



REPORT TO COUNCIL

City of Sacramento

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PUBLIC HEARING
April 15, 2008

Honorable Mayor and
Members of the City Council

Title: Sacramento Marina Berth Fees

Location/Council District: 2710 Ramp Way (District 4)

Recommendation: Conduct a public hearing and adopt a **Resolution** 1) amending the Fees and Charges report to include the fees for rental of berth slips at the Sacramento Marina thru Fiscal Year (FY) 2012/13, as shown in Exhibit A; 2) authorizing the City Manager or the City Manager's designee to annually increase the berth slip rates after FY 2011/12 by 6 percent; 3) authorizing the City Manager or the City Manager's designee to adjust the expense and revenue budgets of the Sacramento Marina to reflect the recommended actions; and (4) authorizing the Director of the Convention, Culture and Leisure Department to adjust the berth rates at the Sacramento Marina as long as there is no net revenue loss to the Marina Fund.

Contact: Barbara Bonebrake, Department Director, 808-8225

Presenters: Barbara Bonebrake, Department Director; Clair Camper, Marina Manager

Department: Convention, Culture and Leisure

Division: Sacramento Marina

Organization No: 4370

Description/Analysis

Issue: The current Sacramento Marina berth fees schedule was adopted in February 2005 and allows minimum annual berth fee increases of 6 percent or the Consumer Price Index, whichever is greater, thru FY 2009/10 and 3 percent annual increases thereafter. The fee schedule was proposed to begin to align fees with the market and cover operating, capital and debt obligations.

A recent survey of competing facilities found that the rates at the Sacramento Marina are lower than the two nearby urban area comparable marinas. Accordingly, a revised berth fee schedule is proposed that will generate additional revenue. The pricing strategy bases the rent on the space being utilized by the licensee. For instance, a 50-foot slip, on average, is 6 feet wider

than a 25-foot slip. Therefore the rate structure has been changed to accommodate the square footage utilized. This structure is reflected by charging a graduated linear foot charge based on increased length (and width) of the slip.

It is also recommended that the Director of the Convention, Culture and Leisure Department be authorized to adjust the berth rates at the Sacramento Marina as long as there is no net revenue loss to the Marina Fund. This would allow the Marina the flexibility to craft promotional programs aimed at increased occupancy if necessary.

Policy Considerations: The proposed berth fee schedule generates required revenue for operational, capital and debt service needs while maintaining the facility's competitive edge as a full-service urban area marina.

Committee/Commission Action: The review process for the proposed fee changes included a January 30th meeting with the Marina Advisory Council (MAC). Two follow-up meetings were held in March with members of the MAC at their request. The fee proposal was modified based on input from the MAC members. Notices of the revised fee proposal were posted on the Marina's web site on March 20th and mailed to all patrons on March 26th including the Public Hearing date notification.

Environmental Considerations: The proposals within this staff report do not constitute a project under the provisions of the California Environmental Quality Act (CEQA), California Code of Regulations, title 14, section 15378(b)(4). In addition, Council actions to establish or modify fees are exempt from the review requirements of the CEQA pursuant to Public Resources Code section 21080(b)(8) where the Council finds that the fees are for the purpose of meeting operating expenses, including employee wage rates and fringe benefits.

Rationale for Recommendation: The proposed revisions to the Sacramento Marina berth fees are designed to align the rate structure based on slip size and to provide revenue for operational, capital project and debt service needs of the facility.

Financial Considerations: The financial analysis presented here is based on the new configuration of the Marina docks after completion of the South Basin renovation this summer. It assumes 95% occupancy for all docks. Historic occupancy is 84%-87%, however, with the reconfiguration and 97 percent covered berths, a 95% occupancy should be achievable.

In examining the current berth fee structure, Marina staff began by calculating the price per square foot for each berth size in the Marina. While berth rates are typically based on linear foot of the berth, the square footage analysis revealed that patrons with smaller berths were actually paying more on a square foot basis than customers with larger berths. For example, a patron with a 25-foot covered slip pays a rate of \$10.07 per linear foot, which works out to \$0.90 per square foot. By comparison, a customer

with a 50-foot covered slip also pays \$10.07 per linear foot but the rate per square foot is now \$0.58. The result was to propose a gradually increasing linear foot rate based on slip size which is consistent with urban marinas.

As shown in Exhibit A, the proposed fee schedule will bring the rates for the larger berths more in line with the smaller berths over the next three years (by FY 2010/2011).

For example, the patron of the 50-foot slip will now pay \$11.98/foot in FY 2008/09, \$14.26/foot in FY 2010, and \$16.97/foot in FY 2011, or the equivalent of \$0.98/square foot. During this same time, the owner of the 25-foot covered slip will pay \$10.57/foot in FY 2009, \$11.10/foot in FY 2010, and \$11.66/foot in FY 2011, or the equivalent of \$1.04./square foot. The difference between the two slips is now minimal.


