

COUNTY OF SAN MATEO
PARKS DEPARTMENT

COMMISSION MEETING DATE: February 6, 2020

To: Parks and Recreation Commission
From: Nicholas J. Calderon, Parks Director
Subject: Berth Rental Fee Increases at Coyote Point Marina

RECOMMENDATION:

Make a recommendation to the Board of Supervisors to adopt a resolution authorizing:

- A) Incremental increases on berth rental fees at Coyote Point Marina, effective July 1, 2020; and
- B) Automatic fee adjustments for berth rental fees at Coyote Point Marina every year thereafter, as based on the Bay Area Consumer Price Index ("CPI"), beginning July 1, 2021.

BACKGROUND:

The Coyote Point Marina ("Marina") is a public marina operated by the San Mateo County Parks Department ("Department"). The Marina, which is located along the San Francisco Bay and accessed by land through the Coyote Point Recreation Area, provides and maintains a recreational facility for the boating public. The Marina operates as an enterprise fund, and as such receives no monetary General Fund support from the County of San Mateo ("County"). Like with private business enterprises, the Marina finances its operations and services, as well as payments on any debt service for the construction of facilities, through user charges on a continuing basis. Fees collected from berth rentals constitute the Marina's primary source of revenue.

The Department regularly reviews the Marina's fee schedule, finances, and operations to determine what, if any, financial or operational changes should be instituted to ensure the long-term sustainability of the enterprise fund. The Department most recently proposed, and the Board of Supervisors ("Board") approved on October 17, 2017, increasing the following categories of Marina fees: berth rental; dry storage; launch ramp; non-motorized user; keycard; and gate key. The Board approved increasing these fees by a range of four percent to 16 percent, effective on January 1, 2018.

DISCUSSION:

The Department recently retained CHM Government Services (“CHMGS”) to undertake a cost recovery analysis to allow the Department to better understand the Marina’s financial performance and evaluate the suitability of costs related to debt payments for past and future improvements. The results of this analysis informed recommendations for new berth rates at the Marina, as based on current operations, condition assessment documents, historical maintenance expenditures, and debt service data on improvements and dredging. In addition, CHMGS collected data from local marinas, collectively referred to as the “competitive set,” which include Oyster Point, Oyster Cove, Brisbane, Bair Island, Blue Water, Port of Redwood City, Redwood Landing, and Westpoint Harbor.

The cost recovery analysis resulted in several key findings and recommendations. Notably, the analysis found that boaters are increasingly purchasing larger boats, which in turn require larger berths. Indeed, the most popular berth length is 40 feet. Across the competitive set and at the Marina, however, most available berths are under 30 feet in length, and berths of longer length are occupied at or nearly 100 percent across the competitive set.

In addition, the analysis considered that although the Marina’s current revenues cover its direct, indirect and fixed operating costs, and existing debt service obligations for past capital improvements and dredging, the current marina rates will not provide adequate revenue to cover anticipated expenses such as increased operating costs, future debt service costs for planned facility improvements, and the increased frequency of required dredging. In order to continue to operate and steward this important recreation asset while at the same time recognizing the Marina’s status as an enterprise fund, then, the Department recommends implementing rate increases effective on July 1, 2020, with automatic rate increases annually thereafter based on changes in the Bay Area CPI.

CHMGS recommended implementing a range of rates that recognize the supply and demand forces associated with different sizes of berths. CHMGS further recommended that the Marina should consider a premium rate for longer berths, and a discount for less desirable shorter, narrower, and/or certain side- and end-tie berths. CHMGS concluded that rate increases are justifiable given that the Marina does not levy utility fees, and provides a pleasant, park environment in comparison to its competitors.

As informed by CHMGS’s analysis and recommendation, the Department recommends a rate increase approach that results an average rate increase across the Marina of approximately 17.2 percent per berth linear foot. The Marina’s current pricing is below the market average, and even with these recommended rate increases is projected to remain within the market range of berth rate pricing. The attachment to this document provides the variance between the recommended new Marina rates and the market average.

The Marina is alone among the competitive set in terms of not charging berth renters for utilities. The Marina needs to complete significant infrastructure upgrades to facilitate individually-metered utilities at each berth. Unfortunately, the Marina will not be able to install this infrastructure in the near future due to several more pressing deferred projects, including replacing the Marina's docking system. The Department will examine other possibilities, including flat fees for utilities, at a future date.

