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May 20, 2025

Mr. Brian L. Barroso, City Manager
City of Key West
1300 White Street
Key West, FL 33040

Subject: Market Rate Study, City Marina at the Garrison Bight
Key West Bight / Port Authority
City of Key West

Dear Brian;

Per your request, I performed an overview of the Market Rate Study of the City Marina at Garrison Bight, City of Key West. The purpose of this analysis is as a surface-level assessment with my recommendations, not an appraisal review nor an appraisal. This assignment falls under consultation.

If you have any questions regarding my analysis, please feel free to contact me. Thank you for giving me the opportunity to provide this service for you.

Respectively Submitted,

APPRAISAL COMPANY OF KEY WEST

James E. Wilson, MAI, President
State-certified general real estate appraiser
RZ 2164

Client: Mr. Brian L. Barroso, City Manager
City of Key West
1300 White Street
Key West, FL 33040

Subject: City Marina at Garrison Bight
1801 N. Roosevelt Boulevard
Key West, Florida 33040

Scope of Work: The scope of work for the analysis is to provide an overview of the formerly mentioned Market Rent Study for the City Marina at Garrison Bight and include recommendations. The analysis is not a complete review appraisal nor appraisal.

Overview of the Market Rent Study

The report provides a market rate analysis of the City Marina at Garrison Bight in Key West, Florida. Its goal is to determine fair market values for various rental, lease, and usage fees including:

- Boat ramp and trailer parking
- Liveaboard and commercial dockage
- Mooring fields, recreational and transient dockage
- Submerged land leases

The effective date of the valuation was December 2024, and it was prepared by All Keys Appraisal Company, Inc.

Summary of Market Rate Conclusions:

<u>Facility Type</u>	<u>Current Rate (City)</u>	<u>All Keys Appraisals Market Rate Recommendations</u>
Boat Ramp Fee	\$10/use	\$17.50/use
Trailer Parking	\$10–\$20/day	In line with market (\$10–\$20)
Angelfish Pier	(Commercial) \$25.25/ft/mo	\$45.00–\$50.00/ft/mo
Charter Boat Row	(Commercial) ~\$31.40/ft/mo	\$35.50–\$38.00/ft/mo
Liveaboard Slips	\$18.47/ft/mo	\$49.00/ft/mo
Recreational Slips	\$24.24/ft/mo	\$61.00/ft/mo
Transient Slips	\$2.53/ft/day	\$5.30–\$5.75/ft/day
	\$32.24/ft/month	\$85.00–\$88.50/ft/month
Mooring Field	\$24.31/day	
	\$427.59/month	In line with market

Submerged Land Leases \$0.75–\$0.85/sq ft

In line with market; however, percentage or overage rent needs to be applied to any dockage that garners significant revenues

Comparative Analysis Highlights

1. Commercial Dockage (Angelfish Pier)

- City's rate is \$25.25/foot/month + \$18 solid waste fee.
- Comparable marinas range \$35–\$60/foot/month.
- Market-supported value: \$45–\$50/foot/month.

2. Charter Boat Dockage

- Total City cost ~\$31.40/foot/month after fees.
- Market average: \$43–\$45/foot/month.
- Charter slips are currently 35–40% under market.

3. Liveaboard Dockage

- City: \$18.47/foot/month (after waste fees and tax). Includes parking passes up to two vehicles.
- Market-adjusted average: \$49.00/foot/month.
- Competitors offer more resort-style amenities, but City's location is superior.

4. Recreational Dockage

- City: \$24.24/foot/month (utilities extra).
- Adjusted market average: \$61.00/foot/month.
- Nearby rates range up to \$130/foot/month in peak seasons. Downtown Marina rates are about \$200/foot/month.

5. Transient Dockage

- City: \$2.53/day and \$32.24/month.
- Market rates range from \$5.28–\$8.00/day and \$55–\$130/month.
- City's pricing is significantly below market (by 30–50%).

6. Mooring Fields

- Competitive with Boot Key Harbor (Marathon).
- City's \$24.31/day and \$427.59/month are market-aligned.

Location Advantage

- The City Marina at Garrison Bight enjoys a prime midtown location.
- Close to both Old and New Town districts.
- Easy access to the Gulf of Mexico and Atlantic Ocean.

- Highly visible and walkable, boosting its appeal vs. competitors in Stock Island and Marathon.
- Available on-site parking.

Methodology:

The methodology used in the Market Rent Study meets industry standards. A detailed description of the subject property, current rent roll and projected rent for the subject units was not provided; however, these specifics may have been beyond the scope of work of the Market Rent Study.

