

MARINA YACHT HARBOR FEE ANALYSIS

Policy Analysis Report to Supervisor Peskin and Supervisor Safai

Presentation to:

LAND USE AND TRANSPORTATION COMMITTEE

BOARD OF SUPERVISORS

CITY AND COUNTY OF SAN FRANCISCO

January 29, 2024

Marina Yacht Harbor Budget FY 2023-24

Operating		
<i>Sources</i>	East Harbor Fees	675,000
	West Harbor Fees	2,600,000
	General Fund	592,921
	Permits	400,000
	Concessions	590,000
Total		4,857,921
<i>Uses</i>	Salaries & Fringe Benefits	1,750,780
	Overhead	681,195
	Debt Service	1,458,020
	Capital Transfer	420,879
	Non-Personnel Services	224,097
	Materials	112,000
	Services of Other Depts.	210,950
Total		4,857,921

Capital		
<i>Sources</i>	Dredging Fees	550,000
	Operating Revenue Transfer	420,879
	PG&E Settlement	11,000,000
Total		11,970,879
<i>Uses</i>	DBW Loan Reserve	77,300
	Dredging	550,000
	Audits	5,579
	E. Harbor Remediation	11,000,000
	Facilities Maintenance*	338,000
Total		11,970,879

General Fund

- General Fund subsidy covers operating revenue shortfall
- Structural maintenance is variable year-to-year
- Any revenue adjustment must be able to cover the combined subsidy and capital maintenance transfer

In FY 2022-23, General Fund support to the Marina Yacht Harbor totaled \$956,077

Regional Harbor Comparisons

Slip Size	Marina Rate Per Foot	Median Rate Per Foot	Average Rate Per Foot
25'	\$18.36	\$9.96	\$10.79
30'	18.62	10.26	11.15
35'	18.62	10.93	12.25
40'	22.58	12.20	13.12
45'	22.58	12.08	13.24
50'	23.09	13.75	15.33
55'	23.09	13.75	13.44
60'	23.09	13.87	15.2
70'	23.58	17.37	17.53
80'	23.58	15.19	16.42
90'	23.58	-	-
100'	23.58	-	-

- 2023 Harbormasters' Regional Survey
- West Harbor charges the highest slip rates in the Bay
- Amenities offered largely reflects regional harbors

Fees for the West Harbor in 2023 as reported by the Marina Harbormaster

Viabile Options for an Independent Marina

Evaluation Criteria

- Must generate robust fiscal impact
- Must be feasible to implement
- Must produce reliable revenue

- Use FY 2024-25 budget as a baseline
- Assume flat increase of 3 percent increase in expenditures and revenues year-to-year

Harbor Fees to Increase 31%

Expenditures	FY 2024-25	Change (%)	FY 2025-26
Marina Fund Budgeted Expenditures	\$5,040,654	3	\$5,191,874
Structural Maintenance	285,000	3	293,550
Total	\$5,325,654		\$5,485,424
Revenue	FY 2024-25	Change (%)	FY 2025-26
General Fund (Subsidy)	\$645,954	-100	\$0
General Fund (Supplemental)	285,000	-100	0
Permits	412,000	3	424,360
East & West Harbor Fees	3,375,000	31.42	4,435,425
Concessions	607,700	3	625,931
Total	\$5,325,654		\$5,485,716

- Capture revenue from surplus demand at the Marina Yacht Harbor
- Reliable revenue from low turnover

Implement Paid Public Parking

Expenditures	FY 2024-25	FY 2025-26	FY 2026-27
Marina Fund Budgeted Expenditures	\$5,040,654	\$5,191,874	\$5,347,630
Structural Maintenance	285,000	293,550	302,357
Total	\$5,325,654	\$5,485,424	\$5,649,987
Revenue	FY 2024-25	FY 2025-26	FY 2026-27
General Fund (Total)	\$930,954	\$0	\$0
Fees, Permits, Concessions	4,394,700	4,526,541	4,662,337
Parking Net Income	46,605	789,080	812,752
Total	\$5,372,259	\$5,315,621	\$5,475,089
<i>Marina Net Income</i>	46,605	(169,803)	(174,898)

- ❑ Projections based on 2019 MTA feasibility analysis
- ❑ Park code must be amended by Board
- ❑ Berthing fees may be increased by **5%** to break even

