



County of San Mateo

Inter-Departmental Correspondence

Department: PARKS

File #: 20-287

Board Meeting Date: 5/5/2020

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Nicholas J. Calderon, Parks Director
Subject: Berth Rental Fee Increase at the Coyote Point Marina

RECOMMENDATION:

Adopt a resolution authorizing:

- A) The increase of berth rental fees at the Coyote Point Marina, effective July 1, 2020; and
- B) The Parks Director to adjust berth rental fees at the Coyote Point Marina every year thereafter, based on changes to the Bay Area Consumer Price Index, beginning July 1, 2021.

BACKGROUND:

The Coyote Point Marina ("Marina") is a public marina that is located within the Coyote Point Recreation Area and operated by the San Mateo County Parks Department ("Department"). The Marina operates as an enterprise fund, and as such, receives no direct or ongoing financial support from the County of San Mateo ("County"). As with private business enterprises, the Marina finances its operations, services, and payments on debt services through user charge fees. Fees collected from berth rentals constitute the Marina's primary source of revenue, totaling approximately 86 percent of its annual 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 financial sustainability of the enterprise fund. The Department most recently proposed, and the Board of Supervisors ("Board") approved, on October 17, 2017, increasing the Marina fees for the following categories of services: berth rental; dry storage; launch ramp; non-motorized user; keycard; and gate key.

DISCUSSION:

The Department recently retained CHM Government Services ("CHMGS") to prepare a cost recovery

analysis (“Analysis”) so the Department could better understand the Marina’s financial performance. To inform the Analysis, CHMGS collected data from local marinas, collectively referred to as the “competitive set”, which includes Oyster Point, Oyster Cove, Brisbane, Bair Island, Blue Water, Port of Redwood City, Redwood Landing, and Westpoint Harbor. The results of the Analysis informed the Department’s recommendation for the proposed berth fee increase.

The Analysis determined that the Marina’s current revenues cover its existing operating costs and debt service obligations for past capital improvements and dredging episodes. However, the current rates will not provide adequate revenue to cover certain future anticipated expenses, such as increased operating costs, future debt service obligations for planned facility improvements, and the increased frequency of required dredging. Therefore, CHMGS concluded that increasing berth rental fees is necessary for the financial sustainability of the Marina. They further concluded that rate increases are justifiable given the need for future capital improvements and dredging to maintain Marina operations and because the Marina does not levy utility fees in comparison to its competitors.

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, the Department recommends increasing berth rental fees effective July 1, 2020, with fee adjustments, approved by the Parks Director, annually thereafter based on changes in the Bay Area Consumer Price Index (“CPI”). As informed by CHMGS’s analysis, the Department recommends increasing berth rental fees at an average rate across the Marina of approximately 17 percent per berth linear foot for FY 2020-21. The Marina’s current pricing is below the market average, and even with this recommended increase in berth rental fees, staff projects that Marina fees will 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 averages for such fees.

Further, among the competitive set, the Marina is the only marina that does not charge berth renters for utilities, and it would need 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 agreements with the California Division of Boating and Waterways (“Division”), the Department received the Division’s approval for the recommended fee increase effective July 1, 2020, and possible fee adjustments, based on changes to the CPI, every year thereafter. The Parks Commission also reviewed and approved the recommended fee increase and possible future fee adjustments at its February 6, 2020 meeting. Marina tenants were made aware of the proposed fee increase and possible future fee increases by written notice beginning on February 2, 2020.

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 increasing fees as to form.

FISCAL IMPACT:

The proposed increase on berth rental fees at the Marina is estimated to increase annual berth rental revenue by approximately \$288,300 for the 2020-2021 fiscal year (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 Adopted Budget. There is no impact to the General Fund.

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