

**San Mateo County Harbor District
Oyster Point Marina
Business and Management Plan**

May 30, 2013

San Mateo County Harbor District

1. Business Description

San Mateo County Harbor District

In 1933 by Resolution the Board of Supervisors of the County of San Mateo established the San Mateo County Harbor District. The County of San Mateo established the entire area of the County of San Mateo as the District's boundaries.

The Harbor District operates two facilities, Pillar Point Harbor at Half Moon Bay in Princeton, and Oyster Point Marina and Park in City of South San Francisco. The City of South San Francisco owns Oyster Point and the District operates it for the City under a Joint Powers Agreement. Oyster Point is a 455 berth recreational boating marina.

Oyster Point Marina and Park

Oyster Point Marina and Park is a 455 berth public marina and 33-acre (13.4 HA) county park in the City of South San Francisco on the western shoreline of San Francisco Bay.

The marina is located close to nearby job centers in various office high rise complexes and near the City's downtown. It includes a fuel dock, a boat launching ramp, and a fishing pier. In addition to boating and parkland, there are hiking and jogging trails, picnic areas, and 2.3 miles (3.7 km) of sandy beaches.

The increasing traffic on Highway 101 and growing job centers located adjacent to this marina have led to the San Francisco Bay Water Transit Authority to develop a ferry terminal in the Oyster Point Marina.

The San Francisco Bay Ferry began operating a commute hour ferry service between the South San Francisco Ferry Terminal at the Oyster Point Marina and the Oakland Ferry Terminal at Jack London Square in Oakland and the Main Street Ferry Terminal in Alameda in June 2012.

Harbor District Service Goals and Priorities

Provide Safe Ocean and Bay Use, Access and Environmental enhancement

- Provide marine rescue services to aid boaters who are in distress.
- Provide a certified Clean Marina program including a recycling program to reduce costs and comply with Federal and State Environmental Laws.

Provide Ocean and Bay Access

- Provide and increased public access for active and passive enjoyment.

Provide High Quality Commercial-Recreation and Marine-Related Services

- Seek quality private sector businesses to serve the boating public, general public and commercial fishing fleet.
- Actively promote tourism to generate business and revenue for the District.
- Provide a balanced level of services for all users of District facilities.

Maintain Positive Public Image

- Serve all District customers, clients, staff, lessees, and agencies in a friendly and courteous manner at all times.
- Communicate with the public, media, other agencies and employees on a regular basis through the use of all available media.
- Provide maximum responsiveness to District clients in meeting daily responsibilities.

Maintain Ability to Accommodate Growth

- Develop and maintain infrastructure. Insure that roads, parking, and other support services are ready to meet future public needs.
- Foster economic development and commercial and recreation oriented business by promoting marina and its potential for quality business development in an environmentally acceptable manner.

Market

Oyster Point Marina is one of 39 marinas in the San Francisco Bay region. Of these, 17 are public marinas. According to a 2009 Grand Marina occupancy survey, there were approximately 14,700 berths in San Francisco Bay. The number of vessels in the Bay peaked in 2002/2003 at approximately 13,600 resulting in a 7.5% vacancy rate. The 2009 Grand Marina study also reported finding a steady decline in the number of vessels in the Bay since the peak years of 2002/2003. The number of vessels in 2009 was 11,800, resulting in a vacancy rate of approximately 20%.

Oyster Point Marina has three immediate neighbors: Oyster Cove, a private marina; and two public marinas, Sierra Point in Brisbane and Coyote Point in San Mateo, operated by San Mateo County. At present, Oyster Cove is 17% vacant, Sierra Point 7% vacant, and Coyote point 30% vacant. Oyster Point Marina is currently 23% vacant. Sierra Point's lower vacancy is attributed to the fact that the City of Brisbane has subsidized rates there for years. Annual surveys show that Sierra Point has consistently been among the lowest berth rates of SF Bay marinas.

In view of the depressed economy as indicated by the number of berth vacancies in Bay Area marinas, Oyster Point faces a challenge in its efforts to increase occupancy and grow revenue. The Oyster Point Marina is competing in a regional market with other marinas for a reduced number of boaters.

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2. Financial Plan

The potential for attracting new boater occupancy at Oyster Point Marina and associated increased revenues is largely dependent upon:

- a) The San Francisco Bay regional market demand for berthing facilities
- b) The quality of marina facilities and tenancy
- c) The level and quality of on-site amenities and/or convenient access to such amenities off-site
- d) A vigorous marketing effort to raise boater, visitor, and general public awareness of Oyster Point's positive attributes.

