

9. Submerged Land Leases

The City Marina maintains submerged land leases with several tenants with riparian upland rights around the City Marina. Commercial and residential properties on the perimeter of the bight and frontage on North Roosevelt Boulevard, Eisenhower Drive, and Palm Avenue have leases for the submerged lands adjacent to their parcels. The uses are typically for wet slip dockage in conjunction exclusively with the upland use of the tenant. Most of the lease's include requirement for pump out service, restrict and omit fueling facilities, and restrict liveaboard uses. The terms and conditions of the lease are typical for the market area and include provision for compliance with local, State and Federal Laws governing the agreement, the vessel and the site.

The research conducted included some canvassing of local marinas, resorts and facilities adjacent to unowned bay bottom and research of state agencies governing similar leases and submerged land uses. The geographical area initially searched was limited to the Key West and Stock Island areas, in accordance with the agreed scope of work, however it was necessary to expand the search criteria in order to obtain sufficient data for analysis. Items of comparison sought included lease terms, responsibilities of the parties, usage requirements and limitations, amenities provided, as available from the submerged land leases collected and reviewed.

The following summarizes the existing City's leases considered.

Paradise Harbor Condominium

Upland Address: 719 Eisenhower Drive

Area Leased: 11,529 square feet (sf)

Current Annual Lease Fee Rate: \$0.85 per sf plus applicable tax

Current Monthly Lease Fee: \$877.89

Lease Term: Ends 8/31/2025

Garrison Bight Investors LLC

Upland Address: 1601-1605 Eisenhower Drive

Area Leased: 7,813 square feet (sf)

Current Annual Lease Fee Rate: \$0.85 per sf plus applicable tax

Current Monthly Lease Fee: \$594.93

Lease Term: Ends 8/31/2025

SBY Key West LLC

Upland Address: 701 Palm Avenue

Area Leased: 25,021 square feet (sf)

Current Annual Lease Fee Rate: \$0.85 per sf plus applicable tax

Current Monthly Lease Fee: \$1,905.25

Lease Term: Ends 8/31/2025

Garrison Bight Marina Inc
Upland Address: 711-717 Eisenhower Drive
Area Leased: 15,740 square feet (sf)
Current Annual Lease Fee Rate: \$0.85 per sf plus applicable tax
Current Monthly Lease Fee: \$1,198.54
Lease Term: Ends 8/31/2024 (no extension provided)

Garrison Bight SMI LLC
Upland Address: Angelfish Pier, Palm Avenue
Area Leased: 19,874 square feet (sf)
Current Annual Lease Fee Rate: \$0.85 per sf plus applicable tax
Current Monthly Lease Fee: \$1,513.32
Lease Term: Ends 11/30/2028

Harborside Hotel and Marina Inc.
Upland Address: 903 Eisenhower Drive
Area Leased: 18,486 square feet (sf)
Current Annual Lease Fee Rate: \$0.85 per sf plus applicable tax
Current Monthly Lease Fee: \$1,407.63
Lease Term: Ends 8/31/2025

Harbor Lodge Condominium Owners Association
Upland Address: 833 Eisenhower Drive
Area Leased: 13,709 square feet (sf)
Current Annual Lease Fee Rate: \$0.85 per sf plus applicable tax
Current Monthly Lease Fee: \$1,043.88
Lease Term: Ends 8/31/2025

Key West Community Sailing Center Inc.
Upland Address: 705 Palm Avenue
Area Leased: 33,018 square feet (sf)
Current Annual Lease Fee Rate: \$1.00 Per year
Current Monthly Lease Fee: \$0.083
Lease Term: Ends 8/31/2025

Old Town Trolley of Washington DC
Upland Address: 801 Eisenhower Drive
Area Leased: 12,974 square feet (sf)
Current Annual Lease Fee Rate: \$0.75 per sf plus applicable tax
Current Monthly Lease Fee: \$810.88
Lease Term: Ends 12/31/2025

