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# Menemsha Basin Business Analysis December 2012

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In every Chilmark Master Plan survey taken since 1979, Chilmark voters and non-voting taxpayers have listed Menemsha as first among all places they consider of special importance to the community.

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# Background

- The Board of Selectmen asked for a business analysis and plan for Menemsha Basin that identifies opportunities to increase revenue and enhance operating service and business management.
  - Only 2012 data was analyzed for most of this report. Some caution should be taken when making long term decisions based upon only one year of data.
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# Purpose

- Prepare a Menemsha Basin business analysis and plan with the goals of:
    - increasing annual income and operating efficiency...
    - without jeopardizing the service and product benefits that are expected and provided to commercial and pleasure boaters – both resident and transient pleasure boaters.
    - Sources: June-Sept. 2012 Transient Daily Receipts and Chilmark Accounting.
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# Contents

1. Historic total revenue performance by fiscal year.
  2. 2012 Transient revenue (excl. power usage revenue) and average boat length.
  3. 2012 Transient boat traffic and occupancy rates.
  4. 2012 Average transient length of stay – slips and bulkhead slips only.
  5. 2012 Transient power usage – slips and bulkhead slips only.
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## Contents (continued)

6. Competitive products and pricing versus Menemsha.
  7. Possible revenue opportunities – all Chilmark slips and moorings.
    - seasonal resident slips and moorings.
    - transient slips and moorings.
    - other.
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# Approach

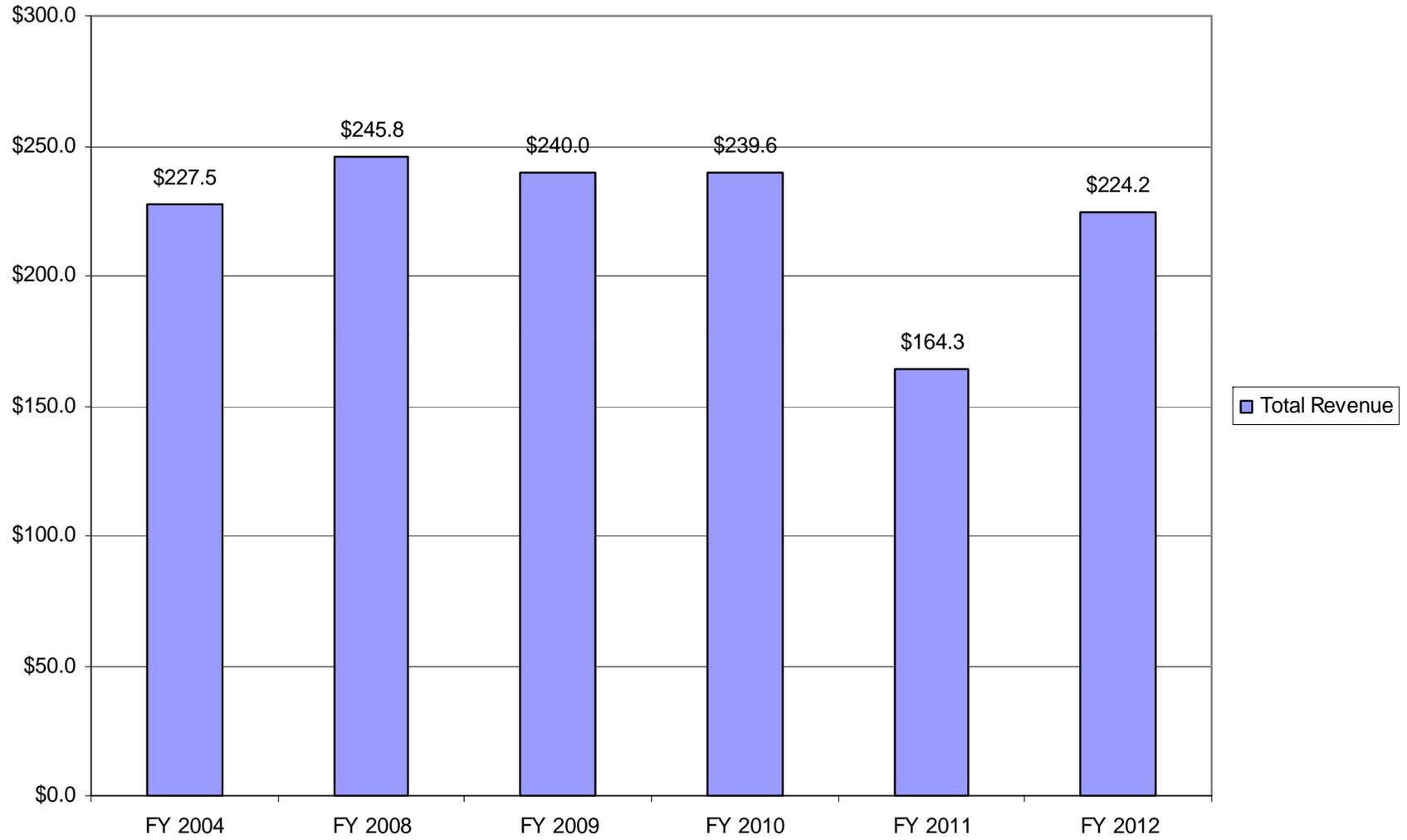
- Analyze 2012 transient data and outline the dynamics of how transient pleasure boaters visit and use Menemsha's boating facilities.
  - Identify revenue opportunities that leverage competitive opportunities and current transient boater uses and trends.
  - Outline possible year-round and seasonal staffing opportunities to improve operating service and business performance.
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# Historic Total Revenue Performance by Fiscal Year

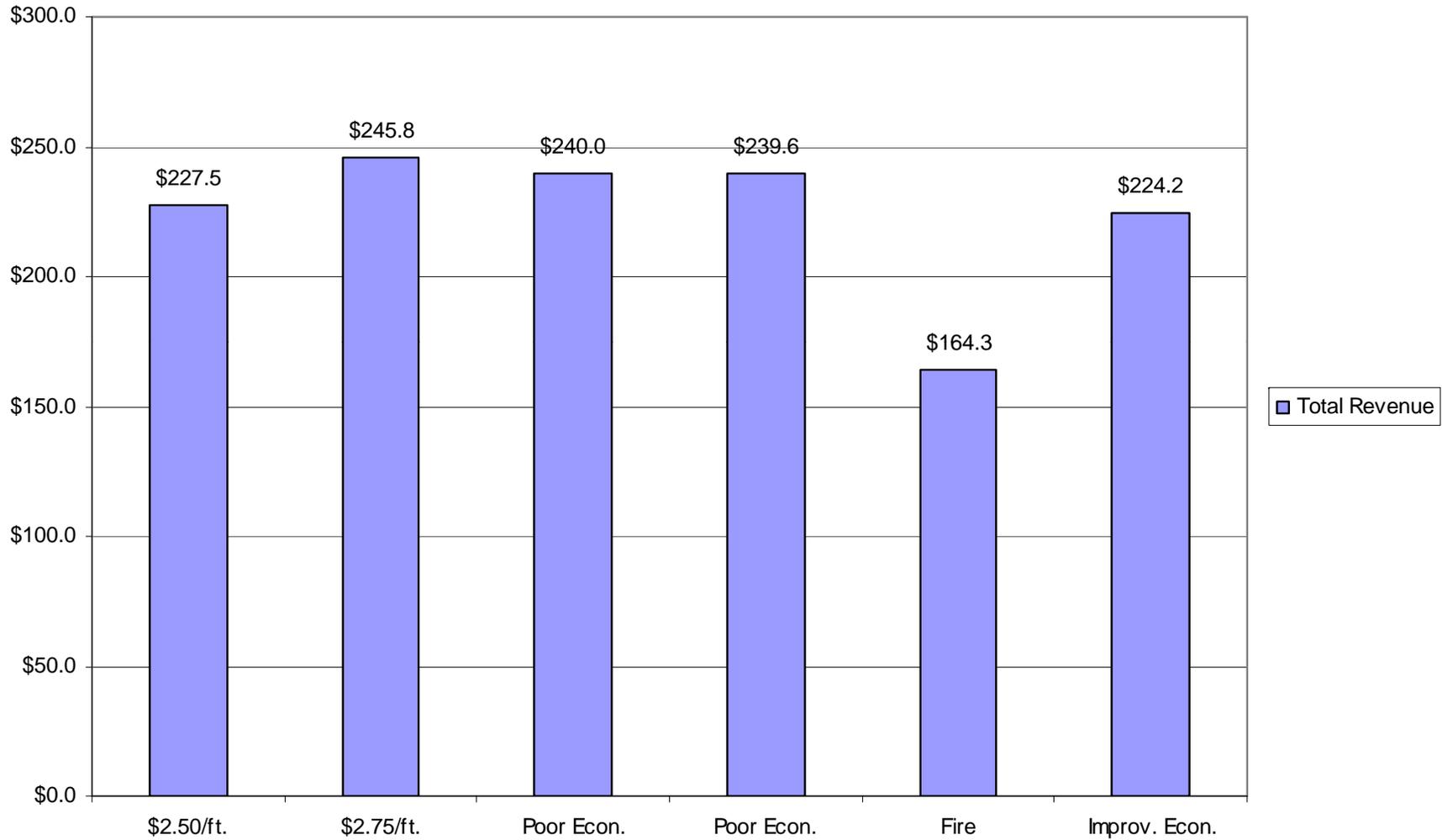
- FY 2004: Stable economy; transient slip rate was \$2.25/ft. or \$2.50/ft.—versus the current \$2.75/ft. Highest year for transient revenue of the years analyzed.
  - FY 2008 – FY 2012: Unstable economy; fire; slight economic recovery in 2012; higher transient slip prices - \$2.75/ft.
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**Total Revenue \$(000) Excl. Quitsa Moorings**



