



ADMINISTRATIVE REPORT

Report Date: November 12, 2008
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Meeting Date: November 25, 2008

TO: Vancouver City Council
FROM: General Manager of Business Planning and Services
SUBJECT: 2009 Heather Marina Moorage and Other Fees

RECOMMENDATION

- A. THAT the moorage rates at Heather Marina be increased by 4.0% effective April 1, 2009 as detailed in Appendix C, reflecting inflationary increases in anticipated expenses.
- B. THAT the fees for electrical services for recreational and liveaboard boaters at Heather Marina be increased by 13.12% effective April 1, 2009 as detailed in Appendix C, reflecting the proposed net increase in rates by BC Hydro for 2009.

COUNCIL POLICY

It is Council Policy that Heather Marina moorage rates reflect but do not lead the local market. Moorage rates at Heather Marina are adjusted annually to reflect cost increases and current market conditions.

PURPOSE

The purpose of this report is to seek Council approval of moorage rates and other fees and charges at Heather Marina for the period from April 1, 2009 to March 31, 2010.

BACKGROUND

The City of Vancouver owns two marinas, both situated in False Creek and managed by the Park Board. Heather Marina has 254 mooring berths, including 27 liveaboard berths, while the Burrard Civic Marina has 471 berths.

Heather Marina is an asset of the Property Endowment Fund (PEF) and is operated as a business rather than a public service. Moorage and other fees are generally at or near market levels such that operating expenses are covered and the net income accrues to the PEF. The allocation of the net income to the PEF is in recognition of the fact that depreciation is not charged to the Marina and major capital costs as well as the eventual replacement of the Marina are to be funded by the PEF. The net revenue also provides a return on investment to the PEF. Moorage and other fees and charges are set annually by Council.

On February 12, 2008 Council approved a 2.75% increase in moorage and other fees at the Marina.

DISCUSSION

1. Vancouver Area Moorage Rates

Appendix A provides a comparison of rates as of November 2008 at various marinas in the area. These rates are prior to the increase for 2009. Rates at other marinas range from \$8.50 per foot per month (with an additional annual fee of \$800 and a one time fee of \$8,000) to \$13.58 per foot per month.

2. Moorage Rates

Moorage fees at Heather Marina account for about 90% of the marina's revenues, the balance coming from other fees. Moorage fees reflect the marina's operating costs as well as the market for moorage in False Creek and the Greater Vancouver area.

Table 1 shows the revenues and expenditures for Heather Marina in 2007, the expected year end figures for 2008 and the 2009 proposed budget.

Table 1. Heather Marina Revenues and Expenses

	2007 Actual	2008 Projected Year End	2009 Proposed Budget
REVENUES			
Moorage	\$930,012	\$961,928	\$1,000,376
Other revenue	\$81,163	\$87,660	\$92,221
TOTAL REVENUE	\$1,011,175	\$1,049,588	\$1,092,597
EXPENSES			
Maintenance & Services	\$95,049	\$61,097	\$63,500
Management	\$239,763	\$369,803	\$341,999
Utilities	\$77,633	\$62,963	\$86,400
Waterlot Lease	\$31,554	\$38,117	\$38,500
TOTAL EXPENSES	\$443,999	\$531,980	\$530,399
ALLOCATION TO PEF	\$567,176	\$517,608	\$562,198

The 2008 projected Maintenance and Services expense is significantly lower in 2008 than 2007 due to additional security guard expenses during the labour action in 2007.

The 2008 projected Management expense is significantly higher due to an increase in the rent for office space at Stamps Landing from \$1,735 per month to \$4,358 per month. This increase was retroactive to January 1, 2007.

The retroactive increase in rent also resulted in a lower projected allocation to the PEF in 2008 than 2007.

Based on a review of budgeted expenditures for the marina, including the increase in rent paid by the marina, wage increases, and current market rates for moorage in greater Vancouver, it is recommended that the moorage rates at Heather Marina be increased by 4.0% for 2008. This increase will produce just over \$560,000 in net income for the marina.

The following table summarizes the current and proposed rates.

Table 2. Recommended Heather Marina Moorage Rates

	Current Fee	Proposed Fee
	per foot, per month (excluding GST)	
General Moorage	\$10.24	\$10.65
Liveaboard Moorage	\$10.72	\$11.15

The liveaboard moorage fee 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 fees.

The 4.0% rate increase keeps the moorage rates at Heather Marina comparable with other facilities in Greater Vancouver. Appendix B provides a comparison of monthly moorage charges at various marinas in the area. For a 30 foot boat, the proposed moorage at Heather Marina places it at about midpoint of the eight marinas surveyed. When annual and one-time fees that some marinas charge are taken into account, Heather Marina monthly payments for a 30 foot boat are less than all of the marinas surveyed except Burrard Marina. This is consistent with Council policy to neither lead nor lag the market.

The recommended increase also ensures that the relationship between the fees at Heather Marina and Burrard Marinas is maintained. The higher rates at Heather Marina reflect a generally newer and superior facility. A general moorage fee of \$10.65 per foot per month would be \$0.32 greater than the proposed 2009 rate at Burrard Marina (\$10.33 before GST, for boats 22 ft. and over).

