

CITY AND COUNTY OF SAN FRANCISCO  
BOARD OF SUPERVISORS  
BUDGET AND LEGISLATIVE ANALYST  
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**Policy Analysis Report**

To: Supervisor Peskin and Supervisor Safai  
From: Budget and Legislative Analyst's Office  
Re: Marina Yacht Harbor Fee Analysis  
Date: January 26, 2024



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**Summary of Requested Action**

Your offices requested that the Budget and Legislative Analyst conduct a financial analysis of the Marina Yacht Harbor, including the annual fee revenue generated, General Fund subsidy, and options to reduce the General Fund subsidy.

***For further information about this report, contact Nicolas Menard at the Budget and Legislative Analyst's Office.***

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**Executive Summary**

- Activities at the Marina are primarily accounted for in the Marina Yacht Harbor special revenue fund. Revenues include permit fees for special events, concession income from vendors and the Golden Gate and St. Francis yacht clubs, and fees generated from berthing and accessory fees at the harbor.
- Fees and other revenues to the Marina do not cover all operating costs, which are budgeted at \$4.86 million in FY 2023-24. To cover the shortfall, the Marina receives a General Fund subsidy which totals \$592,921. Certain variable structural maintenance expenditures are accounted for outside of the Marina Yacht Harbor Fund and are also paid for with General Fund monies. In FY 2022-23, actual General Fund spending at the Marina totaled \$956,077.
- A 2023 survey conducted among the 36 yacht harbors in the Bay Area revealed that the San Francisco Marina Yacht Harbor charged the highest fees to lease their berths to boat owners. Slips are charged at a set rate per linear foot and charged monthly to tenants. For every slip size offered, the Marina Yacht Harbor's rates per foot are several dollars higher than the median regional rate. There were no major differences in amenities between the Marina Harbor and regional harbors. However, the Marina Yacht Harbor is the only harbor in the Bay Area to offer slip sizes larger than 80 linear feet in length.

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***Budget and Legislative Analyst***

### **Reducing General Fund Subsidy Without Any Marina Improvements**

- The BLA determined berthing fees at the East and West Harbors could be raised by 31.4 percent to fully cover the General Fund subsidy and supplemental transfer. This estimate assumes no improvements to the Marina's harbors. The BLA cannot empirically gauge whether the Marina's tenants are willing to absorb a rate increase of that magnitude. However, demand indicators at the Marina Yacht Harbor such as waitlist length and few tenant departures following the 2022 implementation of a dredging fee for West Harbor tenants, which resulted in a 20 percent rate increase for West Harbor tenants between FY 2021-22 and FY 2022-23, suggest there is room to increase rates and capture additional revenue.
- Using data from a 2019 study conducted by the Municipal Transportation Agency, the BLA determined that paid parking could largely offset the General Fund subsidy required to operate the Marina. In this case, berthing fees would have to be increased by approximately 5 percent to cover the remaining costs.

### **Reducing General Fund Subsidy With Marina Improvements**

- The BLA evaluated the Marina Yacht Harbor's financial viability through FY 2036 under four scenarios, described in Exhibit A below, given the proposed Gashouse Cove remediation project with PG&E, anticipated Citywide budget cuts, and a pending ordinance to prohibit expanding the West Harbor. Apart from the Gashouse Cove remediation going through as outlined in the Final Settlement Agreement with PG&E, no scenario will result in the Marina Yacht Harbor generating enough operating revenue to cover expenditures. In these cases, the Marina must either receive General Fund support or implement a berthing fee increase between 15 and 20 percent beyond planned fee increases to break even. The scenarios do not include paid parking revenue, which, if implemented, would reduce the fee increase necessary for the Marina to become financially independent.

**Exhibit A: Scenario Summary**

| <b>FY 2033 and Beyond</b> |  |  |                          |
|---------------------------|--|--|--------------------------|
| <b>#</b>                  | <b>Scenario</b>  | <b>Berthing Fee Increase</b>                                   | <b>Marina Net Income</b> |
| 1                         | Status Quo<br>(No Project)   | 31% fee increase for East and West Harbors                     | Breakeven                |
| 2                         | Remediation Project<br>(As outlined in the Final Settlement Agreement)             | Only for East Harbor<br>(planned, approx. 40%)                 | \$1 million per year     |
| 3                         | Modified Remediation Project<br>(East Harbor renovation, no West Harbor expansion) | 20% fee increase beyond planned fees for East and West Harbors | Breakeven                |
| 4                         | Modified Remediation Project,<br>Spending Baselined to FY 2023                     | 15% fee increase beyond planned fees for East and West Harbors | Breakeven                |

- This financial scenario analysis was conducted using the best available information as provided to the BLA by the Recreation and Parks Department (RPD). RPD advised additional scenarios are being explored in coordination with PG&E, as the design will dictate the type of remediation work performed.

*Project Staff: Nicolas Menard and Alex Thibodo*

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## The Marina Small Craft Harbor and Recreation Area

### Amenities Overview

#### Exhibit 1: Map of Marina Greens and Harbors



Source: Google Maps

The Marina features three distinct areas of greenspace. Most notably, the Marina green spans 7.62 acres along the waterfront and offers views of the Golden Gate Bridge and the waterway between the Bay and Pacific Ocean. The Green may be rented out for special events including sports tournaments, festivals, and fundraising events. Directly southeast of the Green, the Triangle features a small outdoor calisthenics gym and just over 2 acres of greenspace. Finally, the Little Marina is a 2.2-acre rectangular lawn located on the westernmost side of the Marina park. Both the Little Marina and the Triangle are available for permitted special events.

The Marina Small Craft Harbor has 727 berthing slips across two harbors. The East Harbor, situated above the Marina Triangle, offers 326 permanent berths for watercraft ranging from 20 to 35 linear feet in length. The harbor also contains a floating fuel dock for berth owners and guests to purchase fuel for their vessels. The West Harbor also has 326 permanent berthing slips for boats between 25 and 100 linear feet in length. The West Harbor is periodically dredged, due to sediment buildup caused by tidal patterns in the immediate vicinity of the channel entrance.

Landside, the Marina features several parking lots extending from the peninsula where two concessionaire yacht clubs are situated down alongside the main Marina Green. Collectively, the Recreation and Parks Department administers 799 parking spaces in total, including

approximately 200 spaces reserved for berth owners and their crew. The remaining spaces are unrestricted and available to the public at no cost during park hours.

### Marina Budget

Administered by the Recreation and Parks Department (RPD), Marina Yacht Harbor activities are primarily accounted for in two special revenue funds: a capital fund and an operating fund.

#### Capital Budget

The Marina’s capital budget for FY 2023-24 is \$12,070,879, of which \$11 million is appropriated for the East Harbor remediation project. RPD advises these funds are sourced from PG&E’s portion of the settlement agreement, described below, and will carry forward until remediation work begins. The remainder of the capital budget is designated for Marina dredging, which is paid for by dredging fee revenue and a transfer from the Marina operating fund. Additionally, the capital budget allocates funds for facilities and maintenance and the DBW Loan Reserve, which is paid for by a transfer from the operating fund.

#### Exhibit 2: Marina Capital Budget for FYs 2022-2025

|                            | FY 2022-23       | FY 2023-24        | FY 2024-25       |
|----------------------------|------------------|-------------------|------------------|
| DBW Marina Loan Reserve    | 78,700           | 77,300            | 79,654           |
| East Harbor Remediation    | 1,817,590        | 11,000,000        | 0                |
| Marina Dredging            | 600,000          | 550,000           | 550,000          |
| Marina Yacht Renovation    | 5,233            | 5,579             | 5,683            |
| Facilities and Maintenance | 338,000          | 438,000           | 438,000          |
| <b>Total</b>               | <b>2,839,523</b> | <b>12,070,879</b> | <b>1,073,337</b> |

Source: RPD Fund 19000

#### Operating Budget

RPD’s budgeted expenditures for direct operations at the Marina are \$4,857,921 for FY 2023-24. The largest annual expenditure for the Marina is a \$1.5 million loan repayment to the California Department of Boating and Waterways (DBW) from renovations to the Marina’s West Harbor completed in 2013.<sup>1</sup> Outside of debt servicing, the bulk of the Marina’s operating budget funds salaries and benefits for 11.79 FTE positions. The remainder of the budget is allocated towards department overhead, materials and supplies, transfers to the Marina Capital Fund to pay for maintenance costs, and costs of services rendered from other departments. Exhibit 3 below shows the budgeted operating expenditures for the previous, current, and future fiscal years.