Recommendations & Observations

- Re-evaluate fee structures for nearly all categories (except Mooring Fields and Trailer Parking).
- Substantial revenue opportunities exist by aligning City rates with market.
- The Liveaboard and Recreational categories have the largest discrepancy between current and market rates.
- Ensure transparency and fairness by keeping rental agreements consistent with prevailing standards. Simplify the rate structure.

Outliers:

1. Liveaboard Dockage:

- City Rate: \$18.47/foot/month (40' example)
- Market Range: \$43.94–\$118.25/foot/month

Comment: The City's rate is substantially below market (~60% under). While the marina lacks resort-level amenities, this does not justify the gap, especially considering its central Key West location. The significant amount of sales activity and high prices for vessels and their right to occupy the assigned slips signifies that the asking rental rates are below market. There are no long-term rental agreements; thus, the sales premium beyond the price of the vessel does not even represent a leasehold interest. This is a substantial risk to the buyer.

The Port and Marine Services Department shared sales within the Liveaboard dockage, year-to-date 2025. These seven sales ranged from \$90,000 to \$230,000 with a mean at \$124,857 and a median at \$100,000. The values of the vessels were deducted, if available. Thus, the prices reflect the right to keep the assigned slip. If you amortize \$100,000 over ten years with a 7% interest rate, then the monthly payment is \$1,154.35. This is a potential opportunity cost for a \$100,000 investment. If an average length overall or slip is about 40 feet, then that monthly payment is \$29 per foot. Current rent is about \$19 per foot plus \$29, equals \$48, which correlates to the Market Rate Study report projected market rent. This signifies that the market acknowledges the below market rent and the premium to occupy the assigned slip, while the sellers are reaping significant returns.

Adjustment Factor: The Market Study indicated a 15% downward adjustment for amenities, but even with this, the City's pricing remains an outlier.

2. Recreational Dockage:

- City Rate: \$24.24/foot/month
- Market Range: Up to \$130/foot/month (average ~\$77, adjusted ~\$61).
The Galleon and A & B Marinas are closer to the \$200/foot/month range. These marinas are really more transient in nature and are located in the superior Historic Seaport district.

Comment: The discrepancy is stark. Given the Midtown location and general scarcity of slips in Key West, high occupancy rate of the comparable marinas, this should be addressed. The west side of the is also restricted by the Palm Avenue causeway fixed bridge. This does somewhat limit recreational, commercial and charter tenants.

3. Transient Rates:

- City Rate: \$2.53/day; \$32.24/month
- Market Rate: \$5.30–\$5.75/day; \$85–\$88.50/month

Comment: City's daily rate is about 50% below market. The study mentions superior amenities at other marinas, but even factoring in 20% for those, a large pricing gap remains. The fixed bridge may be a factor, the City Marina at Garrison Bight is not going to service very large sport fishing and yachts, which frankly may be it's competitive advantage in order to service small to medium size vessels and locals.

Lease Structure Considerations

1. Charter Boat Row (CBR) Leases:

- Added fees: \$107.62 (waste), \$1.00/foot (capital improvement fees), \$50 (advertising), on top of base \$25.25.
- Even after these add on fees, the total of \$31.40/ft is still well below comparables \$43–\$45.

Observation: The advertising fee is rebated to Charter Association, which somewhat cushions the expense but doesn't close the value gap. Are there ways to increase exposure?

2. Submerged Land Leases

- City charges \$0.75–\$0.85/SF, comparable leases ranged from \$0.14–\$1.72/SF.

Assessment: Rates are market-aligned; however, State of Florida submerged leases typically have a nominal base rate then there is percentage rent of 0.5% per month or 6.0% per year for dockage that generates any revenue such as subleases, short-term rentals, transient rated houseboats, etc.

Geographical Superiority Not Fully Leveraged

The study correctly identifies the Midtown Key West location as superior, especially for:

- Proximity to Old and New Town attractions
- High pedestrian/tourist traffic
- Better parking and visibility
- However, many current rates do not reflect this locational premium, particularly when compared to inferior Stock Island or Marathon sites.

