State of California State Lands Commission

Memorandum

Date: October 7, 2020

To: Brian Bugsch, Chief
Land Management Division

Grace Kato, Assistant Chief
Land Management Division

From: Chaun Wong
Associate Property Appraiser
Land Management Division

Subject: Tomales Bay Category 1 Benchmark 2020 Marin County, California

As requested, I have updated the benchmark for General Leases – Recreational Use involving recreational piers and buoys/mooring poles at Tomales Bay, Marin County.

The Land Value per acre for berths/slips in 2015 was $55,178. The Land Value per acre for berths/slips in 2020 is $64,367. The Rental Value per square foot for berths/slips in 2015 was $0.114. The Rental Value per square foot for berths/slips in 2020 is $0.133. The per buoy/mooring pole rate in 2015 was $125, which was the minimum annual rent for recreational use per the California Code of Regulations § 2003 (b). The per buoy/mooring pole rate in 2020 is $140; the minimum annual rate for recreational use was adjusted in 2019. The swing area for buoy/mooring pole in 2015 was 30 feet and in 2020 is 31 feet.

Table 1. Tomales Bay Benchmark Summary

Benchmark Date	**2015**	**2020**
Berths/Slips Land Value (Per Acre)	$55,178	$64,367
Berths/Slips Rental Rate Land Value (Per Sq. Ft.)	$0.114	$0.133
Per Buoy/Mooring Pole	$125	$140
Swing Area	30 Feet	31 Feet

An appraisal is the act or process of developing an opinion of value that must be numerically expressed as a specific amount, as a range of numbers, or as a relationship to a previous value opinion or numerical benchmark. This report constitutes an appraisal as defined by the Uniform Standards of Professional Appraisal Practice (USPAP). Accordingly, this appraisal has been performed and the report has been prepared in substantial compliance with USPAP. The compiled research, analyses, and conclusions presented in this appraisal represent a correlation of market rents into benchmark rental rates for private recreational facilities (e.g. docks, piers, and buoys/moorings) located in Tomales Bay. The benchmark is intended to be used by Commission staff for rent setting purposes.

Introduction

Leases are issued by the California State Lands Commission for private recreational facilities such as docks, piers, and buoys/mooring poles. These facilities offer many of the same amenities as a commercial marina, such as a place for the docking and mooring of boats and the loading and unloading of passengers and equipment. In this manner, these privately-owned facilities represent a substitute for a commercial marina slip/buoy. Accordingly, the method of valuation used in estimating a fair return and a fair rental value in this analysis is based on what an individual would pay for a similar substitute site in a commercial marina.

Since a Commission-leased site for a privately-owned pier or dock is a fairly good substitute for a marina slip, a lessee of the state land should pay a similar amount for the leased site as the state would receive for leasing the land to a commercial marina.

Scope

The scope of the research included the following:

- Identifying marinas with boat slips and/or buoy fields in the Tomales Bay area.
- Surveying the marinas as to the number and type of moorings (berths/slips/buoys/mooring poles), occupancy rate, seasonal months (if applicable), mooring sizes, and rates.
- Compiling the survey results into averages for slip size, buoy/mooring pole size, and rate (incorporating seasonality, if applicable).
- Using the “Layout and Design Guidelines for Marina Berthing Facilities” publication (last updated July 2005) from the State Department of Boating and Waterways to determine the amount of submerged land area necessary to accommodate a given mooring size.
- Calculating the annual rental rate(s) using the above information and State valuation guidelines.

A total of four marinas and/or buoy fields in Tomales Bay were identified. However, one of these, the Marconi Cove Marina, is no longer in operation. The adjoining upland property is currently owned by the California Department of Parks and Recreation, which purchased the parcel in 2002. The Department intends to redevelop the upland site into a small camping facility; however, there are currently uncertainties around developing the site. Another marina, the Inverness Yacht Club, is a private club which is not open to the general public. The club’s water improvements consist of a pier and two small floating docks. Almost all of the boats at this marina are stored on land. There are no berthing rentals; rather members pay an annual membership. Then, there is Lawson’s Landing. In the 2015 benchmark rental survey, it was reported that Lawson’s Landing had a total of three mooring poles that were serviceable; two of which were being rented seasonally from April through October for approximately $100 per month. The third mooring pole was not being rented as it was being used for the marina facility’s private vessel. The rented mooring poles at Lawson’s Landing were used as part of the analysis for the 2015 Tomales Bay Benchmark. However, when Lawson’s Landing was surveyed for the current benchmark, it was reported that all structures,

including the mooring poles would be removed by the end of summer 2020. According to the property manager, the mooring poles were no longer being rented. Due to the lack of comparable rental data information, these three marinas; Marconi Cove Marina, Inverness Yacht Club, and Lawson's Landing were not used in the analysis for this benchmark.