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<sup>1</sup> RPD advises the \$24.5 million loan will be paid in full within the next 15 years.

**Exhibit 3: Marina Operating Budget for FYs 2022-23 - FY 2024-25**

|                                 | <b>FY 2022-23</b> | <b>FY 2023-24</b> | <b>FY 2024-25</b> |
|---------------------------------|-------------------|-------------------|-------------------|
| Salaries                        | 1,161,869         | 1,196,934         | 1,231,610         |
| Fringe Benefits                 | 560,004           | 553,846           | 572,693           |
| Overhead & Allocations          | 640,793           | 681,195           | 694,118           |
| Non-Personnel Services          | 224,097           | 224,097           | 224,097           |
| Materials & Supplies            | 112,000           | 112,000           | 112,000           |
| Debt Service                    | 1,880,686         | 1,458,020         | 1,458,020         |
| Services of Other Departments   | 145,024           | 210,950           | 224,779           |
| Transfer to Marina Capital Fund | 421,933           | 420,879           | 523,337           |
| <b>Total</b>                    | <b>5,146,406</b>  | <b>4,857,921</b>  | <b>5,040,654</b>  |

Source: RPD Fund 11902

Actual spending in the Marina operating fund in FY 2022-23 was \$544,477 below budget due to staff vacancies (\$303,825), lower than budget spending on materials and services, (\$102,986), and lower than budget spending on debt service (\$137,666). As shown above, the FY 2023-24 budget of \$4.8 million is \$288,485 lower than the FY 2022-23 budget of \$5.1 million, due to a decrease in budgeted debt service costs,<sup>2</sup> however no adjustments were made to personnel, materials, and service budgets.

*Other Operating Costs*

As described below, in addition to the expenses noted above and accounted for in the Marina operating and capital funds, RPD pays for structural maintenance at Marina facilities, which is funded by RPD’s General Fund budget. In FY 2022-23, structural maintenance costs were approximately \$270,000, according to RPD staff.

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**Marina Operating Revenue**

As described below, Marina operating revenue consist of yacht fees, concession fees, permit fees, and a General Fund subsidy.

**Berth & Mooring Fees**

The fee revenue from yacht berthing and associated chargeable services at the East and West harbors make up most of the Marina’s operating revenue. As shown in Exhibit 4 below, fees collected from East Harbor operations totaled \$784,134 in revenue while the West Harbor

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<sup>2</sup> RPD advised the \$422,000 decrease in debt service is from the department no longer needing to contribute money the escrow account associated with the loan.

brought in \$2,946,646 in FY 2022-23—collectively representing 81 percent of the total operating revenue for the year (excluding the General Fund transfer in).

**Exhibit 4: Harbor Fees Budgeted and Actual Revenue for FYs 2022-23 – FY 2024-25**

|                     | <b>FY 2022-23<br/>(Budget)</b> | <b>FY 2022-23<br/>(Actuals)</b> | <b>FY 2023-24<br/>(Budget)</b> | <b>FY 2024-25<br/>(Budget)</b> |
|---------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|
| General Fund        | 686,077                        | 686,077                         | 592,921                        | 645,954                        |
| Permits             | 400,000                        | 317,979                         | 400,000                        | 412,000                        |
| East Harbor Fees    | 710,000                        | 784,134                         | 675,000                        | 675,000                        |
| West Harbor Fees    | 2,650,000                      | 2,946,646                       | 2,600,000                      | 2,700,000                      |
| Concessions         | 575,000                        | 553,402                         | 590,000                        | 607,700                        |
| Use of Fund Balance | 125,329                        | 0                               | 0                              | 0                              |
| <b>Total</b>        | <b>5,146,406</b>               | <b>5,288,238</b>                | <b>4,857,921</b>               | <b>5,040,654</b>               |

Source: RPD Fund 11902

The above fees include revenue from harbor slip reservation charges, billed to berth tenants each month. Slip fees follow a progressive schedule based on the vessel’s length with the fee-per-foot increasing according to the vessel’s size, as illustrated in Exhibit 5 below. Notably, fees at the West Harbor are greater than those in the East Harbor for slips of comparable size due to the proximity of nearby amenities and recent renovations.<sup>3</sup> Additionally, fees for slips at the West Harbor include a dredging surcharge that is also applied on a fee-per-foot basis, though the dredging fee revenue is accounted for in the Marina capital fund.

<sup>3</sup> Per communication from RPD Deputy Director Antonio Guerra. Following the East Harbor remediation project, RPD expects slip fees will match fees to rates at the West Harbor.

**Exhibit 5: Slip Fee Schedule by Vessel Length, Harbor for FY 2023-24**

| <b>West Harbor</b> |                       |                           |                             |                                  |                                 |
|--------------------|-----------------------|---------------------------|-----------------------------|----------------------------------|---------------------------------|
| <b>Slip Length</b> | <b>Fee (per foot)</b> | <b>Dredging Surcharge</b> | <b># of Slips Available</b> | <b>Monthly Rate (per vessel)</b> | <b>Annual Rate (per vessel)</b> |
| 25                 | \$17.03               | \$2.85                    | 7                           | \$497.00                         | \$5,964.00                      |
| 30                 | 17.27                 | 2.89                      | 50                          | 604.80                           | 7,257.60                        |
| 35                 | 17.27                 | 2.89                      | 43                          | 705.60                           | 8,467.20                        |
| 40                 | 20.95                 | 3.51                      | 112                         | 978.40                           | 11,740.80                       |
| 45                 | 20.95                 | 3.51                      | 52                          | 1,100.70                         | 13,208.40                       |
| 50                 | 21.42                 | 3.58                      | 47                          | 1,250.00                         | 15,000.00                       |
| 60                 | 21.42                 | 3.58                      | 23                          | 1,500.00                         | 18,000.00                       |
| 70                 | 21.87                 | 3.66                      | 4                           | 1,787.10                         | 21,445.20                       |
| 80                 | 21.87                 | 3.66                      | 4                           | 2,042.40                         | 24,508.80                       |
| 90                 | 21.87                 | 3.66                      | 4                           | 2,297.70                         | 27,572.40                       |
| 100                | 21.87                 | 3.66                      | 1                           | 2,553.00                         | 30,636.00                       |
| Total              |                       |                           | 347                         |                                  |                                 |
| <b>East Harbor</b> |                       |                           |                             |                                  |                                 |
| <b>Slip Length</b> | <b>Fee (per foot)</b> | <b>-</b>                  | <b># of Slips Available</b> | <b>Monthly Rate (per vessel)</b> | <b>Annual Rate (per vessel)</b> |
| 20                 | \$12.16               | -                         | 20                          | \$243.20                         | \$2,918.40                      |
| 25                 | 12.16                 | -                         | 139                         | 304.00                           | 3,648.00                        |
| 30                 | 12.33                 | -                         | 99                          | 369.90                           | 4,438.80                        |
| 35                 | 12.33                 | -                         | 68                          | 431.55                           | 5,178.60                        |
| Total              |                       |                           | 326                         |                                  |                                 |

Sources: Marina Harbormaster and Park Fee Schedule

Notes: Monthly and annual rates for West Harbor slips include the dredging surcharge.

Rates shown are for single hull vessels. Multihull vessels incur a surcharge of 40 percent of the monthly fee. Slip counts shown are distributed between permanent berth tenants and yacht club allotments.

