



Broward County

Legislation Text

File #: 22-1328, Version: 1

Broward County Commission Regular Meeting

Director's Name: Jonathan Daniels

Department: Port Everglades

Division: Director's Office

Information

Requested Action

MOTION TO APPROVE ten-year License Agreement between Broward County and MPLX Terminals LLC for Bulk Petroleum Product Pipelines at Port Everglades, with a term beginning retroactively on September 11, 2022, and ending at 11:59 p.m. on September 10, 2032; and authorize the Mayor and Clerk to execute same.

Why Action is Necessary

License Agreements with a term that exceed one year require approval by the Broward County Board of County Commissioners.

What Action Accomplishes

Approves a new License Agreement that replaces the ten-year Bulk Petroleum license agreement between MPLX Terminals LLC and Broward County that expired on September 10, 2022.

Is this Action Goal Related

Yes

Previous Action Taken

None

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."

MPLX Terminals LLC ("MPLX") owns and operates two petroleum storage and distribution terminals within the Port Everglades Jurisdictional Area. This License Agreement pertains to the underground pipelines from the MPLX terminal located on private property within the controlled access area of Port Everglades on Spangler Boulevard, commonly referred to as Marathon Spangler. The MPLX terminal has operated at Port Everglades since the 1940s subject to a series of agreements that provide a licensed area for the installation, maintenance, and operation of bulk petroleum pipelines.

On September 11, 2012 (Item 18), the Board approved a ten-year Pipeline License Agreement

between Broward County and Marathon Petroleum Company LP (“Marathon”) providing a two-foot-wide pipeline corridor, approximately 2,000 feet in length, for the operation and maintenance of an existing petroleum pipeline extending from the TransMontaigne North terminal to the Everglades Pipeline pumping station, both located within Port Everglades. Prior to Marathon’s purchase of this pipeline in 2007, the short section of pipe was used to transfer jet fuel from tanks leased by the Defense Department within the TransMontaigne facility to the Everglades Pipeline for further transmission to Homestead Air Force Base until the line was placed out of service, pending development of a future need.

On April 12, 2016 (Item 5), the Board approved a Consent to Assignment and Transfer of Interest in the License Agreement from Marathon to MPLX.

Since the pipeline has remained inactive since being purchased, MPLX is considering permanently removing the pipeline from service. Retroactive approval of the Agreement is required as MPLX staff delayed their approval while determining if it was practicable to abandon the pipeline prior to expiration of the current License Agreement. Since MPLX determined that additional time would be required to make that decision, this new License Agreement will remain in place until that determination is made by MPLX and provides for its permanent removal from service. The Agreement also allows the County to terminate the Agreement on September 1, 2026, or any time thereafter, upon non-use of the pipeline by MPLX for any continuous period of three years or more.

The License Agreement has been reviewed by the Port Everglades Risk Manager and approved as to form by the Office of the County Attorney. The Agreement is pending final execution by MPLX, and receipt of signature pages will be noted in the Monday Night Memo prior to the Board meeting.

Source of Additional Information

Neil J. Kutchera, Assistant Port Director, Energy and Innovation, Port Everglades Department, (954) 468-3520

Fiscal Impact

Fiscal Impact/Cost Summary

The License Agreement will provide \$15,611 in revenue in the first year and escalate annually by the greater of the increase in the Consumer Price Index or 3% throughout the life of the Agreement.