

PROVIDED BY
ROBERT DEAN
THE LAS OLSAS MARINA
REDEVELOPMENT

Bob DEAN
CRA-2
JAN 22, 2014

What is wrong with these numbers?

The present financial Performa created by Sasaki and verified by Murray made a number of assumptions which were extremely conservative and may have mis-stated the financial potential of the Las Olsas Marina expansion.

1. Sasaki bases his initial # lineal feet of available dockage at 5025, MAB is recommending **6000 feet** of lineal dockage
2. Factored utilization is calculated at 74%; this did not take into consideration the State bottom lease restriction of 68% utilization in spring and summer which will be lifted if the Marina is expanded; MIAF surveys have shown utilization in mega-yacht-marinas is running as high as 98% in south Florida; plus, when increasing utilization each year, the addition of one 150' vessel represents a 2 1/2 % yearly increase in utilization; **80% initial** utilization might be more reasonable to start with.
3. Sasaki maintains a \$1.63 per lineal foot return. Again, extremely conservative and based on previous years revenue of smaller boat marina mix. Local marinas are seeing charges of as high as \$5.00 per foot/day. An average return per foot should be closer to **\$2.00.**
4. The debt service on the bonds is calculated based on a 26 million dollar construction cost and 100% bond. If the construction estimate is lowered to **\$20 million** (independent costing of the marina construction supports this) and the City contributes \$5 million in CRA funds, the bond drops to **\$15 million and bond** expenses drop to \$966,285.00 per year, Principal and Interest for 30 years at 5%. For each drop in the cost of construction or increase of CRA dollars by 1 million, the city will increase its net operating income by \$64,419.00 per year.
5. Sasaki numbers envision a first year profit of only **\$45,002.00...still a conservative profit.**
6. When the new assumptions are taken together, the first year income comes in at \$3,504,000.00, expenses drop to \$1,988,368.00 or a **Net Operating Income of \$1,515,632.00 is realized in year one.**

January 8, 2014

SUMMARY OF THE DEEPENING PROJECT FOR THE INTRACOASTAL WATERWAY IN BROWARD COUNTY, FLORIDA

(USACE FILE NO. SAJ-2009-03523 (SP-SLR), FDEP FILE NO. 06-0283683-006, & BROWARD CO. FILE NO. DF10-1018)

ISSUE: Existing permitted depths in the Intracoastal Waterway ICWW, part of the federally authorized channel, are currently -10 feet (ft) MLW. The proposed 2.72-mile project requests deepening the channel to -15 ft MLW (with an allowable -2 ft) and temporary placement of the dredged material in 6.6-acre dredged material management area (DMMA) on Port Everglades property. After nearly 4 years of permitting efforts, three issues remain: (1) the Broward County Environmental Protection and Growth Management Department (BCEPGMD) asserted that the contingency mitigation plan approved by Florida Department of Environmental Protection (FDEP) is not sufficient to meet the Broward County agency standards; (2) Broward County Marine Advisory Committee and Broward County Parks & Recreation has raised the question whether Deerfield Island, owned by FIND and leased to the County, can be used as a mitigation alternative, and also stated that they are in opposition to using any portion of Deerfield Island as mitigation by FIND or the City of Fort Lauderdale; and (3) Port Everglades must extend its lease for the DMMA.

BACKGROUND & JUSTIFICATION: The proposed project need originates from an increased number of larger vessels that require a deeper channel for safe navigation and the location of facilities within the project template that service these vessels (Las Olas Marina, Swimming Hall of Fame, and Bahia Mar, etc.). Based on an April 2011 economic analysis of local city, county, and industry groups, implementation of the currently proposed deepening project would result in significant annual benefits specifically to the economy of Broward County of: *\$7.3 million for servicing 160 – 180 ft Loa (length overall) vessels that draft in excess of 10 ft, \$73.7 million for vessels up to 180 – 240 ft Loa vessels that draft in excess of 12 ft, and \$185.3 million for vessels up to 240 – 280 ft Loa vessels that draft in excess of 14 ft.*

The project begins at the 17th Causeway Bridge over the ICWW just north of the Port Everglades Northport Garage and Convention Center northward to a point about 4,000 ft north of the Las Olas Boulevard (State Road 842) Bridge. Based on vessel design drafts, projected future growth, and industry trends described in the 2011 analysis, and to capture the full economic benefit associated with these vessels, engineering guidelines recommended a channel depth between -17 ft and -20 ft MLW.

