

Marina Rate Analysis

Port of Kingston

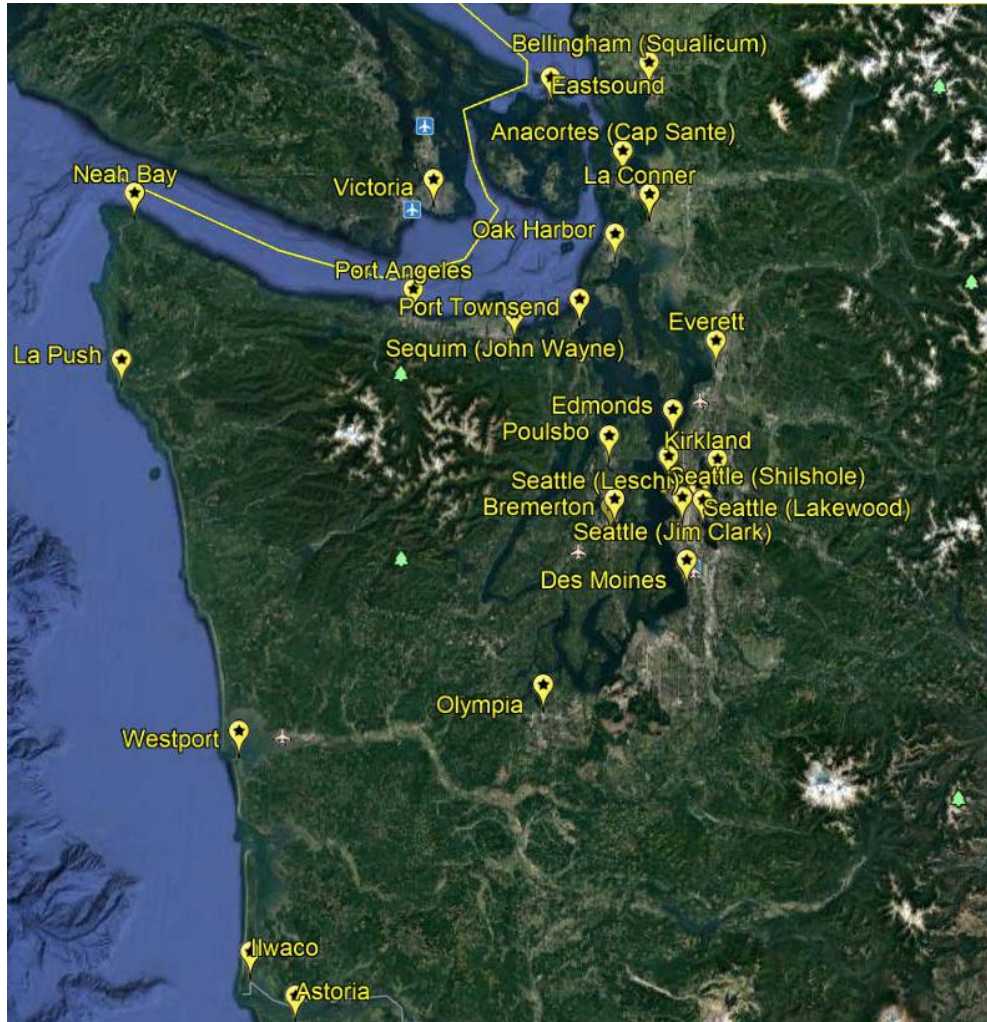
BST Associates
Market Research & Strategic Planning

August 22, 2018

Agenda

- › Introduction to BST Associates
- › Port of Kingston Marina
 - Geographic Distribution
- › Scope of Work
 - Methodology
 - Competitive Market Rates
 - Replacement Cost Rates
- › Next Steps

BST Associates



› Marina experience

- Demand assessment and forecasting
- Moorage rate analysis
- Evaluation of capital costs
- Evaluation of O&M costs
- Revenue projections
- Financial feasibility analysis
- Funding opportunities

Scope of Work

- › Evaluate moorage rates using alternative methodologies
 - CPI Increase
 - Market based rates
 - Cost recovery or replacement
- › Recommend a rate model and rate structure that covers all expected costs
 - Operations & maintenance
 - Depreciation or cost replacement
- › Prepare draft and final report
- › Present results

