



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 18-00270

City Council

7/19/2018

LEGISLATIVE ACTION ITEM

SPONSOR: City Council President Gerald Wingate

SUBJECT:

LEASE AGREEMENT FOR PORT WAREHOUSE #9 AND #10

RECOMMENDATION:

That City Council authorize the Mayor to negotiate and execute a lease agreement for Port Warehouse #9 and #10 and approximately 6.5 acres of immediately adjacent undeveloped land with Incoa Performance Minerals, LLC.

HEARING REQUIRED: No Hearing Required

SUMMARY:

Incoa Performance Minerals LLC is seeking lease for warehouse #9 and #10 and up to 6.5 acres of unimproved land adjacent to the warehouse for use as a state of the art import and finishing facility of calcium carbonate for domestic distribution. Warehouse # 9 and #10 are currently an unfinished 96,000 square foot building constructed and modified originally for a different tenant.

Incoa would fund the entire project and all improvements to include rehabilitation of warehouse #9 and #10, construction of rail access to the building and construction of a completely enclosed raw stone storage building south of warehouse #9/10 that will protect the products purity and eliminate potential dust. The entire project will be enclosed utilizing modern material handling equipment with state of the art dust collection from vessel offload to storage. All finished products will be exported via enclosed train car or via truck.

The base lease term proposed is 10 years with a 10-year performance based renewal and an additional 10-year mutual option renewal at a lease rate of \$3.38 per square foot on the existing warehouse and \$0.35 per square foot on the unimproved land. Terms include annual CPI-based adjustments on the rent as well as market value increases at renewal intervals. Renewals are at the mutual option of the City and the Tenant.

Incoa Performance Minerals, LLC will invest an estimated \$40 million in its first phase of construction with an estimated \$100 million in total construction costs upon completion of the plants full build out over a 10 year period. The Port and City have not been asked to contribute any capital to this project. The lease requires Incoa Performance Minerals, LLC to create 77 full time jobs over its first 10-year lease period or financial penalties will be incurred.

PRIOR ACTION:

None

FUNDING:

Budget: \$ 0

Actual: \$ None Required

FINANCIAL IMPACT:

The lease agreement with Incoa Performance Minerals, LLC will produce minimum annual revenue to the Port of \$334,080 on the base Warehouse #9. Ground rent on warehouse #10 rent ± 55,000 sq ft and ± 23,000 on the ground rent (exact amount to be determined based on final total square footage of the Tenant's improvements). Additionally, increased vessel and cargo activity associated with tenant's operations will generate cargo fees, dockage, harbor fees, and vessel security fees.

STAFF CONTACT:

Eric Olson, City Administrator
Amy Miller, Port Director

ATTACHMENTS:

- 1) Deal Points Overview -- Indigo

PRESENTATION: Yes