



Broward County

Legislation Text

File #: 22-1443, Version: 1

Broward County Commission Regular Meeting

Director's Name: Jonathan Daniels

Department: Port Everglades

Division: Business Development

Information

Requested Action

MOTION TO APPROVE Lease Agreement between Broward County and South Florida Materials Corp. to construct, maintain, and use an asphalt turn lane and loading area to support its development of a new bulk petroleum terminal on adjacent private property at Port Everglades, effective retroactive to July 1, 2022, through June 30, 2027; and authorize the Mayor and Clerk to execute same.

Why Action is Necessary

Multi-year lease agreements require Broward County Board of County Commissioners' approval.

What Action Accomplishes

Approves a new five-year Lease Agreement between Broward County and South Florida Materials Corp. to construct, maintain, and use an asphalt turn lane and loading area to support its development of a new bulk petroleum terminal on adjacent private property at Port Everglades.

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."

On March 9, 2021 (Item No. 10), the Board approved a License Agreement between Broward County and South Florida Materials Corp. ("SFM") for new bulk petroleum product pipelines to connect SFM's new stand-alone petroleum terminal to the petroleum tanker berths and the Everglades Pipe Line Company L.P. pumping station within Port Everglades. The new petroleum terminal is located on a privately-owned six-acre parcel in the Northport area of Port Everglades (see Exhibit 2), and SFM expects it to enter service by the end of 2022. When entirely built out, the terminal will include approximately 800,000 barrels (33.6 million gallons) of petroleum storage capacity, truck loading

racks, and connectivity to the common-carrier pipeline, Everglades Pipeline Company, L.P., servicing both Fort Lauderdale-Hollywood International Airport and Miami International Airport. SFM is constructing the terminal to the most current regulations and industry standards, including double-bottomed tanks, double-walled underground piping, and advanced fire suppression systems. The new terminal facility will significantly increase Port Everglades' overall storage capacity for jet fuel. The additional receiving, storage, and distribution capacity can support the projected future growth of airports within Port Everglades' twelve-county fuel distribution area.

As part of the terminal construction project, SFM made improvements on County property along Southeast 26th Street at an approximate cost of \$170,000, including installing new storm drainage infrastructure and upgrading existing storm drainage infrastructure. These improvements are consistent with the roadway and drainage improvements planned by the Port for the same corridor, saving the Port the time and cost of this additional work in the future.

The total land area covered by the lease is 5,323 square feet, which consists of 4,843 square feet for a turn lane off Southeast 26th Street into the SFM facility and 480 square feet for an SFM operations building loading area. The loading area will be used to access the facility's fire protection system for maintenance.

Section 32.6 of the Broward County Administrative Code provides that rental rates for land shall be established based on an appraisal of the land or similarly situated or like land conducted within the prior five years, but also provides that nothing in the rental rate schedule shall preclude the Board from authorizing the Port Everglades Department to pursue negotiations of rentals at either higher or lower rates under circumstances which appear to render such negotiations advisable and desirable, due to such things as location, appearance or adaptability of the property involved for the contemplated use, as well as the term of the lease and lessee capital contributions.

A recent appraisal of similar land in Port Everglades established a \$3.85 per square foot rental rate. Since SFM made drainage improvements to Southeast 26th Street that otherwise would have been included in the County project, the lease only includes the payment of rent on the 480 square foot loading area and not the 4,843 square foot turn lane. In addition to avoiding the County cost for the drainage improvements, the addition of the turn lane for queueing trucks entering the facility will reduce the potential for trucks backing up on Southeast 26th Street and Eisenhower Boulevard, adversely impacting other Port operations. The rent will increase annually at the greater of the Consumer Price Index for All Urban Consumers - United States City Average - All Items ("CPI") or by 3%. Instead of aligning with the License Agreement expiration in March 2031, the shorter lease term of five years is intended to provide the Port an earlier opportunity to reevaluate the lease terms.

The Lease Agreement has been reviewed and approved as to form by the Office of the County Attorney.

Source of Additional Information

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

Josh Miller, Property Manager, Business Development Division, Port Everglades Department, (954) 468-3518

Fiscal Impact

Fiscal Impact/Cost Summary

The Port Everglades Department will realize \$9,240 plus CPI increases in rental revenue through the term of the Lease Agreement.