

Date: May 9, 2014
To: Lake Don Pedro Recreation Agency
From: David Dornbusch and Pia Franzese, Dornbusch Associates
Re: Response to Houseboat Owners Comments on Lake Don Pedro Rate Comparability Analysis

Based on key decisions made at the Don Pedro Recreation Agency Board of Control Meeting held on March 14, 2014, Dornbusch agreed to further consider houseboat owners' comments concerning the Draft Lake Don Pedro Rate Comparability Analysis report, as this was first opportunity for this group to respond to findings presented in the report. Dornbusch reviewed each of the houseboat owner's comments, of which there were many, to judge the validity of various assertions.

Many of the comments were similar. So instead of responding to each individually, we group our responses into five main categories:

1. Rental Rate per Unit Area
2. Yearly Rental Rate vs. Monthly Rental Rate
3. Ratings and Weightings of Parameters
4. NPS Rating Methodology
5. Summary of Revised Projected Slip and Buoy Rates at MP and LDP Marinas

1. Rental Rate per Unit Area

A number of private houseboat owners challenged our methodology of comparing and applying rental rates in terms of the houseboat area occupied, some suggesting that this is not the "industry standard." Before we address the issue of "industry standard," we emphasize the need to apply a common rate measure for all comparable marinas (as noted in the Draft Lake Don Pedro Rate Comparability Analysis).

In our report, we noted that the industry standard for expressing marina slip and buoy rental rates was evolving and had not yet reached what we and others recognize to be the preferred standard. Further research indicates that charging rent according to area occupied is rapidly becoming the industry standard. In California, it is already the recommended State standard, and the method for calculating rates currently being adopted at many marinas.

Houseboat Slips. The California Department of Boating and Waterways (DBW) recommends that marinas charge rent according to unit area. DBW recommends that marinas adopt its policy and apply a rate formula that applies area (square footage) as the unit for measure in setting rates.

Many California marinas are already setting and applying rates according to the DBW recommended standard of dollars per unit area. However, since many of those marinas express slip rates in terms of dollars/boat length, one might justifiably but incorrectly conclude that those marina rates are being set and charged on the basis of boat or slip length. However, the rental rate is actually being calculated first on the basis of boat or slip *area*, then that rate per unit area is converted into a rate expressed in terms of boat or slip length. That this is the case it is evident in the following table for all marinas in San Diego.

Note that the rates per foot for every San Diego marina in the table are progressively higher for each category of boat length. The progressively higher rates per foot of length derive directly from the rates being first calculated according to unit area. Since area is a function of both length and width, the

greater width of the longer boats and slips, drives the expressed rate per length to progressively increase with increasing length. Thus, the expressed rate is actually and effectively a rate per unit area. (Note that for some marinas the rates per boat length are set according to slip and not boat area. Therefore, the monthly rate per boat length “categories” do not, in all cases, multiply according to the rates time boat length.)

Table 1. Marinas in San Diego, California

Boat Length	24	30	35	40	45	52	60
Chula Vista Marina							
Monthly Fee	\$302.40	\$393.00	\$463.75	\$570.00	\$697.50	\$819.00	\$1,017.00
Monthly Fee/Ft.	\$12.60	\$13.10	\$13.25	\$14.25	\$15.50	\$15.75	\$16.95
California Yacht Marina							
Monthly Fee	\$281.04	\$376.50	\$448.35	\$533.60	\$625.95	\$753.48	\$1,002.00
Monthly Fee/Ft.	\$11.71	\$15.69	\$18.68	\$22.23	\$26.08	\$31.40	\$41.75
Pier 32							
Monthly Fee	N/A	\$393.00	\$500.40	\$612.00	\$688.50	\$837.20	\$1,308.00
Monthly Fee/Ft.	N/A	\$16.38	\$20.85	\$25.50	\$28.69	\$34.88	\$54.50
Cabrillo Isle							
Monthly Fee	\$365.00	\$538.00	\$690.00	\$852.00	\$1,000.00	\$1,322.00	\$1,597.00
Monthly Fee/Ft.	\$15.21	\$22.42	\$28.75	\$35.50	\$41.67	\$55.08	\$66.54
Harbor Island West							
Monthly Fee	\$395.00	\$487.50	\$557.50	\$680.00	\$765.00	\$910.00	\$1,080.00
Monthly Fee/Ft.	\$16.46	\$20.31	\$23.23	\$28.33	\$31.88	\$37.92	\$45.00
Marina Cortez							
Monthly Fee	\$360.00	\$490.00	\$560.00	\$720.00	\$810.00	\$936.00	\$1,080.00
Monthly Fee/Ft.	\$15.00	\$20.42	\$23.33	\$30.00	\$33.75	\$39.00	\$45.00
Sunroad Marina							
Monthly Fee	N/A	\$555.00	\$647.50	\$760.00	\$855.00	\$1,154.00	\$1,595.00
Monthly Fee/Ft.	N/A	\$23.13	\$26.98	\$31.67	\$35.63	\$48.08	\$66.46
Half Moon Anchorage							
Monthly Fee	N/A	\$480.00	\$560.00	\$680.00	\$765.00	\$936.00	\$1,140.00
Monthly Fee/Ft.	N/A	\$20.00	\$23.33	\$28.33	\$31.88	\$39.00	\$47.50
Bay Club							
Monthly Fee	N/A	\$528.00	\$596.75	\$720.00	\$829.35	\$1,001.00	\$1,221.00
Monthly Fee/Ft.	N/A	\$22.00	\$24.86	\$30.00	\$34.56	\$41.71	\$50.88
Shelter Island Marina							
Monthly Fee	\$324.00	\$450.00	\$603.75	\$690.00	\$798.75	\$949.20	\$1,290.00
Monthly Fee/Ft.		\$18.75	\$25.16	\$28.75	\$33.28	\$39.55	\$53.75
Sun Harbor Marina							
Monthly Fee	N/A	\$525.00	\$612.50	\$700.00	\$787.50	\$1,092.00	\$1,260.00

