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Background and Methodology

The City of Bay City owns a 48-acre industrial parcel in the city’s downtown area on the east side of the Saginaw River. The city is considering multiple uses for this parcel, including a marina. To inform this decision and determine eligibility for a grant from Michigan’s Waterways Grant program, Rowe Inc., on behalf of the city, asked Public Sector Consultants Inc. (PSC) to conduct a feasibility study to determine whether or not the demand for seasonal recreational boat slips within Bay City exceeds the available supply.\(^1\) To make this determination, PSC performed the following tasks:

- **Evaluate the supply of recreational mooring spaces** at marinas within Bay City, as well as within the market area. PSC surveyed Bay City–area facility employees and collected information about the number of slips at their facility and plans for expansion (see Appendix A for survey questionnaire). PSC also used data collected by Rowe Inc. to evaluate the condition of these facilities and determine whether the slips were usable.

- **Determine the demand for recreational mooring spaces** at marinas within Bay City, as well as within the market area: PSC used boat registration data to calculate the number of boats in the Bay City market area by boat class, the number of boats likely to be in the market area in the future, and occupancy trends by type of facility.

- **Analyze supply and demand data** and determine whether the demand for seasonal recreational boat slips within Bay City exceeds the available supply: PSC contrasted the demand and supply information to determine the need for additional mooring slips and amenities at Bay City.

- **Explain funding options** that may be used to support the marina development.

- **Develop facility recommendations** based on the findings from the study.

Supply and demand information for marinas within the city limits are presented separately from those in the surrounding area. This provides the city with a complete picture of supply and demand for the entire market area while facilitating the determination of eligibility for Waterways Grant program funds, as authorized under Part 791 (Harbor Development) of the Natural Resources and Environmental Protection Act, Public Act 451 of 1994, as amended (Act 451).\(^2\)

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\(^1\) A 2006 study conducted by PSC concluded that Bay City is not a destination harbor; therefore, present and future transient supply and demand were determined to be irrelevant to demand and were not evaluated in this study.

\(^2\) Part 791 of Act 451 stipulates that grant funds be provided for the development of marinas only when it can be demonstrated that the demand for recreational boat slips within a specific harbor or within a local unit of government exceeds the available supply.
Supply of Area Marina Mooring Sites

To determine the available supply of boat slips, two data sources were used. First, PSC surveyed Bay City–area marina facility owner/operators and asked them to report the total number of boat slips at their marina. PSC was particularly interested in the ability of existing marinas to accommodate boats in the 26’–39’11” class, since that is the primary market for the proposed marina facility (see Demand for Seasonal Mooring Facilities section on page 13).

Because the existence of a slip does not necessarily mean that the slip is in usable condition or in a condition that is desirable for the target market, PSC also had to assess the quality of mooring facilities in the area. Factors that were assessed to evaluate quality included location (proximity to Saginaw Bay and/or events in downtown Bay City) and physical aspects such as the distance between the catwalk and the water level for boats in the 26’–39’11” class (too great a distance makes it difficult and dangerous for boaters to get on and off board), angle of gangway (if there is great distance between the shore level and the catwalk, the gangway that connect the two can be steep and unsafe), and general condition of the structure (i.e., presence or absence of dangerous rotting wood and/or unstable or broken structures). Facility quality, based on these factors, is characterized in this report on a 1–5 rating scale, with 1 being excellent quality and 5 being very poor quality. Data for the condition assessment came from marina photographs, on-site measurements, and capacity information collected by Rowe Inc. This condition information, together with the survey responses, allowed PSC to determine the actual available supply of usable mooring spaces in the Bay City area.

Current Supply of Mooring Sites within Bay City

There are four marinas within the Bay City limits: Liberty Harbor, Pier 7 Marina, Skipper Bud’s, and Wheeler Landing Yacht Harbor.

On the west side of the Saginaw River, the city’s municipal marina, Liberty Harbor, offers 100 boat slips for public rental. Half of these slips are reserved for transient use and the remaining 50 are rented seasonally. Of the seasonal slips, the marina has twenty-nine 30-foot slips that can accommodate boats up to 30 feet long, nine 45-foot slips for boats 31–45 feet in length, and three 59-foot slips for boats 46–59 feet in length. Liberty Harbor has a floating dock system and was designed for low water. As a result, there is a safe distance between the water level, deck of the boat, and the deck of the catwalk, regardless of changing water levels (see Exhibit 1). The facility’s ability to adjust to changing water levels, along with its location (near a park that hosts several summertime events) and the condition of the dock structure (which is fairly new), warrant a rating of 1 (excellent) on PSC’s quality rating scale.
Pier 7 Marina is privately owned and located on the west side of the river immediately north of Liberty Harbor. It offers 41 seasonal slips for public rental. Unlike Liberty Harbor, Pier 7 Marina has a fixed dock system, so the distance between the catwalk and the water is greater than for a floating system designed for low water (see Exhibit 2). Measurements indicate a distance of approximately four feet between the dock and the surface of the water; boaters consider a distance of three feet or less desirable, particularly for craft in the 26’–39’11” class. While the quality of the docks is fair to poor, the facility benefits from an excellent location adjacent to a park where numerous events are held. The combination of these factors results in an overall quality rating of 2 (good), and all of the slips are considered usable for the purposes of this study.
SkipperBud’s (formerly known as Brennan’s) is within the city limits on the east shore of the Saginaw River. Since SkipperBud’s did not return a survey to PSC or return phone calls, information about this facility was gathered from publicly accessible aerial photographs and site visits. Based on this information, PSC believes that this marina has 317 slips, of which 301 (95 percent) are of fixed construction with a distance of more than seven feet between the dock and the water surface. Many of the fixed docks in the marina have suffered damage, most likely from ice; and are unusable (see Exhibit 3). The marina appears to have 16 slips with floating docks that are usable (see Exhibit 4). Location is a challenge for this marina, as it takes at least an hour for a boater to gain access to Saginaw Bay, due to the large number of no wake zones on the river as well as the number of bridges crossing the river. All of these factors result in a quality rating of 5 (very poor) for this facility.

