



ADMINISTRATIVE REPORT

Report Date: December 2, 2010
Contact: Grace Cheng
Contact No.: 604.871.6654
RTS No.: 08974
VanRIMS No.: 08-2000-20
Meeting Date: December 14, 2010

TO: Vancouver City Council
FROM: Director of Financial Services
SUBJECT: 2011 Heather Marina Moorage and Other Fees

RECOMMENDATION

- A. THAT moorage fees at Heather Marina be increased by 4.0% as detailed in Appendix B, effective April 1, 2011, reflecting anticipated increase in operating costs.*
- B. THAT Council approve major maintenance expenditures of \$200,000 at Heather Marina 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 fees reflect but do not lead nor lag the local market. Moorage fees at Heather Marina are adjusted annually to reflect anticipated cost increases and market conditions.

PURPOSE

The purpose of this report is to seek Council approval of an increase in moorage fees at Heather Marina for the period from April 1, 2011 to March 31, 2012 as well as major maintenance expenditures for 2011.

BACKGROUND

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 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. It is an asset of the PEF and is operated by Park Board.

In general, moorage and other fees at both marinas are set at or near market levels to cover operating expenses and generate a financial return. As Heather Marina is an asset of the PEF, the PEF holds the net operating income generated from the marina and is responsible for major maintenance expenditures as well as the eventual replacement of the Marina.

Fees at Burrard Marina are approved by Park Board and are not discussed in this report.

DISCUSSION

Moorage Fees

Moorage fees at Heather Marina account for 90% of the marina's revenues with 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 Metro Vancouver. As of November 2010, rates at other marinas range from \$8.70 per foot per month to \$13.24 per foot per month for boats up to 30 feet. These rates are prior to any increase planned for 2011. See Appendix A for details.

Table 1 shows the revenues and expenditures for Heather Marina in 2009, the projected year end figures for 2010, and the 2011 proposed budget.

Table 1: Heather Marina Revenues and Expenses

	2009	2010 Projected Year End	2011 Proposed Budget
REVENUES			
Moorage	\$997,351	\$931,849	\$969,100
Other	\$102,467	\$98,749	\$94,200
TOTAL REVENUE	\$1,099,818	\$1,030,598	\$1,063,300
EXPENSES			
Management	\$385,150	\$350,044	\$368,100
Waterlot Lease	\$35,875	\$45,372	\$45,400
Utilities	\$87,177	\$75,253	\$85,700
Maintenance - Major Projects	\$98,991	\$393,119	\$200,000
Maintenance - Supplies & Repair	\$13,890	\$9,748	\$34,700
TOTAL EXPENSES	\$621,083	\$873,537	\$733,900
Net Return to PEF	\$478,734	\$157,061	\$329,400

Based on the anticipated increase in operating costs in 2011, including maintenance and staff wages, and current market rates for moorage in Metro Vancouver, it is recommended that the moorage fees at Heather Marina be increased by 4.0% for 2011. Table 2 summarizes the current and proposed fees.

Table 2 - Recommended Heather Marina Moorage Fees

	Current Fee	Proposed Fee
	per foot, per month (before HST)	
General Moorage	\$11.08	\$11.52
Liveaboard Moorage	\$11.60	\$12.06

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 Metro Vancouver. The rates in Appendix A show that for a 30 foot boat, the proposed 2011 moorage at Heather Marina places it at about midpoint of the eight marinas surveyed (prior to any increase planned for 2011 at other marinas). This is consistent with Council policy to neither lead nor lag the market.

On November 15, 2010, Park Board approved a 4% increase in moorage fees at Burrard Marina. The higher fees at Heather Marina reflect a generally newer and superior facility. The proposed 2011 general moorage fee of \$11.52 per foot per month at Heather Marina would be \$0.38 higher than the 2011 fee at Burrard Marina (\$11.14 before 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 be increased by 4%.

Electricity Charges

The use of electricity is available to recreational and liveaboard boaters for a fee. It is recommended that this fee not be increased in 2011 as the anticipated BC Hydro rate increase has not materialized.