CPI Increase

- › Raise rates each year by CPI , or CPI + 1%, etc.
- › Assumes that rates are already at an appropriate level
 - This is usually not the case, particularly if capital projects are included
 - Also, marina O&M costs tend to increase faster than the CPI adjustment
 - › 2013 through 2017 CPI grew at annual rate of 1.4%
 - › We will compare to Port actual numbers

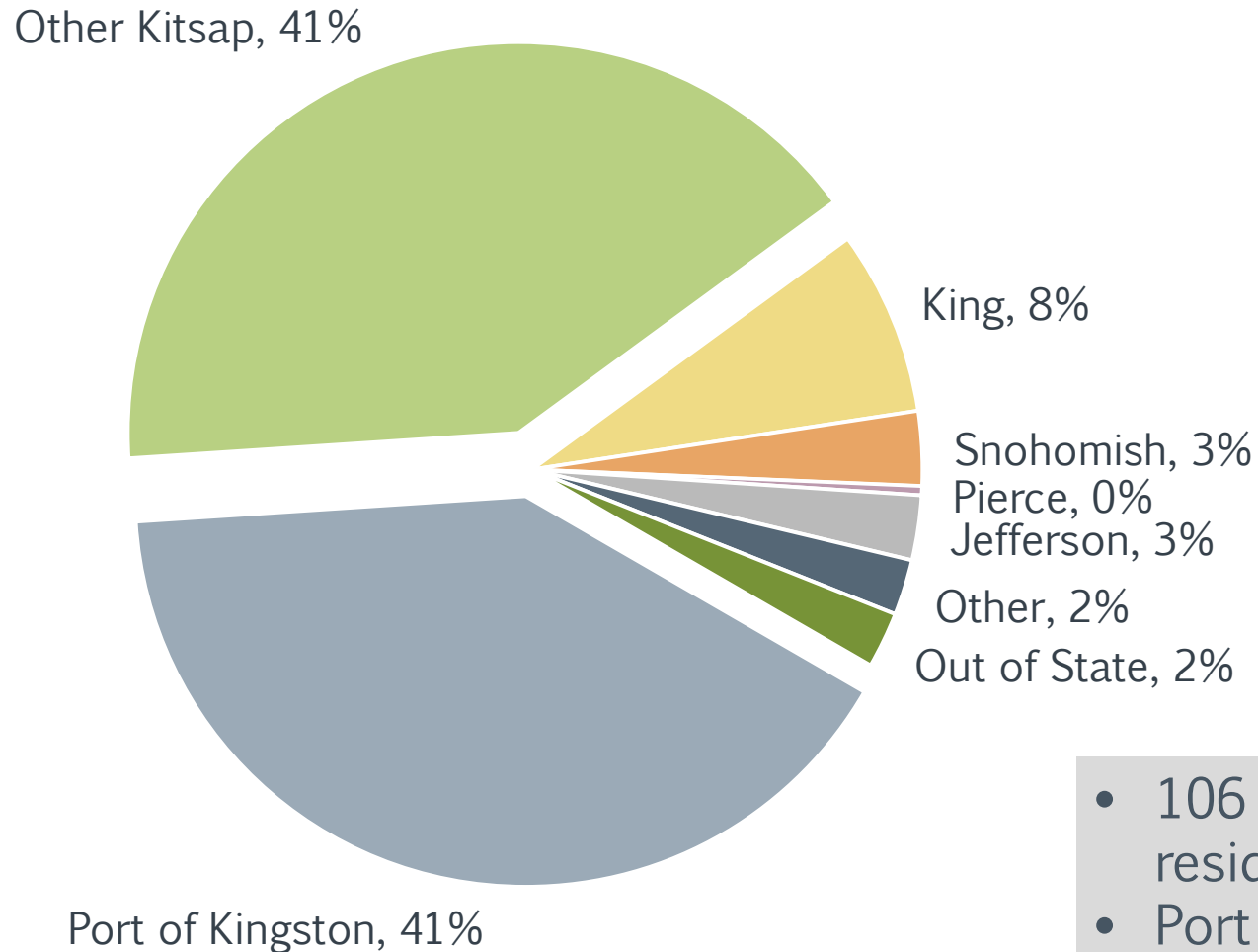
Market Rates

- › Assumes that rates at competitive marinas are set properly and that annual changes cover changes in O&M costs
 - Used as a backup method for setting rates
- › Based on where the marina fits in with regional marinas (rate leader, upper quartile, average)
- › Comparable rates will include all-in charges (base rates plus any additional fees)