Over the next three years, the average annual rate increase for all slips is approximately 12 percent and range from a 5 percent average annual increase for smaller slips to a 19 percent average annual increase for the larger slips. Beginning in FY 2012, it is proposed that a 6 percent annual rate increase be in effect for all sizes of berths.

Even with these increases, the monthly berth rates for nearly all sizes of slips would still be less than two nearby competitors. Exhibit A shows that the current monthly rate for a 25-foot berth at the Sacramento Marina is \$251.75 and would rise to \$327.45 in FY 2013. Riverbank Marina currently charges \$370.00 for a 25-foot slip. A 40-foot slip at the Sacramento Marina is currently \$402.75/month and would be \$697.26/month in FY 2013. The same slip currently sells at Riverbank Marina for \$865/month and Riverview Marina for \$569/month.

Attachment 1 shows projected 5-year revenue and expense performance for the Marina Fund with the proposed fee schedule. The plan meets the requirements for the financial health of the Marina Fund is required by the State Department of Boating and Waterways loan for the South basin renovation.

Emerging Small Business Development (ESBD): No goods or services are being purchased under this report.

Respectfully submitted by:



CLAIR CAMPER
Marina Manager

Approved by:



BARBARA E. BONEBRAKE

Recommendation Approved:


for RAY KERRIDGE
City Manager

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**Attachment 1
MARINA FUND**

Expense and Revenue Summary

(in \$ 000's)	2007-08 Approved	2007-08 Mid-Year	\$ \$ Variance	2008-09 Proposed	2009-10 Estimate	2010-11 Estimate	2011-12 Estimate	2012-13 Estimate
BEGIN FUND BALANCE	953	953	-	499	565	371	272	164
REVENUES								
Berth Rentals	1,603	1,234	(369)	1,919	2,146	2,402	2,546	2,698
Interest	18	18	-	16	25	24	23	24
Utilities	32	32	-	32	32	32	32	32
Gas and Oil Sales	275	248	(27)	289	303	318	334	351
Miscellaneous	26	10	(16)	26	26	26	26	26
TOTAL REVENUES	1,954	1,542	(412)	2,282	2,532	2,802	2,961	3,131
EXPENDITURES								
Labor (Salaries/Benefits)	439	439	-	462	485	509	535	562
Operational Costs (Non-Labor)	759	705	(54)	811	858	909	951	995
Subtotal--Operations	1,198	1,144	(54)	1,273	1,343	1,418	1,486	1,557
North Basin Debt Service	466	466	-	465	465	465	465	465
South Basin Debt Service	286	321	35	286	701	701	701	701
Capital Improvement Projects	65	65	-	175	200	200	300	300
TOTAL EXPENDITURES	2,015	1,996	(19)	2,199	2,709	2,784	2,952	3,023
CURRENT YEAR SURPLUS/(DEFICI)	(61)	(454)	(393)	83	(177)	18	9	108
Operational Reserve	-	-	-	-	-	100	100	100
Other Funding Sources/(Uses)	-	-	-	(17)	(17)	(17)	(17)	(17)
ENDING FUND BALANCE	892	499	(393)	565	371	272	164	155

Average annual fee increase of 12% thru FY 2011 and 6% Across-the-Board after.
Assumes 95% berth occupancy.

RESOLUTION NO. 2008-

Adopted by the Sacramento City Council

SACRAMENTO MARINA BERTH FEES

BACKGROUND

- A. The Sacramento Marina operates as an Enterprise Fund with revenue generated primarily from berth rentals and fuel sales.
- B. The proposed berth fee schedule establishes rates that are more equitable for all Marina patrons. It generates additional needed revenue for operational, capital and debt service needs while maintaining the facility's competitive edge with other full-service marinas in the urban area.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City of Sacramento Fees and Charges Report is amended to include the fees for rental of berth slips at the Sacramento Marina thru FY 2012/13, as shown in Exhibit A.
- Section 2 The City Manager or the City Manager's designee is authorized to annually increase the berth slip rates after FY 2012/13 by 6 percent.
- Section 3 The City Manager or the City Manager's designee is authorized to adjust the expense and revenue budgets of the Sacramento Marina to reflect the recommended actions.
- Section 4. The Director of the Convention, Culture and Leisure Department is authorized to adjust the berth rates at the Sacramento Marina as long as there is no net revenue loss to the Marina Fund.
- Section 5 Based on the information presented to it and upon information in the public record, and in compliance with Public Resources Code section 21080(b)(8), the City Council finds:
 - a) The fees are for the purpose of meeting operating, capital and debt service expenses including employee wage rates and fringe benefits.