Boat Length	24	30	35	40	45	52	60
Monthly Fee/Ft.	N/A	\$21.88	\$25.52	\$29.17	\$32.81	\$45.50	\$52.50
Shelter Cove							
Monthly Fee	N/A	\$480.00	\$577.50	\$700.00	\$877.50	\$1,178.00	\$1,560.00
Monthly Fee/Ft.	N/A	\$20.00	\$24.06	\$29.17	\$36.56	\$49.08	\$65.00
Kona Kai							
Monthly Fee	\$396.00	\$495.00	\$665.00	\$760.00	\$855.00	\$1,040.00	\$1,620.00
Monthly Fee/Ft.	\$16.50	\$20.63	\$27.71	\$31.67	\$35.63	\$43.33	\$67.50
San Diego Marriott							
Monthly Fee	N/A	\$631.80	\$737.10	\$842.40	\$985.50	\$1,172.08	\$1,733.40
Monthly Fee/Ft.	N/A	\$26.33	\$30.71	\$35.10	\$41.06	\$48.84	\$72.23
Glorietta Bay Marina							
Monthly Fee	\$348.00	\$510.00	\$630.00	\$720.00	\$792.00	\$1,040.00	\$1,403.00
Monthly Fee/Ft.	\$14.50	\$21.25	\$26.25	\$30.00	\$33.00	\$43.33	\$58.46
Loews Marina							
Monthly Fee	\$312.00	\$510.00	\$595.00	\$680.00	\$765.00	\$884.00	\$1,080.00
Monthly Fee/Ft.	\$13.00	\$21.25	\$24.79	\$28.33	\$31.88	\$36.83	\$45.00
Dana Inn							
Monthly Fee	\$278.00	\$405.00	\$512.00	\$700.00	\$800.00	N/A	N/A
Monthly Fee/Ft.	\$11.58	\$16.88	\$21.33	\$29.17	\$33.33	N/A	N/A
Sea World Marina							
Monthly Fee	\$264.00	\$330.00	\$385.00	\$440.00	\$495.00	N/A	N/A
Monthly Fee/Ft.	\$11.00	\$13.75	\$16.04	\$18.33	\$20.63	N/A	N/A
Marina Village							
Monthly Fee	\$270.00	\$337.50	\$455.00	\$580.00	\$663.75	\$806.00	N/A
Monthly Fee/Ft.	\$11.25	\$14.06	\$18.96	\$24.17	\$27.66	\$33.58	N/A

If rates for the San Diego marinas were set only according to boat or slip length, the rate per foot would be constant for all boat length categories at each marina. However, the rates at the San Diego marinas are set according to the DBW prescription of occupied area. By first calculating the rate per boat or slip area (length x width), then converting those rates to rate per boat length, the rates per foot derived necessarily increase for each boat length category, responding to the increasing boat width as boat length increases.

