluated the two remaining firms and scored the Phase 2 proposals. The Technical Score was based on Technical Approach and Hotel Design, Characteristics and Amenities. The Financial Score was based on the Financial Solution and Proposed Rent. All four members of the CSC scored the recommended firm as the highest ranked. The composite results are listed below:

Phase 2 Scoring			
Proposer	Technical Score (max. 2200)	Financial Score (max. 1800)	Total Combined Score (max. 4000)
1. FDR Miami Hotel LLC	2105	1745	3850
2. Parmco Airport Hospitality LLC	1970	1420	3390

As conveyed in the August 1, 2022, Report of Competitive Selection Committee for RFP-01677 New Miami International Airport Hotel: *FDR Miami Hotel LLC submitted a proposal that demonstrated the firm was qualified and has the capability to design, build, finance, operate and maintain the new hotel. The Committee recommends the firm for its technical abilities to deliver a world-class hotel to Miami International Airport. The firms' design presented 451 room which is well above the requested 350 rooms. FDR Miami Hotel LLC provides financial certainty by guaranteeing to use 100% equity.* [Note: Parmco proposed 423 rooms.]

The anticipated revenue to the County under the lease agreement with FDR is \$240,000,000 over the 50-year lease term. FDR negotiated a Minimum Annual Guarantee (MAG) of \$2.5 million or 3.5% of Gross Revenues, adjusted annually based on the applicable Consumer Price Index for All Urban Consumers. [Note: Parmco proposed the greater of a MAG of \$1 million or 4% of gross revenue.]

FDR has executed a Labor Peace Agreement and acknowledges that Responsible Wage (Section 5.15) and Living Wage policies (Section 5.16) apply to the project. Further, FDR (the Lessee) has agreed to comply with all Other Programs (Section 5.16) of the County “made applicable to the Lessee’s activities hereunder, *as such programs, ordinances, or code provisions may be amended from time to time*” (italics added for emphasis).

By the terms of this negotiated contract, the County has the right to introduce additional obligations and responsibilities upon the hotel developer. The final negotiated agreement does not preclude the County from introducing and adopting additional county policies that the hotel developer would be obligated to implement. Whenever the County amends a policy pertaining to workers, wages, local hires, the environment, or community events, the hotel developer is obligated to comply.

FDR negotiated the terms and formally signed this agreement on September 16, 2022. Delays in the approval process will naturally extend the date for the eventual opening of this hotel. As per the terms of the agreement, the negotiated timeline for substantial completion of the improvements was established to be “within forty-two (42) months after all permits to allow for the start of construction are obtained.” As of now, the opening of a new hotel at the entrance of MIA may occur prior to 2030.

The OIG has monitored this procurement process to ensure fair, transparent and equitable competition. This complicated procurement has been managed in full compliance with the Board’s policies. The OIG notes the previous recommendation to reject all bids was not presented to correct any defects in the administration of the County’s procurement procedures. No one has suggested this process has been flawed. To that end, the OIG is pleased to share our positive observations regarding the staff’s adherence to the rules and attest to the integrity of the process.

cc: Jimmy Morales, Chief Operating Officer, Office of the Mayor  
Ralph Cutié, Director, Miami-Dade Aviation Department  
Namita Uppal, Director, Strategic Procurement Department  
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