




MEMORANDUM

Date: September 14, 2023

To: Honorable Mayor and Commissioners

Via: Albert P. Childress
City Manager 

From: Karen Olson
Deputy Director Port & Marine Services

Subject: Approving City Marina Liveaboard Pricing Structure

Introduction

Resolution approving a new City Marina pricing structure for full-time and part-time liveaboard tenant slip rental rates, including how the current per foot Capital Improvement Fee is allocated and approving revised lease agreement and lease checklist.

Background

Affordable housing is the number one priority of the City's Strategic Plan, *Key West Forward*. City Marina @ Garrison Bight has hosted liveaboard vessels and/or floating structures for over thirty (30) years. Many of these liveaboard vessels and/or floating structures were relocated from Houseboat Row, along S. Roosevelt Blvd in the late 1990's. The City has considered the liveaboards at City Marina as affordable housing for locals living and working in the lower Florida Keys and Key West. **The City established and maintained a well below market monthly rate**, increased only by annual CPI, currently at \$15.23 per foot length overall. The rate will be increased by CPI on October 1, 2023, to \$16.00 per foot length overall monthly. In comparison the current liveaboard rate at Key West Bight \$27.40, Safe Harbor Marina \$28.00, Sunset Marina \$38.14 – \$49.08 (dependent on vessel length) and Perry Hotel & Marina \$55.00 - \$65.00 (dependent on dock) per foot length overall monthly.

Over the past five (5) years the City Marina has seen a significant increase in sales of liveaboard vessels and/or floating structures to part-time residents for seasonal or second homes. **Currently the liveaboards consist of approximately 65% part-time, seasonal or second home residents capturing the well below market monthly rate.** The existing pricing structure has become a selling point allowing the below market monthly rate to be assigned to the new owner. This has created an increase in overall sales prices due to the value placed on the slip. Since 2019 fourteen (14) liveaboard vessels and/or floating structures in the Marina have sold in excess of \$200,000 with seven (7) being sold for between \$300,000 and \$400,000. There is currently one floating structure on the market for \$499,000. Of these sales, only two have been for full-time residency.

Affordable housing for locals living and working in the lower Florida Keys and Key West within the City Marina is disappearing, and the part-time seasonal and second home residents are benefiting from the Marina's well below market monthly rates. The proposed new pricing structure would **reduce monthly rates for all full-time liveaboard residents** and increase the monthly rates for all part-time residents. Staff also proposes removing the \$1.00/ft Capital Improvement Fee from all full-time liveaboards and increasing the Capital Improvement Fee to \$2.00/ft for all part-time liveaboards. The pricing structure will greatly benefit our remaining full-time liveaboards with a lower monthly rate of \$14.00/ft length overall providing truly affordable housing within Key West. The part-time liveaboard rate will increase to \$28.00/ft length overall, **still below market rate**, benefiting the City Marina financially at a time of significant on-going infrastructure repairs. All other monthly fees will still apply to all liveaboard tenants.

There are a handful of long-term transient tenants, docked on Wahoo Pier for 5-years or more, that may also benefit from this pricing structure. If passed, staff will review each of these long-term transient tenants on a case-by-case basis to determine if they too can be placed within the new pricing structure. It is important to understand removing too many transient slips would have a significant impact on the Marina and its ability to fund the necessary, on-going infrastructure repairs. Also, increasing the number of long-term liveaboard tenants will have an adverse impact on an already strained upland facility including limited parking. If the goal is to develop work force housing within the City Marina a Feasibility Study and Master Plan should be developed to ensure proper support facilities are placed.

Marina staff, in general, know the residency status of the City Marinas' liveaboard tenants from required lease agreement documentation. Staff have developed the attached questionnaire that will be distributed only to liveaboard tenants requesting a change to full-time status. The questionnaire will establish the appropriate per foot rate charged for that tenant. We have coordinated with multiple local entities to develop requirements for determining full or part time liveaboard status. Moving forward, the questionnaire will be required upon any sale with slip transfer request and upon all requests for change of residency status.

Procurement

The approved liveaboard pricing structure will go into effect on April 1, 2024, and will increase at the beginning of each fiscal year by annual CPI. With the new rates for full-time (\$14.00/ft) and part-time (\$28.00/ft), the City Marina will realize increased revenues by an estimated \$150,000 for FY23/24 and an estimated \$300,000 for subsequent years while **maintaining true affordable housing for our full-time liveaboard tenants**.

Recommendation

The City Manager's Office recommends the Mayor and Commission approve the new City Marina pricing structure for full-time and part-time liveaboard tenants' slip rental rates, including how the current per foot Capital Improvement Fee is allocated and approving revised lease agreement and lease checklist.