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ADMINISTRATIVE REPORT

Report Date: February 13, 2013
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Meeting Date: February 26, 2013

TO: Vancouver City Council

FROM: General Manager of Real Estate & Facilities Management and the Director of Finance

SUBJECT: 2013 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 1.44% increase in fees for electricity, as detailed in Appendix B, effective April 1, 2013.
- B. THAT Council approve a Condition Assessment Report at a maximum cost of \$15,000 for Heather Marina; 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, 2013 to March 31, 2014;
- Condition Assessment Report for Heather Marina.

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 Real Estate and Facilities Management 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 2012/2013 season, moorage rates at Heather Marina were \$13.16 (incl tax) per foot of berth length per month. Prior to consideration of 2013 rate increases, moorage rates at other marinas were reviewed and range from \$11.28 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 \$12.75 per foot per month.

Table 1 shows the revenues and expenditures for Heather Marina's unaudited 2012 results and the 2013 proposed budget.

**Table 1: Heather Marina Revenues and Expenses:
2012 Results and 2013 Proposed Budget**

	<u>2012 Budget</u>	<u>2012 Actual</u>	<u>2012 Variance</u>	<u>2013 Proposed Budget</u>
REVENUES				
Moorage	\$ 999,800	\$ 1,096,562	\$ 96,762	\$ 1,118,500
Other	\$ 95,800	\$ 107,152	\$ 11,352	\$ 110,500
TOTAL REVENUE	\$ 1,095,600	\$ 1,203,714	\$ 108,114	\$ 1,229,000
EXPENSES				
Management	\$ 442,547	\$ 421,223	\$ (21,324)	\$ 414,400
Waterlot Lease	\$ 45,400	\$ 48,612	\$ 3,212	\$ 49,000
Utilities	\$ 84,500	\$ 86,526	\$ 2,026	\$ 89,900
Maintenance - Major Projects	\$ -	\$ 12,047	\$ 12,047	\$ 45,000
Maintenance - Supplies & Repair	\$ 9,400	\$ 17,871	\$ 8,471	\$ 12,000
TOTAL EXPENSES	\$ 581,847	\$ 586,279	\$ 4,432	\$ 610,300
Net Return to PEF	\$ 513,753	\$ 617,434	\$ 103,681	\$ 618,700

The 2012 net return to the PEF exceeded the budget expectation by approximately \$104,000. Moorage revenues were over budget by almost \$97,000, however slightly higher than anticipated building maintenance and utilities expenditures resulted in an over expenditure of approximately \$4,000.

Using the results from prior years, a 2013 budget has been 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 2013 budget with the resulting net income to the PEF being anticipated at \$618,700 to account for depreciation, property taxes and return on investment.

The proposed 2013 budget for Heather Marina in Table 1 is consistent with the assumptions that were included in the 2013 Operating Budget, which was approved by Council on December 11, 2012.

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

Table 2 - Recommended Heather Marina Moorage Rates

	<u>Current Rate</u>	<u>Proposed Rate</u>
	per foot, per month (incl tax)	
General Moorage	\$13.16	\$13.44
Liveboard Moorage	\$13.78	\$14.11

General moorage is payable at contract renewal on April 1. The live-aboard moorage rate includes a 5% surcharge reflecting the cost of the monthly payment option available to owners who live aboard their boats. Live-aboard boat owners who pay their annual moorage in advance can avoid the surcharge reflected in these rates. In addition to moorage, live-aboard 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 2013 moorage rate at Heather Marina places it at about midpoint of the ten marinas surveyed (prior to any increase planned for 2013 at other marinas). This is consistent with Council policy to neither lead nor lag the market.

The Vancouver Board of Parks and Recreation approved a 2% increase in moorage rates at Burrard Marina. The higher rates at Heather Marina reflect a generally newer and superior facility.

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 live-aboard boaters for a fee. It is recommended that this consumption based fee be increased by 1.44% in 2013/14 to reflect the increasing electricity costs resulting from the British Columbia Utilities Commission approved 1.44% interim rate increase for BC Hydro.

Major Capital Maintenance Work:

As the facility has been in service for over 40 years, most docks, floats and finger floats need increased maintenance. In 2012, Council approved major capital maintenance and repair projects totalling \$930,000. These projects included replacing, repairing and extending 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 Real Estate and Facilities Management staff have requested a Condition Assessment Report in order to identify the current condition of the marina structures. This report will provide recommendations for any required remedial and maintenance work to maintain the marina in a safe and operational condition.

Condition Assessment Report	Purpose is to assess the current condition of the marine structures and provide recommendations for remedial/maintenance work that may be required in order to maintain the marina in a safe and operational condition.	\$15,000
Total for 2013		\$15,000

Recommendation B requests approval of the condition assessment report, recommended for 2013. Funding for maintenance work identified in this condition assessment report will be requested in 2014 and future years.

Implications/Related Issues/Risk (if applicable)

Financial

This report recommends a Heather Marina 2013 budget (proposed above in Table 1). This budget includes a recommended 2% increase in moorage rates, and a recommended 1.44% increase in electricity rates, and is estimated to generate a net income of \$618,700 for the PEF in 2013.

It is recommended that a Condition Assessment Report planned for 2013, at a cost of up to \$15,000 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 2013 at levels that are reflective of the market and which provide net income to the PEF of \$618,700. At the same time, an enhancement condition assessment of the marina will provide us with the information necessary to ensure the asset remains in good condition.

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MARINA MOORAGE RATE COMPARISON

LOCATION	2012-13 RATE PER FOOT	2013-14 RATE PER FOOT	COMMENTS
THUNDERBIRD MARINA (West Vancouver)	\$11.28	\$14.15	25% increase over 2012 rates
SPRUCE HARBOUR MARINA (Vancouver)	\$11.78	\$11.99	2% increase over 2012 rates
BURRARD BRIDGE CIVIC MARINA (Vancouver)	\$12.75	\$13.00	2% increase over 2012 rates
HEATHER CIVIC MARINA (Vancouver)	\$13.16	\$13.44	2% increase over 2012 rates
FALSE CREEK FISHERMAN'S WHARF (Vancouver)	\$13.74		Increase not known for 2013
MOSQUITO CREEK MARINA (North Vancouver)	\$13.34		Increase not known for 2013
COAL HARBOUR MARINA (Vancouver)	\$14.05	\$15.35	9% increase over 2012 rates
PELICAN BAY MARINA (Vancouver)	\$20.00		Increase not known for 2013
PLAZA OF NATIONS MARINA (Vancouver)	\$20.00		Increase not known for 2013
QUAY SIDE MARINA (Vancouver)	\$16.66 to \$20.00	\$22.45	12% - 35% increase over 2012 rates

ALL BASED ON A 30 FOOT BOAT

TAXES INCLUDED

Service	2012 Fee, Including HST	2013 Fee, Including HST
Moorage Fees:		
General Moorage	\$13.16/ft/month	\$13.44/ft/month
Liveaboard Moorage	\$13.78/ft/month	\$14.11/ft/month
Transient Moorage	\$1.59/ft/day	\$1.62/ft/day
Liveaboard Fees:		
Liveaboard Surcharge	\$29.68/month	\$29.68/month
Use of Electricity:		
Liveaboards	\$0.95/KW	\$0.96/KW
Recreational Boaters (15 amp)	\$23.05/month	\$23.39/month