

MEMORANDUM

February 21, 2020

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Willie Adams, Vice President
Hon. Gail Gilman
Hon. Victor Makras
Hon. Doreen Woo Ho

FROM: Elaine Forbes
Executive Director

SUBJECT: Informational Presentation on the Financial and Operational Performance of South Beach Harbor

DIRECTOR'S RECOMMENDATION: Informational Only

Executive Summary

South Beach Harbor is a full-service marina, located between Pier 40 and Oracle Park, just half a mile south of the Bay Bridge on The Embarcadero. South Beach Harbor offers access to water recreation, public parks and promenade, and spectacular views of the City skyline.

South Beach Harbor was built in 1986 by the San Francisco Redevelopment Agency (SFRDA) on property leased from the Port of San Francisco. After the dissolution of the SFRDA in July 2012, the Port assumed operational responsibility for the management of the 700-slip South Beach Harbor, Pier 40, the Ship's Clerk's Association Building, the Harbor Services Building, which houses the harbor management office, South Beach Yacht Club, and various parking facilities.

In February 2015, the Port Commission approved a Memorandum of Agreement (MOA) to transfer SFRDA assets and operations on the aforementioned Port lands in the Rincon Point-South Beach Redevelopment Plan project area to the Port in a manner that is in the best interests of the Public Trust, the Port, and the taxing entities. The transfer was finalized in April of 2019, which included the transfer of Cal Boating loans from the SFRDA to the Port.

THIS PRINT COVERS CALENDAR ITEM NO. 12A

Operations

South Beach Harbor is a full-service marina, consisting of 700 slips with concrete docks, a 575-foot recreational and commercial guest dock, Pier 40 Maritime Center, South Beach Park, SBH Yacht Club, and a Community Room. South Beach Harbor is the largest full-service marina in San Francisco and the third largest in the Bay Area, after Berkeley and Marina Bay in Richmond. On average, the Harbor experiences over 90% slip occupancy, and there is a sizeable waitlist for boaters interested in monthly berthing. The Harbor office is staffed seven days a week from 8:30am to 5:00pm. Day-to-day operations include the oversight of slips for permanent berth holders, guest reservations, excursion landings, Pier 40 tenants, and recreational activities surrounding the Harbor.

Some of the business the Harbor has worked with throughout the years are South Beach Yacht Club, Spinnaker Sailing, San Francisco Giants, Bay Area Association of Disabled Sailors (BAADS), and San Francisco Baykeeper. South Beach is also a premier landing destination for various commercial charter companies, such as Commodore Cruises & Events and Hornblower Cruises & Events. Several tenants operate licensed charter businesses independent of their permanent berthing agreement. Water recreation activities offered at the Harbor include kayaking, water biking, and sailing. With the issuance of the Historic Piers RFP for Pier 38 and Pier 40, South Beach Harbor welcomes new opportunities that will enhance maritime operations and water recreation uses.

Financials

Since the Port of San Francisco assumed management of South Beach Harbor, several steps have been taken to streamline and stabilize the Harbor's financial situation. In 2013, the Port increased berthing fees by a 22% spread of 3 years. The management of Pier 40 tenant leases has been transferred to the Port's Real Estate Division and the Harbor insurance program is now managed by Exigis. Additionally, waitlist and landing fees have since been increased. In Fiscal Year 2016/17, South Beach Harbor paid off the balance of its bond debt. As a result, the Harbor is generating revenues that can be reinvested in the Harbor. The balance of California Boating Loan has a scheduled payoff date of August 1, 2036.

Below is a chart summarizing the revenue and expenditures of South Beach Harbor from FY 2012/13, when the Port assumed management of the facility, through FY 2018/19, the end of the most recent fiscal year. During this period, the results improved dramatically from a deficit of \$658,000 to generating revenues of approximately \$1.4M that will be used for harbor improvements.

South Beach Harbor
Operations Summary - FY12/13 to FY18/19

	<u>FY12-13</u>	<u>FY13-14</u>	<u>FY14-15</u>	<u>FY15-16</u>	<u>FY16-17</u>	<u>FY17-18</u>	<u>FY18-19</u> ¹
Revenue							
Operating Revenue	\$ 3,744,510	\$ 3,988,456	\$ 4,345,890	\$ 4,622,415	\$ 4,635,254	\$ 4,822,970	\$ 5,065,321
Property Tax Increment		471,726	237,402	517,793	311,141		375,335
Total Revenue	\$ 3,744,510	\$ 4,460,182	\$ 4,583,292	\$ 5,140,208	\$ 4,946,395	\$ 4,822,970	\$ 5,440,656
Expenditures							
Personnel and Non-personnel	\$ 2,487,927	\$ 3,141,635	\$ 2,901,291	\$ 3,079,276	\$ 2,685,133	\$ 3,354,754	\$ 3,487,174
Debt Service							
Bond (Principal & Interest)	1,378,825	1,376,825	1,378,199	1,378,363	686,813	-	-
CalBoating Loan(Principal & Interest)	535,955	535,955	535,955	535,955	535,955	535,955	535,955
Total Expenditures	\$ 4,402,707	\$ 5,054,415	\$ 4,815,445	\$ 4,993,594	\$ 3,907,900	\$ 3,890,709	\$ 4,023,129
Net	\$ (658,197)	\$ (594,233)	\$ (232,153)	\$ 146,615	\$ 1,038,495	\$ 932,261	\$ 1,417,527

Port staff believes \$375,335 property tax increment in FY18/19 is allocated in error. Port Finance is working with OCII to address this.

Conclusion

The Port and South Beach Harbor staff continue to make improvements to the Harbor operation with the goal of enhancing the Harbor experience for berth holders, excursion operators, water recreation enthusiasts, onshore tenants, and the South Beach Harbor community.

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Harbor Master

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