

RESOLUTION NO. 2014-0076

Adopted by the Sacramento City Council

March 25, 2014

SACRAMENTO MARINA BERTH RENTAL RATE REDUCTION AND RATE RANGES

BACKGROUND

- A. The Sacramento Marina operates as a Special Revenue Fund with revenue generated primarily from berth rentals, fuel sales, and a mini store.
- B. In June 2010, it was determined that a 12 percent average increase for Fiscal Year (FY) 2010-11 and FY 2011-12 would cause the occupancy rate at the Marina to decline significantly, resulting in a revenue shortfall. A revised berth rental rate schedule was adopted which modified the rate structure, resulting in no rate increase in FY 2010-11 and a flat 6 percent annual increase beginning in FY 2011-12 and each fiscal year thereafter.
- C. In May 2011, as occupancy rates and revenues continued to decline, the berth rental rate schedule was reduced to an annual 3 percent increase..
- D. Today, occupancy and revenue has continued to decline primarily due to the downturn in the economy and higher berth rental rates than other marinas in the Delta area.
- E. Reduced berth rental rates, coupled with Marina enhancements, are needed to retain existing tenants and attract new tenants to improve the occupancy rate and increase revenue generated.
- F. Granting authority to the Director of Public Works, or designee, to adjust rates within a range will provide greater flexibility to improving the financial situation and occupancy rates.
- G. On March 25, 2014, the City Council conducted a public hearing, for which notice was given, and received and considered comments concerning the lowering of berth rental rates and granting authority to the Director of Public Works, or designee, to adjust rates from time to time within a range.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The Sacramento Marina Business Plan as a guide for Marina Operations is accepted.
- Section 2. The range of rates for the Sacramento Marina berth rental rates set forth in Exhibit A are approved.
- Section 3. The Director of Public Works, or designee, is authorized to adjust Marina berth rental rates within the ranges shown in Exhibit A.
- Section 4. Exhibits A and B are incorporated into and are part of this Resolution.

Table of Contents:

- Exhibit A – Marina Berth Rental Rate Ranges
- Exhibit B – Marina Business Plan

Adopted by the City of Sacramento City Council on March 25, 2014, by the following vote:

Ayes: Members Ashby, Cohn, Fong, Hansen, McCarty, Pannell, Schenirer, Warren and Mayor Johnson

Noes: None

Abstain: None

Absent: None

Attest:

Shirley A. Concolino

Digitally signed by Shirley A. Concolino
DN: cn=Shirley A. Concolino, o=City of Sacramento, ou=City
Clerk, email=sconcolino@cityofsacramento.org, c=US
Date: 2014.04.08 12:51:05 -07'00'

Shirley Concolino, City Clerk

**City of Sacramento
Marina Berth Rental Rate Ranges
March 2014**

Berth Size	CURRENT RATES		PROPOSED RENTAL RATE RANGES	
	Rate/ft.	Cost/mo.	Rental Rate/ft.	Rental Rate/mo.
25' uncovered	\$9.96	\$249	\$7.00 - \$13.00	\$175.00 - \$325.00
25' covered	\$11.44	\$286	\$8.00 - \$15.00	\$200.00 - \$375.00
28' covered	\$11.79	\$330	\$8.25 - \$15.50	\$231.00 - \$434.00
30' covered	\$13.00	\$390	\$9.00 - \$17.00	\$270.00 - \$510.00
35' covered	\$13.37	\$468	\$9.25 - \$17.50	\$325.00 - \$613.00
40' covered	\$13.83	\$553	\$9.50 - \$18.00	\$380.00 - \$720.00
45' covered	\$14.00	\$630	\$9.75 - \$18.25	\$440.00 - \$822.00
50' covered	\$14.68	\$734	\$10.00 - \$18.75	\$500.00 - \$938.00

2014-2018

City of
SACRAMENTO
Department of Public Works



MARINA BUSINESS PLAN

Contents

- 1. Executive Summary 2
- 2. Desired Outcomes of Business Plan..... 3
- 3. Business Description4
- 4. Boating Industry and Business Environment 7
- 5. Market and Competition Analysis8
- 6. Situation Analysis 11
- 7. Marketing Plan.....12
- 8. Operations Plan15
- 9. Financial Plan.....19
- 10. Development Opportunities 24

1. Executive Summary

The primary purpose and goal of the Business Plan is to guide Sacramento Marina management over the next three to five years in order to optimize financial performance and make the Marina a world class facility.

In order to achieve this goal, the Marina must be positioned to attract new boaters and retain current boaters. This business plan explains the economic conditions resulting in a decline of revenue and outlines improvements that can be achieved by implementing a “back to basics” marketing program. The program will focus on stellar customer service, clean facilities, strategies to bring potential new clients to the Marina as well as retain current clients, and optimize utilization of the facility.

Meanwhile, the Marina continues to work closely with the Department of Boating and Waterways (DBAW) to finalize a modified loan repayment plan to ensure the Marina’s fiscal health.

This Business Plan is designed to enable the Marina to meet these challenges and opportunities.

2. Desired Outcomes of Business Plan

A. *Three-pronged approach*

This business plan explains the serious decline in revenues in recent years as well as market conditions that have attributed to the revenue decline. While reading the information and statistics provided, it is important for the reader to keep in mind the “back-to-basics” plan to turn the situation around to meet the goals of optimizing revenue performance and making the Marina a world class facility. Thus, the three-pronged approach is discussed at the beginning of this business plan.

