



MEMORANDUM

Date: June 4, 2025

To: Honorable Mayor and Commissioners

Via: Brian L. Barroso
City Manager

From: Karen Olson
Deputy Director Port & Marine Services

Subject: 25-3459 City Marina Liveaboard Pricing Structure

Introduction

Resolution approving partial rescission of Resolution #23-241 City Marina pricing structure for liveaboard tenant slip rental rates, rescind the questionnaire, rescind revised lease agreement, provide new lease agreement, rescind date of enactment, provide for a new date, rescind approved pricing structure, and provide amended pricing structure for ratification.

Background

The City Commission unanimously passed Resolution #23-241, in September 2023, creating a two-tier pricing structure affecting all 112 liveaboard (LAB) lease holds in the City Marina. The pricing structure decreased the per foot base rent for full-time tenants while increasing the base rent for our non-full-time tenants. Keeping the two-tier rate structure, as ratified, has not and will not be enacted per management direction.

In response to tenant requests and subsequent direction by the City Commission, staff commissioned a Market Rate Study (Study) to determine average rates to be charged at the City Marina. The Study, dated December 2024, determined market data indicates the adjusted value at **\$49/ft for Marina LAB leases** or **85%** of the adjusted average fair market value. The Study also addressed fair market rates for Commercial, Transient, Recreational, Mooring Field, Submerged Lands Leases and boat ramp and trailer fees. This resolution will focus solely on the LAB pricing structure with staff preparing future requests for increasing rates on the remaining dockage agreements, leases and fees.

The Study indicates current LAB pricing structure is at **30%** of the adjusted market rate for an average 40-foot vessel, grossly undervaluing the Marina's potential. Over the past several years the Marina has realized a significant increase in operational expenses including wages, solid waste, utilities, and materials. ***Without rate increases the Marina cannot sustain itself long-term.*** Marina Management's goal is that, in the future, this Enterprise Fund can benefit the taxpayer by contributing to the City's General Fund.

Staff have developed three single-rate pricing structures, utilizing the Study as guidance, for the City Commission's consideration as follows:

Option One (\$30/ft, 2 increments):

Continue a **single-rate** structure, effective October 1, 2025, increasing rates equally for all LAB tenants, **with two (2) incremental increases for an adjusted rate of \$30.00/ft** ($\$30.00 - \$17.69 = \$12.31/2 = \$6.155/\text{ft mo.}$ + annual CPI). This rate structure will realize approximately **\$700,000** in additional revenues per year starting October 2026. Rates will include an annual CPI increase (estimated at 3% annually) and the \$1/ft capital improvement fee is eliminated. Every five (5) years a new Study will be performed, and rates will be adjusted accordingly as approved by the City Commission.

October 1, 2025

$$\$17.18 \times 3\% \text{ (est. CPI)} = \$17.69 + \$6.16 = \mathbf{\$23.85/\text{ft}}$$

October 1, 2026

$$\$23.85 \times 3\% \text{ (est. CPI)} = \$24.57 + \$6.15 = \mathbf{\$30.72/\text{ft}}$$

All other monthly fees will still apply to all liveaboard tenants.

Option Two (\$35/ft, 3 increments):

Continue a **single-rate** structure, effective October 1, 2025, increasing rates equally for all LAB tenants, **with three (3) incremental increases for an adjusted rate of \$35.00/ft** ($\$35.00 - \$17.69 = \$17.31/3 = \$5.77/\text{ft mo.}$ + annual CPI). This rate structure will realize approximately **\$980,000** in additional revenues per year starting October 2027. Rates will include an annual CPI increase (estimated at 3% annually) and the \$1/ft capital improvement fee is eliminated. Every five (5) years a new Study will be performed, and rates will be adjusted accordingly as approved by the City Commission.

October 1, 2025

$$\$17.18 \times 3\% \text{ (est. CPI)} = \$17.69 + \$5.77 = \mathbf{\$23.46/\text{ft}}$$

October 1, 2026

$$\$23.46 \times 3\% \text{ (est. CPI)} = \$24.16 + \$5.77 = \mathbf{\$29.93/\text{ft}}$$

October 1, 2027

$$\$29.93 \times 3\% \text{ (est. CPI)} = \$30.82 + \$5.77 = \mathbf{\$36.59/\text{ft}}$$

All other monthly fees will still apply to all liveaboard tenants.

Option Three (\$40/ft, 4 increments):

Continue a **single-rate** structure, effective October 1, 2025, increasing rates equally for all LAB tenants, **with four (4) incremental increases for an adjusted rate of \$40.00/ft** ($\$40.00 - \$17.69 = \$22.31/4 = \$5.58/\text{ft mo.}$ + annual CPI). This rate structure will realize approximately **\$1,250,000** in additional revenues per year starting October 2028. Rates will include an annual CPI increase (estimated at 3% annually) and the \$1/ft capital improvement fee is eliminated. Every five (5) years a new Study will be performed, and rates will be adjusted accordingly as approved by the City Commission.

October 1, 2025

$$\$17.18 \times 3\% \text{ (est. CPI)} = \$17.69 + \$5.58 = \mathbf{\$23.27/\text{ft}}$$

October 1, 2026

$\$23.27 \times 3\% \text{ (est. CPI)} = \$23.97 + \$5.58 = \textbf{\$29.55/ft}$

October 1, 2027

$\$29.55 \times 3\% \text{ (est. CPI)} = \$30.44 + \$5.58 = \textbf{\$36.02/ft}$

October 1, 2028

$\$36.02 \times 3\% \text{ (est. CPI)} = \$37.10 + \$5.58 = \textbf{\$42.68/ft}$

All other monthly fees will still apply to all liveaboard tenants.

This resolution requires all LAB tenants to sign a new Liveaboard Dockage Agreement.

Procurement

The approved pricing structure will go into effect on October 1, 2025, and will increase at the beginning of each fiscal year as approved plus annual CPI.

Recommendation

The City Manager's Office recommends the Mayor and Commission approve partial rescission of Resolution #23-241 City Marina pricing structure for liveaboard tenants slip rental rates, rescind the questionnaire, rescind revised lease agreement, provide new lease agreement, rescind date of enactment, provide for a new date, rescind approved pricing structure and approve one of three proposed pricing structures, with incremental increases, effective October 1, 2025.