

**APPRAISAL REPORT**

**FAIR MARKET RENT  
OFFSHORE MOORINGS  
NEWPORT BEACH, CALIFORNIA**

**DATE OF VALUE  
DECEMBER 26, 2023**

**PREPARED FOR**

**LAUREN WOODING WHITLINGER  
REAL PROPERTY ADMINISTRATOR  
COMMUNITY DEVELOPMENT DEPARTMENT  
CITY OF NEWPORT BEACH  
100 CIVIC CENTER DRIVE  
NEWPORT BEACH, CALIFORNIA 92660**

**PREPARED BY**

**NETZER & ASSOCIATES  
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COSTA MESA, CALIFORNIA 92627  
FILE NO. 2023-025**

# NETZER & ASSOCIATES

Real Estate Appraisal & Consulting

December 26, 2023  
File No. 2023-025

Lauren Wooding Whitlinger  
Real Property Administrator  
Community Development Department  
City of Newport Beach  
100 Civic Center Drive  
Newport Beach, CA 92660

Re: RFP 21-53 Onshore Mooring Appraisal  
Fair Market Rent - Offshore Moorings  
City Administered/Managed Tidelands  
Newport Beach, California

Dear Ms. Wooding Whitlinger:

In accordance with your request and authorization, I have undertaken the investigations and analyses necessary to estimate the Fair Market Rent, in the above referenced real property, which is the subject of this report. James B. Netzer conducted inspections of a representative sampling the subject properties in November and December 2023.

Based upon the work undertaken and my experience as a real estate analyst and appraiser, I have formed the opinion, as of the 26<sup>th</sup> day of December 2023, subject to the Assumptions and Limiting Conditions contained in this report, that the subject has the following market value:

## Monthly Fair Market Rent - as of December 26, 2023

Mooring Length (Linear Feet)	Monthly Fair Market Rent
25'	\$10.50/Linear Foot
30'	\$12.30/Linear Foot
35'	\$13.50/Linear Foot
40'	\$16.00/Linear Foot
45'	\$17.25/Linear Foot
50'	\$18.75/Linear Foot
55'	\$18.75/Linear Foot
60'	\$21.00/Linear Foot
65'	\$21.00/Linear Foot
70'	\$23.25/Linear Foot
75'	\$23.25/Linear Foot
80'	\$23.25/Linear Foot
90'	\$23.25/Linear Foot
95'	\$23.25/Linear Foot

Lauren Wooding Whitlinger  
December 26, 2023  
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The outbreak of COVID-19, commonly referred to as the coronavirus, has caused significant disruption of the financial markets, both in the United States and worldwide. Because of the rapidly changing environment, market participants (buyers, sellers, brokers, lenders, appraisers, tenants) in the real estate market have yet to formulate their opinions on the impact the virus and related stay-at-home orders, business closures and social distancing recommendations, in making their real estate investment decisions. I have relied on the economic trends and comparable sale transactions, which occurred before and during the global pandemic, in this analysis. In the short-term it is very possible that there may be a significant slowdown in real estate transaction activity, which may impact pricing, return requirements and investment expectations. In addition, it may have an impact on operating expenses and occupancy levels. Only time will reveal how this pandemic will affect property value and the long-term impact on pricing cannot be predicated at this time and will depend on the length and severity of the global pandemic. I reserve the right to make such adjustments to the analysis, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

This letter of transmittal must remain attached to this appraisal report, which contains 50 pages plus related exhibits, in order for the value opinions set forth to be considered valid.

I invite your attention to the following appraisal report which has been prepared in accordance with RFP 21-035, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and is in compliance with the USPAP standards, and sets forth the data and analysis which my opinions are, in part, predicated. Thank you for the opportunity of serving you in this matter.

Respectfully submitted,

  
James B. Netzer, MAI  
California General Appraiser No. AG003143

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## CERTIFICATION

To the best of my knowledge and belief, I certify that:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and have no personal interest or bias with respect to the parties involved.

I performed an appraisal of the “onshore” moorings in December 2021 and an appraisal of the “City owned offshore moorings” in 2023. I have provided no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

I have no bias with respect to the property that is the subject of this report or to the parties involved in the assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

I have made a personal inspection of a representative sampling of the properties that are the subject of this report.

