



ADMINISTRATIVE REPORT

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Report Date: November 19, 2009
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Meeting Date: December 15, 2009

TO: Vancouver City Council
FROM: General Manager of Business Planning and Services
SUBJECT: 2010 Heather Marina Moorage and Other Fees

RECOMMENDATION

- A. THAT moorage rates at Heather Marina be increased by 4.0% and other fees be adjusted as detailed in Appendix C, effective April 1, 2010, reflecting inflationary increases in anticipated expenses.
- B. THAT Council approve one-time maintenance expenditures at Heather Marina of \$395,000 as outlined in this report; source of funding to be the Property Endowment Fund (PEF).

CITY MANAGER RECOMMENDATION

The City Manager RECOMMENDS approval of the foregoing.

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, 2010 to March 31, 2011.

BACKGROUND

The City of Vancouver owns two marinas, both situated in False Creek. Burrard Marina is a 471 berth marina located at the entrance to False Creek and is owned and operated by the Park Board. Heather Marina is located on the south side of False Creek west of Cambie Bridge and has 254 mooring berths, including 27 live-aboard berths.

Heather Marina is an asset of the Property Endowment Fund (PEF) and is operated with the expectation of a financial return. Moorage and other fees are set at or near market levels such that operating expenses are covered and the net income accrues to the PEF. The allocation of net income to the PEF recognizes 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 November 25, 2008 Council approved a 4.0% 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 2009 at various marinas in the area. Rates at other marinas range from \$8.21 per foot per month to \$12.79 per foot per month for boats up to 30 feet, which is typical at Heather Marina. These rates are prior to the increase for 2010.

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 2008, the expected year end figures for 2009 and the 2010 proposed budget.

Table 1. Heather Marina Revenues and Expenses

	2008 Actual	2009 Projected Year End	2010 Proposed Budget
REVENUES			
Moorage	\$961,129	\$998,351	\$1,038,336
Other revenue	\$84,103	\$105,597	\$108,510
TOTAL REVENUE	\$1,045,232	\$1,103,948	\$1,146,846
EXPENSES			
Maintenance & Services	\$67,741	\$179,790	\$141,800
Management	\$368,171	\$329,409	\$362,999
Utilities	\$73,348	\$76,532	\$85,000
Waterlot Lease	\$35,882	\$35,875	\$36,000
TOTAL EXPENSES	\$545,143	\$621,606	\$625,799
ALLOCATION TO PEF	\$500,089	\$482,342	\$521,047

The 2009 projected year end Maintenance and Service expenses are higher than 2008 due to significant repair work undertaken at the marina.

Based on a review of budgeted expenditures for the marina, including the increased maintenance costs, wage increases for marina staff 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 2010. This increase will result in net income of \$521,000 to the Property Endowment Fund.

The following table summarizes the current and proposed rates.

Table 2. Recommended Heather Marina Moorage Rates

	Current Fee	Proposed Fee
	per foot, per month (before GST/HST)	
General Moorage	\$10.65	\$11.08
Liveaboard Moorage	\$11.15	\$11.60

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. The rates in Appendix A show that for a 30 foot boat, the proposed 2010 moorage at Heather Marina places it at about midpoint of the eight marinas surveyed (prior to any increases in 2010 for the other marinas). 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 \$11.08 per foot per month would be \$0.37 greater than the proposed 2010 rate at Burrard Marina (\$10.71 before GST/HST, 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 B provides a breakdown of current and proposed rate and other fees for Heather Marina.

3. One-time Maintenance Costs

Ongoing review of the maintenance requirements at the marina indicate additional one-time maintenance costs will be required for 2010. These projects and costs are identified in Table 3.

Table 3. 2010 Major Maintenance Costs

Maintenance Item	Estimated Cost
Repair and replacement of floats	\$200,000
Repair of float under the Vacusystem and installation of a new Vacusystem	\$125,000
Replacement and repair of electrical, water and sewer services	\$50,000
Replacement of service building	\$20,000
Total one time maintenance costs	\$395,000

It is recommended that these costs be funded from the PEF.

4. Electricity Charges

The use of electricity is available to recreational and liveaboard boaters. It is recommended that this charge not be increased in 2010 because the 2009 BC Hydro rate increase was not as high as initially predicted and the 2010 increase in BC Hydro rates is not known at this time.

FINANCIAL IMPLICATIONS

The recommended increase in moorage rates will result in net income to the Property Endowment Fund of \$521,000 in 2010.

CONCLUSION

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

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MARINA MOORAGE RATE COMPARISON - AS AT NOVEMBER 2009

LOCATION	RATES AS OF NOVEMBER 2009	COMMENTS
Heather Marina - Vancouver	Proposed 2010 Rates: \$11.08/ft/month (Recreational) \$11.60/ft/month (Liveaboard)	Proposed 4.00% increase over 2009
Burrard Civic Marina - Vancouver	Proposed 2010 Rates: \$9.42/ft/month (21 ft. and under) \$10.71/ft/month (22 ft. and over)	Proposed 4.00% increase over 2009 rates
Coal Harbour Marina - Vancouver	2009 Rates: \$12.58/ft/month (30 ft. and under)	Increase not known for 2010
Spruce Harbour Marina - Vancouver	2009 Rates: Recreational: \$10.00/ft/mo (all sizes) Liveaboard: \$5.15/ft/mo. +\$49,000 (license and co-op fee)	Recreational fees will increase in 2010 but amount of increase not known at this time.
Mosquito Creek Marina - North Vancouver	2009 Rates: \$12.53/ft/month (26 feet) \$12.79/ft/month (30 feet)	Increase not known for 2010
Mosquito Creek Marina - A Dock - North Vancouver	2009 Rate for a 30 foot boat: \$10.62/ft/month (paid annually)	Increase not known for 2010
Lynwood Marina - North Vancouver	2009 Rates for a 26 foot boat: Annually = \$8.21/ft/month 2009 Rates for a 30 foot boat: Annually = \$9.04/ft/month	Increase not known for 2010
Thunderbird Marina - West Vancouver	2009 Rates (Annual rate paid in advance): \$10.27/ft/month (26 feet) \$11.61/ft/month (30 feet)	Increase not know for 2010

Notes:

1. All rates exclude GST/HST

SUMMARY OF PROPOSED 2010 HEATHER MARINA FEES

Service	2009 Fee, Excluding GST/HST	2010 Fee, Excluding GST
Moorage Fees:		
General Moorage	\$10.65/ft/month	\$11.08/ft/month
Liveaboard Moorage	\$11.15/ft/month	\$11.60/ft/month
Transient Moorage	\$1.29/ft/day	\$1.34/ft/day
Liveaboard Fees:		
Liveaboard Surcharge	\$26.50/month	\$26.50/month
Use of Electricity:		
Liveaboards	\$0.79/KW	\$0.79/KW
Recreational Boaters (15 amp)	\$19.23/month	\$19.23/month