

MARINE AND AVIATION BUSINESS PLAN UPDATE

The Marine and Aviation Department (M&A) is divided into several divisions which operate as three distinct Enterprise Funds. These funds being the Clearwater Airpark, Clearwater Beach and the Clearwater Harbor Marina. Highlighted in this update are the Beach and Harbor Marinas and those Capital Improvement Projects (CIP) forecasted in the six-year plan 2018/2019 – 2023/2024.

CLEARWATER BEACH MARINA



Florida continues to lead our nation in boat sales and boat ownership. Clearwater Beach Marina is host to the largest charter fishing fleet on the west coast of Florida and as such is one of the largest commercial marinas on the west coast of Florida. With 208 slips currently available, the marina regularly maintains a near 100% occupancy rate with an active wait list.

In 1950, the city constructed the marina yacht basin facility with 109 boat slips. In 1952, the marina building was built with commercial businesses on the first and second floors of the building. The construction was financed by the sale of revenue certificates, which were paid off in 1979; the revenue collected from the marina was used to pay for expenditures. The certificates were in effect between 1952 and 1979. In the early 1960's, the Island Estates Marina was constructed adding another 43 slips. In 1976, phase II expansion was completed, which created an additional 35 boat slips on the new east dock. In 1989, the fuel dock was relocated from the main dock to the east dock and is open 364 days a year. The beach marina currently hosts 43 Commercial businesses.

CLEARWATER HARBOR MARINA



The Clearwater Harbor Marina was constructed in 2010 and has a total of 126 slips for permanent dockage and 12 slips for transient boaters along with 1556 feet of side tie for overnight stays. It also offers 525 feet of free daytime side tie mooring and includes a fishing pier that is open 24 hours a day located at 210 Drew Street, Clearwater, FL 33755.

Both marinas currently support at a high rate of occupancy; therefore, our marketing focus has been to target and attract transient boaters or cruiser's. A transient boater is defined as; "Passing through or by a place, staying 10 days or less." Clearwater marinas currently use DOCKWA an online slip and mooring reservation system for transient reservations.

2019-2024 CIP UPDATE

The long awaited Beach Marina Upgrade (CIP #C1905) is now within the current six-year plan, with \$300,000 allocated for program funding in the current 2018-2019 budget year. These funds are to begin the preliminary design and design criteria phases. The main pedestrian walkway and seawall behind the marina building will be the first phase of the upgrades and replace the aging utility infrastructure which supports the existing marina. The second phase will be to determine the new marina layout, including slip mix and placement, demolition and vessel displacement, along with permitting and RFP package for bidding. Project funding for the construction/replacement phase will be financed in 2022/2023 & 2023/2024 largely by Penny IV.

Clearwater Pass maintenance dredging which connects the beach marina to the Pass and Intracoastal waterways was completed by the US Army Corps of Engineers (ACOE) in 2018. The ACOE surveys these waterways every two years with dredging by the ACOE on a 7 to 10 year schedule as needed.

MARINA RENTAL RATES

A Rate History: Surveys and studies are done periodically to compare Clearwater's slip rental rates to other municipal marinas. The following is a summary of more than two decades of effort trying to establish and maintain competitive market rental rates.

A 1993 survey of marinas found that the City of Clearwater marina slip rent rates were low compared to other municipal marinas as well as privately-owned marinas, especially in the Commercial slip rentals. At that time, it was proposed to increase the rates and change the structure of rates for Commercial Boats which was based on length to that of "passenger capacity". The City Council approved these new rates on October 7, 1993 and effective November 1, 1993. Also, in 1993 the City Council approved a business plan for the Marina that included three 5% slip rate increases scheduled for October 1st of 1996, 1998 and 2000. It is important to note that no known calculation can be found which established the starting rate structure based on "passenger capacity".

A market survey conducted in May 2002 found city rental rates were considerably lower than other marinas on the west coast of Florida and in Pinellas County. Based on this survey the Marina & Aviation Department Five Year Business Plan (fiscal years 2003-2007) was presented to the Council in September 2002. The plan recommended a revised rate structure effective October 1, 2003 and 5% price increases every two years. The Council approved the business plan and the recommended rates became effective October 1, 2002 and the first 5% increase October 1, 2004.

