

# **CABRILLO WAY MARINA**

## **Westrec Marina Management Inc.**

### **Agreement No. 13-3125**



**FY 2024 Annual Budget**

**Michael Galvin**

**Director, Waterfront & Commercial Real Estate**

# WEST BASIN – CABRILLO WAY MARINA



## Cabrillo Way Marina

- 64.14 acres of land and water
- 692 designed wet slips, 77 side ties and 375 dry boat storage stalls
- 2,500 parking spaces
- Landside development area entitled for 90,000  $\pm$  sf of commercial space
- Promenades, pump out stations, modular boater facilities, public restrooms, Marina Operations Office, Dry Boat Storage Operations Office

# CABRILLO WAY MARINA - Agreement No. 13-3125



- In 2003, the Harbor Department approved a Supplemental Environmental Impact Report (SEIR) for the Cabrillo Way Marina Project.
- Marina reconstruction was completed in 2011.
- July 1, 2013, Agreement with Westrec to operate, manage, and maintain Cabrillo Way Marina (CWM)
- Westrec manages CWM as a fee operator, passing through all expenses and revenue to the Harbor Department
  - 5 year initial term with two five-year options
  - Current term is set to expire June 30, 2028
  - Agreement is cancellable with 90 day notice

# 2024 Proposed Budget Comparison

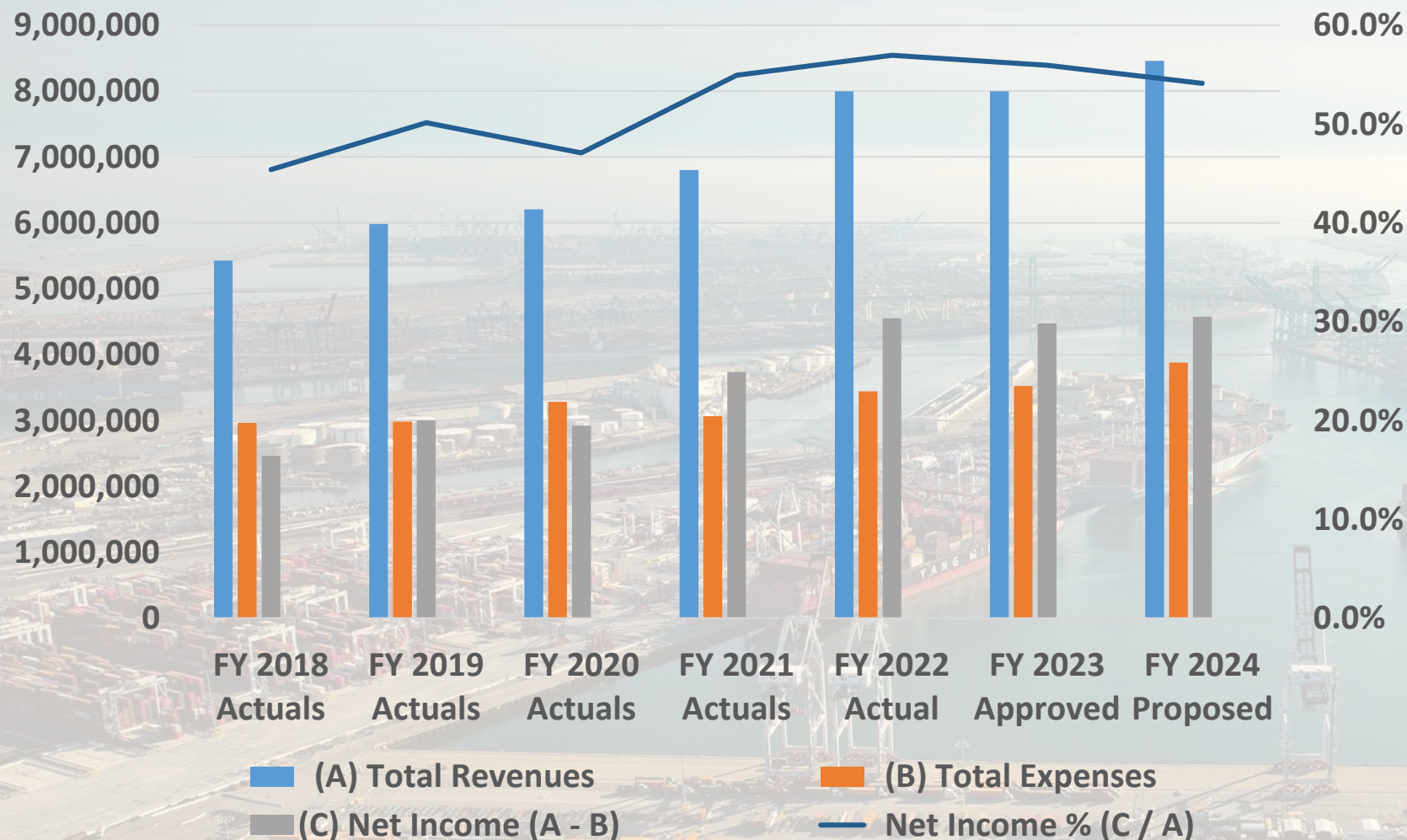


In \$					\$ Variances - FY 2024 vs.		% Variances - FY 2024 vs.	
