



March 3, 2020

TO: Park Board Chair and Commissioners
FROM: General Manager – Vancouver Board of Parks and Recreation
SUBJECT: Burrard Civic Marina - 2020 Fees & Charges

RECOMMENDATION

- A. THAT the Vancouver Park Board approve the Burrard Civic Marina rates for the new one (1) year licence term effective April 1, 2020, as outlined in this report and attached as Appendix A; and
- B. THAT the Vancouver Park Board approve policy for establishing fees at Burrard Civic Marina whereby, as part of the annual Fees & Charges review process, rates are adjusted as required to ensure the recoverability of any changes to operating costs, using the annual Consumer Price Index (CPI) as a benchmark indicator, and that every five (5) years a third-party review be undertaken to ensure rates remain in line with comparable market conditions.

REPORT SUMMARY

In 2019, the Park Board committed to engage an appraiser to research and review the rates charged at marina facilities in the City of Vancouver, as well as in other Metropolitan regions, to ensure the rates being charged at the Burrard Civic Marina (“Burrard Marina”) are reflective of market conditions. The recently concluded appraisal determined that as of June 2019, moorage rates at Burrard marina are undervalued by approximately 1.5% - 2%, and land storage rates were undervalued between 9% - 32%. As a result of these findings, staff recommend increases to Burrard Marina rates as detailed in the body of this report and attached as Appendix A.

In addition, staff recommend that a third-party review be conducted on a 5-year cycle to ensure rates continue to be reflective of market conditions, and that in years where no review is conducted, rates be increased to ensure recoverability of increasing costs to operate the marina, using the Consumer Price Index (CPI) as a benchmark.

BOARD AUTHORITY / PREVIOUS DECISIONS

As detailed in the Vancouver Charter under [section 488, subsections \(6\), \(7\) & \(8\) and section 490](#), the Park Board has exclusive jurisdiction over fees and rental charges in parks within the City of Vancouver.

On November 14, 2017, the Park Board approved the recommended [2018 Fees & Charges](#) as [amended](#). As part of that report, staff noted a 30% pricing gap when comparing Burrard Marina to other comparable local marinas. An 8% increase to moorage fees was approved for 2018, with a proposal to bridge the pricing gap over a period of 4 to 5 years.

On December 10, 2018, the Park Board approved the recommended [2019 Fees & Charges](#) with [amendments](#) that included reducing the proposed increase for the Burrard Civic Marina to 1%.

On December 2, 2019, the Park Board approved the recommended [2020 Fees & Charges](#), which did not include rates for the Burrard Marina. Staff advised that the 2020 rates would be proposed once the third-party appraisal underway was completed.

BACKGROUND

The Burrard Civic Marina is located under the Burrard Street Bridge on the south side of False Creek. The complex was built in 1964, with the water lot and upland leased from the Province. The current lease (effective April 1, 2016) has a 30 year term and requires that the Park Board pay an annual rent based on 4% of reported gross revenue from the water lot and 8% from the upland.

With 423 moorage slips servicing over 900 clients, Burrard Marina offers a range of services and amenities, including:

- 169 land storage spaces;
- 83 canoe and kayak racks;
- 4 non-motorized water craft compounds;
- dinghy storage;
- marina work areas;
- 136 secured free parking stalls;
- free pump out services;
- fuel barge;
- members washroom with showers;
- security services; and
- staff assistance.

Due to its central location within the city, waitlists for a moorage slip range between 1 to 4 years depending on the size of vessel.

The Park Board recently completed over \$3.5M in capital and maintenance improvements to marina floats, including hydro and electrical systems. Over the coming months, led by the City of Vancouver's Real Estate & Facilities Management (REFM) group, a review of the structural conditions of both Heather & Burrard civic marinas will be undertaken by an independent third party marina consultant to identify and prioritize further capital investments.

DISCUSSION

In response to concerns raised by Burrard Marina patrons during the 2018 budget process, Park Board staff committed to engage an independent appraiser to research and review the current moorage rates charged at marinas within the City of Vancouver, as well as facilities in surrounding Metropolitan regions, to ensure the rates being charged at Burrard Marina are reflective of fair market value.