In addition to slip fees, captured harbor fee revenue also includes the following items:

- Guest Dockage: Covers per foot, per day fees for guest watercraft at the Marina Harbors.
- Deposits: Includes one-time deposits for berthing slips, electric adapters, and keys.
- Parking: Berth owners at the Marina Harbors are allotted two annual permitted parking passes with their slip at no additional charge. Additional annual parking passes, and the daily rates for permitted crew members or trailers are included in this fee revenue.
- Transfer fees: When boats and slips are sold and transferred between berth owners, RPD collects both an administrative fee and a per-foot transfer fee from the seller.
- Wait list fees: Covers the \$103 annual fee from persons on the wait list to reserve a slip at the harbor.
- Services: Includes labor costs and fees for various services performed at the harbor.
- Other accessory fees include storage, kayak racks, key purchases, and late fees.



RPD does not track itemized fee revenue and therefore the BLA is unable to determine the proportional contribution of individual fee components to the overall funding source.<sup>4</sup>

Based on the number of slips and associated berthing fees in the west harbor, the revenue potential from berthing fees in the west harbor is \$3.6 million, or \$1.0 million less than the FY 2023-24 budgeted revenue of \$2.6 million. The revenue potential in the east harbor is \$1.4 million, or \$725,000 less than the FY 2023-24 budgeted revenue of \$675,000.

### Special Events

The Marina hosts permitted events regularly throughout the year. According to the RPD Special Event master calendar, events typically take place on weekends and can accommodate up to 10,000 attendees.<sup>5</sup> RPD advises permits for the main Marina green typically only cover part of the lawn, either east or west of the flagpole. So far in 2023, the only event that received a permit for the entire main green was Fleet Week.

Budgeted revenue for permitted special events at the Marina totals \$400,000 in FY 2023-24. According to RPD's fee schedule, permit costs for hosting Marina events are tiered based on where the event is situated within the Marina and the hosting organization. Permits for the picnic area (Marina Green West) are priced at a lower rate than those held on the main green, and non-profit organizations are charged at half the rate of commercially sponsored events. Permits for youth sport programming do not incur charges.

#### Exhibit 6: Budgeted and Actual Revenue for FYs 2022-2025

|                              | FY 2022-23<br>(Budget) | FY 2022-23<br>(Actuals) | FY 2023-24<br>(Budget) | FY 2024-25<br>(Budget) |
|------------------------------|------------------------|-------------------------|------------------------|------------------------|
| <b>Special Event Permits</b> | \$400,000              | \$317,979               | \$400,000              | \$412,000              |

Source: RPD Fund 19002

As illustrated in Exhibit 6 above, actual revenues from special event permits totaled \$317,979 in FY 2022-23, \$82,021 below budgeted revenue. Budgeted revenue will increase by 3 percent in the upcoming fiscal year to \$412,000.

<sup>4</sup> RPD advises revenue from East and West Harbor fees are tracked according to individual payee accounts rather than by revenue source.

<sup>5</sup><https://sfrecpark.org/DocumentCenter/View/20850/RPD-Special-Events-Calendar-Marina-Green>

## Concessions

### *Yacht Clubs*

The St. Francis Yacht Club currently holds a 40-year lease with RPD, set to expire in 2054. As of December 1, 2021, base rent for St. Francis is set at \$27,281 per month, or \$327,370 annually. The lease agreement stipulates that every 5 years, base rent will increase according to whichever is higher: i) 115 percent of base rent, or ii) 50 percent of the property's fair market value. In addition to the base rent, St. Francis will also make payments for four guest slips in the West Harbor at the rate established in the RPD fee schedule.<sup>6</sup> The lease agreement further stipulates that rent paid to RPD may be discounted in proportion with approved maintenance work to the Marina Harbor performed and paid by the St. Francis Yacht Club.<sup>7</sup> Maintenance of the St. Francis Club and its utilities costs are paid for by the St. Francis Yacht Club.

Under the St. Francis lease agreement, the City is obligated to maintain the channel entrance to the West Harbor to an average water depth of 12 feet at median low water tide.<sup>8</sup> If and when the channel entrance depth reaches an average of 10 feet, the City will initiate a sampling and dredging process to return the average depth to 12 feet. St. Francis Yacht Harbor may request dredging to additional depths, at which point the Club would assume responsibility for any environmental review, legal, and dredging costs incurred by dredging beyond 12 feet of depth. Meanwhile, the Golden Gate Yacht Club agreement stipulates the City has no obligation to dredge any portion of the harbor under the lease.

The Golden Gate Yacht Club's lease is set for a term of 18 years through 2037. Per the agreement, base rent is set at 10 percent of monthly gross receipts for the preceding month with a minimum annual rent guarantee of \$85,000. As they offer youth educational programming, the Golden Gate Yacht Club is not obligated to pay market rate rent under their lease.<sup>9</sup> In addition to base rent, the Club is obligated to pay 10 percent of the membership and dock fees collected in the prior month to the City, who will allocate these funds towards supplementing major harbor maintenance projects. RPD may suspend the Club's maintenance surcharge obligation if the Department does not have sufficient funds for major maintenance projects. As shown below, the Golden Gate Yacht Club paid \$67,049 in rent to the City in FY 2022-23, which is less than the

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<sup>6</sup> Rent for slips 113 and 115B fall under the lease agreement, while payment for slips 115 and 115A fall under a separate contract.

<sup>7</sup> Section 5.7 of the lease agreement stipulates that in the event St. Francis Yacht Club wishes to perform harbor maintenance otherwise administered by the City, they shall provide a detailed cost estimate to the harbormaster and RPD and come to an agreement for a credit towards St. Francis's rental obligation.

<sup>8</sup> See section 9.2 of the St. Francis Yacht Club lease agreement.

<sup>9</sup> Golden Gate Yacht Club, per their lease agreement, administers a youth sailing program that offers a low cost of entry to sailing for San Francisco students.

minimum rent required by its lease with the Recreation and Parks Department. According to Recreation and Parks Department staff, the Department is in the process of collecting the outstanding rent owed.

As shown in Exhibit 7 below, the City budgets \$350,000 and \$80,000 in revenue from the leases for the St. Francis Yacht Club and Golden Gate Yacht Club, respectively. In FY 2022-23, the yacht clubs collectively produced just over 90 percent of their budgeted revenue in rental payments. Meanwhile, budgeted revenue for St. Francis Yacht Club and Golden Gate Yacht Club is set to increase by 3 percent each in FY 2024-25.

**Exhibit 7: Budgeted and Actual Revenue from Yacht Clubs for FY 2022-23 – FY 2024-25**

|                               | <b>FY 2022-23<br/>(Budget)</b> | <b>FY 2022-23<br/>(Actuals)</b> | <b>FY 2023-24<br/>(Budget)</b> | <b>FY 2024-25<br/>(Budget)</b> |
|-------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|
| <b>St. Francis Yacht Club</b> | \$350,000                      | \$327,371                       | \$350,000                      | \$360,500                      |
| <b>Golden Gate Yacht Club</b> | 85,000                         | 67,049                          | 80,000                         | 82,400                         |
| <b>Total</b>                  | <b>\$435,000</b>               | <b>\$394,420</b>                | <b>\$430,000</b>               | <b>\$442,900</b>               |

Source: RPD Fund 19002

*Permitted Vendors*

RPD currently holds leases with six vendors at the Marina, listed below in Exhibit 8, each set for a term of 12 months. Base rent for each establishment varies. Some vendors are obligated to pay a flat proportion of gross receipts, while others must pay the greater of a minimum monthly payment or a portion of gross receipts. Moreover, establishments with minimum monthly payment agreements may either have a flat payment obligation, or a minimum payment amount that varies seasonally.

