



THE CITY OF KEY WEST

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EXECUTIVE SUMMARY

TO: Jim Scholl, City Manager

FROM: Doug Bradshaw, Director of Port and Marine Services

CC: Sarah Spurlock, Assistant City Manager
Greg Veliz, Assistant City Manager
Mark Finigan, Finance Director

DATE: November 12, 2015

SUBJECT: Distribution of Submerged Lands and Upland Lease Revenues at City Marina at Garrison Bight

ACTION STATEMENT: The purpose of this item is formally approve the distribution of submerged land lease and upland lease revenues for the City owned Garrison Bight submerged land parcel and surrounding city owned uplands parcels.

BACKGROUND: The City purchased the submerged lands within Garrison Bight in 1947 from the Trustees of the Internal Improvement Fund of the State of Florida. Up until the creation of the Garrison Bight Fund (City Marina), all revenues/expenses associated with the submerged lands were accounted for in the City's general fund. The creation of City Marina at Garrison Bight as an enterprise funds appears to have occurred in the late 1980s but the exact date was not found. In the City's 1990 Comprehensive Annual Financial Report it indicates that Enterprise Funds are used to account for the acquisition, operation, and maintenance of government facilities that are entirely or predominantly supported by user charges (fees). It states the Garrison Bight Fund (City Marina) is to account for the provision of marina services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including (but not limited to) administration, operations, and maintenance.

It is pretty clear that user fees directly collected for marina use such as slip fees (commercial, live-aboard, transient), ramp fees, mooring field fees, etc. would remain in the Garrison Bight Fund (City Marina). However, what was not clear in the description of the fund is how submerged land revenue and upland property lease revenue that are associated with the City owned Garrison Bight submerged land parcel would be distributed. There are 10 entities that lease approximately 4.25 acres of submerged land from the City at an annual revenue of \$32,000. There are three (3) upland leases that bring in a total of \$114,385 to the City each year. Currently \$22,000 of the upland leases (Garrison Bight Marina Angelfish Pier) goes to the Garrison Bight Fund (City Marina).

Key to the Caribbean – Average yearly temperature 77° F.

WZFW NEWS 306LNO3K3

In reviewing the distribution staff feels that the more applicable distribution would be all submerged land revenue go to the Garrison Bight Fund (City Marina) and all upland lease revenue go to the City's general fund. Per the deed for the submerged land 19269-C, all revenues received by the City from the private use of submerged lands shall be solely used to fund operation of water related activities for the general public. Currently City Marina struggles with collection of adequate revenue to maintain the marina. This additional revenue would go to maintain the public boat ramp, parking areas, and transient dock facilities.

Due to the fact that the City owned upland leased properties do not currently require City Marina staff to administer or oversee but is administered by the City's property manager, those revenues would go into the City's general fund.

OPTIONS/ ADVANTAGES/ DISADVANTAGES:

1. The City Commission can approve staff's recommendation for distribution of submerged land and upland lease revenues.
2. The City Commission can approve a different distribution of the revenues.

Advantages

- Either option formally adopts a policy on revenue distribution of submerged land and upland lease revenues within Garrison Bight.
- The proposed distribution by staff provides City Marina an additional \$9,777 of much needed revenue.

Disadvantages

- The only disadvantage would be a distribution where City Marina would receive less than the current \$22,000 of revenue.

FINANCIAL IMPACT:

The financial impact will be based on the approved distribution of the revenues.

RECOMMENDATION:

Staff recommends all submerged land revenue go to the Garrison Bight Fund (City Marina) and all upland lease revenue go to the City's general fund