

MARINE COMMISSION MINUTES
Tuesday, August 7, 2018 – 9:30 a.m.
Council Chambers, City Hall, Vero Beach, Florida

PRESENT: Chairman, Robert Snyder, Members: Brian Cunningham, William Walker, Alternate Member #1, Bill Johnson, and Alternate Member #2 Ben Trautman **Also Present:** Marina Director, Tim Grabenbauer, Assistant City Attorney, Stefanie Beskovoyne, and Senior Administrative Assistant, Rita Hawkins

Excused absence: Daniel Thomas and Clinton Lanier

1. CALL TO ORDER

Chairman Snyder called the meeting to order at 9:30 a.m. and the Senior Administrative Assistant performed the roll call.

2. APPROVAL OF MINUTES

A) May 1, 2018

Mr. Cunningham made a motion to approve the February 5, 2018 Marine Commission minutes. Mr. Walker seconded the motion and it passed unanimously.

3. PUBLIC COMMENT

This item was discussed after item 4-A).

Mr. Keith Drewett, Vero Beach resident, stated that he circulated a letter to the City Council, City Manager, Marine Commission, and the Finance Commission (on file in the City Clerk's office). He would like to go over the letter, provide some background, and answer any questions. He stated that he is a recreational boater and has known Mr. Tim Grabenbauer, Marina Director, for a number of years. He is a retired Chief Executive Officer, he has run dozens of businesses, and he has a background in turn around and restructuring of businesses. He wrote the letter with the thought of revitalizing and restructuring the Marina. He said the Marina is finding itself in a changing competitive environment. He discussed the updates and improvements that are being done to the Fort Pierce Marina, Grand Harbor, Taylor Creek, and Causeway Cove Marina, which is making it a very competitive market for the Vero Beach Marina. His concern is if they chose not to compete then the Vero Beach Marina will be on the down slope, because the competition has upped their game dramatically.

Mr. Cunningham said it was a well-written letter and that he agrees with a lot of it. He said he also spends a lot of time on the water and visiting the areas Mr. Drewett discussed. He feels the City Marina is a very important part of Vero Beach. There are cruisers who retire and then come back here to live. There is a lot of retail business generated by people staying at the Marina, whether it is at the grocery stores, restaurants, supply and retail stores, etc. It is good economic times and the Marinas are reinvesting their money back into adding staff, rebuilding, and enhancing their facilities. He is definitely on Mr. Drewett's team and he would hate to see the City Marina get tossed off to the side.

Mr. Walker asked Mr. Drewett if he looked at any of the competitive pricing on the privately run Marinas. Mr. Drewett replied that he has not done an analysis, but he did take a quick look. He reported that Causeway Cove Marina charges \$12.00 per foot for year round docking and \$13.50 per foot for seasonal. Grand Harbor is significantly higher, but it is an upscale gated community with a pool, and a very well protected harbor. They are currently 60% full and have some very large boats in there.

Mr. Grabenbauer stated that the City Marina charges \$11.55 per foot and a little higher for seasonal.

Mr. Cunningham commented that Causeway Cove Marina charges reasonable rates for being as close to an inlet as they are. Generally rates go up as you get closer to an inlet. Any Marina that is private and gated is kind of an anomaly and is a tuff comparison to what the City Marina offers.

Mr. Drewett said that all of them have plusses and minuses. Causeway Cove is extremely exposed to the southern quadrant, which is the direction the winds blow in from. It will be interesting to see how they do after a full year with that turbulence. The City Marina needs to see what their competitive advantages are and emphasize them to figure out what they are trying to market over the competition.

Mr. Trautman asked if the City has explored any options with a work group to allow the community to come up with their own ideas and compare them with the private proposals.

Mr. Walker replied no they have not done that for the Marina, but they did have a public meeting for the three (3) corners (referring to the Power Plant Property).

Mr. Snyder asked Mr. Drewett if he is interested in helping with this. Mr. Drewett replied yes.

Mr. Trautman said it sounds like there is a desire and he thinks that inviting the public to give their input is the right thing to do.

Mr. Walker asked if they can set up a subcommittee to have a few people help Mr. Drewett.

The Senior Administrative Assistant reminded them that only one (1) Marine Commission member can be on the subcommittee.

Mr. Drewett suggested they consider jointly running the subcommittee with the Finance Commission.

Mr. Cunningham asked where does the City stand on requesting proposals.

Mr. Grabenbauer replied that they are almost finished putting together the Request for Proposal (RFP) and the lease.

