

**From:** [Ron Jackson](#)  
**To:** [Julie Cozzi](#)  
**Cc:** [DG AssemblyMayor](#); [Brad Ryan](#)  
**Subject:** Packet information  
**Date:** Sunday, March 27, 2016 10:46:19 AM  
**Attachments:** [Mandeville spreadsheet only-harbor...xlsx](#)  
[Summary of boat harbor economic analysis done by Bill Mandeville.docx](#)

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Hi Julie. Tresham's letter reminded me of Bill Mandeville's econ analysis of the harbor situation some time ago. I want to include it as a possible addition to Tresham's discussion topic that he plans to add. I have also provided a summary of Bill's analysis and some questions that might be referred for further exploration.

Others: This is timely, as we will likely be dealing with some of these questions and assumptions in the budgeting process to start in a few weeks.

## **Results of boat harbor economic analysis done by Bill Mandeville.**

Approximately early 2015 (?)

This summary produced by Ron Jackson, March 2016.

### **Assumptions:**

1. Harbor development would proceed incrementally from its current condition. Four stages were analyzed:
  - a. Current condition.
  - b. Wave Barrier/Dredging/Parking lot completed.
  - c. Slips/Moorage constructed.
  - d. Drive down ramp/docks constructed.
  
2. Demand for additional slips/moorage/parking would fill the increased capacity:
  - a. All slips/moorage would be occupied year round.
  - b. All parking spaces would be occupied year round. (80)
  
3. A sinking fund for anodes would be established. (They were assumed to not be in the project) Depreciation is not a part of the analysis. No costs were assigned to development of any of the harbor stages. (“free”)

4. Operating costs would not change until items 1.c) and (d) were completed. Additional personnel costs would be needed then.

**Results:** (See attached spreadsheet and summary sheet).

1. Revenues would trend upward upon completion of each stage of development.
2. Operating costs tend upwards after items 1(c) and (d) are implemented due to additional salary costs.
3. Annual net revenue is negative until items 1 (c) and (d) are implemented. Revenue at this time would be \$54000 after 1 (c) and \$58000 after final construction.

**Discussion:**

Given the assumptions made, the analysis shows a positive cash flow after slips/moorage/parking are in place and fully occupied. The analysis is limited in that it does not consider any potential cost for constructing the revenue generating additions. It does not address where these might come from.

**Some questions to consider:**

- Are the assumptions valid? Is full occupancy year round reasonable for parking spaces? Slips?
- What are the costs of each stage of development within the harbor? What are the components?
- When do we want them to be completed?
- What are some options for funding their completion?

--Bonds?

--Savings?

--Grants?

--A mix of the above?

- What is the long range plan for future replacement of the Wave Barrier in 50 years? A sinking fund?
- What assumptions about what portion of it will we need to provide? (assuming some outside financing)
- What effect will the above answers have on other Borough priorities? On taxes rates?

**Attachments:**

- Ron's spreadsheet summarizing Mandeville's work by income source and phase of development.  
(Includes two sinking fund and bond payment "what-if" scenarios.)



