TO: The Honorable Chairman and Members of the Board of County Commissioners

FROM: Ken Burke, CPA
Clerk of the Circuit Court
Ex Officio County Auditor

SUBJECT: Follow-Up Audit of Culture, Education and Leisure Department’s Belle Harbour Marina and Sutherland Bayou Boat Ramp

DATE: October 27, 2011

For your review and filing in the Official Records, I am enclosing a copy of the follow-up audit dated October 27, 2011 on the above-referenced audit.

I hope you find this report helpful in ensuring Pinellas County government provides the best possible service to our citizens.

cc: Robert S. LaSala, County Administrator
Jim Bennett, County Attorney
Mark Woodard, Assistant County Administrator
Paul A. Cozzie, Bureau Director, Parks and Conservation Resources
Steve Turner, Manager, Belle Harbour Marina
Claretha N. Harris, Chief Deputy Director, Finance Division
Ernst & Young
Follow-Up Audit Of
*Culture, Education And Leisure
Department’s Belle Harbour Marina
And Sutherland Bayou Boat Ramp
*Currently Parks & Conservation Resources Department

Audit Services
Division of Inspector General

Ken Burke, CPA*
Clerk of the Circuit Court
Ex Officio County Auditor

Hector Collazo, Jr., CFE, CFS, CISA, CIG, CIGI, CRISC
Director, Division of Inspector General

Audit Team
Ava Jurek, MS, CIA, CIGA, CIGI – Inspector General Auditor
Ronald M. Peters, CIA, CISA, CIGA – Senior Inspector General Auditor

OCTOBER 27, 2011
REPORT NO. 2011-18

*Regulated by the State of Florida
**Accredited Office of Inspector General
By the Commission of Florida Law Enforcement Accreditation
October 27, 2011

The Honorable Chairman and Members of the Board of County Commissioners

We have conducted a Follow-Up Audit of Culture, Education and Leisure Department’s (Parks & Conservation Resources Department) Belle Harbour Marina and Sutherland Bayou Boat Ramp.

The objectives of our review were to determine the implementation status of our previous recommendations.

Of the 28 recommendations contained in the audit report, we determined that six have been implemented, four have not been implemented, and 18 are not applicable. The status of each recommendation is presented in this follow-up review.

We appreciate the cooperation shown by the staff of Parks & Conservation Resources Department during the course of this review.

Respectfully Submitted,

Hector Collazo, Jr., Director
Division of Inspector General

Approved:

Ken Burke, CPA*
Clerk of the Circuit Court
Ex Officio County Auditor

*Regulated by the State of Florida
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**Belle Harbour Marina and Sutherland Boat Ramp**

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10. CEL Finance Office Needs to Update Their Internal Controls Over Marina Billing and Revenue Collection. 52
INTRODUCTION

Scope and Methodology

We conducted a follow-up audit of the Parks & Conservation Resources Department’s Belle Harbour Marina and Sutherland Bayou Boat Ramp. The purpose of our follow-up review is to determine the status of previous recommendations for improvement.

The purpose of the original audit was to:

- Determine if the Marina business plans are reasonable.
- Determine the adequacy of internal controls and procedures regarding revenues.
- Determine if the operations are maximizing income.
- Determine if there are any safety-related issues.
- Determine the public benefit of the Belle Harbour Marina and Sutherland Bayou Boat Ramp.
- Determine if Marina projections and future operations were correctly represented.

To determine the current status of our previous recommendations, we surveyed and/or interviewed management to determine the actual actions taken to implement recommendations for improvement. We performed limited testing to verify the process of the recommendations for improvement.

Our follow-up audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and the Standards for Offices of Inspector General, and, accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances. Our follow-up testing was performed during the month of August, 2011. The original audit period was April 1, 2007 through December 31, 2008. However, transactions and processes reviewed were not limited by the audit period.

Overall Conclusion

Of the 28 recommendations in the report, we determined that six were implemented, four were not implemented, and 18 are not applicable. We commend management for implementation of most of our recommendations and continue to encourage management to fully implement the remaining recommendations.
# Status

<table>
<thead>
<tr>
<th>OFI NO.</th>
<th>PREVIOUS RECOMMENDATION</th>
<th>IMPLEMENTATION STATUS</th>
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<tbody>
<tr>
<td>1</td>
<td>The County's Purchase of the Belle Harbour Marina Does Not Benefit and/or Serve the Needs of the Majority of Taxpayers in Pinellas County.</td>
<td>✓</td>
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<tr>
<td></td>
<td>County management, when performing a cost/benefit analysis of future marinas or any facility/venue purchases, include in their analysis a measurement tool that identifies the number and/or percentage of targeted County residents who may benefit from any planned purchase of the facility or venue.</td>
<td></td>
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<tr>
<td>2</td>
<td>The Reserve Funds Used to Purchase the Belle Harbour Marina Have Not Been Repaid (Amortized) as Briefed to the Board of County Commissioners.</td>
<td>✓</td>
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<tr>
<td></td>
<td>County management adhere to the approved resolution by repaying the funds borrowed from the general reserves as proposed, briefed, and approved by the Board of County Commissioners. Should the repayment prove to be imprudent due to the current financial conditions, County management should revisit the issue with the County Commissioners and give them the opportunity to approve a revised plan.</td>
<td></td>
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<td>3</td>
<td>The Marina May Not be Able to Financially Support its Own Purchase as Briefed by County Management to the Board of County Commissioners.</td>
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<td></td>
<td>Perform a cost/benefit analysis of future marinas or any facility, and thoroughly review and evaluate the accuracy of financial conditions and assumptions provided (i.e., reports and/or studies).</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Update the Board of County Commissioners on the financial condition of the investments/venues if significant changes from the projected performance occur.</td>
<td>✓</td>
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<tr>
<td>4</td>
<td><strong>The Marina is Losing Potential Revenue Due to Rental Spaces Occupied by Derelict Boats and Unrentable High/Dry Spaces.</strong></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Auction the derelict boats and use the proceeds to cover past due rental fees after consultation with the County Attorney’s Office.</td>
<td>✓</td>
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<tr>
<td></td>
<td>Have a structural engineer determine the possibility of the dry storage rack reconfiguration to create space for two 31’ high profile boats.</td>
<td>✓</td>
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<td></td>
<td>Determine if the two shallow wet slips can be rented to flatboats, jet skis, or kayaks’ owners using an alternate rate structure.</td>
<td>✓</td>
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<td>5</td>
<td><strong>County Management is Not Taking Advantage of Revenue-Enhancing Opportunities for the Marina.</strong></td>
<td>✓</td>
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<td></td>
<td>Work with County management to allow the Marina to purchase fuel directly from a fuel wholesaler or eliminate all of the fuel markup charges from Fleet Management.</td>
<td>✓</td>
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<td></td>
<td>Work with County management to cancel the next proposed rate increase and give the Marina management the flexibility to compete with local marinas on the rates and allow incentives to attract customers.</td>
<td>✓</td>
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<td>OFI NO.</td>
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<td></td>
<td>Address and mitigate their liability concerns, conduct needed repairs, and rent the apartment.</td>
<td>Implemented</td>
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<tr>
<td></td>
<td>Evaluate the reopening of the boat repair shop to increase revenue and provide customer convenience.</td>
<td>Implementable</td>
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<tr>
<td></td>
<td>Increase the variety of the merchandise for re-sale including live bait, tackle, sunscreen, ice cream, package beer, small parts, and clothing to increase revenues.</td>
<td>Implementable</td>
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<tr>
<td></td>
<td>Allow the Marina to contract with experienced outside marine mechanics.</td>
<td>Implementable</td>
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<td></td>
<td>Install a night vision capability security system on the premises.</td>
<td>Implementable</td>
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<td></td>
<td>Install additional lighting by the docks and wet slips and repair existing pier lamps for the safety and security of the boaters. These lights should be equipped with an energy saving device such as a motion detector.</td>
<td>Implementable</td>
</tr>
<tr>
<td></td>
<td>County Management Did Not Make the Necessary Repairs Outlined in the Initial Business Plan Creating a Potential Safety Risk for Customers and Employees and Creating an Unnecessary Liability for the County.</td>
<td>Implementable</td>
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<tr>
<td>6</td>
<td>Determine the extent of dock deterioration and make the necessary repairs/improvements.</td>
<td>Implementable</td>
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<tr>
<td></td>
<td>Determine the extent of the electrical wires and raw sewage lines, which need to be appropriately fastened, and make the necessary repairs/improvements.</td>
<td>Implementable</td>
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<td></td>
<td>Determine the extent of the deterioration of the pavement in the high/dry storage areas and make the necessary repairs/improvements.</td>
<td>Implementable</td>
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<tr>
<td>OFI NO.</td>
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<td></td>
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<td>Implemented</td>
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<td>7</td>
<td>The Marina's Staff May be Inappropriately Classified.</td>
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<td></td>
<td>CEL management request Human Resources to conduct Position Audits of all the Marina staff positions.</td>
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<td>8</td>
<td>County Management Does Not Take Advantage of Revenue-Enhancing Opportunities.</td>
<td>✓</td>
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<tr>
<td></td>
<td>Install a Ventech Station to improve control over parking revenue collection.</td>
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<td></td>
<td>Ensure that the parking fees are enforced on a daily basis.</td>
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<td></td>
<td>Address and mitigate any liability concerns, conduct needed repairs, and rent the cottages.</td>
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<tr>
<td>9</td>
<td>The Marketing of the County Owned Marinas Needs Enhancement.</td>
<td>✓</td>
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<td></td>
<td>Install CEL County park directional signs on Alternate 19 leading potential customers and citizens to the Marinas.</td>
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<td>Develop a marketing plan for the Marinas and its services to the Pinellas County citizens, including updating the Marinas' pages on the CEL websites.</td>
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<td></td>
<td>Improve site signage to make County residents aware of the services offered at the Sutherland Bayou Boat Ramp.</td>
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<tr>
<td>10</td>
<td>CEL Finance Office Needs to Update Their Internal Controls Over Marina Billing and Revenue Collection.</td>
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<td></td>
<td>A &amp; B. Ensure that the CEL Finance Office:</td>
<td>Implemented</td>
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<tr>
<td></td>
<td>• Calculate late fees and mail late payment notices on a monthly basis.</td>
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<td></td>
<td>• Notify, in writing, all account holders with outstanding balances to pay their dues.</td>
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<td>Update Collection Reports monthly and keep it up to date.</td>
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<td></td>
<td>Transfer and centralize the billing, collection process, and financial responsibilities of the Marina to CEL’s Finance Department.</td>
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- ✔
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Introduction