Mr. Snyder asked Mr. Grabenbauer for his opinion on leasing the Marina. Mr. Grabenbauer said he knows the Marina needs funding for further maintenance and he agrees that they need to step

up their game. Where that funding comes from is not up to him, but he is on board to work with what is presented.

Mr. Jim O'Connor, City Manager, explained that the direction he has been given is to explore leasing the Marina and at one time they talked about bringing in a management firm. His problem with a management firm is that the City is still responsible for all the capital investments. The idea of leasing the Marina is to find someone who has experience in operating a Marina and has the financial capability of doing the investments that are necessary. They are in the final stage of putting together the lease and the RFP, which will go before the City Council at their August 21, 2018 meeting. They will be looking for someone with experience, who has the money, and is willing to take the risk to upgrade and modernize the Marina facilities. Based on what he has been told, dry storage facilities seem to be a place where money can be made. When they put this proposal out there they will see what kind of interest it generates and they will give the people over 30 days to review it and give their written response back to the City. They have to remember there is a condominium complex next to the Marina and they do not need the nightlife going on in that area, but at the same time they are being told there needs to be a restaurant, or that type of facility to make it vibrant in the Marina operations. They currently have parking issues in that area and if they are going to make it vibrant they are going to need more parking. The City wants to retire the debt on the insurance building and the tenants have no problem giving up their lease, which would expand their facilities considerably and provide some parking relief. He said that the five (5) year capital plan shows what needs to be done at the Marina to try to revitalize it. The economy has changed, people are buying boats, fuel sales are going up, and people are showing more interest in the Marina.

Mr. Walker asked if the City Council is still considering both options of continuing the current operation of the Marina or going with a lease. He asked if they are going to study it in more detail.

Mr. O'Connor explained that the City has certain processes and programs they have to follow and they cannot move quick enough to keep up with the competition that was discussed earlier. He said if there is a community interest and they want to form a nonprofit group to come in and help manage and lease the Marina it could give them more flexibility in making decisions. He finds it difficult for the City to be in the market place in the Marina business with the amount of competition that is out there.

Mr. Walker said he believes there is a future here in this community, but he is not sure they need to be overly competitive at this time. He believes they should be upgrading things that they know they need and strive to become the best Marina operation in a couple of years. He read several Vero Beach Marina reviews from Trip Advisor and it sounds like they are not doing that bad.

Mr. O'Connor explained that the City made one (1) bad move several years ago where they went into a debt that does not pay back any dividends to the Marina. If the electric sale goes through they can hopefully correct that by retiring the debt in early 2019, which will free up over \$300,000 per year. The challenge they will have is the way they will make those investments at the Marina. He is all in favor of getting the public involved, but at some point someone needs to step in, make a decision, and say what is going to occur. The Marina has many amenities, but

the question is who can take advantage of that and expand the Marina. If they go with a lease the City does not want to lose control of the Marina, which is another critical part of this.

Mr. Walker said he has a copy of a mooring field report from Mr. Grabenbauer. He said the mooring field operation and the dingy docks are over State land and they would pay a submerged land lease fee, but the report states that the State will waive those fees as long as the venture is not for profit. When they are talking with these people about leasing the Marina they need to let them know that they are going to be limited on how much money they can make, because the submerged land fees can be quite substantial. Mr. Grabenbauer stated that might change and the leasing company might have to pay those fees. Mr. Walker said that based on what he is reading the City might not be able to get those fees waived again if the City ever took the Marina back.

Mr. Grabenbauer said the fees being waived is a management agreement and not part of the actual submerged lands lease.

Mr. O'Connor stated that no matter how careful the City is in researching the integrity of the leasing company there are risks involved. If the company fails in the venture then the City fails. The moorings submerged lands might be one of the risks they would have to include in the analysis on how they make this work.

Mr. Cunningham said he thinks they have a unique town and the Marina should be unique as well. He is not sure that a restaurant is really necessary.

Mr. Drewett said he does not see how they can solve the financial problem without solving the seasonal problem. Mr. Walker replied that he sees Vero Beach becoming more of a year round community, even during the summer months.

Mr. Cunningham said he agrees that it used to be a four (4) to five (5) month season and now their season is (9) months. He knows they need to come up with the money, but he is not sure how to make it happen. He does not believe they need to be the biggest, because they have constraints with space, parking, utilities, etc., but they can be the best. Vero Beach is not a Stuart, Jupiter, or Saint Augustine type of town, but it is a neat, cool, clean, little town and they have a nice little facility.

Mr. Trautman asked if the proposals will go to the City Council on August 21, 2018.

