

*The Usual Suspects*

# **Charter Boat Ownership 3rd Year Anniversary Report**

**By Robert Charuk  
August 2002**



[www.usual-suspects-sailing.com](http://www.usual-suspects-sailing.com)

Copyright © Robert Charuk 2002

## **Table of Contents**

<i>Table of Contents</i> .....	<i>1</i>
<i>3rd Year Anniversary Report</i> .....	<i>2</i>
Best Year Ever!.....	2
A Fistful of Dollars .....	2
Wear and Tear.....	3
Incidents and other Perils .....	4
www.usual-suspects-sailing.com.....	5
Fun in the Sun .....	5
Why Do I Do This?.....	5

## 3rd Year Anniversary Report

### Best Year Ever!

This just keeps getting better.

During the one-year period ending June 30, 2002, bookings were strong, the financial bottom line returned a nice profit, a total inside/outside refurbishment was completed, and no catastrophes of any kind were recorded.

It was the best year ever.

### A Fistful of Dollars

Let's cut to the chase.

Gross revenues from bookings of *The Usual Suspects* were 88.4% of target, the best of the three years she has been in operation. Operating expenses came in lower at 70.6%, resulting in a net operating profit (before depreciation and taxes) of 144.7% of target. The strong financial performance was largely due to the following:

- ❑ A three-month charter by one guest. A custom agreement was worked out that established a fixed-price that included routine maintenance for the entire charter. The guest treated the boat as if it were his own, and returned it in immaculate condition, resulting in lower than expected maintenance costs for the year.
- ❑ Reasonably strong bookings, despite 9/11. The general feeling was that the Caribbean is still deemed a safe destination for travelers, despite the turmoil in the world. European bookings were strong. Even without the three-month charter, I estimate that profits would have still reached 100% of target.
- ❑ Careful planning of owner-time as a result of lessons learned last year. [\[See 2nd Year Anniversary Report\]](#) Rather than book personal use of the boat well in advance, possibly resulting in turning down a paying charter, I opted to wait until the last minute for my annual fall trip. I chose an open two-week period in the bookings schedule. That way, I did not turn away a potential full-price charter.

Operating expenses of 70.6% of target continue to reflect prudent cost control and management by *Barefoot* without compromising the condition of the boat. I was pleased to observe that the new Chief Engineer Vergil took a more proactive approach to maintenance, as routine items were replaced before they broke in the hands of charter guests.

The unit costs for parts at times appear steep, and I know that this is often a point of contention with charter boat owners. "How can these parts cost so much?" they ask, "Back home, it's half that amount." True, but the boat is not moored back home - it's in a part of the world not easily accessible by mass transportation, and very small lots of parts must be handled by many middlemen. I have heard claims that charter companies excessively pad the prices, however I find that hard to believe because the total dollar value of parts handled by the company represents a very small percentage of this million-dollar business - they are certainly not lining their retirement pensions on such miniscule amounts!

I find that the higher cost of parts is more than offset by the low cost of labor. Wages for skilled and unskilled labor in St. Vincent are substantially lower than anywhere else, and consequently the total cost of a repair is often lower than back home, despite the high cost of parts. In summary, *Barefoot* has always kept my TOTAL maintenance costs under budget, and that is all that really matters.

The key figure is the total operating profit, the ultimate measure of financial success. 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. This year, I received cheques that were deposited in my bank account that represented 144.7% of what was promised. 'Nuff said.

If you were to look at it as a return on investment (ROI, after Capital Cost Allowance and taxes applied), it would be 3.56%. Given the sorry state of affairs of the world investment markets right now, it outperformed equities, and certainly sails downwind better than any Treasury Bill. And no, I'm not cooking the books, nor is *Arthur Anderson* my accountant.

Heck, right now, beer is even a great investment - here's why. If you bought \$1000.00 worth of *Nortel* stock one year ago, it would now be worth \$49.00. With *Enron*, you would have \$16.50 of the original \$1,000.00. With *Worldcom*, you would have less than \$5.00 left. If you bought \$1,000.00 worth of beer one year ago, drank all the beer, then turned in the cans for the 10 cent deposit, you would have \$214.00. Based on this analysis, I can only conclude that you should drink heavily and recycle.

## **Wear and Tear**

I continue to keep a close watch on whether charter use will result in measurable wear and tear on the boat, and that revenues will not finance repair and refurbishment. To date, I cannot say that charter boat ownership is a significant money-losing proposition.