1. Lower Rates and Change Rate Authority – To improve occupancy rates and stay competitive with other marinas in the area, berth rental rates will be lowered by 15% to retain current tenants and be attractive to new tenants. Establishing a berth rental rate range whereby the Director of Public Works, or designee, can adjust rates will provide the flexibility needed to meet financial obligations and improve the occupancy rate and financial health of the Marina.
2. Enhance Customer Experience – In order to improve occupancy rates, improvements at the Marina will be made to enhance the customer experience. With a modest amount of financing, improvements such as a restroom in the North Basin, improving auto parking security and adding picnic area would add essential amenities to attract new tenants. More areas for improvement are mentioned on page six of this document.
3. Restructure of Debt Service – The Marina has a current 40-year debt obligation to the State Department of Boating and Waterways (DBAW) and a 35-year debt obligation to Bank of America (BoFA) for Marina improvements completed in 2008. There was insufficient revenue in 2012 and 2013 to pay the entire debt obligation to DBAW. Staff has been working with DBAW to restructure the debt service until revenue improves enough to be able to pay the full annual debt obligation.

3. Business Description

A. Vision and Mission

The vision of the Sacramento Marina is to provide the boating community with the best boating experience. The Marina's mission is to be the most inclusive marina in the Greater Sacramento area. The Sacramento Marina opens up the multibillion dollar boating industry to the Sacramento community by keeping a consistent and transparent operation for the entire Sacramento region population.

This Business Plan is designed to enable the Marina to carry out this mission. By incorporating the Business Plan into daily operations, the Sacramento Marina can successfully:

- Serve the boating community in the Greater Sacramento area
- Attract boaters and visitors to the Sacramento region
- Create economic impact for the City of Sacramento
- Create opportunities for children to learn about boating and water safety
- Be the southern anchor of the Riverfront area from Old Sacramento to the Sacramento Marina
- Provide easy access to the Sacramento River and all connected waterways from the Greater Sacramento area to the San Joaquin Delta, the San Francisco Bay and beyond
- Be the most family friendly marina in the area
- Become a visitor destination by adding amenities that attract non-renters

B. Background

The Sacramento Marina is located on the Sacramento River at Miller Park. The Marina is a full service, seven-day-a-week operation that includes 475 slips. It is the largest most comprehensive marina in the Sacramento area with a public fuel dock, free public sewer pump-out, patron lounge, and administration office. In 1942, the Miller family donated a 57 acre parcel of land to the City with the requirement that it be maintained as a park and marina. The Marina's South Basin was constructed in 1958 and the North Basin in 1989. In 2008, the Marina completed a \$10.5 million renovation of the South Basin that included replacement of the 45-year old deteriorating wooden docks and provided covered berths for nearly all boats.

More than 80 percent of the Marina's revenue comes from boat slip rentals, driving the financial health of the Marina. The remaining revenues are from fuel, oil, and miscellaneous sales, along with interest earnings.

The Marina's Strengths

Since completing the renovation of the South Basin wooden docks in 2008, the Sacramento Marina now has the ability to compete more effectively with other marinas, both locally and around northern California.

- The Sacramento Marina is the only marina in the area that is located on the river but off of the main channel, so in high water the Marina is the safest place to keep a boat. By being off of the main channel, river debris such as fallen trees, large pieces of wood, or even other boats that have broken from their cleats will safely float past the Marina.
- Both the North and South Basins are constructed with concrete docks which are easier to maintain and are safer to negotiate than old wooden docks.
- The South Basin docks and power were remodeled in 2008 to meet today's boating standards.
- Ninety-seven percent of the slips are covered with metal roofs, leaving just three percent for less commonly seen sailboats or other boaters that would rather be in the sun.
- The Marina offers a free sewer pump-out station for all boaters to use to encourage clean water and provide customer service.
- Parking is free and accessible. A new secured parking lot is being designed with construction in 2014.
- A fuel dock/store is located in the Marina's South basin. Ice, oil, fire extinguishers, life jackets, and other items are sold at the dock side store.
- Located adjacent to the mouth of the Marina is the Miller Park boat ramp for launching trailered boats. There is a fee for trailer launching.
- The location of the Marina is approximately one mile south of Old Sacramento, providing easy access to the historic district. Raley Field is located just upstream from the Marina entrance and on weekends during the summer when the River Cats play, an awesome fireworks display from Raley Field is enjoyed by boaters from the water.
- Closest to downtown and major freeways, the Marina is clearly in the best location in the Sacramento area.
- The Sacramento Marina is operated by the City of Sacramento 7 days a week, for customer convenience.

Areas for Improvement

Although there are competitive advantages, there are also certain limitations leaving room for improvements.

- The winter buildup of silt in the Marina entrance channel makes it difficult for larger boats to get in and out of the Marina during low water. State and Federal agencies permit dredging only between August and October of each year. This means the silt cannot be removed until late in the boating season. This is not an issue during years with ample rain and regular river flows however, during drier years, large boats are limited to entering and exiting the Marina during high tides or during large water releases from Lake Shasta and Folsom Dam.
- As a public marina, rental rates are equally administered across the board. Promotional programs designed to attract new customers need to be carefully implemented to insure the desired results.
- The North Basin electrical system needs to be updated to accommodate newer boats that require 50 amp/250 volt outlets.
- The secured vehicle parking area needs to be completed.
- For customer convenience, add a restroom at the North Basin.
- The landscaping can be spruced up and some pruning of bushes/trees is needed.
- With a lot of trees in the area to provide shade, a picnic area(s) can be added for customer enjoyment.
- For convenience, a fish cleaning station(s) would be a great amenity and appreciated by the fishermen.

4. Boating Industry and Business Environment

For many years, marinas in the Sacramento Metropolitan Area benefited from strong market demand for boat slips and high occupancies. In recent years, a general downturn in the economy has contributed to greater competition among marinas and an overall reduction in both boat slip occupancies and rate increases. According to the latest Recreational Boating Statistical Abstract Report provided by the National Marine Manufacturers Association, the boating industry continues to be impacted by the economic downturn, reducing new boat sales more than 50 percent and total expenditures for new power boats, engines, trailers, and accessories in California by over 40 percent since 2008. Boat related merchandise sales and used boat sales also dropped significantly.