**EXHIBIT 3**
Fixed Dock System, SkipperBud’s

![Fixed Dock System, SkipperBud’s](source: Scott Hemeyer, Rowe Inc., 2008.)

**EXHIBIT 4**
Floating Dock System, SkipperBud’s

![Floating Dock System, SkipperBud’s](source: Scott Hemeyer, Rowe Inc., 2008.)
Wheeler Landing Yacht Harbor contains 236 boat slips, all of which are of floating construction (see Exhibit 5). Unlike Liberty Harbor, the design of the facility’s floating dock structure was not designed to accommodate the low water levels being experienced today, so the gangway ramps from the shore to the floating docks are very steep. The marina is located near festivals and activities, but not close enough to have a large impact on the overall quality and desirability of the facility. For these reasons this facility received a rating of 3 (fair).

EXHIBIT 5
Dock System, Wheeler Landing Yacht Harbor

Current Supply of Mooring Sites at Facilities near Bay City

There are four nearby mooring facilities outside the Bay City limits: Bay City Yacht Club, Bay Harbor Marina, Saginaw Bay Yacht Club, and Sunset Shores Yacht Club.

The Bay City Yacht Club has 220 fixed boat slips (see Exhibit 6). A distance of approximately four feet between the catwalk and the water surface was measured at this facility. Boaters of craft in the class 26’–39’11” feet would have a difficult time boarding and disembarking. However, the dock structure is in fair condition and the location of the facility is excellent in that it is very near Saginaw Bay. All of these factors result in this facility receiving a rating of 3 (fair).

EXHIBIT 6
Fixed Dock System, Bay City Yacht Club

The largest nearby facility outside the city limits is Bay Harbor Marina, with 452 slips. Photographs and visits to the site indicate that about half of the dock system is floating and the other half is fixed. The distance from the fixed docks to the water is approximately six feet, twice as high as is desirable, and the gangway ramps to the floating docks are very steep (see Exhibits 7 and 8). The condition of the dock structure is fair and the location of the facility (close to Saginaw Bay) is good. All of these factors result in this facility receiving a rating of 3 (fair).
EXHIBIT 7
Fixed Dock System, Bay Harbor Marina


EXHIBIT 8
Floating Dock System, Bay Harbor Marina

The Saginaw Bay Yacht Club has a total of 134 slips, all of which are of fixed construction (see Exhibit 9). A distance of approximately four feet between the catwalk and the water surface was measured, a greater distance than desirable. In addition, the marina has installed steps to bridge the distance between the shore and the dock. The dock structures at this facility are in fair condition and the location is good due to its close proximity to Saginaw Bay. These factors result in a rating of 3 (fair) for this facility.

EXHIBIT 9
Fixed Dock System, Saginaw Bay Yacht Club

Sunset Shores Yacht Club has a total of 186 boat slips of fixed construction (see Exhibit 10). A distance of approximately five feet between the dock and the water surface was measured at this facility, a greater distance than desirable. The dock structures at this facility are in fair condition and the location is good due to its close proximity to Saginaw Bay. All of these factors result in this facility receiving a rating of 3 (fair).

EXHIBIT 10
Dock System, Sunset Shores Yacht Club

The results of the supply analysis are presented in Exhibit 11. PSC estimates that there are approximately 233 usable boat slips within the Bay City limits and an additional 775 usable slips in nearby marinas outside the city limits, for a total of 1,008 usable slips. PSC used occupancy rates as a proxy for usable slips. This is based on the finding that quality is driving demand for these slips, especially for the 26’–39’11” boat class. Because representatives of SkipperBud’s refused to provide information on 2007 occupancy, 2005 occupancy rates as reported in a previous study by PSC were used3.