The fourth marina is Tomales Bay Resort (previously Tomales Bay Lodge and Marina and/or the Golden Hinde Marina) which has most recently reported 64 total slips. Of all the commercial marinas surveyed, Tomales Bay Resort is the only commercial marina located in Tomales Bay. Because of the limited number of marinas in Tomales Bay, a survey was done of other nearby marinas outside of Tomales Bay that might be used in absence of the three marinas acknowledged above. Several marinas with slips located on the northern and western shores of Bodega Bay within adjacent Sonoma County were identified. These are Spud Point Marina, Mason's Marina, and Porto Bodega. Outside of Tomales Bay, the marinas in Bodega Bay are most proximate to Tomales Bay, located approximately 20 miles to the northwest. Another marina identified is located on the northern shore of the Petaluma River, the Petaluma Marina. Petaluma Marina, also located within adjacent Sonoma County, is approximately 24 miles to the northeast of Tomales Bay. Thus, a total of five commercial marinas with slips were used in the analysis of the current Tomales Bay benchmark. All marina operators were contacted via telephone and/or email.

Methodology

In order to determine the value of the leased area (of a pier, buoy/mooring pole, etc.), it will be necessary to determine: what income can typically be generated by a commercial marina; the area occupied by a marina slip in a well-designed marina; what the rental charge would be for a typical sized boat; and the rate of return the state should receive for the use of its land.

The Commission typically charges 5% to 6% of gross income for boat berthing for sites leased to commercial marina operators, with most of the leases set at 5% of gross income.

The Commission has a set rate of return of 9% of the appraised value of the leased land. (Per the California Code of Regulations, Title 2, Division 3, Chapter 1, Article 2, Section 2003 Rental.)

In terms of buoys/mooring poles, the annual rent is based on an average of what commercial marinas pay the California State Lands Commission for the use of state land under buoys/mooring poles, which is 5% of the gross income attributable to boat berthing. However, as will be discussed in the Buoy/Mooring Pole Rent section below, because the indicated fair market annual rate per mooring is estimated to be less than the current minimum annual rent (Per the California Code of Regulations, Title 2, Division 3, Chapter 1, Article 2, Section 2003(b).) for every lease category to which the benchmark would be applied, annual rent of $140 per mooring in Tomales Bay, based on the minimum annual rent, is recommended.

Berth/Slip Rent

The five marinas with slips reported a total of 652 berths/slips (slips and berths will be used interchangeably hereafter) available to the public, or an average of 130 berths per marina. The average occupancy was reported at 85%.

The survey found that berth sizes in Tomales Bay, Bodega Bay, and the Petaluma River ranged from 12 to 80 linear feet, with most being in the range of 25 to 35 linear feet. The average berth size was approximately 31 linear feet. Rent for berths is commonly expressed in terms of dollars per linear foot (per month). The survey indicated rental rates ranging from $4.16 to $7.16 per linear foot. (The commercial marina rates compiled reflect per month rental rates for the entire year. None of the marinas surveyed reported seasonal rates. All of the marinas surveyed were reportedly open year-round.) The average of the surveyed rents for berths is $6.20 per linear foot. In comparison, a 32-foot average berth length and an $5.37 per linear foot average for berths was surveyed in 2015. The discrepancy of average berth sizes is likely attributed to the accuracy of the data provided by the marina operators because it is believed that marinas have not significantly changed since 2015.

The benchmark rental rate for berths is calculated by multiplying the average berth length by the average monthly rental rate. The product is then multiplied by 12 months to arrive at the gross annual income. The gross annual income is multiplied by 5% (the rate of return that Commission staff typically charges as rent for commercial marinas) to get the income attributable to the submerged land. The income attributable to the submerged land is then divided by the amount of submerged land needed to accommodate the average berth length within a marina.

The submerged land area needed to accommodate an average berth is found in a publication entitled “Layout and Design Guidelines for Small Craft and Berthing Facilities” (July 2005) by the State Department of Boating and Waterways. This publication provides formulas and tables for calculating the submerged land area needed to accommodate various sizes and layouts of berths in marinas. Among other variables, the formulas take into account the berth length, berth layout (single vs. double), and the type of vessel (powerboat vs. sailboat). The submerged land area used in this benchmark analysis is based on a double berth layout (on the premise that it was the most economically efficient for the marina operator) and represents an average of the powerboat and sailboat berths.

From the tables in the publication, a submerged area of 865 square feet is shown as being necessary to accommodate the 31-foot average slip length indicated by the survey. Taking all of the aforementioned inputs into account, the current benchmark rental rate and land value are calculated as follows:

31’ avg. berth size x $6.20/LF avg. berth rate = $192.20/berth/month
$192.20/berth x 12 months = $2,306/berth/year
$2,306 x 5% of gross income = $115.30
$115.30 ÷ 865 sq. ft. = $0.133/sq. ft.