Houseboat Buoys. For marina buoys, marina design engineers report that they design the cable and anchor system for houseboat buoys by specifically recognizing wind loads.¹ A typical response was that “not only are wider houseboats taking on much more wind force due to their width, they tend to be much taller than narrower boats.”² As a result, the design cost increases relative to houseboat width in very nearly a linear relationship. Following this, buoy mooring cost per foot of houseboat width very

¹ Scott Noble (Noble Consultants), Sujoy Roy (Tetra Tech Engineers) and Tim Bazley (BlueWater Design).

² Tim Bazley, President of BlueWater Design Group, an engineering firm specializing in marina design.

nearly equals the additional rate needed to support it. It was also noted that the cost to move anchors, when necessary, and to service the wider houseboats, is also higher.

In addition to houseboat width, houseboat length is key at the Moccasin Point buoy field since (1) the boats are anchored fore and aft, thereby requiring more anchoring cable overall and (2) the setup of the cabling system is designed to better resist wind forces against both boat width and length, the relative importance of length and width changing with wind direction.

Houseboat length is also important at the Lake Don Pedro buoy fields, in addition to houseboat width, due to the greater cable lengths required to anchor the buoys. We considered the argument presented by some private houseboat owners that buoy rental rates should be expressed in terms of the area of the circle proscribed by the boat length radius. However, the cable systems to anchor the free swinging houseboats, while increasing in two dimensions, increase roughly in relation to the length of the houseboats, and not in relation to the square of the boat length, which would derive from the notion that the cost burden per boat relates to the area of the circle proscribed by the boat length radius, which it does not.

Thus, for the buoy fields at both Lake Don Pedro and Moccasin Point, we conclude that the appropriate houseboat rental rate is expressed in terms of houseboat area (width x length), as well as for slip rental.

2. Yearly Rental Rate vs. Monthly Rental Rate

Three of the six marinas considered in our study offer houseboat *slip* renters the opportunity to either pay on a monthly basis or instead pay a one-time up-front annual fee that is less than the sum of the twelve monthly fees. All of the marinas considered in our study offer houseboat *buoy* renters that up-front payment opportunity.

Most commenters also understood that an up-front, one-time annual payment would reasonably be less than the equivalent sum of twelve future monthly payments, in other words a discounted up-front rate.

We initially considered whether it would be appropriate to consider quoted annual rates as well as quoted monthly rates in our analysis of comparable marina rates. We initially concluded that it would not, recognizing that different marina operators might have very different reasons for setting their annual rates below the sum of their twelve monthly rates. We also felt it would not be appropriate to impose a particular discount on the Lake Don Pedro (LDP) or Moccasin Pont (MP) rates without understanding how the LDP and MP operator's reasoning might differ from the reason(s) being applied to discount annual rates at other marinas. Initially, the other marina operators did not disclose their reasons for the discounts they offered.

However, we revisited this issue and concluded that the discounted annual rates applied at comparable marinas should be considered. As a result, we have modified our recommended rates.

Following are the three reasons why a marina operator might apply very different discounts to the sum of its monthly rates when setting an alternative annual rate.

- I. A marina operator might need to borrow money to fund its operations each year. In that case, by obtaining up-front payments from slip and buoy renters instead of from monthly payment installments, they effectively borrow from their renters. In that case, marina

operators will apply a discount rate to the future stream of twelve monthly payments that is equal to or somewhat greater than the interest rate and other borrowing fees they would otherwise need to pay a lending institution to borrow the money. Such institutional lending rates will differ for different marina operators, and therefore translate into different discounts offered renters.

- II. In an extreme case, a marina operator might need a large amount of cash at the beginning of the year to fund its operations and might not be credit-worthy enough to borrow from a lending institution, even at a very high rate of interest. In such an extreme case, the operator would be willing to give up much more in future rent payments when setting its annual rate than would be reflected in any bank lending rates. Although such a situation might be rare, to understand the discount offered, it would be necessary to understand the operator's need for cash and its lack of borrowing potential. Not surprisingly, marina operators who offer very high discounts to obtain up-front annual payments instead of monthly installments would consider such information confidential.
- III. At the other extreme, a marina operator who does not need to borrow at the beginning of each year to fund its operations would not be likely to offer a discount for an up-front annual payment. The up-front payments would either sit as idle cash in the operator's checking account, be put into a savings account, or be invested in some interest-bearing security. In that case, the difference between the sum of the monthly rental fees and up-front annual payment offered would be expected to differ only by the amount the operator might earn over the year from the uses of the idle cash. Given the negligible returns currently available from short-term investments, it's not surprising that a marina operator might offer no discount at all for up-front annual payments.