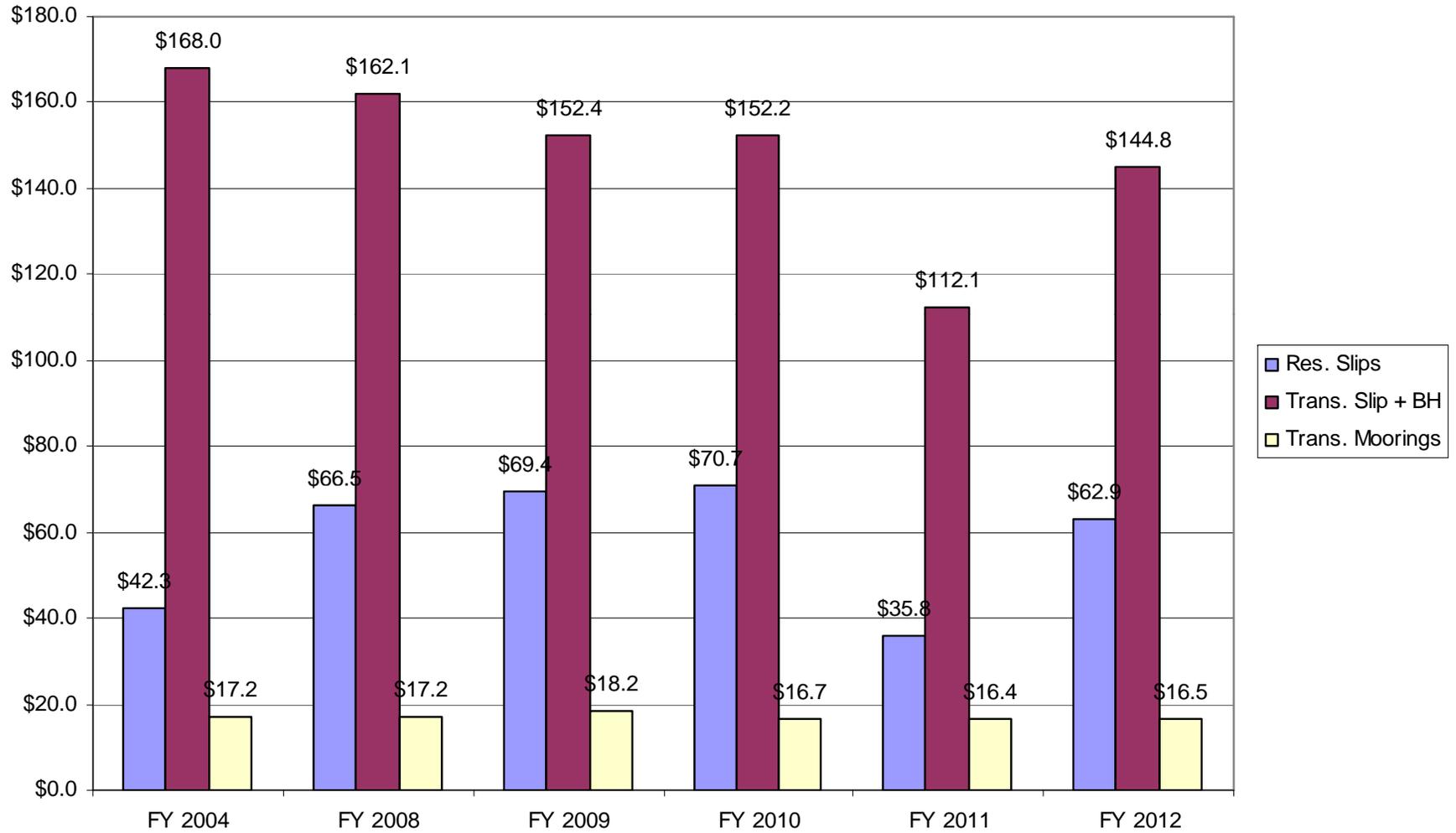
**Source: Accounting**

### Total Revenue \$(000) Excl. Quitsa Moorings by External Factors



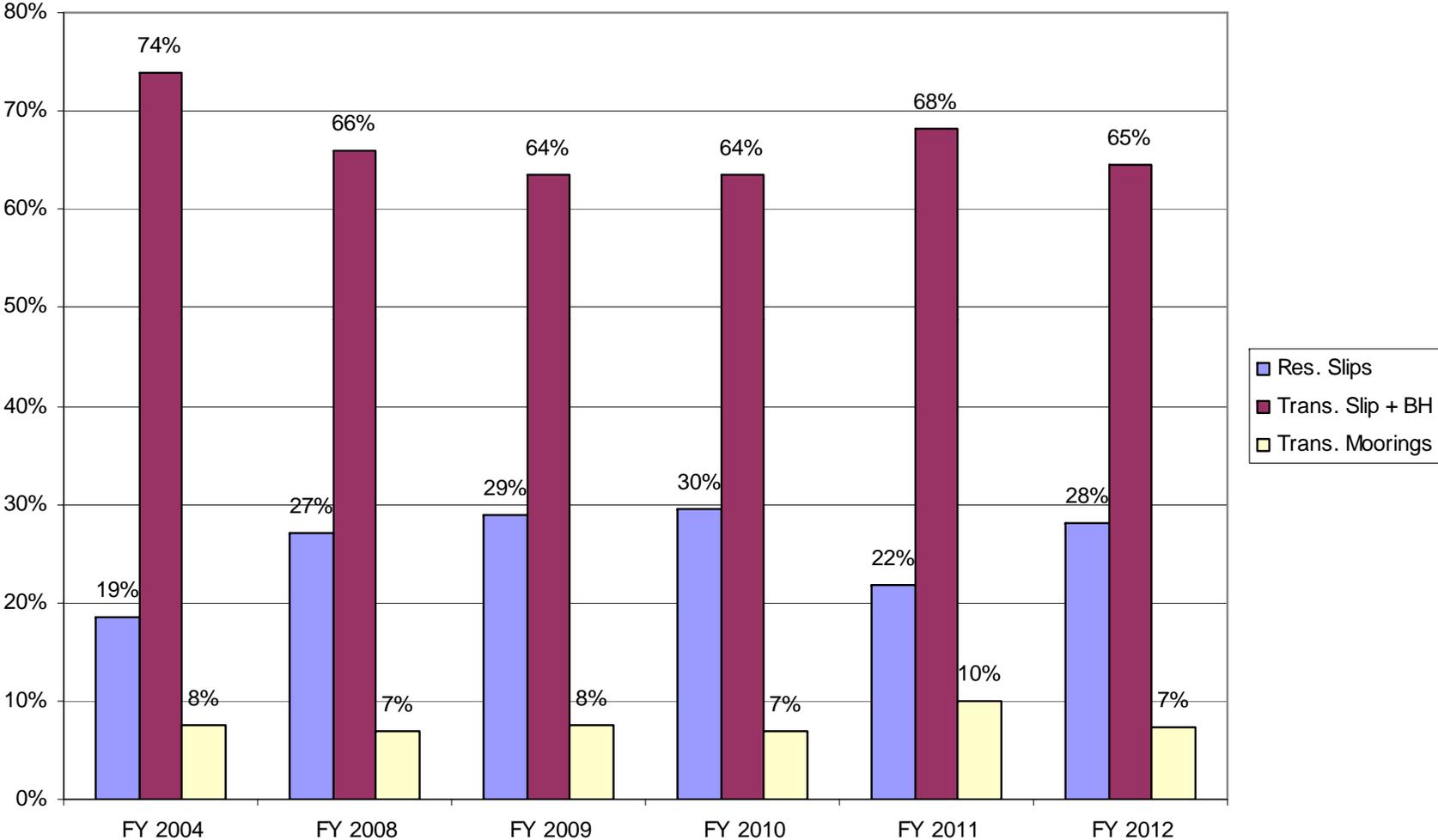
Source: Accounting

### Total Revenue \$(000) Excl. Quitsa Moorings



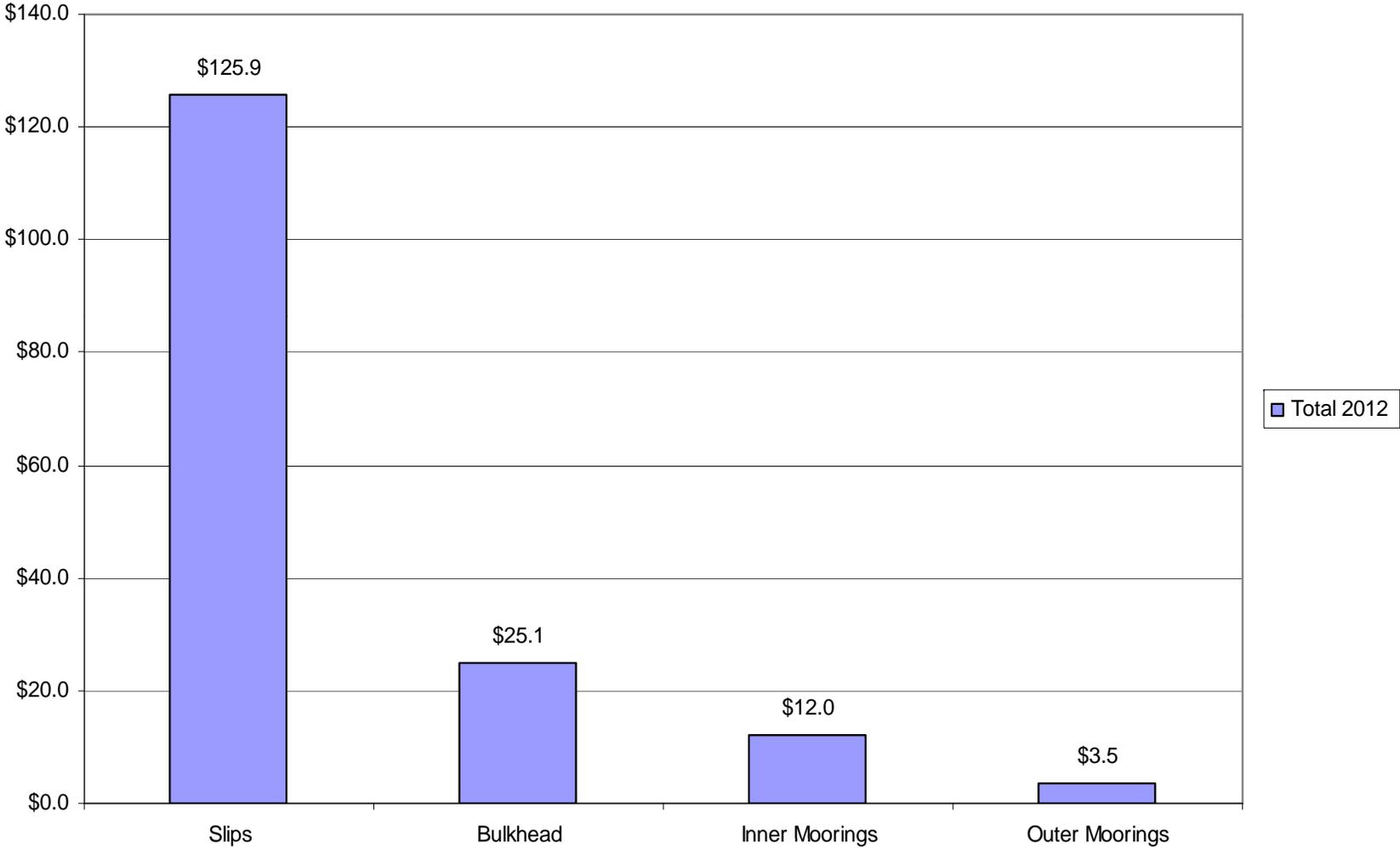
Source: Accounting

Share of Total Revenue Excl. Quitsa Morrings



Source: Accounting

**Total Transient Revenue \$(000) - June - Sept. 2012**



**Source: Daily Receipts**

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# 2012 Transient Revenue by Month