3 Public Sector Consultants, Bay City Marina Feasibility Study (Lansing, Mich.: 2006), 3.
EXHIBIT 11
Supply of Usable Boat Slips in Bay City Area

<table>
<thead>
<tr>
<th>Marinas within Bay City limits</th>
<th>Quality rating from 1 (Excellent) to 5 (Very Poor)</th>
<th>Number of slips</th>
<th>Estimated # of usable slips</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liberty Harbor Marina</td>
<td>1</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Pier 7 Marina</td>
<td>2</td>
<td>41</td>
<td>41</td>
</tr>
<tr>
<td>SkipperBud's</td>
<td>5</td>
<td>317</td>
<td>50</td>
</tr>
<tr>
<td>Wheeler Landing Yacht Harbor</td>
<td>3</td>
<td>236</td>
<td>92</td>
</tr>
<tr>
<td><strong>Subtotal within city limits</strong></td>
<td><strong>644</strong></td>
<td><strong>233</strong></td>
<td></td>
</tr>
<tr>
<td>Marinas outside Bay City limits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bay City Yacht Club</td>
<td>3</td>
<td>220</td>
<td>201</td>
</tr>
<tr>
<td>Bay Harbor Marina</td>
<td>3</td>
<td>452</td>
<td>332</td>
</tr>
<tr>
<td>Saginaw Bay Yacht Club</td>
<td>3</td>
<td>134</td>
<td>91</td>
</tr>
<tr>
<td>Sunset Shores Yacht Club</td>
<td>3</td>
<td>186</td>
<td>151</td>
</tr>
<tr>
<td><strong>Subtotal nearby marinas</strong></td>
<td><strong>992</strong></td>
<td><strong>775</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total boat slips</strong></td>
<td><strong>1,636</strong></td>
<td><strong>1,008</strong></td>
<td></td>
</tr>
</tbody>
</table>

SOURCE: Public Sector Consultants Inc.

Future Supply of Mooring Sites in the Bay City Area

PSC asked area marina employees about plans for expansion and none indicated such plans. Aside from the proposed marina that prompted this study, there does not appear to be any other plans to develop additional marina space; thus the supply of marina mooring sites is not expected to increase from 2007 figures unless the proposed marina is constructed. The supply may continue to decrease, though, if water levels remain low, the condition of current facilities worsens, and improvements are not made at these sites.
Demand for Seasonal Mooring Facilities

To assess seasonal demand for boat slips, PSC evaluated

- the number of boats in the Bay City principal market area by boat class,
- the number of boats likely to be in the market area in the future, and
- occupancy trends by type of facility.

BOATS IN THE BAY CITY PRINCIPAL MARKET AREA

To define the market area, PSC evaluated data from Liberty Harbor Marina indicating the number and residency of seasonal boat slip renters from 2003 to 2007. To confirm the market area, the records of other seasonal mooring facilities at Bay City, Essexville, Saginaw, and other nearby areas were examined to ascertain boaters’ place of residence. The residency data indicated that 60 percent of slips in the Bay City area are rented to local and nearby residents in the counties of Bay, Midland, and Saginaw; therefore, the tri-county area is the principal market area for the proposed marina. It is beyond the scope of this study to assess demand for the entire market area, which reaches across and outside of Michigan. Only demand information for the principal market area is considered in the following analysis, thus the resulting demand figures are conservative.

The size of the recreational boating fleet in the Bay City principal market area was obtained from boater registration data provided by the Michigan Secretary of State (see Exhibit 12). According to this information, there are 40,832 boats registered in the proposed marina principal market area.

<table>
<thead>
<tr>
<th>County</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bay</td>
<td>11,434</td>
</tr>
<tr>
<td>Midland</td>
<td>10,888</td>
</tr>
<tr>
<td>Saginaw</td>
<td>18,510</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40,832</strong></td>
</tr>
</tbody>
</table>

SOURCE: Boat Registration Data, Secretary of State, State of Michigan, 2008.
NOTE: This data does not take expired registrations into account.

It is important to know the size of the boats in the recreational fleet, since size is a major factor that can determine whether a boat is berthed at a marina. While the Secretary of State has statewide boat registration data by boat size, Michigan does not currently track county-level registration data by size. Information is available, however, on each county’s percentage of all boats registered in Michigan. PSC used these percentages to extrapolate the number of boats in the proposed marina market area by boat size (see Exhibit 13). Since boats less than 26 feet in length are typically launched or berthed at cottages or residences; this study only considers boats 26 or more feet in length. This reduces the number of potential renters in the proposed marina principal market area to
1,780. The highest demand would be for slips that can accommodate a boat 26’–39’11” long.

### EXHIBIT 13
**Estimated Boat Registrations in the Proposed-Marina Principal Market Area for Selected Size Categories, 2007**

<table>
<thead>
<tr>
<th>County</th>
<th>Percentage of total state registrations</th>
<th>Boats 26’–39’11”</th>
<th>Boats 40’–64’11”</th>
<th>Boats +65’</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bay</td>
<td>1.16%</td>
<td>448</td>
<td>49</td>
<td>2</td>
<td>499</td>
</tr>
<tr>
<td>Midland</td>
<td>1.10</td>
<td>424</td>
<td>46</td>
<td>2</td>
<td>472</td>
</tr>
<tr>
<td>Saginaw</td>
<td>1.88</td>
<td>725</td>
<td>79</td>
<td>4</td>
<td>808</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1,598</strong></td>
<td><strong>174</strong></td>
<td><strong>8</strong></td>
<td><strong>1,780</strong></td>
</tr>
</tbody>
</table>


1 Total Michigan registrations for this size class in 2007 = 38,587.
2 Total Michigan registrations for this size class in 2007 = 4,210.
3 Total Michigan registrations for this size class in 2007 = 187.

