



Fort Lauderdale Marine Industry Update 2013

EXECUTIVE SUMMARY

On December 16, 2009, the City of Fort Lauderdale hosted a Marine Industry Workshop. The workshop provided an arena for an open and honest exchange of information among city officials and marine industry stakeholders. Many topics were covered during the workshop such as business retention challenges, incentives, role of the city's regulatory departments, and the city's role as an owner and operator of marine assets.

Like most industries across the country the Marine Industry has been impacted by the recession. According to the economic impact report by the Marine Industries of South Florida from 1995 to 2005, the local marine industry saw a significant growth in watercraft registration, repair/maintenance work at local marinas and boat yards as well as over 150% growth in gross marine sales in Broward County. From 2005 to 2010, the economic impact report cited a 30.3% decrease in gross sales and a 5% decrease in registered recreation watercraft in Broward County.

A number of issues were directly identified at the workshop for city staff and marine industry supporters to continue to dialogue and develop solutions where possible. More specifically in response to the 2009 workshop an improved boatlift ordinance has been adopted; we have installed floating docks at the New River; the marine industry has been designated as a Qualified Target Industry for Broward County; and boat sales and use taxes have been capped.

However, issues such as the expansion of the Las Olas Marina and more investments to assist with the Fort Lauderdale International Boat Show remain for further discussion for city officials and marine industry advocates. A recently authored report examines the feasibility of expanding the Las Olas Marina to capitalize on the worldwide growth in accommodating luxury yachts of 80' or greater. The report is relevant because it is a response to a proposal by the City of Fort Lauderdale through the Central Beach redevelopment program to expand the Las Olas Marina. In summary, the city estimates the Las Olas Marina expansion project to cost approximately \$20.9M, however the revenue projections provided in the independent feasibility analysis suggest that the incremental revenue generated by expanding the marine can only support a \$9M project.

As city officials and marine industry advocates continue to work on developing comprehensive strategies to support one of the key job industries within Fort Lauderdale it is clear that any long-term decisions need to include discussions on public policy issues such as the Fort Lauderdale International Boat Show and the expansion of the Las Olas Marina. Additionally, the work plan should also include discussions about how to enhance our general business retention and development initiatives focused on the marine industry. In general, more collaboration between city officials and marine industry supporters is needed; and to address this point it is recommended that city officials and marine industry officials jointly host a second Marine Industry Workshop in early summer of 2013.

INTRODUCTION

The history of Fort Lauderdale as a major player in the marine industry can be traced back as early as 1922; when boom-time investor J.C. Turner suggested Fort Lauderdale should be called the “Venice of America”. According to Turner, “Nowhere else that I know of can so many beautiful waterways and bodies of water be found as right here in and about this city. The finger islands off Las Olas Boulevard and later, off the south fork of the New River, all help make boating and water sports a draw for tourists and new residents.”

After Turner’s statement in 1922, several events also share historical importance in contributing to the importance of the marine industry in Fort Lauderdale. For example, in 1949 the Bahia Mar yachting center was opened, in 1981 Winterfest Inc. was formed to manage the city’s annual holiday boat parade, and for the past 53 years Fort Lauderdale has hosted the Fort Lauderdale International Boat Show. When you add these historical events to the fact that there are 165 miles of navigable waterways within the boundary of Fort Lauderdale, there is no question that the city has earned the title of the “Yachting Capital of the World”.

The marine industry has a storied and valued history with the City of Fort Lauderdale, Broward County and the South Florida region. The industry generates over 1.2 billion in gross marine sales each year, creates over 90,000 jobs, increases tourism dollars, and boosts demand and value for waterfront property.

2009 MARINE INDUSTRY WORKSHOP

On December 16, 2009, a Marine Industry Workshop was hosted as a collaborative effort of the City of Fort Lauderdale and the Marine Industries Association of South Florida. The purpose of the workshop was to serve as an opportunity for the exchange of information among marine industry advocates, executives and business owners in addition to approximately 76 attendees. Speakers at this event included Mayor Jack Seiler, Frank Herhold (MIASF), Stephen Scott (City of Fort Lauderdale – Economic Development), Greg Brewton (City of Fort Lauderdale – Planning and Zoning), Cate McCaffrey (City of Fort Lauderdale – Business Enterprises) and Susan Engle (EnviroCare Solutions). The speakers covered a variety of topics such as the importance of the industry to the local economy, business retention challenges, incentives, role of the city’s regulatory departments, and the city’s role as an owner and operator of marine assets.