The Oyster Point Marina's financial plan relies on taking actions to develop long term solvency and plans to maximize existing revenue. Special events and circumstances, such as the upcoming Americas Cup centered in San Francisco, may also create opportunities to increase occupancy and revenue.

Develop Long-Term Financial Solvency

- Reduce costs by finding different ways to provide current services for less cost by improving operations and automating wherever economically feasible.
- Aggressively pursue grants, private sector funding, and other financing sources to decrease dependence on taxpayer dollars.
- Expand use of user fees and charges to increase District's income.
- Develop and implement long-term fiscal plans to keep the District financially solvent.

Plan Ahead to Maximize Existing Resources

- Develop a long-term strategic plan to guide the direction of the Harbor District in a purposeful manner.
- Develop and implement an operations plan that will identify the specifics of our strategic plan.
- Insure public input and participation in decision-making for future facility and service needs.

The strategy to improve the Harbor District's finances relies on small incremental steps to build up capacity and revenues. This will result in moderate revenue increases the first few years and improved performance in later years as the economy improves and the District efforts take full effect.

Income Statement (Year 2012-01-2005)					
Fiscal Year	2012/13	2013/14	2014/15	2015/16	2016/7
Operating Revenue	\$1,792,247	\$1,828,092	\$1,882,935	\$1,977,081	\$2,075,936
Non-Operating Revenue	0	0	0	0	0
Total Revenue	1,792,247	1,828,092	1,882,935	1,977,081	2,075,936
Operating Expenses	515,599	525,911	541,688	557,939	574,677
Non-Operating Expenses	952,300	971,346	1,000,486	1,030,501	1,061,416
Total Expenses	1,467,899	1,497,257	1,542,175	1,588,440	1,636,093
Net Income	324,348	330,835	340,760	388,642	439,842

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3. Management Plan

Management Team

The management team includes Peter Grenell, the Harbor District's General Manager, Scott A. Grindy, Oyster Point Marina Harbormaster, and the Harbor District's Board of Commissioners.

Peter Grenell, General Manager

Peter Grenell has been General Manager of the Harbor District for fifteen years. He has overall administrative responsibilities for Pillar Point Harbor and Oyster Point Marina/Park and directs the Harbormaster and other District staff. Mr. Grenell oversees routine administrative matters and heads the District's management team of Harbormaster, Finance Director and Human Resources Manager. His responsibilities include overseeing preparation of materials for twice-monthly action by the Board of Harbor Commissioners, grant writing, representing the agency before various boards, councils and commissions, directing project development in concert with the Harbormaster and strategic planning.

Before his work with the Harbor District, his 35 years of professional experience included serving over eight years as Executive Officer of the California State Coastal Conservancy. He also has five years experience as program developer, director and project manager for numerous Conservancy waterfront and access and land conservation projects. He has worked in the public, nonprofit and private sectors both domestically and overseas in urban development and planning and harbor redevelopment.

Scott A. Grindy, Harbormaster

Harbor Master Scott A. Grindy oversees operations for the San Mateo County Harbor District at Pillar Point and Oyster Point Marina/Park. This charge includes day-to-day operations including facilities maintenance, occupancy and berthing management, ocean search and rescue operations, facilities improvement project development and constructions, supervising 19 harbor patrol staff and special events management.

Previously, Mr. Grindy served over 25 years in the management of capital projects, facility, building and engineering administration, buildings operations, emergency operations, road and highway construction/design and security operations. For seven years he managed the Port of Everett's 2,400-berth marina, overseeing slip rentals, budgeting, grants procurement, marketing, customer services and facilities maintenance and security. He was an executive member of the Department of Homeland Security's Area Maritime Committee. He has also managed a university campus including construction of its first two phases, as well as a technical college with offsite campus buildings.

Board of Commissioners

Five members sit on the Harbor District's Board of Commissioners. Commissioners are elected by the general public and serve staggered terms of four years. Their experience

includes managing ports, setting ocean and fisheries policies, practicing law and establishing public interest organizations. Their educational experience includes graduates from the University of California, Davis, Eastern Michigan University, San Francisco State University and UC Hasting College of Law.

Organizational Structure

The Harbor District is an independent special District whose jurisdiction is San Mateo County. It is governed by a board of commissioners with legal and ethical responsibilities. The board of commissioners is responsible for ensuring that the Harbor District meets its legal requirements and that it operates in accordance with its mission. Commissioners are also responsible for safeguarding the Harbor District's assets, ensuring the District has sufficient funds to operate, and hiring the General Manager.

