



# A11

## ADMINISTRATIVE REPORT

Report Date: February 15, 2012  
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Meeting Date: February 28, 2012

TO: Vancouver City Council

FROM: General Manager of Business Planning and Services and the Director of Finance

SUBJECT: 2012 Heather Marina Moorage Rates and Other Fees

### *RECOMMENDATION*

- A. THAT Council approve adjustments to fees and charges at Heather Marina, including a 2.0% general increase in moorage fees and a 7% increase in fees for electricity, as detailed in Appendix B, effective April 1, 2012.
- B. THAT Council approve major maintenance and recapitalization expenditures of \$930,000 at Heather Marina as outlined in this report; source of funding to be the Property Endowment Fund ("PEF").

### *REPORT SUMMARY*

The purpose of this report is to seek Council approval of:

- Moorage rates and other fees at Heather Marina for the period from April 1, 2012 to March 31, 2013;
- Major maintenance and recapitalization expenditures for 2012.

### *COUNCIL AUTHORITY/PREVIOUS DECISIONS*

Moorage rates at Heather Marina are adjusted annually to reflect anticipated cost increases and market conditions.

It is Council Policy that Heather Marina moorage rates reflect but do not lead nor lag the local market.

### *CITY MANAGER'S/GENERAL MANAGER'S COMMENTS*

The General Manager of Business Planning and Services and the Director of Finance RECOMMEND approval of A and B.

### *REPORT*

#### *Background/Context*

The City of Vancouver owns two marinas, both situated in False Creek:

- Burrard Marina is located at the entrance to False Creek and has 471 berths. It is owned and operated by the Vancouver Board of Parks and Recreation.
- Heather Marina is located on the south side of False Creek, west of Cambie Bridge, at the north foot of Moberley Road. It has 254 berths, including 27 assigned for live-aboard boats. It is an asset of the PEF and is operated by the Vancouver Board of Parks and Recreation.

As with other business operations in the PEF, Heather Marina is operated in anticipation of a positive financial return. As a result, moorage rates and other fees at the marina are set at or near market levels rather than being restricted to cover operating costs. The net operating income generated from the marina is recorded to the PEF and the PEF is responsible for major maintenance and recapitalization expenditures.

Moorage rates at Burrard Marina are approved by Park Board and are not discussed in this report, however, there is collaboration in setting rates at the two marinas.

#### *Strategic Analysis*

##### *Annual Adjustment to Moorage Rates:*

Moorage fees at Heather Marina account for 90% of the marina's revenues with a number of minor fees making up the balance. Moorage rates are set first to reflect the marina's operating costs and the return expectations of the PEF and then to reflect the market for moorage in False Creek and Metro Vancouver.

For the 2011/2012 season, moorage rates at Heather Marina were \$11.52 per foot of berth length per month. Prior to consideration of 2012 rate increases, moorage rates at other marinas were reviewed and range from \$10.96 per foot per month to \$20.00 per foot per month for boats up to 30 feet, a typical length for Heather Marina. Rates at Burrard Marina were \$11.37 per foot per month.

Table 1 shows the revenues and expenditures for Heather Marina in 2010, the unaudited 2011 result and the 2012 proposed budget.

Table 1: Heather Marina Revenues and Expenses

	<u>2010</u>	<u>2011</u>	<u>2012 Proposed Budget</u>
<b>REVENUES</b>			
Moorage	\$1,040,873	\$1,084,740	\$1,106,400
Other	\$101,163	\$105,087	\$105,800
<b>TOTAL REVENUE</b>	<b>\$1,142,036</b>	<b>\$1,189,827</b>	<b>\$1,212,200</b>
<b>EXPENSES</b>			
Management	\$383,641	\$423,076	\$418,800
Waterlot Lease	\$45,372	\$48,077	\$48,100
Utilities	\$69,922	\$97,391	\$100,800
Maintenance - Major Projects	\$133,830	\$52,295	\$55,000
Maintenance - Supplies & Repair	\$6,643	\$29,342	\$13,500
<b>TOTAL EXPENSES</b>	<b>\$639,407</b>	<b>\$650,181</b>	<b>\$636,200</b>
<b>Net Return to PEF</b>	<b>\$502,629</b>	<b>\$539,646</b>	<b>\$576,000</b>

The 2011 result bettered the budget expectation by approximately \$30,000 with both revenues and expenditures exceeding budget levels. Moorage rates and other fees exceeded the revenue budget by approximately \$90,000 while unanticipated building maintenance expenditures resulted in an over-expenditure of approximately \$60,000.

Using the experience of 2010 and 2011 a 2012 budget was established to maintain the net income to the PEF. Market adjustments approved for other area marinas and by the Park Board suggest a market adjustment of 2% would be appropriate. These factors are reflected in the proposed 2012 budget with the resulting net income to the PEF being anticipated at \$576,000 to account for depreciation, property taxes and return on investment.

The 2012 Operating Budget for the City has not yet been approved by Council. The proposed budget for Heather Marina in Table 1 is consistent with assumptions included in the proposed 2012 Operating Budget being presented to Council on February 28, 2012.

Table 2 summarizes the current and proposed moorage rates, including the recommended 2% adjustment.

Table 2 - Recommended Heather Marina Moorage Rates

	<b>Current Rate</b>	<b>Proposed Rate</b>
	per foot, per month (before HST)	
General Moorage	\$11.52	\$11.75
Liveaboard Moorage	\$12.06	\$12.30

General moorage is payable at contract renewal on April 1. The liveaboard moorage rate includes a 5% surcharge reflecting the cost of the monthly payment option available to owners who live aboard their boats. Liveaboard boat owners who pay their annual moorage in advance can avoid the surcharge reflected in these rates. In addition to moorage, liveaboard boat owners pay a business licence fee to the City as a proxy for property taxes for accessing City services.