**Exhibit 8: Active Permit Agreements at Marina**

| <b>Vendor</b>                | <b>Type</b>       | <b>Permit Fees</b>   |
|------------------------------|-------------------|--|
| <b>Dynamo Donuts</b>         | Kiosk             | 10% of gross receipts  |
| <b>Philz Coffee</b>          | Mobile Food Truck | Equal to the greater of minimum monthly payment or 10% of gross receipts |
| <b>Parkwide Bike Rental</b>  | Kiosk and Storage | 13.5% of gross receipts  |
| <b>Cousins Maine Lobster</b> | Mobile Food Truck | 10% of gross receipts  |
| <b>Los Colores 709</b>       | Mobile Food Bike  | Equal to the greater of minimum monthly payment or 10% of gross receipts |
| <b>Hometown Creamery</b>     | Mobile Food Truck | Equal to the greater of minimum monthly payment or 10% of gross receipts |

Source: Permit agreements between vendors and RPD

Additionally, RPD holds a lease agreement with the Chevron-operated floating fuel dock in the East Harbor. The current agreement is a month-to-month contract from 2000 and indicates that base rent paid to RPD is a combination of set payment per gallon sold, revenue from dry boat storage and boat hoist operations, and a portion of remaining gross receipts.

As shown in Exhibit 9 below, budgeted revenue from the fuel dock in FY 2023-24 is \$40,000 while expected revenues from other vendors are collectively set at \$120,000. Actual concession revenue in FY 2022-23 exceeded expectations by over \$23,000 while revenue from the fuel dock fell short of budget by just over \$10,000. Both revenue sources are set to increase their budgets by 3 percent in FY 2024-25.

**Exhibit 9: Budgeted and Actual Revenue from Permitted Vendors,  
 FYs 2022-23 - FY 2024-25**

|                                 | <b>FY 2022-23<br/>(Budget)</b> | <b>FY 2022-23<br/>(Actuals)</b> | <b>FY 2023-24<br/>(Budget)</b> | <b>FY 2024-25<br/>(Budget)</b> |
|---------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|
| <b>Marina Green Concessions</b> | \$100,000                      | \$123,077                       | \$120,000                      | \$123,600                      |
| <b>Fuel Dock</b>                | 40,000                         | 29,761                          | 40,000                         | 41,200                         |
| <b>Total</b>                    | <b>\$140,000</b>               | <b>\$152,838</b>                | <b>\$160,000</b>               | <b>\$164,800</b>               |

Source: RPD Fund 11902

**General Fund**

According to RPD, the General Fund subsidy to the Marina Yacht Harbor Fund pays for the appropriated operating expenditures after budgeted operating revenue sources have been exhausted. The General Fund subsidy to Marina operations in FY 2023-24 is \$592,921, as shown in Exhibit 10 below, and will increase 8.9 percent to \$645,954 in FY 2024-25.

**Exhibit 10: General Fund Subsidy, FY 2022-23 - FY 2024-25**

|                                   | <b>FY 2022-23<br/>(Budget)</b> | <b>FY 2022-23<br/>(Actuals)</b> | <b>FY 2023-24<br/>(Budget)</b> | <b>FY 2024-25<br/>(Budget)</b> |
|-----------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|
| General Fund Transfer             | \$686,077                      | \$686,077                       | \$592,921                      | \$645,954                      |
| Other General Fund Spending       | \$270,000                      | \$270,000                       | \$278,000                      | \$285,000                      |
| <b>Total General Fund Subsidy</b> | <b>\$956,077</b>               | <b>\$956,077</b>                | <b>\$870,921</b>               | <b>\$930,954</b>               |

Source: Fund 11902

RPD advised that in addition to the subsidy, General Fund monies cover structural maintenance and gardening expenditures that are accounted for outside of the Marina Yacht Harbor Fund.<sup>10</sup> These expenditures are variable year-to-year and are administered by the operations division of RPD. In FY 2022-23, structural maintenance expenditures at the Marina were \$270,000, bringing total General Fund spending to \$956,077 for that year.

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## Regional Fee Comparison

The following section will report key findings from the 2023 Annual Marina and Boatyard Survey. The survey, conducted each year, polls the 36 public and private marinas in the Bay Area regarding their harbors' berth rates, amenities, accessory fees, and occupancy rates.

### Highest Fees and Largest Berths

According to the 2023 survey results, the San Francisco Marina Yacht West Harbor had the highest rate per linear foot for almost all slip sizes in the Bay Area. For 35' slips, the West Harbor was the third most expensive out of the 36 harbors polled. As shown in Exhibit 11 below, West Harbor rates per foot are nearly double the median and average rates for regional harbor slips of comparable sizes. For the slip sizes where the West Harbor has the most expensive rates, the Marina's rates exceed those of the second-most expensive by one to six dollars per linear foot. While not illustrated in the table below, rates for the 20 to 35-foot East Harbor slips at approximately \$11 per linear foot are in line with the median and average rates recorded throughout the regional harbors.

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<sup>10</sup> RPD's structural maintenance subdivision provides trade work including painting, carpentry, and electrical work within San Francisco parks.

**Exhibit 11: Comparative Fee Schedule by Slip Size**

| <b>Slip Size</b> | <b>Marina Rate<br/>Per Foot</b> | <b>Median Rate<br/>Per Foot</b> | <b>Average Rate<br/>Per Foot</b> |
|------------------|---------------------------------|---------------------------------|----------------------------------|
| 25'              | \$18.36                         | \$9.96                          | \$10.79                          |
| 30'              | 18.62                           | 10.26                           | 11.15                            |
| 35'              | 18.62                           | 10.93                           | 12.25                            |
| 40'              | 22.58                           | 12.2                            | 13.12                            |
| 45'              | 22.58                           | 12.08                           | 13.24                            |
| 50'              | 23.09                           | 13.75                           | 15.33                            |
| 55'              | 23.09                           | 13.75                           | 13.44                            |
| 60'              | 23.09                           | 13.87                           | 15.2                             |
| 70'              | 23.58                           | 17.37                           | 17.53                            |
| 80'              | 23.58                           | 15.19                           | 16.42                            |
| 90'              | 23.58                           | -                               | -                                |
| 100'             | 23.58                           | -                               | -                                |

Source: 2023 Annual Marina and Boatyard Survey Results

Notes: Marina slip rates shown are for the West Harbor only and reflect the slip fees submitted by the Marina harbormaster when responding to the survey.

As shown in Exhibit 12 below, the Marina Yacht Harbor is notably the only harbor in the Bay Area that offers slip sizes longer than 80 linear feet in length. The West Harbor accommodates four 90-foot slips and one 100-foot berth. Otherwise, the distribution of slip sizes at the Marina largely reflects that of the greater regional harbor stock and is largely concentrated between slip sizes of 30 and 40 linear feet in length.

**Exhibit 12: Slip Size Distribution at Marina and Regional Harbors**

| Slip         | Marina Harbor |                  | Regional Harbors |                  |
|--------------|---------------|------------------|------------------|------------------|
|              | Count         | % of Total Stock | Count            | % of Total Stock |
| 25'          | 28            | 4.29             | 1,653            | 13.05            |
| 30'          | 187           | 28.68            | 3,148            | 24.84            |
| 35'          | 141           | 21.63            | 2,516            | 19.86            |
| 40'          | 172           | 26.38            | 2,235            | 17.64            |
| 45'          | 47            | 7.21             | 1,390            | 10.97            |
| 50'          | 43            | 6.60             | 811              | 6.40             |
| 55'          | 0             | -                | 271              | 2.14             |
| 60'          | 21            | 3.22             | 292              | 2.30             |
| 65'          | 0             | -                | 68               | 0.54             |
| 70'          | 4             | 0.61             | 34               | 0.27             |
| 80'          | 4             | 0.61             | 12               | 0.09             |
| 90'          | 4             | 0.61             | 0                | -                |
| 100'         | 1             | 0.15             | 0                | -                |
| <b>Total</b> | <b>652</b>    |                  | <b>12,671</b>    |                  |

Source: 2023 Annual Marina and Boatyard Survey Results

Notes: Marina figures include both East and West Harbor slip counts.  
 Regional harbor counts exclude Marina Harbor counts.