Workshop attendees highlighted the following issues and opportunities:

- Potential Las Olas Marina expansion offers an opportunity for additional municipal slip inventory.
- Boatlift ordinance too restrictive.
- 100 to 120 foot vessels represent the core segment of revenues to the industry.
- Dania Beach is interested in joining with the City in promoting and supporting the marine industry.
- 40 to 80 foot vessels represent a significant segment of the industry worthy of the same focus the mega-yacht segment receives.
- Dredging of the City’s waterways is necessary for mega-yacht navigation and dockage.

Since the 2009 workshop city staff has continued to work with key industry leaders to address the issues identified above. In preparation of this report, city staff also met with key industry leaders, advocates, business owners, boat show exhibitors and attendees in order to compile a summary of the current state of the industry.

So what has the progress been since 2009? Below is a list of accomplishments:

- Improved boat-lift ordinance, which allowed for an extension from 10% to 25% of waterway width for boat-lifts.
- New River Floating docks installed. This permitted both small and large boats as well as ADA access to the River Walk.
- Dredging – In the spring of 2014, the Florida Inland Navigation District (FIND) will begin dredging the Intra Coastal Waterway (ICW) from Port Everglades to 5000' north of the Las Olas Blvd. bridge to 17' at mean low water. A permit application was submitted for this work and the dredging of the entire Las Olas Marina basin on February 7, 2013. The estimates cost to the City to attain permits not including mitigation is \$298,252. The estimated cost to the city to dredge is \$2,842,695 (not including the cost of mitigation). Sea grass mitigation estimated cost is \$1,000,000 to \$2,000,000. This is a conservative estimate and heavily dependent on what the regulatory agencies require of the City for acceptable mitigation.
- Fort Lauderdale International Boat Show – support during redevelopment proposals and commitment to future redevelopment support.
- The Marine Industry is now considered a “Qualified Target Industry” by the City, Broward County and State of Florida and is eligible for job growth incentives
- Statewide an \$18,000 Boat Sales and Use Tax cap took effect in 2010. The Florida boat sales-use tax cap limits the 6 percent Florida state sales tax on any vessels purchased or the use tax for currently owned vessels to \$18,000.
- Beach Master Plan projects include the expansion of the Las Olas Marina, Mega Yacht economic analysis currently under staff review.

ECONOMIC IMPACT OF THE MARINE INDUSTRY

The Marine sector has an impact on the Fort Lauderdale economy in three ways:

- ❑ **Direct impact;** relates to goods and services purchased and employment generated by businesses directly dependant on the waterway.
- ❑ **Indirect impact;** consists of goods and services purchased by marine industry businesses.
- ❑ **Induced impact;** comes from households and purchases of goods or services by employees of marine businesses.

