

Berkeley Waterfront: Marina Fund Update

October 22, 2026

Summary

1. Marina Fund history and background
2. Current factors affecting Marina Fund:
 - Structural deficit
 - Unfunded infrastructure
 - Occupancy
 - Doubletree
 - Loss of parking revenue
 - Budget reductions in FY27-28
 - Leases
3. Additional balancing measures needed

Marina Fund Structure Prior to FY26

OPERATING REVENUES

- Berth Rental Fees
- Commercial Leases

**Marina
Fund**

OPERATING EXPENSES

- Marina Operations
- Lease Administration
- Recreation Programs
- Maintenance
- Parks and Landscape
- Utilities
- Security
- Capital

- Marina Fund 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.

Who Pays to Operate the Waterfront Today?

OPERATING REVENUES

- Berth Rental Fees
Paid by Marina slipholders
- Commercial Leases
Paid by tenants (largest are Doubletree and Skates)

Marina Fund

- Parks Tax (established in 2024 Measure Y)
Paid by Berkeley residents through property taxes

Parks Tax Fund

OPERATING EXPENSES

- Marina Operations
- Lease Administration
- Recreation Programs
- Maintenance
- Utilities
- Security
- Capital

- Park & Landscape Maintenance

Marina Fund Challenges Over Time

- 1970s-1990s: boater fees kept low, added non-profit leases, capped landfill and expanded parkland → more cost, same revenue
- 2000s: structural deficits 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 => \$163M in unfunded needs
- 2020s: Covid-19: major hit to hotel/restaurant revenue
- External financial support needed to operate Waterfront starting in FY22

Marina Fund Exhausted – Additional Resources Needed to Continue Operating

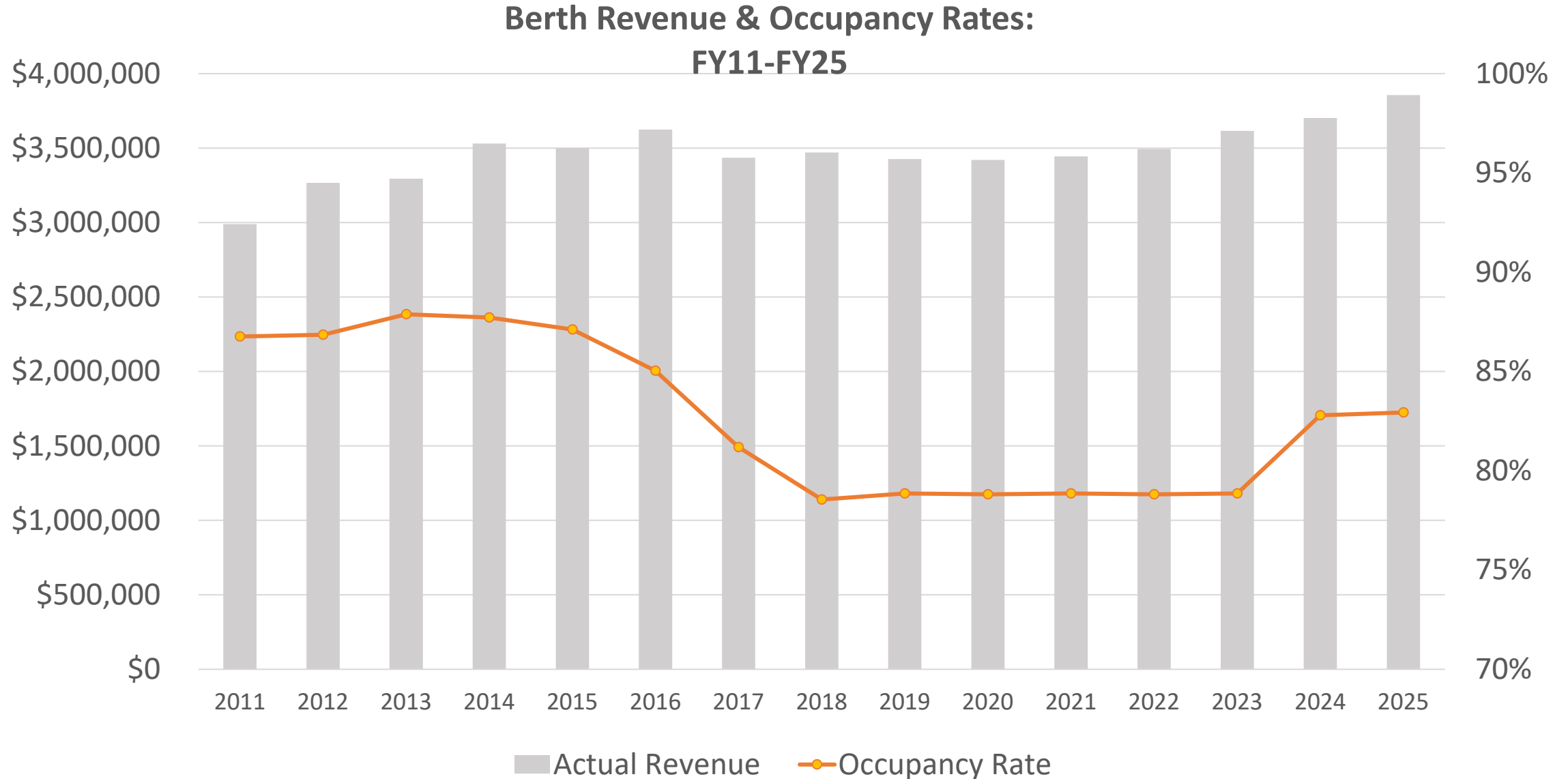
Financial Support to the Marina Fund since 2021

