



Broward County

Legislation Text

File #: 21-735, Version: 1

Broward County Commission Regular Meeting

Director's Name: Jonathan Daniels

Department: Port Everglades

Division: Business Administration

Information

Requested Action

MOTION TO APPROVE Lease Agreement between Broward County, as landlord, and Seabulk Towing, Inc., as tenant, for 28,818 square feet of office space in Building 27, 9,940 square feet of warehouse space in Building 27, and adjacent surface parking area, all located at 2200 Eller Drive in Port Everglades, with a term commencing on July 1, 2021, and ending on December 31, 2023; and authorize the Mayor and Clerk to execute same.

Why Action is Necessary

Lease Agreements require approval by the Broward County Board of County Commissioners.

What Action Accomplishes

Approves a Lease Agreement between Broward County, as landlord, and Seabulk Towing, Inc., as tenant, for 28,818 square feet of office space in Building 27, 9,940 square feet of warehouse space in Building 27, and adjacent surface parking area.

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 April 27, 2010 (Item No. 7), the Board approved a five-year lease agreement between the County, as landlord, and Seabulk Towing, Inc. ("Seabulk"), as tenant, for 28,818 square feet of office space in Building 27 and 9,940 square feet of warehouse space in Building 27, located at 2200 Eller Drive in Port Everglades (see Exhibit 2), with a term commencing on May 1, 2010, and ending on April 30, 2015. On January 13, 2015 (Item No. 1), the Board approved a First Amendment to the Lease Agreement, adding the adjacent surface parking area to the premises, and extending the term for five years through April 30, 2020. Although the lease agreement expired on April 30, 2020, Seabulk

remained on the property with the County's consent, thereby creating a month-to-month tenancy while a new lease was negotiated. The new lease (see Exhibit 1) is for the same 28,818 square feet of office space in Building 27, 9,940 square feet of warehouse space in Building 27, and the adjacent surface parking area. Building 27 has served as Seabulk's parent company, Seacor Holdings Inc., corporate headquarters since 2005, and houses Seabulk's tugboat operations at Port Everglades. Approximately 115 people work at the premises.

Negotiation meetings for the new lease were held between Seabulk and Port Everglades staff on January 28, 2021, and March 18, 2021. The primary business terms of the new lease are as follows:

- The monthly rent for the first year of the lease is \$84,884, a decrease of 14.3% from the previous lease. The new negotiated lease rate for warehouse space will increase from \$13.70 per square foot ("PSF") to \$15.50 PSF. The new negotiated lease rate for office space will decrease from \$36.53 PSF to \$30.00 PSF. Two factors affected the decrease in rent for the office space: the appraised value of the property per independent appraisals commissioned by both the County and Seabulk; and Seabulk's assumption of additional maintenance responsibilities, as detailed below. The rent will be increased annually by the greater of the Consumer Price Index or 3%.
- Seabulk will take over additional routine maintenance responsibilities for the premises, including maintenance of the elevator, fire safety system, auxiliary generator, and the heating, ventilating, and air conditioning system (collectively, the "Systems"). Seabulk will be responsible for funding and maintaining service contracts for the Systems. The contracts must be approved by the Port and meet minimum standards as defined in the lease.
- The County will remain responsible for the roof, exterior walls, and underground utilities providing services to the premises.
- Seabulk will be eligible for a credit against the monthly rent if any of the Systems need to be replaced due to normal wear and tear, the necessity for repair or replacement is not a result of Seabulk's failure to maintain the equipment, and if the cost of the work per project/replacement exceeds a threshold amount for each system type as defined in the lease. Any request for a credit for reimbursable improvement expenses must be pre-approved by the Port, accompanied by at least three quotes for such project/replacement, include proof of maintenance in accordance with the standards set forth in the lease, and include proof of payment.
- Port shall provide Seabulk with proximity cards for access to parking of up to ten vehicles at any given time at the Midport Garage. Such cards may only be used by Seabulk's tugboat crew members.

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 Administration Division, Port Everglades Department, (954) 468-3501

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

Fiscal Impact

Fiscal Impact/Cost Summary

The Port Everglades Department will realize approximately \$2,757,800 in rental revenue over the lease's 30-month term, including projected 3% increases.