Recommendations for Stakeholders

- Re-price liveaboard and recreational dockage rates within at least 15–20% of market averages. Phase in rent increases over time to catch up to market and allow tenants to adjust.
- The overall expense ratio of the City Marina is high, especially since rental revenues are significantly below market. Reserves for replacements are not a clear expense category. Replacement of repairs should be in the 3% to 5% of gross revenue. Substantial capital improvements are likely on the horizon.
- Consider gradual adjustment schedules for long-standing tenants to mitigate push back and impact.
- Use the Market Study Report as the basis for ongoing contract renewal or rent negotiations.
- Incorporate seasonal pricing models where appropriate, particularly for transient and recreational slips.
- Explore service/amenity enhancements (e.g., security, laundry, restrooms) to justify rate increases.
- Consider possible tier level parking fees.
- Consider an increase to transfer fees for Liveaboard tenants.
- Enforce no transient rentals of liveaboard rental units. Air BNB units should not be subsidized.
- If transient rentals of Liveaboard units are allowed, then percentage rent should be charged.
- Work with charter captains to increase the exposure, signage, advertising.
- After achieving market rates, consider expansion and redesign of dockage layout.

Conclusion:

The Market Study provides a credible and methodologically sound valuation, using appropriate data sources and appraisal practices. It exposes substantial under-market pricing in several key categories, notably liveaboard, transient, and recreational dockage. These constitute untapped revenue potential that should be addressed, especially given the marina's prime location and market conditions in the Florida Keys. The impact of the fixed bridge should also be acknowledged. Larger vessels also consider draft and marina amenities. The Galleon Marina and A&B Marina are really a different product due to the prime Old Town location, closer access to the Gulf of America and Atlantic Ocean, plus unrestricted boating access. The City Marina could significantly increase revenues, upgrade facilities, while still servicing the local residents and tenants.

PROFESSIONAL QUALIFICATIONS

JAMES E. WILSON, III, MAI

James E. Wilson has been a resident of South Florida since 1976. His education includes a Bachelor of Science in Business Administration with a Major in Economics from the University of Florida, 1987-1991. His experience in the real estate industry began in early 1992 as a residential real estate appraiser in Pompano Beach, Florida. He appraised a wide variety of single and multi-family residential properties in Dade, Broward, and Palm Beach counties over a two-year period. In the search of advancement and challenge, James Wilson moved to the City of Key West, Monroe County, Florida in order to obtain experience and practice commercial real estate appraisal valuation techniques in a demanding and somewhat unique market area. Over the past 32 years James has been exposed to a wide-range of appraisal projects, including highest and best use studies, complex property appraisals, and wetland and environmentally sensitive valuations including transferrable development rights. His appraisal experience includes financial and investment analysis, appraisal review, feasibility and planning analysis, as well as market research and analysis. James Wilson is a State Certified General Real Estate Appraiser (licensed to perform residential and commercial appraisals) and a Member of the Appraisal Institute, MAI. Jim is past President of the Key West Gator Club, 2013/2014 President of the Sunset Key West Rotary Club, member of Class VII Leadership Monroe, 2012 President of the Key West Chamber of Commerce, and has been elected to continue to serve on the Board of Directors of the Key West Chamber of Commerce, 2024 President of Key West Chamber of Commerce.

Education: **SOUTH BROWARD HIGH SCHOOL**, Hollywood, FL, 1987.

UNIVERSITY OF FLORIDA, Gainesville, Florida - Bachelor of Science in Business Administration Major in Economics, 1987-1991.

APPRAISAL INSTITUTE

Appraisal Reporting of Complex Residential Properties, October, 1993.

Persuasive Style in Narrative Appraisal Reports, May, 1994.

ACE 1779 - "Special Purpose Properties - The Challenge of Real Estate Appraising in Limited Markets", September, 1996.

410 Standards of Professional Practice, Part A (USPAP), 8/97.

420 Standards of Professional Practice, Part B, August, 1997.

520 Highest & Best Use and Market Analysis, October, 1997.

Non-Conforming Uses Seminar, January, 1998.

510 Advanced Income Capitalization, May, 1998.

530 Advanced Sales Comparison & Cost Approach, May, 1998.

540 Report Writing & Valuation Analysis, August, 1998.

550 Advanced Applications, February, 1999.

Regression Analysis in Appraisal Practice: Concepts & Applications, Seminar, March, 2000.

General Demonstration Appraisal Report Writing Seminar, March, 2000.

800 Separating Personal & Real Property from Intangible Business Assets, March, 2002.

Successful Completion of the General Comprehensive Examination for the Appraisal Institute

Uniform Appraisal Standards for Federal Land Requisitions, March, 2007

General Demonstration Appraisal Report Writing Seminar, August, 2007

Valuation of Conservation Easements, January, 2008.

