

## 4.5% Moorage Rate Increase

### 10-year Breakdown with/without Additional Revenue

#### Notes for Calculations:

\* In 2014, City Council approved an annual CPI increase to moorage rates (*Reso 14-115*) to offset the cost of inflation. An average of the past 5 CPI rates is 2.5%.

\* In their 2013 report, Northern Economics suggested a 32% moorage rate increase for the Small Boat Harbor. It was estimated the annualized cost with allocated overhead for the harbor facility is \$3,431,943.

\* Actual moorage revenue: 2013: \$1,795,826; 2014: \$1,867,577; Average: \$1,831,701; Rounded to \$1,800,000

4.5% Yearly Increase <i>without</i> Additional Revenue				
	Year-Begin Revenue	2% Moorage Increase	Annual 2.5% CPI Increase	Year-End Revenue
Year 1	\$1,800,000	\$36,000	\$45,000	\$1,881,000
Year 2	\$1,881,000	\$37,620	\$47,025	\$1,965,645
Year 3	\$1,965,645	\$39,313	\$49,141	\$2,054,099
Year 4	\$2,054,099	\$41,082	\$51,352	\$2,146,533
Year 5	\$2,146,533	\$42,931	\$53,663	\$2,243,127
Year 6	\$2,243,127	\$44,863	\$56,078	\$2,344,068
Year 7	\$2,344,068	\$46,881	\$58,602	\$2,449,551
Year 8	\$2,449,551	\$48,991	\$61,239	\$2,559,781
Year 9	\$2,559,781	\$51,196	\$63,995	\$2,674,971
Year 10	\$2,674,971	\$53,499	\$66,874	<b>\$2,795,345</b>

A minimum of **\$58,000** per year in additional revenue is needed to meet the 10-year goal of \$3,500,000.

4.5% Yearly Increase <i>with</i> Additional Revenue					
	Year-Begin Revenue	2% Moorage Increase	Addtl. Revenue	Annual 2.5% CPI Increase	Year-End Revenue
Year 1	\$1,800,000	\$36,000	\$58,000	\$45,000	\$1,939,000
Year 2	\$1,939,000	\$38,780	\$58,000	\$48,475	\$2,084,255
Year 3	\$2,084,255	\$41,685	\$58,000	\$52,106	\$2,236,046
Year 4	\$2,236,046	\$44,721	\$58,000	\$55,901	\$2,394,669
Year 5	\$2,394,669	\$47,893	\$58,000	\$59,867	\$2,560,429
Year 6	\$2,560,429	\$51,209	\$58,000	\$64,011	\$2,733,648
Year 7	\$2,733,648	\$54,673	\$58,000	\$68,341	\$2,914,662
Year 8	\$2,914,662	\$58,293	\$58,000	\$72,867	\$3,103,822
Year 9	\$3,103,822	\$62,076	\$58,000	\$77,596	\$3,301,494
Year 10	\$3,301,494	\$66,030	\$58,000	\$82,537	<b>\$3,508,061</b>

#### Revenue Goal:

\* To spread rate increases over a 10 year period.

\* To have the final, 10-year revenue total/exceed \$3,500,000; this ensures coverage of the small boat harbor's annualized cost with allocated overhead.

\* To ensure additional revenue sources contribute to lowering overall costs; therefore less moorage increases to all harbor users.

\* To find a rate structure that spreads moorage costs to all harbor users in a **fair and equitable** manner.

\* To keep staff in mind when choosing a rate structure in regards to billing and ease of customer service.