Temporary (transient) moorage is offered by the day when berths are available. Transient fees are charged at a premium to reflect the short term duration. It is recommended that these fees are increased by 4%. Appendix C provides a breakdown of current and proposed rate and other fees for Heather Marina.

3. Electricity Charges

The use of electricity is available to recreational and liveaboard boaters. It is recommended that this charge be increased by 13.12% to reflect the net increase proposed by BC Hydro for 2009.

FINANCIAL IMPLICATIONS

The recommended increase in moorage rates will retain the current net income to the Property Endowment Fund.

NOTIFICATION TO INTERESTED PARTIES

Notification of the proposed changes in moorage rates and other fees at Heather Marina for 2009 and the date upon which the increase will be considered have been posted at the Marina.

CONCLUSION

This report recommends a general fee increase of 4.0% to moorage rates and an increase of 13.12% to electricity charges at the Heather Marina to reflect anticipated cost increases.

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MARINA MOORAGE RATE COMPARISON - AS AT NOVEMBER 2008

LOCATION	2009 RATES ¹	% CHANGE FROM 2008
Heather Marina - Vancouver	\$10.65/ft/month (Recreational) (proposed) \$11.15/ft/month (Liveaboard) (proposed)	4.00% 4.00%
Burrard Civic Marina - Vancouver	\$9.09/ft/month (21 ft. and under) \$10.33/ft/month (22 ft. and over)	4.00% 4.00%
Coal Harbour Marina - Vancouver	2008 Rates: \$12.26/ft/month (30 ft. and under) \$12.78/ft/month (34 ft.) \$13.03/ft/month (36 ft.) \$13.58/ft/month (40 ft.)	Increase from 2007: 10.0% 10.0% 10.0% 10.0%
False Creek Marina - Vancouver	Members only (2008 Rates): Annual fee of \$800 plus: \$8.50/ft/month (36 ft. and under) \$9.00/ft/month (over 36 ft.) \$0.75/ft/day + \$5.00/day utility (Members - Temporary Moorage) \$1.50/ft/day + \$5.00/day utility (Non-Members - Temporary Moorage) Liveaboards: pay member moorage rates + \$100/month + \$800 (annual fee) + \$8,000 (one time initiation fee)	Increase from 2007: 6.3% 5.9% No change in annual fees, temporary moorage or one-time fees.
Spruce Harbour Marina - Vancouver	Recreational: \$9.50/ft/mo (all sizes) Liveaboard: \$5.15/ft/mo. +\$49,000 (license and co-op fee)	No increase in recreational moorage or liveaboard monthly moorage; Proposed 4.25% increase in license and co-op fee
Pelican Bay Marina - Vancouver	Annual Rate of \$5,000 to \$20,000	Upper end of annual rate increased 25% from \$16,000 to \$20,000 in 2008
Mosquito Creek Marina - North Vancouver	2008 Rates: \$12.13/ft/month (26 feet) \$12.38/ft/month (30 feet)	Increase from 2007: 15.0% 15.0%
Thunderbird Marina - West Vancouver	2008 Rates: \$8.85/ft/month (24 ft.) \$9.87/ft/month (26 ft.) \$11.16/ft/month (30 ft.)	Increase from 2007: 2.0% 2.0% 2.0%

Notes:

1. All rates exclude GST

COMPARISON OF MONTHLY MOORAGE FOR A 30 FOOT RECREATIONAL BOAT¹

LOCATION	Rates ²	Monthly Moorage	Comments
Spruce Harbour Marina - Vancouver	\$9.50/foot/month	\$441.67	Includes monthly payment of co-op fee (\$49,000 assumed to be amortized over 25 years)
Pelican Bay Marina - Vancouver	\$13.10/foot/month	\$393.08	Based on an annual rate of \$5,000. Annual rates at the marina range from \$5,000 to \$20,000
Mosquito Creek Marina - North Vancouver	\$12.38/foot/month	\$371.40	
Coal Harbour Marina - Vancouver	\$12.26/foot /month	\$367.88	
Thunderbird Marina - West Vancouver	\$11.16/foot/month	\$334.80	
False Creek Marina - Vancouver	\$8.50/foot/month	\$321.67	Includes monthly portion of \$800 annual fee
Heather Marina - Vancouver	\$10.65/foot/month	\$319.50	
Burrard Civic Marina - Vancouver	\$10.33/foot/month	\$309.90	

Notes:

1. Monthly fee includes portion of annual fee where applicable
2. Heather Marina, Burrard Marina and Spruce Harbour are based on proposed 2009 rate per foot per month for a 30 foot recreational boat; all other marinas based on 2008 rate per foot per month for a 30 foot recreational boat

SUMMARY OF PROPOSED 2009 HEATHER MARINA FEES

Service	2008 Fee, Excluding GST	2009 Fee, Excluding GST
Moorage Fees:		
General Moorage	\$10.24/ft/month	\$10.65/ft/month
Liveaboard Moorage	\$10.72/ft/month	\$11.15/ft/month
Transient Moorage	\$1.24/ft/day	\$1.29/ft/day
Liveaboard Fees:		
Liveaboard Surcharge	\$26.50/month	\$26.50/month
Use of Electricity:		
Liveaboards	\$0.70/KW	\$0.79/KW
Recreational Boaters (15 amp)	\$17.00/month	\$19.23/month