



Marina Fund Update

Budget & Finance Policy Committee

October 28, 2025

Summary

1. Marina Fund history and background
2. Current factors affecting Marina Fund:
 - CIP
 - Occupancy
 - Doubletree
 - 199 Seawall
 - Potential new revenue in FY27
3. Marina Fund budget FY27-28: 3 options

Marina Fund = Berkeley Waterfront

- 1.8 miles of streets
- 11 parking lots
- 2,219 parking spaces
- 5 miles of pathways/trails
- Marina docks
 - 1,023 berths
 - 6 berther restrooms
- Public Access Docks
 - 3 docks at South Cove
 - Launch Ramp
 - Charter boat access dock
- Office buildings:
 - 201 University – Marina office
 - 125-127 University
- Doubletree Hotel
- Restaurants
 - Skates
 - Hana Japan
 - Berkeley Boathouse
- Yacht Club
- Boatyard (*Marine Center*)
- 199 Seawall (*Hs Lordships*)
- Adventure Playground
- Shorebird Nature Center
- 4 public restrooms
- Berkeley Pier



Marina Fund History

- Established in 1964 to receive a \$1.8M State loan to build the Waterfront.
- Revenue from slips and hotel/restaurant leases was expected to cover the costs of debt service, maintenance and operations of the entire Waterfront.
- Since then, Waterfront has grown: more land area, parks, recreation programs, etc., without offsetting revenue.
- Marina Fund unable to absorb capital replacement costs.
- Revenues are vulnerable to economic swings (COVID) and safety concerns.
- Combination of factors make it challenging for Marina Fund to overcome longstanding structural deficit.

Marina Fund Financial Context

Structural Deficit

- Structural deficit for last 25+ years, driven by:
 - Post-2000 and 2008 economic downturns:
 - Users pull boats out of the water.
 - Restaurant and hotel revenue decrease.
 - Safety issues 2015-2019 led to berther exodus / Hs Lordships closing
 - Aging infrastructure + no capital reserves => \$131M in unfunded needs
 - COVID-19: major hit to hotel/restaurant revenue

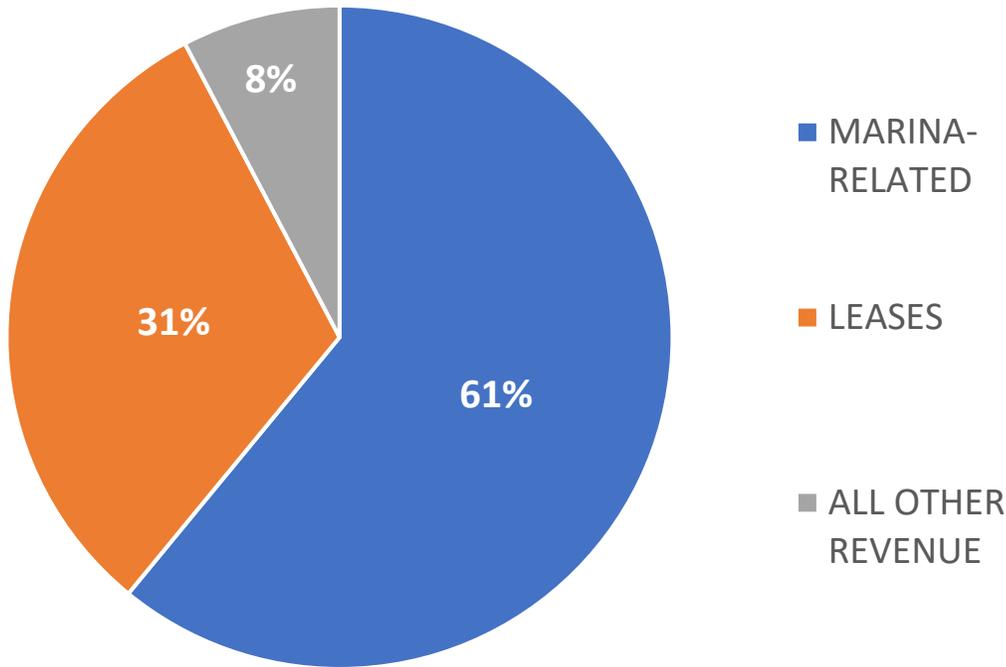
Marina Fund Financial Context

General Fund and Parks Tax Support

- 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 and Workers Comp holiday; cost shifts to other funds; capital projects funded by GF
- FY26: \$1.4M in GF transfer, \$360k in reduced indirect costs and Workers Comp holiday; capital projects funded by GF
- FY26: Parks Tax Measure Y goes into effect.
 - Shifts \$1.579M in Waterfront park and landscape costs off Marina Fund to Parks Tax.