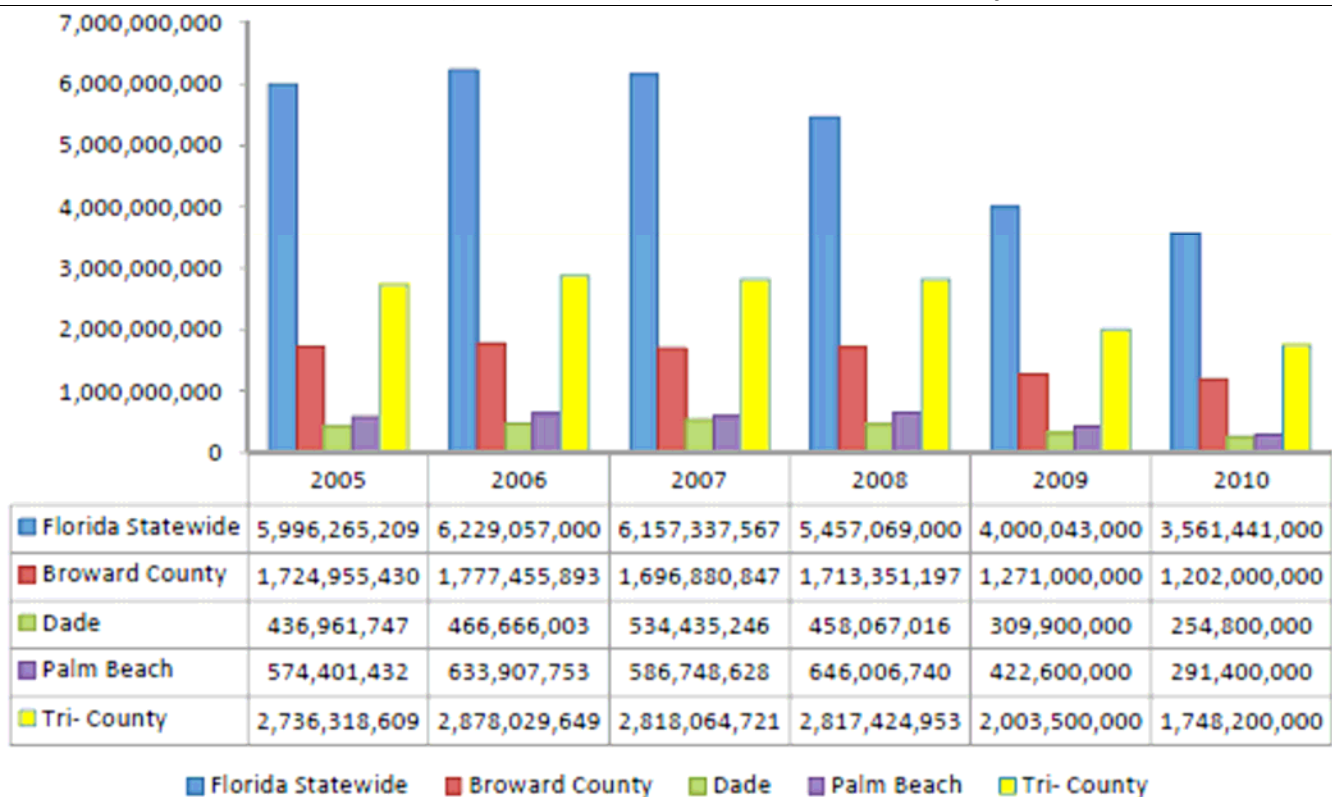
Much of the economic impact information we know about the South Florida Marine Industry is pulled from the reports conducted by the Marine Industries Association of South Florida (MAISF). In 2005 and 2010, the MAISF utilized Thomas J. Murray and Associates to prepare economic impact reports on the recreational marine industry in the tri-county area. These reports are commonly referred to as the most comprehensive economic impact analyses on the South Florida marine industry.

1995 to 2005

During this 10-year stretch, the **overall growth in marine related retail sales in Broward County was 153%**. Over the same period, the State saw an overall increase of 164%, and the Tri-County region saw a 156% increase in gross marine sales, with Palm Beach County leading the way with 287% and Miami-Dade County at 80%. Taken as a region the Tri-County marine industry sales grew an estimated 156% over the same period. In Fiscal Year 2005, Florida realized gross marine sales of \$5.9 billion, with the Tri-County region having represented nearly half of that amount (46% at \$2.71 billion).

2005-2010

From 2005 to 2010 dramatic declines in the marine industry have occurred throughout the State and Tri-County region, as illustrated in **FIGURES 1 and 2**. Over the 5-year period, the overall decline in marine related sales in **Broward County was 31%**, Miami-Dade County 42%, and Palm Beach County 49%. Comparably, Tri-County marine industry sales fell an estimated 36%, and 41% Statewide. In fiscal year 2010, gross retail sales of boat and motor products equaled \$3.5 billion statewide, a decline of \$2.4 billion from 2005. The Tri-County region continued to represent 49% of Florida's gross marine sales during the 2010 fiscal year, but reduced by 36% (to 1.74 billion) from 2005.

FIGURE 1: Gross Sales \$ (Kind Code 28) State of Florida and Tri-County FYs 2005-2010**FIGURE 2: Trends in Marine Gross Sales \$ (Kind Code 28) For Selected Counties FYs 2005-2010**

County	2005(\$)	2005 % State	2010 (\$)	2010 % State	% Change 2005-2010
Broward	\$1,724,955,430	28.8	\$1,202,000,000	33.8	-30.3
Palm Beach	\$574,401,432	9.6	\$291,400,000	8.2	-49.3
Dade	\$436,961,747	7.3	\$254,800,000	7.2	-41.7
Pinellas	\$477,785,167	8.0	\$238,100,000	6.7	-50.2
Manatee	\$231,071,580	3.9	\$239,000,002	6.7	3.4
Lee	\$266,666,149	4.4	\$125,900,000	3.5	-52.8
Martin	\$299,395,934	5.0	\$51,010,897	1.4	-82.9
Hillsborough	\$243,619,036	4.1	\$145,000,000	4.1	-40.5
Monroe	\$163,351,044	2.7	\$140,800,000	4.0	-13.8
Collier	\$173,699,462	2.9	\$90,420,000	2.5	-47.9
Top Ten Counties	\$4,591,906,981	76.6	\$2,778,430,899	78.0	-39.5
All other Counties	\$1,404,358,228	23.4	\$783,010,582	22.0	-44.3
Florida Total	\$5,996,265,209	N/A	\$3,561,441,481	N/A	-40.6

According to information from the MIA SF economic impact report and illustrated in **FIGURE 3**, Broward County boat registrations declined by 5% (from 43,168 in 2005 to 41,049 in 2009), dropping from its position of the 3rd highest county in the State to 4th. Interestingly, while gross marine sales dropped during this time frame (Broward -31% and Miami-Dade -42%), Miami Dade was the only County in Florida to have realized an increase in the number of registered watercraft.