NOTE: This data does not take expired registrations into account.

### PROJECTED FUTURE SEASONAL MOORING SPACE DEMAND

Overall boat registrations in Michigan have been declining since their peak in 2003 (see Exhibit 14). It is significant, however, that this trend is being driven primarily by boats less than 16’ in length, which are not considered in this study since they tend to be jet skis, ski towing craft, day sailing boats, and rowboats, and not typically berthed at marinas. Boat registration figures for the larger size classes that are typically berthed at marinas (26 feet and longer) have remained relatively constant over the past six years (see Exhibit 15). Despite the lack of county-level data by boat size, PSC believes that trends in the proposed marina principal market area will mirror the growing statewide popularity for somewhat larger boats. It is important to note that the largest increase in registered boats is in the 16’–25’11” class, and while this size range is not typically berthed at marinas, the large boats in this growing market share could add to the potential market for the proposed marina.

### EXHIBIT 14
**Number of Registered Boats in Michigan 2001–2007, by Length and Year,**

<table>
<thead>
<tr>
<th>Year</th>
<th>0’–15’11”</th>
<th>16’–25’11”</th>
<th>26’–39’11”</th>
<th>40’–64’11”</th>
<th>+65’</th>
<th>Unknown</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>540,967</td>
<td>415,646</td>
<td>38,827</td>
<td>4,105</td>
<td>180</td>
<td>4,222</td>
<td>1,003,947</td>
</tr>
<tr>
<td>2002</td>
<td>535,073</td>
<td>422,245</td>
<td>38,908</td>
<td>4,145</td>
<td>179</td>
<td>4,286</td>
<td>1,004,836</td>
</tr>
<tr>
<td>2003</td>
<td>530,500</td>
<td>428,345</td>
<td>39,028</td>
<td>4,189</td>
<td>175</td>
<td>4,246</td>
<td>1,006,483</td>
</tr>
<tr>
<td>2004</td>
<td>519,783</td>
<td>430,787</td>
<td>38,713</td>
<td>4,169</td>
<td>182</td>
<td>4,180</td>
<td>997,814</td>
</tr>
<tr>
<td>2005</td>
<td>511,935</td>
<td>435,075</td>
<td>38,658</td>
<td>4,202</td>
<td>194</td>
<td>4,108</td>
<td>994,172</td>
</tr>
<tr>
<td>2006</td>
<td>505,265</td>
<td>438,733</td>
<td>38,653</td>
<td>4,204</td>
<td>192</td>
<td>4,051</td>
<td>991,098</td>
</tr>
<tr>
<td>2007</td>
<td>498,852</td>
<td>441,007</td>
<td>38,587</td>
<td>4,210</td>
<td>187</td>
<td>4,039</td>
<td>986,882</td>
</tr>
</tbody>
</table>

SOURCE: Boat Registration Data, Secretary of State, State of Michigan, 2008.

NOTE: This data does not take expired registrations into account.
Judging from recent trends in boat populations, it is a reasonable assumption that the numbers of boats above 26’ in length will continue to remain relatively stable statewide. Exhibit 16 estimates the number of boats in size classes typically berthed at marinas, assuming the same rate of increase in registered boats for the next six- and twelve-year periods as in the previous six years. The total size of the recreational boating fleet is, of course, dependent upon many factors that are beyond the scope of this study (e.g., economic conditions, fuel prices, water elevation, etc.).

Assuming that the average percentages of Michigan-registered boats in the tri-county area remain constant, the number of boats 26’–39’11” will decrease slightly and boats 40’ and larger will increase slightly. Overall, the number of boats in the three size categories relevant to this study is expected to remain relatively constant, with, over time, a modest decrease of five boats (see Exhibit 17).
MARINA OCCUPANCY RATES

Another factor that must be considered in assessing demand is the actual occupancy rates at area marinas. To obtain this information, PSC asked Bay City–area marina facility owner/operators to report the total number of occupied boat slips at their marina. Occupancy rates in 2007 for marinas within the Bay City limits are shown in Exhibit 18.

The 100 percent occupancy rates at Liberty Harbor Marina and Pier 7 Marina indicate high demand for boat slips. The low occupancy rate at SkipperBud’s and Wheeler Landing Yacht Harbor is likely due, as noted above, to the fair to poor quality of those facilities (based on condition of dock structures and location). The condition of the dock structures at Wheeler Landing Yacht Harbor is comparable to Pier 7, but the location is less desirable, resulting in a lower occupancy rate. SkipperBud’s suffers from a poor location and falling dock structures, which explains its even lower occupancy rate. It is possible that the true occupancy rate at SkipperBud’s is 100 percent, considering the limited number of usable slips available at that marina. This apparent high demand is reinforced by the fact that there is a waiting list for the high quality slips and great location of Liberty Harbor, even though the rental fee there is higher than at any of the private marinas. The popularity of Liberty Harbor Marina and Pier 7 Marina is not surprising, given the number of registered boats in the market area and the quality of the facilities, particularly compared to other facilities in the area (see previous section).