Follow-Up Audit of Belle Harbour Marina and Sutherland Bayou Boat Ramp

Background

The Parks & Conservation Resources is responsible for:

- Florida Botanical Gardens
- Heritage Village
- Parks and Recreational areas
  - Belle Harbour Marina
  - Sutherland Bayou Boat Ramp
- County Extension Programs
- Cultural Affairs
- Brooker Creek Preserve
- Weedon Island Preserve
- Pinellas Trail
- Extension
- Managed Areas
- Air Quality

The Pinellas Parks & Conservation Resources Department oversees regional public park systems, which maintain over 4,250 recreational acres and consist of 30 facilities including Belle Harbour Marina and Sutherland Bayou Boat Ramp. The 30 parks and facilities include lakes, playgrounds, learning centers, and convenience facilities, which provide park visitors with a variety of opportunities for recreational activities.

The Parks & Conservation Resources has a budget of approximately $16,000,000 for Fiscal Year 2009 with a staff of approximately 218 employees responsible for the administration, operation, and maintenance of the County’s parks and facilities.

In May of 2005, the Boating Access Task Force was convened by Pinellas County Administration, and County Commissioner Susan Latvala was the chair of the task force in response to concern over economic trends that were threatening the future of boat access in Pinellas County. The issue was highlighted by the conversion, or pending conversion of several marina properties to residential uses, resulting in the loss of public access to boat storage and water access. In addition, increasing competition at boat ramps on weekends for parking and water access evidenced a need to look at better understanding and managing demand on these facilities. Because of the pace of marinas being converted to other uses, finding ways to not only preserve, but to also increase public boating access to the water has been deemed critical, not just in Pinellas County, but throughout the State.

The Boating Access Task Force vision is:

To provide the greatest possible access to Pinellas County waters for both recreational and commercial boaters, while protecting the integrity of natural
resources, and enhancing the County’s reputation as the preeminent boating/diving/fishing center of Florida.

One of the recommendations was for the preservation of existing marina properties through acquisition and partnership, which authorize management to begin the process to address immediate opportunities. Management would present a “package” of boat access, marina purchases, partnerships, and solutions at one time for Board consideration, including for funding decisions. This recommendation lead to the purchase of Belle Harbour Marina and Sutherland Bayou Boat Ramp (formerly Palm Harbor Resort).

BELLE HARBOUR MARINA
Belle Harbour Marina (Marina), located at 307 Anclote Road in Tarpon Springs, provides its customers with easy access to Anclote River and the Gulf of Mexico. The Marina covers approximately three acres and offers 91 high/dry slips, 22 storage rack spaces, and 20 wet slips for a total of 133 rental spaces. There are amenities such as restrooms, showers, boat wash, and sanitary pump out. The Marina sells fuel, ice, frozen bait, snacks, and beverages. The hours of operation are Monday - Thursday 8:00 a.m. to 5:00 p.m., and Friday - Sunday 7:00 a.m. to 6:00 p.m.

Pinellas County purchased the Belle Harbour Marina in August 2006, and CEL took over in April 2007 assigning County staff to operate and manage the Marina. The Marina staff, through a lot of dedication and effort, earned the Clean Marina designation from the Department of Environmental Protection in July 2008. Marinas earn the "Clean Marina" designation by implementing a defined set of environmental best management practices designed to protect Florida's waterways.

In Fiscal Year 2008, Belle Harbour Marina's gross revenue was $431,291, of which $312,713 was for rack and wet slip rentals, $110,808 for fuel sales, and $7,770 miscellaneous sales.
Belle Harbour Marina's 2008 Fiscal Year expenditures were $334,383, of which $157,367 was spent for personnel and related benefits expenses. There are five employees at the Marina, one is part-time.
FY 08 Belle Harbour Operating Expenditures

SUTHERLAND BAYOU BOAT RAMP

SUTHERLAND BAYOU BOAT RAMP

DRY STORAGE AREA

DRY STORAGE AREA
The Sutherland Marina was purchased in 2006 for $3,710,000 plus $100,000 for personal property. Some funds came from the capital improvement reassignment of lower priority future Capital Improvement Program (CIP) projects and the CIP, and revenues generated through the Boat Ramp Parking Fee program and boat trailer parking fees.

The Public Works Department performed a site inspection in June 2006, evaluated the property as being generally in good condition, and suggested the following future repairs and improvements:

- Parking and pavement improvements: $25,000
- Boat ramp repairs: $12,000
- Demolition of structures: $20,000
- Re-decking of dock/concession building: $18,000

Total $75,000

Additional suggested changes to improve boating access include building an additional boat ramp lane. The boat ramp lane would result in the relocation or possible loss of approximately eight boat slips. The estimated cost of the boat ramp would be $125,000. This project would be funded by the boat ramp parking fee revenues and should be completed in the first 2-3 years, according to the contract. So far, there are no plans to add this boat ramp.

Sutherland Bayou Boat Ramp is located at 2119 US Alternate 19 North in Palm Harbor. Sutherland Bayou offers 16 wet slips, 47 dry storage spaces (63 total rental spaces), and a public boat ramp. Sutherland Bayou’s slip and storage rentals generated approximately $36,000 in revenue in 2008, and approximately $30,000 in boat ramp parking fees were collected in Fiscal Year 2008. Park Rangers from the neighboring Wall Springs Park are responsible for retrieving ramp parking fees and patrolling the property daily. The Belle Harbour Marina manager is responsible for collecting storage rental revenues for Sutherland Bayou Boat Ramp.

Below are key areas of CEL’s long-term plan for utilization of the Sutherland Bayou, which have been completed to date:
1. Converting the RV trailer campsites into the boat trailer parking. (Accomplished)

2. Decreasing the ramp parking fee from $10, charged by the previous owner, to $5 charged by all County parks. (Accomplished)

3. Demolishing the pool. (Accomplished).
STATUS OF RECOMMENDATIONS

This section reports our follow-up on actions taken by management on the Recommendations for Improvement in our original audit of the Parks & Conservation Resources Department’s Belle Harbour Marina and Sutherland Bayou Boat Ramp. The recommendations contained herein are those of the original audit, followed by the current status of the recommendations.