- All revenue by month is based upon arrival date. If a transient boat arrived on June 27 and stayed for 7 days through July 4<sup>th</sup>, all revenue is counted in June, when the boat arrived.
  - The majority of Menemsha visits are short or, “stop over” visits (< than 4 days) and mostly 1-2 days.
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# 2012 Transient Revenue by Month

- Inner moorings have the highest occupancy rates over all four months.
  - Bulkhead slips and outer moorings do not seem to be “preferred space” by visitors. Occupancy increases at higher transient slip and inner mooring occupancy times—and used as “overflow space”.
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# 2012 Transient Revenue by Month

## ■ June:

- No boats arrived before June 7.
  - June 9 - A one-time visit of a yacht club – 14 boats stayed for one night at a special club rate of \$2.25/ft.
  - An increased # transient boats arrived Thursday, Friday, June 27, 28 for extended visits thru July 4<sup>th</sup> (visits of 5-14 days).
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# 2012 Transient Revenue by Month

## ■ July:

- ❑ Revenue includes July 4 arrival of Relemar for 62 days - \$12,600 total revenue.
  - ❑ Extended visits (> 4 days) occur throughout the month – most likely coinciding with visitor vacations.
  - ❑ July and August revenue for each of the four types of dockage is almost identical.
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# 2012 Transient Revenue by Month

## ■ August:

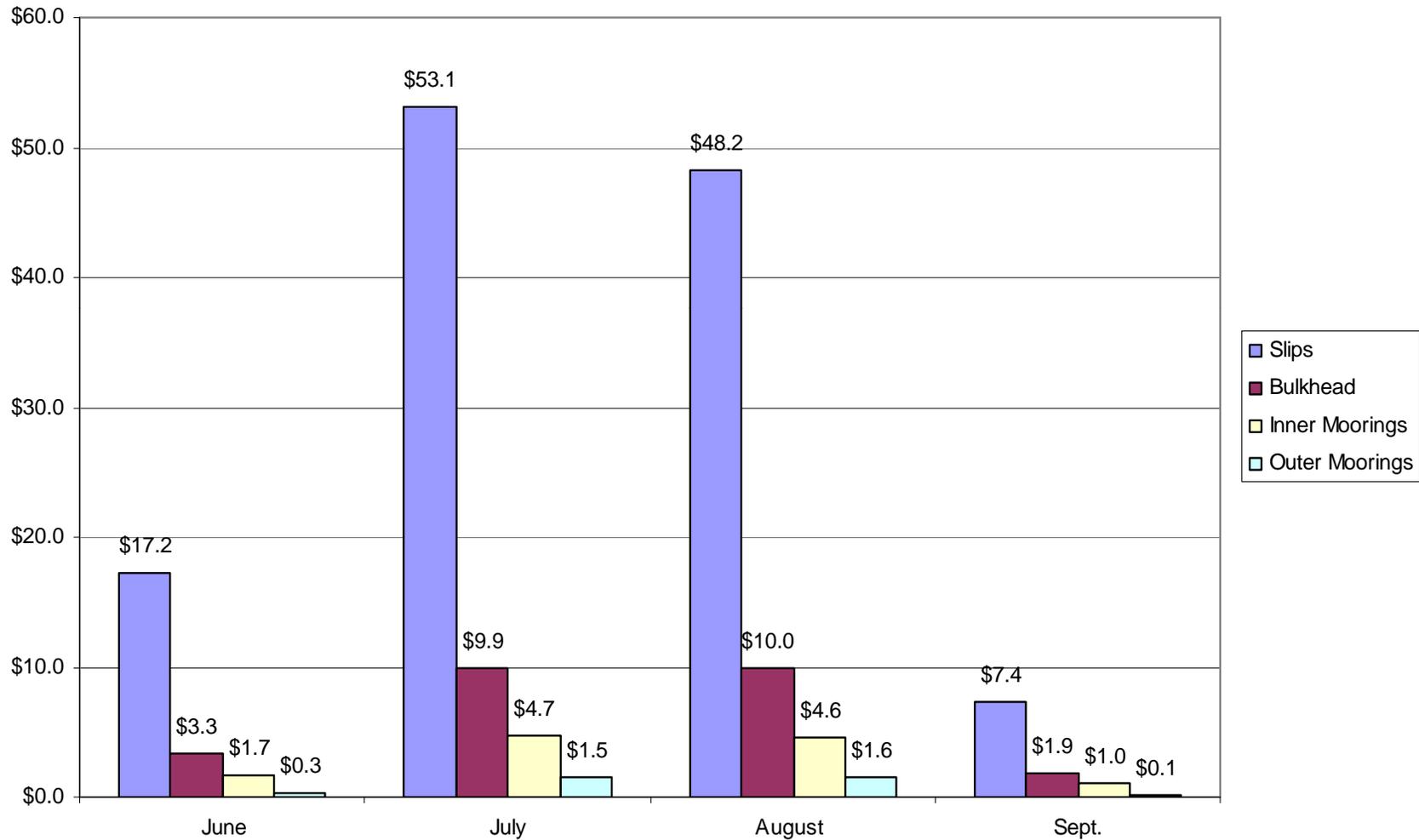
- ❑ Extended visits (> 4 days) occur throughout the month – most likely coinciding with visitor vacations.
  - ❑ An increased # boats arrived Thursday, Friday, August 30, 31 for extended visits (> 4 days) through the early Labor Day holiday – Monday, September 3.
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# 2012 Transient Revenue by Month

- September:
    - Significant decline of visitors after Labor Day (September 3).
    - No boats booked after September 24.
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### 2012 Transient Revenue \$(000) As Booked On Arrival Date



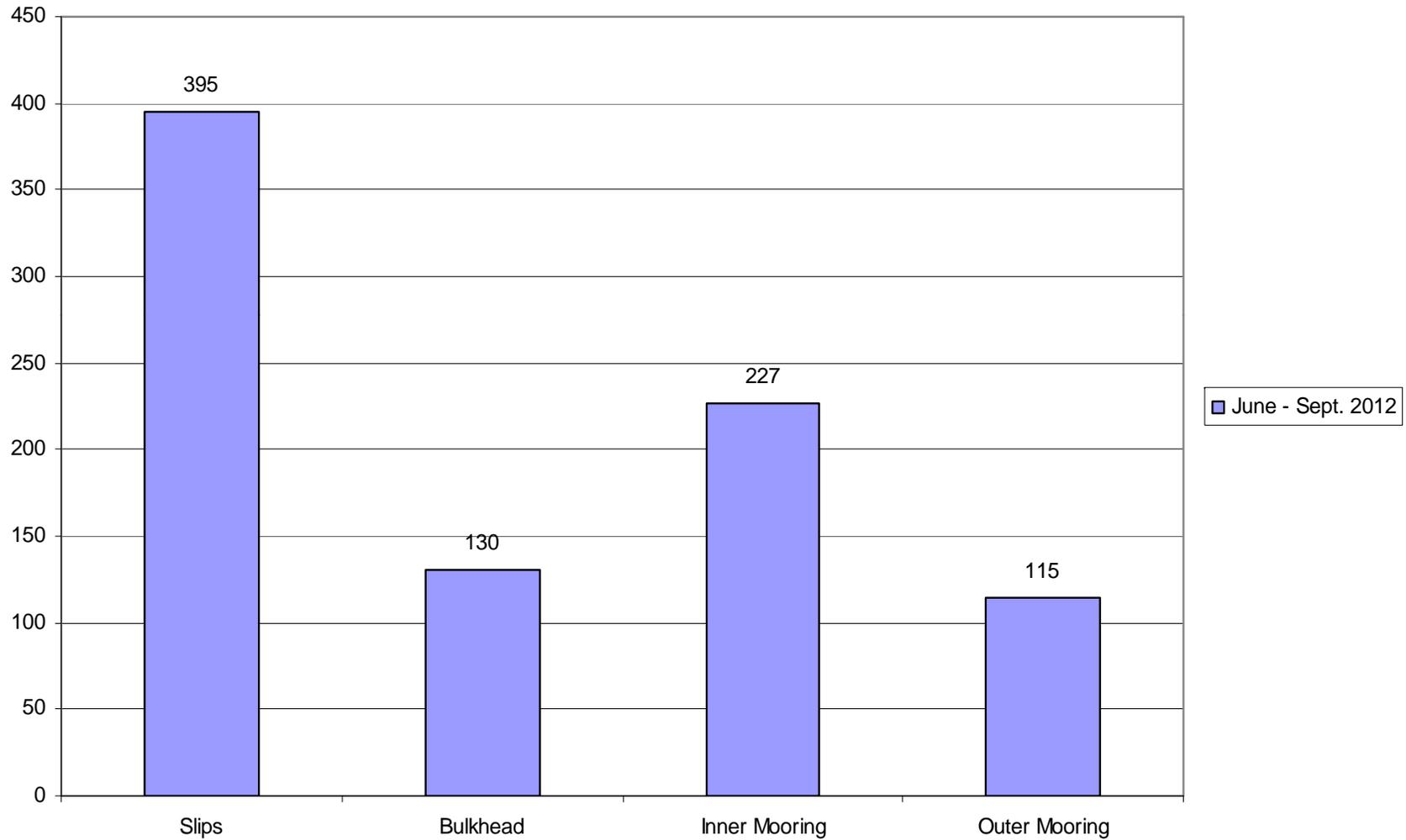
Source: Daily Receipts

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# # Transient Boats Visiting by Dockage Type

- # 1 = Transient Slips.
  - # 2 = Inner Moorings.
  - # 3 , 4 = Almost identical # boats for Bulkhead slips and Outer Moorings.
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### Total # Transient Boats Arriving 2012



