



THE CITY OF KEY WEST

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EXECUTIVE SUMMARY

TO: Community Redevelopment Agency (CRA)

FROM: Key West Bight Management District Board

DATE: October 23, 2018

SUBJECT: Time Charters at the Key West Bight

ACTION STATEMENT:

Resolution approving an amended Commercial Dockage Agreement that allows for Time Charters at the Key West Bight (KWB) Marina.

BACKGROUND:

Time charters is a term which means the hiring of a private vessel for yachting, sailing, or motoring for a specific period of time with a customized itinerary. Charters are private and arranged by guests for use of the entire vessel (family, friends or corporate/office).

The time charter business model is very common in marinas and has been occurring in the KWB Marina for well over 20-years with very few issues especially with existing KWB commercial tenants. One of the common themes of a time charter is that the customers typically spend several nights on the vessel away from the marina anchored offshore. There are instances where because of weather, mechanical issues, health issues of customer, etc., the vessel may not leave the marina and the guest will spend the night on the vessel in the slip.

While the practice of spending the night on the vessel in the slip appears to be in direct conflict with the provision of the current Commercial Dockage Agreement that states "*Owner agrees that the vessel shall not be used or rented for purposes of domicile or overnight residence while moored in the dockage space*", staff has allowed the practice. It was believed that the provision was in place to prevent illegal boat airbnbs from being operated by commercial tenants where the vessel never left the dock and was being operated as basically a hotel room on the water.

Recently an existing time charter operator in the marina looked to sell their business. They discussed the sell with staff to make sure staff did not see any issues with a new owner continuing to operate the time charter. After staff discussed with legal, it was determined that the existing time charter business was in conflict with the Commercial Dockage Agreement and would not be allowed to continue to operate without a modification to the Agreement.

The issue was brought before the Key West Bight Management Board in order to determine if

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time charters should be allowed and if so the best way to implement a time charter provision into the current Agreement without allowing a rash of boat airbnbs to take over the marina.

At the Board's August 15, 2018 meeting, the Board agreed to allow time charters with the following modification to the Agreement language:

“Owner agrees that the vessel shall not be used or rented for purposes of domicile or overnight residence while moored in the dockage space. Where the commercial operation is described as a “Time-Charter”, the incidental overnight stay of a customer before or after a charter outing shall not constitute domicile or overnight residence as prohibited herein. A determination by the Director of Port and Marine Services that Owner is abusing this exception shall be final and this lease shall be subject to immediate termination as provided in paragraph 11 herein. “

Additionally staff implemented a procedure that a commercial tenant must follow if they plan on operating a time charter business. See attached “TIME CHARTER REQUIREMENTS AND REGULATIONS”. The procedures including making application process and approval by the Board.

FINANCIAL IMPACT:

There is no financial impact with allowing time charters to operate in the marina. All commercial tenants pay the same per foot price to operate in the marina.

RECOMMENDATION:

Key West Bight Management District Board recommends approving an amended Commercial Dockage Agreement that allows for Time Charters at the Key West Bight (KWB) Marina.