AVOIDANCE & MINIMIZATION OF ENVIRONMENTAL IMPACTS: The original submerged natural resources survey and dredging template identified 1.83 acres of environmental resources within the project. Due to FIND's commitment to minimize (and in this case, completely avoid) environmental resource impacts (seagrass), FIND reduced the average bottom width of the channel to 110 ft (Figure 1). The dredge template — that provides for a 2:1 side slope, requires a minimum 10-ft buffer from identified seagrasses, and results in the removal of approximately 283,000 cy³ — reflects a compromise between navigational requirements and impacts to existing natural resources.

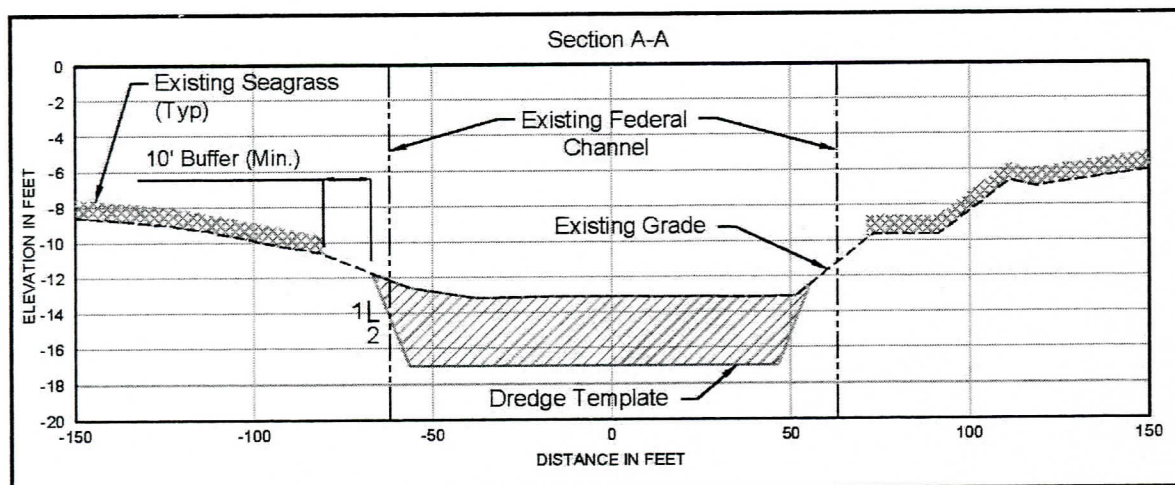


Figure 1. ICWW typical dredging template cross section

CURRENT PLAN: FIND has designed the ICWW dredge template not to impact seagrass. Therefore, there is no requirement for mitigation. To resolve the BCEPGMD's request for a contingency mitigation plan, Deerfield Island (owned by FIND and leased to Broward County) has been approved by the FDEP to serve as a possible mitigation site, if needed. Should the proposed project inadvertently impact seagrass during construction, FIND has the potential to utilize a small portion of Deerfield Island Park to create seagrass habitat, while exploring other possibilities.

PROJECT MAP.

