

From: Jimmie Harrison [mailto:jimmie@fjprop.com]
Sent: Monday, June 08, 2015 12:37 PM
To: Andrew Cuba
Subject: RFP comments

Andrew,

These are the MIASF and my comments/input regarding the Las Olas Marine RFP;

In section III, Marina location and background information

- Paragraph Fort Lauderdale International Boat Show -- add - owned by Marine Industries Association of South Florida

In additional, paragraph #3

- The current special event...take into consideration and accommodate the boat in a tenable long-term financial agreement (25 years) with renewable

In 5..3.1, add language

- The successful proposal shall incorporate a design that is compatible with the Fort Lauderdale International Boat Show usage to maximize opportunity for the City of Fort Lauderdale and the Fort Lauderdale International Boat Show with guidance thru meetings held with the Marine Industries Association of South Florida.

6.2.5

Economic Objective

- Ensure a tenable / long-term home of the Fort Lauderdale International Boat Show to benefit the marine industry and the direct economic benefits it brings to the City of Fort Lauderdale and the wider Broward County.

"Increase the financial opportunities to businesses in the city and county by increasing the amount and size of boats using the marina".

Jimmie Harrison



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From: Joseph Maus [<mailto:jmaus@MausLawFirm.com>]
Sent: Friday, June 05, 2015 12:25 PM
To: Andrew Cuba
Subject: Marina RFP

Andrew, I wanted to spend some more time w/this and will do over the weekend, but here are a few questions

I had after last night:

1. Section 6.1.8 says CBRE gets paid a ton of money. What is it they do other than prepare the RFP? By their admission last night, they have been involved in this process for 2 weeks. Seems like a large sum of money for not much work.
2. Section 4.2.1 says hours of operation shall be set by mutual agreement between City and contractor. Why are hours of operation not part of the bid? The City should specify days/times they want the marina to operate.
3. Section 6.2.14 says minimum base rent is \$1 mm/yr when annual net revenue currently is \$1.5 mill with the marina as is. Why is the city allowing for a 50% discount off net revenue as a minimum base when the new facility is designed to be significantly larger and presumably generate significantly more income?
4. Section 4.3.1 allows for the developer to contribute 3% of gross revenue for maintenance. Has there been any study to determine what annual maintenance will amount to once the marina is completed to determine whether the 3% figure is sufficient? And who controls what maintenance is to be done on an annual basis. 4.3.1 not clear on this issue.
5. Does the bid require the vacation of the marina during the time period needed for the Boat Show?
6. There is additional insured language in the insurance section, but I did not see any hold harmless and indemnification language for any incident arising out of the construction or operation of the marina.

I could have just missed the info for #5 & 6 above.

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Andrew Cuba

From: Frank Herhold <fherhold@mindspring.com>
Sent: Monday, June 08, 2015 3:03 PM
To: Jack Seiler; jackseiler@aol.com; Dean Trantalis
Cc: Donald Morris; Andrew Cuba; Jonathan Luscomb
Subject: Las Olas Marina RFP Draft -- Herhold Comments
Attachments: Herhold RFP Comments.docx

Mayor Seiler and Commissioner Trantalis,

Attached for your review are my comments concerning the Draft RFP for the Las Olas Marina as presented at the June 4th Marine Advisory Board.

First of all, I want to express appreciation to everyone who has worked diligently to recognize the need to update and expand the marina into a world class facility.

I see the June 3rd version of the Draft RFP as a good effort considering the short time period involved and as a work in progress with viability, financeability and methodology flaws.

As a member of the marine community stated to the Commission at the February 24 meeting when speaking in favor of marina expansion, there is "no other asset at the City's disposal that could make such an impact on the marine industry".

Best,

Frank

LOS OLAS MARINA -- RFP COMMENTS

FRANK HERHOLD, MARINE ADVISORY BOARD

As of June 8, 2015

GENERAL COMMENTS

1. **ECONOMIC VIABILITY** -- The Marine Advisory Board received the Draft RFP the afternoon before their June 4 meeting. Although review time was limited, there was general concern that proposers will not be able to meet the City's stated financial expectations of a minimum Base Rent of \$1M plus a Percentage Rent of 12% for marina operations and 4% for ship's store or any other marina related sales. CBRE will also receive an additional 1% of proposals capital contribution excluding value of existing land and improvements.

