

DRAFT

Marina Rate Analysis

Port of Kingston

BST Associates
Market Research & Strategic Planning

October 4, 2018

Agenda

- › Cost Recovery Rates
- › Competitive Market Rates
- › Recommended Rates

Port of Kingston Financial Trends - Revenues

						Budget	Annual Growth Rate	
	2013	2014	2015	2016	2017	2018	2013-17	2013-18
<i>Port Revenues</i>								
Marina User Charges	\$801,285	\$816,827	\$851,632	\$859,713	\$869,142	\$911,893	2.1%	2.6%
Other (rent, parking, etc.)	\$468,607	\$519,380	\$558,247	\$575,481	\$611,188	\$635,540	6.9%	6.3%
Total Operating Revenues	\$1,269,892	\$1,336,206	\$1,409,880	\$1,435,194	\$1,480,330	\$1,547,433	3.9%	4.0%
<i>Marina User Charges</i>								
Permanent Moorage	\$610,671	\$621,935	\$650,300	\$671,546	\$666,614	\$700,940	2.2%	2.8%
Other User Charges	\$190,614	\$194,892	\$201,332	\$188,168	\$202,528	\$210,953	1.5%	2.0%
Total	\$801,285	\$816,827	\$851,632	\$859,713	\$869,142	\$911,893	2.1%	2.6%
<i>% of Marina User Charges</i>								
Permanent Moorage	76%	76%	76%	78%	77%	77%		
Other User Charges	24%	24%	24%	22%	23%	23%		

Source: Port of Kingston

Revenue Growth Trends

- › Total Port operating revenues grew at an average rate of 4.0% from 2013 through 2018 (budget)
- › Marina user charges grew at 2.6% from 2013 through 2018 (budget)
- › Permanent moorage accounts for 77% of marina user charges, and 45% of total Port operating revenue.

Port of Kingston Financial Trends - Expenses

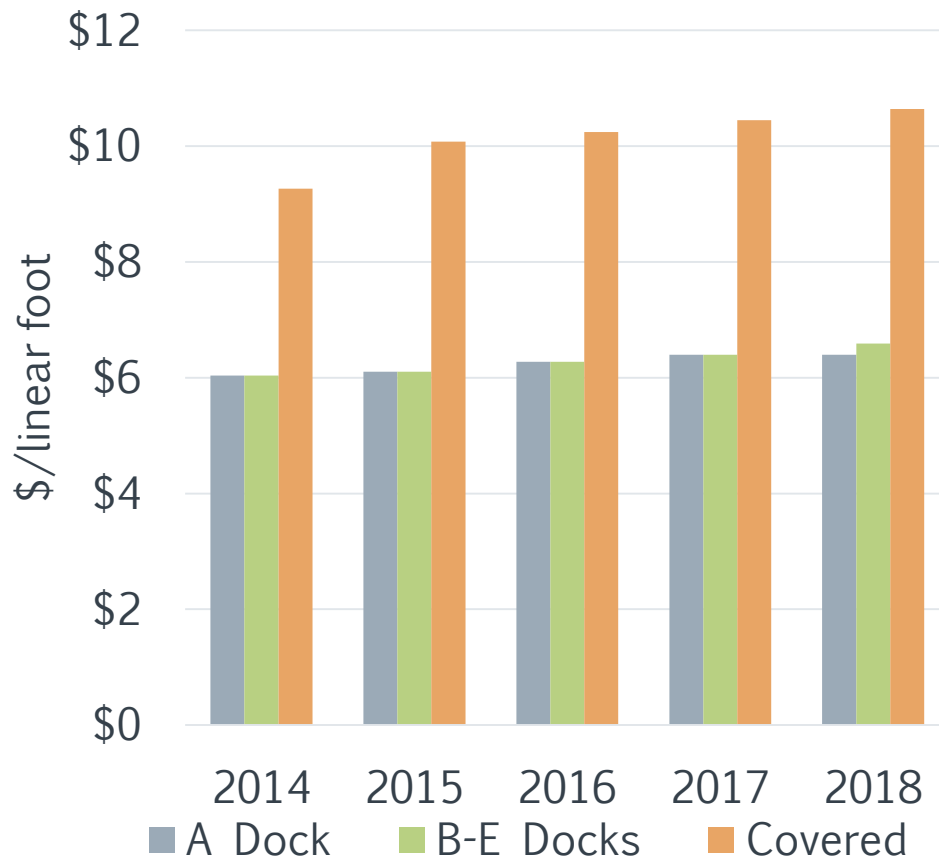
						Budget	Annual Growth Rate		
	2013	2014	2015	2016	2017	2018	2013-17	2013-18	Allocation
Payroll	\$663,676	\$611,303	\$669,212	\$735,535	\$808,177	\$860,152	5.0%	5.3%	100%
Legal/Lawsuit	\$14,026	\$48,515	\$81,283	\$107,534	\$297,436	\$100,105	114.6%	48.2%	100%
Operations	\$157,312	\$153,648	\$183,710	\$275,193	\$284,796	\$221,205	16.0%	7.1%	100%
Parking Expense	\$3,420	\$5,154	\$6,215	\$9,876	\$9,706	\$7,125	29.8%	15.8%	50%
Utilities	\$41,493	\$35,501	\$42,685	\$46,365	\$52,498	\$48,650	6.1%	3.2%	50%
Landscaping	\$5,127	\$4,124	\$2,960	\$2,645	\$4,492	\$5,000	-3.3%	-0.5%	50%
Storage Rent	\$517	\$515	\$882	\$1,165	\$1,249	\$1,348	24.7%	21.2%	100%
Purchase of Capital Assets	\$0	\$0	\$1,123,527	\$260,439	\$1,366,055	\$0	-	-	100%
Penalties	\$27	\$200	\$800	\$458	\$0	\$0	-100.0%	-100.0%	100%
Repairs & Maintenance	\$19,722	\$19,860	\$23,410	\$33,276	\$46,918	\$45,000	24.2%	17.9%	75%
Commissioners Comp.	\$11,373	\$14,201	\$13,676	\$16,206	\$16,845	\$54,132	10.3%	36.6%	100%
Total	\$916,692	\$893,020	\$2,148,361	\$1,488,692	\$2,888,172	\$1,342,717	33.2%	7.9%	