No one provided significant professional assistance to the person signing this report.

In accordance with the USPAP Competency Provision, I certify that I have the knowledge and experience to complete this assignment and have appraised this property type before.

Disclosure of the contents of this appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute. In furtherance of the aims of the Institute to develop higher standards of professional performance by its Members, the appraisers may be required to submit authorized committees of said Institute copies of this report and any subsequent changes or modifications thereof.

The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAI's who meet the minimum standards of this program are awarded periodic educational certification. As of the date of this report, I have completed the requirements under the continuing education program of the Appraisal Institute.

I have personally conducted an inspection of a representative sampling of the "offshore" moorings located throughout Newport Harbor, which are the subject of this report. Based upon my investigation and analysis, I have formed the opinion that the Monthly Fair Market Rent for the "offshore" moorings located on the tidelands managed by the City of Newport Beach, as of December 26, 2023, are set forth as follows:

<b>Mooring Length (Linear Feet)</b>	<b>Monthly Fair Market Rent</b>
25'	\$10.50/Linear Foot
30'	\$12.30/Linear Foot
35'	\$13.50/Linear Foot
40'	\$16.00/Linear Foot
45'	\$17.25/Linear Foot
50'	\$18.75/Linear Foot
55'	\$18.75/Linear Foot
60'	\$21.00/Linear Foot
65'	\$21.00/Linear Foot
70'	\$23.25/Linear Foot
75'	\$23.25/Linear Foot
80'	\$23.25/Linear Foot
90'	\$23.25/Linear Foot
95'	\$23.25/Linear Foot

Respectfully submitted,



James B. Netzer, MAI  
California General Appraiser No. AG003143

## INTRODUCTION

### Purpose of Report

The purpose of this report is to set forth the data, analyses, and conclusions relative to my opinion of the current Fair Market Rent for the “offshore” moorings located upon City managed tidelands throughout Newport Harbor.

### Function & Intended Use of Report

The function of this report is to estimate the current Fair Market Rent for the “offshore” moorings located upon City managed tidelands throughout Newport Harbor for the City’s internal purposes. The appraisal is made at the request of the City of Newport Beach, who is the Client and Intended User of this report.

### Date of Value

The date of value presented in this report is December 8, 2023. Given the number of offshore moorings involved in this report not every mooring was inspected individually and inspections of a representative sampling of the offshore moorings and the surrounding environs were completed during October and November 2023.

### Scope of Investigation

This report conveys the results of my investigations and analyses concerning the subject property. The report includes a summary of the information utilized and the methodology used in determining an estimate of value.

### Interest Appraised

The interest appraised and considered in this appraisal is the Fee Simple Estate, under the assumption that the subject moorings can be “leased” or “rented” in compliance with Harbor Code Chapter 17.60.040 to individual permit holders (lessee). The term “Fee Simple Estate”<sup>1</sup> is defined as follows:

*Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.*

### Market Value Defined

The term “Market Value”<sup>2</sup>, as used in this report, is defined as follows:

*The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting*

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<sup>1</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, Sixth Edition, (Chicago, 2015), p. 90.

<sup>2</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, Sixth Edition, (Chicago, 2015), p. 142.

*prudently and knowledgeably, and assuming the price is not affected by undue stimulus.*

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well-informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure on the open market;
4. Payment is made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by any one associated with the sale.

#### Market Rent Defined

The term “Market Rent”<sup>3</sup>, as used in this report, is defined as follows:

*The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of the specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).*

#### Bulkhead Line Defined

The term “Bulkhead Line”<sup>4</sup>, shall mean the harbor/land water perimeter lines established in Newport Harbor by the Federal Government which define the permitted limit of filling or solid structures that may be constructed in Newport Harbor. The establishment of the bulkhead lines does not necessarily allow the property owner to build to the limits of the bulkhead line due to potential environmental considerations established by the State of California and/or the Federal government.

#### Mooring Defined

The term “Mooring”<sup>5</sup> shall mean a device consisting or a floating buoy or other object that is secured to the harbor bottom by an anchor system for purposes of securing a vessel and includes any apparatus used to secure a vessel in Newport Harbor which is not carried aboard such vessel as regular equipment when under way.