Marina Market Rate Review

In March 2019, a working group was established consisting of two marina patrons at large, two members of the Burrard Civic Marina Association (BCMA), two Park Board staff, and a senior valuation consultant with 45 years of experience in the valuation of unique properties (such as

marinas). The group met throughout 2019 to ensure all viewpoints were considered by the appraiser when establishing estimated rates. The scope of the appraiser's assessment included:

- inspection of the marina, as well as the surrounding neighbourhood; walk-through inspection limited to a non-invasive visual examination;
- review of publicly available physical, legal, social, political, economic and other factors that could affect the rental value of the subject property;
- collection of municipal information pertaining to the subject property, such as zoning, assessment, and taxes;
- market research conducted on various marinas in the Greater Vancouver area;
- written and verbal information obtained from a variety of sources considered reliable;
- completion of a narrative appraisal report outlining background, descriptions, analyses, and rental conclusions.

At the 2019 semi-annual Burrard Civic Marina patrons meeting, the status and progress of the appraisal was discussed, with questions and concerns addressed by working group members.

Marina Appraisal Report Findings

In early January 2020, the final appraisal titled "[Estimate of Annual Market Rates for Water Moorage and Land Storage of Boats - Burrard Bridge Civic Marina](#)" was submitted and made available to all marina members. The report provided an opinion of annual market rates for water moorage and land storage, effective June 18, 2019, to assist the Park Board in establishing fees at the Burrard Civic Marina for the 2019/2020 season.

When compared to the twenty-five (25) other marinas surveyed (see Table 5, pages 35-37 of the appraisal), there were only six (6) marinas that ranked "superior" to Burrard Marina, which itself is considered to be "good" (as defined in Appendix A of the appraisal). Factors considered in the review included age, number of berths, availability, slip size, marina services, nearby amenities, parking, and location.

Based on the average moorage rates summarized in Table 6 of the appraisal (page 38), it was estimated that the market rental value for moorage fees at Burrard Marina would be reasonably represented as \$12 to \$14 per foot per month, depending on slip length (page 39 of appraisal).

Based on the average land storage rates summarized in Table 8 of the appraisal (page 45), and in recognition of the Burrard Marina's urban location, it was estimated that rental rates would be reasonably represented as \$6 to \$8 per foot per month for land storage (depending on size), and \$2 to \$2.75 per foot per month for canoe & kayak storage (outlined in Table 9, page 47 of appraisal).

These estimated market rental rates indicate that the actual monthly moorage and land storage rates at the Burrard Marina for 2019 were undervalued. As shown in Table 1 below, moorage rates were undervalued by approximately 1.5% to 2% (depending on size), while land storage fees were undervalued from roughly 9% to 32% (depending on size & use).

Comparison of 2019 Monthly Rates to Estimated Market Value			
Burrard Civic Marina	2019 Rates \$/ ft	Market Value \$/ ft	Difference
Moorage			
Slips 21' and under	\$11.82	\$12.00	1.52%
Slips 22' and over	\$13.49	\$13.75	1.93%
Land Storage			
Boats & Rowing Pens <= 1,200 ft ²	\$5.20	\$6.00	15.38%
Boats & Rowing Pens > 1,200 ft ²	\$7.36	\$8.00	8.70%
Canoe & Kayak Racks (Single)	\$1.52	\$2.00	31.58%

Table 1: Burrard Marina Rate Comparison (2019 Appraisal)

Burrard Marina - Proposed 2020 Season Rates

Taking 2019 inflationary conditions into consideration (~2% increase), moorage rates at Burrard Marina would be undervalued by approximately 3.5%-4% for 2020 based on the appraisal. However, given the accommodations marina patrons have made over the last two (2) years while the Park Board invested over \$3.5M in capital upgrades and maintenance, it is recommended that only a 2% inflationary increase be applied to the 2019 moorage rates to establish the rates for the 2020 season (effective April 1).