**Standard Amenities Relative to Regional Accommodations**

Outside of slip fee pricing, the amenities and accessory fees offered by the Marina Yacht Harbor largely reflect that of the typical marina in the Bay Area. Amenities offered by more than 50 percent of regional harbors such as Wi-Fi, free parking for berth owners, and yacht clubs on or near the premises are also present at Marina Harbor. Likewise, amenities and services offered by a minority of regional harbors are typically not included at the Marina. These include features such as a boat wash, houseboat accommodations, and dry storage. Furthermore, the average harbor occupancy rate for Bay Area harbors is approximately 87 percent according to survey results. The Marina Yacht Harbor did not respond to the survey question regarding occupancy, however RPD provided the BLA with occupancy statistics for the West Harbor between July and November 2023. During these months, occupancy hovered between 85 and 89 percent.

Key differences from other harbors include the presence of a fuel dock. Including the Marina Yacht Harbor, only 15 of the 36 regional harbors polled have a fuel dock on the premises. Additionally, the Marina Yacht Harbor does not allow liveaboards and associated fees, while this

is only true for four other harbors in the Bay Area.<sup>11</sup> Liveaboards are prohibited under the Marina Rules and Regulations and under the lease agreement with the St. Francis Yacht Club, as well.

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## Recommended Mechanisms to Cover General Fund Subsidy

The recommendations selected as options to increase the Marina's operating revenue and eliminate the General Fund subsidy were chosen according to the following criteria:

1. **Fiscal Impact:** The recommendation must be able to generate a sizeable increase in Marina revenue to the extent it could reasonably cover most or all of the General Fund subsidy for FY 2024-25 in the amount of \$645,954, plus a supplemental General Fund allocation for structural maintenance expenditures. Assuming a 3 percent increase in expenditures each fiscal year, we anticipate a supplemental General Fund allocation of approximately \$285,000, bringing the total amount of additional revenue necessary to cover General Fund money to \$930,954.
2. **Feasibility:** The recommendation must be within the powers of the Recreation and Parks Department and/or the Board of Supervisors. Additionally, the recommendation must be reasonable under economic conditions, avoiding excessive fees and unrealistic demands of Marina patrons and the public.
3. **Reliability:** The recommendation must be able to generate revenue in a predictable manner, thereby mitigating the risk of over or under-budgeting. Emphasis is placed on favoring fixed or less variable price structures for increased financial stability.

The estimates included in the following section represent the best possible approximations of scenarios and figures given the data RPD provided to the BLA. RPD advises additional scenarios are being considered and analyzed, using engineering information the BLA does not have access to.

### Raise Berthing Fees

#### *Fiscal Impact*

The Recreation and Parks Department could increase harbor berthing and accessory fees by 31.4 percent to fully cover Marina operating expenditures and eliminate the need for General Fund support. Exhibit 13 below shows a revised FY 2025-26 operating budget using the FY 2024-25 operating budget as a baseline. If the General Fund subsidy and supplemental monies were to

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<sup>11</sup> Liveaboards describe persons whose permanent or partial residence is aboard their watercraft at a marina. Regional liveaboard slip rates typically incur an additional fee ranging between \$100 and \$500 per month.



be completely removed from the Marina’s budget, and all operating expenditures, permit revenue, and concession revenue were to increase by 3 percent the following fiscal year, harbor fees overall would need to increase by 31.42 percent for revenue to break even with expenditures, assuming no change in slip occupancy.

**Exhibit 13: Marina Budget Adjusted to Cover General Fund**

| <b>Expenditures</b>                      | <b>FY 2024-25</b>  | <b>Change</b> | <b>FY 2025-26</b>  |
|--|--------------------|---------------|--------------------|
| <b>Marina Fund Budgeted Expenditures</b> | \$5,040,654        | 3%            | \$5,191,874        |
| <b>Structural Maintenance</b>            | 285,000            | 3             | 293,550            |
| <b>Total</b>                             | <b>\$5,325,654</b> |               | <b>\$5,485,424</b> |
| <b>Revenue</b>                           | <b>FY 2024-25</b>  | <b>Change</b> | <b>FY 2025-26</b>  |
| <b>General Fund (Subsidy)</b>            | \$645,954          | -100%         | \$0                |
| <b>General Fund (Supplemental)</b>       | 285,000            | -100          | 0                  |
| <b>Permits</b>                           | 412,000            | 3             | 424,360            |
| <b>East &amp; West Harbor Fees</b>       | 3,375,000          | 31.42         | 4,435,425          |
| <b>Concessions</b>                       | 607,700            | 3             | 625,931            |
| <b>Total</b>                             | <b>\$5,325,654</b> |               | <b>\$5,485,716</b> |

Source: FY 2024-25 Operating Budget, BLA Analysis

For a 40-foot boat currently docked at the Marina Yacht Harbor, this fee adjustment would equate to a monthly payment increase from \$903 to \$1,187 and an additional \$3,404 per year being paid to the Marina between Fiscal Years 2024-25 and 2025-26.

*Feasibility*

The workability that the Marina will be able to increase their fees by 31.4 percent without causing a significant decrease in patronage relies upon how elastic the demand is for harbor slips from current and potential berth tenants. The San Francisco Marina Small Craft Yacht Harbor already has the highest fees per linear foot in the Bay Area. Furthermore, the regional harbor vacancy rate averaged 18 percent in 2023, which offers Marina patrons the option to relocate to other nearby harbors should fees become prohibitively high. However, in July 2022, the Board approved a Dredging Fee for west harbor slips, effectively increasing slip fees by 20 percent. According to RPD staff, this had no impact on the occupancy and waitlist at the West Harbor.

Despite high fees, standard amenities, and the availability of slips at nearby harbors, demand for slips at the Marina exceeds supply by 54 percent. As of 2023, the waitlist for the 326 slips in the West Harbor is comprised of 177 individuals who pay an annual fee of \$103 to remain in the queue. The distribution of waitlist members per requested slip size is shown in Exhibit 14 below.

**Exhibit 14: Wait List Length by Slip Size**

| Slip Size | 25' | 30' | 35' | 40' | 45' | 50' | 60' | 70' | 80' | 90' |
|-----------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Wait List | 8   | 27  | 29  | 27  | 21  | 17  | 16  | 14  | 9   | 9   |

Source: RPD West Harbor wait list.

Note: RPD advises the wait list for East Harbor slips is currently closed.

To implement the proposed fee increase, RPD must determine how to increase itemized fees in a manner that increases collective harbor berthing and accessory fees by 31.42 percent. Secondly, the Board of Supervisors would have to amend the Park Code to adjust the fee schedule beyond the standard CPI adjustment.

*Reliability*

RPD could improve the reliability of fee revenue and possibly lower the fee increase necessary to cover operating expenditures by implementing management strategies to reduce berth turnover at the Marina. In Exhibit 15 below, the BLA calculates the fee revenue expected at occupancy rates between 80 to 100 percent using actual revenue and scheduled fees for FY 2022-2023. Actual fee revenues for FY 2022-2023 at the West and East Harbors were \$2.9 million and \$784,134, respectively. These fees include non-berthing revenue, prohibiting the BLA from estimating an accurate occupancy rate, however RPD occupancy reporting for 2023 suggests West Harbor occupancy was approximately 87 percent. RPD did not provide occupancy data for the East Harbor, but advised occupancy is far lower due to the continued loss of slips to deterioration. RPD is unable to repair East Harbor slips at this time due to contamination in Gashouse Cove.

**Exhibit 15: Fee Revenue Potential by Occupancy Rate**

| West Harbor Occupancy |             |           |           |           |           |           |
|-----------------------|-------------|-----------|-----------|-----------|-----------|-----------|
|                       | Actual      | 100%      | 95%       | 90%       | 85%       | 80%       |
| Revenue               | \$2,946,646 | 3,196,895 | 3,037,050 | 2,877,205 | 2,717,361 | 2,557,516 |
| East Harbor Occupancy |             |           |           |           |           |           |
|                       | Actual      | 100%      | 95%       | 90%       | 85%       | 80%       |
| Revenue               | \$784,134   | 1,284,429 | 1,220,208 | 1,155,986 | 1,091,765 | 1,027,543 |

Source: FY 2022-23 RPD Actual Revenue, BLA analysis

As shown above, just a 5 percent increase in overall occupancy could generate more than \$220,000 in revenue between the East and West harbors, based on current fees.

