

SOUTH BAY BOAT YARD TRANSFORMING

DATE: Apr. 18, 2006

Since the early 1980s, the South Bay Boat Yard has made its home on one million square feet of land and water along the Chula Vista waterfront, and quietly it became San Diego's largest boat yard.



Rendering of the new South Bay Boat Yard.

The yard is about to change as South Bay Boat Yard re-invents itself in many ways, including developing an entirely new state-of-the-art facility, drastically enhancing its equipment capacity and even changing its name to reflect its new image. When 2006 draws to a close, the era of South Bay Boat Yard will come to a close, and The Marine Group LLC will reveal itself on a worldwide stage as, according to them, one of the largest capacity boat yards in the United States.

To put the massive transformation into perspective, South Bay Boat Yard has a current lifting capacity of 100 tons (90 feet long and 22 feet wide). When the new equipment is operational later this year, the facility will be able to accommodate loads up to 665 tons (220 feet long and 54 feet wide). This is only the second lift over 500 tons ever to be made in the U.S. and will be the largest operating the in the U.S., according to the South Bay Boat Yard.

So why did South Bay Boat Yard make the decision to increase its capacity? Quite simply, because the boating world is changing for the bigger. The market for large yachts in excess of 100 feet in length is breaking statistical records worldwide, with demand

growing by an unprecedented 80 percent in the last six years.

“The ‘super-yacht’ market is growing at an incredible rate,” said Vice President Todd Roberts. “There are currently 650 of these boats under construction worldwide, and the repair capacity for them is simply inadequate. Owners had to take their boats to places like the Far East, Australia and Europe for repairs. We’re going to be able to offer them the chance to stay right here on the West Coast for their repair needs. That’s a boon for us, but also great news for San Diego.”

According to some industry estimates, for every \$1 spent on yacht repairs, another \$7 goes into the local economy, as owners and crews seek hotel rooms, restaurants, shopping and entertainment during the repair process, which can take anywhere from a few days to over a year, depending on the scale of the project. The payoff potential for local coffers is huge, as yacht owners can expect to spend at least 10 percent of the vessel’s purchase price in routine maintenance. For example, in Florida’s Miami-Dade, Palm Beach and Broward Counties, large yacht owners contributed \$576 million to the local economy.

Construction on The Marine Group’s new \$6 million facility will begin on April 15, and will involve three major construction phases:

- Phase one, which will involve demolition of 20,000 square feet of structures and paving of four acres, and will take approximately two months to complete.
- Phase two, with an estimated start date of June 20, will include the construction of a new office complex and workshops, totaling about 25,000 square feet.
- Phase three, expected to begin in September, will involve the construction of a 150 foot piers that the massive machine will operate on. Weighing in at 1.3 million pounds, the lift will be transported to Chula Vista from Wisconsin in pieces aboard 49 16-wheel trucks. Completion is scheduled for mid-December.

The boat yard will remain operational during the entire construction process.

PHOTO CREDIT: South Bay Boat Yard



South Bay Boat Yard to Change Name, Renovate Facility

Wednesday, April 19, 2006

By Kevin King

New boatlift will have a 665-ton capacity and will be only the second of its kind in the nation.

CHULA VISTA - South Bay Boat Yard will change its name to The Marine Group LLC by the end of this year, in conjunction with a complete overhaul of its facility.

The company will develop a new state-of-the-art facility that can accommodate loads as heavy as 665 tons for boats up to 220 feet long and 54 feet wide. The yard's current load capacity is 100 tons with a maximum boat size of 90 feet long and 22 feet wide.

"We're going to be California's first real facility specifically designed for mega-yachts," Vice President of Marine Group Todd Robert said. "But we're not going to abandon our current clients, either. We have no intention of changing our focus."

The decision to renovate emerged as company officials noticed an increasing demand of mega-yachts, or yachts greater than 100 feet, requesting services. By creating the second lift in the United States that can hold more than 500 tons, the local economy could get a boost, as well, from mega-yacht owners along the West Coast.

The construction of the \$6 million facility will consist of three phases. The first two phases involve tearing down the yard's old structures and erecting a new office and workshop complex, totaling 25,000 square feet.

The third phase, set to begin in September, will consist of the construction of a 150-foot pier for the 1.3-million-pound lift. The lift will be transported in pieces by 49 16-wheel trucks from Wisconsin.

The entire project is scheduled for completion by mid-December. South Bay Boat Yard will take on its new name soon after. The new boat yard is expected to use half its business for pleasurecraft and the remainder for Navy and commercial boats.