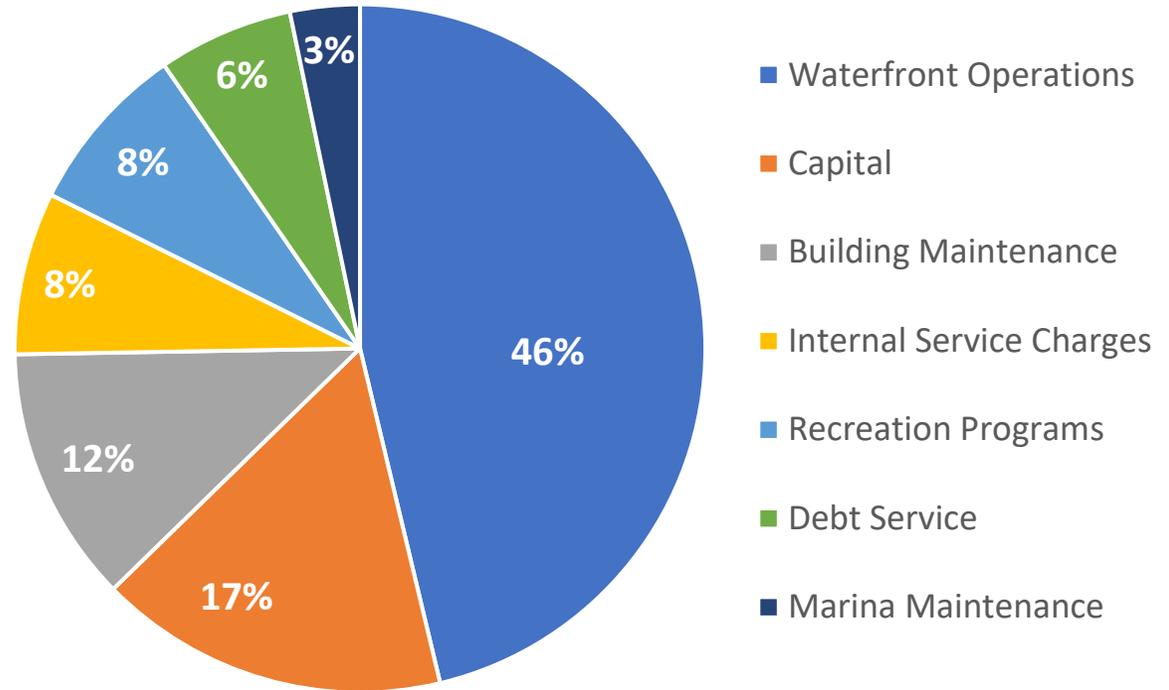
Marina Fund Revenue and Expenditures

Revenue Sources
(based on FY26 Adopted)



FY26 Adopted Revenue \$7,439,162

Expenditures
(based on FY26 Adopted)



