

Marina Renovation Project Frequently Asked Questions

Why is the City renovating the Municipal Marina?

The City's Municipal Marina is composed of docks and support facilities spanning the Central ("CYB") and South ("SYB") Yacht Basins along our Downtown Waterfront. The CYB docks were built in 1963 and four of the five SYB docks were constructed in 1977. The facilities have been well maintained over the years, but with time and exposure to the aggressive saltwater environment the infrastructure has reached the end of its service life.

In 2016, the City engaged Moffatt & Nichol ("M&N"), a global infrastructure advisory firm, to perform a Condition Assessment and develop a Master Plan for the Marina. The Condition Assessment Report was completed in September 2016 and concluded that several components of the Marina (e.g. walkways and finger piers) were in extremely deteriorated condition and needed to be removed from service until repairs were completed. Short term repairs were initiated to stabilize the failing systems. The preliminary master plan report from M&N was received by the City in November 2017. Due to the aging and failing existing systems, the plan called for a phased replacement of the Marina's docks, walkways, finger piers, utility systems, and auxiliary support facilities.

How much will the renovation cost?

The M&N Master Plan included cost estimates for the renovation work. The projected price varied depending on the type of dock system installed (fixed/floating/mixed) but was estimated to be approximately \$50 Million without the inclusion of any seawall or breakwater improvements.

Who will pay for the renovation?

Originally, the City was planning to fund and move forward with the Marina renovation project based upon the M&N Master Plan recommendations. Funding would come from Marina users (e.g. slip rental charges) and the City's General Fund. However, in late 2018, the City received an unsolicited offer from a marina developer looking to fully fund the Marina renovation in return for the rights to manage and operate the facility.

What did the City do regarding the Unsolicited Offer?

The City was interested in evaluating the unsolicited offer but wanted to ensure that other entities had the opportunity to respond as well. Therefore, a Public Notice was published in April 2019 inviting alternative proposals to be submitted.

The Public Notice resulted in 3 additional proposals being submitted to the City. After a thorough review by City staff, the Mayor selected Safe Harbor Development, LLC ("SHD") as the best proposer.

Who is Safe Harbor Development, LLC.?

SHD, a Tennessee LLC, is one of the largest and most experienced marina operators in the U.S. They have acquired and transformed 12 marinas with more than 5,000 slips over the last 20 years. Their development resume includes marinas, water parks, hotels, RV resorts, and event centers across the Northeastern and Southeastern United States. They specialize in customer service and hospitality with an emphasis on cleanliness of their operations.

What made SHD the Mayor's choice?

Certainly, SHD's diversified development experience stood out amongst all the other proposers. Their company's qualifications, history of development, broad vision for the Marina, and financial benefits to the City all were important elements in the final decision.

SHD plans to integrate the Marina into the fabric of the surrounding waterfront area, including the New St. Pete Pier and our downtown parks. With SHD's hospitality and marina development background, they place an emphasis on quality with special attention to Marina elements visible and accessible to the general public. Their goal is to provide an attractive physical environment that is uniquely St. Petersburg.

Does SHD have experience designing and operating Marinas in harsh weather environments like the City Marina?

Yes. The best example of a SHD marina which faces similar weather challenges is the Sun Life Marina in Buffalo Harbor. This marina experiences significant tidal fluctuations and severe weather impacts due to extreme temperature changes in the northeast. According to Tom Alworth, Executive Deputy Commissioner of New York State Parks, "SHD was up for the challenge and designed a marina system appropriate for the challenging environment. They delivered the project above and beyond our expectations – a superb job."

Locally, SHD has partnered with Moffatt & Nichol, a global infrastructure advisory firm, which provides engineering and consulting services to clients in the marine industry around the world. M&N is intimately familiar with the local conditions in Tampa Bay as they have provided their expertise to the City on Marina projects, including the most recent Master Plan efforts, for over a decade.

What has happened to date with SHD?

