



Broward County

Legislation Details (With Text)

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Status: Agenda Ready

In control: PORT EVERGLADES DEPARTMENT

On agenda: 3/14/2023 **Final action:** 3/14/2023

Title: MOTION TO WAIVE competitive selection requirements of Section 32.4.h of the Broward County Administrative Code for a Marine Terminal Lease and Operating Agreement pursuant to Section 32.10 of the Broward County Administrative Code, finding that there is good cause for the Port Everglades Chief Executive & Port Director to negotiate a new Marine Terminal Lease and Operating Agreement with Mediterranean Shipping Company, S.A., to be brought back to the Board for approval.

Sponsors:

Indexes: Established Commission Goals

Code sections:

Attachments: 1. Exhibit 1 - Map, 2. Exhibit 2 - New Lease Request

Date	Ver.	Action By	Action	Result
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Broward County Commission Regular Meeting

Director's Name: Jonathan Daniels

Department: Port Everglades

Division: Business Development

Information

Requested Action

MOTION TO WAIVE competitive selection requirements of Section 32.4.h of the Broward County Administrative Code for a Marine Terminal Lease and Operating Agreement pursuant to Section 32.10 of the Broward County Administrative Code, finding that there is good cause for the Port Everglades Chief Executive & Port Director to negotiate a new Marine Terminal Lease and Operating Agreement with Mediterranean Shipping Company, S.A., to be brought back to the Board for approval.

Why Action is Necessary

Pursuant to Section 32.10 of the Broward County Administrative Code ("Administrative Code"), a finding of good cause by the Broward County Board of County Commissioners ("Board") is required to waive the competitive selection requirements for a Marine Terminal Lease and Operating Agreement found in Section 32.4.h of the Administrative Code.

What Action Accomplishes

Waives the competitive selection requirements of Section 32.4.h of the Administrative Code for a Marine Terminal Lease and Operating Agreement pursuant to Section 32.10 of the Administrative Code, finding that there is good cause for the Port Everglades Chief Executive & Port Director to negotiate a new Marine Terminal Lease and Operating Agreement with Mediterranean Shipping Company, S.A., to be brought back to the Board for approval.

Is this Action Goal Related

Yes

Previous Action Taken

None

Summary Explanation/Background

THE PORT EVERGLADES DEPARTMENT RECOMMENDS APPROVAL.

This action supports the Board's Value of "Ensuring economic opportunities for Broward's diverse population and businesses" and the Goal to "Increase the economic strength and impact of revenue-generating County enterprises balancing economic, environmental, and community needs."

Mediterranean Shipping Company, S.A. ("MSC") has operated a 39.18-acre marine terminal since 2004 in the Southport area of Port Everglades (see Exhibit 1) under a Marine Terminal Lease and Operating Agreement ("Agreement"), approved by the Board on June 22, 2004 (Item No.14-PH), with subsequent amendments approved by the Board on December 11, 2007 (Item No. 9-PH), February 9, 2010 (Item No. 1-PH), January 10, 2012 (Item No. 5-PH), and August 12, 2014 (Item No. 4-PH). The Agreement expires on October 31, 2024.

On September 20, 2022, Port staff received a letter from Terminal Investment Limited Sarl ("TiL") requesting a new lease agreement on behalf of MSC (see Exhibit 2). TiL was founded to secure container terminal capacity in the major ports called by its majority owner and main client, MSC. TiL is the sole owner of Container Marine Terminal, LLC, TiL's U.S. shareholding company, which is the sole owner of Everglades Company Terminal, Inc. ("ECT"). MSC has indicated that any new agreement that may result from the negotiations, if this item is approved, would be with ECT.

Consideration of a new Marine Terminal Lease and Operating Agreement with MSC is consistent with the latest Port Everglades Master/Vision Plan Update approved by the Board on June 16, 2020 (Item No. 70). During the last ten Fiscal Years, MSC accounted for the movement of more than 1.6 million Twenty-foot Equivalent Units ("TEU") in containerized cargo and over \$65 million in revenue at Port Everglades. MSC has operated several services connecting the Caribbean, Latin America, Europe, the Mediterranean, and the Far East to Port Everglades using some of the largest container vessels to call the Port. These services enhance the Port's value proposition to its stakeholders. In the Fiscal Year 2022, MSC's TEU throughput grew approximately 51% compared to Fiscal Year 2021, on top of a 30% increase between Fiscal Year 2020 and Fiscal Year 2021.

The waiver of the competitive selection requirements and authorization to conduct negotiations with MSC will allow Port Everglades staff to obtain additional details on MSC's short and long-term plans for the terminal and to negotiate a new Marine Terminal Lease and Operating Agreement. Port Everglades staff will present any new Marine Terminal Lease and Operating Agreement resulting from those negotiations to the Board for approval.

Source of Additional Information

Jonathan T Daniels, Chief Executive & Port Director, Port Everglades Department, (954) 468-3516
Jorge Hernández, Director, Business Development, Port Everglades Department, (954) 468-3501

Fiscal Impact

Fiscal Impact/Cost Summary

There is no fiscal impact associated with this action. However, successfully completing the Marine Terminal Lease and Operating Agreement negotiations with MSC will result in additional revenue to the Port from the land lease based on current land values and preserve the existing and future cargo wharfage and marine revenue from MSC's operations at Port Everglades.