The Marina's occupancy decline is consistent with other non-coastal marinas in California. The Marina occupancy rate has declined to a record low since Fiscal Year 2004-05 from 95 percent to FY 2012-13 of 44 percent. The City's goal is to provide stable rates in response to the low demand as the economy recovers, at which time, rate increases would resume. As occupancy and sales grow, revenue increases will follow.

5. Market and Competition Analysis

A. *The customers*

The three main types of marinas that the Sacramento boater will frequent are Sacramento, Delta, and Bay Area marinas. Marinas that are in the Sacramento metropolitan area give boaters options for restaurants and other activities both on and off the water. These marinas are closer to people's homes so the drive time is very short. Marinas located within the less urban San Joaquin Delta must become their own "destination" with on-site amenities. The drive time varies but is a minimum of approximately 45 minutes to more than one hour depending on how far into the Delta the marina is located. Bay Area marinas are traditionally set up for both power boats and unlike Sacramento and Delta marinas, for sailboats and therefore, contain mostly uncovered slips. The metropolitan Bay Area supports these marinas with activities and restaurants off-site as well as their own on-site amenities but the drive time is 1 ½ to three hours, depending on location. Due to the travel time, the Bay Area it is not considered a direct competitor but it can be an option for Sacramento area boaters. These different types of marinas give the Sacramento boaters options and cater to different boating lifestyles.

Boaters who currently keep their boats in the Sacramento Marina are largely from a four-county primary market area which covers Sacramento, Yolo, Placer, and El Dorado counties.

The competitive area includes marinas located in the Sacramento-San Joaquin River Delta region within Sacramento County. This area extends essentially from Sacramento to Isleton, a distance of about 40 miles and approximately one hour driving time from downtown Sacramento. This area is representative of where marinas competing with the Sacramento Marina would most likely be located.

Table 1 below shows the current Sacramento Marina customer breakdown for May 2013 by slip size and distribution. It also shows the percentage of revenue by slip and how much of the Marina each slip size occupies. The 30', 35' and 40' slips equal about 61 percent of the overall Marina's potential for berth revenue. In looking at the chart it gives a more precise picture as to which boaters need to be focused on to stretch advertising dollars.

Table 1: May 2013 Snapshot of Sacramento Marina Slip Percentages

Slip Size	Total Slips	Total Footage	\$ X Foot	\$ per month	Potential monthly revenue by slip	Potential annual revenue by slip size	Current 5/13 occupancy	Current monthly revenue	Current annual rev at this rate	% of rev
25	14	350	\$9.96	\$249.00	\$3,486.00	\$41,832.00	10	\$2,490.00	\$29,880.00	2.18
25	125	3125	\$11.44	\$286.00	\$35,750.00	\$429,000.00	86	\$24,596.00	\$295,152.00	21.53
28	18	504	\$11.79	\$330.00	\$5,942.16	\$71,305.92	16	\$5,280.00	\$63,360.00	4.62
30	148	4440	\$13.00	\$390.00	\$57,720.00	\$692,640.00	53	\$20,670.00	\$248,040.00	18.09
35	77	2695	\$13.37	\$468.00	\$36,032.15	\$432,385.80	30	\$14,040.00	\$421,200.00	30.72
40	67	2680	\$13.83	\$553.00	\$37,064.40	\$444,772.80	33	\$18,249.00	\$218,988.00	15.97
45	12	540	\$14.00	\$630.00	\$7,560.00	\$90,720.00	2	\$1,260.00	\$15,120.00	1.1
50	14	700	\$14.68	\$734.00	\$10,276.00	\$123,312.00	9	\$6,606.00	\$79,272.00	5.78
Totals	475	15034			\$193,830.71	\$2,325,968.52			\$1,371,012.00	

*Yellow highlights shows uncovered slips

2012 statistics show that many boats are no longer registered in the United States. From 2005 to 2012, the industry lost 6.5% of recreation boats nationwide. During just a one year period from 2011 to 2012, California lost over 9% of recreational boats statewide. At this point, all existing marinas are competing for the same fewer boats with new boat sales still stagnant. Of these, the vast majority of registered power boats are 25' or less.

B. The competition

Table 2 shows the rate comparisons between the Sacramento Marina and competitors in the Sacramento metropolitan area, the Delta, and the Bay Area. Currently the price structure is within a reasonable range but it should still be reviewed annually to ensure the Marina is competitive. As shown in Table 3, the per-foot rates drop the farther into the Delta the marina is located. This is due to the competitors' need to adjust pricing to accommodate their distance from the metropolitan area, the greater travel distances to the marinas, and the quality of the docks and amenities in the area.

Other marinas on the Sacramento River and have a similar target market and pricing structure. They are more of a visitor destination because of nearby restaurants and bars; however, they are on the main channel and are subject to river currents and floating debris.

Table 2: Sacramento Marina Rate Comparison

Sacramento Marina Per Foot Rate Comparison in Metropolitan Sacramento, the San Joaquin Delta and the Bay Area

Sacramento area

	24'-25'	24'-25'	27'-28'	30'	35'	40'	45'	50'
SACRAMENTO MARINA	\$9.96/ft	\$11.44/ft	\$11.79/ft	\$13.00/ft	\$13.37/ft	\$13.83/ft	\$14.00/ft	\$14.68/ft
							-	
RIVERBANK MARINA**	\$13.33	\$15	\$15.74	\$16.50	\$16.43	\$20.63		\$19.90
RIVER VIEW MARINA	\$9.00	\$0	\$12.50	\$16	\$14.40	\$14-15.50	\$15.64	\$16
Alamar		\$7.14	\$7.14	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00
Sherwood	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00
Sac Yacht Club - Rates unavailable								
Freeport	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00
Cliff's	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00

Uncovered slip rates are denoted by yellow highlight so that covered and uncovered slip rates are compared equally.