In addition, the fact that the redevelopment will be extremely capital intensive, the project is front-loaded with significant CBRE fees and the developer will be required to resolve all State lease issues (including the deed restrictions), environmental remediation and permitting issues at their own expense also negatively affects the viability and attractiveness of the opportunity.

It was Commissioner Rogers who said at the June 2 City Commission Regular meeting that the "RFP has to be written to have as much attractiveness as possible". Commissioner Trantalis described the CBRE agreement as "much too rich a contract" and referenced "disincentives" when discussing the fees. I am not confident that the private sector can deliver a project to the City and CBRE that achieves all of the stated social, economic and community objectives, and build a world class marina, while putting the City at no risk, yet provide the City with a continued, guaranteed seven figure income. Something has to give.

As a former marina owner, the risk-reward profile to the City, CBRE and the proposers do not seem equitable or viable to me at this point.

2. **FINANCIABILITY** -- Sections 5.2.1 Ownership and 5.3.1 Design Phase make it clear that all improvements immediately become the property of the City and, consequently, non-financeable. How has the City worked around this issue with other privately financed projects ? What was learned at the recent City Commission P 3 workshop ? Where are the incentives ? What are CBRE's recommendations ? Have we researched tax free Federal Private Activity Bonds and the proposed Qualified Public Infrastructure Bonds (WSJ 2/13/15) ?
3. **RFP METHODOLOGY** -- Remaining unresolved are major issues such as deed restrictions, potential for having to return grant money, sea grass mitigation, upland responsibilities,

construction timetable/Boat Show utilization, marina parking, permit facilitation, construction timetable/manatee season, lighting requirements/energy savings to name just a few.

Most importantly, the Evaluation Criteria does not appear to be at all aligned with the RFP's stated priorities and the priorities themselves appears at odds with each other. The document certainly needs more due diligence and scrutiny. In its current form, the RFP does not reflect well on the "Yachting Capital of the World" and our desire for a world class facility. Perhaps CBRE should be asked to undertake its own feasibility study to ensure that the terms it is proposing are actually feasible before the RFP is issued (to potential great embarrassment to the City).

Isn't the goal to attract the maximum number of highly qualified bidders ? Suggest we take a good look at the current version of the RFP with that goal in mind...

SPECIFIC QUESTIONS/CONCERNS AND REFERENCES FOLLOW:

SECTION I -- INTRODUCTION AND INFORMATION

- 1.1 Purpose -- Suggest it is more appropriate to capitalize and set off with italics "Yachting Capital of the World"
- 1.2 Submission -- In order to reach a global market and in recognition of trade publication lead times, I believe that a minimum of 120 days should be allowed for submittals.

SECTION II -- SPECIAL TERMS AND CONDITIONS

- 2.13.1 Minimum Qualifications -- needs to be reworked particularly with regard to subcontractors ("...must have a minimum of five years' experience in marina design and construction and have served as project manager on the development of similar marinas...on a minimum of three prior occasions."). Also, specifying third party management experience excludes those who operate their own marinas and could potentially eliminate qualified operators.
- 2.13.2 Minimum Qualifications -- Government entities preferred for references. There are a limited number of public marinas operated by private companies and most of the leading private marina operators do not necessarily do business with governments. May potentially limit qualified operators.

- 2.13.2 Minimum Qualifications -- The RFP requires submitting budgets, fees and operating results for at least three comparable prior or current management contracts. This is confidential information for most private entities that would need to be kept confidential and otherwise safeguarded. The RFP makes no provision for confidentiality.
- 2.15.1 Local Business Preference -- If an important City objective, why is this not part of the Weighted Criteria list in Section 7.2.2 ?
- 2.28 Contract Period -- Wouldn't the respondent's preferred contract (lease) term be part of his bid ? Otherwise, we may be limiting the amount of potential investment.
- 2.29 Contract Coordinator -- Add "at the City's expense". This project needs to go out for bid to marine development professionals who have had no prior or current financial involvement with the bid process.
- 2.33 Ownership of Work -- Will comment on this in another section.