Pelican Landing, A Private Fishing Condominium Inc
Upland Address: 915 Eisenhower Drive
Area Leased: 18,886 square feet (sf)
Current Annual Lease Fee Rate: \$0.85 per sf plus applicable tax
Current Monthly Lease Fee: \$1,438.09
Lease Term: Ends 8/31/2025

The City leases are typical for leased submerged land in the market area. The lease provided mirrors the State Department of Environmental Protection, Board of Trustees Land Documents System (BTLDS) lease format, as noted on the website for the public leases in the State. The City leases run for a variety of periods however most are up for renewal in 2025. The City's current rate is \$0.75 to \$0.85 per square foot for all but one of its current leases. The Sailing Club enjoys a preferential rate due to the nature of its public service business. The lease for the Old Town Trolley is slightly favorable at \$0.75 per square foot and expires at the end of December, 2025.

In researching the comparable submerged land leases it was necessary to expand the search area in order to provide additional data and support the opinion of value. There were four leases considered within the City limits. An additional five leases from Stock Island and up to mile marker 28. These leases represent the most current available on the BTLDS website and public records. The following is a summary:

Submerged Land Leases					
Lease Number	Square Foot	Lease Term	Leased Fee Tax Included	Fee per S. F.	Owner / Location
440003375	13504	5/21-6/45	\$1924.75	\$0.14	Waterfront 6631 LLC 6631 Maloney Avenue, Stock Island
441570565	17206	7/23-7/28	\$3684.50	\$0.23	Truman Annex, North Basin LLC
440249865	3611	7/23-7/28	\$847.93	\$0.25	Reach Hotel 1240 Simonton Street, KW
440011755	7887	1/22-1/27	\$6511.83	\$0.83	Tannex Development 271 Front Street, KW
441736935	1800	5/22-5/32	\$3092.99	\$1.72	Spottswood, Spottswood, Spottswood New Found Harbor, Ramrod
440030225	4035	8/23-8/28	\$864.05	\$0.21	Hyatt Residence Club 5051 Overseas Hwy, KW
440004045	23719	4/22-4/32	\$3424.37	\$0.14	Libben LLP 3558 Meadow Grove Tr Ann Arbor, MI Hurricane Hole Marina
440006695	46566	4/21-4/26	\$8679.90	\$0.21	Trudo Leschert 1510 Tuttle Ave Sarasota, FL The Galleon Resort
440353455	3622	9/23-9/28	\$775.61	\$0.21	NHC FL 136 LLC Sunset Harbor Village LLC 27777 Franklin Rd, Ste 300, Southfield MI
440343315	9357	10/23-10/28	\$2003.70	\$0.21	Spottswood Partners LTD 506 Fleming St, KW Little Palm Island, Ramrod

Analysis:

The comparison included similar annual lease fees for submerged land from shore line properties in Key West, the lower and middle keys. The search area revealed sufficient similar comparables for analysis in the prescribed market area. The City marina location was superior to many of the available leased areas. The Fury lease for example is in the middle of the open bay with no adjacent facilities. The Galleon leased area is proximate and more similar to the subject in location and amenity, however with limited parking in the resort. The Tannex property was most similar in lease rate to the subject's lessee's agreements. Substitution principles apply to the lease rates of comparable sites with equal utility to that of the subject property. The lease terms were similar for the City lease and the submerged land leases from the State. The permitted uses varied slightly with some allowing all uses including fueling docks while others were limited to recreational uses.

The City lease provided included an annual rate of \$ 0.75 to \$0.85 per square foot. The leased City Marina areas are considered superior to most of the comparables. The comparable data indicated an unadjusted range in annual leases of \$0.14 to \$1.72 per square foot of leased submerged land. The sight variances in permitted uses did not significantly effect rates and thus adjustments were not considered applicable.

Conclusion:

The City's submerged land lease rate is competitive in the market, though currently in the upper range when compared to leases available. The current rates on the comparable data are for terms that range from five to ten years with most being in the early stage of the terms. As the rate is consistent with the recent renewals and their respective terms, the existing rates are considered in line with current market pricing and demand.