**Utility fees included and discounted yearly leases are available

Delta area

	24'	28'	32'	36'	40'	44'	50'
OXBOW MARINA *	\$7.71	\$7.86	\$9.22	\$9.86	\$10.13	\$10.23	\$10.50
WILLOW BERM MARINA	\$0.00	\$0.00	\$0.00	\$13.33	\$11.38	\$11.93	\$13.20
VILLAGE WEST MARINA	\$7.08	\$6.96	\$6.88	\$9.58	\$10.50	\$9.66	\$9.20

*No rate change since December 2009

These marina comparisons are as close as possible. Each marina varies to such a degree that this is general information gathered by phone and the Internet. Private marinas post rates but are willing to negotiate those rates to lesser amounts.

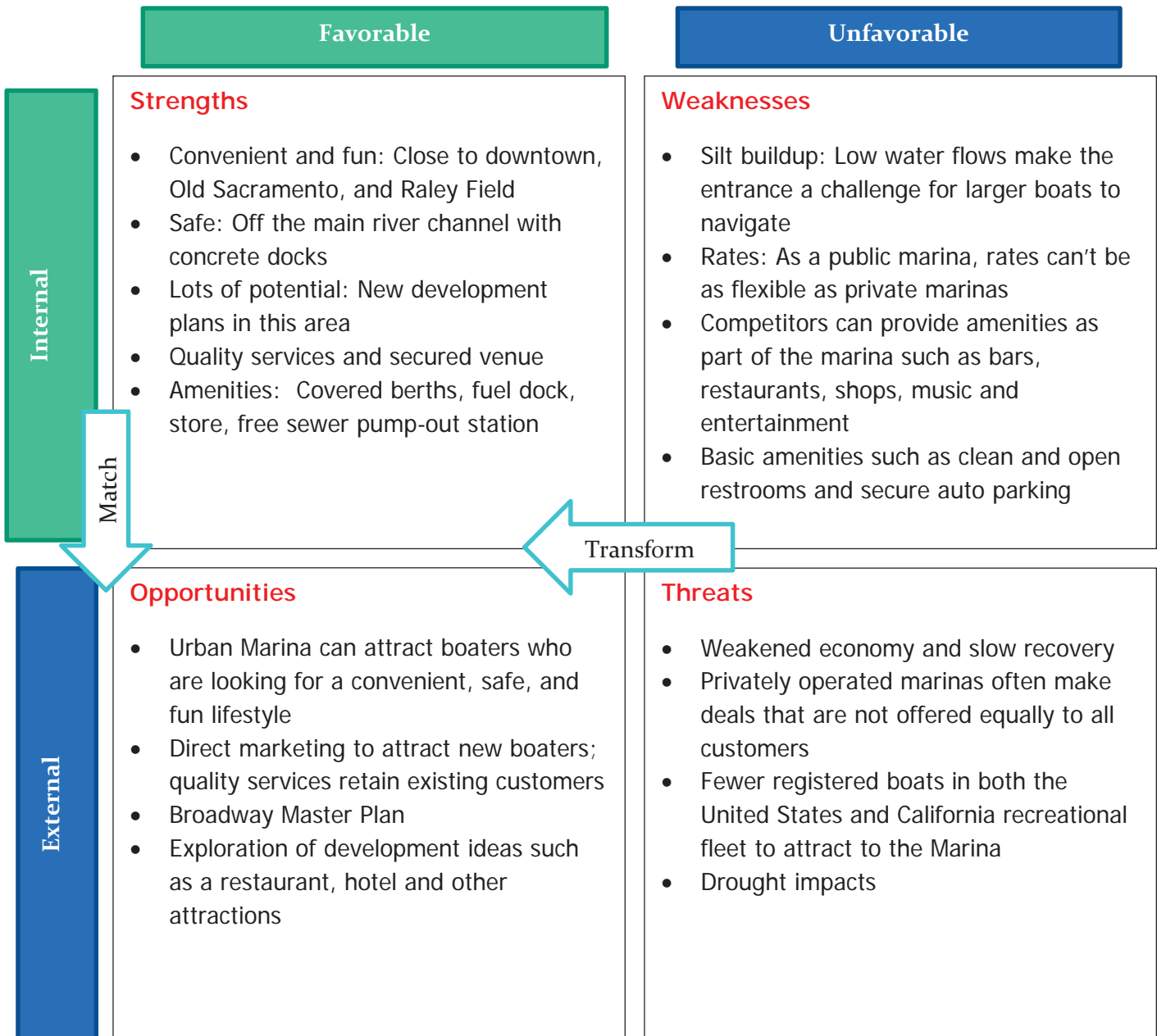
The Marina is also competing for boats that will fit not only within the Marina but also in the owners' driveways or public storage in the "off" season. Table 3 shows dry dock price ranges gathered from the Internet in the Sacramento metropolitan area.

Table 3: Dry Dock Cost Range in the Greater Sacramento Area

25'	30'	35'	40'	45'
\$60.00 - \$160	\$65.00 - \$170	\$70.00 - \$200	\$75.00 - \$230	\$80.00 - \$250.00

6. Situation Analysis

An assessment of the existing market and the Marina’s competitors shows that the Sacramento Marina has the strengths, weaknesses, opportunities, and threats illustrated below. The following marketing plan is organized to maximize the Marina’s strengths in order to develop potential opportunities and to better understand the Marina’s weaknesses and threats.



