

*The Usual Suspects*

# **Charter Boat Ownership 2nd Year Anniversary Report**

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## **2nd Year Anniversary Report**

### **A Great Year**

It was a great year.

In the one-year period ending June 30, 2001, bookings and revenues were up substantially, I paid off the loan (3 years ahead of schedule), expenses were within budget, the boat showed only a small amount of wear and tear, a number of items were replaced using charter revenue, no major catastrophes occurred, and I had the best time ever using it.

It was a great year.

### **Dollars & Sense**

To measure the financial success of this venture, I use a projected revenue and expense budget that was worked out by *Barefoot Yacht Charters* when I joined the fleet. It is based on their past experience with 40-foot charter boats, assuming an average of 20 weeks of charter income, some identified fixed costs, and estimated maintenance expenses.

The 2000/2001 season was an average one for the yacht charter industry, based on my personal observations over the past three years.

Revenues from bookings of *The Usual Suspects* were 80.9% of budget. While this does not appear on the surface to be all that great, I elected to use the boat during two peak periods. In both cases there were full-fare charter requests that I turned away because I had already made plans long in advance and purchased non-refundable airline tickets. Had I cancelled my plans and taken the revenue, it would have come in at 95%, which is close enough for me. Instead, I went ahead and had a great time, adjusting my revenue expectations downward to about 85%. Again, it was close enough.

My observations showed that most of the peak winter season charter bookings are made by November 30. Gaps do exist in the bookings schedule at this point in the year. While the boat is eventually booked, it is often done under a promotional rate. This observation tells me to avoid booking the boat myself until December, then book where gaps exist. That way, I only potentially turn away discounted bookings. Next year...

Operating expenses came in at 76.5%, reflecting prudent cost control without compromising the condition of the boat. Several items were replaced, the details of which are described in the Wear and Tear section of this report. The budget for parts and labor on repairs was 95%, however the fine condition of the boat enabled *Barefoot* to avoid a haul-out this year, bringing the total operating expenses down. I did have to dip into the "reserve fund" that is earmarked for large ticket items when I replaced the mainsail. In the end, total expenses were 83% of budget. A job well done.

Total profit from this venture was 74.5% of budget. This money was directed towards retiring the loan that was obtained to purchase the boat, and after only 2 years, the boat is paid off. So while the profit number does not appear to be all that stellar, I replaced a number of significant items that will provide years of service to the boat, effectively "replenishing" my investment, maintained the general condition of the boat, and paid off the loan - mostly with charter revenue.

## Wear and Tear

My ongoing concern remains charter use will result in measurable wear and tear on the boat, and that revenues will not finance repair and refurbishment. In other words, that charter boat ownership is a significant money-losing proposition.

A charter boat owner's concerns are categorized in three specific areas:

1. **Damages and loss caused by Charter Guest** – This includes breakage or loss due to specific actions of the guest, accidental or intentional.

For the second year in a row, I have seen no evidence of damage or abuse, either in the form of breakage, or a repair bill. The last time I used the boat in February, all inventory items were present and accounted for, and the boat was still in great shape.

2. **Wear and tear of replaceable items** – This includes breakage and failure due to normal wear and tear.

This year, I stayed within budget, and replaced/repared the following major items:

- **Anchor windlass, gypsy, and chain** – Anchor windlasses are the number one complaint of charter guests - they never work properly, mine included. *Barefoot* worked long and hard on the problem with my system, eventually replacing every single component and the chain still jammed occasionally. It was not until one of my friends applied a little WD40 to the gypsy that it finally did what it was supposed to do.

I do now have 150' of new galvanized chain to replace the rusted old 100' length, a new windlass motor, switches, and gypsy, so it's not a total waste of money. I expect to see years of great service from this replacement. The \$1,200 price tag was a bit much; especially when a \$4 can of WD40 was what finally made it work. But what the heck, it's a boat and I have a whole bunch of heavily-embellished stories to tell about this problem.

- **Floorboards** – I discovered by accident that the automatic bilge pump isn't as automatic as it should be. The bilge was not checked as frequently as it should and as a result, and some of the floorboards began to decompose prematurely. Four floorboards had to be replaced. *Barefoot* accepted responsibility for this and a suitable financial arrangement was made to cover the oversight. The bilge pump sensor has been repaired and its operation is now expected to be fully automatic.
- **Stove** – I reported on this in last year's report, although its replacement actually occurred over this past year. The stove is situated directly underneath a side vent that lets in rainwater and absolutely no air. After 5 years, this water rusted out the stove. Future guests will enjoy preparing their dinner on a shiny new unit and boy is it a beauty! It comes with a special salamander heat unit that makes great toast, or if you have a master chef aboard, great bruschetta!
- **Mainsail** – It was finally time to replace the original mainsail that was delivered with the boat 6 years ago. *Barefoot* negotiated an excellent price with the local *Doyle* loft affiliate in Bequia and a shiny new roller-furling main was installed,

ready for many years of excellent service.

- **Other Items** – New forehatch, engine battery, 52' dock lines to replace the old 4' ones, and a whole raft of other small parts.
3. **Wear and tear of non-replaceable items** – Wear and tear items that accumulate and slowly cause the boat to look beaten up include gelcoat damage and scratches, dents and scratches to the cabin woodwork, staining due to salt exposure, and fading due to sun. These items are more difficult to correct because they cannot be simply replaced. A substantial refurbishment project is required.

