



MEMORANDUM

Date: October 10, 2024

To: Honorable Mayor and Commissioners

Via: Todd Stoughton
Interim City Manager

From: Gary Moreira
Senior Property Manager

Subject: **Proposed First Amendment to Lease with SBY Key West, LLC, dba A-1Boat Yard, providing rent concessions during reconstruction of the city owned seawall at 701 Palm Avenue in Garrison Bight**

Introduction

This is a request to approve a First Amendment to Lease with SBY Key West, LLC., lessee of the Upland interest on Garrison Bight and doing business as A-1 Boat Yard, providing for rent concessions during reconstruction of the city owned seawall.

Background

SBY Key West, LLC is the city's lessee operating as A-1 Boat Yard, 701 Palm Avenue on Garrison Bight.

In January of 2023, the seawall servicing the upland leasehold interest of A-1 Boat Yard at 701 Palm Avenue suffered a substantial failure, rendering a portion of the pier and slip supporting the tenant's travel lift operations unusable. Since then, the city has worked diligently assembling the scope of work, bidding and overseeing the project and providing everything necessary to satisfy the state and Army Corp permit requirements; a long-drawn-out process that has taken months. During this process, A-1 Boat Yard has been unable to provide travel lift services at a reported loss of revenue of over \$368,000 since the collapse of the seawall. (See attached loss worksheet). The lessee is requesting rent relief as the repair process is ongoing. Estimates of completion are anywhere from eight to twelve months.

Procurement

Length of Agreement: One-year or until completion of seawall repairs, whichever occurs first.

Commencement: October 1, 2024

Rent: \$1,000.00 per month plus sales tax.

Financial: Lessee's current rent is \$6,565.03 per month. The 12-month rent concession would result in revenue loss to the city of \$66,780.36 should the accommodation reach its full 12-month duration.

Recommendation:

The tenant provides boat maintenance and repair services to the public as well as essential services to important infrastructure support groups such as the Florida Keys Marine Sanctuary and State of Florida Department of Fish and Wildlife. The tenant also provides maintenance and repairs for key West tourism-based business enabling ferrying of hotel guests, watersports activities, fishing and diving, and boat rentals. Staff recommends approval and execution of the First Amendment to lease.

Exhibits:
First Amendment to Lease