The General Manager serves as the chief executive officer overseeing all day-to-day administration and work of the District. The General Manager reports to the board of commissioners and is responsible for developing and managing the District's \$10,211,126 budget. Other responsibilities include ensuring that the District's program objectives are clearly stated, ensuring that program activities are focused on achieving stated goals, and providing strategic leadership for serving the boating and recreational needs of San Mateo County.

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4. Operating Plan

As stated in the Financing Plan, attracting new boater occupancy at Oyster Point Marina and increasing revenue are dependent on facility improvements, taking advantage of operational opportunities and marketing efforts. This section describes the Harbor District's facility improvement plans and efforts to take advantage of operational opportunities.

Improving the Quality of Marina Facilities and Tenancy

Facilities: In recent years the Harbor District has completed several substantial facilities improvements and upgrades at Oyster Point. These include:

- Rebuilding the small craft launch ramp
- Repairing segments of the Bay Trail within Oyster Point
- Replacing dock gates and structural repairs to the gates' foundations and a new code access system
- Maintenance dredging of the east and west basins
- Reconfiguring the marina breakwater entrance to facilitate safe, quick, and convenient access by the new ferry
- Renovating a public restroom
- Rebuilding the guest dock and one permanent berthing dock

The Water Emergency Transportation Authority has also removed two old docks to make room for the newly constructed ferry terminal.

Facilities improvements will continue consistent with the draft Capital Improvements Program (CIP) prepared by the District pursuant to its Agreement with the City of South San Francisco. In accordance with the Agreement, and as set forth in the CIP, the District will henceforth focus its attention and resources on the water area of the marina proper. The CIP outlines a series of dock replacements and upgrades over a five-year period as requested by the City.

The dock replacement will enable the Oyster Point Marina to provide new, larger, high quality berths that will be able to cater to current market trends. The new docks will enable the Oyster Point Marina to increase occupancy and generate increased revenues. The District has completed rebuilding the first of the new docks, which replaces the dock adjacent to the ferry terminal. Improvements to the guest dock, also recently completed, are expected to result in augmented revenue from guests berthing and use by charter cruise vessels.

Tenancy: In a continuing effort to improve the ambiance and attractiveness of Oyster Point Marina, the Harbor District has been acting to remove vessels that are delinquent in rents, unseaworthy, or otherwise derelict, abandoned, and unsightly. Between 2004 and 2010, the District removed approximately 34 vessels from Oyster Point Marina (at least

29 with state grant funds). In some instances, this action may result in a temporary small decline in revenue and occupancy, but this is expected to reverse with the entry of new boater tenants who are able to pay their rents and maintain their vessel in satisfactory condition.

Lessee Concerns and Opportunity: The District may make minor modifications and repairs to the marine center sales dock which is included in the Marine Collections LLC lease. These minor modifications and repairs will make the facility suitable for use as a charter vessel boarding dock. The District is exploring with the lessee, Oyster Point MV LLC, the possibility of pursuing an opportunity for a joint revenue sharing venture to enhance the use of the marina. The District is now exploring the feasibility of a plan and proposal for this opportunity at the request of the lessee.

Level and Quality of On-Site Amenities and Off-Site Access: Links to City Redevelopment Plans

Increased boater occupancy – and revenue – depends to a great extent on the amenities available to boaters at the marina, or nearby access to these amenities. Required amenities range from clean and functioning restrooms and bathing facilities to laundry facilities, restaurant establishments, and easy and frequent public transit to downtown. Boat servicing and detailing, chandlery and other marine supply, secure storage, and decent vehicle parking are also important attractions.

A challenge to the City and the District in enhancing on-site amenities stems from the City's Oyster Point redevelopment planning process. Eventually, the City's efforts will transform Oyster Point into a thriving business, visitor and recreational destination. However, the City's recently released programmatic environmental impact report for Oyster Point and other City information indicate that major infrastructure improvements, including streets and utilities, that are projected for the marina area are several years off. Structure demolition and site preparation for planned commercial redevelopment likewise are not imminent.

The District's capital improvement program is targeted to the docks and water area of the marina proper, as per the Agreement with the City. While new dock facilities and an upgraded tenant mix are timed to anticipate the Americas Cup events and the arrival of new tenants, caution should be exercised in projecting greatly enhanced occupancy and revenue in the short term. In the absence of improvements and additions to on-site amenities, the continuation of the sluggish economy and high unemployment, as well as rising oil prices will continue to be a drag on improved occupancy and revenue growth.

Potential Impact of New Ferry Service on Marina Occupancy

The Water Emergency Transportation Authority (WETA) began Oyster Point ferry terminal service in June 2012. The actual impact of the ferry service on the marina, with its traffic of incoming and outgoing riders, is as yet unknown. While it is likely to attract many people who are curious about the new vessel and service in addition to the ridership of journey-to-work commuters, the affects of this activity on possible increase in berth occupancy and revenue remain to be seen.