Mr. O'Connor explained that the proposal has not hit the streets yet and the City Council will be receiving copies of the request for proposal along with a proposed lease. The City Council may approve it or they might scratch the idea of leasing the Marina, or even look at other options. The August 21st meeting will put in motion the request for proposal if that is what the City Council wants to do.

Mr. Trautman asked if Mr. Drewett will have time to put a community group together to make a proposal. Mr. O'Connor replied yes he has time, because it will be late October or early November before the City Council decides if they will award a lease.

Mr. Cunningham asked if the City receives a few proposals and none of them are acceptable what will they do. Mr. O'Connor replied that they reject them all and then it might come back to the Marine Commission for recommendations and ideas.

Mr. Johnson said he appreciates Mr. Drewett's letter and Mr. O'Connor's comments, but the City Council has moved ahead with this without any input or requests from the Marine Commission. What is the point of having a Marine Commission if they are not going to use them, because there is a lot of talent and experience here volunteering their time. He said the City Council has proved itself in several ways that are not really impressive, but they have completely ignored the talent and knowledge on the Marine Commission.

Mr. O'Connor replied that it was not the intent to leave the Marine Commission out of the initial discussions. This discussion on the Marina did not happen yesterday and it has been going on for at least a year. He said any time the Marine Commission wants to speak up on what they would like to do, or be involved with their ideas he would always encouraged that. If there was an oversight with involving the Marine Commission it was not intentional, but he agrees that it was overlooked.

Mr. Johnson said they are all well aware of what is going on at the Marina and Mr. Grabenbauer does a good job representing them to the City Council.

Mr. O'Connor recommended that the Marine Commission keep involved and he thinks the suggestion of a subcommittee is a very good idea. He encouraged them to look over the request for proposals and ask questions or make comments. The day they get the proposals back he will distribute them to the Marine Commission, so they can go over them as well. However, he would recommend that the Marine Commission Chairman put that request in writing.

Mr. Walker asked if they could be looking at reviewing four (4) or more proposals. Mr. O'Connor explained that there is one (1) company that has been very aggressive and they met with the City Surveyor and looked at the land. There were a couple of other companies they spoke with early on, but he has not heard from them in over 30 days.

Mr. Snyder asked where do they stand with Mr. Drewett's proposal. Mr. Drewett stated that he does not want to put a group together and spend a lot of time if he will be spinning his wheels. He would like to have the City Council's reaction to his letter first. If the City Council is not interested and they decide to go with the leasing route he would gladly work with Mr. Grabenbauer, because of his marketing background and he has some good ideas.

Mr. Stu Keiller, Executive Director of the Youth Sailing Foundation (YSF), said that he is familiar with Marinas. He said he was in the ski industry for many years and it is like the marine industry. They are both a boutique niche industry. People get into it because it is their lifestyle and they have an interest in it. The marine and ski industries are capital intensive and can be seasonal. Because the City Government has to go through all the red tape and all the hearings they cannot compete with the private industries, who know if they do not move they will be out of business. If the lease is done properly they can maintain control and they can make the Marina uniquely Vero Beach, but high quality. The Vero Beach Marina is currently low quality compared to other municipal and private marinas.

Mr. Walker said that the City and the Marine Commission have tried to upgrade the Marina several times over the years, but they have not done it.

Mr. Johnson commented that the reason Taylor Creek Marina has made improvements is because it changed hands. King Management, the current owner, has owned other business in the Fort Pierce area and he has the ability and knowledge to make money. The owner is redoing almost every aspect of the Taylor Creek Marina. It is the privately held marinas that are more successful than the City operated ones, but he believes they are going in the right direction.

Mr. Trautman said that the citizens need to decide what they want out of the Marina. The Marina is profitable and is making almost \$100,000 per year. Is that what the citizens and the City wants and is that profit enough. It sounds to him that the main reason for looking at the Marina is all about the maintenance and making the updates that the community expects and not about if it is leased privately or if a public plan for management is created.

Mr. Johnson explained that disintegration has been involved and there have been band-aids applied for a long time. If they want to stay in the 1960 people will start overlooking the Marina, because there are other options out there. If they want to continue making a profit they need to make the improvements.

Mr. O'Connor stated the profitability has not been discussed, but the key is the maintenance of the facility and how do they upgrade it. They want a Marina that is self-sustaining through maintenance.

Mr. Trautman asked if there is any chance of investing the \$100,000 back into the Marina so they can maintain it. Mr. O'Connor replied that over the past couple of years they have reinvested that money. If they can retire the debt service that will allow them to put a lot more money back into the Marina if the City is still operating it.