## Charge for Public Parking at Marina Lots

### *Fiscal Impact*

RPD could implement paid public parking at the Marina parking lots to cover the vast majority of the \$930,954 in General Fund support to the Marina. The Municipal Transportation Authority (MTA) conducted a parking feasibility study in 2019 at the request of RPD that estimated the entry costs, routine expenditures, and revenue that could be expected if the Marina converted their public lots to a paid parking system. Continuing the 3 percent expenditure and revenue increase between fiscal years assumed by the MTA, the BLA adjusted the five-year net income estimated by the MTA and show them in Exhibit 16 below.

### Exhibit 16: Estimated Costs and Revenue for Marina Paid Parking

|                           | FY 2024-25      | FY 2025-26       | FY 2026-27       | FY 2027-28       | FY 2028-29       |
|---------------------------|-----------------|------------------|------------------|------------------|------------------|
| <b>Parking Revenue</b>    | \$1,323,208     | \$1,362,904      | \$1,403,791      | \$1,445,905      | \$1,489,282      |
| Parking Tax               | (246,178)       | (253,563)        | (261,170)        | (269,005)        | (277,076)        |
| Credit Card Fees          | (116,832)       | (120,337)        | (123,947)        | (127,665)        | (131,495)        |
| Pay by Phone Fees         | (3,282)         | (3,380)          | (3,482)          | (3,586)          | (3,694)          |
| Expense                   | (190,819)       | (196,544)        | (202,440)        | (208,513)        | (214,768)        |
| One Time                  |                 |                  |                  |                  |                  |
| Implementation Cost       | (719,492)       | 0                | 0                | 0                | 0                |
| <b>Parking Net Income</b> | <b>\$46,605</b> | <b>\$789,080</b> | <b>\$812,752</b> | <b>\$837,135</b> | <b>\$862,249</b> |

Source: MTA 2019 Analysis

According to MTA estimates, paid parking at the Marina would generate positive profit immediately after the first year, and approximately \$790,000 the following year assuming implementation occurs in 2024.

Exhibit 17 below incorporates the BLA-adjusted parking revenue estimates with the Marina Operating budget for FYs 2024-2027. Assuming parking meters are implemented in FY 2024-25 and the General Fund support to the Marina ends the following year, the Marina operating budget would see a budget shortfall of \$169,803 and \$174,898 in the subsequent two fiscal years.

**Exhibit 17: Example Marina Operating Budget Including Paid Parking Revenue**

| <b>Expenditures</b>               | <b>FY 2024-25</b>  | <b>FY 2025-26</b>  | <b>FY 2026-27</b>  |
|-----------------------------------|--------------------|--------------------|--------------------|
| Marina Fund Budgeted Expenditures | \$5,040,654        | \$5,191,874        | \$5,347,630        |
| Structural Maintenance            | 285,000            | 293,550            | 302,357            |
| <b>Total</b>                      | <b>\$5,325,654</b> | <b>\$5,485,424</b> | <b>\$5,649,987</b> |
| <b>Revenue</b>                    | <b>FY 2024-25</b>  | <b>FY 2025-26</b>  | <b>FY 2026-27</b>  |
| General Fund (Subsidy)            | \$645,954          | \$0                | \$0                |
| General Fund (Supplemental)       | 285,000            | 0                  | 0                  |
| Permits                           | 412,000            | 424,360            | 437,091            |
| Harbor Fees                       | 3,375,000          | 3,476,250          | 3,580,537          |
| Concessions                       | 607,700            | 625,931            | 644,709            |
| Parking Net Income                | 46,605             | 789,080            | 812,752            |
| <b>Total</b>                      | <b>\$5,372,259</b> | <b>\$5,315,621</b> | <b>\$5,475,089</b> |
| <b>Marina Net Income</b>          | <b>46,605</b>      | <b>(169,803)</b>   | <b>(174,898)</b>   |

Source: MTA 2019 Analysis, BLA Analysis

Note: Revenue and expenditure estimates assume a 3 percent growth between fiscal years.

*Feasibility*

If enacted, the Marina would be just one of three RPD properties to have paid public parking on the premises.<sup>12</sup> To charge for public parking in the Marina lots, the Board of Supervisors must amend the Park Code to authorize the MTA to set rates for parking spots on the premises.<sup>13</sup> The financial impact noted above assumes that all 799 parking spaces are charged for parking, include the 199 currently set-aside for berth tenants, who currently are provided two free parking spaces per berth.

*Reliability*

Revenue estimates for paid parking at the Marina were generated in 2019, prior to the COVID-19 pandemic, based on rates and usage from the adjacent Fort Mason parking lot. It is reasonable to believe revenue estimates calculated today would differ from MTA conclusions, especially as permitted events have not yet returned to pre-2020 levels. However, the estimates derived from the MTA study conservatively assume that throughout the year, occupancy of the public parking stalls would average 25% with an average stay of 2.5 hours.

<sup>12</sup> Golden Gate Park’s music concourse and Kezar Stadium parking lot are the only two RPD-managed paid parking facilities in the City.

<sup>13</sup> Section 6.14 of the Park Code authorizes the MTA to work with RPD staff to 1) identify locations for the establishment of paid parking, 2) set rates for paid parking on park property, and 3) develop and implement a parking management plan for park properties with parking facilities.

## Parking and Berthing Fee Increase

Through a combined approach of implementing paid parking and instituting a modest berthing fee increase above the standard 3 percent adjustment between fiscal years, RPD stands to achieve independence from General Fund transfers to the Marina Yacht Harbor Fund. To cover the revenue shortfall after paid parking is established at the public Marina lots, RPD would need to increase harbor fees by just 5.03 percent for operating revenue to break even with budgeted expenditures.

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## Policy Considerations

### Gashouse Cove Remediation

#### *Overview of Settlement and Proposed Remediation Project*

In the 19<sup>th</sup> and early 20<sup>th</sup> centuries, Pacific Gas and Electric (PG&E) operated a coal gasification plant near what is currently the East Harbor of the Marina. Site studies conducted several decades later discovered that toxic chemical compounds from the plant's output were polluting the soils and sediments underlying the East Harbor. The City filed a lawsuit against PG&E in 2001 seeking recovery of costs related to the cleanup of the contamination. The parties reached a Final Settlement Agreement in 2020.

In 2021, the San Francisco Board of Supervisors passed a resolution approving the Final Settlement Agreement (File 21-0067), which provided a high-level scope of the project, outlined project management responsibilities, and set the terms for cost-sharing and repayment according to expected project output. Per the settlement agreement, the remediation and contingency costs not to exceed \$160 million will be paid for by PG&E. The City will reimburse PG&E for 9 percent of the project costs up to \$160 million, and excess contingency costs incurred beyond \$160 million up to \$190 million will be shared on a 50-50 percent basis between the parties. PG&E will initially fund all project costs and the City will repay its share from Marina revenues at zero percent interest beginning three years after the remediation is completed for a term of 30 years. Exhibit 18 below shows the estimates that form the basis of the settlement amount. Any costs beyond \$190 million would have to be agreed by both parties and cost sharing would be subject to a future agreement.

**Exhibit 18: Marina Yacht Harbor Project Budget**

| <b>Cost</b>  | <b>Estimate</b>      | <b>Cost-Sharing<sup>1</sup></b> |
|--|----------------------|---------------------------------|
| Pre-Construction   | \$3,523,000          | 91-9                            |
| CEQA/Regulatory Compliance   | 4,450,000            | 91-9                            |
| Public Fuel Dock   | 2,289,000            | 91-9                            |
| East Harbor Remediation  | 67,961,000           | 91-9                            |
| East Harbor Renovation, Public Access,<br>and Recreational Amenities | 23,897,000           | 91-9                            |
| West Harbor Breakwater and Marina<br>Improvements                    | 27,880,000           | 91-9                            |
| <b>Subtotal</b>  | <b>\$130,000,000</b> |                                 |
| Contingency  | \$30,000,000         | 91-9                            |
| Excess Contingency   | \$30,000,000         | 50-50                           |
| <b>Total</b>   | <b>\$190,000,000</b> |                                 |

Source: Final Settlement Agreement between PG&E and the City of San Francisco

Notes: <sup>1</sup> Reflects the percentage obligation for PG&E and percentage obligation for the City, respectively.

