

Marina Fund Update

Budget & Finance Policy Committee

May 22, 2025

Marina Fund = Waterfront

What makes up the Waterfront

- Streets (1.8 miles)
 - University Ave, west of Frontage
 - Marina Blvd
 - Spinnaker Way
 - Seawall Drive
- Parks
 - Cesar Chavez Park
 - Shorebird Park
 - Horseshoe Park
- Parking lots (11)
- Pathways (5 miles)
- Berths (1,000)
- Public Access Docks
 - South Cove small boat access
 - Launch Ramp
 - K-Dock
- Dry storage area
- City buildings
 - Office building
 - 125-127 University
 - Marina Corp Yard
 - 199 Seawall
 - Public restrooms
 - Shorebird Nature Center
- Hotel
- Restaurants
 - Skates
 - Hana Japan
 - Berkeley Boathouse
- 13 Leases/Licenses
- All utilities
- Adventure Playground
- Nature Center programs



EASTSHORE
STATE PARK

North Basin

South Sailing Basin

The Berkeley
Boathouse Restaurant

Hana Japan & Dockside Patio Restaurants, Berkeley Marina
Sportsman Center

Doubletree
by Hilton Hotel

125 - 127 University
Avenue Office Building

Dry Boat
Storage

Cal Adventures & Cal Sailing Club

Perimeter Trail

South Cove Launch Plaza
(Public Sailing Dock)

BERKELEY
MARINA

Adventure Playground

Waterfront Office

Shorebird Nature Center

Berkeley Racing Canoe Center

SHOREBIRD
PARK

CÉSAR E. CHÁVEZ
PARK

former
HS Lordship
Vacant

Berkeley
Yacht Club

Fuel Dock

Horseshoe
Park

Public Boat
Launch

Skates on
the Bay
Restaurant

Berkeley
Marine Center
& Boatyard

San Francisco Bay

Berkeley Pier (closed)