SECTION III -- MARINA LOCATION AND BACKGROUND INFORMATION

- Background -- Suggest it is more appropriate to capitalize and set off with italics "Yachting Capital of the World".
- Fort Lauderdale International Boat Show -- Suggest eliminating the sketch and enlarging the aerial photo. Add to first sentence "...owned by Marine Industries Association of South Florida (MIASF)..." Also, in third para, last sentence should read "All proposals must take into consideration and accommodate the boat show in a tenable long-term financial agreement (25 years) with renewable options satisfactory to Show Management and MIASF".
- History – Grants and Leases -- More detail is needed with regard to the various grant requirements and potential for the proposer to have to refund any grants. As far as I know, only one grant has the potential to be refunded. Finally, the City, at the top level, needs to be responsible for renegotiating the TIF deed restrictions particularly the

revenue sharing portion. Do we want ten bid respondents harassing Tallahassee ? I understand the State will want to have some idea of what the marina will turn out to be but we can at least carry the process a few steps further and perhaps provide a range of potential fees.

- Potential Future Development & Expansion -- The \$8M CRA commitment to the marina promenade, the construction of a garage and essentially all development inside the bulkhead as City responsibilities are nice incentives and should be highlighted better. The City is passing the buck on seagrass mitigation and should do more in this area rather than leaving this sticky issue up to the respondent.

SECTION IV - TECHNICAL SPECIFICATIONS/SCOPE OF SERVICES (MARINA OPERATIONS)

- 4.1.1 and 4.1.2 Marina Operations -- This is a key section...ambiguous in reference to the "goals...and policies" of the City. What are the true objectives: increased revenues to the City, community use and aesthetics/ambiance, industry sustainability and growth, tenable long-term home for the Fort Lauderdale International Boat Show, overflow beach parking ?
The Mayor described (at the May 27 Fort Lauderdale Forum State of the City Report) the expansion as "...needed to stay ahead of Marine Industry developments...boats are bigger...this is great timing...have to expand the marina at Las Olas...looking at businesses (Marine Industry) that spin off other businesses (for economic development)".
- 4.20.4 Management qualifications preferred -- operational experience coupled with megayacht contacts would be my preference over Certified Marina Manager and 100T USCG license. While all three are good, operational experience should be mentioned in the preferences.

SECTION V – TECHNICAL SPECIFICATIONS/SCOPE OF SERVICES (MARINA DEVELOPMENT)

- 5.2.1 Ownership -- Ambiguous as to what type of agreement the City is actually seeking: lease ?, management contract ? Most importantly, how can the marina be financed to be properly redeveloped into a world class facility if no security (lease) in the property can held by the successful proposer...understand the upland is owned by the TIF but since the City states they will own the waterside improvements starting at the inception of the lease, perhaps the City can assist in mortgage financing for those proposer improvements.

- 5.3.1 Design Phase -- All improvements immediately become the property of the City and, consequently, non-financeable...see last statement above. How has the City worked around this issue with other privately financed projects ? What was learned at the recent City Commission P 3 workshop ? Have we researched tax free Federal Private Activity Bonds and the proposed tax free Qualified Public Infrastructure Bonds (WSJ 2/3/15) ?

- 5.3.1 B Design -- The first sentence reads "The Successful Proposer shall design a Project that is (sic) incorporates design elements compatible with the existing Las Ola Marina while meeting all applicable building codes." Where are the words, "World Class...Innovative...Creative...Iconic ?

There may well be no significant net gain in linear dockage yet greater utilization of space through reconfiguration of fairways and dockage, i.e. linear, to accommodate a variety of sizes, including more megayachts.

Looking at this paragraph, it would appear as if marina parking is not to be provided within the garage.

ADA requirements are understood, but what LEED requirements apply to marinas particularly since the City is handling the upland development ?

Add "The successful proposal shall incorporate a design that is compatible with the Fort Lauderdale International Boat Show usage to maximize opportunity for the City of Fort Lauderdale and the Fort Lauderdale International Boat Show with guidance through meetings held with the Marine Industries Association of South Florida".

