



CITY OF LONG BEACH

DEPARTMENT OF PARKS, RECREATION AND MARINE

MARINE BUREAU

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July 12, 2018

COMMISSIONERS
MARINE ADVISORY COMMISSION
City of Long Beach
California

RECOMMENDATION:

Recommendation to support the proposed FY19 Slip Fee Increase in accordance with City Council Action on May 5, 2015, related to the issuance of the Marina Revenue Bonds, Series 2015 and submit the proposed fee schedule to City Council for approval during the FY 19 Budget Process.

DISCUSSION

On May 5, 2015, the City Council authorized the issuance of the Marina Revenue Bonds, Series 2015 (Bonds) in an amount not to exceed \$125,000,000 for waterside improvements to the Alamitos Bay Marina and to repay existing State Division of Boating and Waterways (DBW) loans. The Bond proceeds totaled \$120,796,830 of which \$49,244,796 was allocated to the project, \$61,471,754 was used to pay the DBW loans, and the remaining amount represents the cost of issuance and the amount deposited into a Bond Reserve Account.

As part of the Bond covenants, the City of Long Beach (City) agreed to revise fees and charges for the Long Beach Marinas as needed to ensure a minimal debt service coverage of 1.25x, i.e., net revenues each fiscal year must equal 125% of the debt service amount for that year. To ensure the success of the sale and the City's ability to repay the debt, Council authorized an annual minimum slip rent increase of 2% for the duration of the debt.

In 2009, the City retained a consultant to create a cost recovery policy and adjustment factor (calculation) which would replace the use of the consumer price index, when calculating fee increases. This City Cost Index (CCI) would more accurately account for annual changes in personnel and non-personnel expenditures to align City fees to reflect full cost recovery. The CCI for FY19 user fees is 3.73%.

Marina Management requested and was granted an exception to the annual CCI requirement. Slip fees account for 90% of the total Marina Fund revenues, as of July 6, 2018, slip fee revenue is \$18,009,139, representing a 7% increase from the same time next year. This number is expected to continue to increase in FY19, as slips which became available for rent in April are leased to new tenants. The projected debt service coverage at the end of FY18 is anticipated at 1.30x.

The proposed fees are as follows:

SLIP SIZE	Unit	Current FY18	Proposed FY19	Incremental Increase	% Change
15 Foot	Per Month	\$148.08	\$151.04	\$2.96	2.00%
20 Foot	Per Month	\$196.48	\$200.41	\$3.93	2.00%
25 Foot	Per Month	\$300.11	\$306.11	\$6.00	2.00%
30 Foot	Per Month	\$441.93	\$450.77	\$8.84	2.00%
35 Foot	Per Month	\$563.23	\$574.49	\$11.26	2.00%
40 Foot	Per Month	\$698.28	\$712.25	\$13.97	2.00%
45 Foot	Per Month	\$822.41	\$838.86	\$16.45	2.00%
50 Foot	Per Month	\$941.06	\$959.88	\$18.82	2.00%
55 Foot	Per Month	\$1,110.18	\$1,132.38	\$22.20	2.00%
60 Foot	Per Month	\$1,211.14	\$1,235.36	\$24.22	2.00%
65 Foot	Per Month	\$1,359.79	\$1,386.99	\$27.20	2.00%
70 Foot	Per Month	\$1,507.89	\$1,538.05	\$30.16	2.00%
75 Foot	Per Month	\$1,670.76	\$1,704.18	\$33.42	2.00%
80 Foot	Per Month	\$1,833.03	\$1,869.69	\$36.66	2.00%
85 Foot	Per Month	\$2,008.93	\$2,049.11	\$40.18	2.00%
90 Foot	Per Month	\$2,184.88	\$2,228.58	\$43.70	2.00%
95 Foot	Per Month	\$2,374.40	\$2,421.89	\$47.49	2.00%
100 Foot	Per Month	\$2,563.98	\$2,615.26	\$51.28	2.00%
105 Foot	Per Month	\$2,767.19	\$2,822.53	\$55.34	2.00%
110 Foot	Per Month	\$2,970.47	\$3,029.88	\$59.41	2.00%
115 Foot	Per Month	\$3,187.30	\$3,251.05	\$63.75	2.00%
120 Foot	Per Month	\$3,404.13	\$3,472.21	\$68.08	2.00%

SUGGESTED ACTION:

Approved recommendation.

Sincerely,



Elvira Hallinan
 Manager, Marinas and Beaches