Purchase of capital assets included: 2015 – dredging,
 2016 – roofs for covered moorage, various projects
 2017 – roofs for covered moorage
 Source: Port of Kingston

Expense Growth Trends

- › Expenses increased at an average rate of 7.9% per year from 2013 to 2018 budget.
- › During this time period, inflation (CPI) increased at 2.3%/year

Port of Kingston Financial Trends - Rates



› Average annual increase in rates from 2014 through 2018 (base rate plus leasehold tax):

- A Dock (open 24 foot): ~1.5%
- B-E Docks (open): ~2.2%
- Covered slips: ~3.5%

Source: Port of Kingston

Cost Recovery Model results

Category	2018
Direct Operating Expenses (2018 Budget)	\$1,032,099
Annual Replacement Cost (2018)	\$785,000
Share Allocated to Permanent Moorage	77%
Allocated Replacement Cost (2018)	\$603,402
Total Annual Marina Cost	\$1,635,501
Square Feet of Billable Moorage	125,850
Rate Basis (\$/sq ft/month)	\$1.08
Recommended rate basis (open slips)	\$0.76
Recommended rate basis (covered slips)	\$1.19
Differential (Covered/Open)	1.57

Source: BST Associates

- › Rates set to cover all O&M costs AND 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 linear foot increases with vessel length
 - › \$0.76 per sq. ft. for open slips
 - › \$1.19 per sq. ft. for covered slips

Cost Recovery Rates

(Base rates excluding leasehold tax)

