

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: March 12, 2019

☒ Consent

☐ Regular

☐ Workshop

☐ Public Hearing

Submitted By: Department of Airports

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to:

- A) **Approve** a Development Site Lease Agreement (Lease) with Airport Logistics Park, LLC (ALP), a Florida limited liability company, for the lease of approximately 1,723,753 square feet (+39.57 acres) of unimproved ground located north of Wallis Road, west of the Palm Beach International Airport (PBI), for the development of industrial warehouse and distribution facilities in two phases, effective upon Board approval and expiring 50 years from the date of beneficial occupancy, with an initial annual rental of \$464,616.35 for the first phase and \$483,447.80 for the second phase.
- B) **Authorize** the Director of the Department of Airports or designee to execute, on behalf of County, the Owner's Affidavit, Memorandum of Lease and Ground Lessor's Estoppel in the form attached to the Lease; all applications and similar instruments required to obtain necessary governmental approvals for the development of the property; and an amendment to the Lease to reflect the final legal description based on site plan approval.

Summary: The Lease provides for the development of an approximately 540,000 square feet of industrial warehouse and distribution facilities in two phases. ALP will pay an initial annual rental of \$464,616.35 for the first phase and \$483,447.80 for the second phase. Rental will be adjusted every three years, commencing October 1, 2022, subject to a consumer price index (CPI) cap. In 2034 and 2049, rental will be adjusted based only on appraised value with no CPI cap. The total anticipated investment to be made by ALP is \$32,000,000. The Lease is contingent on receipt of all necessary governmental approvals. Construction of the first phase must be completed within 24 months of the effective date of the Lease. The second phase must be completed within an additional 12 months. Wallis Road does not meet current County standards and must be improved to support the development of the adjacent County-owned properties. ALP will reimburse the County 15% of the cost of the Wallis Road improvements in amount not to exceed \$150,000 and construct a stormwater drainage culvert, at ALP's sole cost, to accommodate the stormwater runoff requirements of Wallis Road. The estimated cost of the culvert is approximately \$150,000. The Lease requires the County to deliver an Owner's Affidavit, Memorandum of Lease and Ground Lessor's Estoppel for title and financing purposes. The Department is requesting a delegation of authority to the Department Director or designee to sign the documents required by the Lease, applications for development approvals when the signature of the property owner is required, and an amendment to the Lease to reflect the final legal description based on site plan approval. ALP has committed to 15% SBE participation in the construction of its leasehold improvements. **Countywide (HF)**

Background and Justification: On August 15, 2018, the Department issued Request for Proposals No. PB 18-9 for the lease and development of approximately 39.68± acres of vacant land located west of PBI. The McCraney Property Company, a Florida corporation (McCraney), was the sole responsive, responsible proposer. ALP was formed by McCraney as a subsidiary, for the specific purpose of entering into the Lease. Lease of the property for warehouse purposes is compatible with the future development and operation of PBI.

Attachments: Lease (3)

Recommended By:


Department Director

2/8/19
Date

Approved By:


County Administrator

3/9/19
Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

| Fiscal Years | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|--|---------------------|---------------------|--------------------------|---------------------------|---------------------------|
| Capital Expenditures | | | <u>\$232,308</u> | | |
| Operating Costs | | | | | |
| Operating Revenues | <u>0</u> | <u>0</u> | <u>(\$271,026)</u> | <u>(\$746,628)</u> | <u>(\$948,064)</u> |
| Program Income (County) | | | | | |
| In-Kind Match (County) | | | | | |
| NET FISCAL IMPACT | <u><u>\$-0-</u></u> | <u><u>\$-0-</u></u> | <u><u>(\$38,718)</u></u> | <u><u>(\$746,628)</u></u> | <u><u>(\$948,064)</u></u> |
| # ADDITIONAL FTE POSITIONS (Cumulative) | | | | | |

Is Item Included in Current Budget? Yes _____ No X
Does this item include the use of federal funds? Yes _____ No X

Budget Account No: Fund 4100 Department 120 Unit 8452 RSource 4416
Fund 4111 Department 121 Unit A376 Object 6301


B. Recommended Sources of Funds/Summary of Fiscal Impact:

Rent commences on the date of beneficial occupancy, which for purposes of the fiscal impact analysis above is estimated to occur on March 1, 2021. Rental for FY2021 is shown as rental for Phase One of the property, commencing March 1, 2021, less the Infrastructure Improvement Credit of \$232,308. Rental for FY2021 above includes rental on Phase Two of the property, commencing March 1, 2022. As part of this agreement, ALP will reimburse County an estimated \$150,000 for the Tenant Project Cost for improvements to Wallis road to be funded by the Department of Airports. Details of the Wallis Road improvement will be presented on a separate agenda item including a Memorandum of Understanding between Engineering and Airports and a budget transfer involving Airport funds.

C. Departmental Fiscal Review:

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:


 2/15/19
 (140) 2/15 OFMB (M) 2/15 92/14

J. J. Jacobine 315119
Contract Dev. and Control
E/S / 19 R2

B. Legal Sufficiency:


Assistant County Attorney

C. Other Department Review:

Department Director