Appraising Distressed Commercial Real Estate, June, 2009

Oil Spills and Property Values, Webinar, August, 2010

Business Practices and Ethics, September, 2010

A Debate of the Allocation of Hotel Total Assets, October 26, 2010

Appraisal Institute Update, May 19, 2011

Appraisal Curriculum Overview (2-day General) May, 2011

Professional Qualifications of James E. Wilson, III (Continued)

APPRAISAL INSTITUTE

Perspectives from Commercial Review Appraisers, July 20, 2011

Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets, 05/07/2012 - 05/08/2012

UAD-Up Close and Personal, November, 2014

Expert Witness Testimony: To Do or Not to Do, November, 2014

Analyze This! Applications of Appraisal Analysis, November, 2014

Florida Appraisal Laws and Regulations Update

Reviewers Checklist, November, 2014

National USPAP Update Equivalent (2014-2015), November, 2014

Purchase Price Allocations for Financial Report and Tax, April 16, 2014

Behind the Headlines, the New Real Estate Real Estate Economy, May 16, 2014

General Demonstration Report Writing, Online, October 28, 2019

Valuation of Donated Real Estate Including Conservation Easements, Virtual Classroom, FL
June 25, 2020

South Florida RE Market Through the Eyes of the Property Appraiser Office
November 20, 2020

2021 South Florida RE Forum: The Evolution of Appraisal August 20, 2021

Business Practices and Ethics, February 17, 2022

GOLD COAST SCHOOL OF REAL ESTATE

Real Estate Principles, Practices, and Law - FREC Course I, May, 1992.

Salesman Post-License Program, February, 1994.

Mortgage Broker, Exam-Prep Program, September, 1992.

AB I - Appraisal Board - Fundamentals of R.E. Appraising, 5/92.

AB II - Appr. Board - Appraising Resid. & Income Properties, 2/94.

AB IIb - Appraisal Board - Cert. Resid. Appraisal Course, 7/94.

AB III - Appraisal Board - Certified General Appraisal Course (Income Capitalization Course), February, 1995.

USPAP - Uniform Standards of Professional Appraisal Practice, 6/92.

USPAP Course, September, 1995.

A-102 - Plan Reading for Appraisers, September, 1995.

National USPAP Update Course, June 2006

Techniques of Income Property Appraisal, June 2006

McKISSOCK DATA SYSTEMS

Automated Valuation Models, October, 2000.

Uniform Standards of Professional Appraisal Practice, October, 2000.

Factory Built Housing, October, 2000.

Appraiser Liability, September, 2002.

Appraising Nonconforming & Difficult Properties, September, 2002.

Appraiser Liability, USPAP, September, 2002.

Appraising for the Secondary Market, October, 2004.

Appraising High-Value Residential Properties, October, 2004.

Florida Laws and Regulations, October, 2004.

Limited Appraisals and the Scope of Work Decision, October, 2004.

National USPAP Equivalent, October, 2004.

Florida Laws and Regulations, September 2006.

Disclosures and Disclaimer, September, 2006.

Appraisal Trends, September 2006.

National USPAP Update Equivalent(2008-2009), November, 2008.

Introduction to Expert Witness Testimony, November 2008.

Mortgage Fraud-Protect Yourself, November, 2008.

Florida Appraisal Supervisor-Trainee Roles and Relationships, November, 2008.

Florida Laws and Regulations, November, 2008.

National USPAP Update Equivalent (2010-2011), August, 2010.

Risky Business: Ways to Minimize Liability, August, 2010.

Professional Qualifications of James E. Wilson, III (Continued)

Florida Laws and Regulations, August 2010.

Florida Appraisal Supervisor-Trainee Roles and Relationships, August, 2010.

The Changing World of FHA Appraising, August, 2010.

Systems Built Housing: Advances in Housing for the New Millennium, October, 2012

Deriving and Supporting Adjustments, October, 2012

Introduction to Regression Analysis for Appraisers, October, 2012

Introduction to Residential Green Building for Appraisers, October, 2012

Florida Appraisal Laws and Regulations Update

National USPAP Update Equivalent (2012-2013), October, 2012

Appraisal of Fast Food Facilities, November, 2016

2016-201 7-Hour National USPAP Update Course, November, 2016

Managing Appraiser Liability, November, 2016

Florida Appraisal Laws and Regulations, November, 2016

Advanced Hotel Appraising-Full Service Hotels, November, 2016

Florida Appraisal Laws and Regulations, October 31, 2018

2018-2019 7-Hour National USPAP Update Course, November 2018

Appraising Small Apartment Properties, November 2018

Appraisal of Land Subject to Ground Leases, November 2018

The Basics of Expert Witness for Commercial Appraisers, November 2018

2020-2021 7-Hour USPAP Update Course for Non-Residential Real Property, November 2020