Cost Recovery or Replacement

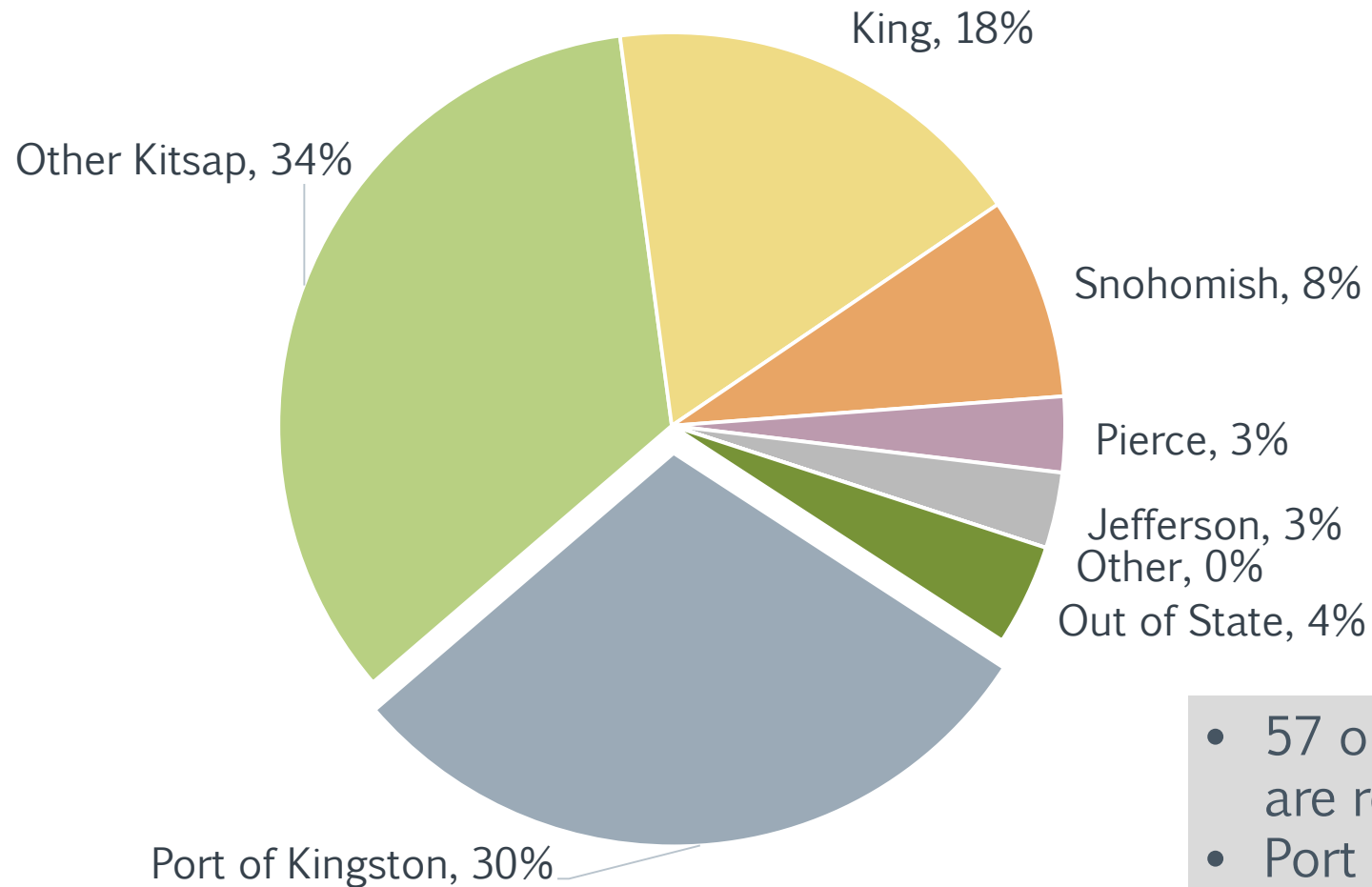
- › Set rates to cover all O&M costs as well as annual costs to replace the marina
 - Shows the real costs of owning a marina
 - In some` cases, it may result in rates that are above market
- › Based on square footage
 - Takes into account the water area used by the boat
 - Rates are progressive – rate per lineal foot increases with vessel length

