

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 27, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #35: REQUEST FOR MARINA SLIP FEE COMPARISON WITH OTHER JURISDICTIONS, REVENUE ANALYSIS AND MARINA OPERATING COSTS.

In response to Councilwoman Woodson's request for a comparison of Alexandria Marina's slip fees to those charged by neighboring marinas and Councilman MacDonald's request for marina operating costs, the following information is provided.

Marina Fees

Alexandria's Marina fees are grouped in three operations: commercial license agreements, annual pleasure boat leases, and transient fees. Not all marinas in the area offer the same license options or docking categories, therefore direct comparisons are not always possible. The City Marina earned \$209,680 in revenue during FY 2005 (Attachment 1). A chart has been prepared with information obtained from other area marinas on their fees (Attachment 2) and a matrix has been created on the services the marinas provide (Attachment 3).

Commercial Boats

The City has leases with two commercial companies (Potomac River Boat and L.A. Yachts) for a total of six slips for tour and charter boats (Cherry Blossom, Admiral Tilp, Miss Christin, Matthew Hayes, Miss Mallory, and Potomac Belle). The total charge for docking space for the six vessels was \$95,000 in FY 2006. Leases for all six of the commercial boats, which are multi-year in nature include a 2.5% annual increase in fees. Because of the competitive, business environment of commercial slip leases, neighboring jurisdictions have not been forthcoming with their rate information.

Pleasure Boat Leases

Currently the City's Marina is charging annual lease slip holders \$6.25 per boat foot, per month, paid on an annual basis. This fee places Alexandria at the lowest level of the fee ladder with other marinas in the region (Attachment 4). The FY 2007 budget reflects a proposed rate increase to \$7.25 per foot. Fees from other jurisdictions run from \$7.15 per foot, per month at the Ft. Washington Marina, to the highest per foot fee of \$10.50, at the Gangplank Marina in Washington, D. C. The Annapolis Marina charges a minimum \$375 per month, or \$4,500 a year.

Currently, the average length of a pleasure boat with an annual lease at the City of Alexandria Marina is 28 ft. The pleasure boat leases raised \$75,000 in revenue in FY 2005 (Attachment 5). If the fee is raised from the \$6.25 per foot assessed today to \$7.25 per foot, the average annual fee would increase from \$2,100 to \$2,436, an average increase of \$336 per boat, and maximum increase to the City of \$13,440 per year if all of the 40 slips are leased.

In the 2005 boating season, four slips on the north side of the G/H pier were taken out of inventory due to silting levels. It is anticipated an additional two slips will be silted-in and unusable, this year. The next dredging is scheduled for FY 2008 at a cost of \$900,000. Staff will be reviewing the fee structure every year during the budget process. The fees were last increased in FY 1999. The department will schedule a public hearing with the Park and Recreation Commission on proposed fee increases, and then will present their recommendations to City Council for formal action.

Transient Boats

Transient demand for slip space has not reached its pre-Hurricane Isabel numbers. Transient commercial, cruise, and charter vessels contributed to approximately 3.7% (\$7,736) of the revenue for the marina operation in FY 2005. The current proposal increases the \$5.00 for four hours of docking time to \$10.00 for four hours for transient pleasure boats. Current market rates make the proposed 100% increase viable based on the fees of surrounding facilities. The proposed increase will double the revenue generated for short-term transient pleasure boat stays. Overnight transient rates are also recommended to increase 50%, from \$1.00 to \$1.50 per foot, making them comparable to current market rates. Increased revenue, based on recommended rate increases, is estimated at \$9,365 for hourly visits, and \$10,703 for overnight stays, if current occupancy rates stay constant.

The current Marina configuration provides only one docking site for visiting commercial vessels 65 feet and over. Increasing the per foot charge from \$2 to \$3 per day will increase the revenue from this docking category by 50% (an increase of \$3,868 per year).

The Marina's revenue for FY 2005 was \$209,680; staff anticipate approximately the same revenue in FY 2006. If the current proposal for increasing marina fees is approved, a maximum of \$39,751 in additional revenue (Commercial Leases \$2,375, Pleasure Boat Leases \$13,440, and Transient Fees \$23,936) will be generated depending on weather, market demand, facilities, and economics. This would raise total Marina fees for FY 2007 to \$249,431, including the proposed fee increase of \$39,751. In an effort to stay competitive with market rates, staff will be reviewing fees every year during the budget process.

Marina Operating Costs

Marina boating fees currently cover the Marina operating expenses incurred serving boat traffic and contribute to services provided to the public at the waterfront.¹ The FY 2006 budget is \$211,850 (Personnel \$202,145 and Operating Supplies and Materials \$9,705). The FY 2007

¹Considerable staff time and resources are also spent accommodating tourists and non-boating visitors along the City's waterfront. Marina staff members answer questions and provide information (directions, time schedules, fees rates) for tourists. They work to maintain a safe waterfront environment for all participants. Staff members continually clean up the area, picking up litter (food and beverage containers, brochures and handouts), sweeping up cigarette butts, emptying trash cans and transporting bags of trash. Marina staff also remove debris from slip spaces and perform minor maintenance work.

budget (before COLA, VRS, health and other adjustments) is \$215,380. Fees do not cover capital costs such as the costs of periodic dredging or dock repair.

ATTACHMENTS:

Attachment 1: FY 2005 Alexandria Marina Revenue

Attachment 2: Market Study of Marina Docking Fees

Attachment 3: Marina Amenities - Market Survey

Attachment 4: Annual Lease Slip Fees - Market Survey

Attachment 5: Proposed Marina Rate Increases

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