- FY22: \$1.4M in American Rescue Plan Act (ARPA) funds
- FY23: \$1.15M in ARPA funds
- FY24: \$800k in cost shifts to other funds / \$5.5M from Workers Compensation Fund for capital projects
- FY25: \$850k in reduced indirect costs and Workers Compensation Fund holiday; cost shifts to other funds; capital projects funded by General Fund
- FY26: \$1.4M in General Fund transfer, \$360k in reduced indirect costs and Workers Compensation holiday; capital projects funded by General Fund

Parks Tax Fund: cost shifts off the Marina Fund since July 2025

- FY26: Parks Tax Measure Y goes into effect.
 - Shifts \$1.579M in Waterfront park and landscape costs from Marina Fund to Parks Tax.

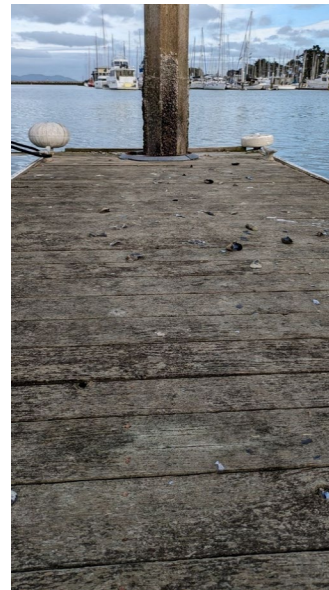
Marina Fund Key Factors | Safety Impacts on Berth Occupancy



Marina Fund Key Factors | Unfunded Aging Infrastructure

Unfunded Infrastructure Costs

\$33,385,000	Inner Harbor / Docks
\$17,290,000	Parking Lots
\$15,700,000	Streets
\$55,432,500	Shorelines/Pathways/Pier
\$20,230,000	Dredging and Seawall
<u>\$10,810,500</u>	<u>City buildings</u>
\$163,344,000	Total unfunded needs