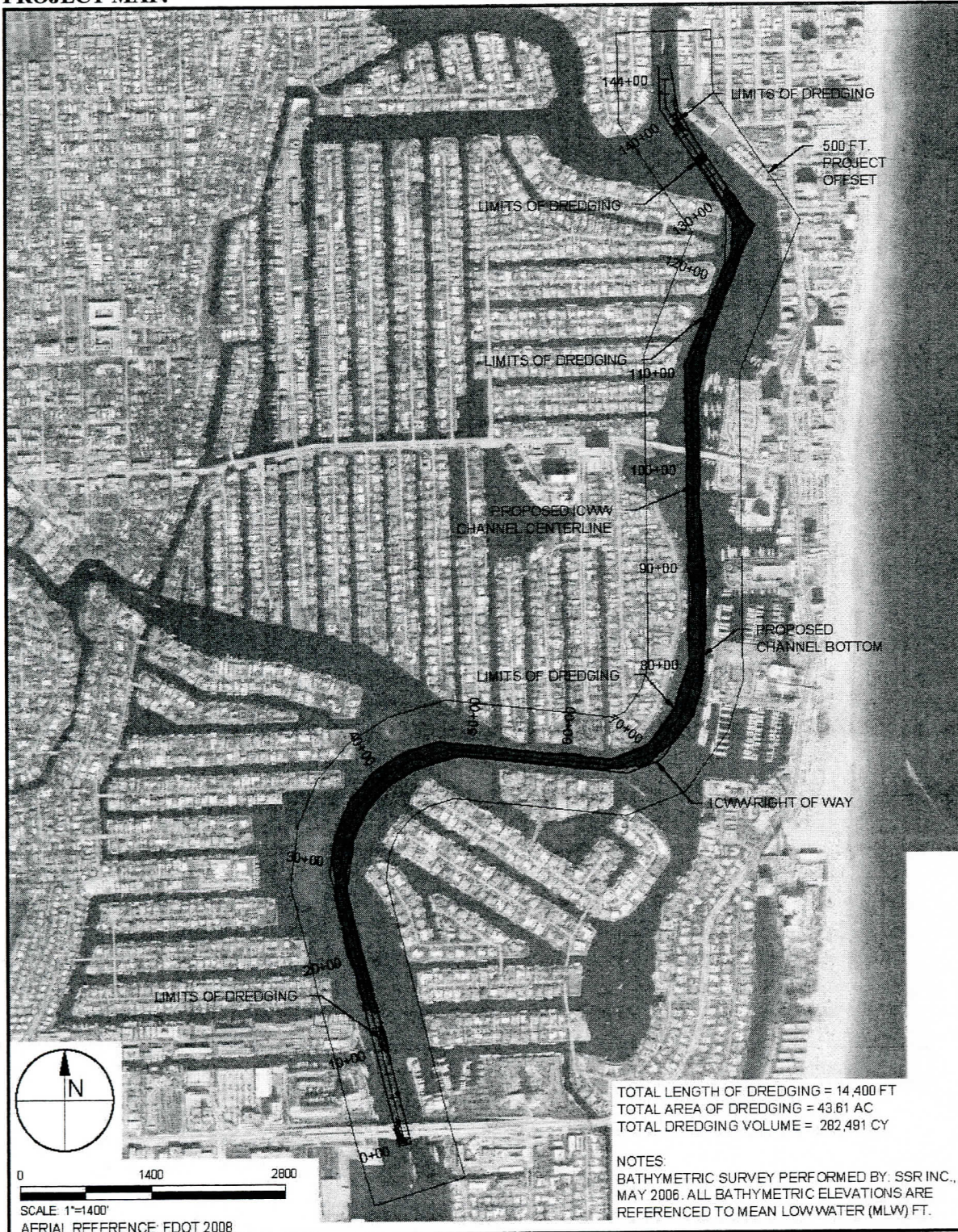


Figure 2. Broward County ICWW Deepening project overview

Marina Entrances Dredging Details and Mega Yacht Analysis

Background and Justification

Beginning mid-year of 2014, the Florida Inland Navigation District (FIND) intends to dredge the intracoastal Waterway (ICW) from Port Everglades to approximately 5,000 feet north of the Las Olas Boulevard Bridge. FIND presented the plan to the City Commission in the spring of 2010 and encouraged the City to dredge the entrances of the Las Olas Marina, the Fort Lauderdale Aquatic Complex and the Bahia Mar Yachting Center to a matching depth of 15' to 17'. Staff was directed to pursue grant assistance and begin the permitting process. Staff has been working to permit the projects in a manner to coincide with the FIND project and achieve economies of scale. While determining the environmental feasibility of expanding the Las Olas Marina, permitting the marina basin was added to the project.

- The proposed City dredging projects will connect each of the three aforementioned facilities to the deepened ICW and dredge the Las Olas Marina Basin.
- FIND has budgeted \$20 million to complete the project.
- In a white paper published on January 8, 2014, based on a 2011 commissioned study, FIND estimates that the total annual economic benefit to Broward County by creating access north of Port Everglades for vessels with drafts of 10 feet and more and lengths ranging from 160' to 280' will be \$266.3 million.

Las Olas Marina - Entrance

Dredging the marina entrance from the ICW to the western edge of the marina will increase the depth of the four face docks of the marina to 15'-17' at MLW. Depths in these spaces now range from 8.5' to 10.5' at mean low water (MLW).

