

Some S. Florida boat firms heed call to abandon ship

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MARINE INDUSTRY

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Pushed out by high costs, scarce waterfront and problems finding workers, South Florida boat companies are looking to move or expand elsewhere.

You may not have heard of Mike Bradley, but everyone in South Florida's marine industry sure has.

He's a Beaufort, N.C., pitchman who can help lower operating costs, train workers -- even help businesses buy waterfront land for a fraction of what it would cost here.

The cellphones of recruiters like Bradley, who smooth the way for businesses to relocate to their states, have been ringing a lot the past year. The callers: longtime South Florida businesses thinking of moving.

Discouraged by expensive land, scarce waterfront work space and a lack of skilled employees, a small but growing number of boat builders and other marine companies are expanding to states like North Carolina and Georgia. A few have left outright.

FACTORS

All South Florida businesses grapple with the soaring costs of housing, insurance, taxes and a hard-to-find workforce. But the marine industry is also vulnerable due to the fast-disappearing "working waterfront" -- boatyards along the coast, many of which are being bought for real-estate development.

"Clearly, the Carolinas have targeted South Florida's marine industry as running out of skilled labor and land," said the Marine Industries Association of South Florida's executive director, Frank Herhold. "We need to ensure that an industry that represents 160,000 jobs doesn't lose its critical mass here."

Boats are big business in South Florida. In the last fiscal year, Miami-Dade, Broward and Palm Beach accounted for \$2.71 billion in gross marine sales, about half the state total. Broward is the nexus, accounting for \$1.7 billion in sales last year.

Bradley, who represents the state of North Carolina, and his counterparts in Georgia say that because they don't initiate contact with companies here what they're doing is not poaching.

ENTICEMENTS

But they're quick to tell anyone who calls all about what's available: cheap land; former furniture builders and other craftsmen with easily transferable skills; and a slew of economic incentives, mostly offered by local municipalities. North Carolina has spotlighted coastal Morehead City as a marine-industry base, because it is north of where insurers require special coverage for hurricane season and a traditional halfway point along the Eastern seaboard.

After 20 years in Palm Beach County's Riviera Beach, the owners of Moores Marine decided this summer to move most operations to Morehead City next spring, leaving just a store here.

"We've been in South Florida for decades, and all we've got was aggravation and people trying to tax us out of business," said general manager Stephanie Smith, who with husband James Moores owns the wooden-boat restoration company.

The couple was able to buy waterfront Morehead City property for \$300,000. Because it's out of the hurricane zone, clients can bring their boats there during the season without needing the special insurance policy required in Palm Beach County. Those same clients can save up to \$40,000 on repair jobs because of cheaper dock space there.

ORGANIZED

North Carolina is especially attractive, firms say, because of its structure for recruiting marine business. Bradley's organization isn't a trade group, like the local Marine Industries Association, but instead gets its funding from the state and the Small Business Administration.

For companies thinking about moving, Bradley provides a one-stop shop: regulatory and tax assistance; real-estate referrals; legal help; and advice on what part of the state suits them best.

"In my case, I don't care where they go in the state, and I really don't want them to be in the state if it's not a good fit," said Bradley, who is talking to about 50 companies across the country. "My job really starts after the ribbon is cut and they need to start getting production ready."

Right now, boat builders in North Carolina number 100, out of a total of 3,500 marine companies in the state.

Because Moores Marine is small -- up to a dozen employees, depending on how work is going -- the only economic incentive it received was a \$12,000 road grant. But the owners had expected nothing. In addition, Bradley's small business marine experts referred them to real-estate agents and lawyers and assisted with permitting.

The local economic development director even took the family out on a sailing trip to coastal islands, where Smith's 8-year-old, James, was enchanted by the wild ponies.

Said Smith: ``We're just a small family company that restores antique boats, and they made us feel so welcome. Here, it's like, why don't you just leave so we can build condos on your property?"

Six years ago, there were 19 boatyards in Broward County, which bills itself as the "Yachting Capital of the World." Today, there are 13, nine of which have offers to be sold, Herhold says.

Broward Marine CFO Mac McLaughlin thinks companies leave in large part to escape escalating property taxes. Boatyard property taxes are assessed based on what the value of land could be, rather than what it is.

McLaughlin said the 115-employee luxury yacht builder looked into moving this year but decided against it. He calls 17th Street in Fort Lauderdale the industry's "golden yellow brick road" and doesn't want to leave the business environment that creates. Still, he wonders:

'The county should look at the boatyard exodus, what they're getting and say, `Why can't we do that?' "

`HARD TO COMPETE'

Enterprise Florida, the state's economic development arm, says it knows that it's "hard to compete" with states like North Carolina, which is trying to replace declining textiles and furniture industries.

"We take it seriously that the industry is in a posture of potentially not being in Florida," said Bob Rohrlack, who is responsible for business retention and recruitment. He says the group is working with local counterparts like the Broward Alliance to assess critical issues.

He says those local agencies need to stay in touch with businesses, and everyone working with local and state government, to ``make sure we keep who we've got."

That's too late for Homestead-based boat builder Contender. It's building another facility next year in Baxley, Ga., and plans to build the bulk of its fishing boats there.

`COST-PROHIBITIVE'

"The cost of expanding in South Florida was just absolutely cost-prohibitive," said CEO Joe Neber. A warehouse and headquarters will remain in Homestead.

In Georgia, the incentive package was good, workmen's compensation costs were lower, and unlike here, there was a ready-made workforce, said Neber, who called Georgia's workforce training programs another big draw.

Georgia economic development officials like to say the state doesn't write checks or hand out cash to businesses moving there. Instead, the state offers programs like Quick Start, which provides a work force with free customized training and has been ranked among the country's best.

"They know on the first day that factory opens their employees are going to be trained on that exact equipment," said Bert Brantley, spokesman for the state's economic development program.

June Wolfe, president of the South Florida Manufacturing Association, said the area has workforce training programs many builders don't know about. But she too sees the lack of skilled manufacturing workers as a key problem.

"The available unemployed workforce today does not have the capability to work in manufacturing," she said. "They need to have math, communication skills, and they need to want to work. Where can you find these people?"

'UNDER YOUR SKIN'

Headhunter Marine's Paul Mellinger seriously thought about leaving Fort Lauderdale this year. Prompted by last year's hurricanes, the marine plumbing company seriously looked at North Carolina. But Mellinger, his brother and father, who all own the business, decided because of their company's tax structure it wouldn't be worth it -- for now.

"We just kind of pushed it back and won't worry about it now," said Mellinger, adding, though, that life in South Florida can "get under your skin."

"I'm not ruling it out sometime down the line, as we grow."