<sup>3</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, Sixth Edition, (Chicago, 2015), p. 140.

<sup>4</sup> City of Newport Beach, Harbor Code, Chapter 17.01.030.B.9.

<sup>5</sup> City of Newport Beach, Harbor Code, Chapter 17.01.030.J.7.



Mooring Area Defined

The term “Mooring Area”<sup>6</sup> shall mean an area designated for a group of moorings.

Offshore Mooring Defined

The term “Offshore Mooring”<sup>7</sup> shall mean a mooring that is located bayward of the pierhead line and is comprised of a single or double buoy, weight and chain installed for the purpose of berthing a vessel, as provided in Chapter 17.25.

Onshore Mooring Defined

The term “Onshore Mooring”<sup>8</sup> or “shore mooring” shall mean a mooring for vessels which is located in the nearshore perimeter of the harbor and its islands, perpendicular to the shoreline, where one end of the mooring line is attached to a point on or adjacent to the bulkhead, and the other end is attached to a single buoy, weight and chain installed for the purpose of berthing a vessel, as provided in Chapter 17.25.

Permittee(s) Defined

The term “Permittee(s)”<sup>9</sup> shall be a person or entity who holds a validly issued permit under any provision of this title.

Pierhead Line Defined

The term “Pierhead Line”<sup>10</sup>, shall mean the harbor water area perimeter lines established in Newport Harbor by the Federal government or the City, in cooperation with private associations, that define the permitted limit of fixed pier, floating dock and other in-water structures which may be constructed in the harbor. The pierhead line typically shall define the limit of pier and floating dock structures and defines the limit of construction except as otherwise approved by the Harbor Commission.

Project Line Defined

The term “Project Line”<sup>11</sup>, shall mean the harbor water area channel lines of the improvements and by the Federal Government in 1935 through 1936.

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<sup>6</sup> City of Newport Beach, Harbor Code, Chapter 17.01.030.J.8.

<sup>7</sup> City of Newport Beach, Harbor Code, Chapter 17.01.030.L.1.

<sup>8</sup> City of Newport Beach, Harbor Code, Chapter 17.01.030.L.2.

<sup>9</sup> City of Newport Beach, Harbor Code, Chapter 17.01.030.M.3.

<sup>10</sup> City of Newport Beach, Harbor Code, Chapter 17.01-030.M.6.

<sup>11</sup> City of Newport Beach, Harbor Code, Chapter 17.01-030.M.8.

Tidelands Defined

The term “Tidelands”<sup>12</sup> or “Public Tidelands” shall mean all lands that were granted to the City by the State of California, including, but not limited to, submerged lands and/or lands that are located between the lines of mean high tide and mean low tide.

Uplands Defined

The term “Upland”<sup>13</sup> shall mean land with a shared property line with and immediately adjacent to Newport Harbor.

Probability of Change

The opinion of value is based upon my knowledge of conditions as of the date of this report. Constantly changing economic, social, political and physical conditions have varying effects upon real property values. Even after the passage of a relatively short period of time, property values may change substantially and require a review based on differing market conditions. **This is especially relevant due to the current issues surrounding the market’s reaction to the COVID-19 virus, and the impact on the market value as of the date of this appraisal cannot be measured.**

Legal Descriptions

I have not been provided with the legal description of the property; however, this does not impact the analysis or conclusions presented.

Owner of Record and Property History

It is assumed that title to all of the tidelands and submerged tideland properties being appraised is vested in the City of Newport Beach or the State of California and administered and managed by the City of Newport Beach. Unless specifically addressed in this report, none of the properties have transferred or been encumbered with long term leases in the recent past.

Assumptions and Limiting Conditions

The analyses and opinions in this report are subject to the following assumptions and limiting conditions:

**Specific**

The analysis presented is completed on a “global” basis to establish a “benchmark” Fair Market Rent for the “offshore” moorings and applies to all of the offshore moorings located upon the tideland properties that are under the jurisdiction of the City of Newport Beach. The use set forth in the report are assumed to be the Highest and Best Use of the tidelands. I reserve the right to make such adjustments to the analysis, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

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<sup>12</sup> City of Newport Beach, Harbor Code, Chapter 17.01.030.P.1.

<sup>13</sup> City of Newport Beach, Harbor Code, Chapter 17.01.030.Q.1.

