



ADMINISTRATIVE REPORT

Report Date: February 10, 2016
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Meeting Date: March 9, 2016

TO: Standing Committee on City Finance and Services
FROM: General Manager of Real Estate & Facilities Management
SUBJECT: 2016 Heather Marina Moorage Rates and Other Fees

RECOMMENDATION

THAT Council approves adjustments to fees and charges at Heather Marina, including a 2.4% general increase in moorage rates and electrical connection fees, effective April 1, 2016.

REPORT SUMMARY

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

- For the change in moorage rates and other fees at Heather Marina for the period from April 1, 2016 to March 31, 2017.

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 RECOMMENDS approval.

REPORT

Background/Context

The City of Vancouver owns two (2) 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 two hundred and seventy (270) berths, including twenty-seven (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 reasonable 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 the Park Board and are not the subject of this report; however, there is cross department collaboration in setting appropriate rates at the two marinas.

Strategic Analysis

Annual Adjustment to Moorage Rates:

Moorage rates at Heather Marina account for 88% 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 rate for moorage in False Creek and Metro Vancouver.

For the 2014/2015 season, moorage rates at Heather Marina were \$12.84 (incl. tax) per foot of berth length per month. Prior to consideration of 2016 rate increases, moorage rates at other marinas were reviewed, and these range from \$10.28 per foot per month to \$26.52 per foot per month for boats up to 30 feet, a typical length for Heather Marina. Rates at Burrard Marina were \$12.43 per foot per month.

Table 1 shows the revenues and expenditures for Heather Marina's unaudited 2015 results and the 2016 proposed budget.

**Table 1: Heather Marina Revenues and Expenses:
2015 Results and 2016 Budget**

	<u>2015 Budget</u>	<u>2015 Actual</u>	<u>2015 Variance</u>	<u>2016 Proposed Budget</u>
REVENUES				
Moorage	\$ 1,133,890.00	\$ 1,189,510.65	\$ 55,620.65	\$ 1,161,103.36
Other	\$ 51,040.00	\$ 63,528.65	\$ 12,488.65	\$ 52,264.96
TOTAL REVENUE	\$ 1,184,930.00	\$ 1,253,039.30	\$ 68,109.30	\$ 1,213,368.32
EXPENSES				
Management	\$ 630,750.00	\$ 489,978.94	\$ (140,771.06)	\$ 650,039.00
Waterlot Lease	\$ 45,850.00	\$ 43,825.85	\$ (2,024.15)	\$ 46,309.00
Utilities	\$ 98,140.00	\$ 91,206.82	\$ (6,933.18)	\$ 100,495.36
Maintenance - Major Projects	\$ -	\$ -	\$ -	\$ -
Maintenance - Supplies & Repair	\$ -	\$ 3,683.86	\$ 3,683.86	\$ -
TOTAL EXPENSES	\$ 774,740.00	\$ 628,695.47	\$ (5,273.47)	\$ 796,843.36
Net return to PEF	\$ 410,190.00	\$ 624,343.83	\$ 214,153.83	\$ 416,524.96

The 2015 net return to the PEF exceeded the budget expectation by approximately \$214,200. Moorage revenues were over budget by almost \$56,000.

Using the results from prior years, a 2016 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 2.4% is appropriate. These factors are reflected in the proposed 2016 budget with the resulting 2016 net income to the PEF being anticipated at \$416,525 to account for depreciation, recapitalization, property taxes and return on investment.

The proposed 2016 budget for Heather Marina in Table 1 is consistent with the assumptions that were included in the 2016 Operating Budget, which was approved by Council on December 16, 2015.

Table 2 summarizes the current and proposed moorage rates, including the recommended 2.4% adjustment.