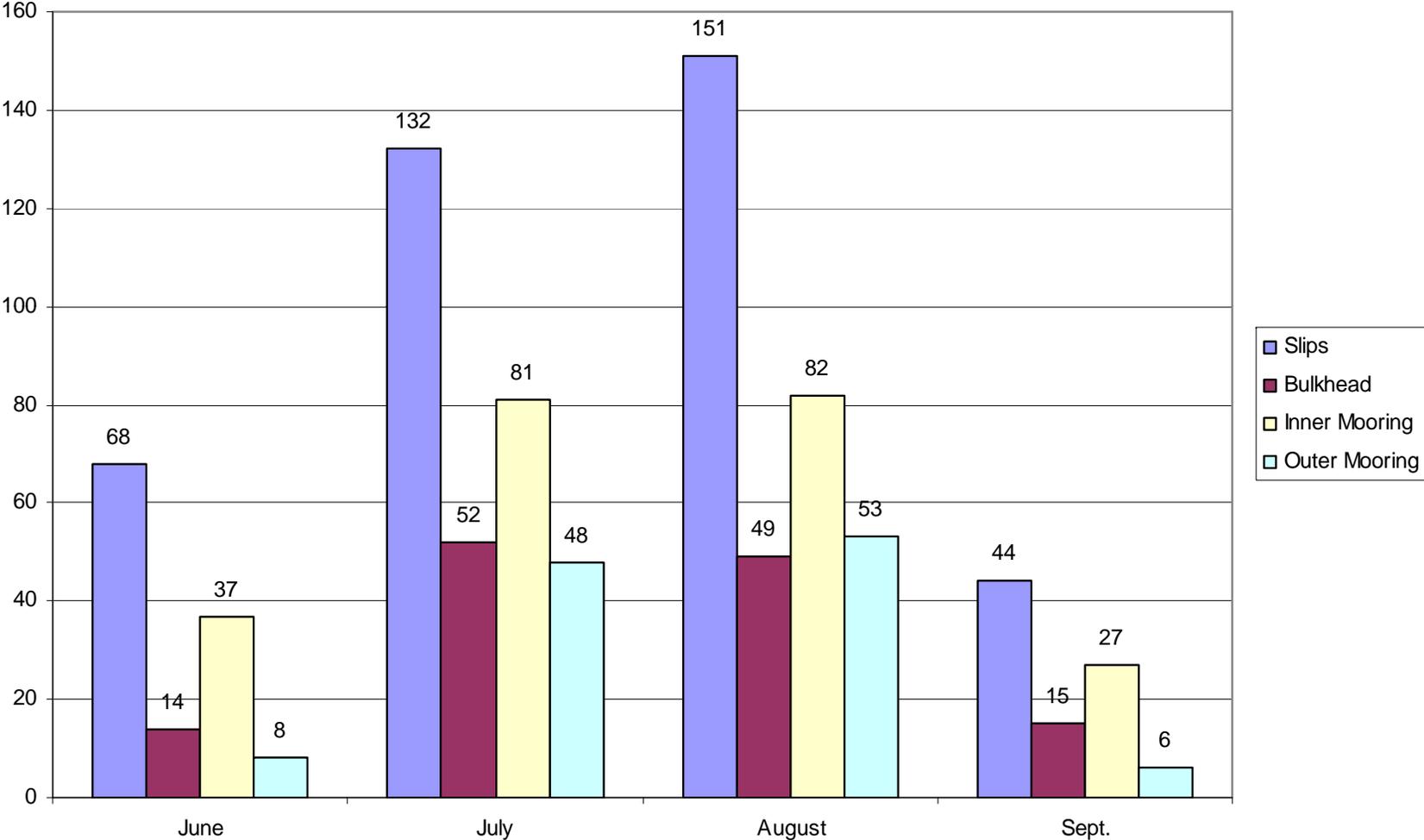
Source: Daily Receipts

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## # Transient Boats Visiting by Month

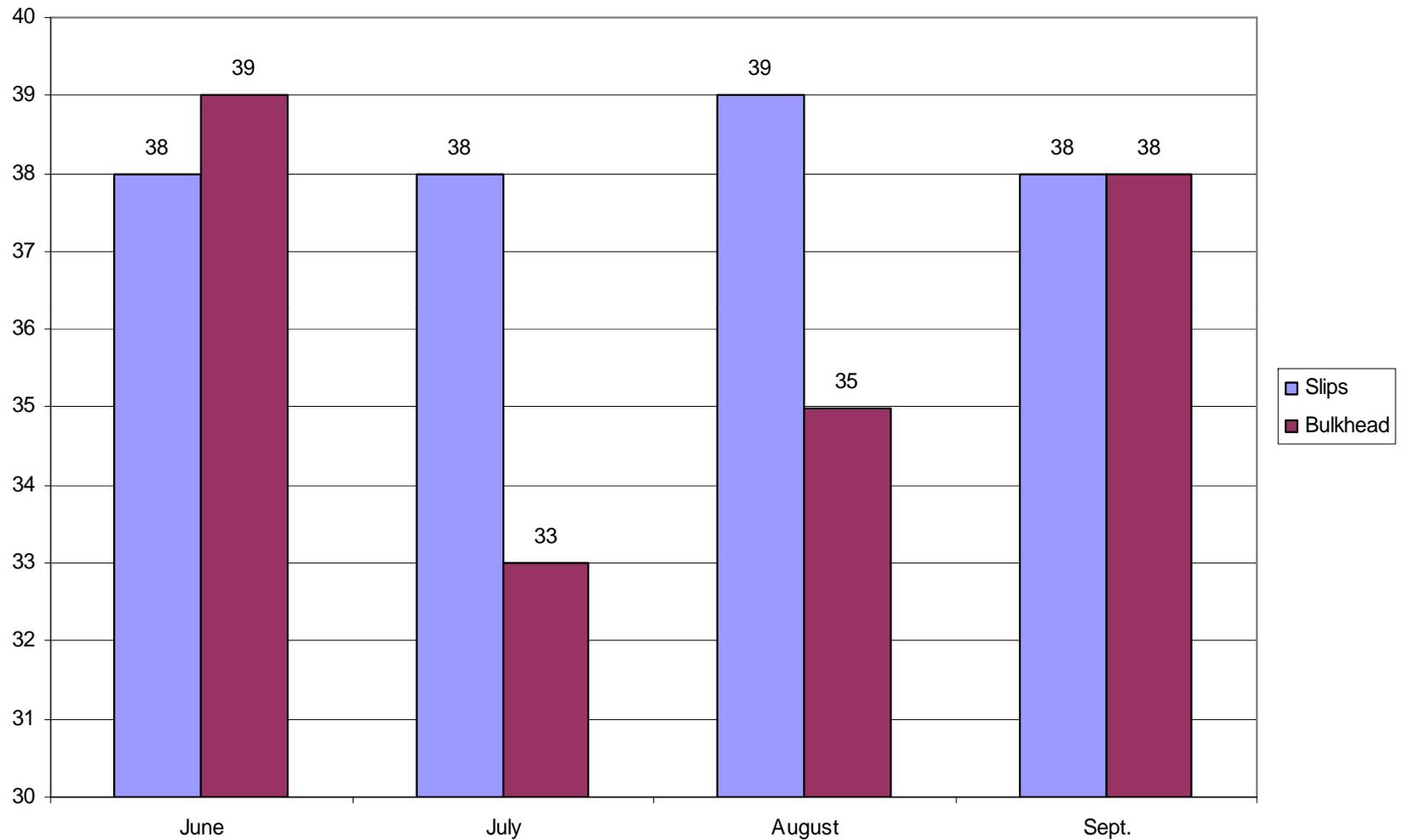
- The number of boats visiting in July and August are almost identical across all four dockage types.
  - Average slip and bulkhead boat length is nearly the same all summer: June – September.
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**Total # Transient Boats Arriving By Month 2012**



**Source: Daily Receipts**

### Average Length of Transient Boat in Feet



Source: Daily Receipts

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# Percent Occupancy by Month

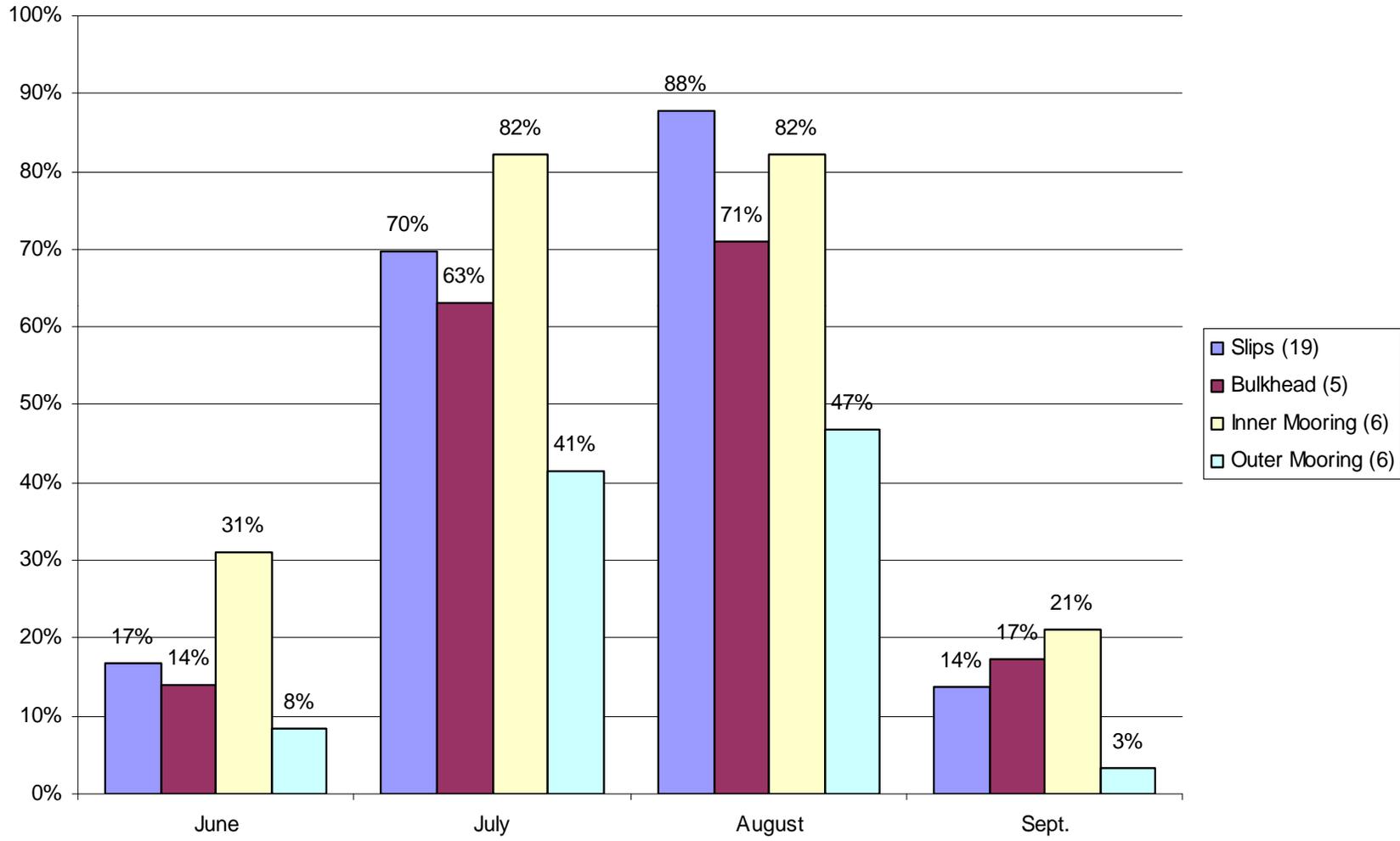
- Estimated inventory for this analysis:
    - # Transient slips:  $14 + 5$  on west fill dock = 19.  
(excl. 2 grandfather slips Jest, Phalarope; incl. Relemar as a transient visitor – 62 days.
    - # Bulkhead slips: 5 (average).
    - # Inner moorings:  $2 \times 3$  boats per mooring = 6.
    - # Outer Moorings: 6
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# Percent Occupancy by Month