- These four face docks have an annualized occupancy percentage of 73% while the entire marina has an annualized percentage of 69%
- Yacht fee revenue from these four face docks average 23% of total yacht fee revenues for the last 3 years while being generated from 15% of the entire billable linear feet of the marina.
- A minimum of 97 vessels over 100 feet and average drafts of 6.8' to 9.4' were turned away due to depth or occupancy from 2007 through 2013. Cost of business lost totaling \$1,041,000.
 - Vessels longer than 116' are too large to fit within the marina basin and can only utilize the four face docks.
 - A minimum of 62 vessels larger than 116' and an average draft of 8.5' to 9.5 were turned away creating a cost of business lost totaling \$751,880
 - A minimum of 14 vessels larger than 150' and an average draft of 9.4' were turned away creating a cost business loss of \$190,000.

High occupancy percentages of the four face docks result in the majority of vessel turn aways. However, in all size ranges mentioned above, vessel configurations and drafts vary and it is probable that there are a variety of deep and shallow draft vessels which could not be served at Las Olas Marina regardless of vessel length. An increase in the annualized occupancy percentage of 20% for these four face docks represent an increase in annual yacht fee revenue of approximately \$60,000 and increase in vessel visits of approximately 20.

Las Olas Marina Basin

Permitting the dredging of the marina basin was added to the scope of the project in order to determine the environmental feasibility of expanding and renovating the marina as part of the Sasaki Beach District Redevelopment Plan. If the marina expansion plan moves ahead dredging will be needed. If the marina expansion does not move ahead, consideration to dredge the marina basin should be given for the following reasons:

- The marina will near the end of its useful life in approximately 2025 and will need to be replaced.
- The marina has never been dredged
- DEP permits attached to the submerged land lease for the existing marina contain operational limitations and conditions that will restrict reconfiguring it to expand its capacity, serve an expanded and more modern customer base, and accommodate more large deep draft vessels that are anticipated to visit due to the deepened ICW.
- Dredging permits are valid for 5 years
- Once dredged the City can maintain consistent depths and multiple marina configurations without the added expenses of mitigating environmental impacts.

Fort Lauderdale Aquatic Complex

The primary beneficiary of dredging access to the Fort Lauderdale Aquatic Complex will be the Fort Lauderdale International Boat Show which is owned by the Marine Industries of South Florida. More large deep draft vessels will be able to be placed along this area during the show.