Benchmark Rental Rate = $0.133/sq. ft.
$0.133/sq. ft. x 43,560 sq. ft. = $5,793/acre
$5,793 ÷ 0.09 = $64,367/acre
Benchmark Land Value = $64,367/acre

Buoy/Mooring Pole Rent

Buoy/mooring pole rent is based on an average of what nearby commercial marinas pay the California State Lands Commission for the use of state land under buoys, which is 5% of the gross income attributable to boat berthing. (Buoys, mooring poles, and moorings are used interchangeably in the text hereafter. Moorings and buoys are estimated to have similar rental rates as mooring poles.) However, in the greater Tomales Bay area, there are no nearby marina facilities with rented buoys including the marinas located in the northern and western shores of Bodega Bay and the Petaluma River. Limited buoy rental data was also reported in the 2015 benchmark. Lawson's Landing previously reported a total of two rented mooring poles during the last benchmark, but as reported above, this is no longer the case. In 2015, with limited rented buoys located nearby, the benchmark rental rate for buoys was based on an analysis of substitute comparable marinas containing both berths and moorings in other geographic areas. The premise was that if the greater Tomales Bay area only had existing commercial berth rents available and not commercial buoy rents, perhaps an average mooring to berth ratio could be established from other coastal marinas. This average ratio would then be applied to the (then) average Tomales Bay berth rent in order to determine an indicated fair market rent for a private recreational buoy located in Tomales Bay. Berths and moorings located in Pillar Point, Monterey, Morro Bay, Newport Harbor, Mission Bay, and San Diego were considered most similar to the berths and moorings located in Tomales Bay as these areas are also of coastal regions and/or bays.

In the 2015 benchmark analysis, the comparable marinas were first analyzed individually to form indicated mooring to berth ratios (indicated rental rate for moorings ÷ indicated rental rate for berths = indicated mooring to berth ratio). The ratios were then individually multiplied by the (then) Tomales Bay Berth Rental Rate (or the benchmark rental rate for berths/slips). The resulting products represented an indicated range of per square foot rents for moorings in Tomales Bay by means of substitute comparable properties. These per square foot rental values were then multiplied by the Tomales Bay average swing area resulting in a range of rent per mooring per year. The indicated range of rent per mooring per year was then examined and weighed, using a paired sales analysis, to conclude a single rent amount per mooring per year ($/mooring/year). The concluded rent amount per mooring per year was then divided by the swing area to arrive at an indicated fair market rent, per square foot, appropriate for Tomales Bay. Based on the steps outlined above, it was determined that the indicated fair market rental rate for buoys to be $30 per mooring or $0.011/SF (based on an average 30 LF swing radius or 2,826 SF swing area).(The swing area is the distance that a boat can pivot around on its mooring axis "anchor center". The length of the boat should not be

more than the swing radius; otherwise it runs the risk of drifting into other boats in the mooring field. The area of a circle is calculated by multiplying the radius squared by pi, or 3.14 (Circle area = πr^2).) However, because the annual rate of $30 per mooring was significantly less than the minimum annual rent for every lease category to which the benchmark would be applied, the minimum annual rent of $125 per mooring was concluded for the last Tomales Bay buoy benchmark.

Since the last benchmark, the minimums for all categories of lease type were increased (2019 Minimum Annual Rent Update) This included the Recreational Use and Other lease types which were both increased to a minimum annual rent of $140. Given the current Tomales Bay Berth Rental Rate of $0.133/SF and the current average mooring swing radius of 31 LF or 3,018 square feet (31 LF x 31 LF x 3.14 = 3,018 SF), the concluded indicated mooring to berth ratio would have to surpass 34.6% in order to exceed the current minimum annual rent of $140 per mooring. ($140 per mooring ÷ 3,018 SF = $0.046/SF berth rental rate. $0.046/SF ÷ $0.133/SF = 0.346 or 34.6%.) In the appraiser's opinion, this is unlikely as all of the indicated mooring to berth ratios in 2015 were less than 10%, ranging from 4.05% to 9.59% (with an average of only 6.90%). It is estimated that the indicated mooring to berth ratios of the comparable marinas, identified above, have not significantly changed since 2015. Therefore, the annual rent of $140 per mooring based on the current minimum annual rent is concluded for the 2020 Tomales Bay Benchmark.

Conclusion

The 2020 Tomales Bay Category 1 Benchmark for Berths/Slips is $0.133/sq. ft. and for Buoys/Mooring Poles is $140 each.

Table 2. Marina & Buoy Field Survey

Name	County	Total Berths	Occupied Berths	Occupancy Rate	Slip Lengths (LF)	Average Length (LF)	Average Rent ($/LF/Mo.)	**Comments**
Tomales Bay Resort	Marin	64	64	100%	12 to 34	22	$6.68	No buoys; slips only. All berths are uncovered, and the average rent is $6.68/LF.
Spud Point Marina	Sonoma	257	252	98%	30 to 80	42	$7.00	No buoys; slips only. All berths are uncovered, and the average rent is $7.00/LF.
Mason's Marina	Sonoma	130	130	100%	30	30	$6.00	No buoys; slips only. All berths are uncovered, and the average rent is $6.00/LF.
Porto Bodega	Sonoma	56	51	91%	30 to 40	30	$4.16	No buoys; slips only. All berths are uncovered, and the average rent is $4.16/LF.
Petaluma Marina	Sonoma	145	49	34%	22 to 40	30	$7.16	No buoys, slips & ties only. All berths are uncovered, and the average rent is $7.16/LF. Total berths include 145 slips, 6 end ties, and 3 side ties.
Totals		652	546					
Average		130	109	85%		31	$6.20	