7. Marketing Plan

The City's ability to increase revenue at the Marina is mainly from the rental of boat slips and fuel sales to renters and non-renters. These sources of revenue will increase as a result of increasing market share by improving the occupancy rate which in turn will increase fuel sales.

Based on the understanding of the current market, customers, and competitors, the following marketing plan was developed. This marketing plan outlines the approach required for a successful operation. The main driver behind the plan is "back to basics", cleanliness, safety and customer service. While the economy recovers and discretionary income becomes more available, the Marina must be positioned to attract new boaters. This plan will keep the current boating customer in the Marina by making customer service a top priority.

A. Set up target market segments

The target group is based on comparative advantages. The Marina will attract boaters who are looking for a convenient, safe, and fun lifestyle. This includes:

- New boaters and owners of high end boats from the Sacramento metropolitan and Delta areas as they tend to be the group who will most benefit from the off-river venue because of its protected location.
- Boaters that fit in the 30', 35' and 40' slips which cover about 61 percent of the Marina and seasonal fishermen.
- Boaters from foothill and mountain communities that have to pull their boats out of the water during the winter season.
- Occasional boaters who do not necessarily take their vessels out very often but come down to the Marina to enjoy the tranquil water setting from their boats.

Enhance visibility of Marina:

- Add signage to the Marina entrance channel for "on the river" advertising.
- Participate as a vendor in the International Sportsmen Exposition.
- Participate as a vendor in the Sacramento Boat Show.
- Attend Delta Chamber of Commerce mixers and events.
- Participate in National Marina Day by providing an open-house atmosphere with events, tours, music etc.
- Increase advertising budget to promote the Marina.

Enhance amenities of Marina:

- Enhance amenities for occasional boaters who do not necessarily take their boats out very often but come down to the Marina to enjoy the quiet setting from their boats, such as a picnic/BBQ area and a North Basin restroom.
- Work with the Broadway Corridor Improvement District to enhance area and services offered nearby, such as restaurant food delivery.

Outreach:

- Email blasts and letters to invite former patrons back to the Marina.
- Email blasts to existing and former patrons about current events and activities.
- Redesign the Marina web page to make it more user friendly. The Marina will also make use of sacramento365 and other relevant websites that may be used by boaters. Actively meet with the Sacramento Marina Task Force so customers have a direct link to Marina staff to help resolve issues as quickly as possible and share ideas of how to make the Marina more attractive to the boating community.
- Use of social media such as Facebook page and “Check In” at the Marina.

Hold special events to attract more boaters:

- Kids Day—elementary school classes are invited to spend the morning learning about water safety, dock safety, boating, and the riparian habitat of the Marina. This activity includes volunteer parents, the Coast Guard Auxiliary, and Marina patrons sharing their experiences. This program is expanding to both fall and spring.



Kids Day at the Sacramento Marina 2013

- Vessels and Vines fund raiser in October.
- Opening Day BBQ for the boaters in April.
- Lighted boat parade brunch.
- National Marina Day in June

B. Retain the Marina's customer base:

Provide consistent communication:

- Continue distribution of the quarterly newsletter “The Water Line” to the boaters and post at different locations within the Marina with information about local and Marina events.
- Customers will be retained through ongoing high quality services and direct communication reinforcing services.
- Encourage use of customer bulletin boards.

Provide high quality, secured venue and services:

- The secured parking lot project is moving forward and will include fencing with automatic gates.
- The Marina now accepts online payments for enhanced patron convenience.
- The Captain's Lounge is available as a gathering space for Marina patrons.
- The Coast Guard Auxiliary holds training seminars open to the public in the Captain's Lounge.
- “Back to basics” focus on facility cleanliness and office efficiency to create a customer friendly environment

C. Rental rates and specials:

The rate structure should be reviewed annually to maintain fiscal responsibility and competitiveness. In addition, specials are offered to increase revenue and attract new boaters:

Current Specials:

- **Fishermen's Special:** Open to all small boats registered 20' or shorter. Boaters are offered a covered slip for \$175.00 per month for the months of September through April.
- **Fuel discount:** Sacramento Marina tenants get a \$0.10 discount per gallon of fuel purchased at the Marina's fuel dock.
- **Referral Program:** Current Marina patrons may receive a special discount of \$100 off their rental if they refer a new boater to the Marina and that boater stays for three consecutive months (terms and conditions apply).
- **Night on the Town:** The Marina offers a “Night on the Town” special which gives Marina patrons one free night's stay on the Old Sacramento docks during designated months.

8. Operations Plan

In the past several years, Marina operating expenses have been reduced by streamlining operations, use of technology and reduced capital costs due to the recently renovated South Basin. Listed below are the key operational areas that are regularly evaluated for possible improvements:

- Personnel
- Equipment and technology
- Utilities
- Security services and cameras
- General maintenance
- Maintenance dredging
- Three to five-year maintenance
- Twenty-year maintenance

A. Personnel

In 2012 the City conducted a survey of public marinas in California. Based on the survey results, the Marina's personnel and maintenance expenses are reasonable compared to other marinas.

Northern California marinas were comparable in size (number of berths) to the Sacramento Marina, while southern California marinas were generally larger (two to three and a half times larger in magnitude) and had the draw of their location on the Pacific Ocean. They also generally had a larger total number of employees, with many positions having a more limited range of tasks assigned to them. For example, some had Marina Attendants, Marina Aides, Maintenance, and Custodial staff, whereas the Sacramento Marina has only Marina Attendants and Marina Aides doing all of the tasks encompassed by those other positions. This was true for the customer service/clerical positions as well.

Looking at positions with a similar range of duties, the Sacramento Marina salary range was within the average in compensation in northern California for Marina employee positions.

