



To enrich lives through effective and caring service

June 24, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**DEPARTMENT OF BEACHES AND HARBORS: APPROVAL OF PROCEDURE FOR
ANNUAL DETERMINATION OF SLIP RENTS AND LIVEBOARD CHARGES
ANCHORAGE 47 - PARCEL 47 - MARINA DEL REY
(FOURTH DISTRICT)
(3 VOTES)**

SUBJECT

This action is to approve a procedure for annually determining the slip rental rates for the County-operated Anchorage 47, located on Parcel 47, in Marina del Rey and to authorize the Acting Director of Beaches and Harbors to implement the procedure and enter into permits for the use of boat slips at Anchorage 47.

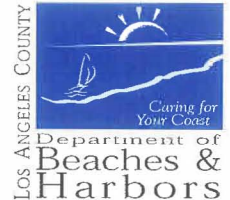
IT IS RECOMMENDED THAT YOUR BOARD AFTER THE PUBLIC HEARING:

1. Find that the recommended actions are exempt from the provisions of the California Environmental Quality Act pursuant to Public Resources Code Section 21080(b)(8) and Class 4(j) of the County's Environmental Document Reporting Procedures and Guidelines.
2. Adopt the Resolution Approving Procedure for Annual Determination of Slip Rents and Liveboard Charges and the Fiscal Year 2008-09 Rate Sheet for Anchorage 47.
3. Authorize the Acting Director of the Department of Beaches and Harbors to implement the Procedure for Annual Determination of Slip Rents and Liveboard Charges and Fiscal Year 2008-09 Rate Sheet, effective 30 days after approval by your Board, and enter into permits for the use of the boat slips at Anchorage 47 at rates consistent with the Procedure and Rate Sheet.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

When the Parcel 47 lease was terminated by the lessee on March 25, 2008, the County assumed operating responsibilities of the Parcel 47 leasehold improvements, including the yacht club building, related structures, and the marina. As a result, the County became the lessor to the

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Santos H. Kreimann
Acting Director

Kerry Silverstrom
Chief Deputy

existing slip tenants and the Santa Monica Windjammers Yacht Club, whose new lease your Board approved March 11, 2008.

The former lessee historically adjusted the slip rental rates effective January 1st every year. Due to the anticipated reversion of the leasehold back to the County, the former lessee did not adjust the slip rates in 2008 and probably was not as diligent as it should have in recent years in its property management efforts, resulting in rates remaining at the bottom of the market ranges and the docks needing more upkeep. The Department of Beaches and Harbors (Department) conducted an inspection of the docks prior to the lease expiration to catalog all the deficiencies existing at that time and negotiated to have the former lessee complete the repair of these items beyond the lease expiration date. The former lessee has since completed all the work that could be performed by its in-house workers and contracted out major repairs that require specialized tools and expertise to a third-party dock company. The contracted work is tentatively scheduled to be completed by the end of June 2008.

The Department has implemented an extensive program to provide quality service and keep the docks in a safe condition and is requesting approval to adjust the slip rental rates effective 30 days after approval by your Board, and every July 1st thereafter, based upon the proposed "ANCHORAGE 47 – MARINA DEL REY, PROCEDURE FOR ANNUAL DETERMINATION OF SLIP RENTS AND LIVEBOARD CHARGES" (Attachment 1 to Exhibit A, hereafter referred to as "Procedure"). The proposed Procedure seeks to establish a fair and transparent methodology for calculating annual adjustments to the slip rental rates in the County-operated Anchorage 47 Marina by taking a survey in April from similar market rate marinas in Marina del Rey (excluding Parcel 30, where rates are imputed and not market, and Parcels 111/112 and 12, which have brand new docks) and calculating the weighted average rental rate for each size slip found in Anchorage 47.

The results from the current survey (attached as Exhibit B) demonstrate that current Anchorage 47 slip rental rates are well below the weighted average for Marina del Rey. Implementing the Procedure immediately would result in significant slip rental rate increases of 10% to 25% for small slips and an increase in the 20% range for large slips. For the 11 slips of various sizes that are rented at a deep discount to Anchorage 47's already-low rates, the increases are in the range of 48% to 114%. Although the percentage increases across the anchorage appear to be very substantial, the increases in dollar amounts range from \$27.41 to \$327.50 for a very large 50-foot boat.