BOAT HARBOR REVENUES	EXISTING LOS	EXISTING LOS		LOS - PHASE 1		LOS - PHASE 2		LOS - PHASE 3	
		ITEM	PER YR	ITEM	PER YR	ITEM	PER YR	ITEM	PER YR
Transient Moorage Lightering Docks)			\$ 32,100		\$ 32,100		\$ 76,800		\$ 103,800
-- Fishing Season	850 lf * \$5/ft * 6 months	\$ 25,500		no change		\$ 48,000		\$ 64,200	
-- Non-Fishing Season	220 lf * \$5 / ft * 6 months	\$ 6,600		no change		\$ 28,800		\$ 39,600	
Annual Slip Rental			\$ 80,000		\$ 80,000		\$ 108,728		\$ 108,728
-- 25 ft slips (18 slips)	24 ft boats x 36# x \$ 504/yr	\$ 18,144		no change		no change		no change	
-- 33 ft slips (14 slips)	32 ft boats x 28# x\$672/yr	\$ 18,816		no change		no change		no change	
-- 40 ft slips (18 slips)	38 ft boats x 36# x \$798/yr	\$ 28,728		no change		\$ 57,456		no change	
-- No Permanent Stalls	477 ft * \$5 / ft * 6 months	\$ 14,312		no change		no change		no change	
Electrical Service			\$ 2,175		\$ 3,350		\$ 4,350		\$ 4,350
-- 30 amp service daily service	180 days x \$10/day	\$ 1,800		\$ 2,600		\$ 3,600		no change	
-- annual service fee	25 boats x \$15 / yr	\$ 375		\$ 750		\$ 750		no change	
Grid Fees			\$ 2,880		\$ 2,880		\$ 2,880		\$ 2,880
-- average fishing boat = 32 ft * 1 per day * 180 days		\$ 2,880		no change		no change		no change	
Boat Launch Ramp Fees			\$ 14,850		\$ 17,679		\$ 19,800		\$ 19,800
-- Annual Sticker (@ 60% total boats)	210 annual stickers x \$60/yr	\$ 12,600		\$ 15,000		\$ 16,500		no change	
-- Daily Sticker (@ 40% total boats)	150 daily stickers x \$15/day	\$ 2,250		\$ 2,679		\$ 3,300		no change	
Letnikof Moorage Fees	no change		\$ 2,500		\$ 2,500		\$ 2,500		\$ 2,500
Ice Sales			\$ 14,400		\$ 14,400		\$ 14,400		\$ 14,400
-- @ 1 ton per day X 180 days	180 tons x \$80/Ton	\$ 14,400		no change		no change		no change	
Miscellaneous			\$ 25,500		\$ 28,500		\$ 42,785		\$ 56,460
--Moorage Boats	50 boats x \$50 / boat	\$ 2,500		\$ 6,500		\$ 12,235		\$ 25,910	
-- Boat Slip Boats	100 boats x \$50/boat	\$ 5,000		no change		\$ 6,800		no change	
-- Boat Ramp Boats	360 boats x \$50/boat	\$ 18,000		\$ 22,000		\$ 23,750		no change	
Parking Fees					\$ 71,666		\$ 71,666		\$ 71,666
-- 12 ft x 50 ft lots x 35 lots	\$120 per month x 12 months			\$ 50,400		no change		no change	
-- 10 ft x 40 ft lots x 8 lots	\$80 per month x 12 months			\$ 7,680		no change		no change	
-- 9 ft x 17 ft lots x 37 lots	\$30.60 per month x 12 months			\$ 13,586		no change		no change	
Fuel Sales	(86700 Gallons sold annually)		\$ 31,212		\$ 36,720		\$ 61,200		\$ 64,260
-- Revenue (@ 170 gallons / boat)	510 boats x 170 gal x \$4/gal	\$ 346,800		\$ 408,000		\$ 680,000		\$ 714,000	
-- Less Expenditures (@ 170 gallongs / boat)	510 boats x 170 gal x \$3.64/gal	\$ (315,588)		\$ (371,280)		\$ (618,800)		\$ (649,740)	
	TOTAL: REVENUE		\$ 205,617		\$ 289,795		\$ 405,109		\$ 448,844

**BOAT HARBOR EXPENDITURES:**

-- Personnel Costs	1.50 FTE X \$78,760 / FTE	\$ 120,662		\$ 120,662		\$ 157,520		\$ 196,900	
-- Operating Costs	????????	\$ 110,207		\$ 110,207		\$ 110,207		\$ 110,207	
-- Equipment	plug number	\$ 45,000		\$ 45,000		\$ 45,000		\$ 45,000	
Sinking fund, ; anodes.		\$ 65,000		\$ 65,000		\$ 36,000		\$ 36,000	
Depreciation									
	subtotal: Expenditures		\$ 340,869		\$ 340,869		\$ 348,727		\$ 388,107
	Net Income (Prior to Depreciation)		\$ (135,252)		\$ (51,074)		\$ 56,382		\$ 60,737