South Bay Boat Yard will continue operations during construction.



Up and Coming - Chula Vista's South Bay Boat Yard will be getting a makeover of sorts in the not-too-distant future. Besides changing its name, it will also overhaul its entire facility to accommodate larger yachts.

Photo by: Photo courtesy of South Bay Boat Yard

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Melissa Jacobs

Todd Roberts, vice president of the Southbay Boat Yard in Chula Vista, is looking forward to reeling in those lucrative mega-yachts for upgrades and repairs.

Marine Group LLC Sets Its Sights on Mega-Yachts

■ BY PAT BRODERICK

Owners of the Southbay Boat Yard in Chula Vista, which is undergoing a \$6 million redevelopment, are gearing up to become a worldwide player, hoping to reel in all those multimillion-dollar mega-yachts now being serviced elsewhere.

"We've been here a long, long time," said Todd Roberts, vice president of the business that is re-inventing itself as the Marine Group LLC. "About two years ago, we started analyzing the commercial market and super-yacht community — the big, multimillion-dollar yachts. There was a lack of repair space in the United States, and on the West Coast in particular."

Ownership saw a need, decided to fill it and now

is upgrading a business that goes back about two decades. Originally established by Art and Herb Engel as a small boat repair facility in Chula Vista, the Southbay Boat Yard has "serviced tuna boat skiffs to specialized Navy SEALs vessels to some of the world's most luxurious super-yachts," according to Roberts.

The company now takes in about \$7.8 million in revenue a year, said Roberts, but expects that to grow to \$20 million once the overhaul is completed by year's end. With a staff of 34, the boatyard services more than 400 boats a year.

Considered San Diego's largest boatyard, it covers more than 1 million square feet of land and water.

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Melissa Jacobs

Todd Roberts, vice president of the Southbay Boat Yard in Chula Vista, is looking forward to reeling in those lucrative mega-yachts for upgrades and repairs. Please turn to the story on Page 1.

Marine: Local Firms to Work on Redevelopment of South Bay Facility

Continued from Page 1

"Mega-yachts are expanding by leaps and bounds," said Art Engel. "There is no great service facility on the West Coast. We will be that facility when we're finished."

Big luxury yachts, he added, don't want to be serviced in the major shipyards around the country.

"They're full of red tape," he said. "They can't get in or out without all kinds of security, or bring in subcontractors and purveyors. It's harder to get access because the shipyards do so much government work."

While his boatyard does some work for the Navy, Engel said, "Ours is primarily commercial. We have a lot less red tape, it's easier to work here, and it's environmentally cleaner. The shipyards sandblast the ships in dry dock with contaminants, and the mega-yachts don't want that. We do some, but it's minor."

Big Changes

The boatyard now has a lifting capacity of 100 tons — for boats 90 feet long and 22 feet wide. Once the new equipment is operating later this year, it will be able to service loads up to 605 tons, or boats 220 feet long and 54 feet wide.

Phase one involves demolishing 20,000 square feet of structures and paving 4 acres, expected to take two months; phase two, planned to start June 20, will include the construction of a new office complex and workshops, totaling about 25,000 square feet; and phase three, expected to begin in September, will involve the construction of two 150-foot-long, 10-foot-wide piers to support the massive lifting machine.

The lift, weighing 1.3 million pounds, will be transported to Chula Vista from Wisconsin in pieces aboard 49 18-wheel trucks. The facility is expected to be up and running by mid-December.

"We're leveling the boatyard," said Roberts. "It's not very pretty. It's a commercial/industrial place. But we'll have new landscaping, a modern-looking building and make it as beautiful as a boatyard is going to get."

According to the company, this is only the second lift of more than 500 tons ever to be made in the United States, and the largest operating in the country. But the shipyard isn't exactly new to the mega-yacht business, said Roberts.

"There have been times when we had five or six in our yard, but we couldn't take them out of the water," he recalled. "We

coordinated with Campbell Shipyard to get the boats out."

Then, Campbell closed. "We switched gears and focused on specialty government work," he said. "We circled the wagons, and did what we had to do to make this work."

But the message was clear. "Boats want to go to a place with full service," said Roberts.

While the larger boats will be absorbing more space at the boatyard, the whales won't be gobbling up all the guppy business.

"Our smaller customers still want us to take care of them," said Roberts. "We'll also absorb a good amount of commercial work — tugboats, fishing boats and barges, and continue to service the small craft."

Balancing Needs

There have been challenges along the way. At the time the Southbay Boat Yard approached the San Diego Unified Port District with its plan, the port was going through an ambitious plan of its own.