Mr. Trautman asked if the debt was paid off and the money went back into the Marina how long would they expect it to take to bring it back to their expectations. Mr. O'Connor replied that it would take four (4) to five (5) years with that infusion of money. His opinion is that the entire building needs to be overhauled and the outside storage area is a great idea.

Mr. Walker commented that the last figure he saw to upgrade the dry storage facility in order to accommodate today's center console style boats would cost \$2,000,000. Is someone looking into that as a worthwhile investment. Mr. O'Connor replied yes. Everyone he talks to say it is a revenue stream.

Mr. Cunningham said the problem with the dry stack business is that it is difficult to be profitable unless it is a big facility. He does not believe that the Marina has the footprint to be in the dry stack business. The building is too small and they are limited to 22-foot boats.

Mr. Grabenbauer said he agrees they would need to build a bigger building. They do have enough demand for people to pay \$325 a month to store a 20-foot boat.

Mr. Walker commented that he read that Mr. Keiller and the YSF do not want to go to Riverside Park and they will stay where they are. Mr. Keiller replied that they looked at the invitation of

the City Council and looked at Riverside Park, but it was a unanimous decision of the YSF to stay at the Water Treatment Plant. That move would make too much of a compromise in their sailing program, which is the heart of their business. Their next step is to build a Community Sailing Center and expand their welcome to the general public. Their ideal plan would be to have a small sliver of the Power Plant land and maintain the waterfront area at the Waste Water Treatment Plant. They need a long-term lease and they want to build a 100-year building. They will have 150 children come into their facility each week this fall, so they are not a tiny organization. They are just introducing adaptive sailing so they can work with the Special Olympics. They have three (3) special boats arriving soon and they have an ADA compliant floating dock. He explained that the only program they charge for is the adult program and it is growing. They have a lot going on and they need a permanent home within a reasonable amount of time.

Mr. Walker asked what type of a footprint will they need for a site plan. Mr. Keiller replied that ideally they would need a minimum of two (2) acres and no more than five (5). The YSF addresses the City Council at least once a year to provide them with an update.

4. OLD BUSINESS

A) Update on the Vero Beach Rowing Club

Mr. Snyder stated that he provided the Commission members with an email update from Mr. Austin Work, Director of Vero Beach Rowing Club (on file in the City Clerk's office).

Mr. Johnson asked if they take the summers off, because he has not seen anyone rowing in months. Mr. Snyder replied no. He said that the Masters Rowing Team rows every morning, because they are training for a competition in Sarasota, Florida in September. Mr. Work has also been running some performance camps for the youth.

B) Update on Leasing the Marina

This item was discussed with item 3.

5. NEW BUSINESS

None

6. MARINA DIRECTOR'S MATTERS

A) Marina Budget Review

Mr. Grabenbauer stated the three (3) capital improvements that are in the budget for this year include the lease purchase for a forklift, replacing the fixed pump out system, and doing some renovations to the floating docks.

B) Update on the Marina Repairs

Mr. Grabenbauer reported that since the last Marine Commission meeting they completed the repairs to some hurricane damaged finger piers. The bathroom project started, but they discovered some termites and water damage behind the showers. They are now addressing that issue and making the necessary structural repairs before they install the new showers. The doors and siding are being replaced on the north meter shed on August 13, 2018.

Mr. Trautman commented that all of the electrical boxes seem to be leaning. He asked if that is a safety issue. Mr. Grabenbauer replied that it is probably not a safety issue, but he will take a look at them.

7. CHAIRMAN'S MATTERS

None

8. MEMBER'S MATTERS

Mr. Trautman said if they are going follow up on Mr. Drewett's letter and form a community group he would be willing to step up as the Marine Commission's representative.

Mr. Johnson asked if they need to make a motion to form a sub-committee, or wait until they have more information.

Ms. Stefanie Beskovoyne, Assistant City Attorney, recommended that after the City Council meets on August 21, 2018 they will have a lot more direction on the goal of the Marine Commission. At the next Marine Commission meeting they can decide if they want to move forward with creating a sub-committee.

Mr. Cunningham said that they might need to have a Special Call meeting, because if they wait until the next Marine Commission meeting it might be too late.

9. NEXT MEETING DATE

A) Set Date of Next Marine Commission Meeting

The next tentative Marine Commission meeting was scheduled for Monday, November 5, 2018 at 9:30 a.m. in the City Hall, Council Chambers.

10. ADJOURNMENT

Mr. Cunningham made a motion to adjourn today's meeting at 11:16 a.m. Mr. Walker seconded the motion and it passed unanimously.

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