Marina operators consider their financial information highly confidential and those interviewed refused to indicate which of the above conditions applied to their situation.

Initially, we judged that it would be inappropriate to assert that a marina operator whose financial condition might fit the 3rd case (namely the LDP and MP operator) should apply a discount of any magnitude, and certainly not as large as applied by marina operators whose financial condition fit the 1st case, and especially not marina operators whose financial condition might fit the 2nd case. As noted, the operators of comparable marinas initially refused to provide any information which might indicate their reasons for applying the discounts they did.

However, upon re-examining this issue, and learning that the marina operators offering very high annual payment discounts received virtually all rent up front, we questioned whether the monthly rates quoted might be higher (even much higher) than the rates those operators would be willing accept instead of the annual up-front payment. **Were they indeed indifferent between collecting the annual fee up front and instead collecting the quoted monthly fees in twelve equal installments?** If not, the quoted monthly rates would not be appropriately representative of the monthly rates those marina operators would accept instead.

In subsequent interviews, we pressured marina operators to answer the question highlighted above, and learned that the monthly rates quoted at some marinas were not considered equivalent to up-front annual payments, and some marina operators by "expecting all payments to be made up front" did not quote representative monthly rates. Moreover, since our earlier investigation, two marinas (at Lake

McClure) raised their annual rate without raising their quoted monthly rates, effectively reducing their discount they offered in the annual rates from the quoted monthly rates.

Based on our subsequent interviews, we judged that for the comparable marinas investigated, we should consider the up-front annual rates quoted as representative. However, to calculate the equivalent monthly rate to which those operators would, on average, be collectively indifferent, we applied a discount of 10% to calculate back the equivalent monthly rates from annual rates where the annual discount greatly exceeded 10%. This 10% discount was determined by analyzing each of the marina operations that offered annual discounts and applying our own professional judgment as to the appropriate discount from the sum of twelve monthly payments.

Private Houseboat Slip Rate Adjustments. Table 2 shows the revised monthly rates that incorporate annual fees converted to monthly equivalents for private houseboat slips. Note that only Shasta Marina Resort’s slip rate was adjusted to reflect a 10% discount for annual payments. While Barrett Cove and McClure Point also offer annual up-front payment options (the discounts for annual fees were 7.5% for slips and 10.5% for buoys), we judged the discounts there to be appropriate for those marinas.

Table 2. Revised Monthly Rates for Private Houseboat Slips at Comparable Marinas

Marina	HB Slip Size	Monthly Rate Per S.F.
Barrett Cove	48’ X 58’ (Double Loaded)	\$0.25
McClure Point	48’ X 58’ (Double Loaded)	\$0.25
New Melones	17’ X 56	\$0.41
Shasta Marina Resort	17’ X 56’	\$0.39
Bridge Bay	17’ X 56’	\$0.59
Willow Berm	18’ X 56’	\$0.58

Private Houseboat Buoy Moorage Rate Adjustments. Table 3 shows the revised monthly rates that incorporate annual fees converted to monthly equivalents for private houseboat buoy moorage. Again, Barrett Cove and McClure’s rates remain unchanged as annual rate is more or less the same as its monthly rate (applying a 10% discount rate), with New Melones, Camanche North and Camanche South’s rate adjusted to \$0.31, \$0.18 and \$0.18 per square foot, respectively.

Table 3. Monthly Rates for Private Houseboat Slips

Marina	HB Buoy Moorage Size	Monthly Rate Per S.F.
Barrett Cove	20’ x 58’	\$0.26
McClure Point	20’ x 58’	\$0.26
New Melones	15’ x 56’	\$0.31
Camanche North Shore	16’ x 55’	\$0.18
Camanche South Shore	16’ x 55’	\$0.18

3. Rating and Weightings of Parameters

Numerous houseboat slip and buoy renters questioned the report’s inclusion and ratings of some amenities and services when relating the LDP and MP to the comparable marinas. These included services and amenities not directly managed by the LDP and MP concessionaires, such as camping, entrance fees, permitting, public restrooms, parking, showers and the swimming lagoon, as well as

services and amenities directly managed by the LDP and MP concessionaires but not heavily utilized by all private houseboat owners, such as boat rentals, retail and food and beverage.

We emphasize that the purpose of our rating system was to judge the degree to which comparable marinas were, overall, similar to MP and LDP marinas, which in our judgment includes rating what we consider ALL relevant amenities/services at or immediately adjacent to the marina. These amenities and services, whether directly paid for by the concessioner or not, whether utilized by all houseboat slip and buoy renters or not, comprise important features that characterize the lake and make the different marina operations and environs what they are, used or appreciated by houseboat owners or not.