During 2007, all of the 50 seasonal slips available at Liberty Harbor were occupied, predominantly by boats 30 feet in length and smaller. Of the seasonal boats moored at Liberty Harbor in 2007, 38 (76 percent) were 30 feet in length and smaller, nine (18
percent) ranged from 31 to 38 feet, and three (6 percent) ranged from 46 to 59 feet. The city maintains a waiting list currently containing the names of 11 boat owners desiring to rent a seasonal boat slip at Liberty Harbor. One of the boats owned by those on the list is 32 feet in length, the remaining ten range in size from 21 to 29 feet. All but two of the boat owners on the waiting list are from the tri-county area: four are from Bay City, two are from Essexville, two are from Saginaw, and one is from St. Charles. One of the boat owners on the waiting list is from nearby Grand Blanc. Only one is from elsewhere in the state: Pinckney. This distribution is similar to that of the boat owners currently occupying seasonal boat slips in the harbor. The majority of boat owners occupying slips at other marinas in the city and in the immediate vicinity are also from the tri-county area.

The occupancy rates at facilities outside the Bay City limits are not as high as those at Liberty Harbor and Pier 7 (see Exhibit 19). As was the case for SkipperBud’s, PSC believes this has more to do with the quality of these facilities and the limited proportion of slips that are usable than with low demand.

<table>
<thead>
<tr>
<th>Marina</th>
<th>Number of slips available</th>
<th>Number of slips occupied</th>
<th>Percentage of total slips</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bay City Yacht Club</td>
<td>220</td>
<td>201</td>
<td>91%</td>
</tr>
<tr>
<td>Bay Harbor Marina</td>
<td>452</td>
<td>332</td>
<td>73</td>
</tr>
<tr>
<td>Saginaw Bay Yacht Club</td>
<td>134</td>
<td>91</td>
<td>68</td>
</tr>
<tr>
<td>Sunset Shores Yacht Club</td>
<td>186</td>
<td>151</td>
<td>81</td>
</tr>
<tr>
<td>Total</td>
<td>1,228</td>
<td>867</td>
<td>71%</td>
</tr>
</tbody>
</table>

SOURCE: Public Sector Consultants Inc.
Analysis of Current Supply and Demand

There are 644 boat slips within the Bay City limits and an additional 992 slips at nearby facilities, for a total of 1,636 slips. After assessing the quality of these slips, PSC concluded that only 233 of the slips in Bay City are usable and 775 slips are usable at nearby facilities, for a total of 1,008 usable slips. The number of registered boats within the principal market area that are of the relevant size categories was estimated to be 1,780 in 2007, and this figure is likely to remain relatively constant over the next twelve years. Since the principal market area only takes into account 60 percent of the number of potential boaters that may berth at the proposed marina, this figure is conservative. Regardless of the quality and usability of available boat slips, this data indicates that the demand for seasonal recreational boat slips within Bay City exceeds the available supply. There is a shortage of 144 slips if quality and usability are not taken into consideration, 772 if these factors are included (see Exhibit 20).

EXHIBIT 20
Supply and Demand Summary

<table>
<thead>
<tr>
<th>Supply and demand factors</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of slips</td>
<td>1,636</td>
</tr>
<tr>
<td>Estimated number of usable slips</td>
<td>1,008</td>
</tr>
<tr>
<td>Estimate number of boats in principal market area</td>
<td>1,780</td>
</tr>
<tr>
<td>Total shortage of slips</td>
<td>144</td>
</tr>
<tr>
<td>Total shortage of usable slips</td>
<td>772</td>
</tr>
</tbody>
</table>

SOURCE: Boat Registration Data, Secretary of State, State of Michigan, 2008.
NOTE: This data does not take expired registrations into account

Occupancy rates at some facilities in the area might appear to contradict the conclusion that there is a need for additional seasonal slips in the Bay City area. Only two facilities are fully occupied. PSC believes, however, that the quality of facilities, impacted heavily by low water conditions and location, is a key factor in the underutilization of Bay City–area marinas. Most of the marinas have fixed piers designed to accommodate boats during times of average water levels or higher. At present, water levels are 1.7’ below the historic average and it is not uncommon for boaters on boats in the 20’–30’ size range to have to span more than three feet from the deck of the boat to the deck of the catwalk, making it difficult and dangerous for boaters to get on and off board. Sailboat owners have an even greater span to deal with because of the lower freeboards of their craft. Even when facilities have floating systems, the low water conditions require use of a very steep ramp for access to the catwalks. These ramps are so steep that many have been converted to stairways, but neither access system is desirable and both raise safety concerns. Water elevations would have to increase by several feet to make the access ways safe and convenient.

Liberty Harbor, one of the two facilities with 100 percent occupancy, has the finest boat facilities in the area. All of its slips are floating, meaning that changing water elevations
have no effect on the relative level of the boat deck and the catwalks. The cost of renting a boat slip at Liberty Harbor is often twice that at a private facility, yet the Harbor is not only totally rented but has a waiting list. With Liberty Harbor, every seasonal boat slip would be rented no matter where the facility was reasonably located because of the superior facilities offered.