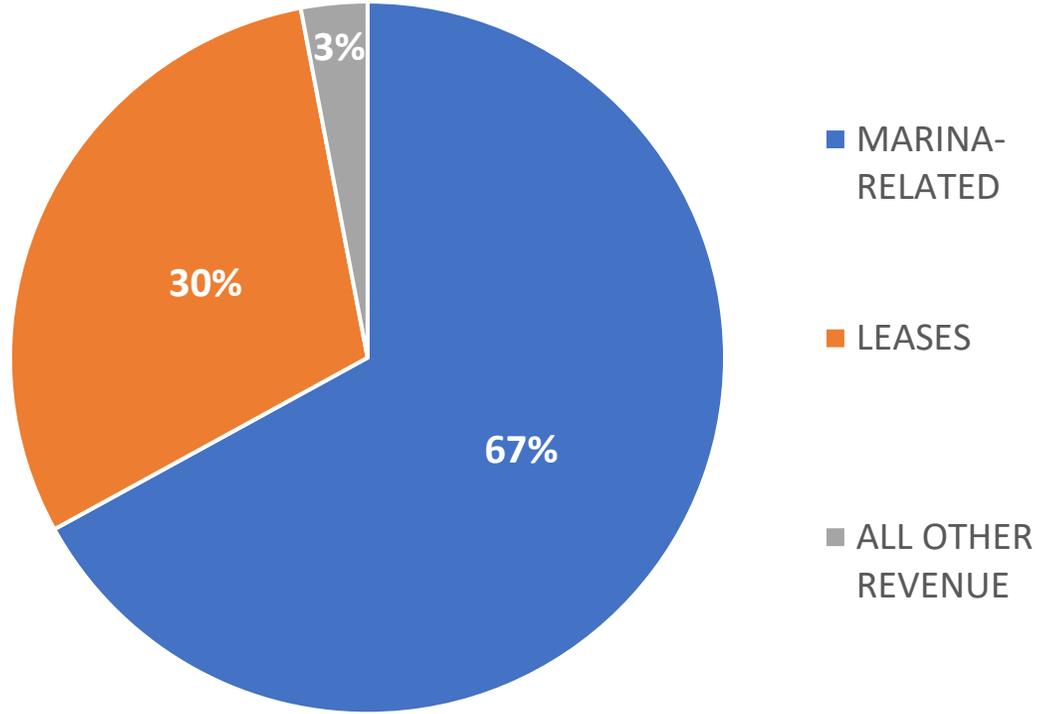


Marina Fund Composition

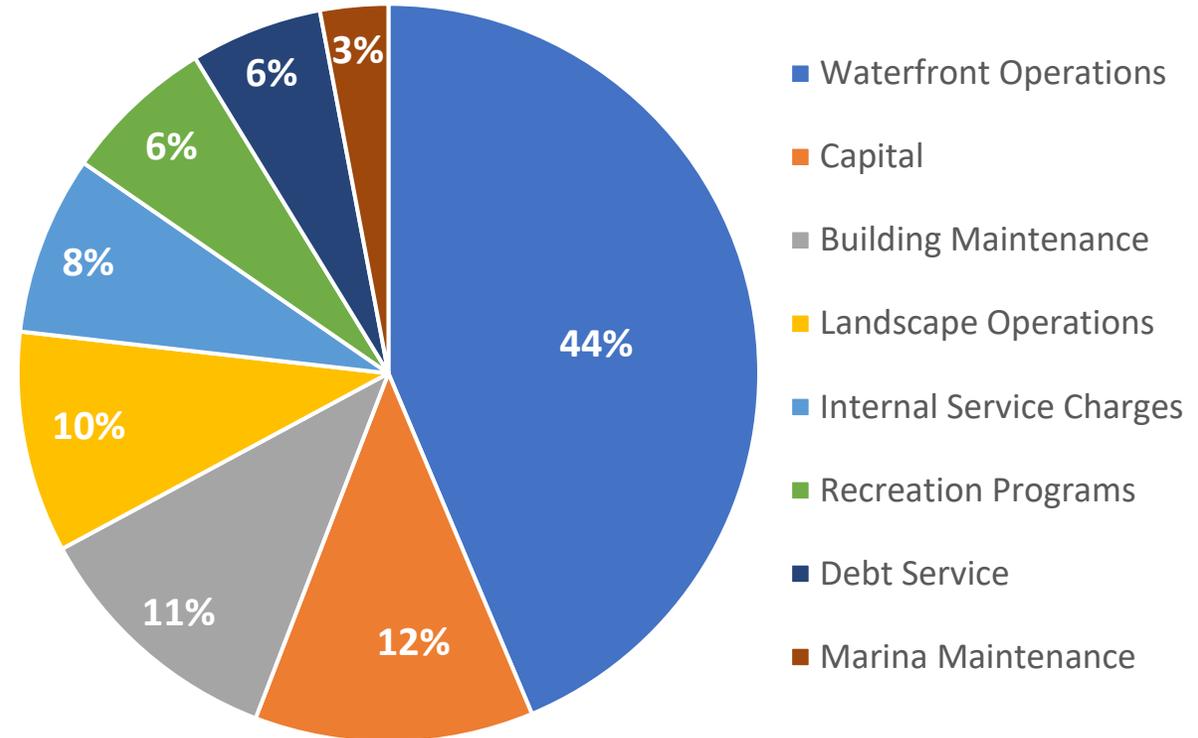
- Enterprise fund:
 - Revenues expected to cover expenditures
- Expenditures:
 - \$8.431M (FY25 Adopted)
- Revenue:
 - \$7.162M (FY25 Adopted)
 - Berth rentals (boaters)
 - Leases (hotel/restaurants/etc.)
 - Other revenue

Marina Fund Revenue and Expenditures

Revenue Sources
(based on FY25 Adopted)



Expenditures
(based on FY25 Adopted)



