



Broward County

Legislation Details (With Text)

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Status: Agenda Ready

In control: PORT EVERGLADES DEPARTMENT

On agenda: 3/9/2021 **Final action:** 3/9/2021

Title: MOTION TO WAIVE competitive selection requirements for Marine Terminal Leases pursuant to Section 32.10 of the Broward County Administrative Code, and authorize the Port Everglades Chief Executive & Port Director to negotiate a new Marine Terminal Lease Agreement with Lehigh Hansen Cement South LLC, to be brought to the Board for approval.

Sponsors:

Indexes: Established Commission Goals

Code sections:

Attachments: 1. Exhibit 1 - Map, 2. Exhibit 2 - Lehigh Lease Extension Proposal

| 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 Administration

Information

Requested Action

MOTION TO WAIVE competitive selection requirements for Marine Terminal Leases pursuant to Section 32.10 of the Broward County Administrative Code, and authorize the Port Everglades Chief Executive & Port Director to negotiate a new Marine Terminal Lease Agreement with Lehigh Hansen Cement South LLC, to be brought to the Board for approval.

Why Action is Necessary

Broward County Board of County Commissioners' approval is required to waive the Broward County Administrative Code's competitive selection requirements in Section 32.10.

What Action Accomplishes

Waives the Broward County Administrative Code's competitive selection requirements for a Marine Terminal Lease and authorizes the Port Everglades Chief Executive & Port Director to enter into negotiations with Lehigh Hansen Cement South LLC for a new lease.

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 Goal to "Increase the economic strength and impact of revenue-generating County enterprises balancing economic, environmental, and community needs."

Lehigh Hanson Cement South LLC ("Lehigh"), f/k/a Continental Florida Materials, Inc., has been operating on 4.91 acres of land, located in the Midport area of Port Everglades, since November 1981 (see Exhibit 1). On June 5, 2012 (Item No. 32), the Board approved a waiver of the competitive selection requirements to allow for the negotiation of a new lease. On March 12, 2013 (Item No. 6-PH), the Board approved the current Marine Terminal Lease ("Agreement") for a ten-year term through February 28, 2023.

On October 6, 2020, Port staff received a lease agreement extension proposal from Lehigh (see Exhibit 2). While the current lease does not expire until 2023, Lehigh requested early consideration of a lease extension to allow for their investment of approximately \$16 million for new ship unloading equipment, pier structural improvements, and other leasehold infrastructure modifications to improve efficiency, increase throughput capacity, and reduce the terminal's environmental impact at Port Everglades. Since Lehigh wants to make these capital investments before the existing lease expiration, Lehigh is requesting consideration of a 20-year lease extension now to allow them to complete the planned improvements before 2023, and amortize their capital investment.

Consideration of an extension of the current lease agreement is consistent with the Port Everglades Master/Vision Plan 2018 Update approved by the Board on June 16, 2020 (Item No. 70), which contemplates using this leasehold for dry-bulk cargoes through the year 2038. Lehigh has exceeded its minimum dry bulk cargo wharfage guarantee obligations every year between Fiscal Year 2011 and Fiscal Year 2020, resulting in 77% more cargo throughput than guaranteed and approximately \$4.6 million in additional wharfage and dockage revenue over the same period. Lehigh's marine terminal activities at Port Everglades generated \$2,274,717 in revenue in Fiscal Year 2020.

The waiver of the competitive selection requirements and authorization to conduct negotiations with Lehigh will allow Port Everglades staff to obtain additional details on Lehigh's short and long term plans for the terminal and negotiate a lease. Port Everglades staff will present the new agreement to the Board for its approval upon successful completion of negotiations.

Source of Additional Information

Jorge Hernandez, Director, Business Administration, Port Everglades Department, (954) 468-3501
Glenn A. Wiltshire, Deputy Port Director, Port Everglades Department, (954) 468-3504

Fiscal Impact

Fiscal Impact/Cost Summary

There is no fiscal impact associated with this action. However, successful completion of the marine terminal lease negotiations 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 Lehigh's operations at Port Everglades.