

PORT ADMINISTRATION AND OPERATIONS POLICY
Adopted February 24, 2005

The following policy of the City Council relates to the administration and operation of the Port of Pensacola. The policy addresses: the types of uses for port property; port cargo and lease administration; and port financial obligations.

In approving this policy statement, the City Council acknowledges the importance of a vibrant, highly diversified seaport as an economic stimulator for the region. Council further recognizes that a professional port staff must be allowed to conduct routine business and make day-to-day decisions. Therefore, the guiding principles contained in this policy statement are designed to reinforce staff's role in making routine business decisions while, at the same time, setting forth the guidance required to ensure judicious use of port assets, facilitate the optimum practical level of diversification of business lines, and maximization of revenues to the port.

Types of Uses/Operations for Port Property

- In order to maximize revenues and buffer industrial uses from their surrounding neighbors, the Port of Pensacola should operate as a combination of industrial maritime, cruise maritime/maritime related and mixed-use operations.
- The City should honor its lease commitments; therefore, existing port leases should be allowed to run to term.
- As a component to honoring lease commitments, the port should continue to maintain existing infrastructure, improve existing infrastructure and/or develop new infrastructure as required to service existing lease tenants' operational requirements.
- Transient cargo operations (traditional import/export operations not associated with specific lease tenants) are a critical component of any successful commercial seaport operation; therefore, the port should continue to undertake all compatible transient cargo opportunities in accordance with the rules, regulations and authorities granted under the Port tariff.
- Because of the potential for significant economic benefits to both the Port and the community, Staff should initiate efforts for development of cruise opportunities at the Port of Pensacola. To facilitate this effort, staff should continue established marketing efforts designed to attract cruise vessel operations to Pensacola and work diligently with interested cruise vessel operators to develop reasonable operating agreements and financing packages that are attractive to the operator but still provide a reasonable financial return to the port.
- Mixed-use development opportunities on appropriate parcels of land within the port, particularly on border parcels where such development could serve as a

buffer between neighboring uses and the port's industrial-maritime operations should be considered when appropriate parcels of land become available, either through lease expiration or other forms of termination, mixed-use development opportunities should be pursued and considered.

- In its efforts to explore development of a mixed-use port that includes industrial maritime, maritime related and retail/commercial ventures, all reasonable and compatible business opportunities should be fully evaluated by staff and those deemed fiscally and operationally viable should be brought forward to the City Manager and Council for consideration.
- Any mixed-use and cruise developments at the Port of Pensacola should preferably be located to create a buffer between the port's industrial maritime operations and its surrounding properties. The placement and size of new and future operations of all types should be determined based on the requirements of the specific business opportunity being considered.

Port Cargo and Lease Administration

The following operational practices are critical in establishing the framework under which these future development principles are implemented and in recognizing the inherent operational differences between transient cargo/tariff operations, short-term operating agreements, and long-term leases.

- **Port Cargo** - The Port's Tariff details rates and charges on commodities/cargoes that the Port may handle. The attached Tariff Section IX details those cargoes. For those cargoes not listed, there is Tariff Item #900 Articles Not Otherwise Specified (N.O.S.). Any potential port cargo that is an N.O.S. item shall be presented to Council for approval prior to the Port's acceptance of that cargo.
- **Short-Term Operating Agreements** – Port staff, with City Manager approval, may enter into short-term operating agreements with port users. Such agreements are not to exceed 12 months in duration and must include a 30-day cancellation clause. Council will be notified through information item memorandum to the Enterprise Operations Committee of all such agreements at the next Council meeting following execution of any such agreements.
- **Long-Term Lease Agreements** – **Port staff should continue to consider and evaluate all (industrial maritime, maritime related, and mixed use) long-term lease opportunities. Appropriate proposals should be brought forward to Council for consideration in accordance with established City policy on Council and public notification of proposed port leases.**

Financial Obligations

- As an Enterprise Department of the City of Pensacola, the Port is required to meet certain financial obligations including covering 100% of its operating, maintenance and administrative costs, funding its capital improvement requirements, paying its debt service obligations, and maintaining operating and capital project reserve funds.
- In order to meet these obligations, port management should negotiate all leases on port property and retain the revenues generated as a result of those leases.
- In cases where the port generates revenue greater than that required to meet these obligations, excess revenues could be retained by the port, contributed to the city general fund, or a combination thereof, as Council may determine on an annualized basis in accordance with its legal authority to determine disposition of excess revenues.

General Port Administration Policies

The following policy items are intended to be general in nature. While they may not apply in every situation, they should be considered as appropriate:

- The port's historic prominence in the community should be preserved.
- Improvements should be made to port property that are, to the extent practical, compatible with surrounding historical and cultural assets.
- The professional services necessary to identify appropriate parcels of land within the port for possible mixed-use development should be retained.
- Development strategies that are common to other heritage harbors and historic port places should be examined and considered.
- Opportunities to improve transportation planning should be sought out.