Market Region – Existing Customers



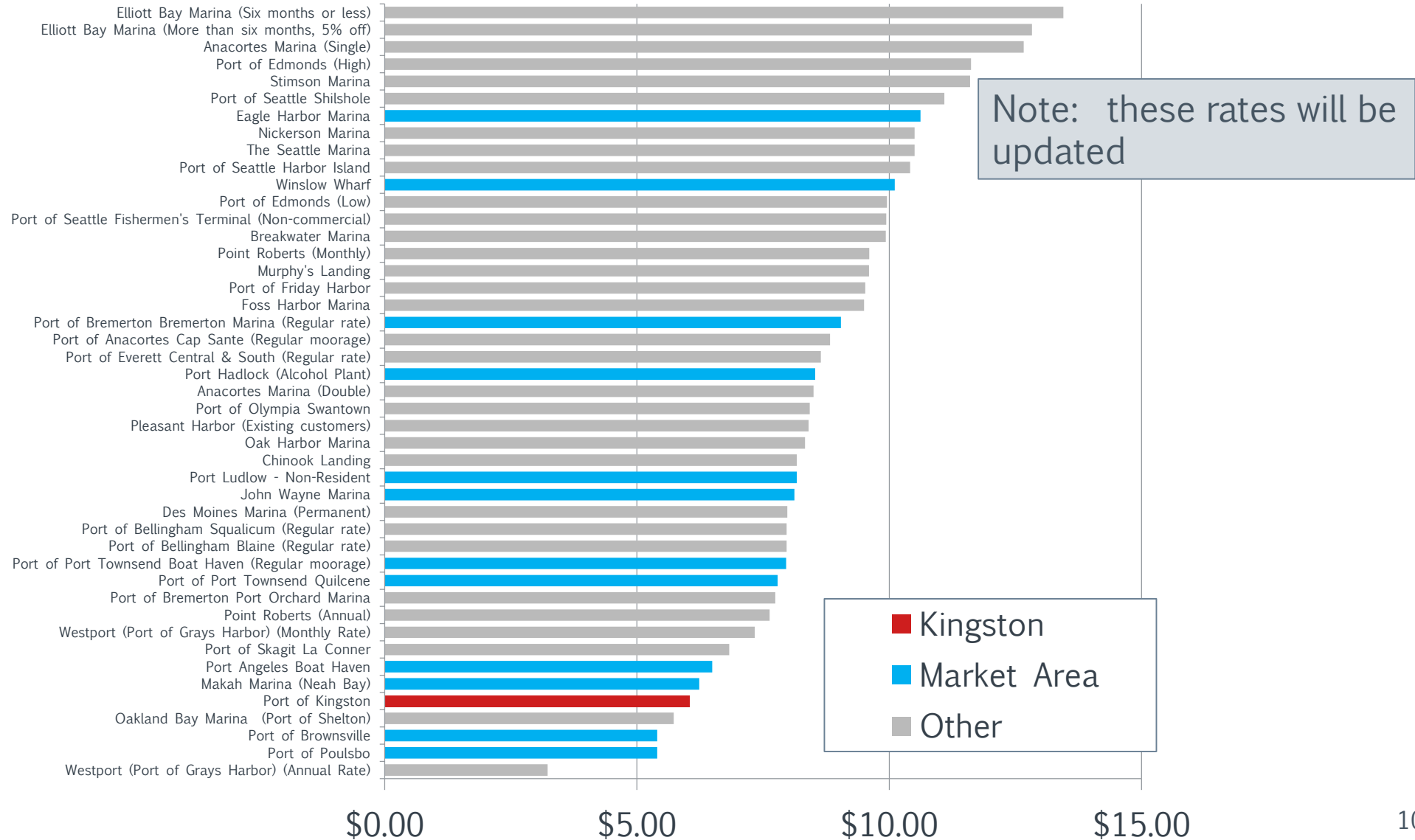
- 106 out of 261 customers are residents of Port District
- Port District has 4,693 active registered voters

