



## THE CITY OF KEY WEST

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**TO:** Community Redevelopment Agency

**FROM:** Key West Bight Management District Board (Bight Board)  
Steve McAlearney, Director Port and Marine Services

**CC:** Patti McLauchlin, City Manager  
Todd Stoughton, Asst. City Manager  
Ronald Ramsingh, Assistant City Attorney

**DATE:** November 1, 2022

**SUBJECT:** Boat House Key West, LLC. Building Repairs Reimbursement/Rent Abatement

### ACTION STATEMENT

Recommending approval of reimbursement in the amount of \$104,345 for completed CRA required basic building repairs and providing a rent abatement equal to seven (7) months payment in the amount of \$253,053 to the Boat House Key West, LLC (Boat House) and approving any necessary budget transfers.

The Key West Bight Management District Board approved this item at their October 12, 2022, meeting through Resolution #22-12.

### HISTORY

The Key West Caroline Street and Bahama Village Community Redevelopment Agency (CRA) entered into a ten-year lease for the Turtle Kraals restaurant with Moro Management, Inc. per Resolution #16-9967. The lease was assigned to Boat House Key West, LLC on June 6, 2020, per Resolution #20-100.

The Boat House has made substantial improvements to the property including demolition and reconstruction of the kitchen and bar areas. During the demolition it was discovered that exterior structural walls were significantly deteriorated from termite infestation and constant flooding of the kitchen due to improper exterior drainage and deficient plumbing. The cost of the CRA required basic building repairs was \$104,345 which included the replacement and repair of damaged exterior and structural walls, floor leveling and drainage pipe replacement and repairs, building flood prevention measures, electrical system repairs and exterior door replacement.

The total cost of repairs exceeded \$617,000 with Boat House staff providing a significant amount of labor and utilizing donated and reclaimed wood for its unique interior finishes. The final result is the quirky flare of the Historic Seaport.

*Key to the Caribbean – Average yearly temperature 77° F.*

EX-107795 3061203K3

Per the lease, the CRA is responsible for all basic building work including repair and replacement of all the structural elements of the building including the walls, foundation, floor, support columns, and exterior. To expedite these repairs staff recommended the Boat House make and pay for the repairs on behalf of the CRA and be reimbursed in an agreeable manner.

The extent of needed repairs to bring the building up to code and to a safe, effective, and operable standard caused the Boat House to be closed for a period of thirteen (13) months. During this time the Boat House continued to pay their rent although they were unable to operate the business. The Boat House is requesting a rent abatement equal to seven (7) months payment in the amount of \$253,053, exclusive of CAM and taxes, to help cover costs of additional repairs, renovations, and lost revenues. The rent abatement would be spread over the remainder of their lease which expires March 31, 2026.

The improvements the Boat House completed has hardened the CRA's asset for years to come.

**FINANCIAL STATEMENT:**

These items have not been budgeted. A transfer from Key West Bight Fund 405 reserves will be necessary to cover the \$104,345 reimbursement. The rent abatement would have only a small impact on the Key West Bight Fund 405 revenues.

**RECOMMENDATION**

The Key West Bight Management District Board recommends approval of reimbursement in the amount of \$104,345 for completed CRA required basic building repairs and providing a rent abatement equal to seven (7) months payment in the amount of \$253,053 to the Boat House Key West, LLC (Boat House) and approving any necessary budget transfers.