Marina Fund Key Factors | Loss of Doubletree Hotel Revenue

- DoubleTree is the largest single contributor to the Marina Fund, expected to cover 15% of waterfront expenses (~\$1.2M/year in revenue)
- Hotel financial trouble:
 - Hotel generated \$1.4M in lease revenue in 2019.
 - Hotel has been losing money every year since 2020.
 - Loan went into special servicing in 2025, with lender controlling expenditures.
 - Hotel stopped paying regular rent in March 2025.
 - Hotel paid their full balance in Sept 2025: \$964,680.
 - No rent has been paid to the City since Dec 2025.
 - Hotel currently owes approx. \$1M (10 months of base rent, 4 quarters of % rent).
- Future payments uncertain.
- Marina Fund FY27-28 budget included **\$840k** in projected revenue (approx. 30% of required rent).

Doubletree | Bay Area Hotel Market Conditions

- Bay Area hotel market continues to be slowest in country to recover from COVID.
- Some improvement since last year (Bay Area was at 70% of 2019 levels last year; is now at 80%)

Local Hotel Market	RevPAR*		
	2025	2026	2027
Oakland	+0.6%	+3.9%	+1.8%
San Francisco	+8.2%	+7.9%	+1.9%

**Revenue per Available Room for mid-priced hotels.
Calculated as occupancy x average daily room rate.*

TOP 25 MARKETS	Twelve Months Ending 2/28/2026		Full Year 12/31/2019
	RevPAR	RevPAR % of 2019	12 Mo RevPAR
Atlanta - GA USA	\$ 78.46	100.4%	\$ 78.15
Boston - MA USA	\$ 167.41	114.5%	\$ 146.20
Chicago - IL USA	\$ 114.17	114.7%	\$ 99.56
Dallas - TX USA	\$ 82.82	113.1%	\$ 73.25
Denver - CO USA	\$ 99.20	100.5%	\$ 98.68
Detroit - MI USA	\$ 73.50	106.3%	\$ 69.12
Houston - TX USA	\$ 71.38	112.4%	\$ 63.50
Las Vegas - NV USA	\$ 148.32	129.7%	\$ 114.33
Los Angeles - CA USA	\$ 141.01	103.5%	\$ 136.23
Miami - FL USA	\$ 169.40	123.0%	\$ 137.69
Minneapolis - MN USA	\$ 80.95	98.9%	\$ 81.86
Nashville - TN USA	\$ 115.28	106.3%	\$ 108.43
New Orleans - LA USA	\$ 96.22	94.6%	\$ 101.69
New York - NY USA	\$ 282.50	132.2%	\$ 213.62
Oahu Island - HI USA	\$ 222.22	110.6%	\$ 200.89
Orange County - CA USA	\$ 153.53	119.8%	\$ 128.11
Orlando - FL USA	\$ 146.73	115.7%	\$ 126.82
Philadelphia - PA USA	\$ 98.14	103.1%	\$ 95.19
Phoenix - AZ USA	\$ 117.33	126.1%	\$ 93.07
Saint Louis - MO USA	\$ 79.73	117.5%	\$ 67.87
San Diego - CA USA	\$ 155.04	121.9%	\$ 127.22
San Francisco/San Mateo - CA USA	\$ 162.95	80.2%	\$ 203.10
Seattle - WA USA	\$ 124.50	105.6%	\$ 117.86
Tampa Bay - FL USA	\$ 119.11	127.7%	\$ 93.28
Washington - DC USA	\$ 120.33	105.6%	\$ 113.91

Marina Fund Key Factors | Loss of Parking Revenue

- Council approved new parking fees at 3 Waterfront lots in June 2025:
 - \$1/hour, max of \$6/day or \$500/year at J/K and South Cove East and West lots
 - Applies to 263 parking spaces. 987 spaces would continue to be free.
 - The Waterfront has 2,235 parking spaces. Other spaces include paid lots at hotel and launch ramp, tenant and boater lots.
- Subsequently, BCDC required City to apply for a permit to apply these fees. (First time in BCDC history.)
- In August 2026, BCDC Commission rejected the City's request for an administrative permit for \$1/hr parking program in South Cove area lots.
- BCDC instructed the City to re-apply for a “major permit” – a process typically reserved for much larger projects with high impact to the Bay.
- Marina Fund FY27-28 budget included **\$335k** in projected net parking revenue over two years.