- Inner moorings have the highest percent occupancy rates all summer: June – Sept.
  - The slow first half of June is causing its monthly average to be lower than July. The second half June occupancy rate is much higher than the first half.
  - July slip occupancy is 70 % vs. 88 % in August. A + 10% change in July occupancy is + 2-3 boats per day.
  - Seemingly lower bulkhead % occupancy does not necessarily indicate a significant opportunity for additional boats. 100% occupancy = only 5 boats.
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### Percent Transient Occupancy By Month 2012



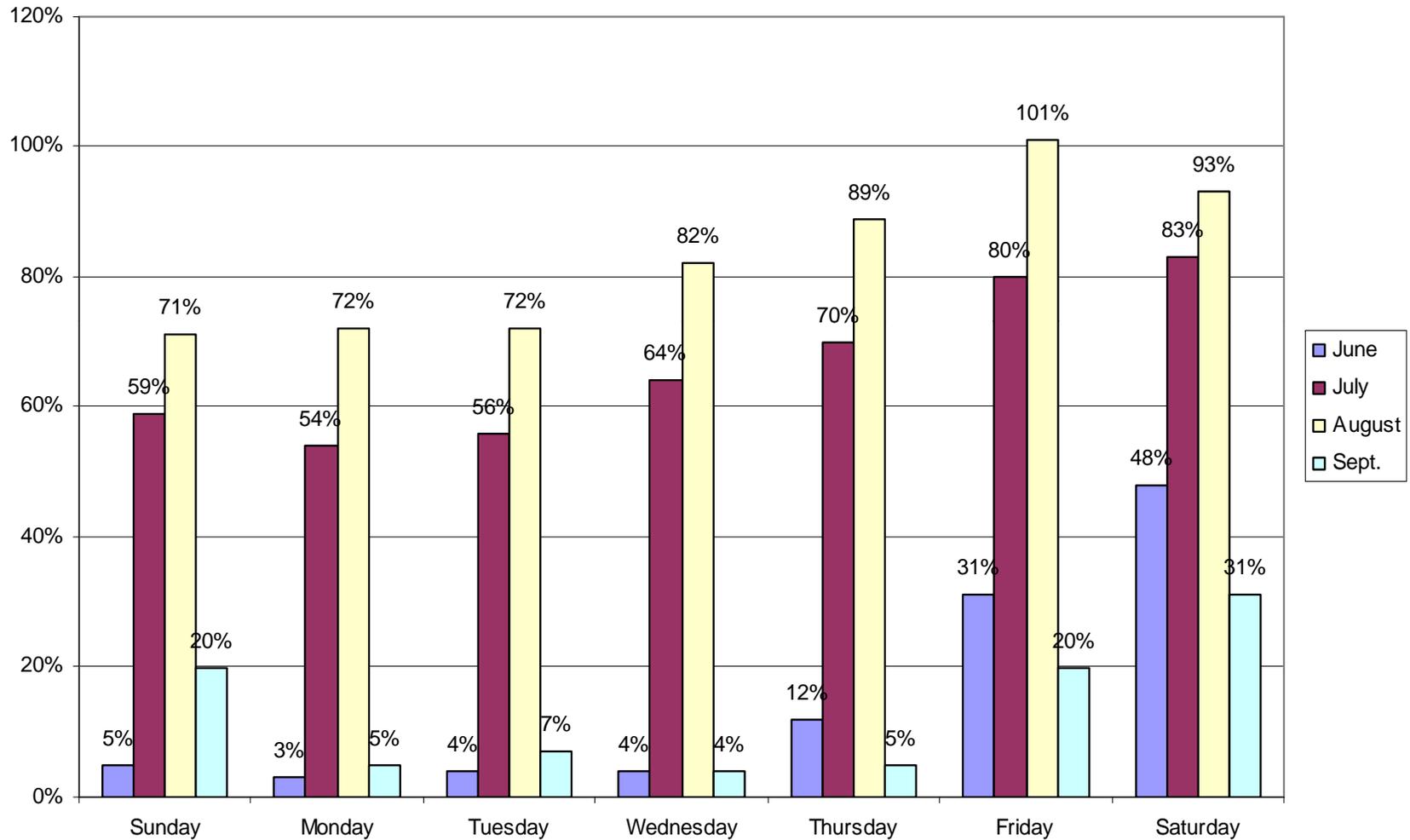
Source: Daily Receipts

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# Transient % Occupancy by Day of Week

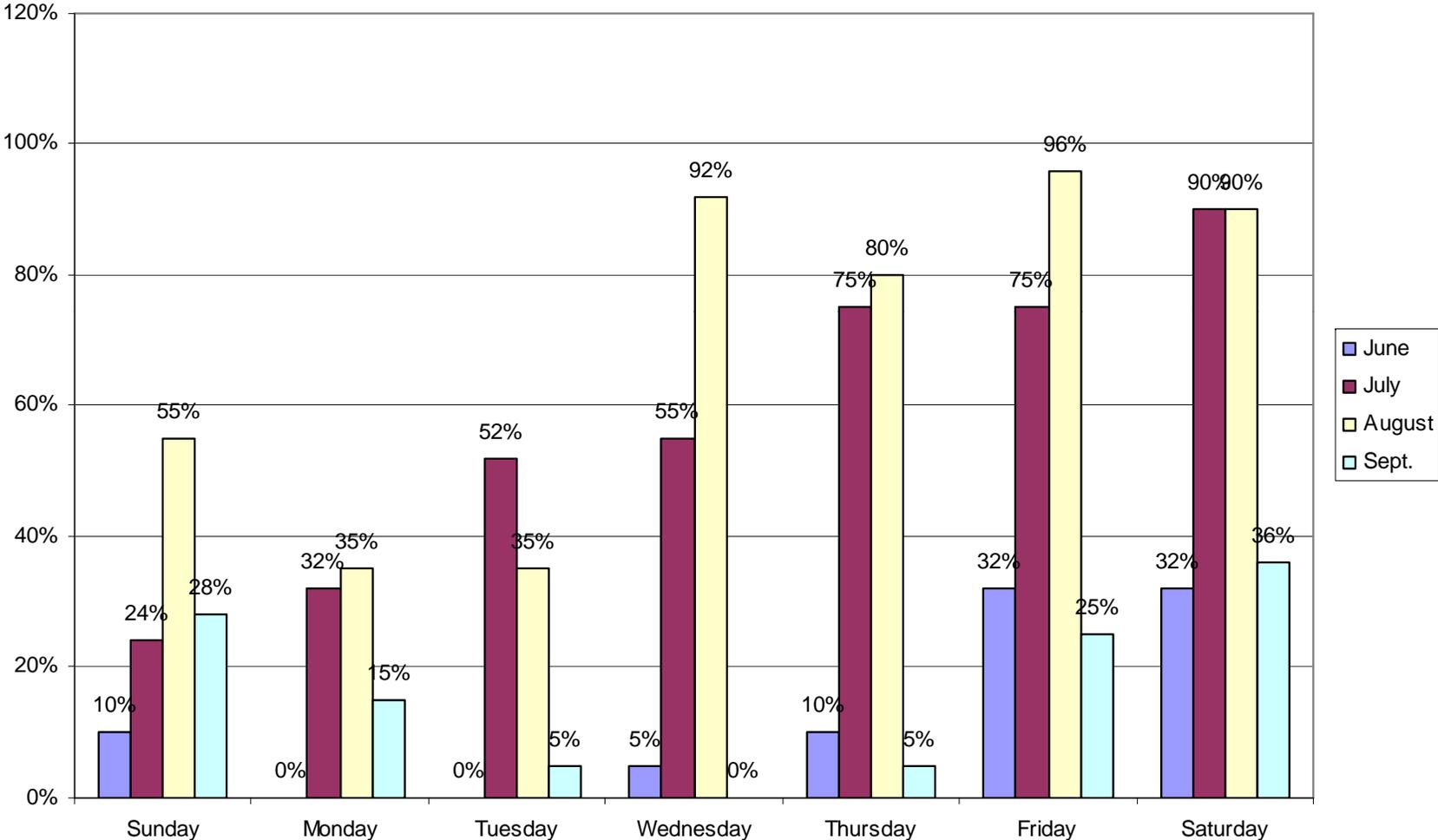
- Slip and bulkhead occupancy rates are lower on Sundays-Tuesdays of each week.
  - Slip daily occupancy rates are strongest in August.
  - Inner moorings have relatively stable occupancy rates every day of the week in July and August.
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### Transient Slips Percent Occupancy By Day of Week 2012