The woodwork in the main saloon is now just beginning to show its age. Several of the floorboards had rotted out and were replaced. The dining table needs to be refinished, as do several of the wood panels. We are planning to set Ozzie, *Barefoot's* master woodworker, loose this month to completely refurbish the interior. I have seen samples of his work and am confident that he will be able to restore the woodwork to its former glory. In the end, the interior will look brand new for a very reasonable cost.

The rest of the boat still shows little sign of deterioration. The dinghy continues to look weathered from sun and salt, but its condition over the past year has not significantly worsened.

### Incidents and other Perils

During the past year, there were only three incidents to report:

- **Theft** - The 6 HP outboard motor was stolen (again), and quietly replaced with an 8 HP, no charge. If this trend continues, I'll have that 25 HP I've always dreamed of owning.
- **Motor Mounts** – While leaving the dock on a charter, a line was snagged by the propeller resulting in damage to the motor mounts. *Barefoot* stepped in and assumed responsibility for the mistake and a financial agreement was reached that was satisfactory to both of us. Things are going to happen in this business, I tribute *Barefoot* for resolving this quickly and properly.
- **Hurricanes** – I checked the NOAA Website every day last hurricane season for hurricane reports. While St. Vincent is generally too far south to worry about, I do it anyway.

Much to everybody's surprise, Hurricane Joyce kept everybody guessing between September 25 and October 2, 2000. High pressure over the North Atlantic kept it on a westerly track all the way from the coast of Africa, despite predictions that it would eventually turn northwest, as all hurricanes are supposed to do. This one defied logic, and as it approached the Windward Islands, the NOAA had plotted its track at one point to cross directly over the Blue Lagoon where my boat was moored! I contacted *Barefoot* by e-mail the morning before it was supposed to hit, and was told that they were making preparations by stripping the boats and placing hurricane bridles on the moorings, before heading home to make personal preparations. Just as I was about to go into panic mode, the darned thing dipped south and virtually disintegrated as the Coriolis Effect weakened the closed circulation necessary to sustain a serious hurricane. Instead, a moderate tropical storm passed 42 miles south of Grenada and dumped a few hours of rain on a few people. Whew!

## **Paperwork**

Contrary to last year's ongoing documentation nightmare, there was no paperwork to complete this year. None!!!

## **www.usual-suspects-sailing.com**

In June of last year, I started *The Usual Suspects* website as a place to write about Caribbean island destinations, some of the adventures experienced by myself and others, as well as other cruising information. In October of 2000, I registered the Domain Name "usual-suspects-sailing.com". Every month, I spend between 20 and 35 hours preparing the material that is updated on the website on the first of every month.

It has been a fun year. Many tall tales have been told. I have had the opportunity to update the Boat Boys report as well as the Grenadines destination material. Several contributions from other cruisers have been published. A new digital camera has improved the quality of the photography a little.

The Boat Boys in The Grenadines have all read the Boat Boys report and word is that they are behaving themselves, as well as being treated better by visitors. I have also received several e-mails from people who have followed some of the recommendations and have had a great time. Over the past year, readership has increased substantially, and the site receives between 200 and 300 visits per day.

I plan to continue adding material to the website over the next year. I hope to inspire more guest authors to write accounts of their experiences and publish them here. I also plan to write more material and update the photographs as time permits. That of course will require substantial field research in the Caribbean!

## **Fun in the Sun**

In the past year, I was able to make it down to the boat twice, each for two weeks. I find that each time I go, it becomes easier and more rewarding. I am treated to some of the more subtle pleasures of the Caribbean, partly because of the people I have gotten to know. As a boat owner, I find that I am treated differently than a one-time visitor. Each place I return to, I am welcomed back by friends. It's a great feeling that can only be achieved by owning a piece of the community, a privilege that comes with charter boat ownership and active participation.

The first trip was an outstanding one-way excursion to Grenada (documented on the website in the Adventures section) in November/December 2000. While it poured rain for the entire first week, the second week in Grenada was absolutely glorious.

The second trip was my best trip ever. I brought down two couples who had never been on such a trip and leisurely cruised The Grenadines. I was able to return to some anchorages that I had only visited once, and was pleasantly surprised by things I missed the first time. It was the most relaxing trip ever, and has set the standard for future adventures.

## **Next Year**

Next year is shaping up well. The boat already has two bookings for July and August, usually a time when nobody is down south. With the world economy in question, it is not certain how strong bookings will be, however I am confident that with a whole lot of hard work, revenue targets will be achieved.

In order to head off any premature deterioration of the boat, I have asked *Barefoot* to conduct a thorough refurbishment job in the fall. I expect the interior to come out of this looking brand-spanking new. The haul-out will provide an opportunity to touch up any nicks in the hull that may have appeared. The genoa will probably need to be replaced over the next year. I do not want to get behind on preserving the excellent condition of this boat.

### **The Bottom Line**

It was a great year.

This experience just keeps getting better every year. With all the paperwork and financing out of the way, I am focused now on preserving the condition of the boat, making certain that the financial picture is healthy, and having a great time when using it. *Barefoot* continues to be a great business partner. That's really all there is to say.

It was a great year.