1. The County’s Purchase of the Belle Harbour Marina Does Not Benefit and/or Serve the Needs of the Majority of Taxpayers in Pinellas County.

The County spent $3,575,000 (or $26,880 per storage space) of the County’s general reserves to purchase the Marina, which rents only 133 boat storage spaces. The Marina provides limited public water access for Pinellas County residents to launch boats and/or recreational water craft from the Marina.

At the time of purchase, marinas were being sold to the developers who in turn closed some down to use the waterfront property for condominium style projects or turned the marinas into dockominiums (selling the storage spaces similar to the residential condominiums concept). Boat storage spaces were harder to locate and rental prices were rising. County management was apparently concerned that County residents would not be able to afford boat storage and could be priced out of the market, enjoying easy open water access for recreational boating (See Background section of this report).

In an interview for Progressive Pinellas (Marina's and Water Access, October 10, 2007), a County Commissioner discussed the County’s purchase of the Marina. In summary, the cornerstone of the Marina purchase was to ensure that Pinellas County residents continue to enjoy easy water access and access to an affordable boat storage facility. In addition, the purchase of an existing marina was more advantageous due to rigorous EPA requirements making it difficult to purchase land and build a marina.

In the past two years, the marina market conditions have dramatically changed due to the current local, state, and national economy. As a cost saving measure, fewer boat owners are storing their boats in local marinas, instead choosing to place them at more affordable storage lots or at home. As a result, some marinas are experiencing the lowest occupancy rates in years. Some marinas are addressing the drop in the occupancy rates by reducing the rental fees and giving incentives in the hope of maintaining and attracting new clientele, including the City of Clearwater.

In Fiscal Years 2007 and 2008, the Marina and Sutherland Bayou Boat Ramp both had an average occupancy rate of 90%. As of January 2009, the occupancy rate fell to 80% at the Belle Harbour Marina; Sutherland Bayou Boat Ramp continues to have an occupancy rate of 90%.

Audit Services, Division of Inspector General
Clerk of the Circuit Court
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Aside from the lower than projected revenues anticipated in the purchase, the $3,575,000 Marina investment does not benefit a large segment of the County's boating enthusiasts. This investment provides affordable boat storage space and easy water access for only 133 Pinellas County residents/customers. In 2008, Pinellas County had 56,591 registered vessels (water crafts of all classes). The purchase of the Marina serves only .002 of those registered vessels. The purchase of the Marina was not in the best interest of Pinellas County taxpayers.
because it does not provide affordable storage and has limited public water access for Pinellas County residents to launch boats and/or recreational water craft from the Marina.

<table>
<thead>
<tr>
<th></th>
<th>State of Florida 2008</th>
<th>Pinellas County 2008</th>
<th>Pinellas County Vessels With Access To The Marina (133)</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Vessels</em></td>
<td>1,010,359</td>
<td>56,591</td>
<td>.002</td>
</tr>
</tbody>
</table>

*Department of Motor Vehicles 2008 Vessels Statistics includes all vessel classes

When the County makes an investment on a facility with taxpayers’ funds, it must ensure that a key measurement/goal in that investment is to serve the needs of the greatest number of the targeted population being served (i.e. recreational water craft owners).

The Boating Access Task Force vision is:

To provide the **greatest possible access** to Pinellas County waters for both recreational and commercial boaters, while protecting the integrity of natural resources, and enhancing the County’s reputation as the preeminent boating/diving/fishing center of Florida.

**We Recommended** County management, when performing a cost/benefit analysis of future marinas or any facility/venue purchases, include in their analysis a measurement tool that identifies the number and/or percentage of targeted County residents who may benefit from any planned purchase of the facility or venue.

**Status:**

Not implemented.

Management did not agree that as part of the cost benefit analysis to develop metrics for public benefit associated with some facilities.

### 2. The Reserve Funds Used to Purchase the Belle Harbor Marina Have Not Been Repaid (Amortized) as Briefed to the Board of County Commissioners.

During the Board of County Commissioners (BCC) meeting on August 1, 2006, the former County Administrator briefed the BCC on the Marina purchase. He proposed to use County reserves to purchase the Marina and repay those reserves by financing the purchase using bonds with an interest rate of 4.75% amortized over 20 years.
Resolution No. 06-128 approved by the County Commissioners stated:

"...reimbursing marina costs incurred by the County with proceeds of future tax-exempt financing."

The Marina was purchased in August of 2006 and has been under County control since April of 2007. To date, our review has determined that County management has not reimbursed the $3,575,000 purchase cost of the Marina from the proceeds of tax-exempt financing, nor does it appear that a repayment plan has been established or has even been considered.

Based on the original briefing, the BCC was told that the $3,575,000 would be repaid. Further, we have not found any records to indicate that the BCC has been updated regarding the reserves not being reimbursed.

It is County management’s responsibility to brief the BCC as they normally do with the particulars of key County purchases. However, any major deviation from the original plan must be readdressed with the BCC and modifications to the original plan should be approved by the BCC; otherwise, county management must adhere to the approved resolutions of the Board of County Commissioners.

**We Recommended** County management adhere to the approved resolution by repaying the funds borrowed from the general reserves as proposed, briefed, and approved by the Board of County Commissioners. Should the repayment prove to be imprudent due to the current financial conditions, County management should revisit the issue with the County Commissioners and give them the opportunity to approve a revised plan.

**Status:**

**Not Implemented.**

The County is in the process of negotiating a contract for private operation and maintenance of the Belle Harbour Marina with Sea Bass LLC. Any funds received through this contract may be assigned to repaying funds to the general reserves. This will be a policy decision from the County Administrator and subject to revenues actually produced through the proposed contractual arrangement.

**3. The Marina May Not be Able to Financially Support its Own Purchase as Briefed by County Management to the Board of County Commissioners.**

The BCC minutes dated August 1, 2006 contain the following:

"During discussion and in response to queries by the members, Mr. Spratt (former County Administrator) referred to the contract, indicating that extensive
due diligence on the project has been done; that the property is well maintained; and that the property can support its own purchase."

A review of the Cash Flow Projection Report presented to the BCC concluded the Marina should break even in the 23rd year of operation. The County Commissioners were made aware of this projection prior to the closing on the Marina.

However, our review of the projected cash flow determined that it was skewed due to a very optimistic occupancy rate model, revenue sources that were eliminated upon purchase, and failure to include increasing operating expenses. Additionally, had the projections been accurate, they may have still been impacted by the current economic conditions. Many Marina’s customers have cancelled month-to-month lease agreements and moved their boats to more affordable storage yards. This is a trend notable at other marinas in the area.

According to the data provided by the previous owner in 2006:

A. 98% of the dry slips were rented (106 of 108).
B. 17 out of 20 available wet slips were rented.

Consequently, the Marina’s projected cash flow was based on an optimistic assumption of 96% occupancy rate year round. It is important to note that two of the available wet slips are not rentable due to shallow water level during low tide. In addition, 2 of the 91 high/dry storage racks are not rentable due to the configuration of the rack’s design. In essence, the marina is unable to rent four spaces making projected occupancy at 100% year round. The inability to rent the four spaces results in the loss of revenues ranging from $11,400 - $15,240 annually.

<table>
<thead>
<tr>
<th>Loss of Revenues Due to Unrentable Slips/Racks Spaces</th>
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<tr>
<td>FY 08/09 Rates</td>
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<tr>
<td>High/Dry Storage/less than 26'</td>
</tr>
<tr>
<td>High/Dry Storage Up To 31'</td>
</tr>
<tr>
<td>Small Boat Wet Slips</td>
</tr>
<tr>
<td>Large Boat Wet Slips</td>
</tr>
</tbody>
</table>

*Maximum allowable length, times price per foot, times two spaces

Annual Loss Ranges From $11,700 - $15,240
Below are the occupancy levels for the last two years. It is evident that they are lower than the projected rates.