Market Region - Waitlist

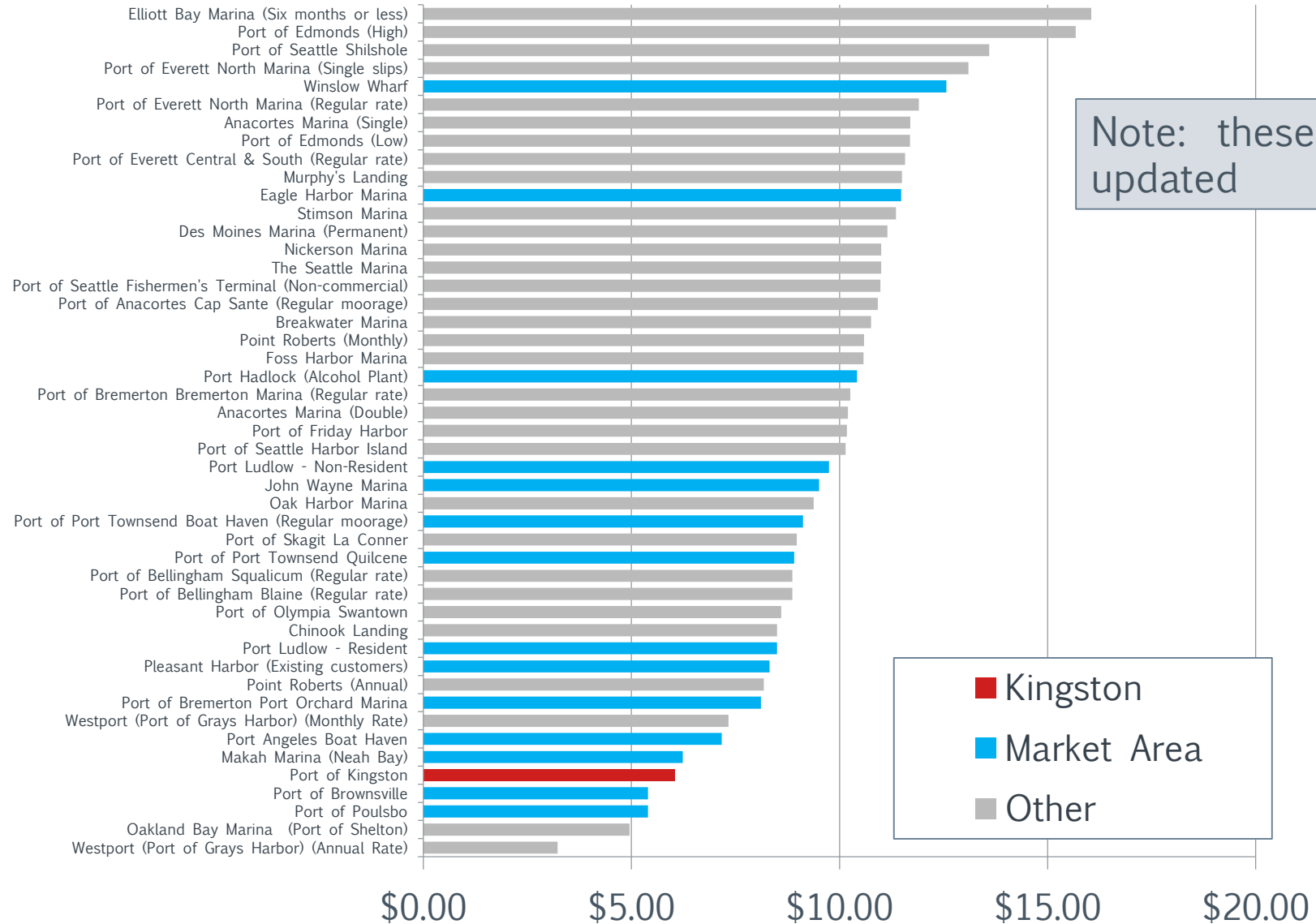


- 57 out of 193 wait list names are residents of Port District
- Port District has 4,693 active registered voters