Additionally, amenities and services that we felt were less important as others we did not rate individually, but rather grouped together under a general parameter, such as what we referenced as Additional Recreation Facilities, Additional Vessel Services and Additional Support Services. We also typically assigned lower weightings to less important parameters.

As to assertions that “none of the houseboat owners” utilize a particular service or appreciate a particular amenity, we also considered information that indicated some do, although to a lesser degree or even infrequently. This utilization was reflected in the relative weightings assigned. Moreover, the degree to which some (or even many) houseboat owners do or do not appreciate such services or amenities at LDP, houseboat owners at comparable marinas likely do and do not appreciate such services or amenities at other marinas and to a similar degrees.

We reviewed numerous opinions about whether or not some parameters should be included, and what the ratings and weightings of those various parameters should be. Given that some of these ratings and weightings are relatively subjective, there are almost limitless arguments that could be made for adjusting scoring slightly higher or lower.

To summarize here, we applied our best professional judgment about relevance and comparative quality of each based on our experience, available information and our observations. Rather than debate each and every comment made, of which there were numerous, we only summarize here those parameters whose ratings or weightings we reconsidered in our analysis as well as other adjustments made in the report concerning factual statements:

- **Repair and Maintenance.** We acknowledge in our report that the Blue Oaks Houseboat Repair Yard, operated by Forever Resort is available to both the MP and LDP. We understand that houseboat owners at MP must travel a greater distance to utilize this facility than houseboat owners at LDP marina. We did not evaluate how much the respective renters use this resource or which LLC (LDP or MP) pays for this resource. Instead, we considered what we believe to be the more important issue, which is this service *is available* to both LDP and MP houseboat owners. As such, we assigned MP a “High” rating of this parameter (as defined by a “Boat-yard onsite or nearby that is operated by the concessionaire that has few to no restrictions”), but accordingly reduced the rating from 8 to 7 to recognize the greater distance to reach this facility (as compared to LDP marina). We also inserted language in the report that states the Blue Oaks Boat Yard is available to MP houseboat owners, although the facility not directly adjacent to the marina.
- **Dock System at LDP Marina.** We agree that when rating buoy moorage, greater attention should be given to the *overall* marina docks at LDP and MP marinas (and not focus on the houseboat slip dock area, as this is less of a concern for buoy moorage customers). As such, the

rating for the LDP docks was lowered from a “High” score to a “Moderate” score. For the houseboat slip matrix, scores were kept the same (with LDP receiving a higher score than MP, as the houseboat dock area is in better condition).

- **Ice Machines.** The Services, Amenities and Features Checklist table (on page 33 of the report) was modified slightly. Under Food and Beverage, Ice Machines at Moccasin Point was changed from a “Yes” to “Limited.” Ice is provided in the retail shop, but there is no 24-hour machine.
- **Camping.** We removed “Camping” as a separate parameter and grouped it within “Additional Recreation Amenities,” thereby considering this service, but not giving it as high importance. As camping does impact visitor flow, and therefore demand for services used by houseboat owners (such as food and beverage and retail), we believe this service is still relevant.
- **Accessibility.** We lowered LDP from a rating of 5 to a rating of 4 to match the MP marina as the houseboat owners brought to our attention some critical accessibility concerns that were not previously identified.
- **Security and Accessibility.** We agree that an argument exists for weighting this parameter lower for buoy moorage than for slips, although this feature is still relatively important as it includes night patrol and entrance gate security (which also impact buoy moorage renters). As such, we lowered the weighting within the buoy scoring matrix from 1.7 to 1.2. We also changed Alarm System at MP in Exhibit 20 (Service, Amenities and Features Checklist) from “Yes” to “Limited.”
- **Separate LLCs.** We clarified in the report that LDP and MP operate under different corporate entities, (LLCs). Note that this does not make a difference in our rate analysis, as we examined services and amenities strictly upon their availability to private houseboat owners and quality of service level, not which LLC
- **Parking.** We modified language at MP Marina after learning from the HB owners that the paved parking area closest to the marina, which could accommodate up to 50 vehicles, is more for dry boat storage customers to launch and trailer their boats. Given this understanding, we lowered the rating from a 5 to a 4. We also added language in the report to note this.