Marina Fund | Reductions in FY27 & FY28

- Existing structural deficit + Doubletree revenue loss → balancing measures needed in FY27 & FY28 to continue to operate the Waterfront.
- No General Fund available to support the Marina Fund, as City had to close a \$30M budget deficit.
- Resulted in significant Waterfront reductions.

- Personnel reductions
- Non-personnel reductions

Marina Fund Adjustments	FY 27	FY 28
Assistant Civil Engineer 60%	(140,574.00)	(143,442.00)
Waterfront Manager 85%	(246,066.00)	(253,361.00)
Senior Marina Assistant	150,729.00	154,584.00
Cost shift 5% Deputy Director to Parks Tax	(16,687.00)	(17,020.74)
Reduce Minor Maintenance	(100,000.00)	(100,000.00)
Reduce Security, Marketing, Supplies	(81,000.00)	(81,000.00)
Total	(433,598.00)	(440,239.74)

Marina Fund | New Lease Revenue in FY27-28

Of the 13 leases and licenses at the Waterfront, staff are updating 10. These changes are estimated to raise \$90k/year.

Tenant	Lease Status / Notes
BPD / Traffic Bureau	Expires in 2027
Patpatia & Associates	New lease approved by Council in May 2026
International Child Rescue Institute	New lease approved by Council in July 2026
Third Plateau	Tenant vacating Dec 1 st . Currently negotiating with new tenant.
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	New license approved by Council in June 2026
Bait Shop	Expired at end of 2025, in holdover
Hana Japan	Expires in May 2027

Marina Fund | Forecast through this budget cycle

Updated to reflect projected loss of parking and Doubletree revenue.

Marina Fund	2026 Actual	2027 Projected	2028 Projected
Starting balance	1,246,371	1,523,963	500,008
Revenue	8,673,012	6,364,360	6,534,799
<i>Leases</i>	<i>2,164,222</i>	<i>1,047,260</i>	<i>994,745</i>
<i>Berthers</i>	<i>3,971,848</i>	<i>4,166,475</i>	<i>4,333,134</i>
<i>Other</i>	<i>2,536,941*</i>	<i>1,150,626</i>	<i>1,206,920</i>
Expenditures	8,395,420	7,388,315	7,580,393
Operating Surplus/(Loss)	277,592	(1,023,955)	(1,045,594)
Ending balance	1,523,963	500,008	(545,586)
Reserve Rate	18%	8%	(8%)

*Includes \$1.4M in General Fund subsidy to the Marina Fund.

Marina Fund | Anticipated Deficit in FY28

- Revenue is coming in lower than projected.
 - Doubletree has not paid since Dec 2025. Staff budgeted \$840k in revenue in FY27 and FY28 (representing 30% of their yearly payments).
 - Paid parking in 3 South Cove lots has not materialized. Staff budgeted \$335k in revenue in FY27 and FY28.
- Already exhausted emergency funding for FY27 in October; 8 months still remaining, with El Nino winter on the horizon.
 - Spending emergency funds on South Cove seawall area for sinkhole.
 - Spending emergency funds on flood barriers for Marina.
- Maintenance of an appropriate reserve balance. Typical reserve balances for small funds like the Marina Fund are at least 15%.
 - We're attempting to set aside at least 8% (or approximately \$500k).
- Results in **\$1.2M+** needed in reductions, cost shifts or new revenue
 - *Includes **\$545k** projected fund deficit in FY28, **\$500k** prudent reserve, and **\$150k+** additional emergency funding in FY27 and FY28.*

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