Some city officials believe the location of Liberty Harbor, with its proximity to the many special events held on the river each year, is the primary reason for the popularity of the facility. PSC believes that this is the case for Pier 7, which is 100 percent occupied even though the condition of the docks is fair to poor.

The fair-to-poor condition of most facilities in the Bay City area, with the required use of steep ramps or stairways to attain access, appears to dampen renter enthusiasm for them, creating a shortage in the area of usable, desirable boat slips in the 26’–39’11” class. Marina owners blame the vacancies on the price of gasoline and the general economy. Although these factors must be considered, it is unlikely that either of them is as significant as the low water levels and the poor condition of the facilities.

In addition to the unmet demand for docking facilities in the 26–39’11” class, higher quality facilities such as those at Liberty Harbor will likely find a market in the Bay City area regardless of boat size. Because of low water conditions and the fact that most private marina slips in the area are of a fixed elevation design, boat owners likely find use of these slips difficult and, at times, even dangerous. The high demand at Liberty Harbor indicates the attraction of the floating units, regardless of higher cost.
The most obvious source of funds for recreational boating facilities is the Parks and Recreation Division of the Michigan Department of Natural Resources (MDNR). This agency manages three grant programs that are relevant, the Waterways Grant-in-Aid (GIA) program, the Boating Infrastructure Grants program (Big P), and the Harbor Development Program (HDP)

The GIA program is state funded and focuses on transient harbor facilities as well as public boat access sites. The Big P program is a federally funded pass through grant program that also focuses on transient facilities for non-trailerable boats over 26’ in length. Since the development of seasonal facilities seems more suitable than the development of transient facilities, the best prospect is through the HDP. This is a joint public-private development partnership that provides unmet seasonal mooring needs to the recreational boating public. The intent of the HDP is to encourage local units of government to evaluate existing waterfront property to determine the best use of such property as it relates to local recreational needs and to stimulate economic revitalization. Under the HDP, the MDNR will provide 100% financing of all non-revenue-producing elements of the proposed project, preliminary and final design engineering, plans, specifications and permit application costs for site preparation, removal and relocation of utilities, construction of the marina basin, dredging, and shore protection. The private developer team must fund all revenue-producing elements such as dockage, sanitary pump-out facilities, buildings, repair facilities, boat launch or haul out devices, storage, and site amenities. Opportunities also exist for the local unit of government to participate in the partnership. See Appendix B for details about this program.

Other funding sources for recreational and urban/brownfield redevelopment projects should be consulted. The public components of the project (e.g., upland resource protection, trails, boardwalks, landscaping, playgrounds, fishing platforms, fishery habitat improvements, education and/or interpretive displays) could qualify for Michigan Department of Natural Resources Trust Fund and/or Great Lakes Fishery Trust funding. The Michigan Economic Development Corporation should also be contacted to determine whether financial assistance is available from that agency.

The last remaining prospect for funding is sale of a municipal bond to raise revenue. The primary difficulty in relying upon this source of funding lies in the need to expend considerable funds on dredging of the proposed basin and constructing shore protection and breakwaters before the first revenue-producing facilities can be constructed. To make revenue bonds marketable, the city could dedicate income from Liberty Harbor to repayment of the bonds.
Recommendation

Based on the finding that the demand for usable seasonal recreational boat slips within Bay City exceeds the available supply, PSC concludes that the city could construct or cause to be constructed a new marina on the proposed site and seasonally lease the boat slips. A 100-boat, 150-boat, or 200-boat marina would be economically feasible. The new marina should be developed as a joint public-private partnership so that funding can be sought from the Harbor Development Program. Negotiations between the city and the private developer would include a time frame for the development of the docking facilities as well as the additional property required to facilitate other aspects of a commercial marina such as winter storage areas, including buildings for that purpose, haul-out facilities and transportation lanes to the storage areas, repair facilities, and related areas.

If the city receives no response to the initial request for a private developer to partner with them on this project, the city should wait for a period of at least 90 days and try again. Something that might not look good on its initial offering could well improve with the passage of time. If no response is received the second time, then the city must decide if it wishes to change its program request and the extent of the facilities to be developed.
Appendix A:
Bay City-Area Marina Survey Instrument

1. We would like to know the total number of boat slips at your facility by the boat length that can be accommodated. Please indicate the number of slips you have for each boat length.

<table>
<thead>
<tr>
<th>Boat length</th>
<th>0–20′</th>
<th>20–29′</th>
<th>30–39′</th>
<th>40–49′</th>
<th>50′+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of slips</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Please tell us the number of slips that were occupied by boaters from each of the following areas of residence for the past two years.

<table>
<thead>
<tr>
<th>Boater’s area of residence</th>
<th>Number of occupied boat slips in 2006</th>
<th>Number of occupied boat slips in 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local (Bay City/Saginaw)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bay, Midland, or Saginaw Counties (excluding Bay City/Saginaw)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elsewhere in state</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elsewhere out of state</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other/unknown</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. Are you planning to expand the number of slips at your facility in the next year or two?