High/dry slip rentals are a seasonal business, and, historically, the summer season is the busiest with 95% of slips usually rented. Conversely, the winter season is the slowest, with owners removing their boats and the occupancy rates drop, which is a normal seasonal cycle. Therefore, projecting 96% occupancy year round every year was not a realistic projection.

Once the County took control of the Marina, it was noted that some of the spaces listed as rented on the original owner’s report were actually empty. It is neither feasible nor possible to determine if these slips were indeed rented. It is also important to note that during this period marinas were being sold to developers and most marinas were at capacity. Therefore, it is plausible that the Marina may have indeed been fully rented.
In the first partial year of operation, the Marina’s gross profit was 8% lower than projected. The second year, the gross profit was 16% lower than projected. This lower than anticipated gross profit may be due to the projections being based on unreasonable assumptions. To compound the problem, operational expenses were higher than projected because of the change in the ownership to the County.

The rental income for Fiscal Year 2008 was approximately $57,000 lower than projected. The sales of bait, tackle, etc. were $8,000 less and fuel sales were $9,000 less. All these lower than projected revenues contributed to the overall 30% lower than expected net income in Fiscal Year 2008.
The actual payroll expense was approximately $22,000 higher in Fiscal Year 2008 than projected. The repair and maintenance costs were projected at $4,629 for Fiscal Year 2008, but were actually $27,095.

Additionally, some of the projected revenue centers became irrelevant because management decided to:

- Discontinue boat repairs
- Discontinue boat rentals
- Discontinue renting the apartment
These decisions resulted in an additional $44,919 loss in projected revenues for year one and $46,267 in year two. The actual net income for year one and year two was lower than projected.

If the purchase cost of the Marina from the proceeds of tax-exempt financing occurs (repay the reserves), the yearly loan installment could be approximately $281,388. If the bonds were amortized as initially planned, the Marina would have had an $183,817 deficit in Fiscal Year 2008. Consequently, the County may never break even on the purchase of the Marina within 23 years.

**We recommended** County management:

A. Perform a cost/benefit analysis of future marinas or any facility, and thoroughly review and evaluate the accuracy of financial conditions and assumptions provided (i.e. reports and/or studies).

B. Update the Board of County Commissioners on the financial condition of the investments/venues if significant changes from the projected performance occur.

**Status:** The Parks and Conservation Resources Department just recently completed negotiation with Sea Bass LLC for operation and maintenance of the Belle Harbour Marina.

A. **Implemented.**
Pinellas County has not pursued purchasing another marina; therefore, a cost benefit analysis has not been necessary or presented to the Board of County Commissioners.

B. Implemented.

The overall status of the Marina has been presented to the BCC during mid-year status reports, most recently on April 7, 2011, at which time the BCC was informed of plans to contract operations of the Belle Harbour Marina to a private vendor.

4. The Marina is Losing Potential Revenue Due to Rental Spaces Occupied by Derelict Boats and Unrentable High/Dry Spaces.

There were eight derelict boats (i.e., abandoned boats occupying unpaid storage spaces for at least 6 months) at the Marina and Sutherland Bayou Boat Ramp as of December 10, 2008, and the rents owed for the storage of these derelicts totaled $13,329. Per the Terms and Conditions of the Pinellas County Marina License Agreement, Marina management has the right to auction the boats of the owners who are at least 6 months behind in payments, and apply the proceeds toward the past due fees. The Marina has an internal control in place which identifies the derelict boat with orange ribbons. Should an owner request to launch a boat, the staff would quickly identify the boat as derelict and not launch it, but instead direct the boat owner to the manager. The manager’s policy on launching any of the derelict boats is “No Cash No Splash.”

Ribbons Marking Derelict Boats

The Marina has two shallow wet slips and two high/dry spaces that cannot be rented to an average configured boat, but could be used for flatboats, jet skis, or kayaks, which are cost prohibited to and not practical to their owners (see Opportunity for Improvement No. 3).

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Clerk of the Circuit Court
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The two high/dry spaces are unrentable due to height restrictions caused by the current configuration of the rack beams. However, the structure could be reconfigured to make room for higher profile boats. This change would create two large spaces for up to 31’ high profile boats. The ability to rent the two spaces could result in an increase of revenues ranging from $5,700 - $7,440 annually.

| Potential Revenue Increase for Reconfigured High/Dry Racks |
|---------------------------------|------------------|-----------------|
|                                 | FY 08/09 Rates  | *Maximum Revenue Increase Annually |
| High/Dry Storage/less than 26’  | $9.50/ft         | $5,700          |
| High/Dry Storage Up To 31’      | $10.00/ft        | $7,440          |
| Annual Loss Ranges From $5,700  | - $7,440        |

*Maximum allowable length, times price per foot, times two spaces

As we indicated, the two shallow wet slips cannot be rented, except to boat owners of flatboats, jet skis, or kayaks, which due to the current rate structure, is cost prohibited and not practical to those owners. Potentially, a modified rate structure specific to flatboats, jet skis, or kayaks could be developed. The wet slips could be rented to multiple customers (i.e., four or five jet ski owners, etc.). The ability to rent the two wet slips to multiple owners could result in an increase of annual revenues.

<table>
<thead>
<tr>
<th>Potential Revenue Increase for Modified Shallow Wet Slips Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Jet Skis</td>
</tr>
</tbody>
</table>

*Estimated allowable jet skis (5), times price, times two slips

The dry and wet slip rental revenue reached $294,713 in Fiscal Year 2008. This is 16% less than the $352,081 projected. However, the projections, as noted earlier, were based on an unrealistic 96% occupancy rate and higher per price foot rate. Neither one of these conditions can be achieved at this time due to the economic conditions, which also effects boaters. Many boaters have cancelled their month-to-month lease agreements with the Marina and moved their boats to more affordable storage yards. This is a trend notable at other marinas in the area. Also, other marinas are freezing or lowering their rental fees and offering incentives due to dropping occupancy rates. The Clearwater Municipal Marina experienced a dramatic drop in occupancy rates down to 65% as a result of the slow economy, which caused a 31.5% increase in rental rates for Clearwater residents and 25% for non-residents in the fall of 2008. The rates were lowered to the previous levels in January 2009 with the expectation of an increase in occupancy rates and revenues.
### We Recommended CEL management:

A. Auction the derelict boats and use the proceeds to cover past due rental fees after consultation with the County Attorney’s Office.

B. Have a structural engineer determine the possibility of the dry storage rack reconfiguration to create space for two 31’ high profile boats.

C. Determine if the two shallow wet slips can be rented to flatboats, jet skis, or kayaks’ owners using an alternate rate structure.

### Status:

The Parks & Conservation Resources Department just recently completed negotiation with Sea Bass LLC for operation and maintenance of the Belle Harbour Marina. Therefore, the recommendations are no longer applicable.

- A. **Not Applicable.**
- B. **Not Applicable.**
- C. **Not Applicable.**

### 5. County Management is Not Taking Advantage of Revenue-Enhancing Opportunities for the Marina.

We noted the following areas where enhanced revenue opportunities may exist:

A. Belle Harbour Marina’s fuel revenue suffers due to multiple markups.

The Marina is a unique CEL facility and as such needs to be operated differently than a standard CEL boat ramp, park, or a typical County operation. The Marina is similar to an enterprise function such as the County’s airport or utilities, although at a much smaller scale. In fact, it appears that CEL management envisioned the uniqueness of this operation, in a memo dated January 12, 2007, subject Belle Harbour Marina Operational Plan (VII B), management
had indicated that some of the County’s policies (e.g. allocation of County overhead costs) should not be applied to the Marina.

The Marina should be exempt from the County’s Ordinance with respect to purchase for resale items and retail sales. The Marina is a for-profit business forced to abide by strict County policies and procedures that do not always work in an environment where generating the largest return on investment is the primary goal. Therefore, best business practices require that management purchase inventory at the lowest price available and resell it for the highest competitive price possible.

The Marina purchases fuel from the County’s Fleet Management Department. The fuel price contains the standard vendor’s markup and Fleet Management’s markup.