Marina Fund Financial Context

- Structural deficit for last 15+ years, driven by:
 - Post-2000 and 2008 economic downturns:
 - Users pull boats out of the water.
 - Restaurant and hotel revenue decrease.
 - Safety issues 2016-2019 led to berther exodus / Hs Lordships closing
 - Aging infrastructure + no capital reserves => \$131M in unfunded needs
 - COVID-19: major hit to hotel/restaurant revenue
- 2021-2025: General Fund infusions needed to keep Marina Fund solvent.
 - FY22: \$1.4M in ARPA funds
 - FY23: \$1.15M in ARPA funds
 - FY24: \$800k in cost shifts to other funds / \$5.5M from Workers Comp fund for capital projects
 - FY25: \$850k in reduced indirect costs, capital projects funded by GF, Workers Comp holiday

Waterfront Leases (FY25)

Tenant	Length of Term	Expires (with option)	Estimated Annual Revenue	% of Lease Revenue	% of Total Revenue
Doubletree	60 years	2080	\$ 1,109,428	52%	16%
Skates	10 yrs + 10-yr option	2031-2041	\$ 459,300	22%	7%
125-127: BPD	5 years	2027	\$ 187,572	9%	3%
Hana Japan	5 yrs + 5-yr option	2025-2030	\$ 94,416	4%	1%
Marine Center	51 years	2029	\$ 59,400	3%	1%
Bait Shop	5 yrs + 2-yr option	2025-2027	\$ 42,801	2%	1%
125-127: Patpatia	In holdover		\$ 40,944	2%	1%
125-127: Third Plateau	In holdover		\$ 40,866	2%	1%
125-127: ICRI	In holdover		\$ 39,767	2%	1%
Berkeley Yacht Club	30 yrs + 10-yr option	2046-2056	\$ 19,696	1%	0%
Cal Adventure	In holdover		\$ 19,428	1%	0%
Cal Sailing Club	In holdover		\$ 12,764	1%	0%
			\$ 2,126,383		30%

Doubletree Hotel

Current Conditions

- Hotel has been losing money since October 2024.
- Hotel loan went into special servicing to renegotiate terms with their lender.
- Payment arrears through June 2025:
 - \$187,615 (percentage rent, 2024)
 - \$492,684 (base rent of \$82k/mo, Jan-Jun 2025)
 - \$680,299 past due

Current Hotel Market Conditions

- SF / Bay Area hotel market: worst post-Covid recovery in the country.
- Years of negative national press deter visitors and convention center events.
- Corporate travel muted by low office utilization.
- Delayed return of international visitors.
- High operating costs as a union and high cost of living market.
- Tariffs, inflation, and interest rates compound the issue.

TOP 25 MARKETS	Twelve Months Ending 3/31/2025		Full Year 12/31/2019
	RevPAR	RevPAR % of 2019	RevPAR
Atlanta - GA USA	\$ 81.28	104.0%	\$ 78.17
Boston - MA USA	\$ 172.42	118.0%	\$ 146.17
Chicago - IL USA	\$ 110.97	111.5%	\$ 99.53
Dallas - TX USA	\$ 84.19	114.7%	\$ 73.42
Denver - CO USA	\$ 101.70	103.1%	\$ 98.67
Detroit - MI USA	\$ 73.29	106.1%	\$ 69.10
Houston - TX USA	\$ 78.81	124.1%	\$ 63.53
Las Vegas - NV USA	\$ 161.50	140.4%	\$ 115.00
Los Angeles - CA USA	\$ 141.28	103.8%	\$ 136.14
Miami - FL USA	\$ 165.83	120.4%	\$ 137.69
Minneapolis - MN USA	\$ 79.84	97.6%	\$ 81.82
Nashville - TN USA	\$ 116.98	107.8%	\$ 108.49
New Orleans - LA USA	\$ 113.34	111.6%	\$ 101.60
New York - NY USA	\$ 270.35	126.6%	\$ 213.51
Oahu Island - HI USA	\$ 226.47	112.3%	\$ 201.62
Orange County - CA USA	\$ 150.31	117.4%	\$ 128.05
Orlando - FL USA	\$ 140.17	110.9%	\$ 126.36
Philadelphia - PA USA	\$ 98.76	103.7%	\$ 95.22
Phoenix - AZ USA	\$ 117.94	126.8%	\$ 92.99
Saint Louis - MO USA	\$ 72.91	107.4%	\$ 67.90
San Diego - CA USA	\$ 158.19	124.7%	\$ 126.87
San Francisco/San Mateo - CA USA	\$ 142.08	70.0%	\$ 203.01
Seattle - WA USA	\$ 127.74	108.4%	\$ 117.87
Tampa Bay - FL USA	\$ 129.80	139.3%	\$ 93.19
Washington - DC USA	\$ 129.34	113.6%	\$ 113.87
TOTAL	\$ 132.79	113.8%	\$ 116.72