With respect to land storage rates, in order to reduce the 9% to 32% gap between the 2019 rates and estimated market values outlined in the appraisal report, it is recommended that increases of 5% - 7% be applied over the next 2-5 years as part of the annual Fees & Charges review process.

The Burrard Marina rate increases proposed for the 2020 season, as noted above and outlined in Appendix A, will help to bring its rates closer to the estimated market values outlined in the appraisal report (summarized in Table 10, page 48).

Burrard Marina – Proposed Rate Policy

Operating costs, such as maintenance supplies, materials, security, staffing, utilities, and rent for the water lot and upland, account for 65% of the annual revenues generated and do not take into account capital investment and asset depreciation. With aging infrastructure and increasing operating costs, it is important that rates at the marina are reflective of market conditions in order for the Park Board to balance cost recoveries with generating revenue to support Park Board initiatives.

Going forward, it is recommended that the Park Board establish policy for determining fees at Burrard Marina whereby, as part of the annual Fees & Charges review process, rates are adjusted as required to ensure the recoverability of any changes to operating costs, using the annual CPI as a benchmark indicator, and that every five (5) years a third-party review be undertaken to ensure rates remain in line with comparable market conditions.

OTHER CONSIDERATIONS

While managed by Park Board staff, Heather Civic Marina falls within the City of Vancouver's Real Estate Services portfolio. Heather Marina is the smaller of the two (2) civic marinas and considered superior in condition, even though it does not provide some amenities such as storage, work space, and free parking. Within the authority of the City's Real Estate Services department, a 2% inflationary increase to Heather Marina fees and charges will be effective as of April 1, 2020.

CONCLUSION

Burrard Civic Marina is the largest civic marina in False Creek and provides services to over 900 clients. To ensure marina rates are reflective of comparable market conditions, a third-party appraisal was commissioned and reviewed through a collaborative process between Park Board staff and marina patrons.

After careful consideration of the appraisal report findings, staff recommend increasing the Burrard Civic Marina rates as outlined within this report and attached as Appendix A, effective April 1, 2020. Additionally, the proposed policy for establishing marina rates moving forward will help to ensure that future fee adjustments balance increasing operating and capital costs with the value of service marina patrons receive, while also considering current market conditions.

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Burrard Civic Marina – Proposed Rates Effective April 1, 2020

Burrard Marina

Effective Date	FEE RATE PROPOSAL (Excluding Taxes)			
	APPROVED Apr 1, 2019	PROPOSED Apr 1, 2020	\$ Change	% Change
Applicable Tax Rate (Reference Only)	5.0%	5.0%		
Moorage Rates:				
Slip Moorage (21' and under) per ft/mth	11.82	12.05	0.24	2.0% (1)
Slip Moorage (22' and over) per ft/mth	13.50	13.77	0.27	2.0% (1)
Transient Moorage - 30% premium above moorage rates				
Sublets on slip moorage - 30% premium on above rates				
Land Storage:				
20' x 8' wide per annum	1,248.84	1,336.26	87.42	7.0% (2)
30' x 10' wide per annum	1,865.88	1,996.49	130.61	7.0% (2)
60' x 20' wide (Rowing Pens) per annum	3,735.98	3,997.49	261.52	7.0% (2)
60' x 30' wide (Rowing Pens) per annum	5,304.43	5,675.74	371.31	7.0% (2)
Sublets on land storage - 30% premium on above rates				
Canoe and Kayak Racks per annum	365.84	391.45	25.61	7.0% (3)
Storage of 2 kayaks in one rack - 50% premium above single rate				
Work Area:				
1 to 30 days per day	9.91	10.11	0.20	2.0% (1)
31 to 60 days per day and space permitting	12.75	13.00	0.25	2.0% (1)

Note (1) - Inflationary rate increase of 2%

Note (2) - Inflationary rate increase of 2% and 5% annual increase to achieve market rates within 3 yrs as outlined in the appraisal

Note (3) - Inflationary rate increase of 2% and 5% annual increase to achieve market rates within 4-5 yrs as outlined in the appraisal