In September 2008, all Pinellas County fuel tanks were at capacity as a precaution always taken during the hurricane season. The fuel in tanks was purchased at the highest price in years, averaging around $4 per gallon. The Belle Harbour Marina was charged the average price of fuel, the same as all the parks. Consequently, once Marina management added a markup, the price of fuel for resale was much higher than at other marinas in the area. We visited Marker 1 Marina in Dunedin and Clearwater Municipal Marina at the end of November. The fuel prices at that time were as follows:

<table>
<thead>
<tr>
<th>Marina</th>
<th>Price per Gallon November 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belle Harbour</td>
<td>$3.67</td>
</tr>
<tr>
<td>Clearwater Municipal</td>
<td>$2.07</td>
</tr>
<tr>
<td>Marker 1</td>
<td>$3.19</td>
</tr>
</tbody>
</table>

Marina management noticed very slow fuel sales and realized that the fuel price at the Marina has to come down in order for the Marina to be competitive and sell more gas. Consequently, Fleet Management began selling gas to the Marina using the straight load
cost instead of average cost. This move significantly reduced the cost of fuel, allowing the Marina to drastically lower its fuel price and become more competitive.

On January 8, 2009, the Marina purchased 800 gallons of fuel. According to OPIS (Oil Price Information Service, which provides Pinellas County with a daily fuel price), the price of gasoline that day was $1.22 per gallon. After the vendor and Fleet Management added their markups, the Marina paid $1.91 per gallon of fuel. The Marina manager then calculates a reasonable markup per gallon based on the fuel purchase price, the cost of the existing fuel inventory, and a survey of fuel prices per gallon at the neighboring marinas. This allows the Marina to set their prices and be competitive with other marinas in the area.

On January 8, 2009, the gas prices at the marinas in the area were as follows:

<table>
<thead>
<tr>
<th>Marina</th>
<th>Price Per Gallon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belle Harbour</td>
<td>$2.29</td>
</tr>
<tr>
<td>Anclote Village</td>
<td>$2.30</td>
</tr>
<tr>
<td>Port Tarpon</td>
<td>$2.27</td>
</tr>
<tr>
<td>Tarpon Landings</td>
<td>$2.61</td>
</tr>
</tbody>
</table>

Based on the fuel comparison above, the Belle Harbor fuel prices appear to be competitive.

However, if the Marina purchased fuel directly from a fuel wholesaler, the Marina would eliminate Fleet Management’s markup, decreasing their wholesale cost of fuel, allowing for a higher retail markup and consequently, increase revenues for the Marina.
In Fiscal Year 2008, the Marina sold approximately 28,000 gallons of fuel. If the Marina was able to purchase fuel directly from a fuel wholesaler, or Fleet Management were to drop all fuel markups and the Marina were to consistently charge a penny less than its lowest area competition, they could generate an additional $8,680 profit per year. Further, the potential exists that fuel sales could increase, and so would profits, because prior to November 2008, the Marina was consistently 30 to 40 cents per gallon higher (due to Fleet Management’s markup) than the local marinas, resulting in lost fuel sales. However, Since January 2009, the Marina has seen an increase in sales to area commercial boats (charters, etc.), because Fleet Management has relaxed some of the markup they had been charging (31 cents).

**POTENTIAL RETAIL PROFITS**

*SNAPSHOT BASED ON JANUARY 8, 2009 FUEL PURCHASE*

<table>
<thead>
<tr>
<th></th>
<th>Belle Harbor</th>
<th>Anciole Village</th>
<th>Port Tarpon</th>
<th>Tarpon Landings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Price Per Gallon</td>
<td>$2.29</td>
<td>$2.30</td>
<td>$2.27</td>
<td>$2.61</td>
</tr>
<tr>
<td>Retail Net Revenue Per Gallon</td>
<td>$ .38</td>
<td>$.70</td>
<td>$.68</td>
<td>$1.01</td>
</tr>
<tr>
<td>Retail Net Revenue Per 28,000 Gallons</td>
<td>$10,640</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail Net Revenue Per Gallon Without Fleet Mark-up</td>
<td>$ .69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail Net Revenue Per 28,000 Gallons Without Fleet Mark-up</td>
<td>$19,320</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B. The current economic conditions are creating problems keeping customers and attracting new customers to the Marina.

As we noted in Opportunity for Improvement No. 4, in the past two years the market conditions have dramatically changed due to the current local, state, and national financial downturn. As a cost saving measure, many boat owners are not storing their boats in local marinas, instead choosing to place them at more affordable storage lots or at home. Consequently, some
marinas are having the lowest occupancy rates in years. In the Clearwater Gazette article published February 5, 2009, occupancy rates at the Clearwater Beach Municipal Marina dropped to 65% and the new Clearwater downtown marina development has received only 10 applications for the 126 slips under construction by the City of Clearwater.

In Fiscal Years 2007 and 2008, the Marina and Sutherland Bayou Boat Ramp both had an average occupancy rate of 90%. As of January 2009, the occupancy rate fell to 80% at the Belle Harbour Marina, and Sutherland Bayou Boat Ramp continues to have an occupancy rate of 90%. It is important to note that Sutherland Bayou Boat Ramp has 47 dry storage space lots, similar to the ones boat owners are using to save money instead of using marinas. The rental rate is $42.50 per boat per month.

To address the lower occupancy levels, local marinas, including the City of Clearwater, are reducing the rental fees in the hope of maintaining the clientele.

<table>
<thead>
<tr>
<th>Clearwater Marina Boat Slip Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 06/07</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>Resident (per ft, per mo)</td>
</tr>
<tr>
<td>Non-Resident (per ft, per mo)</td>
</tr>
</tbody>
</table>

Prior to the current economic condition, the Marina had in place an annual rate increase with the next increase scheduled for October 1, 2009, which based on the current climate, needs to be revisited. As we noted above, other marinas are reducing rates to fill their storage racks and slips. Further, some marinas are also providing incentives (i.e., free month storage with an annual contract) to boat owners along with lowering their rates.

<table>
<thead>
<tr>
<th>Belle Harbour Boat Storage Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>Dry Storage</td>
</tr>
<tr>
<td>Wet Slips</td>
</tr>
<tr>
<td>Dry Storage/less than 26'</td>
</tr>
<tr>
<td>Dry Storage/Greater than 26'</td>
</tr>
<tr>
<td>Small Boat Wet Slips</td>
</tr>
<tr>
<td>Large Boat Wet Slips</td>
</tr>
</tbody>
</table>

C. The County is losing $6,540 in apartment rental payments.

There is a vacant one bedroom, one bathroom apartment located above the Marina office that has not been rented since CEL took over the Marina operation.
MARINA APARTMENT

The unit is in need of repairs such as dry wall patching, painting, and new carpeting. In addition, the area by the unit entrance door needs railings to secure the space that creates a safety hazard.

APARTMENT NEEDS REPAIRS
According to the January 12, 2007 Operational Plan Memo, County management had planned to rent the apartment to a Pinellas County employee or a police officer. However, due to the “liability concerns,” the apartment has never been rented. It is not clear what liability concerns are stopping the CEL management from fulfilling its Operational Plan and why the concerns were not addressed and handled prior to the development of the plan again, which called for the apartment to be rented. Currently, CEL rents seven CEL park located homes to police officers, which is no different than renting the Marina apartment.

The officer-occupied homes are located at the following Pinellas County parks:

<table>
<thead>
<tr>
<th>Park Name</th>
<th>Park Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>John S. Taylor Park</td>
<td>Large</td>
</tr>
<tr>
<td>John Chestnut Sr. Park</td>
<td>Palm Harbor</td>
</tr>
<tr>
<td>Sawgrass Lake Park</td>
<td>St. Petersburg</td>
</tr>
<tr>
<td>Philippe Park</td>
<td>Safety Harbor</td>
</tr>
<tr>
<td>Sand Key Park</td>
<td>Clearwater</td>
</tr>
<tr>
<td>Eagle Lake Park</td>
<td>Clearwater</td>
</tr>
<tr>
<td>A.L. Anderson Park</td>
<td>Tarpon Springs</td>
</tr>
</tbody>
</table>

According to the lease agreement, park homes are rented to “Police officers who are employed by the Pinellas County Sheriff’s Office and are empowered to make arrests for violation of all laws in the State of Florida.” The rent is $250 per month. In addition to maintaining property, the police officer is obligated to:

- Make himself available for emergency responses on County’s park lands and provide for additional patrols when necessary.
- Make every effort to assist with opening and closing said property when park staff is not available.
- Park his assigned marked County vehicle in the driveway of the assigned site on his time off to help establish a law-enforcement “presence.”