In 2004 there was approximately a twelve-year waiting list for commercial slips at the Marina. Boats that had slips were able to be sold to new owners at inflated prices merely to acquire access to marina slips, bypassing the wait list. Resolution No. 04-14 was enacted in July 2004 to limit the transfer of slips to new renters when sales occurred. Resolution Numbers 05-07 and No. 05-29 were passed in early 2005 to clarify circumstances and fees under which transfers of slip occupancy to new owners could be made.

In February 2007 a market survey of marinas was conducted in Pinellas County. It was found that the marina slip rates were low compared to other marinas in Pinellas County. A five-year business plan was drafted that would bring slip rates to the market average by 2012. Slip rates currently have three (3) tiers: private resident, private non-resident, and commercial. The business plan proposes to do away with the different rates for residents and non-residents by 2012 and only have rates for private and commercial slips. The business plan was discussed and approved by the City Council on November 15, 2007.

In February 2009, the Marine & Aviation department proposed adjustments to the slip rental rates that were approved as part of the fiscal year 2008/2012 Marina five-year business plan. In March 2009, council adopted Ordinance No. 8039-09 which authorized the City Manager to adjust vessel slip rent increases or decreases up to ten percent annually. Due to current economic conditions, the average market rates have decreased, and the current market average is proposed as the new base (rollback) rate for fiscal year 2009 and no increase for fiscal year 2010.

A 5% increase in 2015 was approved and was the first increase in over 5 years. There have been no increases proposed or applied in 2016 or 2017.

Our most recent (June 2016) Marina Market Rent Study, was prepared by K. Mitchell Caldwell, MIA. From this point on, the focus of this memo will highlight the Commercial Slip tenants at the beach marina.

As noted in the 2016 Study, "There are no marinas that had similar commercial boat slips as the City of Clearwater Marina." What that means is that Clearwater Beach and its tourists support more commercial boat business than any other marina on the West Coast of Florida. That said, fifteen (15) marinas were used to prepare the study. None of the

marinas surveyed based their commercial rates on a “per passenger” occupancy factor as is done in Clearwater. I could find no calculation for the per passenger fee structure that was adopted in 1993.

As an example of this fee schedule, Clearwater’s largest commercial passenger vessel is the StarLite Majesty which holds 300 passengers. Based on our rate structure the StarLite’s capacity places it in the “161 and over category”, corresponding to a monthly slip rate of \$2,053.25 (including tax). By comparison, the Pirate Ship which holds 149 passengers falls into our “101-160 passengers” category corresponding to a monthly slip rate of \$1,254.74 (tax included). These are two examples from the nine (9) large commercial vessels, which hold over 50 passengers. An average slip rent for one of the 34 smaller commercial vessels is in then \$500.00 a month range.

By comparison, John’s Pass Village Marina (which only rents commercial slips) has charter and tour boat operations like Clearwater, but on a smaller scale. Slip rates there range from \$3,500 to \$10,000 a month depending on size and location within the marina. Average commercial slip rates at John’s Pass Village Marina are \$5,000 a month.

It is important to note that all marina tenants enjoy the use of potable water, sanitary sewer, solid waste disposal and nighttime security. These costs are billed to the city and paid for out of the marina budget. For discussion purposes, an October billing for these services were: Water/Sewer (\$8,435.41), Solid Waste services (\$4,590.04), and Nighttime Security (\$4,723). While all marina tenants have access to these services, it is the commercial tenants and their daily usage of water, sewer and trash that contributes to the lion’s share of these costs. Our recreational tenants tend to be weekend users of these services. **It was discussed before Council as far back as 1993 to start charging commercial tenants for utilities, as is done at other marinas.**

Section 33.028 “Rental Charges” requires the City Manager establish charges for the use of boat slips and docking spaces...any changes shall be posted at the Marina Building on Clearwater Beach and shall be effective 72 hours after written notice of a change thereof has been posted. The City manager is authorized to adjust vessels slip rent increases or decreases up to 10% annually based on surveys of rates charged by other Municipal and local area marinas.