### General

No investigation of title to the property has been made, and the premises are assumed to be free and clear of all encumbrances, leases, use restrictions, easements, cases or actions pending, except as specifically discussed in this report. Title is assumed to be good and marketable, and that the property is under responsible ownership, competent management and available for its highest and best use.

No survey, legal, or engineering analysis of this property has been made by the appraiser. I assume no responsibility for any condition not readily observable from the customary inspection of the premises, and that there are no hidden or unapparent conditions of the property, subsoils or structures that render it more or less valuable, except as noted herein.

The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocation for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

The maps, plats, photographs, and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the appraisal. They should not be considered as surveys nor relied upon for any other purpose, nor should they be removed from, reproduced, or used apart from this report.

I assume no responsibility for economic or physical factors, which may affect the opinions herein, stated which might occur at some date after the date of value. I reserve the right to make such adjustments to the analysis, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

Information contained in this appraisal has been gathered from sources, which are believed to be reliable, and where feasible, has been verified. No responsibility is assumed for the accuracy of information supplied by others.

No opinion is expressed as to the value of sub-surface oil, gas, or mineral rights, or whether the property is subject to surface entry for the exploration or removal of such materials except as expressly stated.

The property is appraised assuming to be in full compliance with all applicable federal, state, and local environmental regulations and laws, unless otherwise stated.

The property is appraised assuming that all applicable zoning and use regulations and restrictions have been complied with, unless otherwise stated.

The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based, unless otherwise stated.

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of the ADA in estimating the value of the property has not been considered.

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no material on or in the property that would cause a loss in value. No responsibility is assumed for any such condition, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. If the client is aware or becomes aware of any conditions, the appraiser should be consulted immediately to assess the impact, if any, upon the market value.

The appraiser reserves the right to make such adjustments to the valuation herein reported, as may be required by consideration of additional data or more reliable data that may become available.

No opinion is intended to be expressed, or implied, for matters, which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers.

I shall not be required, by reason of this appraisal, to give testimony or to be in attendance in court or any governmental or other hearing with reference to the property without prior arrangements having first been made with me relative to such additional employment.

Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser. I do not authorize out of context quoting, or partial reprinting of the report. In the event the report is placed in the hands of a third party, it is requested that such party be made cognizant of any and all limiting conditions resulting in the basis of my employment and the discussions thereto, as well as those set forth herein.

The submission of this report constitutes the completion of the service authorized. It is submitted upon the condition that the client will provide the appraiser customary compensation relative to any subsequent required deposition, conferences, additional preparation or testimony.

The appraiser respectfully requests that neither all nor part of the contents of this report shall be disseminated to the public through advertisement, public relations, news, sales, or other media, without written consent and approval of the author, particularly the valuation conclusions, the identity of the appraiser, or any reference to the Appraisal Institute or the MAI designation.

In the event the appraiser is subpoenaed for a deposition, judicial or administrative proceeding, and is ordered to produce his appraisal report and file, the appraiser will immediately notify the employer.

It shall be the responsibility of the employer to obtain a protective order.

The liability of Netzer & Associates and the appraiser responsible for this report is limited to the client only and to the fee actually received by the appraiser. Further, there is no accountability, obligation or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiencies of any type present to the property -- physical, financial, and/or legal.

It is agreed that the appraiser is not a necessary party in any inquiry or judicial proceedings. If called upon to testify in any litigation or other proceeding arising out the duties in this matter, and

is compelled to incur court costs, attorney's fees or other out-of-pocket expenses in connection with court proceedings, such costs or expenses, together with the appraisers' usual hourly per diem applicable for study, preparation, testimony or travel will be paid by the party (or parties) who acts to bring any suit requiring a judicial proceeding.

Any dispute or claim made with respect to this report shall be submitted to and resolved in accordance with the rules of the American Arbitration Association for arbitration, and the decision of the Association shall be binding. All appraisal services, pursuant to this report, shall be deemed to be contracted for and rendered in Orange County, California, and any arbitration or judicial proceedings shall take place in Orange County, California.