The Chula Vista Bayfront Master Plan is a public/private project involving the port, Chula Vista and private developer Pacifica Cos., which controls a 128-acre parcel known as the mid-bayfront.

"It includes a conference center hotel, public space, parkland, and different commercial and recreation uses," said Randa Coniglio, area real estate manager for the Port District, who is assigned to the South Bay. "It's a comprehensive plan, one of the biggest planning projects in the state of California — 550 acres."

A work in progress, the plan was able to accommodate the redevelopment of the Southbay Boat Yard, but with a caveat.

"When they came to us seeking approval for this upgrade," said Coniglio, "we saw this as an opportunity to work something into their lease to give us the flexibility to develop something there that would be more consistent with the plan we'd been working on for years."

Under the agreement, the business gets to upgrade and provide enhanced service on the bay while the port tries to find an appropriate spot to relocate the operation when the time comes.

What the boatyard site will be used for depends on which of two scenarios eventually plays out.

"We're working on defining our economic



Melissa Jacobs

More mega-yachts such as this one are expected to be sailing into the Southbay Boat Yard — to be rechristened the Marine Group Boatyard — following a \$6 million overhaul now under way.

analysis, and drafting environmental review documents," she said.

According to Coniglio, both hinge on where the hotel and convention center complex would be located. The port has been in negotiations with the Tennessee-based Gaylord Entertainment Co. on that project.

If the hotel complex is located next to the boatyard site, the tract would become a recreational marina-type operation, said Coniglio. But if the complex ends up on the other side of H Street, the boatyard site could be used for a small hotel.

"The previous plans always contemplated a hotel on the boatyard site," she said, "but if a larger hotel is built near it, that doesn't make sense."

Either way, Roberts is fine with that. "Everything is mobile," he said. "We are as portable as you can get. When the time comes, the port will help find us a location, but when it's totally undetermined. But the concept is there."

While a relocation isn't imminent, Coniglio said the port was looking at North Bay sites.

"It's a challenge in finding a site that meets the criteria to relocate them," she said.

Big Bucks

But wherever the boatyard ends up, the region is expected to benefit economically from the upgrade.

The redevelopment is expected to attract mega-yachts from around the world, and mega-millionaires ready to spend big bucks in the region. So far, said Roberts, about half a dozen boats, 150 feet or bigger, have reserved spots for January.

Yacht owners usually spend at least 10 percent of the boat's purchase price in routine maintenance, Engel had pointed out, and that can trickle down to many small businesses. Roberts agreed, recalling the old days.

"When we used to have the mega-yachts, they'd have a crew of 17 or 18, they'd need rental cars, entertainment venues, restaurants," he said. "They'd order 15 rental cars for one day for the crew."

Those are the soft impacts, said Roberts. The hard impacts can mean lucrative deals for local businesses.

"An upholstery shop might do all the couches inside," he said. "I've seen \$5,000 to \$7,000 for flowers ordered. The boats will need to load fuel, and they won't be pulling up and asking for \$50 worth, but \$15,000 worth. They need audiovisual companies to provide flat-screen TVs, remote-control blinds, elaborate home theater systems. It's not uncommon to have two different companies working on one boat. The list of subcontractors goes on and on."

And, said Roberts, "We try to keep the business local."

The redevelopment team for the boatyard includes Willuck Construction in El Cajon (demolition); Crown Fence of San Diego; R.E. Straite Engineering, Inc. of National City (piers); and MW Construction, Inc. of Escondido. The travel lift will be built by Marine Travelift & Engineering from Sturgeon Bay, Wis.

"We always thought that it was a great idea," said Roberts. "We could be a catalyst to spur investment. When we're finished, we will have \$20 million yachts coming here. We think it's a good fit. We had to convince a lot of people about that. But we're all on the same team."

"I think that the port realized that, as important as the South Bay plan is, it really did matter, that this mega-yacht capacity brings a tremendous amount to the table, and means a lot to the city and county," said Roberts.

Coniglio agreed. "I think there is a market for what they're doing on the bay," she said. "There aren't a lot of boatyards equipped to handle vessels of that size."

"It's a win-win sort of thing, maybe a win-win-win," she said, "when the region gets the benefit of the mega-yacht repair, and it will have a lot of direct and secondary economic benefits."