Essential Elements of Disclosures and Disclaimers, November 2020

Evaluations, Desktops, and other Limited Scope Appraisals, November 2020

Florida Appraisal Laws and Regulations, November 2020

That's a Violation, November 2020

2022-2023 7-hour National USPAP Update Course, November 2022

Supervisor-Trainee Course for Florida, November 2022

Best Practices for Completing Bifurcated and Hybrid Appraisals, November 2022

Appraisal of REO and Foreclosure Properties, November 2022

Florida Appraisal Laws and Regulations, November 2022

The Basics of Expert Witness for Commercial Appraising, November 2022

Appraising Small Apartment Properties, November 2024

Income Approach Case Studies for Commercial Appraisal, November 2024

Intermediate Income Approach Case Studies for Case Studies for Commercial Appraisal, November 2024

Introduction to Expert Witness Testimony for Appraisers, November 2024

Supervisor-Train Counselor for Florida, November 2024

2024-2025 7- Hour National USPAP Update Course, November 2024

Florida Appraisal Laws and Regulations Update, November 2024

VALUE INFORMATION TECHNOLOGY, INC.

"Perspectives on Appraisals" FREAB Course ACE#1591, June, 1995.

NORTH BROWARD BOARD OF REALTORS

ACE 591 - Basics of Construction - How a Florida Home is Built II, January, 1994.

Certification:

State certified general real estate appraiser, as designated by the Department of Professional Regulation, State of Florida; Registration No. RZ 2164.

**Professional
Associations:**

Key West Board of Realtors

MAI, Member of the Appraisal Institute, March, 2020 Member#224192

Affiliations: Past President of the Key West Gator Club (Alumni Organization of the University of Florida)
Member of Class VIII, Leadership Monroe County
Board Member of the Rotary Club of Sunset Key West, 2013/2014 President, 2009 Treasurer, 2010 Vice President, 2011 President-Elect, 2012 & 2024 President Board of Directors of the Key West Chamber of Commerce, Board Member for 10+ years

Experience: WILCO VALUATIONS, P.A. d/b/a APPRAISAL COMPANY OF KEY WEST, James Wilson, President and his wife, Maria Virginia Wilson, also a State Certified General Real Estate Appraiser purchased the Appraisal Company of Key West from Mr. Richard Padron in April, 2004.



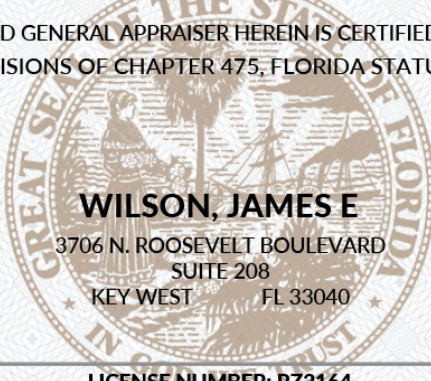
APPRAISAL COMPANY OF KEY WEST, INC., Fee Commercial Real Estate Appraiser, April, 1994 to April, 2004.

F.C.P. APPRAISAL SERVICES, INC., Senior Real Estate Appraiser and Trainer, May, 1992 to April, 1994.

Appraised various types of properties in the Florida Keys, including:

- | | |
|-----------------------|--|
| Retail Stores | Commercial/Residential Condominiums |
| Restaurants | Full-Service Marinas/Boat Yards |
| Strip Centers | Environmentally Sensitive Acreage |
| Office Buildings | Industrial Uses |
| Mixed-Use Properties | Guest Houses /Hotels/Motels |
| Service Stations | Mobile Home and RV Parks |
| Multi-family Projects | Warehouse (including mini-storage) |
| Proposed Developments | Special-Use Properties including Schools |
| Single-family Estates | Seafood Processing Plants |

APPRAISER CERTIFICATION

	Ron DeSantis, Governor	Melanie S. Griffin, Secretary	
STATE OF FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION			
FLORIDA REAL ESTATE APPRAISAL BD			
THE CERTIFIED GENERAL APPRAISER HEREIN IS CERTIFIED UNDER THE PROVISIONS OF CHAPTER 475, FLORIDA STATUTES			
 WILSON, JAMES E 3706 N. ROOSEVELT BOULEVARD SUITE 208 KEY WEST FL 33040			
LICENSE NUMBER: RZ2164			
EXPIRATION DATE: NOVEMBER 30, 2026			
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