As to the other issues that were raised regarding consideration for adjusting parameter scoring, including the high cost of groceries at both marinas, distance of overflow parking at MP, no onsite mechanic at MP (only available with advance notice), etc., were reviewed and considered, but not adjusted as we believe our scoring is appropriate given the criteria and observations that were detailed in our analysis.

4. NPS Methodology

We reviewed a petition that called for discrediting our report on several grounds. Many of the assertions made in the petition were addressed above. However, one we have not yet addressed is the assertion that the National Park Service uses “a reasonable return on capital” as the formula upon which to base the rates charged, instead of basing rates on what other comparable service providers charge

That assertion might have been derived from a comment David Dornbusch made during his presentation to the Board and houseboat renters that an *additional method* for judging appropriate rates might derive from a financial analysis. Such a financial analysis has the primary purpose of determining whether a concessionaire is able to make a reasonable financial return commensurate with its financial and operating risks as well as pay the Park Service an appropriate franchise fee that reflects the business opportunity offered. The petition’s assertion is incorrect that such an analysis is used to set rates.

Rates that are entered into the financial analysis are derived from a *rate comparability* analysis, which exclusively considers rates charged at comparable facilities and operations much like the analysis performed for the LDP marinas. Only after determining appropriate rates from such a comparable rate analysis might the NPS then consider making adjustments to those rates, but always enabling the concessionaire to be able to earn a reasonable return and pay an appropriate franchise fee to the Park Service.

5. Summary of Revised Projected Houseboat Slip and Buoy Rates at MP and LDP Marinas

Based on the adjustments detailed above, Table 4 and Table 5 below summarize the revised projected rates for private houseboat slips and buoy moorage at MP and LDP marinas (in red). These adjustments have also been incorporated into the final Rate Comparability Analysis. Current 2014 rates at the two marinas are also shown for comparison.

Private Houseboat Slips. As shown, revised projected slip rates at MP Marina is \$417 per month for HB < 20' and \$492 for HB > 20'. At LDP Marina, the revised slip rate is \$596 per month.

Table 4. Revised Projected Rates for Private Houseboat Slips at MP and LDP

Marina	HB Slip Size	Recommended Monthly Slip Rate	Recommended Rate Per S.F.	Current (2014) Monthly Slip Rate	Current (2014) Rate Per S.F.
MP	44' X 56' (Double Loaded)	HB < 20' \$417	HB < 20' \$0.34	HB < 20' \$298	HB < 20' \$0.24
		HB > 20' \$492	HB > 20' \$0.34	HB > 20' \$391	HB > 20' \$0.27
LDP	26' X 56'	\$596	\$0.41	\$525	\$0.36

Private Houseboat Buoy Moorage. As shown, revised projected buoy mooring rates at MP Marina is \$264 per month. At LDP Marina, the revised buoy mooring rates is \$304 per month.

Table 5. Recommended Rates for Private Houseboat Buoy Moorage

Marina	Buoy Size (based on max. vessel size)	Recommended Monthly Slip Rate	Recommended Rate Per S.F.	Current (2014) Monthly Slip Rate	Current (2014) Rate Per S.F.
MP	22' X 56'	\$264	\$0.21	\$258	\$0.21
LDP	22' X 56'	\$304	\$0.25	\$258	\$0.21

Appendix – Summary of Houseboat Owners Comments

After the March 14, 2014 Board of Control Meeting, Dornbusch solicited comments regarding draft report findings and conclusions from the private houseboat owners at Lake Don Pedro over a period of 30 days. Dornbusch carefully reviewed and considered all comments and assertions, and made adjustments where we believed appropriate. Modifications are detailed in this memorandum. Given the length of many of the comments received (some in the form of several page Word/PDF documents and Excel spreadsheet attachments), Dornbusch includes a summary below of the input that private houseboat owners provided.