Damages and loss caused by Charter Guest – For the third year in a row, I have seen no evidence of damage or abuse, either in the form of breakage, or a large repair bill. The last time I used the boat in December, all inventory items were present and accounted for, and the boat was still in great shape.

Wear and tear of replaceable items – This year, I stayed well within budget, and replaced/repared only a few items, including both batteries, refrigerator leak, a faulty alternator, the anchor windlass button, and genoa sheets. That's it.

If I had to seek out one thing to complain about, it would be the 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. It did take almost 18 months to finally get this under control, but it is corrected to my satisfaction.

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.

I elected to do a complete refurbishment last year, scheduled during the slow September/October period. The boat was hauled and the hull was cleaned and painted. The keel was sandblasted, filled, and painted. A navy blue waterline stripe was added and the blue/yellow cove stripes were removed. The hull was polished to a reflective shine. When I saw her in December, I was amazed.



I reported last year that the woodwork in the main saloon was beginning to show its age. I had Ozzie, *Barefoot's* master woodworker, completely refurbish the interior. The work was excellent, although I would have preferred a matte finish instead of a gloss finish. As a small consolation, I later learned that the original matte finish applied by Beneteau must be sprayed on and the process is somewhat difficult.

### Incidents and other Perils

There were no incidents to report, although a record number of near-misses were observed in the hurricane department. Yes, for me there is always something hurricane-related, and no less than three Tropic Storms threatened *The Usual Suspects*.

At 6 PM August 16, 2001, Tropical Storm Chantal passed right over the Blue Lagoon. The only reason my boat was not directly below was because she was under charter at the time, anchored 15 miles away in Mustique.

On October 4, 2001 we were threatened by a quickly-forming tropical depression that veered north of the Blue Lagoon at the last minute. This storm went on to become Hurricane Iris, which beat the crap out of Belize, capsizing the 120-foot *MV Wave Dancer*, killing 20 people.

Tropical Storm Jerry followed through on August 7, this time scoring a bulls-eye on *Suspects*, but scoring no damage. The storm moorings that *Barefoot* uses worked well.

Despite the three strikes, all were minor. None were even Category 1 Hurricanes, lending further support to my theory that St. Vincent is too far south to support a really strong storm. I continue to believe that a Category 1 Hurricane might be possible in an extreme case, however the moorings are sufficient to withstand it.

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

The website continues to expand readership. I still receive numerous e-mails from people planning charters in the region, as well as reports from those who had a wonderful time. The Grenadines and Boat Boy materials were significantly updated in February 2002. Guest articles were featured. I intend to keep adding to the material and improving the quality as time permits. However, I still have a day job...

## **Fun in the Sun**

I only made it to the boat once last year, for two weeks in December. A winter trip would have been planned, however I was invited to spend two weeks aboard *Highlander* in the Abacos. The sacrifices I have to make sometimes.

As part of my overall plan to move out of the workin' business and into the relaxin' business, I have booked the boat for the entire month of December, including New Years. I look forward to spending the *Twelve Days of Christmas* partying with *Righteous* on Mayreau (for twelve days, these people party from 2 AM until daylight.) Christmas Day snorkeling on the Tobago Cays is on the itinerary, with *Yellow Man* carving the Christmas lobster. Then, it's New Years on Mustique, watching the fireworks with Mick, Felix, and Tommy. I could go on...

## **Why Do I Do This?**

Every now and then, I happen to reflect on why I do this. Sure, it was a great year financially, the boat is in good shape, I met a lot of people, and had fun sailing her.

But really why?

It would be far less expensive to simply pay for a charter boat whenever I wanted. I would not have to worry about hurricanes, accidents, damage, theft, repairs, and costs. I've already put up with a ton of crap dealing with banks and boat registration bureaucracies, an experience I will have the pleasure of re-living when I go to sell her.

So why am I doing this?

It took the eleventh track on Jimmy Buffett's new *Far Side of the World* CD to remind me of a very important day in Halifax in the summer of 1985, where, looking out at the boats sailing in the harbor, I decided that this was where it was at for me.

The words to Jimmy's song brought me right back there.

*"I see a white sail  
Skippin' 'cross a blue bay  
And I say someday I will"*

Thank you Jimmy for reminding me that I am living *someday* right now.