B. Equipment and Technology

Marina equipment is repaired and replaced as needed. Boats, boat motors, and mowers are all in reasonable condition, except for routine maintenance, and do not usually suffer from excessive wear and tear. The repair and maintenance, and replacement budgets are established annually based on projected needs for the following fiscal year.

C. Utilities

The principal utility costs at the Marina are for electricity and water. The Marina is currently evaluating the installation cost and cost savings through an upgrade to LED lights in the parking lots and on the docks. Also being evaluated are improvements to the sprinkler system for water conservation. To date, the Marina office has been converted to compact fluorescent bulbs from incandescent. The long-range Capital Improvement Plan includes the installation of electrical meters at all berths for the purpose of more accurate electrical usage records and billing.

D. Security Services and Cameras

Security of Marina buildings and infrastructure and patron boats and vehicles are the number one concern for the Marina. The surrounding area from the water's edge to approximately 20' upland is being cleared of low branches and high grass to improve visibility. In addition to the existing cameras the added secured parking lot will further enhance the security for the Marina customers.

E. General Maintenance

The Marina is currently fully budgeted for general ongoing scheduled maintenance. The maintenance schedule is modified based on seasonal needs. By adapting to each season, the Marina is better able to attend to customers while also caring for the facility. Weekly dock checks are conducted to visually inspect boats and for any obvious facility items needing immediate attention. In addition, monthly, quarterly, and annual inspections are performed by Marina staff, the City of Sacramento Utilities Department, and the fuel systems by Kaiser Petroleum.

F. Maintenance Dredging

Maintenance dredging of the Marina entrance channel is restricted by state and federal environmental permitting agencies to an annual dredging window of August through October. Silt from the Sacramento River collects at the mouth of the entrance channel during the winter high water season. If it were not dredged, it would fill in the channel and become unnavigable. This makes it a critical maintenance item for the Marina for both public safety and business operations.

G. Three to Five-Year Maintenance Plan

The Marina has a number of maintenance items that require a three to five-year maintenance cycle. This includes tuning dock fingers, tightening roof supports and dock cleats, painting gangways, stairs and gates, and clearing out water spigots.

H. 20-Year Maintenance Plan

In the 20-year maintenance cycle, the Marina is required to replace rub rails, piling rollers, blocks and knee boards. The North Basin in particular may require additional dredging of the basin itself.

Table 4: Shows Costs and Frequency of Maintenance Items

As needed		Annually		Three to five years		Five to 10 years		20 years	
Replace rub rail	\$4.33 ft	Dredge Entrance	\$45 cubic yard (\$60,000+)	Tighten Dock cleats	Labor	Tune Dock fingers	Labor	Parking lot	\$1-\$6 sq ft
Replace piling rollers and blocks	\$11 ea	electrical	Labor	Paint gangways	Labor + \$40 per gallon	Paint gates	Labor + \$40 per gallon	Basin depth	\$45 cubic yard
Replace knee boards	Labor + \$80 4'x8' ply	Water spigots cleaning	Labor					Paint office	\$74-\$120 hr + supplies
Sprinkler repair	Labor + \$5 - \$10 ea	Inspect buildings	Labor						
Inspect tighten dock roofs	Labor + lift rental \$525								
Replace Corner bumpers	\$13 ea								
Tree trim parking lot	Labor + \$528 removal								
Tree trim on levee for roof clearance	Labor + \$528 removal								

9. Financial Plan

On May 14, 2013, the City Council approved a change in the Marina Fund from an enterprise fund to a special revenue fund. Enterprise funds are used to account for self-supporting City programs that provide services on a user-fee basis to the public; special revenue funds are used to account for activities supported by specific taxes or other revenue sources. Special revenue funds also do not have indirect costs or in-lieu fees attributed to them. The fund type change has eliminated the burden of these costs on Marina operations.

The largest single expense for the Sacramento Marina is the loan payment to the California Department of Boating and Waterways (DBAW), while the largest revenue source is from the rental of boat slips. Therefore, the Marina's future financial plan is underpinned by the need to increase occupancy to boost revenue.

A. Department of Boating and Waterways Loan Payments

The Marina's ability to pay the DBAW loans comes from the Marina's annual revenue after minimal operating and capital costs are subtracted. The City is proposing that DBAW restructure the Marina loans with the following terms:

The Marina will retain 10 percent of its annual revenue in the Marina fund balance and annually submit a debt payment equal to the remainder after operating and minimal capital costs are covered.

Ideally, this would allow the Marina to make full payments on the North Basin loans and potentially make partial payments on the South Basin loan for the next seven to eight years. DBAW supports the concept of the Marina loan restructuring plan. The Marina submitted the FY 2013/14 loan payment to them in August 2013 based on the above terms.

DBAW is currently in the process of finalizing the amendment with the City. The final result of the loan restructuring will determine the Marina's future financial plan.

Table 5 shows the forecasts of Marina Fund for FY 2013/14 and FY 2014/15, assuming that DBAW accepts the City’s loan restructuring proposal. The approved FY 2013/14 budget is approximately \$2 million, including \$50,000 for Capital Improvement Projects. Of that total, \$1.2 million is budgeted for Debt Services, which are loan payments for both DBAW and Bank of America. Please note that the indirect cost and in-lieu fees, a total of \$295,798, have been removed from FY 2013/14 Operating Other expenditures due to the status change of Marina Fund.