Rental prices for similar one bedroom apartments in the Tarpon Springs area range from $545 to $600 per month. If the apartment was rented for $545 per month, the Marina could increase its revenues an additional $6,540 per year. A person living on premises could also serve as
quasi-security for the Marina. The windows provide a perfect vantage point to the boat storage area, so suspicious activity could be noted and reported to the authorities.

D. The Marina does not provide boat repair service on site.

The previous owner offered a small boat repair service on site and derived $5,921 in revenue in 2006. The initial January 12, 2007 Operational Plan Memo included a possibility of providing a boat repair service contracted through competitive advertisement. Currently, the customers are allowed to deal with a repair service of their choice. The Marina staff allows mechanics to enter premises upon verification of their insurance. The CEL management should follow the original operational plan and look into contracting boat repair services onsite in order to increase Marina revenue.

E. Merchandise sales at the Marina store are 50% below the projections.

The Marina sells frozen bait, bagged ice, and snacks and beverages from vending machines. The gross sales revenue in Fiscal Year 2008 was $7,770.

<table>
<thead>
<tr>
<th>Gross Revenue</th>
<th>Per Previous Owner (May 31, 2006)</th>
<th>Projected Year One Fiscal Year 2007</th>
<th>Actual Year One</th>
<th>Projected Year Two Fiscal Year 2008</th>
<th>Actual Year Two</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of Ice, Bait, etc.</td>
<td>$14,467</td>
<td>$14,901</td>
<td>$3,611</td>
<td>$15,348</td>
<td>$7,770</td>
</tr>
</tbody>
</table>

Under the previous ownership, sale of merchandise was $14,467 in Fiscal Year 2006. Even though Opportunity for Improvement No. 3 raised concerns regarding the financials provided to the County by the previous owner, he did offer more merchandise such as:

- Live bait
- Tackle
- Small parts
- Ice cream
- Larger variety of snacks and beverages
- T-shirts

The original Operational Plan included sales of such items as:

- Sunscreen
- Ice cream
- Small parts
- Live bait
- Tackle
- General merchandise (shirts, etc.)
However, the Marina store does not offer the aforementioned items for sale, nor has included beer sales as noted in the CEL management memo dated January 12, 2007, subject Belle Harbour Marina Operational Plan. A lack of variety of merchandise offered by the Marina may have contributed to the dramatic decrease in sales revenue. In an effort to increase the sales revenue, the Marina should include all the items suggested in the initial Business Plan.

The Following Three Issues Have an Effect on Customer Retention and Reduces Operating Costs and Increases Overall Revenues.

F. The Marina experiences longer forklift truck downtime and high repair cost using Fleet Management than projected.

The Marina must use Fleet Management services for its forklift truck repairs and maintenance. Based on Marina management years of experience in the Marina business and its observation of Fleet Management’s mechanics, they lack the appropriate experience working with heavy marine forklift equipment and have difficulty diagnosing the correct repairs. As a result, the repairs take longer than they should, which directly affects the Marina’s operations due to the higher downtime for the forklift (4 1/2 days in 2008), maintenance and repair cost, directly affecting the Marina “bottom line.” Further, the forklift downtime does result in the inability to launch customer boats. It is imperative that the forklift truck is repaired quickly to avoid any down time and customer inconvenience. Customer dissatisfaction occurs when they plan a family fun day of boating, go to the Marina, and due to equipment failure, are not able to launch their boat. If the Marina manager could contract with a certified marine mechanic (private contractor), the forklift truck down time, and the repair costs would decrease.

G. There is no security system in place to safeguard County property and equipment.

The Marina is located in a remote area and during the darkness of the evening hours is exposed to theft and vandalism. There is no physical security or electronic security system in place to mitigate the County’s exposure. According to the latest (2007) Florida Fish and Wildlife Conservation Commission Report, there was a 30% increase in boat theft in Florida and a 15% increase in the Tampa Bay area in 2007. Anyone can access the Marina from water side and easily steal equipment or fuel undetected during the evening hours.
The Marina has fuel, fuel pumps, offices, and various equipment located at the facility, which are exposed to unnecessary risk and subject to theft and vandalism. It is the County’s responsibility to ensure its equipment and facilities are protected from theft and vandalism at all times.

H. The Marina’s docks and wet slips do not have sufficient lighting and some of the existing pier lights are inoperable and in need of repairs.

Occasionally boaters return from their boating trips after sunset having to unload their boats, walking around the slips and docks in darkness creating a hazard to the boaters and an unnecessary risk and liability to the County. In addition, areas with insufficient lighting are more prone to burglary and vandalism as noted in paragraph F above.
We Recommended CEL Management:

A. Work with County management to allow the Marina to purchase fuel directly from a fuel wholesaler or eliminate all of the fuel markup charges from Fleet Management.

B. Work with County management to cancel the next proposed rate increase and give the Marina management the flexibility to compete with local marinas on the rates and allow incentives to attract customers.

C. Address and mitigate their liability concerns, conduct needed repairs, and rent the apartment.

D. Evaluate the reopening of the boat repair shop to increase revenue and provide customer convenience.

E. Increase the variety of the merchandise for re-sale, including live bait, tackle, sunscreen, ice cream, package beer, small parts, and clothing to increase revenues.

F. Allow the Marina to contract with experienced outside marine mechanics.

G. Install a night vision capability security system on the premises.

H. Install additional lighting by the docks and wet slips and repair existing pier lamps for the safety and security of the boaters. These lights should be equipped with an energy saving device such as a motion detector.

Status:

The Parks & Conservation Resources Department just recently completed negotiation with Sea Bass LLC for operation and maintenance of the Belle Harbour Marina. Therefore, the recommendations are no longer applicable.

A. Not Applicable.

B. Not Applicable.

C. Not Applicable.

D. Not Applicable.

E. Not Applicable.

F. Not Applicable.

G. Not Applicable.
H. Not Applicable

6. County Management Did Not Make the Necessary Repairs Outlined in the Initial Business Plan Creating a Potential Safety Risk for Customers and Employees and Creating an Unnecessary Liability for the County.

Prior to the purchase of the Marina, the Public Works Department performed a site inspection on May 10, 2006 and recommended the following improvements be made shortly after acquisition:

- Parking and Pavement Improvements $ 50,000
- Pier Repairs/Replacements $ 50,000
- Access Improvements $ 10,000
- Structural Improvements $ 10,000

**TOTAL** $120,000

According to the pre-purchase Board of County Commissioners' briefing on August 1, 2006, the cost of repairs was to be included in the bond financing. Since the purchase and takeover of the Marina, the County spent $6,728 in Fiscal Year 2008 for badly needed repaving and approximately $989 for materials used by the CEL Roving Crew to repair a listing dock in Fiscal Year 2007. None of the recommended improvements made by Public Works have been made.

A. The pilings supporting several docks are deteriorated or missing due to water and micro-organism damage.

Weak and corroded pilings may not withstand the force of boats pulling on them in the strong winds, and consequently, the docks may collapse.
B. Electrical wires and raw sewage lines hang loosely underneath the docks with minimal support and safeguarding.

Pipes and wires should be tightly fastened to the docks. Loosely hanging electrical wires may come in contact with salt water causing a short and damaging the electrical wiring or shock a person. The raw sewage lines may contaminate waters.

C. The pavement in the high/dry area where the forklift truck operates is starting to deteriorate and may cause the forklift truck to wobble while transporting boats.
This area is heavily used by the Marina forklift for transporting the customer boats from the high/dry racks to the launching area. The forklift alone weights 68,000 lbs. (34 tons) with a maximum load capacity of 10,000 lbs. (5 tons). The constant use of such a heavy piece of equipment is causing the pavement to be undermined. If the forklift truck wobbles while placing a boat in the high/dry storage, there is a risk of a customer boat being damaged.

The boat launching area is also heavily used by the forklift truck and must be stable and safe to use. The launch area seawall is also showing some deterioration. The boat launch area must be properly maintained to ensure it is stable and safe to use.

