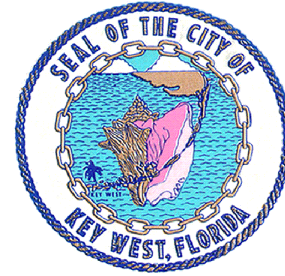


EXECUTIVE SUMMARY



TO: Key West Bight Board

CC; David Fernandez

FR: Marilyn Wilbarger, RPA, CCIM, Senior Property Manager

DT: January 18, 2013

RE: Tax, Insurance, and Common Area Maintenance Expense Reconciliations

ACTION:

This is a request to approve the Key West Bight Operating Expense Reconciliation for 2011/2012.

HISTORY:

The actual expenses for 11/12 are \$3.79 per square foot. The estimated payments collected from the tenants of \$4.05 per square foot have created a credit due to the tenants for this period.

Property Taxes

The reduction in property tax reflects a lower allocation to the Upland and Ferry Terminal of 38.17% which is based upon overall revenues.

Insurance

Re-negotiation of the insurance coverage and premium has saved \$17,704 in allocated expense for this period. The allocation is 19.88% of the total City Premium for the Key West Bight.

Promotional Expenses

Pursuant to the Bight Board prior year directive no promotional expenses have been allocated to the tenants for this period.

Surveyed Square Feet and Billable Square Feet

The breakdown of the total net usable square footage is also included and is based upon surveys in addition to the Maximus report recommendations to arrive at a total net usable area of 97,033 square feet. The breakdown of the billable square footage is also shown and is based upon the occupied area per the leases. The total billable area is 68,674 square feet.

The difference between the net usable square feet and the billable square feet is the vacant space, non-leasable common areas, parking lots, restrooms, and Ferry Terminal passenger waiting areas and the operating cost of these areas is paid by the CRA.

Allocation Methodology

This period ended in September of 2012 and the expense reconciliations were performed in accordance with the approved Maximus study, which was undertaken in 2004. The purpose of the Maximus study was to establish the methodology for calculating the allocation of expenses between the marina and upland properties, and between vacant, leased and non-leasable areas.

RECOMMENDATION

Staff recommends approval of the reconciliation as presented, issuance of a credit to the tenants on the next rental statement, and keeping of the estimated payments for the remaining period at \$4.05 per square foot.

ATTACHMENTS

Attached is a workbook of information detailing the operating expenses for the Key West Bight for FY 2011/2012 and a summary of the prior year as well.