City of Kodiak

City Council

Work Session December 6th, 2016

Harbor Rates

Build & Operating Cost - Per slip

Table : 5

Slip Length	(1) Build Cost Per LF	(2) Total Build Cost Per Slip	(3) Annual Build Cost Per Slip	(4) Annual Operating Cost Per Slip ($60 ft)	(5) Total Annual Slip Cost	(6) Total Annual Revenue per slip	Percent of Cost Billed
23	1,593	36,639	1,221	1,380	**2,601**	**1,092**	42%
24	1,593	38,232	1,274	1,440	**2,714**	**1,140**	42%
30	1,593	47,790	1,593	1,800	**3,393**	**1,425**	42%
40	1,593	63,720	2,124	2,400	**4,524**	**1,900**	42%
48	1'593	76,464	2,549	2,880	**5,429**	**2,808**	52%
55	1,593	87,615	2,921	3,300	**6,221**	**3,188**	52%
60	1,858	111,480	3,716	3,600	**7,316**	**3,510**	48%
62	1,858	115,196	3,840	3,720	**7,560**	**4,867**	64%
85	1,947	165,495	5,516	5,100	**10,616**	**7,566**	71%
100	2,528	252,800	8,427	6,000	**14,427**	**8,900**	62%
110	2,528	278,080	9,269	6,600	**15,869**	**10,945**	69%
150	2,780	417,000	13,900	9,000	**22,900**	**15,975**	70%
151	2,780	419,780	13,993	9,060	**23,052**	**17,743**	77%

Build Cost Formula: total current cost divided by total linear footage of facility (1), x length of slip = build cost per linear foot (2), divided by 30 year life cycle = slip build cost per year (3).

- 23 to 62 foot slips build cost based on PND estimates for replacement (2016).
- M, and P floats build cost based on actual cost (2008).
- N float build cost based on M&P actual cost (2008) plus inflation adjustment of 10%.

Operational cost Formula: 50% of annual harbor enterprise fund operating cost (1,802,500), divided by total linear feet of moorage = cost per linear foot x length of slip = annual operational cost per slip (4).

Annual Revenue per slip formula: Total transient revenue (525k) divided by total moorage linear feet (30k) = transient revenue per linear foot (17.50) x slip length = transient revenue per slip, + exclusive revenue per slip = total annual revenue per slip (6).

Market Comparisons

(Today's Rates)

Alaska					Washington			
Vessel Size	**Kodiak**	**Homer**	**Seward**	**Dutch Harbor**	**Fisherman's Terminal**	**Edmonds Marina**	**Shilshole Bay Marina**	**Harbor Island**
40ft	1,200.00	1,996.40	2,172.80	1,610.00	3,379.20	5,172.60	6,440.00	6,324.36
110ft	9,020.00	5,196.40	5,826.70	10,120.00	12,156.00	16,125.96	21,776.28	NA

- Since this table was first shown to Council, Homer has approved a 50% rate increase over next 10 years (5% per year), also tied to CPI.
- Seward does automatic annual CPI increase.

Rate Options Considered (Council, PHAB & Staff)

OPTIONS	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Difference to Option #1
Option # 1 – Northern Economics	**18.5%** $2,220,544	**2.8%** $2,616,190	**2.8%** $2,688,533	**2.8%** $2,762,902	**2.8%** $2,839,354	**N/A**
Option # 2 –	**6.0% Non** $2,181,325	**6.0% Non** $2,418,100	**6.0% Non** $2,545,900	**6.0% Non** $2,673,700	**6.0% Non** $2,801,500	**($506,998)**
Option # 3 –	**6.0% Compound** $2,181,325	**6.0% Compound** $2,418,100	**6.0% Compound** $2,561,236	**6.0% Compound** $2,712,960	**6.0% Compound** $2,873,788	**($380,114)**
Option # 4 –	**8.0% Compound** $2,187,600	**7.0% Compound** $2,482,000	**6.0% Compound** $2,628,970	**5.0% Compound** $2,758,794	**4.0% Compound** $2,867,845	**($202,314)**
Option # 5 –	**12.05% Compound** $2,200,307	**9.25% Compound** $2,616,190	**2.8% Compound** $2,688,533	**2.8% Compound** $2,762,902	**2.8% Compound** $2,839,354	**($20,237)**

Recommendation to Council:

Increase Effective Date	FY 2018 (July 1, 2017)	FY 2019	FY 2020	FY 2021	FY 2022
Annual Increase:	18.5%	2.8%	2.8%	2.8%	2.8%

- **This is recommended by:**
  - ✓ **Northern Economics**
  - ✓ **PHAB**
  - ✓ **Harbormaster**
- **Same as original recommendation but delayed one year (start FY18)**
- **Will minimize impact to fleet (poor salmon season)**
- **With Council consensus, will bring forward in January at regular meeting for approval.**