



# Broward County

## Legislation Text

---

File #: 22-1276, Version: 1

---

### **Broward County Commission Regular Meeting**

**Director's Name:** Jonathan Daniels

**Department:** Port Everglades

**Division:** Business Development

### **Information**

#### **Requested Action**

**MOTION TO CONSIDER** adoption of a Resolution Amending the Administrative Code, the title of which is as follows:

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF BROWARD COUNTY, FLORIDA, PERTAINING TO PORT EVERGLADES FOREIGN-TRADE ZONE ("FTZ") NO. 25, TARIFF NO. 4 ("TARIFF"); RENAMING PART IV OF CHAPTER 42 AND SECTION 42.29, BOTH TITLED "TARIFF NO. 4, FOREIGN TRADE ZONE NO. 25," OF THE BROWARD COUNTY ADMINISTRATIVE CODE ("ADMINISTRATIVE CODE"), TO "TARIFF NO. 5, FOREIGN-TRADE ZONE NO. 25"; REPEALING AND REPLACING TARIFF NO. 4, FOREIGN TRADE ZONE NO. 25, ATTACHED AS EXHIBIT 42.B AND INCORPORATED IN SECTION 42.29 OF THE ADMINISTRATIVE CODE, WITH TARIFF NO. 5, FOREIGN-TRADE ZONE NO. 25, AS ATTACHED, WHICH AUTHORIZES THE CHIEF EXECUTIVE AND PORT DIRECTOR TO EXECUTE FTZ AGREEMENTS THAT DO NOT EXCEED FIVE YEARS AND TO SUBMIT APPLICATIONS FOR MINOR BOUNDARY MODIFICATIONS TO THE FTZ BOARD, ADDS A NEW FTZ USER APPLICATION FEE, AND PROVIDES FOR GENERAL UPDATES TO TARIFF TEXT; AND PROVIDING FOR SEVERABILITY, INCLUSION IN THE ADMINISTRATIVE CODE, AND AN EFFECTIVE DATE.

#### **Why Action is Necessary**

The Broward County Board of County Commissioners must approve all changes to the Administrative Code and Foreign-Trade Zone No. 25's Tariff.

#### **What Action Accomplishes**

Authorizes changes to the Broward County Administrative Code and Foreign-Trade Zone No. 25's Tariff.

#### **Is this Action Goal Related**

Yes

#### **Previous Action Taken**

The Broward County Board of County Commissioners approved the Request to Set Public Hearing on August 25, 2022 (Item No. 20).

#### **Summary Explanation/Background**

## THE PORT EVERGLADES DEPARTMENT RECOMMENDS APPROVAL.

This action supports the Broward County Board of County Commissioners' ("Board") 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."

The Board is the Grantee of Foreign-Trade Zone ("FTZ") No. 25 as designated by the FTZ Board. Tariff No. 4 provides the rules, regulations, and fees governing the use of the facilities and services at FTZ No. 25.

On February 20, 1996 (Item No. 43), the Board approved Tariff No. 4, which succeeded Tariff No. 3. The most recent amendment to Tariff No. 4 was approved by the Board on October 23, 2018 (Item No. 31).

The proposed Resolution would approve a new Tariff No. 5 to replace Tariff No. 4 in its entirety to implement two significant changes to FTZ No. 25's regulatory framework and operational profile. First, on June 13, 2017 (Item No. 23), the Board authorized the Port Everglades Department Chief Executive/Port Director to execute and submit to the FTZ Board an Application for Reorganization of FTZ No. 25 under the Alternative Site Framework ("ASF"). The ASF is the FTZ Board's recommended regulatory framework, modernized in 2013, and allows for the most efficient designation of desirable Broward County sites for FTZ use, as Applications for Minor Boundary Modifications are now processed at the FTZ Board's administrative staff level. Second, on January 24, 2017 (Item No. 37), the Board approved the Lease Agreement between Broward County and CenterPoint Port Everglades LLC, successor in interest to Port Everglades International Logistics Center, LLC. The long-term lease was for the design, construction, financing, operation, and maintenance of a logistics center at Port Everglades ("PE-ILC") meant to replace the on-port-and County-owned-FTZ warehousing complex across the street. The privately owned PE-ILC began operations in July 2020, and is currently fully leased. All FTZ tenants in the on-port FTZ warehousing complex were relocated: one moved to the PE-ILC, three moved to FTZ-designated sites within Broward County (but outside of Port Everglades), and one opted to discontinue the FTZ program. Currently, the Managing General Contractor for the Port Everglades Southport Turning Notch Expansion and Southport Crane Infrastructure Improvements projects is in the process of demolishing the on-port FTZ warehousing complex. Consequently, FTZ No. 25 does not currently own or have any plans to build County-owned warehouse space for lease.

Significant changes incorporated into Tariff No. 5 from Tariff No. 4 include:

1. The Port Everglades Department Chief Executive and Port Director is authorized, on behalf of the Board, to execute FTZ Agreements provided their duration does not exceed five years. Agreements exceeding five years in duration must be approved by the Board. Currently, the authority extends to a maximum of three years.
2. Consistent with the FTZ Board's current practice of delegating approval of Applications for Minor Boundary Modifications to the administrative staff level, the Chief Executive & Port

Director is authorized to submit applications for Minor Boundary Modifications to the FTZ Board on behalf of the Board. Currently, the Board must approve all applications for Minor Boundary Modifications to the FTZ Board, which significantly extends the time required to designate a new FTZ site, and is inconsistent with the overarching goal of the ASF to expedite the approval process.

3. Sections previously in Tariff No. 4 related to the leasing of County-owned property for FTZ purposes have been deleted or revised since FTZ No. 25 does not currently own or plan to build County-owned warehouse space for lease.
4. A new FTZ User Application Fee of \$7,500 was added. The fee will be charged upon initial application by a prospective FTZ User to offset the increase in setup cost associated with FTZ No. 25's migration to the current inventory control and recordkeeping software approved by the Board on June 5, 2018 (Item No. 35). This fee replaces the \$2,500 Activation Fee that previously applied to new FTZ Users in Tariff No. 4.

As part of the rewriting process, efforts were made to bring the provisions of Tariff No. 5 in concert, wherever possible, with those found in Port Everglades Tariff No. 12, the document governing activities on the docks, warehouses, terminals, and yard areas of Port Everglades.

If approved, new Tariff No. 5 will take effect on October 1, 2022.

The Resolution to Publish Notice of Public Hearing and Notice of Public Hearing from the Request to Set Public Hearing agenda item approved by the Board on August 25, 2022 (Item No. 20), are attached as Exhibit 3 and Exhibit 4.

#### **Source of Additional Information**

Jorge A. Hernández, Director, Business Development Division, Port Everglades Department; (954) 468-3501

#### **Fiscal Impact**

##### **Fiscal Impact/Cost Summary**

Staff expects the new FTZ User Application Fee will increase revenue by up to \$10,000 per year, which will offset the increase in setup costs associated with FTZ No. 25's migration to the current inventory control and recordkeeping software adopted in 2018.