



EXECUTIVE SUMMARY

TO: Key West City Commission
FROM: Mark Tait, Marilyn Wilbarger
CC: David Fernandez
DATE: May 6, 2013
SUBJECT: City Marina Charter Boat Lease amendment

ACTION STATEMENT: The purpose of this item is to amend the current 5-year Charter Boat Lease Agreement at City Marina to allow tenants to replace their vessels, lower the insurance requirements to match the commercial agreements at Key West Bight and to specify the use of the charter boat in the agreement.

BACKGROUND: The current 5-year lease agreement for Charter Boat Row commenced October 1st 2010 and ends September 30th 2015. There are three areas in the lease that need to be adjusted that would benefit both the tenants and the marina.

1. Last year the City Commission approved additional uses for Charter Boat Row. Now a dive boat, glass bottom boat, eco tour, etc. would be allowed to operate on Charter Boat Row. Language to specify the nature of the lease holders business would be added to paragraph 1.
2. Currently there is no mechanism in the lease that would allow a tenant to change out their vessel for economic, mechanical reasons or just to improve their business. Language would be added to paragraph 2 that would allow a permanent change of vessel with Lessor approval.
3. The insurance requirement currently in the lease agreement is higher than it needs to be and is very expensive. Staff worked with the risk management department and implemented an industry standard insurance requirement at Key West Bight that is significantly lower than the insurance that is now required for the charter boats at City Marina. Language would be changed in paragraph 14 of the lease to match the insurance requirements for Key West Bight Marina.

Staff met with Charter Boat Association Board Members and they are agreeable to these lease changes.

OPTIONS/ ADVANTAGES/ DISADVANTAGES:

1. The City Commission can approve the changes the charter boat lease as described above.
 2. The City Commission can decide not to approve the changes to the lease described above.
- The proposed changes to the lease benefit both the tenants and the marina.

- Defining the use of the vessel will allow staff to monitor the future mix of the marina.
- There currently is a tenant wanting to upgrade his vessel and he cannot because the lease does not provide for it.
- Lowering the insurance requirement will save the tenants money and still be acceptable to our insurance carrier.

FINANCIAL IMPACT: There is no financial impact other than lowering the insurance requirement will save the tenants money.

RECOMMENDATION: Staff recommends that the City Commission approves the proposed changes to the Charter Boat Lease as described above.

ATTACHMENTS:

Charter Boat Lease 2010 Edition

Description of changes

Letter from Charter Boat Association requesting changes to the lease.