

Analysis:

The comparison included similar annual lease fees for submerged land from shore line properties in Key West, the lower and middle keys. The search area revealed sufficient similar comparables for analysis in the prescribed market area. The City marina location was superior to many of the available leased areas. The Fury lease for example is in the middle of the open bay with no adjacent facilities. The Galleon leased area is proximate and more similar to the subject in location and amenity, however with limited parking in the resort. The Tannex property was most similar in lease rate to the subject's lessee's agreements. Substitution principles apply to the lease rates of comparable sites with equal utility to that of the subject property. The lease terms were similar for the City lease and the submerged land leases from the State. The permitted uses varied slightly with some allowing all uses including fueling docks while others were limited to recreational uses.

The City lease provided included an annual rate of \$ 0.75 to \$0.85 per square foot. The leased City Marina areas are considered superior to most of the comparables. The comparable data indicated an unadjusted range in annual leases of \$0.14 to \$1.72 per square foot of leased submerged land. The sight variances in permitted uses did not significantly effect rates and thus adjustments were not considered applicable.

Conclusion:

The City's submerged land lease rate is competitive in the market, though currently in the upper range when compared to leases available. The current rates on the comparable data are for terms that range from five to ten years with most being in the early stage of the terms. As the rate is consistent with the recent renewals and their respective terms, the existing rates are considered in line with current market pricing and demand.