In May 2020, City Council approved a Pre-Development Agreement with SHD allowing them to develop a Marina Concept Plan. This Concept Plan provides both the City and SHD a detailed framework to ensure the renovation project can be delivered on-time and on-budget. The Concept Plan was submitted to the City for review in September 2020. In November 2020, the Mayor and SHD agreed to move forward with the creation of a Lease Agreement for SHD to operate and re-develop the Marina.

What are the next steps in the renovation process?

City staff and SHD are working on a Lease Agreement to be presented to City Council in March 2021.

What are the main business points in the Lease Agreement?

The Lease will be for a Term of 5 years (per current City Charter requirements). During that time, SHD will manage and operate the Marina. SHD will prepare design documents consistent with the Concept Plans and complete any studies required to permit the renovation work. All renovation work is required to be substantially complete by the end of the Term. SHD will fully fund the Marina renovations and is responsible for any cost overruns.

The City will receive Rent from SHD which includes a Base Rent of \$250,000 per year and a Percentage Rent of 25% of Gross Sales (except retail sales which will be at 2.5%). The Percentage Rent will have an offset of up to 50% of earned Percentage Rent as a way for SHD to amortize their capital investment in the facility (basically providing the City at least a 12.5% Percentage Rent plus the Base Rent).

Why is the agreement only for 5 years?

The Current City Charter restricts leases on most downtown waterfront property to a maximum of 5 years, including the Marina. Should there be a desire to seek a longer term agreement, a referendum would be required.

What happens at the end of the 5 year Term?

The City has the option of either extending the agreement for an additional 5 year period or terminating the agreement with SHD. If the City decides to terminate the agreement a Termination Fee would be paid to SHD to reimburse them for the Marina improvements completed.

How much is the Termination Fee?

The Termination Fee is based upon the \$30 Million investment that SHD will put into the Marina project. It also includes a return on investment component to compensate SHD for their capital outlay. The Termination Fee is capped at \$37,750,000. The Termination Fee is reduced each year by any revenue that SHD earns from the operation of the Marina.

Would paying the Termination Fee hurt the City financially?

No. The SHD project budget is capped at \$30 Million, and the Termination Fee is capped at \$37,750,000. These financial terms provide a safeguard to the City in the event we decide to terminate the SHD agreement. While the City would be required to fund the Termination Fee, we would obtain the completed Marina renovation assets in return. The cost to the City of paying the Termination Fee is projected to be substantially lower than the cost if the City performed the Marina renovation work directly using the M&N cost estimates.

Will SHD be responsible for all the Marina renovation work?

Yes, SHD is responsible to fund and perform all Marina renovation work.

Is there other work planned for the CYB and SYB?

In addition to the Marina work, the City will be moving forward with seawall improvements in the CYB and SYB in a coordinated effort with the Marina renovation. The seawall improvements are not part of SHD financial responsibility and will be fully funded by the City.

What are the benefits to the City of SHD performing the Marina renovations?

The preliminary City budget, prepared by Moffitt & Nichols and included with the Marina Master Plan, called for an estimated \$50 Million to renovate the CYB & SYB. Since the Marina operating revenues are insufficient to completely cover the debt service on loans required to fund the renovation work, the City's General Fund revenues would be needed to move the project forward. This would take funds away from general city needs.

Because of SHD's ability to leverage existing relationships in the marine industry, their projected construction costs at \$30 Million are significantly less than the City's cost. They have agreed to contractually commit to cap the construction costs at \$30 Million, and also guarantee that the scope of services approved by the City will be completed. Further, any cost overruns on the project would be SHD's responsibility.

The SHD proposal provides the City a positive cash flow (from rent) over the Term of the agreement which would be available to the General Fund. Since SHD would be responsible for all operating costs, including repair and maintenance, this rent revenue can be used for any general activity of the City.

Allowing SHD to fund the Marina renovation work will also preserve the City's bonding capacity for future general projects. This will help the City avoid a negative impact on our bond ratings and allow us to obtain the best interest rates on any future borrowings.