FY26 Adopted Expenditures \$7,663,273

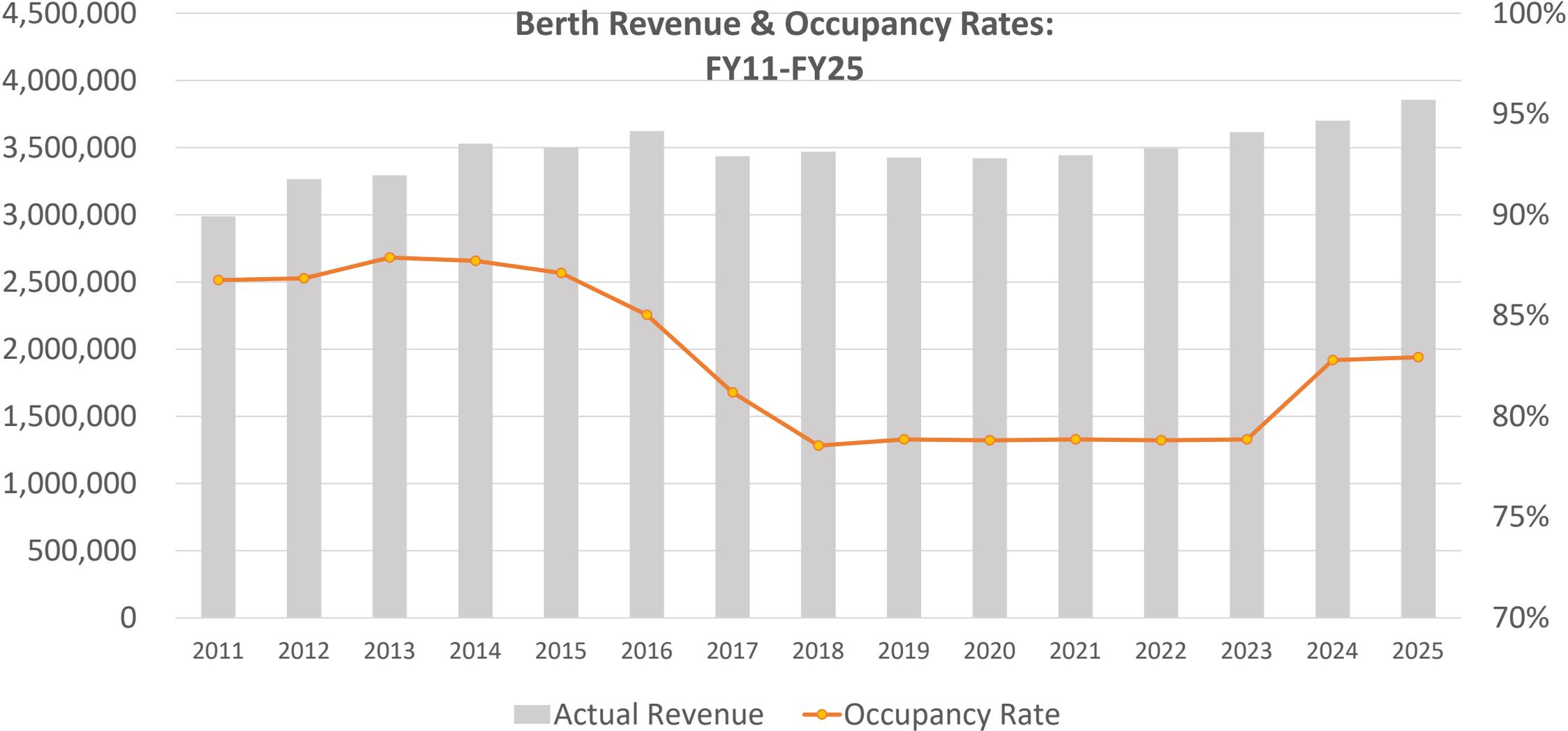
Waterfront CIP Update

“\$50 million reasons to boat with Berkeley”

- South Cove East Dock Repairs (\$175k)
- South Cove Middle Dock ADA Gangway (\$125k)
- South Cove West Parking Lot (\$2.185M)
- D&E Dock Replacement (\$10M)
- J&K Lot / Gateway Pier / Bay Trail (\$2M)
- K Dock Restroom (\$679k)
- O&K Electrical Upgrades (\$1.785M)
- Main Harbor Dredging (\$5.2M)
- Eastern Pathway Shoreline Resiliency (\$385k)
- South Cove Seawall Replacement (\$385k)
- South Cove Dredging (\$407k)
- Berkeley Pier/Ferry (\$11.1M)



Berther Occupancy Update



Increase in Berther Occupancy

- Occupancy rate now: **83%**
- Target occupancy by FY27: **88%** (50 new berthers)
 - Assumption in fund forecast: 86% (30 new berthers)
- Each percent increase in occupancy adds approx. **\$50k/year**

How to get there?