To prevent the increases from having a sudden financial impact on the affected slip renters, it is recommended that the initial implementation of the Procedure be phased in over a three-year period, whereby the calculated increases for the first year, effective 30 days after approval by your Board, be equal to 1/3 of the April 2008 weighted average increase in each respective size category; the year two increase, effective July 1, 2009, shall be 1/3 of the increase deferred from 2008 plus the weighted average increase, if any, occurring from April 2008 to April 2009; and the year three increase, effective July 1, 2010, shall be 1/3 of the increase deferred from 2008 plus the weighted average increase, if any, occurring from April 2009 to April 2010. For the period commencing July 1, 2011, and each July 1 thereafter, slip rates shall be adjusted to the weighted averages determined in April of that year. Under this methodology, the first year's increases range from \$9 for the small boats to \$109 for the 50-foot big boat. The overwhelming majority of boats in this anchorage are small boats ranging from 21' to 35', and this category of boat owners will

experience a weighted average increase of \$18.21 per month.

In addition to slip rents, Marina del Rey anchorages generally charge a 55% liveaboard premium to boaters who wish to use their vessel as a place of residence; this premium is a factor of the individual slip rents. The former lessee of Anchorage 47 also charged a similar 55% premium for the liveaboard privilege but established a maximum limit (ceiling) of \$200 per month. Such a ceiling actually subsidizes the larger boat owner, as it is only the larger boats for which a 55% premium would reach \$200. The Department has considered the immediate elimination of the ceiling; however, a sudden removal of the ceiling would result in a substantial increase to the three affected owners at Anchorage 47 and may be financially disruptive to them. Therefore, it is recommended that the ceiling be increased by 20% annually until 2011, and, thereafter, there shall be no ceiling on the liveaboard charge.

The attached Rate Sheet (Attachment 2 to Exhibit A), establishes the slip rental rates for the period July 1, 2008 through June 30, 2009. Upon your Board's approval, all affected boat slip and liveaboard tenants will be provided with written notice and the new rates will be effective 30 days thereafter.

Implementation of Strategic Plan Goals

This recommendation furthers the County's Strategic Plan Goals of "Service Excellence" and "Fiscal Responsibility", as revenue from the weighted average slip rents will ensure adequate funding is available for professional management and maintenance of the Anchorage 47 docks for enjoyment by boaters, as well as for future replacement of the docks.

FISCAL IMPACT/FINANCING

This recommendation will result in an increase of approximately \$163,000 in annual gross revenue to the County in Fiscal Year 2010-11 once the rates for all size categories are adjusted to the weighted averages of the same sized slips in comparable marinas in Marina del Rey.

Operating Budget Impact

The Procedure will have no impact on the operating budget of the Department of Beaches and Harbors, as the projected revenue has been factored into the Department's FY 2008-09 Proposed Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County is now the owner/operator of the Anchorage 47 marina in Marina del Rey. The Department of Beaches and Harbors, which manages the property, wishes to have a clear and defined method by which to make annual adjustments to the slip rental rates and to ensure that those slip rental rates are reasonable within the local market and do not require subsidies by the public.

At its meeting of May 14, 2008, the Small Craft Harbor Commission (SCHC) endorsed the recommendations to approve the slip fee increase and the Procedure for annual adjustment of the

slip rental rates. However, Commissioner Albert Landini suggested that your Board also consider using a cost-recovery model, similar to the model being considered in the City of Long Beach, in calculating and setting slip rental rates. Under the City of Long Beach public marina model, slip fee rates are set to recover only the marina's operating expenses and debt service and to fund a reserve for future marina reconstruction. Also, rents are to be based on a per square foot basis rather than the lineal foot basis as commonly found in Marina del Rey and throughout the United States. We believe that this formula, as adopted by the Long Beach Marina Advisory Commission, does not provide for a return on the assets (land, water, and the docks).