HB Owners	Summary of Comments Received	Date Received
NA	Handout that was disseminated at the Board of Control Meeting that shows buoy mooring rates should be set based on the boat's circular swing area (area of a circle) and what rates would be applied at MP and LDP marinas under this methodology.	14-Mar-14
Dennis Lewis, Kathryn Ramar and Ken Beard	Excel spreadsheet attachment of annual rates charged at other marinas.	17-Mar-14
Jim Wisler	Jim sent several emails expressing concern regarding: 1) the moderately higher rating that LDP Marina received over MP Marina on several parameters. Examples include the 40-year old dock system for main service facilities at LDP, as well as higher scoring given to services amenities not used by HB owners (such as camping and a swimming lagoon at Flemming Meadows and the fact that LDP offers more boat rentals); 2) applying square footage (area) methodology in calculating rates; 3) accessibility concerns at MP and poor quality of facilities; 4) and, the report not considering that some of the comparable marinas use discounted annual fees when determining rates at MP and LDP marina.	18-Mar-14
Hiram Harlan	Hiram sent an email noting that "When the new rate goes into effect we will be paying less than then pier 39 slips in San Francisco, CA. http://www.pier39marina.com/slips/full-time-berthing/ "	19-Mar-14
Larry and Mary Lou Combs	Larry and Mary sent an email emphasizing HB owners should not pay for services or amenities on the lake that they don't use. The email further noted that fees have recently doubled and very few facility improvements have been made by Forever Resorts.	21-Mar-14
Susan Lynar	Susan sent a Word document that contained several pages of commentary, including: 1) corrections that should be made in the report due to inaccuracies, including the clarification that at MP Marina no repair yard exists directly on premise, there are not 50 paved parking spots, overflow parking is managed by DPRA (and thus should not be included), ice is only sold inside the retail shop, the alarm system is only available at the retail store, there is no night watchman (and thus should receive lower scoring), and there is no onsite mechanic; 2) the case for incorporating annual fees as many comparable marinas offer this; 3) concern about the report applying square footage determinations in setting rates; 4) and, the report not	21-Mar-14

HB Owners	Summary of Comments Received	Date Received
	being clear enough that MP Marina and LDP marina is managed under different LLCs.	
Jeff and Laurie Muller	Jeff and Laurie sent several, detailed emails expressing concern about rating services and amenities that HB owners do not use. Specific issues regarding scoring that were raised were: 1) rating for parking (scoring is too high); 2) rating for small boat slips (which are not used by HB owners); 3) camping (not used by HB owners); 4) support services (many not used by HB owners); 5) and, houseboat marina docks (older age/poorer condition of non-houseboat portion of docks). Additionally, Jeff and Laurie expressed concern about charging by square footage for buoy mooring (based on their own independent research conducted, linear feet is the correct unit of measurement to use). Other issues include noting that the LDP houseboat slips are not 26' wide and asserting that annual fees should be considered at the comparable marinas that offer this.	21-Mar-14, 4-April-14
LDP Boat Owners Association	Petition handout to discredit Dornbusch's report on the assertion that rates should be set according to the methodology used by the National Park Service based on the principle of "Reasonable Return to Capital."	24-Mar-14
Frank Peacock	Frank sent a detailed email expressing concern over: 1) scoring system methodology, which he believes does not appropriately consider the needs of private HB owners (i.e., including camping, showers, boat rental, food & beverage, retail, etc.); 2) that the report does not incorporate annual rates/discounts offered at other marinas: 3) and, that specific services and amenities should cover themselves and not be paid for by buoy customers and thus not be included in the analysis (such as parking and launch ramps, which should be covered by entrance fees).	24-Mar-14
Craig Handy	Craig sent a detailed email expressing concern over: 1) the lack of improvements over the last several years to facilities managed by Forever Resorts (an example includes the cable that attaches to the buoy chain that has not been changed in 20 years), which does not lend credence to raising rates; 2) scoring services and amenities not used by private HB buoy owners (food & beverage, camping, retail, finger piers, etc.); 3) inequity of buoy renters having to pay for upgrades to HB slips; 4) and, Dornbusch not choosing appropriate comparables (such as analyzing Willow Berm in the Delta).	25-Mar-14
LDP Boat Owners Association	Excel spreadsheet showing the differences in Willow Berm to MP and LDP Marinas.	27-Mar-14
John Powell	John sent a very detailed email expressing concern that: 1) numerous parameters that were rated and weighted are of no value to house boat owners; 2) the analysis does not incorporate annual rates offered at comparable marinas; 3) rates have already increased recently but there have been no upgrades to facilities; 4) and, facility scoring is flawed, in part due to what Dornbusch judges to be "good operating	3-Apr-14