Pursuant to its loan agreement with the California Division of Boating and Waterways ("Division"), the Department has requested, and anticipates receiving, the Division's approval of the recommended fee increases. Should the Division not approve the recommended fee increases, however, the Department will provide this Commission with an update and request that the Commission make a new recommendation.

The Department plans to complete another cost recovery analysis no later than five years from this date.

County Counsel has reviewed and approved the resolution as to form.

FISCAL IMPACT:

The proposed increase on berth rental fees at the Marina is estimated to increase berth rental revenue by approximately \$288,300 in 2020 dollars (in comparison to FY 2017-18 berth rental revenues). This estimated and additional revenue was not included in the Marina's approved FY 2020-21 Preliminary Recommended Budget but will be included in its FY 2020-21 Recommended Budget. There is no impact to the General Fund.

Attachment: Proposed Increase on Berth Rental Fees at Coyote Point Marina

Proposed Schedule of Berth Rental Rate Increases
(rates are assessed monthly, per linear foot of dockage)

Berth Length	Market Range (2019 \$)		Coyote Point Marina 2019 Rate	Market Average (Inflated to 2020 \$)	Proposed 2020 Coyote Point	\$ Increase, 2019 Rate to Proposed 2020 Rate
18 (LST)	\$7.00	\$11.75	\$5.68	\$7.88	\$6.94	\$1.26
22 (ST)	\$7.00	\$11.75	\$5.68	\$8.04	\$6.94	\$1.26
24 (ST)	\$7.00	\$11.75	\$5.21	\$8.04	\$7.37	\$2.16
24	\$7.00	\$11.75	\$7.25	\$8.04	\$7.80	\$0.55
28 (SF)	\$7.00	\$11.75	\$7.25	\$8.04	\$7.80	\$0.55
28	\$7.00	\$11.75	\$7.25	\$8.04	\$8.24	\$0.99
32 (N)	\$7.50	\$15.17	\$6.34	\$8.04	\$7.50	\$1.16
32 (ET)	\$7.50	\$15.17	\$7.25	\$8.04	\$8.04	\$0.79
32	\$7.50	\$15.17	\$7.25	\$8.04	\$8.04	\$0.79
36 (ET)	\$8.00	\$16.39	\$8.50	\$8.90	\$8.67	\$0.17
36	\$8.00	\$16.39	\$8.50	\$8.90	\$8.67	\$0.17
40 (SF)	\$8.00	\$17.25	\$7.65	\$9.24	\$8.24	\$0.59
40	\$8.00	\$17.25	\$8.50	\$9.24	\$9.10	\$0.60
42 (N)	\$8.00	\$17.25	\$7.29	\$9.24	\$9.10	\$1.81
42	\$8.00	\$17.25	\$8.10	\$9.24	\$9.24	\$1.14
45	\$8.00	\$17.78	\$9.95	\$9.60	\$10.40	\$0.45
50 (ET)	\$8.00	\$12.00	\$10.00	\$9.73	\$10.40	\$0.40
56 (ET)	\$8.98	\$12.50	\$10.00	\$10.12	\$10.40	\$0.40
60 (ET)	\$8.00	\$13.50	\$10.00	\$10.12	\$10.40	\$0.40
60	\$8.00	\$13.50	\$9.95	\$10.12	\$10.40	\$0.45
64 (ET)	\$8.00	\$13.50	\$10.00	\$10.12	\$10.40	\$0.40
68 (ET)	\$8.00	\$13.50	\$10.00	\$10.12	\$11.27	\$1.27
72 (ET)	\$8.98	\$17.00	\$10.00	\$13.25	\$11.70	\$1.70
80 (ET)	\$19.00	\$19.00	\$9.98	\$19.38	\$12.14	\$2.16
90 (ET)	\$19.00	\$19.00	\$9.78	\$19.00	\$12.14	\$2.36
105 (ET)	\$19.00	\$19.00	\$10.00	\$19.38	\$12.57	\$2.57

NOTES:

The market average was derived from the average of berth rents from the marinas CHMGS determined most comparable, including Oyster Point, Oyster Cove, Brisbane, Port of Redwood City, Redwood Landing, Coyote Point, and Westpoint Harbor.

LST: Limited Side Tie

ST: Side Tie

SF: Single Finger

N: Narrow

ET: End Tie