What is included in SHD's Concept Plan?

The Concept Plan calls for a full renovation of the entire Marina. This includes new facades and upgrades to the existing support facilities (entryways, bathhouses, etc.); a reconfiguration of the dock layouts within the basins; a change in the CYB from fixed concrete docks to a floating dock system; an increase in the width of slips in the CYB to accommodate the size of newer boat designs; the removal of the covered slips along the north side of Demens Landing; and a reconfiguration of parking areas to increase the number of available spaces.

Are there any new buildings proposed?

The Concept Plan calls for a new Comfort Station to service the boaters in the north area of the CYB. Additionally, new entryways to the docks will be created along Pier Drive and the access points in Demens Landing. Existing buildings, such as the Ship's Store and the Comfort Stations on Demens Landing will be renovated with new facades and interior upgrades.

How will existing Marina users be impacted by the renovation project?

The Marina renovation project will be a multi-year endeavor. The plan is to phase the work to affect only small areas of the Marina at one time. Those boaters impacted during the renovation work are anticipated to be relocated to temporary slips until their area has been completed.

Will the Renovation project include Sustainability Standards?

Yes. The City and SHD have selected the Clean and Resilient Marina Program created by the Gulf of Mexico Alliance as the applicable standard. This program calls for "promotion and expansion of resilient and environmentally responsible operations and best management practices at marinas." These standards build upon the Clean Marina Certification Program which the City's Marina currently utilizes.

What about the Seawalls in the CYB & SYB?

The City is currently performing a vulnerability assessment of the seawalls within the CYB & SYB. This study will determine the design criteria for the renewal of the seawall system in these basins. While not directly part of the Marina renovation work, the seawall project will be done in close coordination with the Marina project to avoid disruption of marina operations as much as possible.

The seawall project will be fully funded by the City using available Intown CRA TIF revenues which have been previously allocated to this effort.

Will there be a decrease in the current number of slips?

Yes, slightly (about 6% fewer slips). The marina is in high demand for larger slips which take up a greater footprint than the smaller slips. The current marina shows approximately 40% of the slips under 28ft which have lower occupancy and less revenue generation than larger slips. It has become increasingly more popular to trailer smaller boats or store them in dry storage facilities, making the slips for boats < 30' long less desirable. These facts were first reported by Moffat & Nichols in their St. Pete Marina Master Plan update, commissioned and approved by the City several years ago. SHD has utilized that study as the basis for our own study and concept planning. Everything in the SHD plan is consistent with the Moffat & Nichols master plan. In fact, for this reason, SHD hired Moffat & Nichols to be their waterside design engineers, and they are also the lead engineer for everything in the marina (waterside) concept plan.

What is the typical size of wet slips in our community?

Research performed by M&N as part of the Marina Master Plan work showed that slip size averaged close to 50ft for the Tamp Bay Market and the City's Marina was closer to 36ft. The most demand for slips currently is for slips over 34 ft.

Why increase the width of slips?

Research has been conducted to understand current market for boats as well as the industry standards for slip dimensions and fairways. Modern boats generally have larger beams and require wider slips. Additionally, slip width increases with boat length due to larger boats tending to have wider beams.

Are the Public Boat Ramps at Demen's Landing used frequently?

Yes, these ramps are used regularly by local boaters (coast guard, fire rescue, PD, local commercial fishing charters, Boat Show load in/out, Marina boats load in/out).

What protection does City have that SHD won't flip lease?

SHD is in the business of operating marinas. According to SHD, they are acquirers of marinas, not sellers. They have not sold or "flipped" a single marina they have owned or operated. Further, the lease provides that they cannot assign (flip) the lease without City approval.

Why is there no contingency in the budget?

SHD has a contingency built into each line item.

What is current occupancy of Marina by vessel (or slip) size?

92% total occupancy with waiting lists on all slips over 28 ft in length. Majority of vacancy is in small slips 28 ft and less.