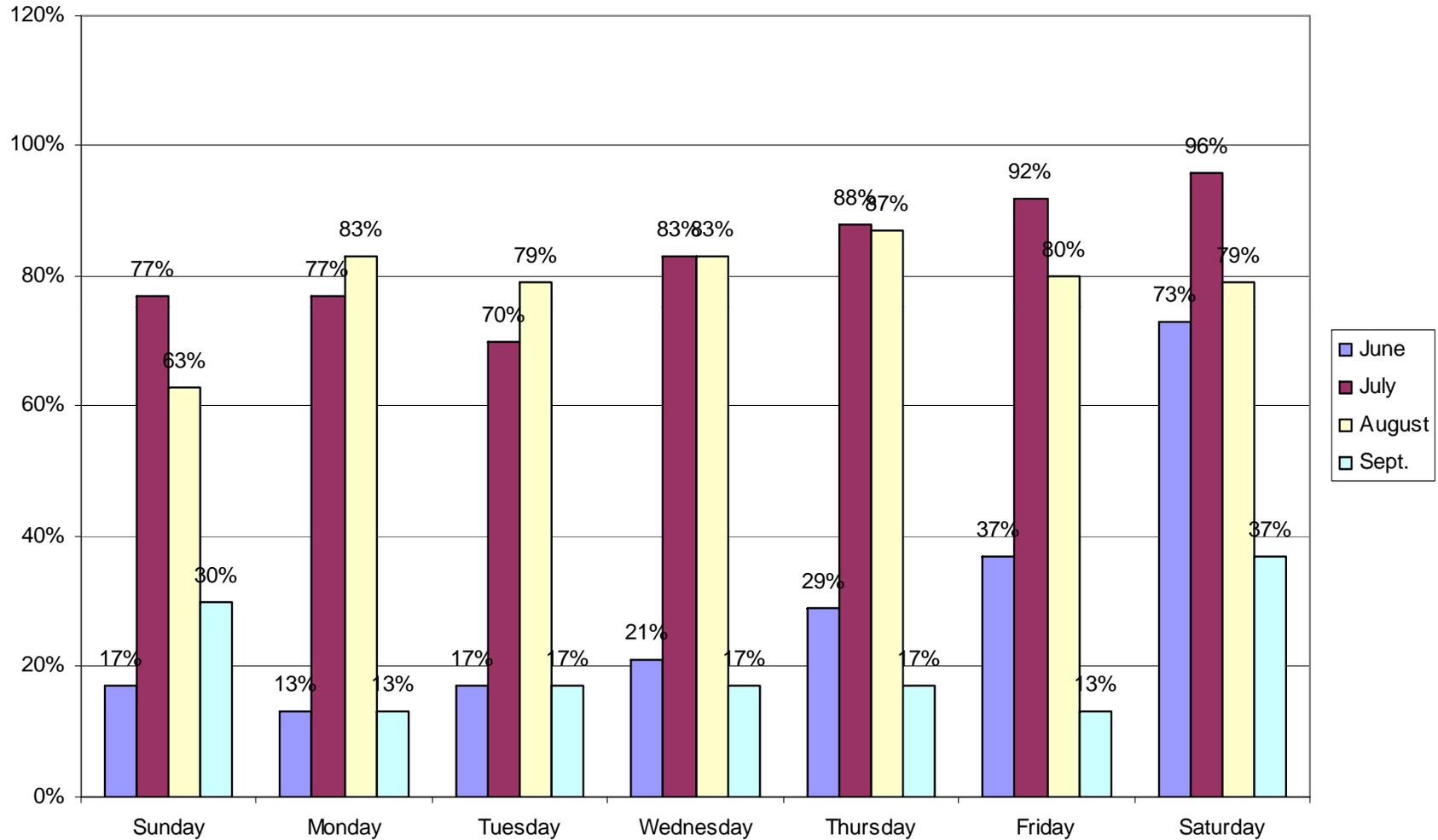
Source: Daily Receipts

### Transient Bulkhead Slip Percent Occupancy By Day of Week



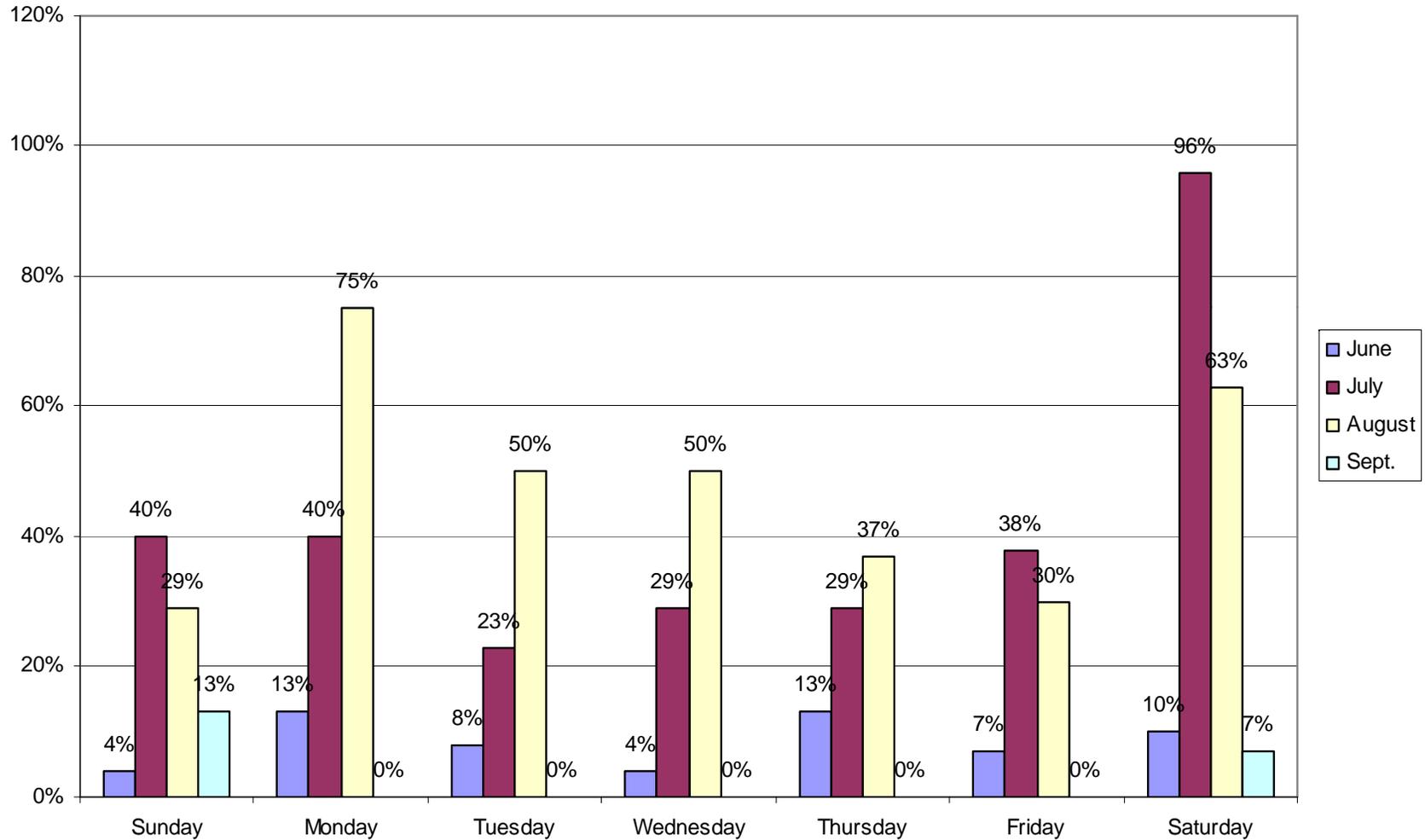
Source: Daily Receipts

### Inner Mooring Percent Occupancy By Day of Week



Source: Daily Receipts

### Outer Mooring Percent Occupancy By Day of Week



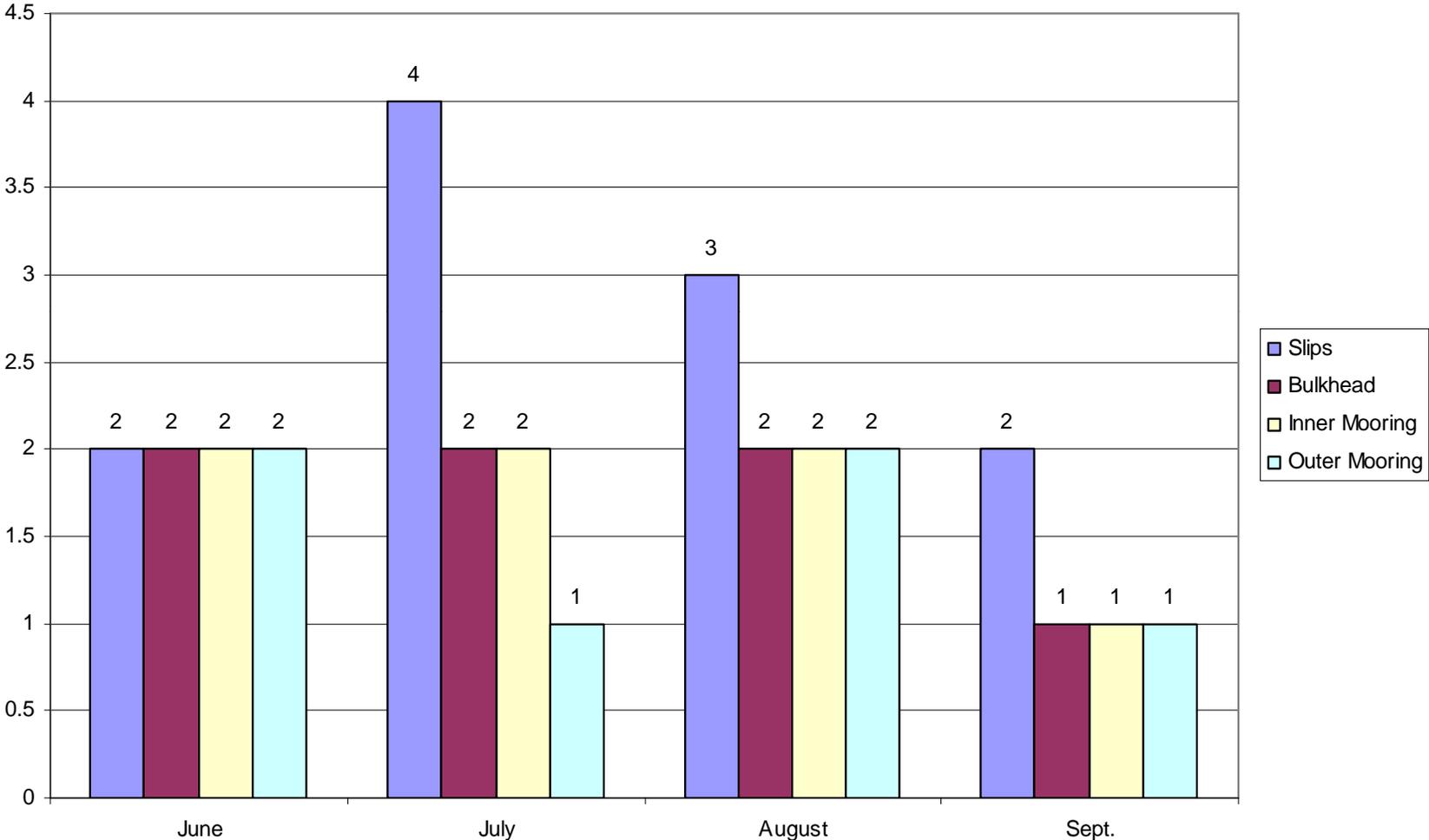
Source: Daily Receipts

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# Transient Boat Length of Stay

