

EXECUTIVE SUMMARY



TO: City Commission

FR: Jim Scholl

DT: May 3, 2016

RE: Key West Community Sailing Center Submerged Land Lease Amendment

ACTION STATEMENT:

This is a request received from the Key West Community Sailing Center to enter into a lease amendment to provide for an under market rent for their current submerged land lease.

BACKGROUND:

The City originally entered into a lease agreement for the submerged lands in September of 2014. The rent for the first year of the term has been paid however the second lease year began in September of 2015 and has not been paid. The Tenant has approached the city and is requesting that the rent be lowered to \$1.00 per year as the organization is a 501(c)3, classified as a public charity. The organization's stated mission is to advance sailing education and encourage the public and sailors of all ages to experience the joy of sailing in a safe and fun environment.

In 2015, the Sailing Center had annual revenues of approximately \$75,000 that are derived from \$160 annual membership dues (38%), Program Services (28%), individual/corporate Contributions (17%) and slip rental/ boat storage fees ((13%). The Sailing Center provided 22 tuition free scholarships for one week of summer sailing camp along with the ladies sailing program which is fee and open to the public and free public use of the clubhouse. The organizations purpose, programs, revenues and expenses are more fully detailed in the attached public benefit statement received from the Community Sailing Center.

The Sailing Center also currently leases an upland parcel at the same location that houses their clubhouse and boat storage. That companion lease was approved for an under market rent for five years beginning in 2012, although it has a 90 day cancellation provision.

FINANCIAL IMPACT:

The current annual rent of \$5,589.91 is income that accrues to Fund 413 which funds all of the City Marina public services and an under market rent will have a negative impact.

CONCLUSION:

Pursuant to City Ordinance Section 2-941 (c) In order for the city to lease property below market rate in any circumstance, a public benefit must be shown on the record, and the lease must be approved by a supermajority of the city commission.

Additionally, pursuant to City Ordinance 2-872 (c) Any individual or organization that receives grant funds or subsidies from the city shall permit inspection of its books and

records upon demand by the city as a precondition to the receipt of such funding. The city may also conduct program results audits to determine whether the desired results or benefits are being achieved and whether objectives of funding established by the city are being met.

-DRAFT-

Key West Community Sailing Center

Public Benefit Statement

2015/2016

Purpose:

The Key West Community Sailing Center's mission, is to advance sailing education and encourage the public and sailors of all ages to experience the joy of sailing in a safe and fun environment.

Twelve years ago the Center decided to start a youth sailing program to introduce the sport of sailing to the children of Key West. In 2015 over 120 children participated in our sailing programs.

Youth Sailing Programs:

Sailing Camp – This past summer ten one week sailing camps were held at four different skill levels. The levels were young beginners, beginner, intermediate and racing. Each skill level had a different focus and taught different sailing skills. Each camp ran five days for seven hours each day. Many participants in summer camp paid a tuition for the camp (~80%). Scholarships were available to children who could not afford the tuition.

Sailing Clubs – Sailing Clubs are organized in conjunction with educational institutions. One Sailing Club was established last fall with a middle school. Clubs are being organized with the Monroe County High School and Florida Keys Community College. Those Clubs will operate during the spring and fall semesters.

Sailing Club classes are held during school year as part of the PE class or after school. Generally the students have basic sailing knowledge and the Club advances their skills. Once the student is certified by the Sailing Center's sail instructor, they are authorized to use Center's boats for their personal use with qualified supervision. The cost of the sailing clubs are largely underwritten by the Sailing Center.

The Race Team – This year, high potential sailors from the high school and college clubs will be invited to be part of a racing team. The plan is to have them compete in December against other regional sail teams at the Orange Bowl Regatta in Biscayne Bay in Miami. Members of the racing team will have the use of Sailing Center boats for practice with qualified supervision. The cost of this program will be underwritten by the Sailing Center.

Ladies Sailing Program – This program has been in place for several years and is very popular. Women of all ages and skill levels are invited to participate. This is a no-pressure social sailing group for women. The program runs every other Saturday for two hours. Ladies Sailing is open to the public and free. Ladies do not have to be a members of the Sailing Center to participate.

Public Benefit:

The Sailing Center encourages public participation in our activities including many that are *at no cost to the public*:

- The Sailing Center is open daily and *free* to the public. The public is welcome to use grounds and club house facilities and Wi-Fi. The Center is located in a park like setting where the public can sit and enjoy the beauty of the water front. It is open to the public every day
- Due to insurance restrictions, the public may not use our equipment (boats) without becoming a member and becoming certified to sail.
- The public is invited at no cost to attend our pot luck Friday Night Social. The Center's web site includes a standing invitation for the public to attend.
- Our sailing instructors and their volunteer assistants have free membership in the Sailing Center.
- The Sailing Center provides tuition free sailing classes to underprivileged children. Of 109 summer camp students this past year, 22 children received no cost tuition scholarships for the one week camp.
- The Center is partnered with other local charitable organizations to encourage their children to participate in *free* sailing lessons. These include:
 - The Boys and Girls Club
 - The Wesley House
 - Just 4 Kids
 - Keys B the Change
- The Sailing Center offers military discounts for active duty military personnel.

- The Sailing Center sponsors races on Sunday and Wednesday which are open to the public to crew on our boats or race on their own boats.

Conclusion: The public benefit of the Sailing Center justifies providing the submerged land lease at no cost to the Sailing Center.

Sailing Center Operation:

The Sailing Center owns 23 sail boats ranging in size from 8 to 22 feet and a number of paddle boards and kayaks.

The Center is managed and operated by a volunteer Board with no paid staff other than two sailing instructors.

It is a member of the US Sailing Association and abides by the National Association of State Boating Law Administrators as approved by the State of Florida.

There are two US Sailing certified instructors who provide all sailing instruction and oversee the Youth Sailing programs. They are the only paid staff in the organization.

Many members volunteer their time every year to maintain the fleet of boats and the facilities.

Sources of Funding

The Sailing Center's annual operating budget is approximately \$75,000. The major share of the costs -- the sailing instructors, insurance and maintenance of the boats, docks -- is provided through several funding sources:

<u>Source</u>	<u>Percent of Funding</u>
Membership Dues	38%
Program Service Revenue	28%
Individual/Corporate Contributions	17%
Slip/Storage Fee	13%
Other:	4%

In addition to these funding sources, volunteers donate hundreds of hours of labor annually to maintain the boats and docks and administer the sailing programs.

Cost of Operations:

Overall more that 65% of the Center's annual operating cost goes to the youth sailing programs.

Attachments:

Letters of Endorsement

Summer Camp Pictures