Finally, I do not believe that a world class marina facility should have its office across the street inside a parking garage. I would like to propose a small marina office and reception building adjacent to the marina. The retail/office space in the garage should be marine related goods and services retail space leased to local businesses and managed by the marina operator (to ensure optimal tenant mix for the marina).

- 5.4.1 Construction Phase -- While the successful proposer shall obtain all necessary permits, I believe that a statement should be included here that "The City will attempt in good faith to facilitate the obtaining of permits".

An item of extreme importance to the Boat Show is the statement that construction is "not expected to be more than 24 months". This needs to be amended to a maximum of 11 months...to allow for use by the Boat Show just as the Bellingham dock renovations for Bahia Mar accommodated the Boat Show. Boat Show revenues are reportedly in excess of 5% of total annual revenues; this event normally kicks off the fall and winter seasons for marina revenues.

As a part of the City's negotiations with the Division of State Lands, paragraph 28 of our Submerged Land Lease (SLL) specifying that construction is only permitted between April 15 to November 1 (to avoid manatee season) needs to be renegotiated as it must have been for the SLL portion of Bahia Mar...however, it may not have been necessary due to the small amount of SLL.

Finally, who is responsible for landscaping if, according to Don Morris, the City is responsible for everything upland of the bulkhead line (June 4 MAB meeting) ?

SECTION VI -- SUBMITTAL REQUIREMENTS

- 6.1.5 See earlier comments concerning confidentiality of budgets, fees and operating results for at least three comparable prior or current management contracts (Section 2.13.2 comments). How has this been handled in other City bid situations ?
- 6.1.8 Compensation -- CBRE's fees are excessive for their level of involvement and may be prohibitive to the development as they are all payable up front. Of concern, it does not appear if they have addressed any of the significant permitting, lease or financing issues...in fairness to CBRE, according to Scott Allen of CBRE, the RFP was completed in just 2+ weeks (June 4 MAB meeting) and time was obviously limited for drilling down into some complex issues.

Are there any new or continuing CBRE fees anticipated ?

- 6.2.5 Approach to Scope of Work -- Under Economic Objectives, we need to include "Ensure a tenable/long-term home of the Fort Lauderdale International Boat Show to benefit the marine industry and the direct economic benefits it brings to the City of Fort Lauderdale and Broward County". Also under Economic Opportunities, change "Increase the financial return to the City" to "Increase the financial opportunities to businesses in the City and Broward County by increasing the number and size of boats using the marina thereby increasing the financial return to the City".

The section titled Proposal Additions appears to be exclusively lighting boilerplate for buildings and hardly adds anything to a marina RFP particularly at the conceptual stage when the development shoreside of the bulkhead will be the City's responsibility per Don Morris (June 4 MAB meeting). Perhaps a sentence referencing low level dock lighting suitable for a salt water atmosphere would be more appropriate.

Finally, it looks as if three different people wrote this section: an accountant, a planner and an electrician. The two explanatory paragraphs are good but someone needs to review this section and ensure the objective of the RFP are prioritized, coordinated and

clearly emphasize the desire for a world class facility (with examples of ancillary services) addressing a global marketplace with over 1500 megayachts already visiting the area annually (see MIA SF study). This is a highly competitive market and captains and owners have choices.

- 6.2.9 On-Going Capital Improvement Costs -- The 3% of gross revenue contribution could be a great improvement over the present system provided it is properly allocated for capital improvements recommended by the tenant or the Marine Advisory Board (MAB), approved by the MAB and with unused amounts returned to the tenant at the end of the lease period. Is this a standard City lease requirement ?
- 6.2.10 Marketing Plan -- The MIA SF, Boat Show and the MAB can all assist and this needs to be mentioned.
- 6.2.14 Minimum Financial Returns and Non-Financial Returns to the City -- Minimum Base Rent of \$1M plus a Percentage Rent of 12% for marina operations and 4% for the ship's store or any other marina related sales is likely prohibitive during and after redevelopment...