During the SCHC meeting, a member of the public also commented that the slip rate calculation should consider available amenities, as well as the age of the docks in comparison to Anchorage 47. We believe the Department's decision to use the weighted average method that includes all anchorages of similar age and excluding those anchorages that have just recently been replaced with new docks has addressed this concern, as some of the comparable anchorages have more and some have less amenities than are available at Anchorage 47. Moreover, the weighted average approach eliminates both the subjective nature of determining which amenities are comparable and the possibility of slip rates being based on pricing from a single operator who may have a higher or lower slip rate than the average anchorage in Marina del Rey. We believe the recommended methodology and the phasing of the price increase over a three-year period is objective, transparent and equitable to the slip tenants moored at Anchorage 47.

County Counsel has reviewed and approved the Resolution and the standard slip rental permit for use at Anchorage 47 as to form.

Public Hearing Requirements

Public hearing notice requirements of Government Code Section 6062a have been satisfied and public hearing requirements of Government Code Section 66018, for fee increases, will be satisfied by this action.

ENVIRONMENTAL DOCUMENTATION

The proposed Procedure to establish a methodology for annual adjustment of slip rents is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080(b)(8), upon your Board's finding that such fees are necessary to meet operating expenses, including employee salaries and benefits and necessary supply, equipment and material costs for ongoing operations, and for capital projects to maintain service, including but not limited to future dock replacement.

Authorization for the Director to enter into permits for the use of boat slips at Anchorage 47 is categorically exempt from the provisions of CEQA pursuant to Class 4(j) of the County's Environmental Document Reporting Procedures and Guidelines, which exempts permits, licenses and leases on County-owned property.

Honorable Board of Supervisors
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IMPACT ON CURRENT SERVICES (OR PROJECTS)

The increased revenue will allow the Department to ensure adequate funds are available for annual appropriation to maintain the facilities in safe and good repair.

CONCLUSION

Attached are two copies of the proposed Resolution. Return one executed copy to the Department of Beaches and Harbors, along with a copy of the approved Board letter, retaining one executed copy of the Resolution for your files.

Respectfully submitted,

Kerry Silverstrom
for

Santos H. Kreimann, Acting Director

SHK:ks

Attachments (2)

c: County Counsel

RESOLUTION APPROVING PROCEDURE FOR ANNUAL DETERMINATION OF SLIP RENTS AND LIVEBOARD CHARGES AND FISCAL YEAR 2008-09 RATE SHEET FOR ANCHORAGE 47—MARINA DEL REY

WHEREAS, the County of Los Angeles (County) has become the owner of the Parcel 47 leasehold improvements and the de facto lessor to the existing slip tenants at the Anchorage 47 marina. and

WHEREAS, the Department of Beaches and Harbors has implemented an extensive program to provide quality service and keep the docks at Anchorage 47 in a safe condition and has requested approval to adjust the slip rental rates effective July 1, 2008, and every July 1st thereafter, based upon the proposed "Anchorage 47 – Marina Del Rey, Procedure for Annual Determination of Slip Rents and Liveboard Charges" (Procedure) (Attachment 1); and

WHEREAS, the proposed Procedure seeks to establish a fair and transparent methodology for calculating annual adjustments to the slip rental rates in the County-operated Anchorage 47 by taking a survey in April from similar market rate marinas in Marina del Rey and calculating the weighted average rental rate for each size slip found in Anchorage 47; and

WHEREAS, the Fiscal Year 2008-09 Rate Sheet (Attachment 2), establishes the slip rental rates for the period July 1, 2008 through June 30, 2009, effective thirty (30) days after approval by the Board of Supervisors, and indicates how the liveboard charge will be applied, which is consistent with the Procedure; and

WHEREAS, such fees are necessary to meet operating expenses, including employee salaries and benefits and necessary supply, equipment and material costs for on-going operations, and for capital projects to maintain service, including but not limited to future dock replacement; and

WHEREAS, the increased fees are in the public interest and welfare; and

NOW THEREFORE BE IT RESOLVED by the Board of Supervisors of the County of Los Angeles, State of California as follows:

The Fiscal Year 2008-09 Rate Sheet for Anchorage 47 is hereby approved and the Anchorage 47 – Marina Del Rey, Procedure for Annual Determination of Slip Rents and Liveboard Charges is hereby adopted and the Director of Beaches and Harbors is directed to adjust slip rates at Anchorage 47 on the July 1st of every year hereafter in accordance with the Procedure.