Exhibit A
PROPOSED BERTH RATES FOR SACRAMENTO MARINA
Effective July 1, 2008

	2007-2008 Current	2008-2009 Scheduled (6% across)	2008-2009 Proposed (12% avg)	2009-2010 Scheduled (6% across)	2009-2010 Proposed (12% avg)	2010-2011 Scheduled (3% across)	2010-2011 Proposed (12% avg)	2011-2012 Scheduled (3% across)	2011-2012 Proposed (6% across)	2012-2013 Scheduled (3% across)	2012-2013 Proposed (6% across)	Riverbank Marina 2007	Riverview Marina 2007
25' uncovered													
Linear Rate	\$ 8.37	\$ 8.87	\$ 9.00	\$ 9.40	\$ 9.67	\$ 9.69	\$ 10.40	\$ 9.98	\$ 11.02	\$ 10.28	\$ 11.68		
Monthly Rate	\$ 209.25	\$ 221.81	\$ 224.94	\$ 235.11	\$ 241.81	\$ 242.17	\$ 259.95	\$ 249.43	\$ 275.55	\$ 256.91	\$ 292.08	\$ 340.00	N/A
25' covered													
Linear Rate	\$ 10.07	\$ 10.67	\$ 10.57	\$ 11.31	\$ 11.10	\$ 11.65	\$ 11.66	\$ 12.00	\$ 12.36	\$ 12.36	\$ 13.10		
Monthly Rate	\$ 251.75	\$ 266.86	\$ 264.34	\$ 282.87	\$ 277.55	\$ 291.35	\$ 291.43	\$ 300.09	\$ 308.92	\$ 309.10	\$ 327.45	\$ 370.00	N/A
28' covered													
Linear Rate	\$ 10.10	\$ 10.71	\$ 10.76	\$ 11.35	\$ 11.46	\$ 11.69	\$ 12.20	\$ 12.04	\$ 12.93	\$ 12.40	\$ 13.71		
Monthly Rate	\$ 282.80	\$ 299.77	\$ 301.18	\$ 317.75	\$ 320.76	\$ 327.29	\$ 341.61	\$ 337.11	\$ 362.10	\$ 347.22	\$ 383.93	\$ 455.00	\$ 365.00
30' covered													
Linear Rate	\$ 10.07	\$ 10.67	\$ 11.27	\$ 11.31	\$ 12.63	\$ 11.65	\$ 14.14	\$ 12.00	\$ 14.99	\$ 12.36	\$ 15.89		
Monthly Rate	\$ 302.00	\$ 320.12	\$ 338.24	\$ 339.33	\$ 378.83	\$ 349.51	\$ 424.29	\$ 359.99	\$ 449.75	\$ 370.79	\$ 476.73	\$ 530.00	N/A
35' covered													
Linear Rate	\$ 10.07	\$ 10.67	\$ 11.43	\$ 11.31	\$ 12.97	\$ 11.65	\$ 14.73	\$ 12.00	\$ 15.61	\$ 12.36	\$ 16.55		
Monthly Rate	\$ 352.50	\$ 373.65	\$ 400.09	\$ 396.07	\$ 454.10	\$ 407.95	\$ 515.40	\$ 420.19	\$ 546.33	\$ 432.80	\$ 579.11	\$ 605.00	N/A
40' covered													
Linear Rate	\$ 10.07	\$ 10.67	\$ 11.63	\$ 11.31	\$ 13.43	\$ 11.65	\$ 15.51	\$ 12.00	\$ 16.44	\$ 12.36	\$ 17.43		
Monthly Rate	\$ 402.75	\$ 426.92	\$ 465.18	\$ 452.53	\$ 537.28	\$ 466.11	\$ 620.56	\$ 480.09	\$ 657.79	\$ 494.49	\$ 697.26	\$ 865.00	\$ 569.00
45' covered													
Linear Rate	\$ 10.10	\$ 10.71	\$ 11.72	\$ 11.35	\$ 13.59	\$ 11.69	\$ 15.77	\$ 12.04	\$ 16.71	\$ 12.40	\$ 17.71		
Monthly Rate	\$ 454.50	\$ 481.77	\$ 527.22	\$ 510.68	\$ 611.58	\$ 526.00	\$ 709.43	\$ 541.78	\$ 751.99	\$ 558.03	\$ 797.11	N/A	N/A
50' cov/End Ties													
Linear Rate	\$ 10.07	\$ 10.67	\$ 11.98	\$ 11.31	\$ 14.26	\$ 11.65	\$ 16.97	\$ 12.00	\$ 17.99	\$ 12.36	\$ 19.07		
Monthly Rate	\$ 503.50	\$ 533.71	\$ 599.17	\$ 565.73	\$ 713.01	\$ 582.70	\$ 848.48	\$ 600.19	\$ 899.39	\$ 618.19	\$ 953.35	\$ 995.00	N/A

NOTE: End ties would be based on the 50-foot covered rate based on length of boat

Scheduled rates reflect annual adjustments based on approved City Council action in February 2005
Proposed rates reflect graduated linear footage charge based on increased length and width of slip