Slip Length	Slip Width	Slip Area	Full Recovery 2018 Rates		Current 2018 Rates		% Change
			Rates/month	Per linear ft	Rates/month	Per linear ft	
Open							
24	10.8	258.0	\$196	\$8.15	\$136.08	\$5.67	44%
28	13.5	378.0	\$287	\$10.23	\$163.52	\$5.84	75%
32	14.5	464.0	\$352	\$10.99	\$186.88	\$5.84	88%
36	15.3	549.0	\$416	\$11.56	\$210.24	\$5.84	98%
40	15.8	630.0	\$478	\$11.94	\$233.60	\$5.84	104%
45	18.0	810.0	\$614	\$13.65	\$262.80	\$5.84	134%
50	18.0	900.0	\$682	\$13.65	\$292.00	\$5.84	134%
56	18.0	1,008.0	\$764	\$13.65	\$327.04	\$5.84	134%
60	18.5	1,110.0	\$841	\$14.02	\$350.40	\$5.84	140%
Covered							
32	14.5	464.0	\$553	\$17.27	\$301.76	\$9.43	83%
36	15.3	549.0	\$654	\$18.17	\$339.48	\$9.43	93%
40	15.8	630.0	\$750	\$18.76	\$377.20	\$9.43	99%
50	18.0	900.0	\$1,072	\$21.44	\$471.50	\$9.43	127%

Source: BST Associates

- › Full cost recovery results in rates that are higher than existing rates:
 - 44% to 140% for open slips
 - 83% to 127% for covered slips.
- › Full cost recovery rates are higher than market rates, not attainable
- › Current rates require subsidy from other Port resources

Market Rates – Covered

Including Fees, Taxes et al.

Marina	County	Ownership	32	36	40	50
Port Orchard	Kitsap	Public	\$9.09	\$10.36		
Oak Harbor Monthly	Island	Public	\$10.63	\$11.69	\$12.27	\$12.86
Oak Harbor Annual	Island	Public	\$9.86	\$10.83	\$11.36	\$11.90
Des Moines	King	Public	\$11.22	\$12.77	\$13.29	\$15.67
Stimson	King	Private			\$14.88	\$15.40
Everett	Snohomish	Public	\$13.08	\$14.97	\$15.88	\$16.72
Edmonds	Snohomish	Public	\$17.12	\$19.09	\$20.49	
La Conner	Skagit	Public			\$14.88	\$15.90
Anacortes	Skagit	Private	\$13.75		\$17.25	\$19.50
Foss Waterway	Pierce	Private		\$12.94		
Comparisons		High	\$17.12	\$19.09	\$20.49	\$19.50
		Low	\$9.09	\$10.36	\$11.36	\$11.90
		Average	\$12.11	\$13.24	\$15.04	\$15.42
		Median	\$11.22	\$12.77	\$14.88	\$15.67
		Upper Quartile	\$13.41	\$13.96	\$16.22	\$16.31
Kingston	Existing Rates	Public	\$10.64	\$10.64	\$10.64	\$10.64
% under market	Existing Rates	% under average	-12%	-20%	-29%	-31%
% under market	Existing Rates	% under top quartile	-21%	-24%	-34%	-35%

Based on Puget Sound rates because there are not enough regional comps.