Current Hotel Market Conditions

Local Hotel Closures / Foreclosures

- June 2024 - Oxford Capital relinquished ownership of four San Francisco hotels, totaling 428 rooms, including SoMa House, Hotel Garrett, Hotel Fiona and Hotel Julian.
- Four Seasons Hotel San Francisco at Embarcadero – 155-room hotel, went into default, and owner began seeking buyers in May 2024.
- Kimpton Alton Fisherman’s Wharf – 248 key hotel, defaulted and returned to lender.
- Hilton San Francisco Financial District – 544 key hotel defaulted and returned to lender.
- Hyatt Regency Downtown SOMA – 686 key hotel defaulted and returned to lender.
- Hilton SF Union Square – 1,919 key hotel, went into default.
- Parc 55 Union Square - 1,024 key hotel, went into default.
- Dual Branded AC by Marriott (133 keys)/ Residence Inn by Marriott (143 keys) Hotel – Opened in 2022, was seized by lender due to default in April 2025.
- Hilton Oakland Airport Hotel – closed its doors August 2024.
- Marriott Oakland City Center – 500 key hotel went into default in Feb 2025.
- Courtyard Oakland Downtown – 162 key hotel was bought for \$10.6M in Oct 2024, a 76% decline from prior value.
- Hotel Frank – 153 room hotel on Geary street near Union Square, now shuttered.

Marina Fund FY25 Adjustments

- FY25 reductions taken within the last month to address \$700k revenue loss:
 - Exhausted remaining fund balance to cover operations
 - South Cove East Dock Repair now unfunded
 - Reduced security by 50%
 - Cut marketing and other non-critical expenses
 - Cut all hourly Marina staff
 - Adjusted career staff hours to cover additional nights/weekends
- More reductions may need to be taken before the end of FY25 to keep Marina Fund balance positive.

Marina Fund Impacts

- Prior to Parks Tax increase, Marina Fund had a structural deficit of approx. \$1M.
- After Measure Y – Parks Tax increase of 2024:
 - MF was projected to operate in the black in FY26.
 - Cost shift \$1.5M in Waterfront parks/landscape costs from MF to Parks Tax.
- Recent lease revenue downturn has impacted financial forecast.
 - Doubletree stopped paying base rent in Jan 2025; they have not paid past-due 2024 percentage rent (projected \$700k, through June 2025).
- Possible FY26 revenue gap of \$1.3M

Marina Fund Impacts

Change in fund projections, after Parks Tax and lease revenue impacts

Description	FY26 Adopted (as of June 2024, before Parks Tax increase)	FY26 Revised (as of March 2025, after Parks Tax increase)*	FY26 Projected (as of May 2025, after anticipated loss of lease revenue)**
Starting Fund Balance	\$0	\$0	\$0
Revenue	\$7.6M	\$7.4M	\$6.1M
Expenditures	\$8.7M	\$7.4M	\$7.4M
Deficit/Surplus	(\$1.1M)	\$0	(\$1.3M)
Ending Fund Balance	(\$1.1M)	\$0	(\$1.3M)

*Includes \$1.5M in cost shifts to Parks Tax, after Nov 2024 passage of Measure Y. This cost shift covers the \$1.1M structural deficit, \$200k in increased costs in personnel and utilities, and \$200k of anticipated decreases in some boating-related revenue, not including decreases related to Doubletree and Hana Japan.

