



Broward County

Legislation Text

File #: 22-1679, Version: 1

Broward County Commission Regular Meeting

Director's Name: Jonathan Daniels

Department: Port Everglades

Division: Business Development

Information

Requested Action

A. MOTION TO WAIVE competitive selection requirements set forth in Section 32.4(h) of the Broward County Administrative Code in accordance with Section 32.10 of the Broward County Administrative Code to enter into a Marine Terminal Lease and Operating Agreement with Sol Shipping Services, Inc., for approximately 7.0 acres of land in the Midport area at Port Everglades, for a five-year term beginning retroactively on November 1, 2022, and ending on October 31, 2027, finding that there is good cause for such waiver.

(Per the Tuesday Agenda Memorandum, Exhibit 1, Page 41 - Header should be labeled Exhibit "D". Signature pages have been received.)

ACTION: (T-10:50 AM) Approved.

VOTE: 7-0. Commissioner Moskowitz was not present.

B. MOTION TO APPROVE Marine Terminal Lease and Operating Agreement between Broward County and Sol Shipping Services, Inc., for approximately 7.0 acres of land in the Midport area at Port Everglades, for a five-year term beginning retroactively on November 1, 2022, and ending on October 31, 2027; and authorize the Mayor and Clerk to execute same.

(Per the Tuesday Agenda Memorandum, Exhibit 1, Page 41 - Header should be labeled Exhibit "D". Signature pages have been received.)

ACTION: (T-10:50 AM) Approved.

VOTE: 7-0. Commissioner Moskowitz was not present.

Why Action is Necessary

A. Board approval is required to waive the competitive selection requirements set forth in Section 32.4(h) of the Broward County Administrative Code in accordance with Section 32.10 of the Broward County Administrative Code to enter into a Marine Terminal Lease and Operating Agreement with Sol Shipping Services, Inc.

B. Marine Terminal Lease and Operating Agreements require approval by the Broward County Board of County Commissioners pursuant to Section 32.4(h) of the Broward County Administrative Code.

What Action Accomplishes

A. Waives the competitive selection requirements set forth in Section 32.4(h) of the Broward County Administrative Code.

B. Approves a Marine Terminal Lease and Operating Agreement between Broward County and Sol Shipping Services, Inc., for approximately 7.0 acres of land in the Midport area 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 September 11, 2012 (Item No. 44), the Board approved a waiver of the competitive selection requirements for Marine Terminal Lease and Operating Agreements pursuant to Section 32.10 of the Broward County Administrative Code and authorized the Port Everglades Chief Executive & Port Director to enter into negotiations with Sol Shipping Services, Inc. ("Sol"), for a Marine Terminal Lease and Operating Agreement. Sol is a Florida corporation based in Pompano Beach, FL which owns and operates refrigerated warehouse facilities. Sol has been shipping perishable cargo through Port Everglades since 1993 and has held a lease since 2012. Their business involves the importing of produce via a seasonal weekly container service. In the offseason from perishables, Sol is handling breakbulk cargo, including cement and marble.

Section 32.4.h. of the Broward County Administrative Code requires a competitive selection process for Marine Terminal Lease and Operating Agreements; however, Section 32.10 authorizes the Board to waive the requirements for good cause. Sol is a long-term port user, tenant, and beneficial cargo owner at Port Everglades. In addition, Sol has met its minimum guarantees every year since becoming a tenant in 2012. Therefore, Port staff recommends approval of a waiver of the competitive selection process.

On December 12, 2017 (Item No. 19), the Board approved the most recent agreement with Sol with a term of five years, retroactive from November 1, 2017, through October 31, 2022 ("2017 Agreement"). In June 2022, representatives from Sol contacted Port staff requesting to enter into a new Marine Terminal Lease and Operating Agreement with Broward County for a new five-year term ("New Agreement"). Representatives from Sol, the Port Everglades Department, and the Office of the County Attorney held sunshined negotiations for the New Agreement on September 23, 2022. The primary business terms of the New Agreement are as follows:

- Provides for a five-year lease term, retroactively from November 1, 2022, through

October 31, 2027.

- The premises will remain approximately 7.0 acres in the Midport area of Port Everglades.
- The annual land rent for the leasehold will increase from \$1.22 per square foot to \$1.32 per square foot for the first year, an increase of 8.2% from the latest land rate in the 2017 Agreement. After the first year, the land rent will increase annually over the term by the greater of CPI or 3%.
- Sol will be charged a bundled rate of \$58.37 per container shipmove, with a Minimum Annual Guarantee ("MAG") of 18,000 shipmoves per year, for containerized cargo moving through Port Everglades. This bundled rate is in lieu of separate charges for dockage, container unit wharfage, and harbormaster fees in the Tariff. The bundled shipmove rate will be adjusted annually over the term by the lesser of CPI or 3%. The new MAG is 12.5% higher than the 16,000 shipmoves in the 2017 Agreement.
- The bundled shipmove rate will be discounted by \$10 per shipmove for all containers moved through the leasehold above the MAG to incentivize cargo throughput at Port Everglades. The same incentive was in the 2017 Agreement.
- Break-bulk cargo will be billed at Tariff rates with a MAG of 40,000 short tons per year. This is a new MAG not included in the 2017 Agreement.
- To reduce air emissions from their operations at the Port, Sol intends to install approximately 320 electrical plugs at their expense at an estimated cost of up to \$500,000 to provide shore power for their refrigerated containers in lieu of using their existing diesel generator sets.
- If Grid No. 3, adjacent to the leasehold, becomes available, the Port Department will notify Sol within 30 days of the land becoming vacant. Sol will have 21 days to respond with interest in negotiating to lease all or part of it.
- Sol and the Port Everglades Chief Executive & Port Director will meet to discuss possibly assigning a berth and container gantry crane(s) on a preferential basis by no later than March 31, 2024. The crane(s) usage will be charged at applicable Tariff rates at the time of use, less a 15% discount.

From November 2017 through August 2022, Sol completed 89,590 container shipmoves through Port Everglades, resulting in total revenue of \$7,233,283. Based on Sol's positive history with the Port, the Port staff recommends approval of the New Agreement.

The New Agreement has been reviewed and approved as to form by the Office of the County Attorney. The New Agreement is pending signature by the authorized representative of Sol, and receipt of signature pages will be noted in the Monday Night Memo.

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 guaranteed revenue of over \$7,700,000 during the term of the Marine Terminal Lease. Additional revenue will be generated from break-bulk cargo at Tariff rates and if Sol exceeds its Minimum Annual Guarantee projections on containerized cargo.