- Marketing strategies:
 - Advertisements
 - Direct marketing: regional boaters, yacht brokers & boat shows
 - Recruitment events: Salmon Weekend, open houses, Marina partners
 - Incentives for new and existing berthers

Doubletree Update

- Hotel paid their full balance through September: \$964,682.
 - \$129,437 Percentage rent, 2024
 - \$96,210 Percentage rent, 2025 through Q2
 - \$739,035 Base rent, Jan-Sept 2025
- Future payments uncertain

Rent Payments	Calendar Year								
	2019	2020	2021	2022	2023	2024	2025 (City est.)	2026 (City est.)	2027 (City est.)
Base rent	\$639,929	\$841,596	\$850,354	\$883,186	\$936,177	\$962,388	\$985,830	\$1,010,014	\$1,035,264
Percentage rent	\$810,620	\$0	\$42,417	\$287,761	\$206,218	\$205,883	\$184,000	\$200,000	\$200,000
Total rent	\$1,450,549	\$841,596	\$893,271	\$1,170,947	\$1,142,395	\$1,168,271	\$1,169,830	\$1,210,014	\$1,235,264

199 Seawall Update

- City is in an exclusive negotiating agreement with TSA Holdings (expires 11/6/25), to negotiate a lease for 199 Seawall.
- Council cannot authorize a lease until the project has completed environmental review. Option Agreement would give TSA the option to enter into the lease after environmental review is complete.
- Staff is negotiating with TSA now.
- Un-leased property costs the Marina Fund approx. \$200k/year for security, utilities, insurance, and basic repairs.
- New lease revenue is not expected for 6 years, but would eliminate \$200k in MF expenses.

Potential “New” Revenue, FY27

- Staff estimate an additional \$440,000 can be raised in Marina Fund revenue through a mix of new fees, and updated leases/licenses:

\$250,000	Marina fees
\$100,000	Recreation fees/programs
<u>\$90,000</u>	Leases/licenses
\$440,000	FY27 Estimated New Revenue

Marina Fee Increases (est. \$250k in FY27)*

- \$150k Berth rental fee increase (+3% in FY27 and FY28)
- \$43k Electricity surcharge increase (+40%; unchanged since 2015)
- \$27k Liveaboard/houseboat fee increase (+\$30/mo)
- \$10k Launch ramp fee increase (+\$3/day)
- \$20k Parking passes for additional vehicles for berthers (\$200/year)
 - *Berthers will be given 1 free pass per registered owner.*