Table 2 - Recommended Heather Marina Moorage Rates

	<u>Current Rate</u>	<u>Proposed Rate</u>
	per foot, per month (incl. tax)	
General Moorage	\$12.84	\$13.14
Live-aboard Moorage	\$12.84	\$13.14

General moorage is payable at contract renewal on April 1. The live-aboard moorage rate has an additional monthly \$26.50 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 2.4% 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 thirty (30) foot boat, the proposed 2016 moorage rate at Heather Marina places it in the same range increase as Burrard Marina. This is consistent with Council policy to neither lead nor lag the market.

The Vancouver Board of Parks and Recreation approved a 2.4% increase in moorage rates at Burrard Marina.

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 2.4%.

Electricity Charges:

The use of electricity is available to recreational and live-aboard boaters for a fee. It is recommended that this electrical connection fee be increased by 2.4% in 2016 so as to be consistent with electrical connection fee increases previously approved at the Burrard Marina.

Major Capital Maintenance Work:

As the facility has been in service for over forty (40) years, most docks, floats and finger floats need increased maintenance. In 2015, Council approved, via the 2016 PEF Capital budget, major capital maintenance and repair projects at Heather Marina totalling \$700,000. These projects included replacing and repairing a dock float, repairs to potable water and fire suppression systems, and repairs to electrical distribution. Preliminary work has commenced, with the project expected to be complete in the 4th quarter of 2016.

Implications/Related Issues/Risk (if applicable)

Financial

This report recommends a Heather Marina 2016 budget (proposed above in Table 1). This budget includes a recommended 2.4% increase in moorage rates, and a recommended 2.4% increase in electricity connection fees, and is estimated to generate a net income of \$416,525 for the PEF in 2016.

CONCLUSION

Heather Marina is an important revenue producing asset of the Property Endowment Fund. The recommendations of this report are to set fee and charges, including moorage rates for 2016 at levels that are reflective of the market and which provide net income to the PEF of \$416,525. At the same time, the continuing net income stream of the marina will enable continuing capital maintenance investments for the facility as required.

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MARINA MOORAGE RATE COMPARISON

LOCATION	2015 RATE PER FOOT	2016 RATE PER FOOT	COMMENTS
Pacific Boulevard Marina (Vancouver)	\$20.00	\$21.00	5% increase over 2015 rates
Quay Side Marina (Vancouver)	\$26.52	\$30.62	15% increase over 2015 rates
Thunderbird Marina (West Vancouver)	\$14.15	\$14.89	5% increase over 2015 rates
Milltown Marina (Vancouver)	\$12.33	\$14.00	13.5% increase over 2015 rates
Burrard Bridge Civic Marina (Vancouver)	\$12.43	\$12.73	2.4% increase over 2015 rates
Heather Civic Marina (Vancouver)	\$12.84	\$13.14	2.4% increase over 2015 rates
False Creek Fisherman's Wharf (Vancouver)	\$10.28		Increase not known for 2016
Reed Point Marina (Port Moody)	\$10.42	\$10.85	4% increase over 2015 Rates
Mosquito Creek Marina (North Vancouver)	\$11.58		Increase not known for 2016

ALL BASED ON A 30 FOOT BOAT

TAXES INCLUDED

Service	2015 Fee, Including GST	2016 Fee, Including GST
Moorage Fees:		
General Moorage	\$12.84/ft/month	\$13.14/ft/month
Liveaboard Moorage	\$12.84/ft/month	\$13.14/ft/month
Transient Moorage	\$1.55/ft/day	\$1.58/ft/day
Liveaboard Fees:		
Under 21 ft. (per annum)	\$1,236.24	\$1,265.90
21 ft. to 26 ft. (per annum)	\$1,495.32	\$1,531.20
27 ft. to 31 ft. (per annum)	\$1,684.02	\$1,724.43
32 ft. to 37 ft. (per annum)	\$1,920.66	\$1,966.75
Over 37 ft. (per annum)	\$2,119.56	\$2,170.42
Electrical Connection Fee		
Liveaboards	\$0.098/KW	\$0.098/KW
Recreational Boaters (15 amp)	\$22.38/month	\$22.91/month