Americas Cup-Simulated Opportunities

The forthcoming Americas Cup events on San Francisco Bay offer an exciting opportunity for the City and the District to augment revenues. Opportunities include the promotion of the Oyster Point Marina for docking to visiting boaters and to charter cruise vessels transporting Peninsula passengers to view the events. The Marina can also be promoted to new boaters created by the enthusiasm the America's Cup will generate.

Replacement of Dock 11 (refer to above) will enable the Marina to provide a number of new berths. Improvements to the marina's guest dock and/or modification of the sale dock will serve the charter cruise vessels as mentioned above.

Accelerated efforts to remove vessels that are delinquent in rents, unseaworthy, or otherwise derelict or abandoned will enhance the marina's attractiveness and increase desirability by new boaters. Making on-shore improvements to the City's streets and parking areas will also enhance the attractiveness of the Marina and reduce safety hazards.

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5. Marketing Plan

The Marketing Plan for the Oyster Point Marina is made up of the following five sections:

- A. Problem Statement – a clear declaration of the marketing challenge
- B. Objectives – the Marina’s marketing and financial goals
- C. Current Market Situation – an analysis of the market, competition, and macroeconomic environment
- D. Opportunity Analysis – a look at the Marina’s market opportunities
- E. Marketing Strategy – the positioning and marketing of the Marina

A. Challenge Statement

The Harbor District’s challenge is to increase revenue by enticing more boaters to berth their vessels at Oyster Point Marina on a permanent or transient basis.

B. Objectives

Financial Objectives

Improve Oyster Point Marina finances by

- Increasing total revenue by 16% between FY 2013/14 and 2016/17
- Increasing net revenue by 36% FY 2013/14 and 2016/17
- Reducing operating costs

The Harbor District will achieve this in part by improving the process for collecting delinquent rents, increasing docking rates periodically and by rebuilding the docks removed from the marina. The new docks will accommodate larger boats that pay higher docking rates and reduce the cost of maintaining the docks. The Harbor District will also increase net revenue by reducing staff operating costs which will increase net revenue.

Marketing Objectives

- Increase berth occupancy by 3-5% each year until achieving 95% occupancy
- Increase launch ramp fees by 2% each year
- Increase rent and concessions by 2% each year

C. Current Market Situation

In view of the depressed economy as indicated by the number of berth vacancies in Bay Area marinas, Oyster Point Marina faces competition not only from neighboring marinas but also from other non-aquatic leisure and entertainment activities. With a 20% berth vacancy in San Francisco Bay, Oyster Point Marina will have to improve its facilities and amenities in order to compete for new boaters and those looking to relocate. To meet its goals, Oyster Point Marina will have to aggressively pursue boaters and other opportunities as described in Section D below.

D. Opportunity and Issue Analysis

Oyster Point Marina has identified and will pursue the following opportunities to meet its financial and operational goals:

- Improve Marina facilities as per CIP to increase boater capacity and improve the Marina's appeal to boaters. The quality of Marina facilities for tenants and the level and quality of on-site amenities and/or convenient access to such off-site amenities are vital factors influencing the Marina's ability to attract new permanent and transient boaters.
- Accelerate effort to remove vessels delinquent in rents, unseaworthy, or otherwise derelict, abandoned, and unsightly. This action will increase capacity for boaters and improve the appeal of the Marina.
- Enhance lessee sales dock by agreement for charter vessel use, which includes the Marine Collections LLC lease and a possible joint venture with Oyster Point MV.
- Vigorous Oyster Point promotional and marketing campaign
- Pursuing Americas Cup events opportunities.
- Increase the use of the Marina and park by cyclists, joggers, walkers and families looking for recreational activities.

E. Marketing Strategy

Initial promotional and marketing activities will focus on America's Cup events and related opportunities. Specific marketing efforts will need to identify the messages to convey, the audiences to be reached, interactions desired and communication channels. District staff has begun exploring these elements.

The District's primary objective with the America's Cup will be to attract more boaters to berth their vessels at Oyster Point, permanently or on a transient basis. A secondary objective will be to attract charter cruise operations to the marina and promote their activities in connection with Cup events where possible. The Harbor District will also

explore the potential to entice ferry riders to consider basing their boating activities at Oyster Point.