The signatory of this appraisal report is a member of the Appraisal Institute. The Bylaws and Regulations of the Institute require each member to control the use and distribution of each appraisal report signed by such member. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared may not distribute copies of this appraisal report, in its entirety, without the written consent of the signatory of this report. The report and parts thereof and any additional material submitted, may not be used in any prospectus or printed material used in conjunction with the sale of securities or participation interests in any Public Offering as defined under US Security laws. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media, or other media for public communication without the prior written consent of the signatory of this appraisal report.

#### **AREA DESCRIPTION**

Newport Harbor is the focal point of the incorporated city of Newport Beach, which is located in coastal Orange County approximately 10 miles southwest of the Santa Ana Civic Center. The coastal city was incorporated on September 1, 1906. The U.S. Census Bureau reports an estimated population of 85,239 persons as of April 2020, an increase from 85,186 persons as of the 2010 Census. According to the City Chamber of Commerce, the influx of the tourist population during the summer months increases the population to over 100,000 persons.

Newport Beach is located 85 miles north of San Diego, 14 miles south of Long Beach and 50 miles from downtown Los Angeles. The City's elevation ranges from sea level to 691 feet. With the annexation of Newport Coast, the City is comprised of approximately 25 square miles of land area, approximately 25.5 square miles bay, harbor and ocean waters for a total area of approximately 50.5 square miles. The city has 6.1 miles of ocean frontage and 25.4 miles of harbor frontage. Newport Harbor is one of the largest pleasure craft harbors on the West Coast and is home to approximately 9,900 boats, 1,230 piers, 2,330 commercial slips and side ties and 1,160 moorings. Newport Harbor is formed by the Balboa Peninsula on south and the mainland on the north and extends inland to Jamboree Road and the north end of the Upper Newport Bay (Back Bay). The primary focus of this assignment is the Lower Newport Bay, which is generally defined as the water area south of the Coast Highway Bridge near the intersection of Coast Highway and Dover Drive. Traditionally, most of the boating activity within the harbor is concentrated in the Lower

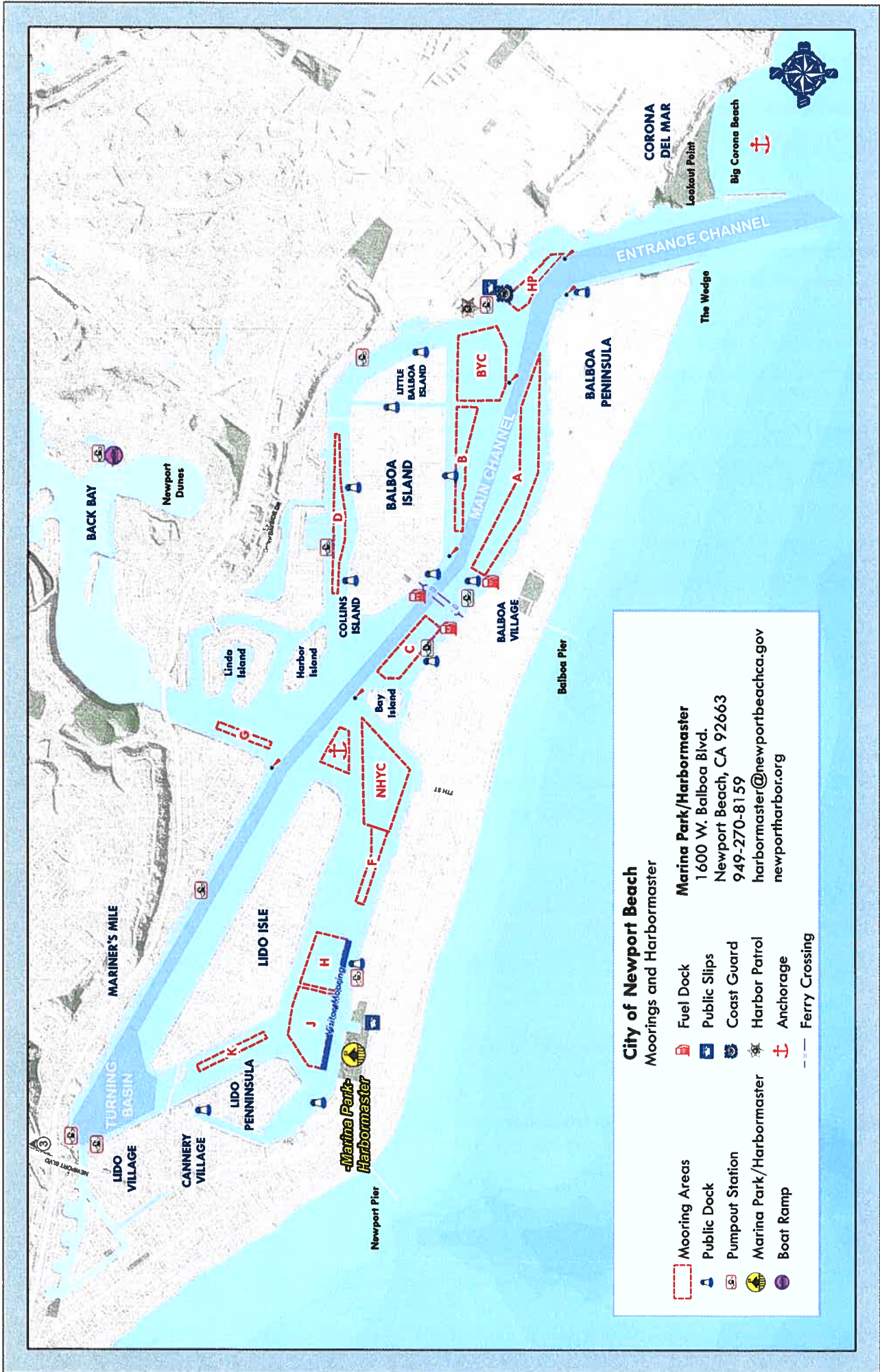
Bay as most of the Back Bay is an ecological preserve with limited boating facilities (Newport Dunes, Newport Aquatic Center, U.C.I. Rowing base, Bayside Village and Dover Shores). The Balboa Peninsula consists of all the contiguous land east of 45<sup>th</sup> Street extending to Peninsula Point and the jetty at the mouth of Newport Harbor. The south side of the Peninsula consists of sandy beaches on the Pacific Ocean while the north side of the Peninsula forms the southern perimeter of Newport Harbor.