Table 5: Marina Fund - FY 2013/14, and FY 2014/15 Forecasts (in 000’s)

	FY 1012/13 Actual as of Oct. 2013	FY 2013/14 Budget	FY 2013/14 Year End Projection	FY 2014/15 Estimate
Beginning fund Balance*	393	297	313	118
REVENUE				
Berth Rentals	983	1070	983	1086
Interest	12	18	12	16
Other	181	228	181	213
TOTAL REVENUE	1,176	1,316	1,176	1,315
EXPENDITURES				
Operating - Employee Services	373	385	380	399
Operating - Other	490	338	270	288
Debt Service (DBAW)*	204	522	522	415
Debt Service (BofA)	139	139	139	139
Capital Improvements	50	50	60	60
TOTAL EXPENDITURES	1,256	1,434	1,371	1,301
NET ACTIVITY	-80	-118	-195	14
ENDING FUND BALANCE	313	179	118	132

*The original DBAW loan amount from FY 2012/13 to FY 2014/15 is \$1.1 million yearly.

The FY 2013/14 projection assumes that FY 2013/14 revenue performance is similar to FY 2012/13. After factoring in the FY 2012/13 year-end Marina Fund balance and the FY 2013/14 revenue projection, the City’s actual payment to DBAW in FY 2013/14 is \$522,000 while the loan payment to Bank of America remains at \$140,000. The projection here further assumes that DBAW would agree with the Marina to increase \$10,000 expense in CIP. This increase may provide enough funding to cover the basic needs of both the Marina Improvement Program and the Harbor Dredging Program.

Please note that the actual amount for FY 2012/13 Marina Fund is the best available numbers at this time. The FY 2012/13 final fund balance should be provided by the City Finance Department Accounting Division. The estimates for FY 2014/15 and FY 2015/16 can be more accurately determined by the actual performance from FY 2013/14. The estimates here are for reference only.

B. Berth Rate Modification and Rate Ranges

In an effort to retain existing tenants and acquire new tenants, the FY 2012/13 berth rental rates will be reduced by 15 percent. Bases on a survey done of past tenants, the reduction of 15 percent will be the catalyst for them to return to the Sacramento Marina. With word-of-mouth and increased advertising of the reduced rates, the occupancy rate will improve. Even at the reduced rates, with a 20 percent increase in occupancy, the revenue generated will exceed the current revenue.

In order to have more flexibility on rates as needed, or to promote special rates such as a fisherman’s special during a fish run, the Director of Public Works, or designee will be granted the authority to adjust rates within a range. The chart below shows the current monthly rate, the rate at 15 percent reduction and the range authority granted. The low end of the range is about 30 percent less than the current rate, and the high end of the range is about 30 percent greater than the current rate.

Berth Size	Current Mo. Rate	Rate reduced 15%	Rate Range
25' uncovered	\$249	\$212	\$175 - \$325
25'	\$286	\$243	\$200 - \$375
28'	\$330	\$281	\$231 - \$434
30'	\$390	\$332	\$270 - \$510
35'	\$468	\$398	\$325 - \$613
40'	\$553	\$470	\$380 - \$720
45'	\$630	\$536	\$440 - \$822
50'	\$734	\$624	\$500 - \$938

C. Berth Revenue

Table 6 below summarizes the 10-year occupancy history at the Marina. The Marina occupancy rate has declined to record lows since FY 2004/05 from 95 percent to FY 2012/13 of 44percent. Due to the general downturn in the economy, the City does not plan to increase berth rates through FY 2016/17. This could mean that the Marina would not realize significant revenue increases in those years.

Table 6: BERTH RENTAL STATUS- 10-YEAR OCCUPANCY COMPARISON
(FY 2003/04 to FY 2012/13)

% of Occupancy	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13
July	97.08%	97.98%	97.79%	98.53%	66.30%	88.00%	80.21%	66.95%	63.79%	54.66%
August	98.54%	98.72%	96.14%	97.98%	65.30%	88.42%	80.63%	66.32%	65.26%	56.00%
September	98.72%	95.96%	95.96%	97.61%	63.84%	86.11%	78.11%	65.47%	64.21%	53.59%
October	96.54%	96.69%	93.01%	92.10%	61.81%	81.26%	71.16%	54.74%	56.63%	46.74%
November	91.62%	95.04%	89.15%	85.06%	59.59%	75.32%	65.05%	50.53%	44.42%	39.79%
December	88.52%	86.76%	87.50%	81.43%	61.44%	71.58%	61.55%	49.89%	41.68%	36.84%
January	89.44%	89.89%	86.03%	79.96%	60.52%	70.95%	58.95%	46.95%	40.42%	34.74%
February	90.35%	90.63%	87.87%	78.68%	82.56%	69.26%	58.11%	45.68%	39.37%	34.53%
March	97.99%	97.06%	90.99%	74.77%	90.11%	70.95%	55.37%	46.50%	38.24%	36.42%
April	99.63%	98.71%	93.57%	73.11%	98.68%	76.42%	57.26%	49.37%	42.11%	40.84%
May	99.63%	98.71%	97.79%	71.09%	98.71%	84.21%	62.95%	52.32%	47.58%	50.21%
June	99.45%	98.35%	99.45%	69.43%	86.57%	86.53%	64.84%	60.42%	50.32%	54.32%
Year	95.63%	95.38%	92.94%	83.31%	74.62%	79.08%	66.18%	54.60%	49.50%	44.89%
YTD										
1st Quarter	98%	98%	97%	98%	65%	88%	80%	66%	64%	55%
2nd Quarter	92%	93%	90%	86%	61%	76%	66%	52%	48%	41%
3rd Quarter	93%	93%	88%	78%	78%	70%	57%	46%	39%	35%
4th Quarter	100%	99%	97%	71%	95%	82%	62%	54%	47%	48%

The Marina’s vision is that by implementing this business plan, the Sacramento Marina should be able to steadily increase its occupancy and therefore, increase its total revenue.

For the first eight months of FY 2013/14, the average Marina occupancy rate is approximately 46 percent. Occupancy rates are forecasted to increase over the next five years as the economy improves.