The foregoing resolution was adopted on the _____ day of _____, 2008, by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

SACHI A. HAMAI, Executive Officer-Clerk
Of the Board of Supervisors of the County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By  _____
Deputy

**ANCHORAGE 47 – MARINA DEL REY
PROCEDURE FOR ANNUAL DETERMINATION OF SLIP RENTS AND
LIVEBOARD CHARGES**

Slip rents and liveboard charges are adjusted and a Rate Sheet is published to be effective July 1st of each year. The Rate Sheet is to be displayed at a prominent location on the premises. All existing slip rental permittees will be notified of the new rates once they are established.

Procedure for Setting Rates

It is the intent of the County of Los Angeles to establish the rental rates for boat slips currently available at Anchorage 47 based upon the weighted average of rents existing at comparable anchorages in Marina del Rey.

For the purpose of determining the weighted average rates for use in establishing rents for the existing boat slips located at Anchorage 47, the following Marina del Rey leaseholds, Parcels 7, 8, 10, 13, 15, 18, 20, 21, 28, 41, 42, 44, 53, 54, 125, and 132, are considered to be comparable parcels (Comparable Parcels) because of the similar age and condition of these marinas. Following is the specific calculation methodology:

1. In April of each year, rents for each slip size category existing at the Comparable Parcels are gathered and entered into the following table (an example for a 25' slip) to determine the per lineal foot weighted average rent (PLFWA). (Parcels 8, 13, 28, and 54 are not included as those marinas do not include 25' slips.)

Comparable ¹ Parcels (A)	Rent Per Lineal Foot (B)	Number of 25' Slips in the Comparable Parcel (C)	Percentage Weight (D) = (C ÷ X)	Per Lineal Foot Weighted Average (E) = (B) x (D)
7	\$13.80	8	0.0092	\$0.13
10	10.50	84	0.0970	\$1.02
15	12.25	93	0.1074	\$1.32
18	12.76	152	0.1755	\$2.24
20	12.76	50	0.0577	\$0.74
21	12.76	46	0.0531	\$0.68
41	8.50	59	0.0681	\$0.58
42	12.84	93	0.1074	\$1.38
44	13.4	216	0.2494	\$3.34
53	12.50	28	0.0323	\$0.40
125	13.40	12	0.0139	\$0.19
132	11.45	25	0.0289	\$0.33
Total Comparable Slips (X)→		866		
Result: Per Lineal Foot Weighted Average (PLFWA) rent →				\$12.35

¹. For parcels where a 25' slip is not available, the rate for a slip closest to the size is used. If there are both smaller and larger slips closest in size, the average of the two is used; i.e., if the rate for 24' is \$10 and the rate for 26' is \$11, the average of \$10.5 is used for the calculation.

Procedure for Annual Determination of Slip Rents and Liveaboard Charges
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2. A PLFWA rent is determined for each of the following slips sizes using the same methodology described above: 25', 30', 35', 40' and 50'.
3. The Anchorage 47 slip rates shall be based on the following schedule:
 - The rate for 25' is applicable to slips from 21' to 29';
 - The rate for 30' is applicable to slips from 30' to 34', except for the 33' premium slips fronting the main channel;
 - The premium 33' slips are rented at a 15% premium to the 30' rate;
 - The rate for 35' is applicable to slips from 35' to 39', except for end ties;
 - The rate for 40' is applicable to slips from 40' to 49'; and
 - The rate for 50' is applicable to slips 50' or larger and all end-ties.
4. The final slip rent shall be determined by the formula: Rent = PLFWA x slip length or overall boat length, whichever is greater.