FIGURE 3: Recreational Watercraft Registered in Florida's Leading Marine Industry Counties 2005-2009

County	2005(#)	2005 % State	2009 (#)	2010 % State	% Change 2005-2009
Broward	43,168	4.7	41,049	4.8	-5.0
Palm Beach	37,579	4.1	36,895	4.3	-1.8
Dade	48,566	5.3	56,624	6.6	16.6
Pinellas	47,446	5.2	43,650	5.1	-8.1
Manatee	17,437	1.9	17,026	2.0	-2.3
Lee	44,138	4.8	41,749	4.8	-5.4
Martin	14,669	1.6	13,631	1.6	-7.1
Hillsborough	40,638	4.4	42,161	4.9	-3.7
Monroe	23,820	2.6	21,087	2.4	-11.5
Duval	29,297	3.2	28,106	3.3	-4.0
Top Ten Counties	346,758	3.8	341,978	39.7	-39.5
All other Counties	574,010	62.3	519,919	60.3	-9.4
Florida Total	920,768	N/A	861,897	N/A	-11.5

FIGURE 4 illustrates Broward County's marine industry estimated economic impact of \$7.4 billion in gross output – a decline of \$3.3 billion from \$10.7 billion in 2005. Wages and earnings are also down to \$2.6 billion; almost a billion less than wages and earnings of \$3.7 billion in 2005. Lastly, in 2010 there were just over 92,000 associated jobs identified in the marine industry; down from the 134,539 marine industry jobs identified in Broward County back in 2005.

FIGURE 4: Summary of Estimated Economic Impact of Marine Industry, Broward County 2010

Sector	Total Employment (Jobs)	Total Earnings (\$)	Total Output (\$)
Manufacturing	18,766	\$285,755,056	\$1,177,774,366
Wholesale Trade	15,469	\$475,694,886	\$1,248,525,258
Retail Trade	29,248	\$1,135,075,140	\$2,769,192,673
Dockage	9,315	\$272,824,324	\$878,636,337
Marine Services	20,034	\$424,612,704	\$1,366,023,572
Total Marine Industry	92,832	\$2,593,962,110	\$7,440,152,206

There might be several reasons to explain some of the concerns echoed by marine industry advocates. A correlation might be made between the downturn in the global economy and the decline of jobs and retail sales in the South Florida marine industry. Some of the decline in the economic impact may be due to the fact that South Florida has lost some boatbuilding and related marine industry activities to other areas such as North Carolina, California and Maine. There has also been a loss of waterfront boatyards to housing/condo units. In total, there may be too many concerns expressed by the marine industry to list, but one thing is clear: marine industry businesses are concerned about their long-term needs in Fort Lauderdale.

MARINE INDUSTRY | 2013

After review of several studies and reports there are still a number of issues of concern to business owners, recreational users and water enthusiasts. As city staff reviewed the studies and reports we had several conversations with marine industry experts. As a result of those meetings we asked for a list of issues that require immediate attention and a wish list of opportunities.

Issues for Immediate Attention

- ☐ Florida East Coast Railroad Bridge – the marine industry feels this will disrupt commercial flow
- ☐ Las Olas Marina Expansion
- ☐ Boat Show Negotiations – a concern is the boat show will relocate
- ☐ Infrastructure – i.e. seawalls, boat ramps – ageing seawalls in the New River and boat ramps elsewhere
- ☐ Dredging – Intracoastal Waterway & New River
- ☐ Coordinated marketing activity for the industry

Wish List of Opportunities

- ☐ City-wide canal dredging
- ☐ Las Olas Marina Expansion
- ☐ Maintain designation as Yachting Capital of the World
- ☐ Barge on-loading/off-loading
- ☐ New River Dockage Upgrades
- ☐ Development of City-Owned Parcel on Dania Cut-Off
- ☐ Marina Industry Welcome Center
- ☐ Super Yacht Dockage
- ☐ Marine training and education opportunities