D. The timbers around the seawall are bulging in some areas and some are cracked. Deterioration and erosion left unchecked will result in the collapse of the seawall and thousands of dollars to remove the rubble and build a new wall. Seawalls need to be repaired and periodically maintained to keep deterioration and erosion under control, maintaining the integrity of the seawall.

We Recommended CEL Management:

A. Determine the extent of dock deterioration and make the necessary repairs/improvements.

B. Determine the extent of the electrical wires and raw sewage lines, which need to be appropriately fastened, and make the necessary repairs/improvements.
C. Determine the extent of the deterioration of the pavement in the high/dry storage areas and make the necessary repairs/improvements.

D. Determine the extent of the deterioration of the seawall and make the necessary repairs/improvements.

Status:

Parks & Conservation Resources Department just recently completed negotiation with Sea Bass LLC for operation and maintenance of the Belle Harbour Marina. Therefore, the recommendations are no longer applicable.

A. Not Applicable.

B. Not Applicable.

C. Not Applicable.

D. Not Applicable.

7. The Marina’s Staff May be Inappropriately Classified.

It is evident that the Marina is not a typical County park or a County boat ramp, but rather a unique County operation. This is the County’s first full-service Marina providing services that no other County operations provide. CEL management realized the uniqueness of this operation, and when deciding on who should manage the Marina, one of the key minimum qualifications was to hire an individual with marina management experience. However, when management hired and/or transferred staff to the Marina and needed to determine the Class Specifications, they did the best they could with the specifications available to them. During our review of the Class Specifications and Job Descriptions of the Marina staff, it became apparent that the two did not match the current duties and responsibilities of the Marina staff. For example, the Marina manager is classified as a Crew Chief.

The following are some of the highlights of the Class Specifications.

Nature of Work

This is advanced supervisory work in public works construction, maintenance, mosquito abatement and control, aquatic and roadside weed control operations, and the vegetation management of various park properties and nursery operations. This is a special general crew leader classification designed to cover multiple positions with specialized work scope disciplines. Incumbents assigned to one specialized discipline may or may not possess the specialized qualifications necessary for a position assignment in another specialized discipline.
Each incumbent allocated to this classification directs labor activities of very large or multiple crews engaged in various parks, public works, or utilities projects. Principal duties common to the positions require a significant amount of administration, coordination, and support functions and are performed with discretion and independent judgment.

**Minimum Qualification Requirements**

Three years experience in management of vegetation management and nursery operations, public works or utilities construction, mosquito and/or aquatic and roadside weed control operations, maintenance or major repair that includes 1 year team leader, supervision or supervisory training; or...

It is clear that there are no specifications closely related to Marina operation’s experience other than “aquatic and roadside weed control.” The County operates Airco Golf Course, another unique operation managed by an expert in the field classified as a Golf Operations Manager. Below are some highlights of the Class Specifications:

**Nature of Work**

This is responsible managerial and supervisory work, directing operational activities associated with a public golf course, including supervision of division personnel. An employee of this class performs as an expert sport authority, planning, managing, and supervising staff performance of activities and special programs, including instructing the public on the game of golf and oversight of the physical facilities and professional maintenance of the course environs. This employee resolves a variety of sport and business related problems, makes decisions and prepares reports plus makes recommendations on pertinent policies and programs to improve or enhance the profitability of the operation.

**Minimum Qualification Requirements**

Associate level degree, with coursework in business administration, and five (5) years of professional golfing experience, one (1) of which must have been supervisory in nature; or

An equivalent combination of education, training, and/or experience.

**Appointing Authority May Also Require**

Other highly desirable knowledge, skills, abilities, and credentials relevant to a position.

Possession and retention of Professional Golfers Association (PGA) Certification.
Illustrative Tasks (These are examples and are not all inclusive.)

Trains, directs, and supervises course superintendents and support staff, and instructs golf professionals.

Monitors and reports profitability of the golf operation.

In this case, the specifications are directly related to the golf course operations.

The example discussed is specific to the Marina manager. However, we have similar concerns for the other Marina staff Class Specifications. We did not conduct a detailed analysis of each position in an effort to avoid duplicating the Position Audits conducted by Human Resources. It is management responsibility to ensure that staff are properly hired, trained, and classified to ensure we have the appropriate staff in place.

**We Recommended** CEL Management request Human Resources to conduct Position Audits of all the Marina staff positions.

**Status:**

**Not Applicable.**

Parks & Conservation Resources Department just recently completed negotiation with Sea Bass LLC for operation and maintenance of the Belle Harbour Marina. Therefore, the recommendations are no longer applicable.

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**Sutherland Bayou Boat Ramp**

**8. County Management Does Not Take Advantage of Revenue-Enhancing Opportunities.**

A. The County loses an estimated 35% of Sutherland Bayou Boat Ramp revenue due to lack of boat trailer parking fee enforcement.

The Wall Springs Park Rangers are responsible for collecting the parking fees from the pay station located at the Sutherland Bayou Boat Ramp on a daily basis and ensuring all users are paying the appropriate fees (enforcement).
We observed Sutherland Bayou Boat Ramp several times over a six month period (November 2008 through April 2009) to determine if the $5 fee was being paid by the users/citizens. The fee collection is a Pay-and-Display honor system. We noted that some trucks/vehicles with trailers did not display the parking permit or an annual pass. We also noted that none of the non-paying users had a citation or a warning issued for non-payment of fees.

<table>
<thead>
<tr>
<th>Date*</th>
<th>Number of Cars Parked</th>
<th># of Cars with Annual Permit</th>
<th># of Cars with Tag</th>
<th># of Non-Paying Cars</th>
<th>% of Users Not Paying</th>
<th>Loss of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/16/2008</td>
<td>11</td>
<td>2</td>
<td>8</td>
<td>1</td>
<td>9%</td>
<td>$ 5</td>
</tr>
<tr>
<td>11/21/2008</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>67%</td>
<td>$10</td>
</tr>
<tr>
<td>12/03/2008</td>
<td>3</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>33%</td>
<td>$ 5</td>
</tr>
<tr>
<td>12/04/2008</td>
<td>12</td>
<td>1</td>
<td>8</td>
<td>3</td>
<td>25%</td>
<td>$15</td>
</tr>
<tr>
<td>03/08/2009</td>
<td>22</td>
<td>12</td>
<td>1</td>
<td>9</td>
<td>41%</td>
<td>$45</td>
</tr>
<tr>
<td>03/15/2009</td>
<td>35</td>
<td>3</td>
<td>22</td>
<td>10</td>
<td>29%</td>
<td>$50</td>
</tr>
<tr>
<td>03/19/2009</td>
<td>29</td>
<td>5</td>
<td>13</td>
<td>11</td>
<td>38%</td>
<td>$55</td>
</tr>
<tr>
<td>Total</td>
<td>115</td>
<td>23</td>
<td>55</td>
<td>37</td>
<td>35%</td>
<td>$185</td>
</tr>
</tbody>
</table>

*Note: These observations were specific to our visit (10-15 minutes) and were not an entire day’s observation.
Based on our observations, it appears that 35% of drivers are not paying the appropriate fees. These results appear to be in tune with the October 10, 2008 collection report obtained from the Parks Department.

The Pay-and-Display honor system is not reliable. The Pay-and-Display cards are stored in an open box at the Pay-and-Display station. Anyone may pick them up and display without paying the $5 fee. The envelopes are not dated and, consequently, may be reused. Some drivers display the card, but do not pay or make only partial payments.

Park rangers do not reconcile the envelopes to the parked vehicles and do not know who paid or who deposited an empty envelope. Therefore, rangers do not issue citations or warnings. They should, at a minimum, spot check the parked vehicles to determine compliance and that the fees are being paid. Consequently, our observations have estimated a potential annual loss of revenue of 35%.

