



MIAMI BEACH

CAPITAL IMPROVEMENT PROJECTS OFFICE

LETTER TO COMMISSION

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CITY CLERK'S OFFICE

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: February 13, 2014

SUBJECT: Negotiations Pursuant to RFQ No. 251-2013TC - Neighborhood No. 13: Palm & Hibiscus Islands Right-of-Way Infrastructure Improvement Project

The purpose of this letter is to notify you that the City is terminating negotiations with the top-ranked Design Build firm, Lanzo Construction Co. Florida (Lanzo), for the Design Build Services for the Project. Administration will commence negotiations with the second ranked firm pursuant to Resolution Number 2013-28251.

On July 17, 2013, the City administration was authorized by the Mayor and City Commission to enter into negotiations with the top-ranked Design Build firm, Lanzo, pursuant to Request for Qualifications (RFQ) No. 251-2013TC for Design-Build services for Neighborhood No. 13: Palm & Hibiscus Islands Right-of-Way Infrastructure Improvement Project (the Project). Should the Administration not be able to successfully negotiate an agreement with the top-ranked firm, the Administration was authorized to negotiate with the second-ranked firm and subsequently, negotiate with the third ranked firm if the negotiation with the second-ranked firm would be unsuccessful.

The Phase 1- Design Build scope of services, currently under negotiation, includes the following:

- Planning Phase - verification of information included in the plans, specification and reference material provided in the Design Criteria Package.
- Design Phase - includes the development of the 30% plans and specifications included in the Design Criteria Documents (does not include design of the utility undergrounding).
- Permitting Phase - all required permits
- Additional Services: Utility Conflict locates/verification & Utility Undergrounding coordination

These negotiations do not include Bid/Award Phase, Construction Administration Phase or Project Closeout Phase (as compared to a typical Design-Bid-Build project).

On October 21, 2013, staff rejected Lanzo's initial \$1,273,522 fee proposal to provide for the Phase 1- Pre-Construction and Design services. Subsequently, on January 8, 2014, staff rejected Lanzo's second fee proposal of \$1,188,490. After review of Lanzo's third and final fee proposal of \$997,448, dated January 17, 2014, the City has determined that their proposed fee still exceeds the City's fee expectation.

The analysis of the fee proposals was based on a detailed review of the scope of services, the professional rates and number of hours assigned to each task, which should be commensurate to the required effort in providing the required scope of services.

As a guideline, using an estimated construction cost of \$11,000,000, the proposed fees range from approximately 11.6% to 9.1%. The industry standard for the above listed services may warrant a fee of 4% to 5% of the estimated construction cost (specifically since the Construction Administration fee will be submitted with Phase 2 proposal as per the contract requirements).

MT/DM/MER



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City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

CAPITAL IMPROVEMENTS PROJECTS OFFICE
Tel: (305)673-7071 , Fax: (305) 673-7073

Via Certified Mail No. 7012-2210-0002-6925-9716

February 11, 2014

Mr. Michael R. Bone, Vice President
Lanzo Construction Company, FL
125 SE 5th Court
Deerfield Beach, Florida, 33441

Negotiations Pursuant to RFQ No. 251-2013TC-
Neighborhood No. 13: Palm & Hibiscus Islands
Right-of-Way Infrastructure Improvement Project

Dear Mr. Bone,

On July 17th, 2013, the City administration was authorized by the Mayor and City Commission to enter into negotiations with the top-ranked Design Build firm, Lanzo Construction Co. Florida pursuant to Request for Qualifications (RFQ) No. 251-2013TC for Design-Build services for Neighborhood No. 13: Palm & Hibiscus Islands Right-of-Way Infrastructure Improvement Project (the Project). Should the Administration not be able to successfully negotiate an agreement with the top-ranked firm, the Administration was authorized to negotiate with the second-ranked and subsequently, negotiate with the third ranked firm if the negotiation with the second-ranked firm would be unsuccessful.

After review of Lanzo's third and final fee proposal dated January 17th, 2014, with a proposed fee of \$997,448, the negotiation team has determined that your proposed fee exceeds the City's fee expectation.

The purpose of this letter is to notify Lanzo (top-ranked firm) that the City is terminating negotiations for the Design Build Services for the Project. The City will commence negotiations with the second ranked firm pursuant to Resolution Number 2013-28251.

We regret that we were unable to come to an agreement regarding an acceptable fee and appreciate your interest in doing business with the City of Miami Beach.

Sincerely,

David Martinez, PE
CIP Director

Cc: Mr. Jimmy L. Morales, City Manager
Mr. Mark Taxis, Assistant City Manager
Mr. Jose Smith, City Attorney
Mr. Rafael Granado, City Clerk
Mr. Alex Denis, Procurement Director
Ms. Matilde E. Reyes, Senior Capital Projects Coordinator
Mr. Thomas Brzeinski, Executive Vice President – Wade Trim

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We are committed to providing excellent public service and safety to all who live, work, and play in our vibrant, tropical, historic community.