Market Rates – Open

Length	County	Ownership	24	28	32	36	40	45	50	56	60
Brownsville	Kitsap	Public	\$6.09	\$6.09	\$6.09	\$6.09	\$6.09	\$6.09	\$6.09	\$6.09	\$6.09
Port Orchard	Kitsap	Public	\$5.94	\$6.61	\$7.24	\$7.45	\$7.67		\$8.09		\$7.82
Bremerton Monthly	Kitsap	Public	\$9.31	\$9.31	\$9.31	\$9.44	\$9.79		\$10.66	\$11.19	\$11.54
Poulsbo	Kitsap	Public	\$6.33	\$6.33	\$6.33		\$6.33	\$6.33	\$6.33	\$6.33	
Bridgeview	Kitsap	Private			\$6.22		\$4.98	\$7.31	\$6.58		
Harbour	Kitsap	Private			\$8.00		\$8.50				
Winslow Wharf	Kitsap	Private	\$10.50	\$10.73	\$11.18	\$12.72	\$13.12				
Eagle Harbor	Kitsap	Private			\$11.00						\$13.50
Homeport Brinnon	Jefferson	Private		\$5.46			\$5.50	\$6.00	\$6.00	\$6.00	\$6.00
Pleasant Harbor	Jefferson	Private				\$8.50	\$8.50			\$8.50	\$8.50
Quilcene	Jefferson	Public	\$7.33	\$7.90	\$8.46	\$9.03	\$9.03	\$9.03	\$10.16		
Port Townsend	Jefferson	Public	\$9.57				\$10.48	\$11.09	\$11.10		
Port Hadlock	Jefferson	Private					\$9.30				
Port Ludlow	Jefferson	Private	\$11.23	\$11.83	\$12.28	\$10.96	\$10.90	\$11.51	\$10.80	\$10.90	\$10.90
Port Angeles BH	Clallam	Public					\$7.44		\$7.74		\$8.11
John Wayne Marina	Clallam	Public	\$8.05	\$8.05	\$8.78	\$8.78	\$9.23	\$9.23	\$9.75		
Comparisons	High		\$11.23	\$11.83	\$12.28	\$12.72	\$13.12	\$11.51	\$11.10	\$11.19	\$13.50
	Low		\$5.94	\$5.46	\$6.09	\$6.09	\$4.98	\$6.00	\$6.00	\$6.00	\$6.00
	Average		\$8.26	\$8.03	\$8.63	\$9.12	\$8.46	\$8.32	\$8.48	\$8.17	\$9.06
	Median		\$8.05	\$7.90	\$8.46	\$8.90	\$8.50	\$8.17	\$8.09	\$7.42	\$8.31
	Upper Quartile		\$9.57	\$9.31	\$10.15	\$9.82	\$9.54	\$9.70	\$10.41	\$10.30	\$11.06
Kingston	Public		\$6.40	\$6.59	\$6.59	\$6.59	\$6.59	\$6.59	\$6.59	\$6.59	\$6.59
% under market	% under avg		-23%	-18%	-24%	-28%	-22%	-21%	-22%	-19%	-27%
% under market	% under upper quartile		-33%	-29%	-35%	-33%	-31%	-32%	-37%	-36%	-40%

Proposed Rates

	Proposed						Annual Growth		Current Market	Cost Recovery
Length	2018	2019	2020	2021	2022	2023	2018-23		2018	2018
Open										
24	\$6.40	\$6.54	\$6.69	\$6.85	\$7.00	\$7.16	2.3%		\$8.26	\$9.20
28	\$6.59	\$6.74	\$6.94	\$7.15	\$7.36	\$7.58	2.8%		\$8.03	\$11.55
32	\$6.59	\$6.77	\$7.01	\$7.25	\$7.51	\$7.77	3.3%		\$8.63	\$12.40
36	\$6.59	\$6.81	\$7.08	\$7.36	\$7.65	\$7.96	3.8%		\$9.12	\$13.05
40	\$6.59	\$6.84	\$7.15	\$7.47	\$7.80	\$8.15	4.3%		\$8.46	\$13.47
45	\$6.59	\$6.87	\$7.21	\$7.57	\$7.95	\$8.35	4.8%		\$8.32	\$15.40
50	\$6.59	\$6.90	\$7.28	\$7.68	\$8.10	\$8.55	5.3%		\$8.48	\$15.40
56	\$6.59	\$6.94	\$7.35	\$7.79	\$8.26	\$8.75	5.8%		\$8.17	\$15.40
60	\$6.59	\$6.97	\$7.42	\$7.90	\$8.42	\$8.96	6.3%		\$9.06	\$15.83
Covered										
32	\$10.64	\$10.88	\$11.13	\$11.45	\$11.78	\$12.12	2.6%		\$12.11	\$19.49
36	\$10.64	\$10.99	\$11.43	\$11.88	\$12.35	\$12.85	3.8%		\$13.24	\$20.50
40	\$10.64	\$11.04	\$11.54	\$12.05	\$12.59	\$13.16	4.3%		\$15.04	\$21.17
50	\$10.64	\$11.15	\$11.76	\$12.40	\$13.08	\$13.80	5.3%		\$15.42	\$24.20

Five year rate adjustment (2019-2023)

› Recommendations:

- Apply rate increase annually for 2019 through 2023
 - › Caution - need to evaluate vacancy rates and adjust accordingly
- Re-evaluate market rates and cost recovery rates in 3 years
 - › Adjust if needed

Questions?

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