☐ Yes
☐ No

If yes, how many slips are you planning to add? _____________

4. Please provide the name and telephone number of a person we can contact if we have questions:

Name: _________________________________

Phone: _______________________________
Background:
The Michigan Department of Natural Resources (MDNR) Harbor Development Program (HDP) is a joint public-private development partnership that provides unmet seasonal mooring needs to the recreational boating public. The intent of the HDP is to encourage local units of government to evaluate existing waterfront property to determine the best use of such property as it relates to local recreational needs, to stimulate economic revitalization, and to permit the existing State and municipal (GIA) Harbor and Docks Program to focus on transient boater demands. Projects approved and supported by the Michigan State Waterways Commission (MSWC) for the HDP are accomplished in partnership with the private business community and a local unit of government under long-term lease conditions of the program.

Conversely, the Waterways Grant-In-Aid (GIA) Program is intended to work in cooperation with communities to provide harbors of refuge, with the focus on transient needs of the recreational boating public.

Market Study:
The first step of the HDP would be to commission a regional market study to determine the current and projected unmet demand for wet storage boat slips in the market area within the next five years. The projected number of boats that need wet storage would be compared to the number of existing vacant and planned wet storage slips currently in the market area. The probable number of new slips that are scheduled to be built in the market area during the forecast period would be subtracted from the projected demand number.

The regional market statistics study would 1) define and analyze the market area, and 2) recommend the size of the facility needed and the amenities desired, if additional seasonal wet storage slips were indicated. The study would define the harbor’s market area by reviewing its proximity to population centers and the travel time and distance from those population centers to the harbor, given the current transportation network.

In addition, the pattern of development of local public and private marinas would be examined to determine if trends were discernable. Current mooring supply and demand would be determined by inventorying marinas and other such facilities supporting the market area, to determine their capacities, occupancy rates, waiting lists (if any), amenities, and plans for expansion. The demand figures would be compared with existing demand figures.

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4 Email correspondence from Paul Peterson, Harbor Programs Manager, Parks and Recreation Division, MDNR
and projected supply figures. The projected supply figures would be based on plans of owners of existing facilities and planned new facilities.

As a part of the market analysis, a survey of marinas influencing the market area would be completed. The information collected would include:

1. Number of slips in marina.
2. Number and timing of slip expansion, if contemplated.
3. Number of rentable slips.
4. Current asking seasonal rent rate.
5. Current seasonal rental discount policy.
7. Average weekly launch count.
8. Current rental slip occupancy.
10. Occupancy trends for past three years.

**Partnership Fund Commitments:**

The Michigan Department of Natural Resources will provide, from the Harbor Development Program, 100% financing of all non-revenue-producing elements of the proposed project. The Harbor Development Program will fund 100% of all preliminary and final design engineering, plans, specifications and permit application costs for site preparation, removal and relocation of utilities, construction of the marina basin, dredging, and shore protection.

The private developer team will be responsible for funding all revenue-producing elements such as dockage, sanitary pump-out facilities, buildings, repair facilities, boat launch or haul out devices, storage, and site amenities. Opportunities also exist for the local unit of government to participate in the partnership.

**Permits:**

In order to commence construction, a number of State and Federal permits will be necessary, in addition to several local construction/building permits. The most crucial permits for the construction of the proposed marina will be those granted by the Michigan Department of Environmental Quality (MDEQ), Land and Water Management Division, and the U.S. Army Corps of Engineers (ACOE). These permits will allow for the dredging of the marina basin. Any desired changes to the approved permits would necessitate a permit amendment, and will be the responsibility of the developer team to secure.

**Proposals:**

A document entitled project prospectus presented in the form of a request for proposal for a harbor development project shall be prepared by the Department. The prospectus must reflect the present and future needs and specifications of the Department in regard to the...
management and operation of the proposed harbor development project: acquaint the prospective applicant with the Harbor Development Program in general; ensure responsive and qualified offers by outlining the evaluation process and weighing and specifying the evaluation criteria; outline bid bond requirements; and indicate that the Department reserves the right, at any time prior to final execution of a contractual document, to reject any and/or all proposals received, to re-solicit or cancel the solicitation altogether or make any counter proposals it considers appropriate, if in the judgment of the Department the best interest of the public will be served.

After submittal of proposals, an evaluation team comprised of representatives from the local unit of government and the MDNR Harbor Development Program staff, will review all proposals according to the evaluation criteria. The proposal recommended by the evaluation team will be presented to the local unit of government and the MSWC for selection of the developer team of record.

**Public Input:**

The involvement of the public in this proposed project will be an integral component of the process. The MSWC will discuss the progress of this proposed project at its bi-monthly Commission meetings, which are open for public comment. If the local unit of government is a partner, all their meetings shall be open for public comment relative to concerns of this project. Public review of the project is also incorporated in the permitting process through the MDEQ and the ACOE.

**MANAGEMENT AND OPERATION**

**Overview of the Proposed Project Operation**

The land owner (local unit of government or State) will lease the real estate, riparian rights and all physical facilities to a private developer team for development and operation of the marina. Prior to operation, the local unit of government and the Michigan Department of Natural Resources (MDNR) will construct the marina basin and associated non-revenue-producing infrastructure. Upon completion of the construction of the marina site and basin, the private developer team will, using private financial resources, install marina dockage and other buildings and services proposed for development and operation of the marina.

