

EXECUTIVE SUMMARY



TO: City Commission

CC: Jim Scholl

FROM: Marilyn Wilbarger
Mark Tait

DATE: September 20, 2010

SUBJECT: Garrison Bight Charter Boat Lease Renewal Rates, Rules and Regulations

ACTION STATEMENT: This is a request to approve new rental rates for the five year lease renewal term effective October 1, 2010 and to approve amended rules and regulations for Charter Boat Row at The City Marina at Garrison Bight.

BACKGROUND:

Rental Rates

In 2005, a 5-year lease agreement was negotiated with the charter boat tenants that would automatically renew for an additional 5-years providing the tenant was in good standing and wished to renew the lease. The terms and conditions of the renewal would remain the same as the original lease with the exception of the monthly lease rate.

The lease rate for the 5-year lease was raised to \$15 per foot monthly and that would increase by CPI or 3% annually whichever was greater during following 4-years of the lease term. It was also stated at that time that the rates would be revisited for the 5-year renewal.

Recently, a market survey was completed to compare current rental rates. The marinas chosen for the survey are located in less desirable locations and without the visibility of Charter Boat Row on North Roosevelt. The survey includes Key West Bight as it is also operated by the City however private marinas located in old town were excluded as the rates are substantially higher. A copy of the rate survey is attached for your reference.

The survey reflects rates that have been discounted at other marinas yet remain higher than City Marina. The current rate at City Marina is \$16.84 per foot for dockage. With approval the rate will increase by 15% to a monthly per foot rate of \$19.37, a rate remaining well below other commercial dockage rates available in this area, and will amount to an average increase of \$21.00 per week in additional rent. Pursuant to the existing lease the tenants have been provided written notice of the proposed renewal rates 30 days in advance thereof and a copy is attached for your reference.

This increase is essential to continue to fund capital replacements, establish the required operating reserves, and to ensure a safe, well maintained marina.

Rules and Regulations

We are also seeking approval of the updated and amended rules and regulations for the Charter Boat tenants to further clarify the duties and responsibilities of the tenants. We have worked with the Charter Boat Association in the development of the amended rules and feel that the additions will be a benefit to all. A copy of the amended rules and regulations is attached for your reference.

OPTIONS/ ADVANTAGES/ DISADVANTAGES:

1. The City Commission can approve staff's recommendation for the rate increase and amended rules and regulations for the Charter boat tenants at City Marina.
 2. The City Commission can deny staff's recommendation for the rate increase for the Charter boat tenants at City Marina and set a different rate.
- Based upon the 2010-2011 proposed operating budgets City Marina will be operating at a loss when including the necessary capital replacements and will not achieve the necessary operating reserve.
 - City Marina is an old facility and is deteriorating in many areas. Further capital investment is mandatory.
 - We are in a difficult economic period and some of the charter boat tenants businesses have decreased however the increase amounts to an average of \$21 a week in additional rent and will be reinvested in the marina.
 - After the initial 15% increase the annual rent for the next 4-years will be limited to CPI or 3% whichever is greater.

FINANCIAL IMPACT: A 15% increase to the charter boat rate will improve revenues at City marina by approximately \$43,500 next year.

RECOMMENDATION: Staff recommends that the City Commission approve the proposed increase in rental rates for Charter Boat Row at The City Marina at Garrison Bight beginning October 1st 2010. Staff further recommends approval of the amended rules and regulations for the charter boat tenants at City Marina.

ATTACHMENTS:

Rate Comparison

Rate Increase letter to Charter Boat Tenants

Amended City Marina Charter Boat Rules and Regulations