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2022	FY 2023	FY 2022	FY 2023
	Actuals	Actual	Approved	Proposed	Actuals	Approved	Actuals	Approved
Wet Slip Rentals	5,221,118	6,217,957	6,235,000	6,542,408	324,451	307,408	5.2%	4.9%
Other Revenues	1,581,426	1,776,491	1,761,187	1,916,890	140,399	155,703	7.9%	8.8%
<b>(A) Total Revenues</b>	<b>6,802,544</b>	<b>7,994,448</b>	<b>7,996,187</b>	<b>8,459,298</b>	464,850	463,111	5.8%	5.8%
Marketing	32,475	42,782	54,500	64,450	21,668	9,950	50.6%	18.3%
Lighting	93,570	11,181	132,000	14,000	2,819	-118,000	25.2%	-89.4%
Telecommunications	26,688	25,908	28,021	126,900	100,992	98,879	389.8%	352.9%
Docks and related	93,818	270,365	212,940	388,334	117,969	175,394	43.6%	82.4%
Other Expenses	2,819,626	3,091,511	3,096,200	3,287,990	196,479	191,790	6.4%	6.2%
<b>(B) Total Expenses</b>	<b>3,066,177</b>	<b>\$3,441,747</b>	<b>\$3,523,661</b>	<b>\$3,881,674</b>	439,927	358,013	12.8%	10.2%
<b>(C) Net Income (A - B)</b>	3,736,367	4,552,701	4,472,526	4,577,624	24,923	105,098	0.5%	2.3%
<b>Net Income % (C / A)</b>	<b>54.9%</b>	<b>56.9%</b>	<b>55.9%</b>	<b>54.1%</b>				

# 2024 Proposed Budget Comparison



Westrec Budget FY 18-24



Revenues projected to increase 55 percent from FY 2018, from \$5,427,174 to \$8,459,298.

Expenses projected to increase 31 percent from FY 2018, from \$2,964,271 to \$3,881,674