**Pending Council approval in December, PRW Commission review in November*

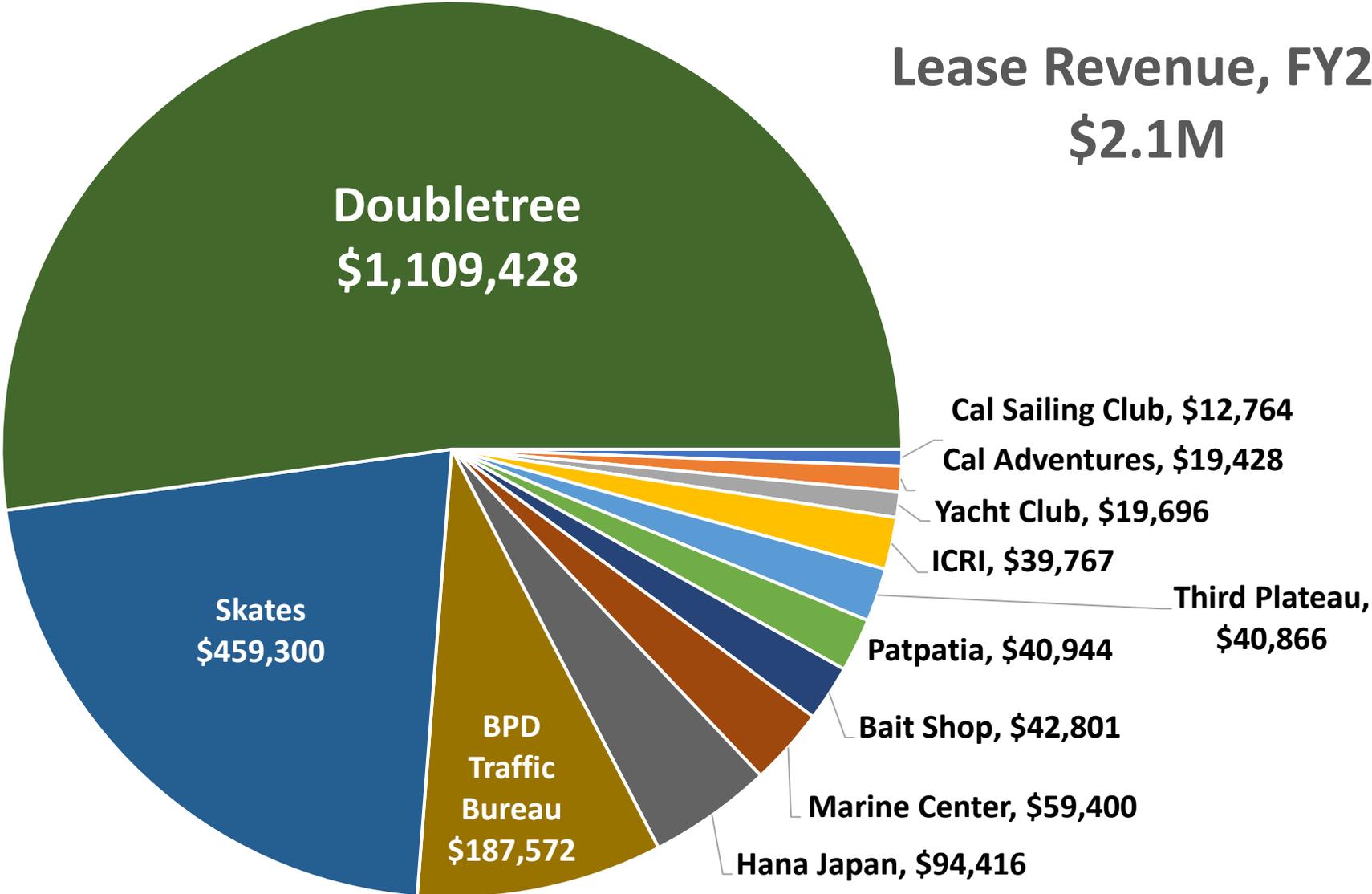
Recreation Fees and New Programs (est. \$100k)*

- \$70k STEM summer and school break camps at Shorebird
- \$13k Adventure Playground birthday packages (new fee of \$400, 20 ppl for 2-hrs)
- \$7k Afterschool programs at Shorebird Nature Center
- \$6k Nature Center birthday packages (new fee of \$500, 20 ppl for 2-hrs)
- \$4k Nature Center classroom programs (increase in group rate by \$35/hr; no change since 2017)

**Pending Council approval in December, PRW Commission review in November*

Lease Revenue

Lease Revenue, FY25
\$2.1M



Increase revenue from leases/licenses (\$90k)

Tenant	Lease Status / Notes
BPD / Traffic Bureau	Expires in 2027
Patpatia & Associates	Expires in 2026
International Child Rescue Institute	In holdover, no increase since 2015
Leventhal Kline/Third Plateau	In holdover, no increase since 2015
Cal Sailing Club	In holdover, no increase since 2019
Cal Adventures	In holdover, no increase since 2015
BRCC (Dragonboat club)	Needs agreement
Roaming Bean Coffee	Expires in 2026
Bait Shop	Expires at end of 2025, will go into holdover

What does this mean for the Marina Fund in FY26 and for the FY27-28 budget?

Worst case

Option 1 – No Doubletree rent; no “new” revenue

- Doubletree pays no rent, starting October 2025
- Assumes no additional “new revenue” (\$440k/yr starting in FY27).

Assumptions

Starting in FY27:

- No cost reduction to 199 Seawall premises related to lease.
- Indirect cost rate increases from 17% to 23%: \$150k/year additional cost
- No continued workers comp holiday: \$117k/year additional cost
- Escalation on internal service charges, utilities, etc. does not exceed 3%

MF Option 1:

No Doubletree rent; no “new” revenue

Marina Fund	2025	2026	2027	2028	2029
Starting balance	2,815,668	1,250,192	854,927	(621,515)	(2,156,076)
Revenue	6,773,672	8,290,812	6,309,699	6,392,091	6,392,091
<i>Leases</i>	<i>2,015,671</i>	<i>1,987,342</i>	<i>1,048,227</i>	<i>1,074,432</i>	<i>1,101,293</i>
<i>Berthers</i>	<i>3,854,486</i>	<i>3,970,121</i>	<i>4,089,225</i>	<i>4,191,455</i>	<i>4,296,242</i>
<i>Other</i>	<i>903,515</i>	<i>2,333,348</i>	<i>1,172,248</i>	<i>1,186,704</i>	<i>1,201,573</i>
Expenditures	8,339,148	8,686,077	7,786,140	7,987,153	8,154,098
Operating Surplus/(Loss)	(1,565,475)	(395,266)	(1,476,441)	(1,636,792)	(1,762,007)
Ending balance	1,250,192	854,927	(621,515)	(2,258,307)	(3,918,083)
Reserve Rate	18%	10%	-10%	-36%	-61%

What does this mean for the Marina Fund in FY26 and for the FY27-28 budget?

Best case

Option 2 – Doubletree pays full rent, plus “new” revenue

- Doubletree continues to pay as expected, per the lease
- Assumes additional “new revenue” (\$440k/yr starting in FY27).

Assumptions

Starting in FY27:

- No cost reduction to 199 Seawall premises related to lease.
- Indirect cost rate increases from 17% to 23%: \$150k/year additional cost
- No continued workers comp holiday: \$117k/year additional cost
- Escalation on internal service charges, utilities, etc. does not exceed 3%

MF Option 2

Doubletree revenue, plus “new” revenue

Marina Fund	2025	2026	2027	2028	2029
Starting balance	2,815,668	1,250,192	1,681,751	1,843,924	1,977,942
Revenue	6,773,672	9,117,636	7,948,313	8,121,171	8,298,402
<i>Leases</i>	<i>2,015,671</i>	<i>2,814,167</i>	<i>2,246,841</i>	<i>2,303,012</i>	<i>2,360,587</i>
<i>Berthers</i>	<i>3,854,486</i>	<i>3,970,121</i>	<i>4,089,225</i>	<i>4,191,455</i>	<i>4,296,242</i>
<i>Other</i>	<i>903,115</i>	<i>2,333,348</i>	<i>1,612,248</i>	<i>1,626,704</i>	<i>1,641,573</i>
Expenditures	8,339,148	8,686,077	7,786,140	7,987,153	8,154,098
Operating Surplus/(Loss)	(1,565,475)	431,559	162,173	134,018	144,304
Ending balance	1,250,192	1,681,751	1,843,924	1,977,942	2,122,246
Reserve Rate	18%	18%	23%	24%	26%

What does this mean for the Marina Fund in FY26 and for the FY27-28 budget?

Hybrid

Option 3 – Doubletree pays half rent, plus “new” revenue

- Doubletree pays half rent, starting October 2025
- Assumes additional “new revenue” (\$440k/yr starting in FY27).

Assumptions

Starting in FY27:

- No cost reduction to 199 Seawall premises related to lease.
- Indirect cost rate increases from 17% to 23%: \$150k/year additional cost
- No continued workers comp holiday: \$117k/year additional cost
- Escalation on internal service charges, utilities, etc. does not exceed 3%

MF Option 3 - Hybrid

Doubletree pays only half rent, plus “new” revenue

Marina Fund	2025	2026	2027	2028	2029
Starting balance	2,815,668	1,250,192	1,224,444	805,635	344,146
Revenue	6,773,672	8,660,329	7,367,331	7,525,664	7,688,007
<i>Leases</i>	<i>2,015,671</i>	<i>2,356,859</i>	<i>1,665,859</i>	<i>1,707,505</i>	<i>1,750,193</i>
<i>Berthers</i>	<i>3,854,486</i>	<i>3,970,121</i>	<i>4,089,225</i>	<i>4,191,455</i>	<i>4,296,242</i>
<i>Other</i>	<i>903,115</i>	<i>2,333,348</i>	<i>1,612,248</i>	<i>1,626,704</i>	<i>1,641,573</i>
Expenditures	8,339,148	8,686,077	7,786,140	7,987,153	8,154,098
Operating Surplus/(Loss)	(1,565,475)	(25,749)	(418,809)	(461,489)	(466,090)
Ending balance	1,250,192	1,224,444	805,635	344,146	(121,944)
Reserve Rate	18%	14%	11%	5%	-2%