### Sutherland Ramp Fee Collection Report for October 10, 2008

- **Missing Envelopes, 28**
- **Empty Envelopes, 3**
- **Partial Payment, 1**
- **Collected with Full Payment, 115**

### Sutherland Bayou Ramp Revenues

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year 2007</th>
<th>Fiscal Year 2008</th>
<th>Fiscal Year 2009 (Oct. - Jan.)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Fees Collected</td>
<td>$25,565</td>
<td>$30,042</td>
<td>$6,423</td>
<td>$62,030</td>
</tr>
<tr>
<td>Estimated Additional 35% Uncollected</td>
<td>$8,948</td>
<td>$10,515</td>
<td>$2,248</td>
<td>$21,711</td>
</tr>
<tr>
<td>Projected Total</td>
<td>$34,513</td>
<td>$40,557</td>
<td>$8,671</td>
<td>$83,741</td>
</tr>
</tbody>
</table>
It is management’s responsibility that users of fee generating County facilities are paying for the services provided and should be strictly enforced by the Park Rangers. It is apparent the current Pay-and-Display honor system is not reliable.

We visited several County boat ramps and noted that Ventech Stations were installed and in use. These are automatic pay stations which accept exact change and print receipts. Each receipt contains the time it was issued and amount paid. The driver displays the receipt behind the car windshield as a proof of payment for a given day. Our observation on the days we visited park ramps indicated that all users observed did pay the appropriate fees.

B. The County is possibly losing up to $54,000 in annual revenue because the Sutherland Bayou Boat Ramp cottages are not rented.

There are six unoccupied one bedroom apartments in three cottages located on the Sutherland Bayou Boat Ramp property. The cottages are deteriorating and need remodeling. The County planned to demolish them to create more parking spaces, but did not follow up on this plan. Similar one bedroom waterfront units in the area rent for approximately $750 monthly and vacation rentals are $1,000 and up per month. If the County rented all the cottages for $750 per month on an annual basis, the maximum income could reach $54,000. Apparently, the County does not rent the cottages due to "liability issues."

We Recommended CEL Management:

A. Install a Ventech Station to improve control over parking revenue collection.

B. Ensure that the parking fees are enforced on a daily basis.

C. Address and mitigate any liability concerns, conduct needed repairs, and rent the cottages.

Status:

A. Implemented. The Ventech machine has been installed by the ramp.
B. **Implemented.** Park rangers patrol the parking lot to ensure all patrons purchase and display tickets.

C. **Not Implemented.** The cottages will not be rented. CEL is in the process of implementing a pilot concession for bait, ice, and tackle at the booth by the ramp.

*The Following Opportunities For Improvement Are Related To Both Marinas.*


On our first visit to Belle Harbour Marina and Sutherland Bayou Boat Ramp, we noted that there was no CEL directional County signage on Alternate US 19 (either direction) guiding potential boaters/customers to the Pinellas County Marinas. These County signs are commonly used by CEL to direct citizens to CEL County facilities.

![Typical CEL Directional Road Signs](image)

The following is how CEL introduces the County’s park system on its website to the public:

> The Pinellas County Parks & Recreation Department maintains 4,159 acres of the county's most beautiful examples of pristine Florida landscapes. Pinellas County visitors and residents have developed a passion for our parks. Fort De Soto and Sand Key parks have been voted two of the Top Ten Beaches in the United States. Pinellas County government is committed to excellence in our parks and is proud to offer some of the best parks in the country.

We concur with CEL assessment that it is one of the best park systems in the country. That is why CEL needs to capitalize on its image in the marketing of both Marinas.

There are no designated advertising funds to market the Marinas’ services to County citizens. Therefore, the Marinas are not advertised in the boating publications and magazines. We also noted that the CEL website does not contain sufficient marketing information about the Marinas’ hours of operation, services, or fees. Basically, the website directs users to a simple
PDF file with general information. Some of the other CEL boat ramp sites provide a much higher level of marketing such as pictures, maps, gmaps, diagrams, etc. Several even have virtual tours of the facilities.

Philippe Park Web Page

In fact, the parks' website based Park Locator fails to have the two new Marinas identified and to provide a link.
There is no visible signage informing County residents about the boat storage service located at the Sutherland Bayou Boat Ramp. In addition, the CEL park sign currently located on the property is constructed of wood and contains dark colors. Consequently, it is hard to notice and read from the road, especially after a rain.

Proper signage is an effective way of informing the local area residents of the services offered by the County.
We Recommended Management:

A. Install CEL County park directional signs on Alternate 19 leading potential customers and citizens to the Marinas.

B. Develop a marketing plan for the Marinas and its services to the Pinellas County citizens including updating the Marinas’ pages on the CEL websites.

C. Improve site signage to make County residents aware of the services offered at the Sutherland Bayou Boat Ramp.

Status:

Parks & Conservation Resources Department just recently completed negotiation with Sea Bass LLC for operation and maintenance of the Belle Harbour Marina. Therefore, the recommendations are no longer applicable.

A. Not Applicable.

B. Not Applicable.

C. Not Implemented.

10. CEL Finance Office Needs to Update Their Internal Controls Over Marina Billing and Revenue Collection.

Rental fees for the Belle Harbour and the Sutherland Bayou Boat Ramp are paid at the Belle Harbour Marina. The payments arrive via mail, or boaters pay in person or use the payment drop box at the Marina. The staff processes the payments and makes the appropriate bank deposits. Payment documentation is forwarded to the CEL Finance Office which maintains the financial records.

During our financial records’ review, we noted the following issues:

A. Late fees for accounts in default have never been assessed since the County took over the Marina operations in April 2007. Collection efforts for past due accounts are handled by the Marina manager, which simply amounts to periodically calling owners in default to remind them to pay the past due bills. However, no written past due notices are ever sent to the boat owners. Per the Pinellas County Marina License Agreement, the payments are due without demand by the 10th day of each month. Late fees equal to 10% of the monthly rental fee are due on the 11th day of each month. In addition, the Marina has the right to change the fee from monthly to daily on all accounts 60 days past due. Daily fees are defined as twice the monthly fee divided by thirty. As of December 10, 2008, the past due amounts totaled $14,180 for the Belle Harbour Marina.
(including the rent owed for the lot) and $3,209 for the Sutherland Bayou Boat Ramp. These amounts do not include the $13,329 due for the derelict boats.

B. The CEL Finance Department does not have a process to notify boat owners of their outstanding balances. Further, the Marina increased its rental fees as of October 1, 2008 (see Opportunity for Improvement No. 5.B.). The reviewed Collection Reports for Sutherland Bayou Boat Ramp and Belle Harbour Marina prepared by the CEL Finance Department for December 2008 noted that some boat owners continued to pay the old rate. Consequently, there are 14 accounts with small past due balances because the new rate was not applied.

C. The Finance Department does not update account information in a timely manner. The Marina manager maintains its own payment register and updates each account immediately upon obtaining a payment. We compared the Collection Reports for Sutherland Bayou Boat Ramp and the Belle Harbour Marina to the Marina payment register and noted four accounts in default on the Collection Reports. According to the Marina’s payment register, the owners were up to date with their payments.

- Two owners paid their fees before the 10th of the month. However, the Collection Report (compiled on December 23) lists their accounts as past due.
- One owner paid all fees and left in September 2007 and another owner paid and left in October 2008, but the Collection Report still listed their accounts as past due.

It is imperative that the Collection Report contain accurate and up to date account information.

The Marina manager and staff should not carry the burden of processing payments and collection efforts. The Marina staff is currently responsible for processing and depositing rental fees and collection efforts in addition to their primary duties of serving customers, moving boats, cleaning, painting, maintaining the Marina, etc. The Marina’s staff is known among the customers (boaters) for their excellent personalized customer service. During our fieldwork, we repeatedly heard customers praise the Marina staff for their hard work and willingness to go above and beyond in order to accommodate boaters. The Marina staff should concentrate on servicing customers and maintenance of the Marina rather than on processing payments and handling collection efforts. Billing and collection efforts take time away from their primary responsibilities at the Marina.

The CEL Finance Department is better suited for handling the financial responsibilities of the Marina operations.

We Recommended CEL Management:

A & B. Ensure that the CEL Finance Office:
- Calculate late fees and mail late payment notices on a monthly basis.
- Notify, in writing, all account holders with outstanding balances to pay their dues.
- Update Collection Reports monthly and keep it up to date.
C. Transfer and centralize the billing, collection process and financial responsibilities of the Marina to CEL’s Finance Department

Status:

Parks & Conservation Resources Department just recently completed negotiation with Sea Bass LLC for operation and maintenance of the Belle Harbour Marina. Therefore, the recommendations are no longer applicable and considered implemented.

A. Implemented.
B. Implemented.
C. Implemented.
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