In current Layout, where are Odd Slips and Side Tie Slips located? And what are "Odd Slips"?

All side tie slips are at the end of docks – T head slips.

Odd slips are disbursed throughout the North Dock in areas where the dock bends or close to the dock house. South Dock slips close to the seawall are very shallow and thus are rented to smaller vessels than what they are sized for.

How would a vessel owner be charged if they have a 24 ft vessel in a 30 ft slip (the smallest slip in the new configuration)?

Slips are rented based on the size of the slip, which is common practice in the marina industry. However, for the first 18 months SHD will honor existing slip sizes for existing slip holders in compliance with their lease and marina rules and regulations (we will not charge them for a larger slip than their boat requires). SHD does reserve the right to reposition all boats within the Marina to more appropriately sized slips.

Will slip rates be based on vessel length or slip size?

Rates, as they are today under City management, will be based on slip size.

Will City's PD boat be taken care of?

Yes, SHD has agreed to provide up to three slips to the City for police, fire, or other emergency vessels, at no cost to the City.

Is thematic style consistent with surrounding area (e.g Yacht Club, Pier, general waterfront area)?

Yes, with a nod to the Pier and surrounding water themed activities. SHD's design team believes their concepts are consistent with and complementary to the existing surrounding architecture and environment.

How will Developer guarantee financing, including any contingency?

SHD has a firm commitment from its lender to fund this project. As a further protection, the lease requires that they formally submit proof of that financing commitment to the City by March 2022 or prior to the start of any renovation construction.

How is the redevelopment uniquely St. Petersburg?

SHD's designs are customized to the waterfront and adjacent environment in downtown St. Pete, with a special emphasis on compatibility with the Pier project - especially on the north side of the central basin. There are opportunities within the Concept Plan for incorporating public art as well as elements that represent the City (like the pelican).

Will rates be affordable to our community boaters?

Yes, though slip rates will rise from current levels whether the marina renovation is accomplished by the City directly or by SHD. Recent rate surveys show that the Municipal Marina rates are below average for the local market. In order to pay for the required marina improvements a series of annual rate increase is planned. These proposed increases will be included in the Lease Agreement currently being prepared. While rates will be adjusted to make them more consistent with comparable marinas in the local market, they will remain affordable for the average boater.

Will any improvements be done to existing Stormwater impervious surfaces?

Yes, for those portions of the Stormwater system that will be disturbed by the Marina construction. Other areas will be reviewed by the City's Stormwater Department as appropriate.

Will the Marina offer a Club Membership or Reciprocity Program?

The main goal of marina club memberships or reciprocity agreements is to provide a benefit to transient (short-term) boaters belonging to specific marina networks. The City and SHD are open to explore these types of programs, but while these programs come with many benefits to the members, they lend an air of exclusivity to a marina versus a sense of inclusivity – which is an objective for the City's Municipal Marina.

It should also be noted that the City does not currently have any reciprocity agreements in place, nor had it previously contemplated pursuing reciprocity agreements. As such, this is not a benefit that marina users would lose should the agreement with SHD be approved by Council.

Currently the City Marina utilizes a boating reservation platform called DockWa for transient boaters. This system is a unified booking and marketing platform that connects boaters to marinas in real-time. DockWa allows the St. Pete Marina to be part of the largest group of book-able marinas in Florida. SHD plans to continue the relationship with DockWa.

SHD also will be increasing the opportunity for transient boaters to utilize the City's Marina. They will be improving and expanding the actual transient docks and upgrading the power systems to accommodate a broader boating market than the Marina can currently accommodate.

Does SHD really understand the uniqueness of St. Petersburg?

From the time SHD began work on their Marina proposal in April 2019 they have been imbedded in St. Petersburg. They have worked closely with City staff to gain a solid understanding about our City and how the community views the downtown waterfront. SHD has studied the Marina Master Plan, the Downtown Waterfront Parks Master Plan, and worked with key stakeholder groups to refine their marina development ideas.