



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 20-00311

City Council

7/16/2020

LEGISLATIVE ACTION ITEM

SPONSOR: Grover C. Robinson, IV, Mayor

SUBJECT:

PORT OF PENSACOLA - OFFSHORE INLAND MARINE LEASE AMENDMENT NO. 3

RECOMMENDATION:

That City Council approve and authorize the Mayor to execute Lease Amendment #3 between the City of Pensacola and Offshore Inland Marine & Oilfield Services. Further, that City Council authorize the Mayor to take all actions necessary to administer the amended Lease Agreement.

HEARING REQUIRED: No Hearing Required

SUMMARY:

Offshore Inland Marine & Oilfield Services (OIMO) has been a lease tenant of the Port of Pensacola since May 1, 2010. Prior to that, the company had been doing business at the Port under a Short-Term Operating Agreement since October 2009. Under the terms of their lease with the Port, OIMO operates an offshore and subsea vessel services center out of Port Warehouse #1.

To take advantage of the new regional familiarity with the term MRO as it relates to the aviation sector, Staff has recently rebranded OIMO's Pensacola facility as a marine maintenance, repair, and overhaul (MMRO) center, explaining that the work OIMO does on ships is essentially the same types of work VT-MAE / ST Aerospace does on aircraft.

OIMO's current lease expires on April 30, 2024. OIMO's largest client, Blue Origin (owner of the large vessel currently in port and being retrofitted into a recoverable rocket landing platform), is currently planning and signing vessel homeporting and maintenance contracts that extend well beyond that date. To be considered for those contracts, OIMO needs to be able to attest to the availability of this location beyond April 30, 2024.

For that reason, OIMO has requested, and staff supports Amendment #3 to the Lease Agreement, which would allow for a maximum of four (4) additional five-year (5-year) mutual option renewals.

There have been no complaints involving any aspect of OIMO's operations at the Port since early 2014, and the company has had no environmental or OSHA compliance issues. OIMO's operations do not create any truck or rail traffic. Further, OIMO is current on all lease payments (they have pre-paid all their rent through December 2020) and has fulfilled all other obligations of their existing

Lease Agreement as amended.

Since its inception, OIMO's business activities at the Port have accounted for \$5.3 million in total revenue to the Port. Additionally, the Port received a \$2 million State of Florida economic development grant for construction of warehouse improvements to support Offshore Inland's relocation from Alabama to Florida.

PRIOR ACTION:

April 22, 2010 - Council approval of Lease Agreement

May 11, 2017 - Council approval of Lease Amendment #1

November 9, 2017 - Council approval of Lease Amendment #2

FUNDING:

N/A

FINANCIAL IMPACT:

Approval of Lease Amendment 3 will secure continued revenue to the Port into the future (current average annual revenue = \$530,000).

CITY ATTORNEY REVIEW: Yes

6/22/2020

STAFF CONTACT:

Keith Wilkins, City Administrator

Richard Barker, Jr., Deputy City Administrator - Administration & Enterprise

Amy Miller, Port Director

ATTACHMENTS:

- 1) Proposed Amendment #3

PRESENTATION: No