



Legislation Details (With Text)

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Title: WRITE-OFF OF OFFSHORE INLAND MARINE & OILFIELD SERVICES ACCOUNTS RECEIVABLE

Sponsors: Grover C. Robinson, IV

Indexes:

Code sections:

Attachments: 1. Accounts Receivable Customer Aging Detail Report

Date	Ver.	Action By	Action	Result
4/11/2019	1	City Council	Approved	Pass
4/8/2019	1	Agenda Conference	Placed on Consent Agenda	Pass

LEGISLATIVE ACTION ITEM

SPONSOR: Grover C. Robinson, IV, Mayor

SUBJECT:

WRITE-OFF OF OFFSHORE INLAND MARINE & OILFIELD SERVICES ACCOUNTS RECEIVABLE

RECOMMENDATION:

That City Council authorize the write-off of \$363,000 in previously abated payables owed by Offshore Inland Marine & Oilfield Services (OIMO).

HEARING REQUIRED: No Hearing Required

SUMMARY:

On March 27, 2017, City Council approved an amendment to the Warehouse #1 Lease Agreement which provided for a payment plan addressing outstanding amounts owed by OIMO to the City. The approval of the Warehouse #1 lease amendment established a formal payment plan of OIMO’s current outstanding balance of \$269,247 at 12% interest and provided authorization for the resolution of the \$363,000 outstanding amount as it relates to Grant invoices. As part of that agreement, the collection of \$363,000 of the total outstanding amount was held in abeyance during construction of a \$2 million overhead crane facility in the north ½ of Port Warehouse #1 because as part of that project, Offshore Inland had procured goods and services it reasonably believed would be reimbursable under the grant only to be advised later that those goods and services did not qualify for reimbursement. The abeyance was approved so that if any grant funds remained unexpended at the end of the crane project, the Port and OIMO could negotiate with the Florida Department of Transportation

(FDOT) for reimbursement of all or a portion of OIMO's out-of-pocket expenses. For any of OIMO's expenses that were ultimately reimbursed, OIMO agreed to remit an equal amount to the City to pay down the remaining \$363,000 past due balance, with the expectation that any balance remaining thereafter would likely be forgiven.

Construction of the overhead crane facility was completed in January and the Port received its final payment of grant funds from the State in February. All of the available funds were used for the construction of the project and there were no funds remaining to negotiate repayment of any of OIMO's expenses. Additionally, OIMO has paid off its entire past-due balance, excepting the \$363,000 abeyance, and is current on all amounts owed to the Port.

To bring this matter to conclusion, it is being recommended that the \$363,000 abeyance amount remaining as an outstanding balance on OIMO's account with the Port be written-off.

PRIOR ACTION:

April 22, 2010 - Approval of Lease Agreement between City of Pensacola (Port) & Offshore Inland Marine & Oilfield Services

June 10, 2013 - Acceptance of \$2 million FDOT Economic Development grant for the Overhead Crane Facility

May 11, 2017 - Approval of Amendment #1 to the Lease Agreement, formalizing the \$363,000 abeyance and establishing a payment plan for the remaining past-due balance

November 9, 2017 - Approval of Amendment #2 to the Lease Agreement, amending and extending the repayment plan.

FUNDING:

N/A

FINANCIAL IMPACT:

The write-off of the \$363,000 in receivables will not have an impact on the FY 2019 operating revenues for the Port of Pensacola as the amount was recorded as a bad debt expense in FY 2016 and FY 2017.

CITY ATTORNEY REVIEW: Yes

3/21/2019

STAFF CONTACT:

Christopher L. Holley, City Administrator
Richard Barker, Jr., Chief Financial Officer
Amy Miller, Port Director

ATTACHMENTS:

- 1) Accounts Receivable Customer Aging Detail Report

PRESENTATION: No