The above Ordinance has been our basis to increase slip rental rates. At this time, based on legal review this Ordinance also has the ability to establish other charges “such as utilities” for the use of docking space. These other charges will only apply to the commercial slips.

These proposed changes in utility cost sharing for the commercial users has been discussed by the Marine Advisory Board at their March 14, 2018 and March 13, 2019 meetings. Individual water meters were added to each commercial slip in 2018 to begin

a pilot study for water usage by the commercial tenants. Beginning May 1, 2019 each commercial user will pay its portion of water used based on their meter and current water rates.

This year the Pinellas County Property Appraiser began assessing property tax on marina slips, County wide, that are used to operate a business. This affects all our commercial tenants. The overall tax bill comes to the city, we pay, and get reimbursed from each commercial tenant.

Finally, back in 2009 City Council Adopted Resolution 09-02 which changed the Commercial Dock Permit to a License Agreement. Following that change in 2009, only the title header of the Dockage Permit was changed to License Agreement, while the remainder of the document continued to use the term permit. Appendix A contains both the updated commercial and recreational permit/license applications with all the approved changes throughout along with other housekeeping changes to bring the documents up to date. These changes include adding the other charges (utilities) and property taxes discussed above were appropriate.

CAPITAL IMPROVEMENT PROGRAM UPDATE

In previous years the marinas have basically maintained status quo on CIP projects while waiting on the beach marina redevelopment, and for the Harbor marina to reach the end of its 10-year warranty period. Two new CIPs were created and added to the program to achieve both these goals.

Marine Facilities

	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24
CIP C1905	\$300,000				\$7,500,000	\$7,500,000

Beach Marina Upgrade: This project would include replacement of the entire Beach Marina seawall and boat slips with a mix of fixed and floating docks to have an up to date, up to code marina with ample power and slip sizes to accommodate today's wider vessels. Additionally, this project provides for the replacement of potable and fire water, electric, cable and the like located under the sidewalk along the seawall. Programming money is available in FY18/19 to start the design criteria and planning phases, with construction beginning in FY 22/23.

	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24
CIP C1906	\$106,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000

Clearwater Harbor Marina Replacement & Upgrade: The project provides funding for the replacement/upgrade of major dock components (piles, wave attenuators,

gangways, finger piles and the like) as the marina facility ages beyond the original ten-year warranty period (2010-2020).

LEASE AGREEMENTS UPDATE

Multiple Lease Agreements are managed by the Marine & Aviation Department.

Marina Building Leases 25 Causeway Boulevard:

The Harbor Barber*
The Marina Beach Shoppe*
Pirates Pantry*
Poke Loco*
The Marina Cantina
Salt Cracker Fish Camp
ReMax Reality*
Parking System Office
*Roundabout Pizza**

Land Leases:

Bait House Restaurant* - 45 Causeway Boulevard.
Clearwater Airpark - 1000 N Hercules Avenue
Crabby's Dockside - 37 Causeway Boulevard.

*Leases that will expire in 2019. A comprehensive review/re-write of all leases that are up for renewal in 2019 is underway.

SEMINOLE STREET LAUNCH RAMPS



Located at 198 Seminole Street, the launch ramps were constructed in 1967 to serve the boating community. Launching a vessel is free of charge but parking permits are required if the boater is leaving the vehicle and trailer on site. These are sold on site through parking machines allowing up to 72 hours of parking. With eight launch ramps, this is one of the largest facilities of its kind in Pinellas County.

2019 will see a major renovation of the launch ramp site, adding expanded paved parking with two new lots east of the existing one. The project also calls for a restroom, floating day docks, improved landscaping and lighting, and a park element on the western tip.

While not part of any of the Enterprise Funds managed by M&A, this facility is currently managed by M&A utilizing General Fund dollars, with parking revenues collected by M&A to maintain the ramps. The 2019 improvements will include parking revenue and enforcement funds being transferred to the Parking Fund to manage the lots with M&A and P&R continuing to provide General Fund services outside of parking.