Increase in occupancy from 61 percent in 2018 to current occupancy of 86 percent

# 5 Year Budget Trends and 2024 Budget Drivers

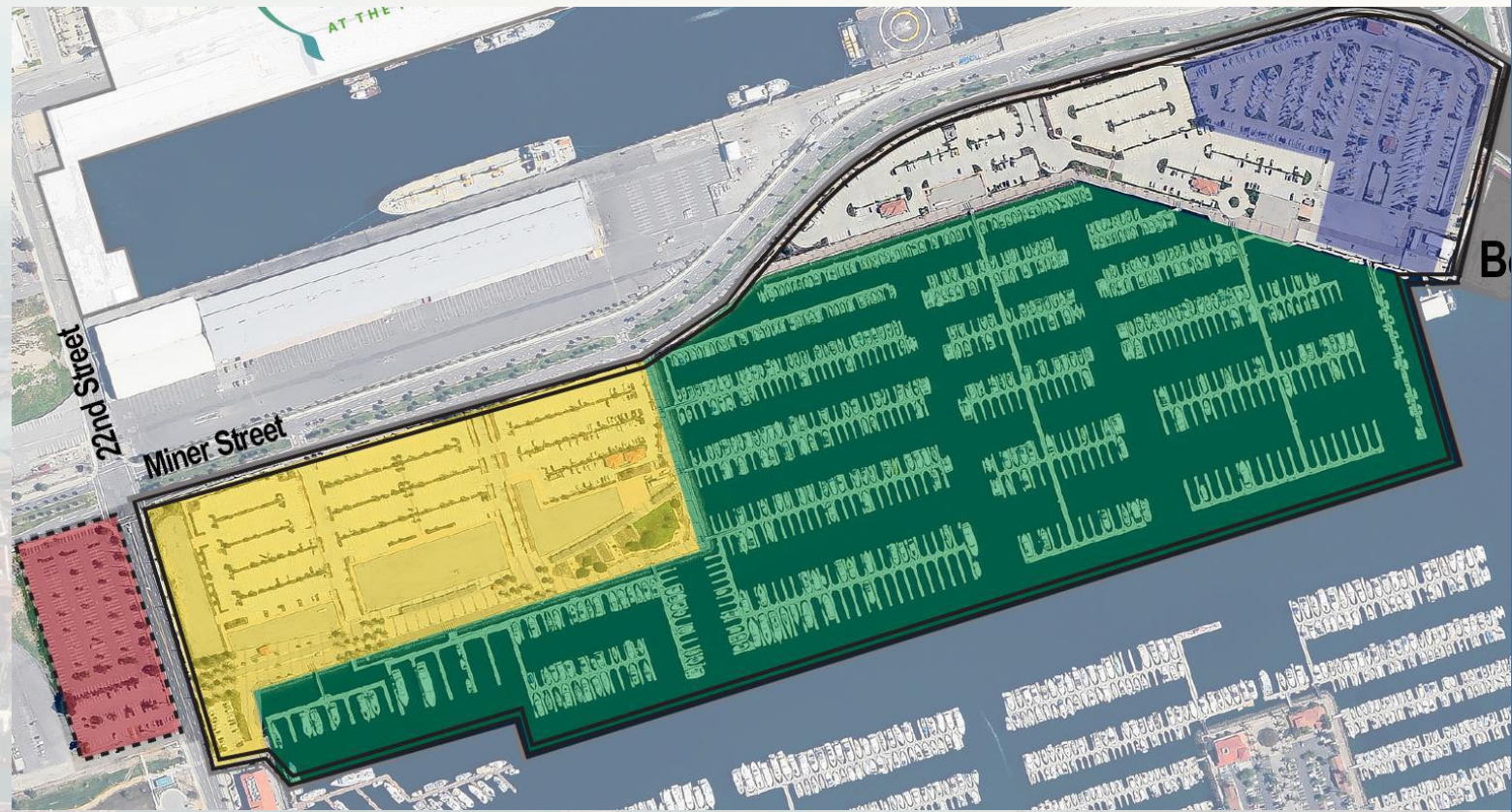


In \$	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Actuals	FY 2022 Actual	FY 2023 Approved	FY 2024 Proposed
<b>(A)</b> Total Revenues	<u>5,427,174</u>	<u>5,983,024</u>	6,205,946	6,802,544	7,994,448	<b>7,996,187</b>	<b>8,459,298</b>
<b>(B)</b> Total Expenses	<u>2,964,271</u>	<u>2,983,782</u>	3,284,154	3,066,177	\$3,441,747	<b>\$3,523,661</b>	<b>\$3,881,674</b>
<b>(C) Net Income (A - B)</b>	<u>2,462,903</u>	<u>2,999,242</u>	<u>2,921,792</u>	<u>3,736,367</u>	<u>4,552,701</u>	<b>4,472,526</b>	<b>4,577,624</b>
<i>Income Growth %</i>	<u>44.6%</u>	<u>21.8%</u>	<u>-2.6%</u>	<u>27.9%</u>	<u>21.8%</u>	<u>-1.8%</u>	<u>2.3%</u>
							-
<i>Expense % (B / A)</i>	<u>54.6%</u>	<u>49.9%</u>	<u>52.9%</u>	<u>45.1%</u>	<u>43.1%</u>	<b>44.1%</b>	<b>45.9%</b>
<i>Net Income % (C / A)</i>	<u>45.4%</u>	<u>50.1%</u>	<u>47.1%</u>	<u>54.9%</u>	<u>56.9%</u>	<b>55.9%</b>	<b>54.1%</b>

- **Revenue increases due to the following:**
  - Increase in occupancy from 84 percent in 2023 to current occupancy of 86 percent
  - Five percent rate increase Sept. 2022 and a three percent rate increase in September 2023
- **Expense Increased primarily due to the following:**
  - Proposed installation of new Wi-Fi system at a cost of \$98,879
  - Required maintenance for docks, benches and handrails at a cost of \$175,394

# Cabrillo Way Marina Development

- 2019 RFP selects Cabrillo Way Partners, JV between Bellwether Financial Group and R.D. Olson
- Development scope includes: marina business acquisition, restaurants, retail and hotel development on long term lease
- Currently in lease/purchase and sale agreement negotiations



# Adjacent LA Waterfront Development

## LA Waterfront Development

- AltaSea, marine research and innovation center 1<sup>st</sup> phase complete in 2024
- San Pedro Public Market 1<sup>st</sup> Phase complete early 2025
- Crafted, developed in 2012 as craft marketplace and brewery
- Boat Yard Development 2018 RFP selected Bellwether Financial Group
- Outer Harbor Cruise Terminal request for proposal 3Q 2023
- Warehouse One development solicitation commences 2023



# Recommendation

It is recommended that the Harbor Commissioners (Board);

1. Find that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Approve the Westrec Marina Management, Inc. annual budget for Fiscal Year 2024 under Agreement No. 13-3125; and