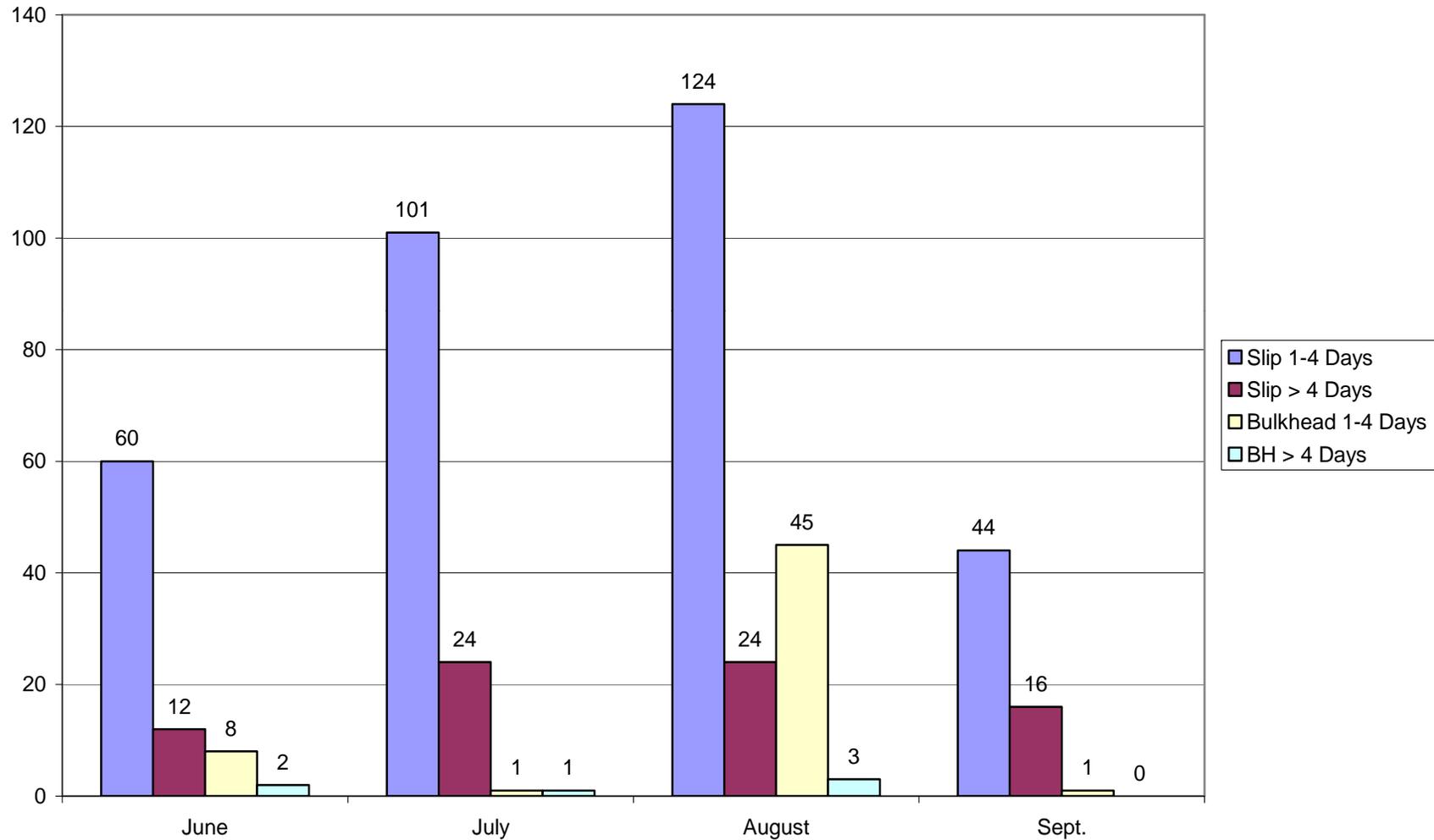
- Note: The July average length of stay in transient slips is higher than normal because it includes Releamar – arrived July 4 for 62 days.
  - Excluding Releamar, July's average transient slip stay is in line with August – 3 days.
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Average Transient Boat Length of Stay in # of Days



Source: Daily Receipts

### Transient Slip, Bulkhead # Boats Length of Stay <, > 4 Days



Source: Daily Receipts

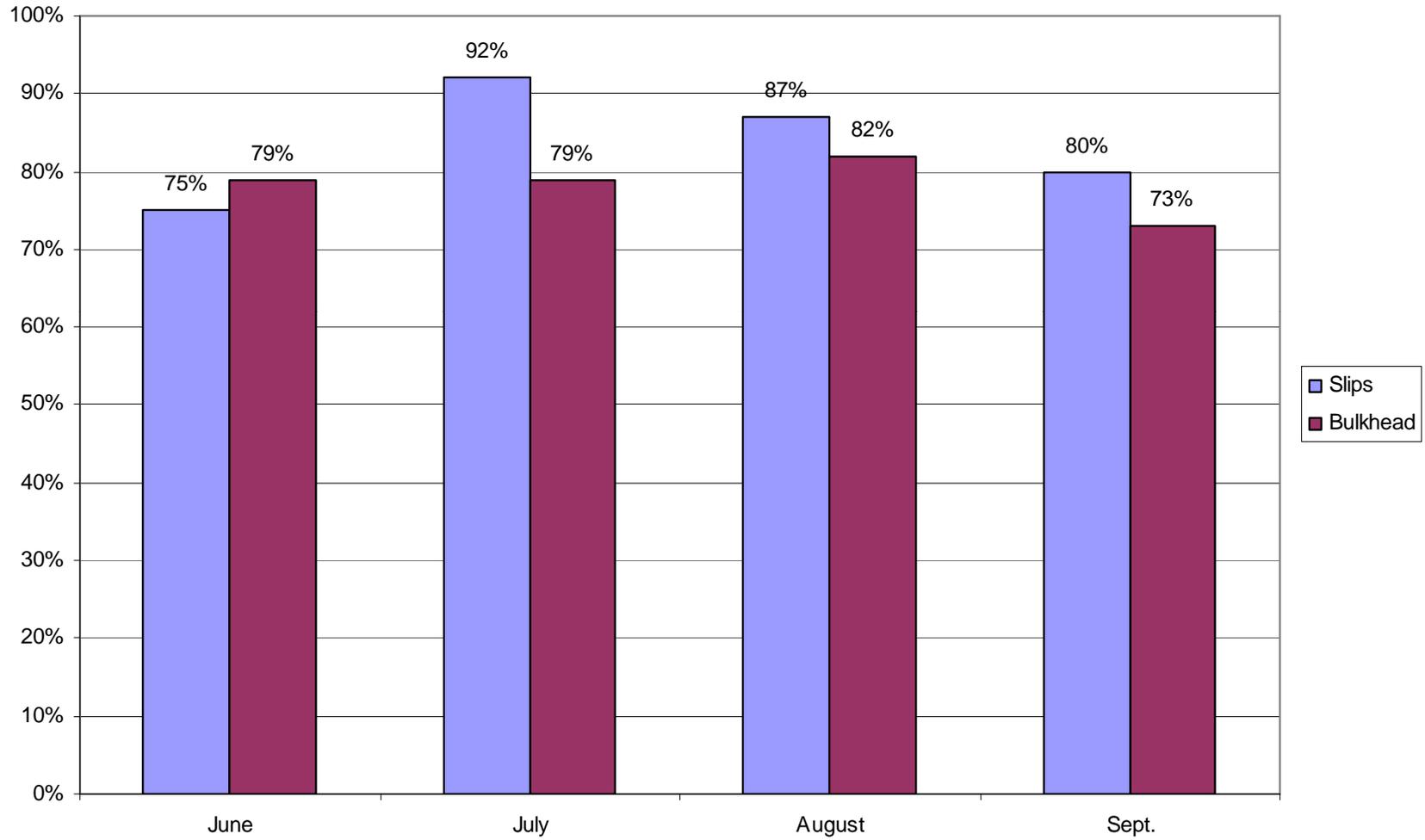
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# Transient Boat Power Usage

## 30 Amp; 50 Amp

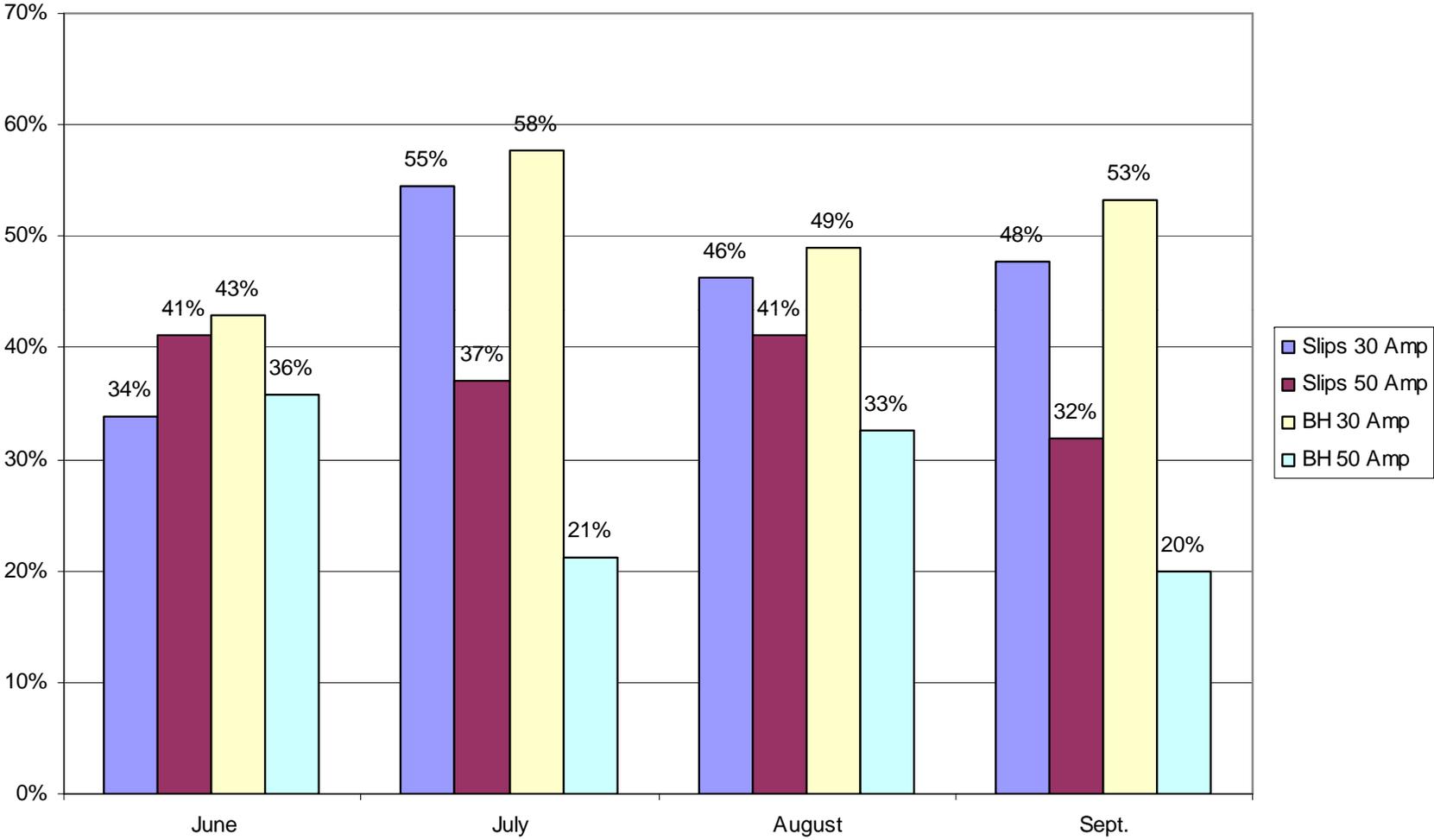
- 30 Amp rate: \$5/day.
  - 50 Amp rate: \$10/day.
  - Demand for power is the same all summer June – September.
  - 50 Amp service is used slightly more in slips vs. bulkhead slips.
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### Percent Transient Boats Using Power 2012