Phase-in Period

In light of the fact that the former operator has not maintained a competitive rate structure and a one-time adjustment to the weighted average may represent a substantial increase, it is the County's intent to adjust the rates to the weighted averages for the first year in three annual increments as follows:

- For the period July 1, 2008 through June 30, 2009, effective 30 days after approval by the Board of Supervisors, slip rates shall be increased by 1/3 of the April 2008 weighted average increase in each respective size category. For purposes of illustration only, if the weighted average rent for a slip in a specific size category represents a \$210 increase, the actual increase will be limited to 1/3 of the amount, or \$70 (the other 2/3 shall be applied to second and third years' adjustments).
- For the period commencing July 1, 2009, slip rates shall be increased by 1/3 of the April 2008 weighted average increase in the size categories, plus the weighted average increase, if any, occurring from April 2008 to April 2009.
- For the period commencing July 1, 2010, slip rates shall be increased by 1/3 of the April 2008 weighted average increase in the size categories, plus the weighted average increase, if any, occurring from April 2009 to April 2010.

Procedure for Annual Determination of Slip Rents and Liveboard Charges
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- For the period commencing July 1, 2011, and each July 1 thereafter, slip rates shall be adjusted to the full weighted averages determined in April of that year.

Liveboard Charge

The liveboard charge shall be a 55% surcharge above the basic slip rent, consistent with the Department's Policy Statement No. 27. In consideration of the maximum limit of \$200 placed on liveboard charges by the former operator, the maximum limit of \$200 will be raised by 20% annually until 2011, and, thereafter, there shall be no limit on the liveboard charge.

FISCAL YEAR 2008-09 RATE SHEET

ANCHORAGE 47 – MARINA DEL REY
SLIP RATES FOR JULY 1, 2008 THROUGH JUNE 30, 2009
 Effective 30 days after approval by the Board of Supervisors

Regular Slips	Weighted Average Per Foot Rate	Monthly Rent ¹
21'	\$12.34	\$233.71
25'		\$290.14
26'		\$301.61
30'		\$369.58
33' (Premium Slips)	\$15.97	\$489.04
35'	\$15.57	\$472.93
40'	\$17.91	\$624.20
44'	\$17.91	\$686.55
End-ties & Specials		
	Weighted Average Per Foot Rate	Monthly Rent ¹
39'	\$20.27	\$649.84
40'		\$716.93
42'		\$752.78
50'		\$795.17
56'		\$960.03
59'		\$1057.48
64'		\$1147.09
69'		\$1236.71
74'		\$1326.33
Wall-ties		
	Weighted Average Per Foot Rate	Monthly Rent ¹
21'	\$12.34	\$177.05
25'		\$211.47
26'		\$219.61
30'		\$268.91

LIVEBOARD CHARGES

- Liveboard charge is 55% above the basic slip rent

Current maximum cap of \$200 per month shall be lifted by 20% per annum until the cap is eliminated.

¹. Includes 1/3 the total increase with the remainder of the increase deferred to two future years