**Assumes no revenue from Doubletree Hotel and reduced revenue from Hana Japan through FY26.

Marina Fund 5-Year

FY26 Revised (as of March 2025, after Parks Tax increase)

Description / Account	2024	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Beginning Fund Balance	3,627,565	2,815,668	22,000	41,775	122,094	156,722
Revenues						
Marina Revenue	4,418,309	4,575,106	4,946,382	5,357,722	5,492,383	5,630,771
Leases	2,008,195	1,945,457	2,317,477	2,373,074	2,396,804	2,420,772
All Other	258,102	228,457	171,800	250,349	250,719	251,107
Subtotal, Revenues	6,684,606	6,749,020	7,435,659	7,981,145	8,139,907	8,302,651
Expenditures						
Personnel	3,114,688	4,223,171	3,761,734	4,169,623	4,294,712	4,380,606
Non-Personnel (excludes debt svc & capital)	2,270,176	2,778,059	2,568,431	2,645,484	2,724,848	2,806,594
Capital and Minor Maintenance	1,625,920	2,055,740	600,000	600,000	600,000	600,000
Dept Service	485,719	485,719	485,719	485,719	485,719	485,719
Subtotal, Expenditures	7,496,503	9,542,688	7,415,884	7,900,826	8,105,279	8,272,919
Operating Income / (Loss)	(811,898)	(2,793,668)	19,775	80,319	34,628	29,733
Ending Fund Balance	2,815,668	22,000	41,775	122,094	156,722	186,455
Ending Fund Balance As a % of Total Revenue	42%	0.33%	0.56%	1.53%	1.93%	2.25%

Marina Fund 5-Year

FY26 Projected (as of May 2025, after anticipated loss of lease revenue)

Description / Account	2024	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Beginning Fund Balance	3,627,565	2,815,668	22,000	(1,253,042)	(2,497,570)	(3,785,314)
Revenues						
Marina Revenue	4,418,309	4,575,106	4,946,382	5,357,722	5,492,383	5,630,771
Leases	2,008,195	1,945,457	1,022,660	1,048,227	1,074,432	1,101,293
All Other	258,102	228,457	171,800	250,349	250,719	251,107
Subtotal, Revenues	6,684,606	6,749,020	6,140,842	6,656,298	6,817,534	6,983,172
Expenditures						
Personnel	3,114,688	4,223,171	3,761,734	4,169,623	4,294,712	4,380,606
Non-Personnel (excludes debt svc & capital)	2,270,176	2,778,059	2,568,431	2,645,484	2,724,848	2,806,594
Capital and Minor Maintenance	1,625,920	2,055,740	600,000	600,000	600,000	600,000
Dept Service	485,719	485,719	485,719	485,719	485,719	485,719
Subtotal, Expenditures	7,496,503	9,542,688	7,415,884	7,900,826	8,105,279	8,272,919
Operating Income / (Loss)	(811,898)	(2,793,668)	(1,275,042)	(1,244,528)	(1,287,744)	(1,289,747)
Ending Fund Balance	2,815,668	22,000	(1,253,042)	(2,497,570)	(3,785,314)	(5,075,061)
Ending Fund Balance As a % of Total Revenue	42%	0.33%	N/A	N/A	N/A	N/A

Marina Fund Potential FY26 Adjustments

- To address potential losses of approximately \$1.3M, the following is being discussed:
 - Further CIP project reductions
 - Reduction in maintenance
 - Security reductions
 - Cuts to all non-critical expenses
 - Workforce impacts (Full-time and part-time staff)
- Staff plan to defer \$600k of maintenance and operations expenditures until we have a sense of Double Tree performance in 2026.