A recently completed economic feasibility report by Thomas J. Murray & Associates, examines the viability of expanding the Las Olas Marina to capitalize on the worldwide growth in accommodating luxury yachts of 80' or greater. The report provides critical information for city officials and the community to evaluate the revenue and expenses needed to expand and operate a new and improved Las Olas Marina. The proposed marina expansion would increase the linear footage (LF) for boat dockage from 3,427 LF to 5,025 LF allowing for 75 to 100 more vessels at 80' or larger. The revenue projections offered with the economic feasibility report closely align with the pro-forma estimates provided by Sasaki Associates, the City's consultant on marina design, who projects an increase of \$600K to \$650K in annual revenue. A preliminary review of the actual and projected revenue suggests the feasibility of marina project of approximately \$9M, which is less than the budget estimate developed of approximately \$20.9M. More discussion on the prospect of expanding the marina is anticipated as City staff continues to work with the marine industry community on issues and projects that require City involvement and collaboration.

ADDITIONAL OBSERVATIONS AND RECOMMENDATIONS

Carefully planned mega-yacht facilities in neighboring municipalities may also impact our current customer base. The City needs to likewise address our dockage needs – particularly for the larger vessels (Captain Keith Moore of the “Lady Sheridan”, February 7, 2013 Marine Advisory Board Meeting). Mega-yacht owners send their boats to our area service yards and have a tremendous impact on the local economy. According to the MIA SF, approximately 1,500 mega-yachts visited South Florida in 2006; compared to only 800 mega-yachts visits in 1997. Just as important is the fact that on average a mega-yacht may spend an average of \$500,000 on each visit just on repairs, brokerage fees, and charter commissions.

Retention of the largest in-water boat show in the world, which comes back to the City every year is of absolute importance. The Fort Lauderdale Boat Show economic impact has commonly been compared to the impact associated with hosting a Super Bowl or the BCS National Championship game. Unlike those events boat buyers typically return to our region to use or repair their vessels on an on-going basis, which may result in an economic impact that lasts much longer than the weekend associated with either of the sporting events.

As a result of the downturn in the economy the marine industry as a whole must continue to be forward thinking on the most cost-effective way of doing business. Marine commerce continues to show that it is a key industry in Broward County, rivaling tourism, manufacturing, retail, and service industries. The marine industry is vital to the economic success of Fort Lauderdale and therefore an aggressive collaboration of industry leaders and public officials is needed to maintain the economic success is in place. The City needs to ensure that the attraction, retention and expansion of our local marine industry is a core philosophy at all levels of City government.

Important challenges exist as the City of Fort Lauderdale evaluates its position in the marine industry in the South Florida, the State of Florida and the United States. Moving forward there are three areas where collaboration can directly result in the continued growth of the marine industry in Fort Lauderdale: 1) Facilitating more growth and development of the marine industry in response to the loss of economic impact from 2005 to 2010; 2) Master-planning for long-term industry success by identifying properties for physical growth and industry expansion; and 3) Long-term growth and success of the Fort Lauderdale International Boat Show.

It is further recommended that the City of Fort Lauderdale work with marine industry businesses, advocates and other interested parties to maintain a strong relationship. A collaborative relationship will be strengthened by utilizing the information discussed at the 2009 Marine Industry Workshop and the issues identified by city staff in this report as a starting point. Furthermore, city staff specifically recommends seven opportunities for further collaboration between the city and the marine industry in Fort Lauderdale.

1. Host another Marine Industry Workshop in 2013
2. Better utilize existing financial incentive programs to encourage more investment
3. Develop marine industry-specific incentives, such as a Brownfield designation or other redevelopment tools available within the Florida Statutes
4. Collaborate with local colleges, universities or public schools for workforce development opportunities
5. Jointly host job fairs and/or large hiring events as jobs become available
6. Develop an industry-specific marketing program in collaboration with MIA SF and MAB
7. Continue to work collaboratively on new models of marine infrastructure planning, permitting and development

REFERENCES

1. Marine Industry Workshop (2009) – City Commission Memorandum 10-055
2. Broward County – Marine Industry Task Force Report (2008) – Broward County Office of Economic Development/Industrial Development Section
3. Marine Industries of South Florida (MIASF) Master Plan
4. “Small City Creates Big Marine Industry Plan” – Michael Cannon, Integra Realty Resources (2010)
5. “Oceans of Opportunity: Managing Future Uses of Florida’s Ocean Spaces (2011) – Florida Ocean Alliance
6. EXTRA! Interview – “7 Questions for Jack Seiler, Mayor of Fort Lauderdale” – *Southern Boating* (October 2011)