While the project is still in the early design phase, the proposed project components developed over the course of the settlement agreement includes both the clean-up of the East Harbor and the construction of new public amenities. Specifically, the San Francisco Marina Improvement and Remediation Project would:

1. Demolish all docks and berths in the East Harbor.
2. Dredge the northern half of the East Harbor to remove pollutants.
3. Backfill the southern half of the East Harbor with an engineered sediment cap, to prevent contaminated sediment from leeching into the water.
4. Reconstruct the docks and berths in the northern half of the East Harbor.
5. Expand the West Harbor to accommodate the lost slips from the southern half of the East Harbor and to add a fuel dock.
6. Construct a new breakwater for the West Harbor that will decrease the dredging frequency.

With the engineered sediment cap, the southern half of the East Harbor would be too shallow for the berths to return. RPD anticipates this cove would become five acres of protected shallow open water recreation. According to the resolution approved by the Board of Supervisors accepting the Final Settlement Agreement, the project framework outlined in the settlement is

subject to future City approvals, California Environmental Quality Act review, and other environmental regulatory oversight.<sup>14</sup>

### *Implications for Fee Revenue*

The Board of Supervisors is currently considering an ordinance to limit the extension of the West Harbor by more than 150 feet from its current boundary (File 23-1191). Such a decision would effectively prohibit lost East Harbor slips from being redistributed to the West Harbor and reduce potential fee revenue by \$2.0 million per year, altering the extent to which support from the General Fund and/or alternative revenue streams will be needed.

### **Scenario 1: No Improvements to the Marina**

Exhibit 19 below outlines an estimated budget schedule for the Marina between Fiscal Years 2029-30 through FY 2035-36 for the scenario in which the remediation project does not proceed as planned. Under these circumstances, operating revenue would fall short of expenditures by more than \$1 million per year, requiring a General Fund subsidy or a 27.6 percent increase to overall berthing fees. When accounting for the year-to-year increase in expenditures, the required fee hike translates to a one-time 31.4 percent increase, as explained earlier, with subsequent 3 percent annual increases thereafter.

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<sup>14</sup> File 21-0067

**Exhibit 19: Marina Status Quo Budget Schedule  
FYs 2029-30 – FY 2035-36**

|  | FY 2030            | FY 2031            | FY 2032            | FY 2033            | FY 2034            | FY 2035            | FY 2036            |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Expenditures</b>                              |                    |                    |                    |                    |                    |                    |                    |
| Operating  | 5,843,499          | 6,018,804          | 6,199,369          | 6,385,350          | 6,576,910          | 6,774,217          | 6,977,444          |
| Structural Maintenance                           | 330,393            | 340,305            | 350,514            | 361,029            | 371,860            | 383,016            | 394,507            |
| <b>Total Expenditures</b>                        | <b>6,173,893</b>   | <b>6,359,109</b>   | <b>6,549,883</b>   | <b>6,746,379</b>   | <b>6,948,771</b>   | <b>7,157,234</b>   | <b>7,371,951</b>   |
| <b>Revenue</b>                                   |                    |                    |                    |                    |                    |                    |                    |
| Permits  | 477,621            | 491,950            | 506,708            | 521,909            | 537,567            | 553,694            | 570,304            |
| East Harbor Fees                                 | 782,510            | 805,985            | 830,165            | 855,070            | 880,722            | 907,144            | 934,358            |
| West Harbor Fees                                 | 3,130,040          | 3,223,941          | 3,320,659          | 3,420,279          | 3,522,888          | 3,628,574          | 3,737,431          |
| Concessions                                      | 704,491            | 725,626            | 747,394            | 769,816            | 792,911            | 816,698            | 841,199            |
| <b>Total Revenues</b>                            | <b>5,094,662</b>   | <b>5,247,502</b>   | <b>5,404,927</b>   | <b>5,567,074</b>   | <b>5,734,087</b>   | <b>5,906,109</b>   | <b>6,083,293</b>   |
| <b>Marina Net Income</b>                         | <b>(1,079,231)</b> | <b>(1,111,608)</b> | <b>(1,144,956)</b> | <b>(1,179,305)</b> | <b>(1,214,684)</b> | <b>(1,251,124)</b> | <b>(1,288,658)</b> |
| <i>Fee Increase Necessary to Cover Shortfall</i> | 27.6%              | 27.6%              | 27.6%              | 27.6%              | 27.6%              | 27.6%              | 27.6%              |

Source: BLA Analysis

Notes: All revenue and expenditure estimates are assumed to increase 3 percent each year, using the FY 2024-25 operating budget as a baseline. The Fee Increase Necessary to Cover Shortfall figures represent the same-year one-time fee increase needed to cover unfunded expenditures that year.

**Scenario 2: Remediation Project**

Exhibit 20 below shows a potential budget schedule for the Marina under the same time period, but assumes the remediation project proceeds as described in the Final Settlement Agreement at a cost of \$160 million. The cost includes base project cost of \$130 million plus the \$30 million contingency, but not the \$30 million Excess Contingency. Here, East Harbor fees are calculated by assuming 90 percent occupancy for 172 reconstructed berths charged at the same rate as West Harbor slips. RPD advised they intend to equalize East and West Harbor fee rates to pay for the City’s obligation to the PG&E settlement. Notably, this change would represent an increase of approximately 40 percent for East Harbor berth tenants. West Harbor Fees include revenue from its existing berths and the expansion of 235 additional slips at 90 percent occupancy.<sup>15</sup> Assuming construction finishes, and revenue begins generating in FY 2029-30, repayment to PG&E would begin in FY 2032-33 in the amount of \$480,000 per year. If the remediation project requires use of the project’s Excess Contingency, the debt service would increase from an assumed \$480,000 per year to \$980,000 per year.

<sup>15</sup> Though not accounted for in the West Harbor Fees item of the operating budget, the BLA notes dredging fees imposed on West Harbor berth tenants may be reduced or eliminated, given the reduced dredging frequency needed with the new proposed breakwater. Eliminating the dredging fee would represent a 14 percent decrease in fees for West Harbor berth tenants, if implemented.



**Exhibit 20: Marina Budget Schedule Under Remediation Project  
FYs 2029-30 – FY 2035-36**

|                            | <b>FY 2030</b>   | <b>FY 2031</b>   | <b>FY 2032</b>   | <b>FY 2033</b>   | <b>FY 2034</b>   | <b>FY 2035</b>   | <b>FY 2036</b>   |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b><u>Expenditures</u></b> |                  |                  |                  |                  |                  |                  |                  |
| Operating                  | 5,843,499        | 6,018,804        | 6,199,369        | 6,385,350        | 6,576,910        | 6,774,217        | 6,977,444        |
| Structural Maintenance     | 330,393          | 340,305          | 350,514          | 361,029          | 371,860          | 383,016          | 394,507          |
| PG&E Debt Service          |                  |                  |                  | 480,000          | 480,000          | 480,000          | 480,000          |
| <b>Total</b>               | <b>6,173,893</b> | <b>6,359,109</b> | <b>6,549,883</b> | <b>7,226,379</b> | <b>7,428,771</b> | <b>7,637,234</b> | <b>7,851,951</b> |
| <b><u>Revenue</u></b>      |                  |                  |                  |                  |                  |                  |                  |
| Permits                    | 477,621          | 491,950          | 506,708          | 521,909          | 537,567          | 553,694          | 570,304          |
| East Harbor Fees           | 1,340,713        | 1,380,935        | 1,422,363        | 1,465,034        | 1,508,985        | 1,554,254        | 1,600,882        |
| West Harbor Fees           | 4,961,829        | 5,110,683        | 5,264,004        | 5,421,924        | 5,584,582        | 5,752,119        | 5,924,683        |
| Concessions                | 704,491          | 725,626          | 747,394          | 769,816          | 792,911          | 816,698          | 841,199          |
| <b>Total</b>               | <b>7,484,654</b> | <b>7,709,193</b> | <b>7,940,469</b> | <b>8,178,683</b> | <b>8,424,044</b> | <b>8,676,765</b> | <b>8,937,068</b> |
| <b>Marina Net Income</b>   | <b>1,310,761</b> | <b>1,350,084</b> | <b>1,390,586</b> | <b>952,304</b>   | <b>995,273</b>   | <b>1,039,531</b> | <b>1,085,117</b> |

Source: BLA Analysis

Notes: PG&E Debt Service amount is assumed to be \$14.4 million over 30 years, representing 9 percent of the \$130 million project costs plus \$30 million contingency.