The local unit of government and MDNR will specify operating conditions for the land and physical improvements through the leases. The lease will extend for a period of up to 25 years, with the option for one five year renewal period. Upon completion of the construction of the proposed project, the lessee developer team shall be required to remit lease payments and provide other reports agreed upon in the lease documents. The local unit of government and MDNR will receive a periodic payment from the lease of the marina facility for the duration of the lease period.
NOTIFICATION AND EVALUATION PROCEDURES

Recruitment Process
Procedures for the recruitment and selection of a developer for the project will include:

1. The gathering of a list of developers who are potential candidates to respond to the request for proposals by the local unit of government and MDNR staff.
2. Publication of a formal notice of the availability of the Request for Proposal (RFP) document by MDNR staff.
3. The transmittal of the RFP document to all developers on the list, as well as respondents to the public notice by MDNR.
4. The holding of a pre-bid conference by the local unit of government and MDNR staff.
5. The receipt of responses according to the prescribed date and time published in the documents and public notice.
6. The review of all submittals for completeness by local unit of government and MDNR staff.
7. The transmittal of all proposals to the Evaluation Committee for the purpose of rating all responses according to the selection criteria herein defined. The Evaluation Committee will include representation by private industry, local unit of government staff and MDNR Harbor Development Program staff.
8. The tabulation of average scores and ranking of responses using the results of the Evaluation Committee ratings.

Evaluation Criteria
The following criteria will be used for evaluation of proposals:

1. **Experience and Qualifications**
The Evaluation Committee will examine the respondent’s experience and qualifications in operating, managing, and developing marinas and other areas. Elements to be examined are:

   - Complexity of marina operation. Size of marinas operated (i.e., number of slips, number of employees, gross receipts).
   - Type of marina operated.
   - Operation on behalf of public or private client.
   - Status of respondent (i.e., contract operator, lessee, owner, etc.)
   - Compensation structure (i.e., fixed fee, revenue sharing, etc.)
   - Location of marina(s) operated.
   - Adverse relationships (termination of respondent as a marina operator, litigation brought against respondent related to its operation of a marina, etc.).
   - Experience and qualifications in administrative and support areas.
2. **Financial Resources**
The Evaluation Committee will examine the respondent’s financial soundness and resources. Elements to be examined are:

- Financial soundness of respondent.
- Amount of financial resources.
- Ability to procure required insurance and bonds.
- Arrearage to State or local governments.
- Past or pending bankruptcies involving respondent or its principal owners, partners or officers.
- Past or pending foreclosures, tax liens, judgments or writs of execution on or against any properties or business owned or operated by the respondent or its principal owners, partners or officers.

3. **Proposed Management and Operation Plan**
The Evaluation Committee will examine the respondent’s proposed plan for managing and operating the facility. Elements to be examined are:

- Conformance with scope of requested services.
- Proposed plans and procedures.
- Additional services proposed.
- Activities to be subcontracted.
- Proposed marketing activities.

4. **Proposed Development Plan**
The Evaluation Committee will examine the respondent’s proposed plans for development of the facility. Elements to be examined are:

- Scope of development.
- Proposed expenditures by respondent.
- Timetable for implementation of development plans.
- Amount of financial participation required by the local unit of government and MDNR.
- The quality and conformance with applicable building and access codes.

5. **Presentation**
The Evaluation Committee will evaluate respondent’s presentation. Elements to be evaluated are:

- Clarity and completeness of respondent’s written proposal.
- Clarity and completeness of respondent’s oral presentation, if required.

6. **Revenue Proposal**
The Evaluation Committee will establish and utilize a formula which assigns weights to the following criteria, which are listed in descending order of importance:

- Total revenue guaranteed to be paid over the term of the contract.
- Revenue guaranteed to be paid on an annual basis.
• Total revenue estimated to be paid over the term of the contract.
• Revenue estimated to be paid on an annual basis.

Public Notification and Publication Procedures
The local unit of government and MDNR intend to conduct an extensive developer proposal notification effort. The specifics are as follows:

1. The local unit of government and MDNR will prepare a developer recruitment package to distribute to all interested parties.
2. A public notice of the opportunity will be advertised by the MDNR in several publications including, at a minimum:
   • Local newspapers.
   • A newspaper having statewide circulation.
   • Two journals related to the marina, watercraft or harbor industry, having statewide circulation.
3. It is recommended that a notice be provided to the Michigan Boating Industries Association (MBIA) and the Marina Operators Association of America (MOAA), requesting inclusion of the public notice in the next issue of their newsletter.
4. Notice will be sent to the roster of respondents who indicated interest in receiving information for future project notifications.
5. Notice will be provided to any party who has expressed interest in receiving information about the project to the local unit of government or MDNR.

The public notice will indicate the date, time and location for a pre-bid meeting, which will be held by the local unit of government and MDNR. At this session, background information and specific instructions will be reviewed with interested respondents.