

**Regular Meeting**

**Agenda Item:** 56

**Office:** County Auditor

**Question:** The Technical Services Agreement (TSA) with Omni includes a payment schedule based upon calendar months. In the first two months of the agreement, \$200,000, or half of the full cost of work will be paid, yet work will likely continue until July 2020, the current projected date for 100% Construction Documents for the Headquarters Hotel. The majority of County agreements executed for consultant related services include payments that are tied to the submission of deliverables, which are tied to a project schedule.

1. Please explain why payments for services described in the TSA are not tied to any of the deliverables described in the Scope of Work.
2. Please explain why the full amount of compensation is scheduled to occur before all final deliverables are to be submitted (month 14, approximately March 2020).
3. Please explain the intended approach to payments, should any delays in completion of contract documents occur by MSW, extending the actual timeline for planned work beyond July 2020.
4. Please clarify if reimbursable expenses (i.e. travel) related to services in this agreement are planned. If so, what maximum not to exceed amount is established?

**Answer:**

Question 1: Please explain why payments for services described in the TSA are not tied to any of the deliverables described in the Scope of Work.

Response 1: The payments in the Technical Services Agreement (DZ) are generally tied to the deliverables.

The primary deliverables for Omni Hotels and Resorts (Omni) include:

- a) Provide input to assist Contract Administrator and Developer in the creation of the Design Documents and shall make recommendations for improvement;
- b) Review construction cost estimates and provide guidance where cost estimates exceed the proposed budgets; and
- c) Provide technical assistance and advice on interior design and decoration; kitchen, bar, laundry and valet equipment; management information systems; back of house equipment and operating supplies.

These deliverables are provided throughout the design process, with the majority being provided during the schematic and design development/final design documents phases. The majority of payments coincide with these two design phases.

It should be noted that Omni's deliverables are mostly related to providing input on the deliverables of others. Omni is not involved in making design decisions. They are simply looking to ensure that whatever our design team comes up with is consistent with Omni's brand standards.

## **Pre-Board Meeting Inquiry Report for 01/08/2019**

Question 2: Please explain why the full amount of compensation is scheduled to occur before all final deliverables are to be submitted (month 14, approximately March 2020).

Response 2: a) As outlined in the agenda report, Omni negotiates all of its agreements up front, including technical services, pre-opening, management, operating and maintenance, room block etc. This is an industry standard practice. In recognition of the fact that schematic design has already started and Omni's input is needed during this process, Omni has for the first time agreed to bifurcate the negotiation process and accommodate this separate technical services agreement. As a show of good faith, the County has agreed to upfront the payments in the first two months of the proposed agreement for the schematic design services phase. To better align the remaining services with the payment schedule, there will be no payments for the subsequent two months. Payments will continue when the next design phase is expected to commence.

b) As explained in the previous question response, the majority of deliverables are to be provided during the first two phases of design, which are scheduled to be completed by October 2019. Most of Omni's input beyond that point will be on interior design issues. That input will continue throughout the development of the project, lasting well past the TSA term of August 2020 until the opening of the hotel in 2023.

c) Negotiations for the final management agreement with Omni are expected to be concluded by April 2019. We will know well in advance of the completion of the payment schedule of this TSA if our partnership with Omni is not going to move forward, and we can terminate the TSA for convenience if necessary. Absent that, and as just mentioned in #2, work by Omni will continue throughout the development of the hotel. This is standard practice for the hotel industry. Hotel flags often times provide services not specified in their TSA/Management agreements because they know the work needs to be done for the project to be successful. The hotel flag has a vested interest in the success of the project beyond the fees they will generate from the operation of our hotel. This includes the quality and integrity of their brand, general market share, a presence in South Florida and a robust convention center hotel inventory to compete in the meeting planner arena.

Question 3: Please explain the intended approach to payments, should any delays in completion of contract documents occur by MSW, extending the actual timeline for planned work beyond July 2020.

Response 3: Based on the information previously provided, we currently do not plan on making any changes to the payment schedule. While the payments currently end after the fourteenth (14th) month of the agreement, the TSA continues for another 6 months. Omni is obligated to continue providing its services during this time.

Question 4: Please clarify if reimbursable expenses (i.e. travel) related to services in this agreement are planned. If so, what maximum not to exceed amount is established?

Response 4: The agreement does not provide for separate reimbursable expenses. As stated in Section 2 of Exhibit A, Scope of Services, "It is anticipated that the bulk of the Services will be performed at the Manager's or Developer's headquarter's offices in Dallas, Texas." Any travel expenses otherwise incurred by Omni are their responsibility.

**Department/Office:** County Administration





**Pre-Board Meeting Inquiry Report  
for 01/08/2019**

**Public Hearing**