All revenue and expenditure estimates are assumed to increase 3 percent each year, using the FY 2024-25 operating budget as a baseline.

As shown above, the Marina stands to operate at a surplus of approximately \$1.0 million per year if the remediation project goes through as planned, after including new debt service for the PG&E loan, without requiring support from the General Fund or additional revenue streams. According to RPD, the surplus will be used to fund a deferred maintenance fund. Deferred maintenance needs are estimated to cost approximately \$1.3 million per year, based on a lifecycle analysis of Marina assets.<sup>16</sup> The Marina’s operating budget in the exhibit above includes a \$700,000 transfer, on average starting in FY 2033, to the Marina capital budget to pay for maintenance needs, leaving a remaining capital funding need of approximately \$650,000, on average, per year, if policy makers decide to fully fund the Marina’s estimated capital needs.

<sup>16</sup> Deferred maintenance projects include the improvements to the Harbormasters Office, Marina Green bathrooms, landscaping, and parking lot.

**Scenario 3: Modified Remediation Project**

Next, we consider the impact of the project control ordinance limiting the expansion of West Harbor. In this scenario, the remediation project moves forward as planned, except for reconstructing the lost East Harbor slips in the West Harbor. We assume no other project scope changes. Exhibit 21 below outlines the estimated budget schedule under these circumstances. Here, the West Harbor is assumed to generate revenue with its existing slips and occupancy rates, while the East Harbor would collect fees from its proposed 172 reconstructed slips, charged at the same rate as West Harbor berths. Debt service to PG&E is reduced to a flat payment of \$390,000 per year as the estimated \$30 million to expand the West Harbor would no longer be included in total project costs.

**Exhibit 21: Marina Budget Schedule Without West Harbor Expansion for Fys 2029-30 –  
FY 2035-36**

|  | <b>FY 2030</b>   | <b>FY 2031</b>   | <b>FY 2032</b>   | <b>FY 2033</b>   | <b>FY 2034</b>   | <b>FY 2035</b>   | <b>FY 2036</b>     |
|--|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| <b><u>Expenditures</u></b>                                       |                  |                  |                  |                  |                  |                  |                    |
| Operating  | 5,843,499        | 6,018,804        | 6,199,369        | 6,385,350        | 6,576,910        | 6,774,217        | 6,977,444          |
| Structural Maintenance   | 330,393          | 340,305          | 350,514          | 361,029          | 371,860          | 383,016          | 394,507            |
| PG&E Debt Service  |                  |                  |                  | 390,000          | 390,000          | 390,000          | 390,000            |
| <b>Total Expenditures</b>  | <b>6,173,893</b> | <b>6,359,109</b> | <b>6,549,883</b> | <b>7,136,379</b> | <b>7,338,771</b> | <b>7,547,234</b> | <b>7,761,951</b>   |
| <b><u>Revenue</u></b>  |                  |                  |                  |                  |                  |                  |                    |
| Permits  | 477,621          | 491,950          | 506,708          | 521,909          | 537,567          | 553,694          | 570,304            |
| East Harbor Fees   | 1,340,713        | 1,380,935        | 1,422,363        | 1,465,034        | 1,508,985        | 1,554,254        | 1,600,882          |
| West Harbor Fees   | 3,130,040        | 3,223,941        | 3,320,659        | 3,420,279        | 3,522,888        | 3,628,574        | 3,737,431          |
| Concessions  | 704,491          | 725,626          | 747,394          | 769,816          | 792,911          | 816,698          | 841,199            |
| <b>Total Revenues</b>  | <b>5,652,865</b> | <b>5,822,451</b> | <b>5,997,125</b> | <b>6,177,038</b> | <b>6,362,349</b> | <b>6,553,220</b> | <b>6,749,817</b>   |
| <b>Marina Net Income</b>   | <b>(521,027)</b> | <b>(536,658)</b> | <b>(552,758)</b> | <b>(959,341)</b> | <b>(976,421)</b> | <b>(994,014)</b> | <b>(1,012,134)</b> |
| <i>Fee Increase Necessary<br/>To Cover Shortfall<sup>1</sup></i> | <i>12%</i>       | <i>12%</i>       | <i>12%</i>       | <i>20%</i>       | <i>20%</i>       | <i>20%</i>       | <i>20%</i>         |

Source: BLA Analysis

<sup>1</sup> Represents the one-time, same-year increase needed to cover shortfall.

As shown above, the BLA estimates that this scenario would generate an operating revenue shortfall of approximately \$1 million dollars per year once debt service to PG&E begins. In order to cover the loss without transfers from the General Fund, the BLA estimates that berthing fees in the East and West harbor would need to increase by 20 percent by the time debt service begins for the Marina to break even, including the annual \$700,000 maintenance transfer to the capital fund. To generate revenue sufficient to maintain capital spending of \$1.3 million per year, fees would need to be increased by 32 percent rather than 20 percent.

#### **Scenario 4: Modified Remediation Project, Spending Baselined to Actual Spending in FY 2022-23**

Finally, as noted above, FY 2022-23 spending in the Marina operating fund was \$544,477 less than budgeted, while revenues that year included a \$686,077 General Fund transfer. Due to the City's projected General Fund deficits in FY 2024-25 and beyond, the Department is considering eliminating the Marina's General Fund subsidy in FY 2024-25, which would essentially freeze operational spending at the Marina \$141,600 below FY 2022-23 actual spending. If that spending level is maintained but escalated by three percent through FY 2036, then berthing fees would need to be increased by 15 percent by the time debt service payments begin to cover operating costs if the remediation project is completed without the expansion of the West Harbor.

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### **Conclusion**

The Marina Small Craft Yacht Harbor currently does not generate enough revenue to cover expenditures and therefore cannot operate independently from the General Fund. The Recreation and Parks Department has been developing a project, largely funded by PG&E and a thirty-year repayment of certain project costs by the City, that would remediate contamination and renovate slips in the Marina's East Harbor and expand the number of slips in the West Harbor. The renovated and new slips would together be more than sufficient revenue to cover the Marina's operations, with net income going towards deferred maintenance needs.

The Board of Supervisors is considering an ordinance (File 23-1191) that would prohibit expansion of the West Harbor. After evaluating regional harbor fees, current revenue streams, and berth demand at the Marina, we conclude there are two viable options for the Recreation and Parks Department to significantly reduce or eliminate reliance on the General Fund if the Marina's West Harbor is not expanded. The Department could increase berthing fees at the East and West Harbors by 15 to 20 percent more than currently planned to achieve total financial independence from the General Fund. RPD could also implement paid parking at the public Marina lots and in turn increase operating revenue by enough to cover 82 percent of the current General Fund subsidy, thereby reducing the fee increase necessary to cover remaining costs no longer funded by the General Fund. Through a combined approach of instituting paid parking, modestly increasing berthing fees, and adopting strategies to improve optimal harbor management, the Marina could achieve its intended goal of financial independence from the General Fund.