Gashouse Cove Remediation

Cost	Estimate	Cost-Sharing (PGE% & RPD%)
Pre-Construction	\$3,523,000	91-9
CEQA/Regulatory Compliance	4,450,000	91-9
Public Fuel Dock	2,289,000	91-9
East Harbor Remediation	67,961,000	91-9
East Harbor Renovation, Public Access, and Recreational Amenities	23,897,000	91-9
West Harbor Breakwater and Marina Improvements	27,880,000	91-9
<i>Subtotal</i>	<i>\$130,000,000</i>	
Contingency	\$30,000,000	91-9
Excess Contingency	\$30,000,000	50-50
Total	\$190,000,000	

- Project components detailed in the FSA are not binding
- BLA evaluated four scenarios in the context of the FSA and the proposed ordinance to prohibit the West Harbor expansion

Scenario 1: Status Quo

	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
<u>Expenditures</u>							
Operating	5,843,499	6,018,804	6,199,369	6,385,350	6,576,910	6,774,217	6,977,444
Structural Maintenance	330,393	340,305	350,514	361,029	371,860	383,016	394,507
Total Expenditures	6,173,893	6,359,109	6,549,883	6,746,379	6,948,771	7,157,234	7,371,951
<u>Revenue</u>							
Permits	477,621	491,950	506,708	521,909	537,567	553,694	570,304
East Harbor Fees	782,510	805,985	830,165	855,070	880,722	907,144	934,358
West Harbor Fees	3,130,040	3,223,941	3,320,659	3,420,279	3,522,888	3,628,574	3,737,431
Concessions	704,491	725,626	747,394	769,816	792,911	816,698	841,199
Total Revenues	5,094,662	5,247,502	5,404,927	5,567,074	5,734,087	5,906,109	6,083,293
Marina Net Income	(1,079,231)	(1,111,608)	(1,144,956)	(1,179,305)	(1,214,684)	(1,251,124)	(1,288,658)
<i>Fee Increase Necessary to Cover Shortfall</i>	27.6%	27.6%	27.6%	27.6%	27.6%	27.6%	27.6%

- Assuming no changes to slips, rates, or expenditures outside of an annual 3% escalation
- The Marina will need a same-year fee increase of **27.4%** to cover the loss of General Fund support

Scenario 2: Project Executed Per FSA

Assumptions

- 172 slips reconstructed in the East Harbor at 90% occupancy
 - Charged at West Harbor rate
- 235 slips added to the West Harbor
- \$480,000/year debt service beginning 3 years after construction

Analysis

- Marina to generate **\$1.3 million in net income** when construction ends and **\$952,000** when debt service begins
- Ability to address \$1.3 million in annual deferred maintenance
- **No need** for General Fund support or supplemental revenue strategies to achieve financial viability

Scenario 3: Project Under Ordinance

Assumptions

- 172 slips reconstructed in the East Harbor at 90% occupancy
 - Charged at West Harbor rate
- No additional slips or revenue at the West Harbor
- \$390,000/year debt service beginning 3 years after construction

Analysis

- Net income **shortfall of \$521,000** when construction ends and **\$959,341** when debt service begins
- Collective harbor fees must increase **12%** when construction ends and **20%** when debt service begins
- To address capital spending needs, fees must increase by **32%**

Scenario 4: Project Under Ordinance, Base Expenditures Cap

Assumptions

- 172 slips reconstructed in the East Harbor at 90% occupancy
 - Charged at West Harbor rate
- No additional slips or revenue at the West Harbor
- \$390,000/year debt service beginning 3 years after construction
- Expenditures restricted to and escalated according to actual spending in FY 2022-23

Analysis

- Collective harbor fees must increase by **15%** by the time debt service begins to address the net income **shortfall of \$751,000**

Scenario Summary

FY 2033 and Beyond			
#	Scenario	Berthing Fee Increase	Marina Net Income
1	Status Quo (No Project)	31% fee increase for East and West Harbors	Breakeven
2	Remediation Project (As outlined in the Final Settlement Agreement)	Only for East Harbor (planned, approx. 40%)	\$1 million per year
3	Modified Remediation Project (East Harbor renovation, no West Harbor expansion)	20% fee increase beyond planned fees for East and West Harbors	Breakeven
4	Modified Remediation Project, Spending Baselined to FY 2023	15% fee increase beyond planned fees for East and West Harbors	Breakeven

Questions and comments

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Project Staff : Nicolas Menard

Alex Thibodo