HB Owners	Summary of Comments Received	Date Received
	condition.”	
Tony and Susan Pavlakis	PDF Houseboat Survey document that: 1) lists a range of specified inaccuracies in report, such as no repair yard at MP, showers are only available at campground and not at marina, no real security camera at MP, no designated swimming area, etc.; 2) expresses concern about scoring services and amenities that are not operated/managed by Forever Resorts (parking, entrance fees, etc.); 3) emphasizes annual fees charged at comparable marinas should be considered in the analysis and setting rates; 4) and, asserts rating and scoring should be adjusted for specific parameters.	2-Apr-14
John and Monica Cox	John and Monica Cox sent two attachments, one Word document and one Excel spreadsheet. The Word document contains very detailed information (several pages long) expressing concern: 1) that projected rates for MP and LDP marinas are significantly higher than the comparable marinas, particularly considering the scoring at some of these marinas (LDP and Barrett Cove) are the same; 2) that annual rates were not factored into the analysis and should be considered; 3) about the methodological approach of the comparability matrix, particularly the degree of subjectivity in rating some parameters (i.e., how Dornbusch scored Additional Support Services, Utilities, Parking and Accessibility, Security); 4) that the study did not rate whether buoy fields are non-contact; 5) that the study did not consider that cost of maintaining buoy fields at MP is higher than LDP due to different underwater mooring system; 5) and, the flawed project process in that private HB owners never had a chance to respond to the initial report. The attached Excel matrix shows how scoring (and rates) would be adjusted under the proposed modifications (i.e., including annual discounted payments, removing Camping and Utilities from buoy scoring, adjusting scoring on specific parameters such as Parking and Access to the Marina, etc.).	1-Apr-14
Jim and Linda Haley	Jim and Linda sent an email expressing concern that rates have already been increased at LDP significantly (for houseboat slips) to pay for proposed upgrades that do not directly impact them (such as the wind that broke the old marina apart). The email also noted that basing rates on all the amenities at LDPRA is not justified and that HB owners should not subsidize Forever Resorts for the lack of people using the facilities due to drought situations and lack of use of rentals and campgrounds. Trying to justify a rate increase based on other lakes that have more or less amenities is biased and unfair.	8-Apr-14
Vanette Arnold Shimel	Vanette sent a detailed email expressing concern that: 1) Dornbusch scored points for various services that HB owners do not use or need (retail, food and beverage, boat rental, camping, etc.); 2) there have been very few or limited improvements to buoy mooring services, and the projected rate increase does not justify the small improvements made; 3) linear foot (not square feet) should be applied in determining buoy rates based on own research conducted at Lake	4-Apr-14

HB Owners	Summary of Comments Received	Date Received
	Camanche, New Melones and Pine Flat Lake near Fresno, as well as conversations with operators that sell mooring cables (Jamestown Distributors, Wire Rope and Riggings); 4) and, HB owners will be greatly impacted by the proposed rate increase.	
Ross and Linda Swett	Ross and Linda sent an email expressing concern that there are several inaccuracies in the report, including that MP Marina: 1) does not have paved parking near, adjacent, or anywhere close to the marina, either during high or low water; 2) does not have an ice machine; 3) and, only has showers in the campground, over a mile from the marina do not count. Also included was an attachment which is part of the Davis-Grunsky Act between the State of California and Yuba County Water Agency, that supports assertion that annual rates charged at other comparable marinas should apply, not the monthly rates that no one pays.	13-Apr-14
Justin Kenyon	Justin sent an email expressing concern that the analysis does not incorporate annual rates offered at comparable marinas. As an example, Justin sent the rate sheet for Lake McClure, which offers discounted rates.	13-Apr-14
Dave and Cris Stallings	The Stallings sent an email expressing concern that: 1) annual rates were not included in the study; 2) there were several inaccuracies in the report, such as stating MP has a paved marina parking lot; 3) and, Forever Resorts is now asking MP HB owners to move to the other end of the lake due to lower water levels (and thus it does not make sense that rates should increase when concessioner expenses will decrease as Forever Resorts will only then be operating one marina). Dave also sent a signed petition (pdf attachment) for the control of rate increases charged by Forever Resorts.	13-Apr-14
Russ Hart	Russ sent an email expressing concern that the study is flawed as the MOU between DPRA, LDPM and MPM states that: 1) criteria would be "based upon industry standards for conducting similar studies" and that using square footage to determine rates is not an industry standard; 2) and, relevant comparable information should be obtained from the area which Lake Don Pedro is located and that Lake Shasta and Delta should not be included as such. The email also noted that annual discounted fees should be considered in making rate determinations, as it is offered by many of the comparables. Russ sent an attachment of the MOU for reference.	13-Apr-14
Ryan Brown and Julie Harryman	Ryan and Julie sent an email expressing concern that: 1) square footage is not an appropriate method for setting rates for buoys; 2) there are not 50 paved parking spaces at MP Marina; 3) there is no repair facility directly at MP; 4) there are not enough storage facilities at MP; 5) and, Dornbusch did not consider annual payments at the comparable marinas.	15-Apr-14