The 2.0% rate increase keeps the moorage rates at Heather Marina comparable with other facilities in Metro Vancouver. The rates in Appendix A show that for a 30 foot boat, the proposed 2012 moorage rate at Heather Marina places it at about midpoint of the ten marinas surveyed (prior to any increase planned for 2012 at other marinas). This is consistent with Council policy to neither lead nor lag the market.

The Vancouver Board of Parks and Recreation is also proposing a 2% increase in moorage rates at Burrard Marina. The higher rates at Heather Marina reflect a generally newer and superior facility. The proposed 2012 general moorage rate of \$11.75 per foot per month at Heather Marina would be \$0.15 higher than the 2012 proposed rate at Burrard Marina (\$11.60 before HST, for boats 22 ft. and over).

Temporary (transient) moorage is offered by the day when berths are available. Transient rates are charged at a premium to reflect the short term duration. It is recommended that these rates also be increased by 2%.

#### *Electricity Charges:*

The use of electricity is available to recreational and liveaboard boaters for a fee. It is recommended that this consumption based fee be increased by 7.0% in 2012/13 to reflect the increasing electricity costs resulting from the British Columbia Utilities Commission approved 7% interim rate increase for BC Hydro.

#### *Major Maintenance Work:*

As the facility has been in service for over 39 years, most docks, floats and finger floats need increased maintenance. In 2011, Council approved major maintenance and repair projects totalling \$200,000. These projects included replacing and repairing floats, repairs to potable water and fire suppression systems, and repairs to electrical distribution throughout the Marina; most of which have been completed.

Park Board staff and consultants have identified a major maintenance program along with some opportunistic upgrades for Heather Marina over 2012 and 2013. This work is valued at approximately \$1.5 million (\$930,000 in 2012 and \$587,000 in 2013).

Reconfigure and Upgrade "S" Float	The most northerly float at the marina is in need of major maintenance/replacement, including floats and electrical, sewerage and fire suppression systems	\$645,000
	There is the opportunity to extend the float and add 5 new 42-foot fingers to accommodate additional boats. This enhancement could add \$85,000 annually in moorage fees resulting in a 3.4 year payback.	\$285,000
<b>Total for 2012</b>		<b>\$930,000</b>
Replace and Refurbish "O" Float	"O" float is home to the marina's liveaboard boats. Major repairs to floats and electrical, water, sewerage and fire suppression systems	\$587,000
<b>Total for 2013</b>		<b>\$587,000</b>

The enhancement work proposed for 2012 to add an estimated 5 additional berths for large boats, which are in demand in False Creek, will add approximately \$85,000 in annual moorage revenue. The payback on this investment is 3.4 years.

Recommendation B requests approval of the work recommended for 2012. Funding for the 2013 work will be requested next year. In addition, the marina operator will be identifying additional opportunities for revenue generating initiative at the marina.

### *Implications/Related Issues/Risk (if applicable)*

#### *Financial*

Pending approval of the 2012 Operating Budget, this report recommends the Heather Marina 2012 budget proposed above in Table 1, including a recommended 2% increase in moorage rates, and a recommended 7% increase in electricity rates, which will generate an estimated net income of \$576,000 for the PEF in 2012.

It is recommended that major maintenance projects planned for 2012 totalling \$930,000 be funded from the PEF.

### **CONCLUSION**

Heather Marina is an important revenue producing asset of the Property Endowment Fund. The recommendations of this report are to set moorage rates for 2012 at levels that are reflective of the market and which provide net income to the PEF of \$576,000. At the same time, ongoing maintenance, recapitalization and enhancement of the marina will ensure the asset remains in good condition.

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MARINA MOORAGE RATE COMPARISON

LOCATION	2011-12 RATE PER FOOT	2012-13 RATE PER FOOT	COMMENTS
THUNDERBIRD MARINA (West Vancouver)	\$10.96	\$11.28	3% increase over 2011 rates
SPRUCE HARBOUR MARINA (Vancouver)	\$11.02		Increase not known for 2012
BURRARD BRIDGE CIVIC MARINA (Vancouver)	\$11.38	\$11.60	Proposed 2% increase over 2011 rates
HEATHER CIVIC MARINA (Vancouver)	\$11.52	\$11.75	Proposed 2% increase over 2011 rates
FALSE CREEK FISHERMAN'S WHARF (Vancouver)	\$11.95	\$13.74	14% increase over 2011 rates
MOSQUITO CREEK MARINA (North Vancouver)	\$13.34		Increase not known for 2012
COAL HARBOUR MARINA (Vancouver)	\$13.70	\$14.05	3% increase over 2011 rates
PELICAN BAY MARINA (Vancouver)	\$20.00		Increase not known for 2012
PLAZA OF NATIONS MARINA (Vancouver)	\$20.00		Increase not known for 2012
QUAY SIDE MARINA (Vancouver)	\$16.66 to \$20.00		Increase not known for 2012

*ALL BASED ON A 30 FOOT BOAT  
TAXES NOT INCLUDED*

SUMMARY OF PROPOSED 2012 HEATHER MARINA RATES

Service	2011 Fee, Excluding HST	2012 Fee, Excluding HST
Moorage Fees:		
General Moorage	\$11.52/ft/month	\$11.75/ft/month
Liveaboard Moorage	\$12.06/ft/month	\$12.30/ft/month
Transient Moorage	\$1.39/ft/day	\$1.42/ft/day
Liveaboard Fees:		
Liveaboard Surcharge	\$26.50/month	\$26.50/month
Use of Electricity:		
Liveaboards	\$0.79/KW	\$0.85/KW
Recreational Boaters (15 amp)	\$19.23/month	\$20.58/month