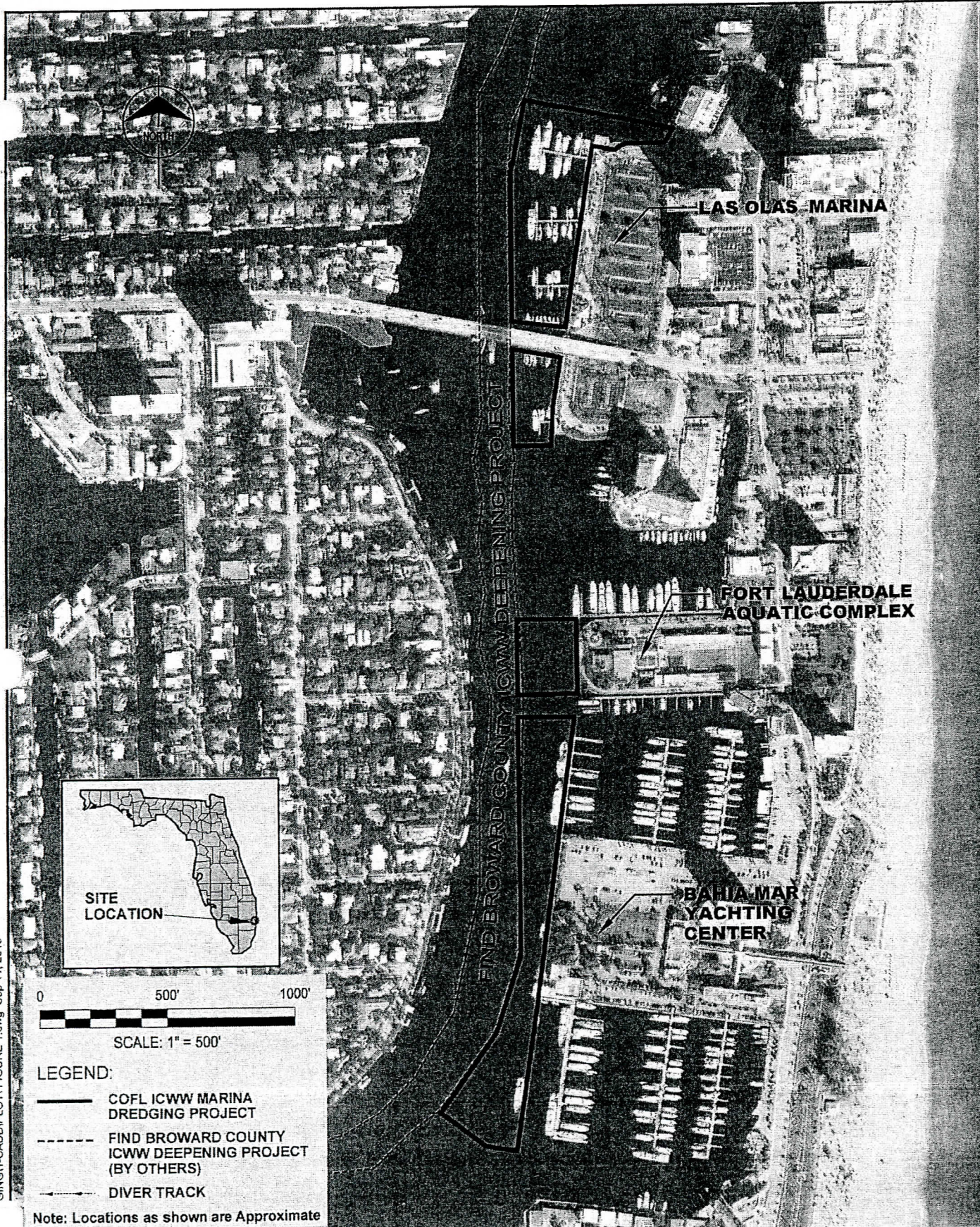
- This area has never been dredged
- Dredging permits are valid for 5 years
- Once Dredged the City can maintain consistent depths without the added expenses of mitigating environmental impacts.
- Leaves room for further expansion of City owned marine facilities without the added expenses of mitigating environmental impacts.

Bahia Mar Yachting Center

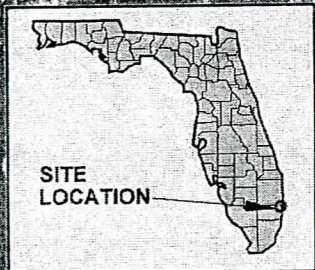
Bahia Mar Yachting Center has approximately 3,000 linear feet of dockage which can accommodate vessels of 150' and larger. In its current site configuration, approximately 1,450' is one large linear face

dock that can accommodate multiple size ranges efficiently. The facility advertises “vessels up to 250 feet”, but an increase in depth would expand Bahia Mar’s ability to accommodate vessels that exceed that. The marina is the center of the Fort Lauderdale Boat Show.

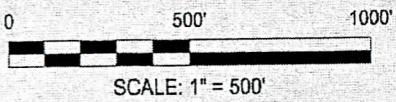
- Project includes areas to be dredged which are the shallowest of any part of all project entrances
- Dock Revenues are tied to existing lease agreement with the City
- Creates better access to the marinas south basin
- Once Dredged the City can maintain consistent depths without the added expenses of mitigating environmental impacts.



Z:\38619455-FTLC\ING11-CADD\PILOT\FIGURE 1.dwg Sep 11, 2013



SITE LOCATION



LEGEND:

- COFL ICWW MARINA DREDGING PROJECT
- - - FIND BROWARD COUNTY ICWW DEEPENING PROJECT (BY OTHERS)
- DIVER TRACK

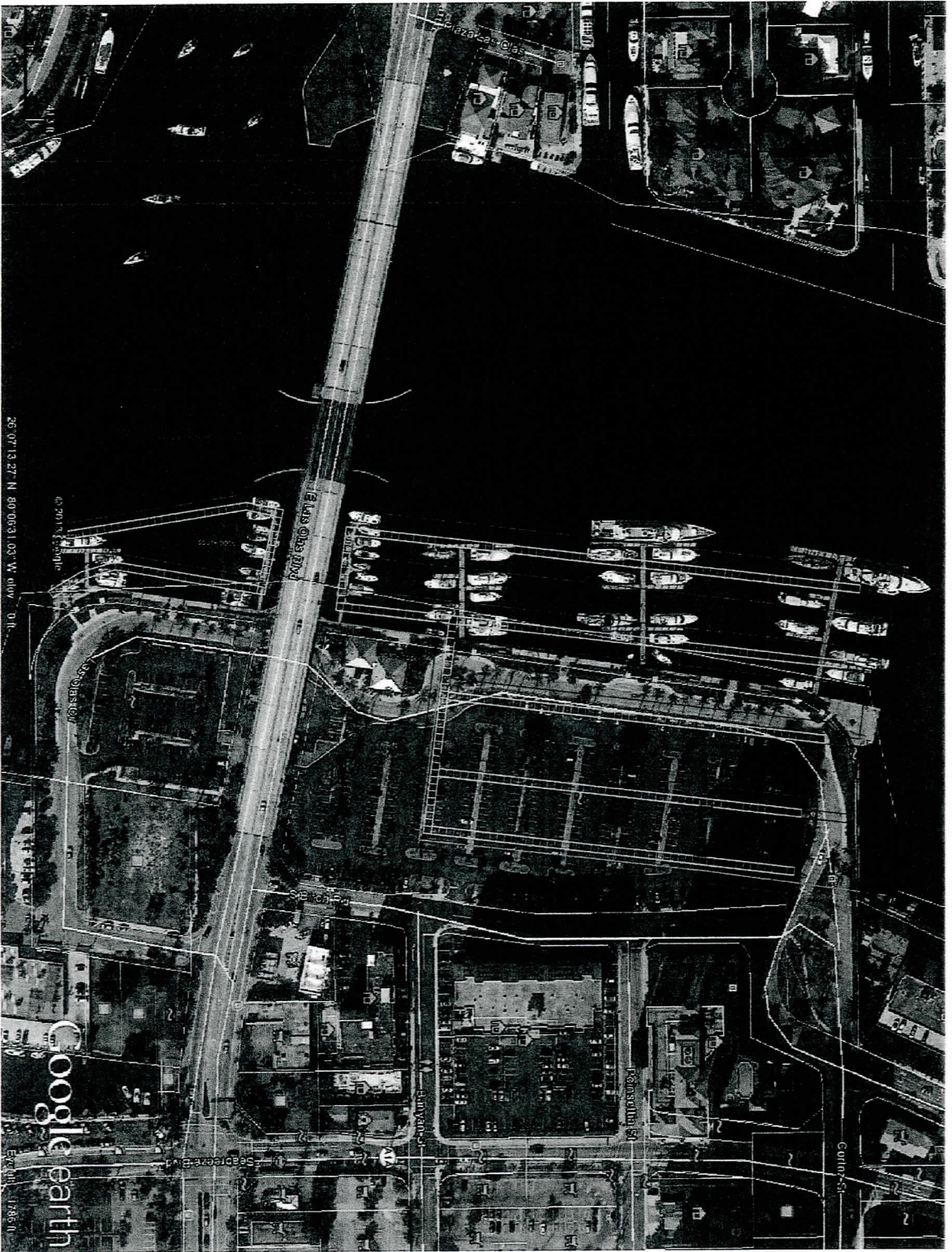
Note: Locations as shown are Approximate

URS
 7800 CONGRESS AVE., SUITE 200
 TEL: (561) 994-6500
 FAX: (561) 994-6524
 CERT. OF AUTHORIZ. NO. 1213

CITY OF
 FORT LAUDERDALE
 MARINA DREDGING PROJECT
 BROWARD CO., FLORIDA

COFL ICWW
 MARINA DREDGING
 PROJECT
 SITE SURVEY
 AUGUST 2013

EXHIBIT - II
 CAM #14-0001
 JANUARY 22, 2014



26 07 13 27 N 80 08 31 03 W 01v 011

Google earth

Drawn by: JWC
 Reviewed by:
 Date: 10-28-13
 Scale: NS
 Project No:
NJ
 Sheet:
1 of **1**

REVISIONS:

LAS OLAS MARINA
CITY OF FORT LAUDERDAL, FL.
PRELIMINARY LAYOUTS

This document is the property of UNIFLOAT MARINE SYSTEMS, INC. No part of this document may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or by any information storage and retrieval system, without the prior written permission of UNIFLOAT MARINE SYSTEMS, INC.