Beyond initial promotions around the America's Cup, marketing campaigns will focus on publicizing the Marina. Marketing effort might best be done through a cooperative effort by the Harbor District, the City, and the Chamber of Commerce. Such an effort might include more special events to attract potential boater tenants to Oyster Point and increase the use of the Marina facilities and trails by non-boaters.

**SAN MATEO COUNTY HARBOR DISTRICT
OYSTER POINT MARINA
CAPITAL IMPROVEMENT PROGRAM: 2010-2015**

May 2013

**OYSTER POINT MARINA
CAPITAL IMPROVEMENT PROGRAM: 2010-2015**

Prepared for the City of South San Francisco pursuant to the Memorandum of Understanding of May 27, 2009 between the City and the San Mateo County Harbor District and reaffirmed in Section 6.2 of the Agreement executed between the City and Harbor District on March 25, 2011

Introduction

The San Mateo County Harbor District has prepared this draft Oyster Point Marina/Park Capital Improvement Program (CIP) for the City of South San Francisco based upon Section 6.2 of the March 25, 2011 Agreement between the parties. It is intended as a companion document to the draft Management Plan to Increase Berth Occupancy and Direct Revenue also prepared pursuant to the Agreement's Section 6.2.

The CIP is based on two main points of guidance from the City:

1. A five-year time span; and
2. Focus on the water area of the Marina proper, including docks, berths, and dredging.

Projects identified include those begun following execution of the MOU and are limited to the water area of the Marina. No on-land projects are included, such as building, parking lot or trail improvements, except for project #5 (Harbormaster Office Relocation; see note below). Projects expected to begin in 2011 are aimed at responding to opportunities created by the Americas Cup events.

FY 2010-2011

- | | |
|---|--------------------|
| 1. East Basin Maintenance Dredging: | \$630,000* |
| (Site Preparation) | |
| 2. Wave attenuators (docks 12, 13, and 14): | \$600,000** |
| (Public Infrastructure) | |

*This project was completed in 2010.

**Estimate of the 20% local sponsor share of the total cost for USACE's final step in OPM breakwater entrance reconfiguration project. Project was begun in 2010.

FY 2011-2012

- | | |
|-------------------------|--------------------------------|
| 3. Dock 11 Replacement: | \$2,000,000 (per dock)* |
| (Public Infrastructure) | |

*Pre-construction tasks to begin in 2011. Estimated total cost includes these tasks. Dock design will provide for larger berths to respond to boating market trends, and are

planned to generate increased revenue per slip. Replacement is preferred to reconfiguration of existing facility as it will probably be quicker to implement and will have longer design life, being entirely new. Alternative materials, berth configurations, and costs will be reviewed as well as permit requirements before final procurement decisions are made.

- 4. Guest Dock Upgrade or Sales Dock reconfiguration: \$600,000****
(Public Infrastructure)

**Pre-construction tasks to begin in 2011. Cost estimate is for Guest Dock only, and includes provision of ADA-compliant access ramp. Sales Dock estimate is unknown at this time. District has contracted Marine Collections LLC lessee, which operates the Sales Dock under lease, regarding the potential for executing a management agreement, and will prepare a proposal for lessee consideration. If this option is chosen, the District would improve the Sales Dock to accommodate charter cruises and refrain from immediately upgrading the Guest Dock; the east-west orientation of the Sales Dock is preferable for vessel docking, according to charter operations.

FY 2012-2013

- 5. Relocation of Oyster Point Harbormaster Office \$N.A.***

District staff has discussed with the City's Oyster Point planning consultant the potential need to relocate the Harbormaster Office to a more secure long-term location off the mole; the latter is subsiding and subject to flooding. Further preliminary investigations will continue at this time. Follow-up action may be desirable or even needed following certification of the City's Oyster Point Environmental Impact Report and other City redevelopment planning actions with respect to Phase I of the Oyster Point Redevelopment Plan.

FY 2013-2014

- 6. Dock Replacement: \$2,000,000 (per dock)***
(Public Infrastructure)

*Pre-construction tasks may begin 2013, depending upon fund availability. Estimated total cost includes the pre-construction tasks. Dock design may provide for larger berths to respond to boating market trends. A phased program of sequential dock improvements is envisioned; choice of dock after Dock 11 (item #3 above) and timing will depend on individual condition and funding availability.

FY 2014-2015

- 7. Dock Replacement:** **\$2,000,000 (per dock)***
(Public Infrastructure)

*Pre-construction tasks may begin in 2015, depending upon fund availability. Estimated total cost includes the pre-construction tasks. Dock design may provide for larger berths to respond to boating market trends. A phased program of sequential dock improvement is envisioned; choice of dock after Dock 11 (item #3 above) and timing will depend on individual condition and funding availability.