D. Financial Management Tools

The Sacramento Marina utilizes multiple financial management tools. The purpose of these financial management tools is to enable the Sacramento Marina staff to monitor operating results and react in a timely manner.

Quarterly Financial Review

Every quarter, Convention, Culture and Leisure staff meet with Marina staff to review the Marina's financial status. Revenues for the Sacramento Marina have been tracked according to the major revenue categories, such as Berth Rental, Utility Fees, and Gas Sales. This allows management to see the relationship between different revenue categories and also makes it easier for them to compare revenues from season to season. The operating expenditures for the Marina have been tracked by specific budget line items, such as Fuel, Utilities, Security Services, etc. Variable costs (such as cost for certain events) and fixed costs (such as monthly utility charges) are reviewed separately which allows the Marina to efficiently track operating expenditures.

The review compares year-to-date data to the same period the prior year, budget amount to actual amount, and even to analyze the revenues associated with any events. The quarterly review provides the Marina with a useful tool to understand its overall financial status and to adjust its operation if needed.

Monthly Occupancy Rate Review

The Sacramento Marina prepares a monthly occupancy report which is a key indicator for Marina revenue. The occupancy report contains a detailed comparison for different time frames (month to month, quarter to quarter, or year to year), different locations (North or South Basin), covered slips or uncovered slips...etc. Berth rental preference and seasonal patterns can be better identified.



10. Development Opportunities

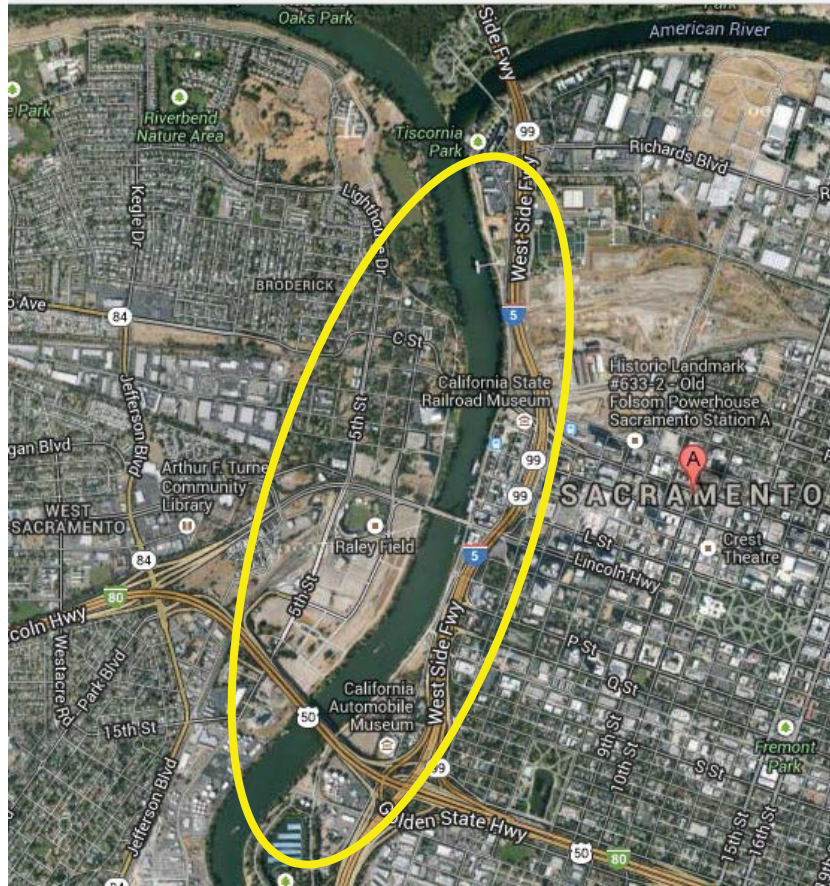
While the Marina marketing program guides the growth of the Sacramento Marina itself, there are development plans for the Riverfront area which bring potential opportunities for the Marina. Among them, Sacramento Riverfront Master Plan and Greater Broadway Redevelopment Plan are highlighted.

Sacramento Riverfront Master Plan¹:

According to the Plan, “The City of Sacramento and West Sacramento collaborated in a comprehensive planning process that produced the visionary Sacramento Riverfront Master Plan which was first drafted in 1993 and then comprehensively updated in 2003... The objective of both cities is clear: reshaping the waterfront to correspond with community preferences for mixed-use development highlighted by interconnected, world-class public spaces... Over the past decades, both communities have adopted and refined riverfront land use policies directed at clearing the riverfront of incompatible industrial uses.”

In the Sacramento Riverfront Master Plan, the Miller Park Area has been proposed as a redevelopment zone, “a residential neighborhood clustered around Miller Park and the Marina, featuring mixed uses such as restaurants and cafes oriented towards the park and river and a neighborhood retail street along the new extension of Broadway Avenue (with offices and residential space above ground-floor retail).” With the Marina as the anchor to the south, it will play an important role in revitalizing the riverfront. While the riverfront area is gradually developed into a balanced mix of retail and public/recreational uses, the Sacramento Marina will be able to attract more boaters and visitors.

¹ Welcome to SacPort - Our Riverfront Community, 2006; Retrieved from http://www.sacportrt.com/our_riverfront_community.htm
24/25



Area shown is the approximate location of the Riverfront Redevelopment

Source: Google Maps

Greater Broadway Redevelopment Plan

In addition to the Sacramento Riverfront Master Plan, the Marina will benefit from the Greater Broadway Redevelopment Plan which creates a more pedestrian friendly shopping area on Broadway with larger sidewalks and trees. The Marina is the anchor where these two projects meet and will benefit from both. While the formal Redevelopment area plan is no longer possible due to change in State Legislation, a partnership of the Broadway Corridor is still vibrant and moving forward.