



# City of Pensacola

222 West Main Street  
Pensacola, FL 32502

## Memorandum

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**File #:** 20-00315

City Council

8/13/2020

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### **LEGISLATIVE ACTION ITEM**

**SPONSOR:** Grover C. Robinson, IV, Mayor

**SUBJECT:**

PORT - STREAMLINE BOATS OF NW FLORIDA LLC LEASE AGREEMENT

### **RECOMMENDATION:**

That City Council authorize the Mayor to execute the Lease Agreement with Streamline Boats of NW Florida LLC for a marine manufacturing facility at the Port of Pensacola. Further, that City Council authorize the Mayor to take all actions necessary to execute and administer the Lease Agreement.

**HEARING REQUIRED:** No Hearing Required

### **SUMMARY:**

In 2019 Streamline Boats of NW Florida LLC contacted the Port of Pensacola seeking a long-term lease for existing port warehouses #9 and #10, totaling approximately 92,500 square feet, in order to develop a marine-related light manufacturing facility for the manufacture of recreational watercraft and/or amphibious aircraft and related uses (i.e., research, development, design, fabrication, etc.). Streamline Boats currently manufactures custom-made, high-performance center console boats from its original facility in South Florida.

The Streamline Lease Agreement is for an initial term of ten (10) years with up to six (6) additional renewals of five (5) years each for a total potential lease duration of 40 years.

All provisions of the City Council Policy on Port Leases have been fulfilled, and all required notifications have been made.

This item was originally placed on Council's May agenda. In response to several concerns, the decision was made at that time to hold an open discussion on the item, rather than seek a Council vote at that meeting. During the discussion, several questions and concerns were raised. All those items have been addressed, as outlined in the attached memo dated June 23, 2020. Additionally, the proposed lease has been modified accordingly as detailed on Page 3 of the June 23 memo with all other terms remaining unchanged from the lease version presented in May.

The 2 most significant concerns of Council in May appeared to be focused on potential odor issues and financial performance. To address those items specifically (again, please see the July 23 memo for additional details):

- ODOR - Significant effort was made to research any possible odor issues or concerns. No odor issues were ever observed by staff, City representatives or local media, and no evidence of any odor issues (prior complaints, neighbor testimony, etc.) was ever found. None-the-less, explicit language has been added to the proposed lease giving the City full authority to order the immediate cessation of the tenant's operations if any odor nuisance occurs until the tenant makes any process modifications and/or capital improvements required to eliminate the nuisance.
- FINANCIAL GUARANTEES - Tenant must provide a letter of credit, quick pay bond or other security equal to 50% of the annual rent and tenant must provide construction bonds equal to 100% of the total construction cost for any construction, alteration or demolition valued in excess of \$25,000.

Finally, it was also suggested that the lease, as written, requires any assignments or subleases to be approved only by the Port Director. That is incorrect. As written, the lease requires the tenant to submit any requests for assignments or subleases to the Port Director. The lease is silent as to specifically who is authorized to approve or deny an assignment or sublease. However, since the Port Director has no authority to contract or legally bind the City, any such request would require approval of an officer of the City who does have that authority. As presented, the recommended action vests the authority to execute and take all actions necessary to administer the lease with the Mayor and, therefore, any request to assign or sublet would have to be approved by the Mayor.

**PRIOR ACTION:**

None

**FUNDING:**

N/A

**FINANCIAL IMPACT:**

The Lease Agreement will generate an average of approximately \$200,000 in annual revenue to the Port from base rent payments during the 10-year primary lease term. The rental amount was determined via a previously performed market rent analysis and taking into consideration that the warehouses will need considerable tenant funded improvements to suit their manufacturing operations.

**CITY ATTORNEY REVIEW:** Yes

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**STAFF CONTACT:**

Keith Wilkins, City Administrator  
Richard Barker, Jr., Deputy City Administrator - Administration & Enterprises  
Amy Miller, Port Director

**ATTACHMENTS:**

- 1) June 23, 2020 Memo
- 2) Streamline Site Visit Report
- 3) Streamline Lease - Final Draft

**PRESENTATION:** No