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Chula Vista's South Bay Boat Yard unveils a new name — The Marine Group LLC — as work gets under way on its \$6 million lift, pier and office project. New lift equipment will increase capacity from 100 tons (vessels 90 feet by 22 feet) to as much as 665 tons (vessels 220 feet by 54 feet) to accommodate the megayachts' megabusiness. The expected wave of new work will pay off \$7 on hotel rooms, restaurants, shopping and entertainment for every \$1 spent on maintenance and repairs, says company vice president Todd Roberts. 'This will be a tremendous benefit to the community and we're doing this without government subsidy,' Roberts says. California Bank & Trust provided a \$3 million loan. Project contractors include RE Staitte Engineering, MW Construction, Whillock Contracting and Triton Engineers. Completion is expected in December.

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Getting shipshape

Mega-yachts, bayfront will get a lift when makeover of South Bay Boat Yard is done

By Shannon McMahon
UNION-TRIBUNE STAFF WRITER

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CHULA VISTA – Within the next year, some of the world's largest and most luxurious private yachts might be making a call on Chula Vista's bayfront.

That's once the South Bay Boat Yard, which opened in 1986, completes its \$6 million makeover.

Work began in early March, and the project, which includes the country's largest boat crane, is to be completed in December.

“We've moseyed along in the yacht business for 25 years,” said Todd Roberts, vice president of the yard. “We were wandering through the woods, looking for our way. Now we've stepped forward.”

South Bay Boat Yard has a lease with the San Diego Unified Port District for 9.45 acres ashore and 8.52 acres of water at the foot of G Street. The 35-year lease expires in 2020.

In January 2004, the port and the city wanted to move the boatyard because it was felt an on-site expansion or overhaul would disrupt bayfront development.

Environmentalists said they wanted it moved because industrial work harms marine life. The yard is adjacent to the Sweetwater Marsh National Wildlife Refuge, near a trailer park on the bay.



HOWARD LIPIN / Union-Tribune
This 100-ton lift will be something of a lightweight when a new crane – billed as the largest of its kind – arrives at the South Bay Boat Yard. The new one can hoist more than 600 tons.

And last month, Mayor Steve Padilla of Chula Vista reiterated his desire to see the yard moved.

“There is a greater potential for higher and better uses than an industrial use” there, Padilla said, adding that the city would be better served by a hotel or restaurant on the site.

However, the Port District decided last June to allow the owners to overhaul the yard. The port also said the yard could remain until a better site is found.

The yard's footprint will remain during and after its remodel. Later, if it is forced to relocate, Roberts said the equipment can be broken down and moved.

Today, the yard is a maritime repair shop with everything from tugboats to tour ships parked on its lot. Welders, electricians and painters buzz about the boats, repairing them for private owners or the Navy.

Construction crews are ripping down some buildings and paving unused space to make room for offices and workshops, though the yard is remaining operational throughout the remodel.

The largest part of the project involves the addition of a travel lift that will hoist and move boats to dry work space.

It is to arrive in October and will be the largest of its kind in the United States, able to hoist more than 600 tons. The lift now in use at the yard can pick up 100 tons.

The new lift will be assembled on site and be operational in December. To accommodate it, the yard is adding two 150-foot-long piers, which handle craft up to 225 feet long and 54 feet wide.

The lift, using slings, will hoist boats from the water, carry them across a paved lot and set them on blocks in repair lots.

After the remodel, the yard will be renamed Marine Group LLC. It will continue under the same management, Roberts said.

The boatyard, one of nine on San Diego Bay, has 36 employees and annual revenues of about \$5 million. After the overhaul, Roberts expects to hire about 75 more employees and reach revenues of more than \$12 million.



HOWARD LIPIN / Union-Tribune
Raul Escoto cut away concrete debris created during the \$6 million makeover at the boatyard in Chula Vista.

“We think this will be a huge economic boon to San Diego Bay and will make it a destination for repair and refit efforts for mega-yachts,” said Jim Hutzelman, assistant director for community services at the port.

It's all “very significant,” he said, considering the money owners will be spending on “upholstery, fiberglass work, crews staying here for part if not all the time.”

Mega-yachts are private boats that are 120 feet or longer, Roberts said, and fixing them, no matter the size, is big business. The cost of repairs range from \$300 to \$3 million, though typical work runs \$25,000, Roberts said.

Work generally is divided into three categories: painting, building and interior design.

The yard services about 300 boats a year, Roberts said, and focuses on specialty vessels: yachts, oil skimmers, speed boats, security boats and the Navy's coastal combatant craft, which are smaller than destroyers but larger than barges.

The port district is looking for an alternate site for South Bay Boat Yard, and one possibility is Harbor Island, across from San Diego International Airport.

The port has said the yard will stay in the area even if it does not remain in Chula Vista, Hutzelman said.

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