UNIFLOAT
 Precision engineered
 flotation systems

Bellingham
MARINE
 The World's Most
 Marine Building
 1813 Dennis Street
 Jacksonville, FL 32204
 TEL: (904) 358-5362
 FAX: (904) 354-1818



Memorandum

Memo No: 13/14-01

Date: January 17, 2014

To: Honorable Mayor and Commissioners

From: John Herbst, CPA, CGFO, CGMA
City Auditor

Re: Evaluation of the Financial Feasibility of the Las Olas Marina Expansion Project

The City Auditor's Office (CAO) was asked to perform an evaluation of the financial feasibility of the proposed Las Olas Marina Expansion Project. The evaluation consisted of staff inquiries, analytical procedures, review of documentation provided by staff, Marine Advisory Board members and the reports prepared by Sasaki Associates and Thomas Murray & Associates. We did not conduct detailed testing of the information provided to substantiate the assertions contained within the analysis, except as to errors/omissions that came to our attention during the course of our evaluation.

Recommendation:

It is the recommendation of the CAO that the City immediately update the financial feasibility studies already prepared by our consultants.

Based on the missing information and inconsistencies noted in the summary below, it is impossible for the CAO to render an opinion on the feasibility of the project. We strongly believe that it would be irresponsible to embark on a \$20 million-plus development project without more reliable data to support the decision.

The update should be based on/include:

- specific direction from the City on total desired linear footage
- whether or not to include retail buildings
- current estimated costs for the construction of the specified linear footage
- input from the City's financial advisor regarding current debt service potential/cost
- conservative consensus estimates regarding average dockage rates and occupancy
- lost revenue from the existing parking lot
- current conservative expectations for seagrass mitigation cost

Summary:

1. There have been several different configurations proposed; 5,025 linear feet (LF), 6,000 LF, and 6,212 LF, with the final two not having been subjected to an engineering cost analysis.
2. The financing estimates in the Sasaki pro forma were based on conditions in the bond market in mid-2012. Market conditions have changed substantially since then, making the data stale.
3. The original 5,025 LF Sasaki plan included a retail component. Those outbuildings are not present in the 6,000 LF and 6,212 LF versions. The impact on both cost and revenue is not determinable.
4. The pro forma presented to the Commission for 6,000 LF was based on the Sasaki pro forma of 5,025 LF, with 6,000 substituted for 5,025 on the spreadsheet by City staff. No other numbers were changed, including the cost of construction, making that pro forma invalid for purposes of evaluating financial feasibility.
5. The costs for seagrass mitigation were estimated at various amounts, ranging from \$200k to \$700k depending on which analysis is being reviewed. Those costs may no longer be valid, given current expectations for mitigation.
6. The original Sasaki pro forma assumes 2% annual growth in utilization of space, up to a capacity of 90%. That appears unrealistically high in light of actual experience.
7. The original Sasaki pro forma assumes 2% annual growth in personnel cost. That appears unrealistically low in light of actual experience.
8. The dockage rate per LF changes in each of the various presentations/analysis, making comparisons difficult.
9. The analysis doesn't include the loss of \$500k annually in net revenue generated by the existing surface parking lot if it is removed. Although there is an alternative proposal to replace the parking lot with a park, there is always the third option of doing nothing; essentially leaving the existing surface lot in place and not building the new multi-story parking garages, which preserves the present income stream.

Other issues:

There are a few other policy issues for the Commission to consider:

- There is an existing Broward County Boating Improvement Program in the amount of \$775k. This grant was to provide slips for boats 50' and under. There is a 25 year requirement to maintain the project's public use that must be considered as part of any design plan for an expanded marina.
- If the decision is made to move forward with the marina expansion, the best method may be to put out an RFP for a public-private partnership. The City should stay focused on its goal of having more dock space available for the yachting industry, not on who controls the dock space. If the private sector can provide the necessary expertise to construct/operate/maintain the docks at a lower cost, the City should explore how it can best support that effort.
- Staff should conduct community outreach to determine the preference of our residents for a park alongside the intracoastal, or an expanded marina.

cc: Lee R. Feldman, City Manager
Cynthia A. Everett, City Attorney
Jonda Joseph, City Clerk