

Executive Summary



To: City Commission
CC: Jim Scholl, City Manager
From: Marilyn Wilbarger, Mark Tait
Date: January 20, 2012
Re: Market Rental Rates for City Marina at Garrison Bight

ACTION ITEM

The purpose of this item is to establish current market rental rates for new and transferred live-aboard, recreational and charter boat slip rentals.

BACKGROUND

The slip rental rates at City Marina are substantially under market and do not provide the funds necessary to continue to maintain and operate the facility as a safe, user friendly and appealing marina. City Marina is an older facility with infrastructure that is nearing the end of its useful life. All improvements that have not been replaced now require constant maintenance which may not be cost effective, and ultimately result replacement when funding becomes available. The scheduled replacement of Tarpon Pier will drain existing reserves and will leave a substantial number of capital projects incomplete, including replacement of the rental trailer that has served as the temporary Dockmaster's office for years as well as the continuing replacement of the piers, utilities, pump-out facilities etc.

We are mindful of the fact that it could be hardship to increase the rent for existing tenants to market rates but at the same time recognize that small inflationary increases will never keep pace with the need. Therefore pursuant to discussion and direction received during the budget process staff is proposing that as new tenants come in or current tenants transfer their slips, the rates would be brought up to market. Recently, market rate surveys have been undertaken and averages calculated that include the current rates for City Marina, and reflect the following:

Live Aboard

City marina is currently 26% below market rate for live-aboards. Attachment "A" shows City Marina and other marinas in Key West and Stock Island that have live-aboard slips. The average rate is \$15.64 per foot monthly for marinas most of which are located in less desirable locations than City Marina. We have included the city owned marina at Key West Bight for comparison purposes but we have not included it the average due to its location.

City Marina's live-aboard rate currently is \$11.58 per foot monthly. Staff proposes a market rate of \$15.64 per foot for a new or transferred slip. There is also an existing \$19.22 per foot fee for structures that are over 15 feet wide which exceeds the normal slip width. This width fee would not change. To demonstrate the increase by example, a 35' vessel/structure would increase from \$405 to \$547 monthly for new tenants, a rental rate that remains well below affordable housing rents in Key West.

Commercial

City marina is currently 18% below market rate for commercial tenants. Attachment "B" shows other marinas in Key West and Stock Island that rent commercial slips. The average rate is \$21.35 per foot monthly. Key West Bight is included in the attachment and is part of the average because it does compete with the commercial boats in City Marina.

City Marina's commercial rate currently is \$17.45 per foot monthly. Staff proposes a market rate of \$21.35 for new or transferred slips. To demonstrate the increase by example, a 35' vessel would increase from \$611 to \$747 monthly for new tenants.

Recreational

City Marina is currently 30% below market rates for pleasure/ recreational slips. Attachment "C" shows other marinas in Key West and Stock Island that have pleasure/recreational slips. The average rate for these marinas is \$15.38 per foot monthly. Key West Bight is included in the attachment for comparison purposes and is not included in the average due to location.

City Marina's pleasure rate currently is \$10.90 per foot monthly. Staff proposes a market rate of \$15.38 for recreational/pleasure slips with the ability to adjust the rates seasonally or based upon occupancy. To demonstrate this increase by example, a 35' foot vessel would increase from \$381 to \$538 monthly.

Options

1. The City Commission can approve the proposed rate structure for new/transfer slips.
2. The City Commission can modify the proposed rate structure.

Advantages / Disadvantages

- Bringing City Marina's rates up to market rate will increase the marina's annual revenues as transfers and new tenant leases occur.
- Current tenants would not be directly affected by the rate increases.
- A higher slip rental may be perceived to decrease the marketability of the of the vessel or business when and if a current tenant decides to sell.

Financial

The overall financial impact establishing new market rents will depend on the number of new and transferred slips making it difficult to project a dollar amount. Historically, an average of 9 slips out of 130, or approximately 7%, of Charter and Live aboard slips transfer each year that would be re-leased at the market rates.

RECOMMENDATION

Adopting new market rates when the slips transfer is similar to the process that takes place when a home is sold or transfers under the Florida Save Our Homes Act which provides the mechanism for the Tax Assessor to adjust the property to a market value at the time of the transfer. This practice ensures that the current tenants or homeowners continue to enjoy a lower cost while establishing market rates for new residents. It is imperative that we begin to close the gap between current revenue and market rates to enable the continued operations and funding of capital replacements at City Marina and staff believes that this method will best serve the interests of all parties.

Attachments

- A. Live-aboard rate survey
- B. Commercial rate survey
- C. Recreational rate survey

Attachment A

Live-aboard Rates

	City Marina at Garrison Bight	Safe Harbor Marina	Old Island Marina	Ocean Side Marine	Key West Bight Marina (For comparison only)
Monthly Rate/Foot	\$11.58	\$16.00	\$17.00	\$18.00	\$21.40
Additional fees	Beam over 15' \$19.22/foot	Live-aboard fee \$50.00 per person Bath house laundry use	N/A	N/A	Live-aboard fee \$40.00 per person Bath house laundry use
Solid Waste	\$26.60/month	Included in monthly rate	Included in monthly rate	Included in monthly rate	Included in monthly rate
Sewer	\$29.81/month	\$ 34.56 / month	Included in monthly rate	N/A	Included in monthly rate
Electricity	metered	metered	\$100/month	\$100/month	metered

Attachement B

Commercial Rates

	City Marina at Garrison Bight	Ocean Side Marine	KW Harbor Yacht Club	Safe Harbor Marina	Key West Bight Marina
Monthly Rate/Foot	\$17.45	\$18.00	\$20.00	\$24.00	\$27.30
Water	Included in monthly rate	Included in monthly rate	Included in monthly rate	metered	Included in monthly rate
Electricity monthly	metered	Included in monthly rate	metered	metered	metered

Attachment C

Recreational Rates

	City Marina at Garrison Bight	Old Island Marina	Safe Harbor Marina	Ocean Side Marine	KW Yacht Club	Key West Bight Marina (For comparison only)
Monthly Rate/Foot	\$10.90	\$15.00	\$16.00	\$17.00	\$18.00	\$24.43
Utilities	\$32.94/month	30.00/month	N/A	N/A	metered	metered