Appendix B summarizes the current and proposed moorage fees and other fees for Heather Marina.

Major Maintenance Work

As the facility has been in service for over 38 years, most docks, floats and finger floats need increased maintenance. In 2010, Council approved major maintenance and repair projects totalling \$395,000. These projects included replacing and repairing floats, and installing a new Vacusystem to pump out water and/or sewage tank from the boats; most of which have been completed.

Ongoing review of the maintenance requirements at the marina indicates that additional work is required for 2011. These projects and costs are identified in Table 3.

Table 3 - 2011 Major Maintenance Projects

Maintenance item	Estimated Cost
Repair to "O" Float's timbers supporting Electrical Kiosks and extensive repairs to finger float	\$74,000
Repairs to timbers on floats throughout the Marina	\$52,000
Repairs to potable water and Fire Suppression supplies and VacuSystem on "O" Float and throughout the Marina	\$38,000
Repairs to Electrical distribution on "O" Float and "S" and throughout the Marina	\$24,000
Replace the surface on main ramp and bolts on ramp pivots	\$12,000
Total one-time maintenance costs for 2011	\$200,000

FINANCIAL IMPLICATIONS

The recommended 4% increase in moorage rates, net of major maintenance and other operating expenses, will generate an estimated net income of \$329,400 for the PEF in 2011. It is recommended that major maintenance projects planned for 2011 totalling \$200,000 be funded from the PEF.

CONCLUSION

This report recommends a 4% increase to moorage rates at Heather Marina to reflect anticipated cost increases, and \$200,000 of major maintenance projects to be funded from the PEF.

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MARINA MOORAGE RATE COMPARISON - AS AT NOVEMBER 2010

LOCATION	RATES AS OF NOVEMBER 2010	PROPOSED 2011 RATES	COMMENTS
Heather Marina - Vancouver	\$11.08/ft/month (Recreational) \$11.60/ft/month (Liveaboard)	\$11.52/ft/month (Recreational) \$12.06/ft/month (Liveaboard)	Proposed 4.00% increase over 2010 rates
Burrard Civic Marina - Vancouver	\$9.42/ft/month (21 ft. and under) \$10.71/ft/month (22 ft. and over)	\$9.80/ft/month (21 ft. and under) \$11.14/ft/month (22 ft. and over)	Proposed 4.00% increase over 2010 rates
Coal Harbour Marina - Vancouver	\$12.96/ft/month (30 ft. and under)		Increase not known for 2011
Spruce Harbour Marina - Vancouver	Recreational: \$10.25/ft/mo (all sizes) Liveaboard: \$5.15/ft/mo. +\$49,000 (license and co-op fee)	Recreational: \$10.76/ft/mo (all sizes) Liveaboard: \$5.15/ft/mo. +\$49,000 (license and co-op fee)	Proposed 5.00% increase over 2010 rate for recreational; no increase for liveaboard
Mosquito Creek Marina - North Vancouver	\$12.53/ft/month (26 feet) \$13.31/ft/month (30 feet)		Increase not known for 2011
Mosquito Creek Marina - A Dock - North Vancouver	For a 30 foot boat: \$13.24/ft/month (paid annually)		Increase not known for 2011
Lynwood Marina - North Vancouver	For a 26 foot boat: Annually = \$8.70/ft/month For a 30 foot boat: Annually = \$9.31/ft/month		Increase not known for 2011
Thunderbird Marina - West Vancouver	Annual rate paid in advance: \$10.67/ft/month (26 feet) \$12.07/ft/month (30 feet)		Increase not know for 2011

Notes:

1. All rates exclude GST/HST

SUMMARY OF PROPOSED 2011 HEATHER MARINA FEES

Service	2010 Fee, Excluding HST	2011 Fee, Excluding HST
Moorage Fees:		
General Moorage	\$11.08/ft/month	\$11.52/ft/month
Liveaboard Moorage	\$11.60/ft/month	\$12.06/ft/month
Transient Moorage	\$1.34/ft/day	\$1.39/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