



EXECUTIVE SUMMARY

TO: City Commission
FROM: Mark Tait
CC: Jim Scholl, Marilyn Wilbarger
DATE: February 16, 2012
SUBJECT: City Marina Charter Boat Lease Renewal

ACTION STATEMENT:

The purpose of this item is to approve the five-year lease renewal that is stipulated in the current Charter Boat Lease Agreement.

BACKGROUND:

On September 30th 2010 the most recent five-year lease agreement between the City of Key West and the charter boats at City Marina expired. The lease renewal being proposed will contain the same terms and conditions as the first 5-year lease except that a \$1 per foot monthly capital improvement assessment will be added.

There are 34 charter boats that will be affected by the proposed 5-year lease renewal. There is a mixture of sizes of charter boats with the majority being off shore boats averaging 35 feet, two head boats averaging 60 feet and seven light tackle boats averaging 28 feet.

During the first 5-year term major renovations were completed on Amberjack Pier. During the second 5-year term renovation of Bonefish and Bonita Piers are anticipated if monies are available.

The 5-year lease renewal start date, if approved, will be October 1st 2010. The dockage lease rate will remain the same for the second 5-year term increasing annually by CPI or 3% whichever is greater. Additionally a \$1 per foot capital improvement assessment will be charged monthly for future capital improvements to the marina and begin April 1st 2012.

OPTIONS/ ADVANTAGES/ DISADVANTAGES:

1. The City Commission can accept staff's recommendation to approve the new lease and rate structure as proposed.
2. The City Commission can change staff's recommendation as it wishes.
 - The lease renewal is automatic and the terms and conditions of the lease cannot be changed except for the rate.
 - The charter boat base rate was increased by CPI on October 1st 2011.
 - The charter boat tenant's original lease is expired and they are currently on a month to month agreement.

FINANCIAL IMPACT:

There will be a positive increase of revenue of either CPI or 3% annually whichever is greater derived from the charter boat leases. There will also be approximately \$16,400 collected annually from the charter boats to supplement the City Marina capital improvement fund.

RECOMMENDATION: Staff recommends that the City Commission approves the 5-year lease renewal.

ATTACHMENTS:

Current 5-year charter boat lease (expired)

Proposed 5-year charter boat lease renewal

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