Source: Daily Receipts

**Percent Transient Boats Using Power By Month 2012**



Source: Daily Receipts

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# Competition

- The following are considered to be Menemsha's competition:
    - Cuttyhunk: The closest competitor for transient, stop-over visits. Offers slips with power and water service, individual moorings (rafting allowed but, rarely used), public restroom, no showers.
    - Oak Bluffs: Offers slips with power and water service. Moorings with mandatory rafting.
    - Owen Park (VH): slips, moorings, lunch and dinner rates.
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# Competition

- ❑ Vineyard Haven Marina (privately operated): Offers slips with power and water service, moorings, laundromat.
  - ❑ Edgartown: Mostly moorings (only 2 slips), rafting allowed at a reduced rate.
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# Competition

- Menemsha:

- Slips \$2.75/ft./Day
  - 30 Amp \$5/Day; 50 Amp \$10/Day
  - Inner moorings: \$30/Day, rafting mandatory.
  - Outer moorings: \$20/Day, rafting allowed but, rarely used.
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# Competition

## ■ Cuttyhunk:

- ❑ 50 slips, up to 100 feet, \$2.50/ft./Day
  - ❑ 30 Amp \$20/Day; 50 Amp \$30/Day
  - ❑ 50 Moorings, \$45/Day
  - ❑ Pilings, \$30 - \$35/Day
  - ❑ Temporary tie ups, \$25 for 1-4 hours
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# Competition

## ■ Oak Bluffs:

- 80 slips: 30 ft. minimum charge
    - 30-40 ft. \$3.25/ft. in season; \$2.75/ft. off season
    - 41-69 ft. \$4.00/ft. in season; \$3.50/ft. off season
    - 70-99 ft. \$5.00/ft. in season; \$4.50/ft. off season
    - 100+ ft. \$6.00/ft. in season; \$5.50/ft. off season
    - 30 Amp \$15/Day; 50 Amp \$20/Day
  
  - 45 Moorings: \$40/Day with mandatory rafting.
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# Competition

## ■ Owen Park (VH):

- 30 transient moorings: \$50/Day
  - Transient lunch, dinner tie up (10 am – 4 pm; after 4 pm)
    - Up to 25 ft. - \$5.00/hour
    - > 25 ft. - \$10/hour
    - After 4 pm: \$1/ft.
  - Seasonal resident, non-resident moorings - \$225/season—Lagoon, Tashmoo, VH Inner Harbor.
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# Competition

- Vineyard Haven Marina (privately operated)
    - Transient Moorings - \$45/Day
  
    - Transient Slips
      - < 50 ft. \$4.50/ft./Day incl. power
      - 50-59 ft. \$4.75/ft./Day incl. power
      - 60-69 ft. \$5.00/ft./Day incl. power
      - 70-89 ft. \$5.25/ft./Day incl. power
      - 90 + ft. \$5.50/ft./Day incl. power
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# Competition

## ■ Edgartown

### □ Transient moorings

- 50 for reservation; max. 60 ft.; 2 week stay/month in July & August; \$40/Day
  - 25 first come, first served; 2 day maximum \$40/Day
  - Rafting allowed - \$20/Day
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# Menemsha Basin Layout



# Menemsha Basin Pricing



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# Possible Revenue Opportunities

## ■ Seasonal Resident Slips

- ❑ 5 Channel resident slips - \$1,500/season
- ❑ 17 Inner Basin resident float slips - \$300/season  
(only +\$200/season vs. Quitsa Mooring)



- ❑ Increase 17 resident float slips to \$1,000/season
- ❑ Reduce 5 channel resident slips to \$1,000/season



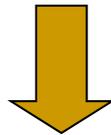
Net additional revenue: + \$6,900

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# Possible Revenue Opportunities

- 200 Quitsa Moorings
  - Current: \$100/season
  - Increase to \$125 - \$150/season



Additional revenue: + \$5,000 - \$10,000

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# Possible Revenue Opportunities

- Increase Transient Power Rates – new facilities will help justify the increase.
  - Current: 30 Amp \$5/Day; 50 Amp \$10/Day
  - Increase 30 Amp to \$20/Day; 50 Amp to \$30/Day (same as Cuttyhunk rates)



Additional revenue + \$7,500 (at 2012 usage rate)

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# Possible Revenue Opportunities

- Transient slips and bulkhead slips

- Allow advance reservations for arrivals before June 21 and after Labor Day.



- Cannot project increased revenue. Goal is to encourage more traffic in shoulder seasons. Need to create awareness for this among current user database.
  - May have minimal upside potential. Do not know if the transient boating traffic and demand is high enough in shoulder seasons.
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# Possible Revenue Opportunities

- Transient slips and bulkhead slips - new facilities will help justify the increase.
  - Increase rate to \$3.00/ft./Day.
  - Additional revenue + \$13,000 (at 2012 occupancy and boat sizes).



Risk: + 50 cents/ft./Day vs. Cuttyhunk – closest competitor.

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# Possible Revenue Opportunities

- Increase Inner Mooring daily rates from \$30/Day to \$40/Day (+33 % increase). This is still \$5 lower than Oak Bluffs.



- Increased revenue + \$2,200 at 2012 occupancy rates.
  - Risk: Mandatory rafting may not justify this increase.
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# Possible Revenue Opportunities

- Increase Outer Mooring rates from \$20/Day to \$30/Day.
  - Revenue increase is minimal at 2012 occupancy rates - + \$1,100.
  - If the Inner Mooring rate is increased to \$40/Day the Outer Mooring rate should also be increased – to reduce the price advantage versus Inner Moorings and possible cannibalization.
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## Considered but, Rejected Possible Revenue Opportunities

- Lower transient slip rate for the # days stayed over 4 days. Attempt to get more business out of the current business.
    - Rejected because it will most likely cannibalize more existing business of stays  $> 4$  days than motivate longer visits among those staying  $< 4$  days.
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## Considered but, Rejected Possible Revenue Opportunities

- Change all seasonal resident slip fees from a cost per season rate to a cost/ft./day rate.
    - The projected cost for a 35 ft. boat currently paying \$3,000/season would increase +50 % to \$4,500/season of 65 days if charged, for example, \$2.00/ft./day.
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## Considered but, Rejected Possible Revenue Opportunities

- Charge seasonal resident slip holders for power usage with a daily or weekly rate.
    - This was rejected because we do not know how many of these boaters use power.
    - Also, it would not be fair to charge for power when a resident may be out for an extended cruise.
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## Considered but, Rejected Possible Revenue Opportunities

- Convert all 14 transient slips to seasonal resident slips.
    - This was rejected because in 2012 the transient slips generated \$125,000 in revenue (excluding bulkhead slips).
    - To break even, each resident slip would have to pay over \$8,900/season/slip.
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# Considered but, Rejected Possible Revenue Opportunities

- Change to rent structure for the Menemsha Basin business owners to a standard commercial lease method - percent of monthly gross revenue with a minimum and maximum cap per month.
    - The Steamship Authority charges its on-board food and beverage vendors in a similar fashion.
    - A change such as this would require much more analysis and consideration.
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## Summary – Possible Revenue Opportunities

- Change seasonal resident slip rates - +\$6,900.
  - Increase Quitsa mooring fees - +\$5,000-\$10,000.
  - Increase transient power rates - +\$7,500.
  - Increase Inner Mooring rates - + \$2,200.
  - Increase transient slip rates to \$3.00/ft. - +\$13,000.
  - Increase Outer Mooring rates - + \$1,100
  
  - If all executed as projected = +\$35,000-\$40,000.
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# Staffing Opportunities

- Menemsha Basin is open to transient boaters 91 hours per week – 7 days @ 13 hours/day.
  - The Harbormaster cannot be expected to be present and oversee operations during all business hours.
  - It would be prudent to hire a year-round, # 2 Harbormaster – Assistant Harbormaster. This would guarantee 100% summer season coverage @ 45 hours each for the Harbormaster and # the 2 person.
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# Staffing Opportunities

- To attract the right person, this new position would need to qualify for year-round benefits and provide sufficient year-round income to make it appealing.
    - Off season hours (6 months): November 1 – April 30: 20 - 25 hours/week.
    - Shoulder seasons (12 weeks): May 1 – June 15; October 1 – November 15: 30 hours/week.
    - Summer season (14 weeks) June 16 – September 30: 45 hours/week.
    - Total 1,590 hours @ est. Grade 8 or 9 \$28.00/hour = \$43,000 - 45,000/year + benefits.
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# Staffing Opportunities

- Possible source of funds for this position:
    - Evaluate current seasonal summer staffing to see if economies can be obtained with increased management supervision for the 91 hours each week.
    - Some of the suggested revenue opportunities may help fund the position if they are executed as outlined -- or amended -- and achieve the projected increases.
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# Staffing Opportunities

- Projected Total Staff Budget FY 2014

|                       | <u>FY 2013</u> | <u>Proj. FY 2014</u> |
|-----------------------|----------------|----------------------|
| Harbormaster          | \$65,600       | \$67,200             |
| Ass't Harbormaster    | 7,500          | 45,000               |
| Ass't. Wharfinger (2) | 20,480         | 17,000               |
| Admin. Assist.        | <u>7,800</u>   | <u>8,300</u>         |
| Total                 | \$101,380      | \$137,500 +\$36,120  |

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