2014 Rate Comparison: 30-foot Open Slip



2014 Rate Comparison: 50-foot Open Slip



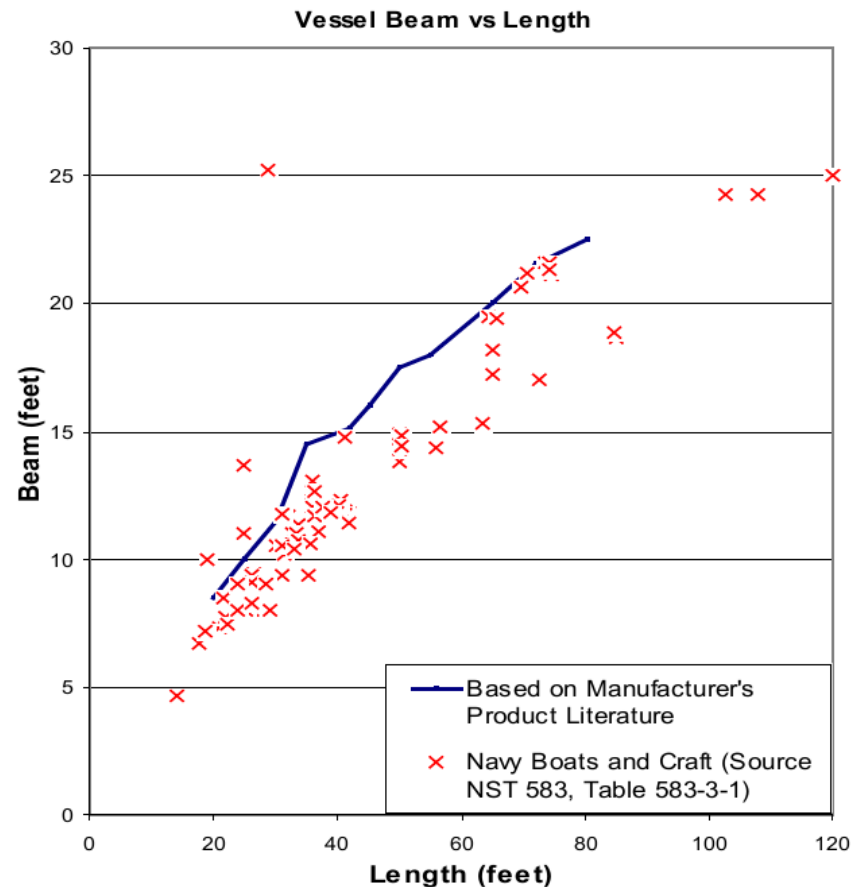
Cost Replacement Approach

- › The total cost to recover includes three components
 - Operating expenses
 - › Direct operating and maintenance expenses
 - › General administrative allocations
 - › Adjusted to next year based on historical cost trends
 - Cost replacement values
 - › Annualized based on asset value and longevity of asset
 - › Adjusted to next year based on construction cost index
 - Contingency reserve (established as a % of asset value)
- › Monthly rate is calculated by
 - Dividing total cost by total square feet of moorage space
 - Dividing by 12 to obtain \$/sq. ft./month
- › Recommend a phase-in process to allow tenants to adjust

Reason for Square Foot Rates

- › Converting to square foot rates helps increase equity within the marina
 - With a lineal foot rate, smaller boats pay more per square foot than longer boats
 - Square foot rates mean the lineal rate increases as the boat length increases
- › Demand for longer slips is stronger than for shorter slips
 - Smaller boats are often moored seasonally
 - Tighter market may allow higher rates for longer slips
- › The square foot rate structure is simple and straightforward

Vessel Length to Beam Ratios



› Vessel beam increases significantly as the boat gets longer:

- 24 foot = 8.6 feet
- 28 foot = 9.6 feet
- 32 foot = 11.0 feet
- 36 foot = 12.0 feet
- 45 foot = 14.1 feet
- 50 foot = 14.9 feet
- 60 foot = 16.4 feet

Source: Dept of Defense Design: Small Craft Berthing Facilities

Source: Coast Guard Documented Vessel Database 2017

Port of Kingston Marina Sq Ft Rates

Type	Dock	Length	Width	Square Feet	Base Rate	Sq Ft Basis
Open	A	24	10.8	258	\$5.84	\$0.54
Open	B	28	13.5	378	\$5.84	\$0.37
Open	C	32	14.5	464	\$5.84	\$0.30
Open	D	36	15.3	549	\$5.84	\$0.26
Open	E	40	15.8	630	\$5.84	\$0.22
Open	E	45	18.0	810	\$5.84	\$0.17
Open	E	50	18.0	900	\$5.84	\$0.16
Open	E	56	18.0	1,008	\$5.84	\$0.14
Open	E	60	18.5	1,110	\$5.84	\$0.13
Cov	C	32	14.5	464	\$9.43	\$0.49
Cov	D	36	15.3	549	\$9.43	\$0.41
Cov	E	40	15.8	630	\$9.43	\$0.36
Cov	E	50	18.0	900	\$9.43	\$0.25



Next Steps

- › Update market rates
- › Analyze costs
- › Develop model
- › Draft report