ANCHORAGE 47 - MARINA DEL REY											
RESULT OF RATE SURVEY - APRIL 2008											
		Parcel 47		Marina del Rey							
Counts	P47 Slip Sizes (rounded)	Current Rate (2007)	Weighted Average ¹	% Increase	Current Rent ²	Amount of Increase	Proposed 2008 Increase	2008 Rent	Projected 2009 Increase ³	Projected 2010 Increase ³	
4	21'	10.52	12.34	17.26%	\$221.00	\$38.14	\$12.71	\$233.71	\$22.03	\$22.86	
55	25'	11.24	12.34	9.75%	\$281.00	\$27.41	\$9.14	\$290.14	\$20.45	\$21.22	
9	26'	11.23	12.34	9.88%	\$292.00	\$28.84	\$9.61	\$301.61	\$21.38	\$22.19	
76	30'	12.13	13.89	14.49%	\$346.00	\$70.73	\$23.58	\$369.58	\$38.44	\$39.89	
17	33' (Premium slips)	14.24	15.97	12.15%	\$470.00	\$57.13	\$19.04	\$489.04	\$38.25	\$39.69	
10	35'	12.48	15.57	24.72%	\$437.00	\$107.78	\$35.93	\$472.93	\$55.16	\$57.25	
6	40'	14.45	17.91	23.98%	\$578.00	\$138.60	\$46.20	\$624.20	\$71.54	\$74.24	
1	44'	14.47	17.91	23.77%	\$635.80	\$152.24	\$50.75	\$686.55	\$78.62	\$81.59	
Counts	END TIES (ET)	16.75	20.27	21.01%							
1	39', ET	14.82	20.27	36.77%	\$578.00	\$212.53	\$70.84	\$648.84	\$98.05	\$101.75	
1	40' (G402), ET	16.75	20.27	21.01%	\$670.00	\$140.80	\$46.93	\$716.93	\$75.81	\$78.67	
2	42' (G208, G401), ET	16.75	20.27	21.01%	\$703.50	\$147.84	\$49.28	\$752.78	\$79.60	\$82.61	
1	50' (G204)	13.72	20.27	47.74%	\$686.00	\$327.50	\$109.17	\$795.17	\$143.35	\$148.77	
1	56' (G202), ET	15.58	20.27	30.10%	\$872.48	\$262.64	\$87.55	\$960.03	\$127.14	\$131.95	
1	59' (G1201), ET	16.75	20.27	21.01%	\$988.25	\$207.68	\$69.23	\$1,057.48	\$111.82	\$116.04	
2	64' (G1001, 1401), ET	16.75	20.27	21.01%	\$1,072.00	\$225.28	\$75.09	\$1,147.09	\$121.29	\$125.88	
1	69' (G801), ET	16.75	20.27	21.01%	\$1,155.75	\$242.88	\$80.96	\$1,236.71	\$130.77	\$135.71	
1	74' (G1601), ET	16.75	20.27	21.01%	\$1,239.50	\$260.48	\$86.83	\$1,326.33	\$140.24	\$145.55	
Counts	<u>Slips Rented at Deep Discounts, Compared to Parcel 47's Already-Low Rates</u>										
2	21'	6.48	12.34	90.54%	\$136.00	\$123.14	\$41.05	\$177.05	\$49.29	\$51.15	
2	25'	6.52	12.34	89.21%	\$163.00	\$145.41	\$48.47	\$211.47	\$58.29	\$60.50	
4	26'	6.50	12.34	89.85%	\$169.00	\$151.84	\$50.61	\$219.61	\$60.83	\$63.13	
2	30'	6.50	13.89	113.71%	\$195.00	\$221.73	\$73.91	\$268.91	\$86.87	\$90.15	
1	46' (use for dinghy storage and not available for rental as a slip)										
Notes: 1. Calculations made by Microsoft Office Excel 2003. There may be rounding differences if calculated by a calculator.											
2. Rent being charged is not necessarily consistent with stated current lineal foot rate and there may be different rents for the same size category.											
3. The 2009 and 2010 projected increases are assumed to be 3.78% per year, which is the average annual CPI increases for All Urban Consumers in the Los Angeles-Riverside-Orange County region in 2006 and 2007.											

EXHIBIT B

NOTICE OF PUBLIC HEARING
PROPOSED FEE INCREASE

Notice is hereby given that a public hearing will be held by the Board of Supervisors regarding increases to the slip rents at Anchorage 47 in Marina del Rey, operated by the Department of Beaches and Harbors, effective 30 days after approval by the Board of Supervisors. The fee increases are to assist in covering employee salaries and benefits and necessary supply, equipment and material costs for ongoing operations and for capital projects to maintain service, including but not limited to future dock replacement.

Said hearing will be held on **June 24, 2008 at 9:30 a.m.** in the Hearing Room of the Board of Supervisors, Room 381B, Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles, California 90012.

The Board of Supervisors will consider and may adopt the 2008-09 rate sheet. Further, notice is given that the Board of Supervisors may continue this hearing from time to time.

Written comments may be sent to the Executive Office of the Board of Supervisors at the above address. If you do not understand this notice or need more information, please call (310) 305-9512.

Si no entiende esta noticia o si necesita mas informacion, favor de llamar a este numero (310) 305-9523.