SECTION VII -- EVALUATION AND AWARD

- 7.1.2 Evaluation of Proposals -- The Evaluation Committee should include representatives of MIA SF, the MAB and Show Management, the Boat Show producer.
- 7.2.2 Weighted Criteria -- Appears to be very unorthodox and the scoring weighting doesn't seem to match the City's priorities and stated ambitions for this key part of the RFP. Specifically:
 - Energy savings, including report, is weighted at 20%...not relevant, at least to that extent, to marinas. This is applicable to building projects. See additional comments under 6.2.5 Proposed Additions
 - Warranty Documentation is weighted at 10 % Is this really relevant at this point ? Again, why so heavily weighted...standard boilerplate ?
 - Qualifications weighted at an astounding 10% should be increased significantly at the expense of the items above. It is in the City's best interests to find the most qualified partner above all else.

- Project Cost is weighted at 30%. I am not even sure what this even means...will the bid be awarded to the cheapest or the highest dollar amount here. I assume we are talking about contribution to marina capital improvements. Also, the most expensive project may not necessarily mean it is the best.
- There is no weighting of the project's ability to meet the City's objectives (which are ambiguous). This particular criteria should be second only to qualifications, yet it is entirely absent.
- The RFP discusses preference for local companies yet no weighting is included in the weighting criteria
- Finally, rent payments are also not included in the criteria, only Total Project Cost ???

SECTION VIII -- COST PROPOSAL PAGE

- Asks for "Cost to the City". This page needs to be rewritten to reflect the City's request for proposer's marina capital improvement expenditures and rent payments

RE: City of Fort Lauderdale Las Olas Docks RFP

To: Fort Lauderdale City Commission

From: St.George Guardabassi, Marine Advisory Board member

Date: June 8, 2015

Having reviewed the RFP that was presented at last week's M.A.B. June meeting, I have several questions and comments.

1. The scope of the RFP provides only limited directions to the proposers as to the scope of the project other than to suggest the city is seeking additional dockage. It would seem that additional direction should be provided to define the goals for the project.
2. Exclusivity: Paragraph 2.9 states that city may secure similar or identical services from other Proposer at the City's sole option. Does this mean that the city would allow other Proposer's or vendors to provide the same site? I would assume that this means the City may seek the same service at other city docks, not the Las Olas Marina, if so it should state that.
3. Proposed Security: paragraph 2.19 indicates that the Proposer shall provide a security deposit of 5%. 5% of what, the estimated lease value, estimated gross income? Using the figure provided in the bid package to estimate the commission indicates the security deposit may be more than \$1 million which seems unrealistically high.
4. Paragraph 2.8. I believe the contract period should be provided. In order to make a project of this nature viable the contract period will need to be 50 years or more to allow the Proposer to obtain financing.
5. Upland lease restrictions. There is a precedent to lease to third party private business operators at the Las Olas Marina location. In 1984 the city signed an annual lease with North American Cruise for a ticket booth for a lunch and dinner excursion vessel that was located at the north end of the docks along Las Olas Circle. The ticket booth was located on the dock over the water thus avoiding the lease restriction. The lease was unanimously approved by the City Commission.

One of the prospective designs submitted to the city indicated the possible removal of a portion of the upland area to accommodate additional dockage. If that design were utilized it might allow the construction of dock offices and other buildings on top of the docks themselves to circumvent the lease restrictions with the state.

6. Paragraph 4.1.2. Will fuel docks permitted at this site?
7. Paragraph 5.3.1. The RFP should state the minimum amount of additional dockage the city is seeking for this site. I recommend 2,000 lineal feet more.
8. Compensation: Paragraph 6.1.8. As a 28+ year commercial real estate veteran I was interested to review this paragraph. The fixed \$300,000 fee to be paid by the Proposer is unusual for what is essentially a plain real estate lease in addition to a 3.5% commission. Standard practice is to pay a commission with 50% due upon lease execution and the second half due upon occupancy. Is the 3.5% to be split with outside brokers? Standard practice for a transaction of this value is 3.5% to 4% split 50/50 with an outside broker. If there is no outside broker then the fee is typically reduced to 1.5% to 2%.
9. I am hopeful that the City receives numerous proposals as a result of this RFP and that a project is successfully constructed that will add additional docks and help the City Maintain its billing as the yachting capital of the world.