### MOORING DESCRIPTION

Within Newport Harbor there are “onshore” and “offshore” moorings occupying the tidelands that are managed by the City of Newport Beach. There are approximately 1,159 on-shore and off-shore moorings in Newport Harbor. The offshore moorings are located at ten locations throughout the harbor with two additional locations located proximate to Newport Harbor Yacht Club and Balboa Yacht Club. These two locations are largely for the exclusive use of the yacht club membership. The onshore moorings are located surrounding Balboa Island, along various sections on the bay side of the peninsula from Peninsula Point to 20<sup>th</sup> Street, surrounding Newport Island and on sections of Lido Isle. A map showing the location of the moorings is included on the next page. The following table is a summary of the mooring areas based on information provided by the Harbor Department.

Mooring Area	Mooring Type	Area (Sq.Ft.)	No. of Moorings	Location
A	Offshore	964,786	133	N/S of Peninsula between A Street & L Street
B	Offshore	367,221	61	S/O Balboa Island between Collins & Grand Canal
BYC	Offshore	852,008	79	W/O Balboa Yacht Club – members & +17 private
C	Offshore	385,811	54	N/S of Peninsula between Medina Way & Adams Street
D	Offshore	319,247	56	N/S of Balboa Island between Emerald & Onyx
E	Onshore	--	32	E/S of Little Balboa Island
F	Offshore	N.Av.	22	N/S of Peninsula between 9 <sup>th</sup> Street & 12 <sup>th</sup> Street
G	Offshore	102,130	18	E/O Bayshores Community
H	Offshore	458,738	91	N/S of Peninsula between 13 <sup>th</sup> Street & 15 <sup>th</sup> Street
J	Offshore	672,686	122	N/S of Peninsula between 15 <sup>th</sup> Street & 18 <sup>th</sup> Street
K	Offshore	138,265	22	S/O Lido Isle between Via Genoa & Via Barcelona
L	Onshore	--	46	Lido Isle Community Association onshore moorings
LN	Onshore	--	15	N/S of Lido Isle
LS	Onshore	--	7	S/S of Lido Isle
N	Onshore	--	136	N/S of Balboa Island
NHVC	Offshore	N.Av.	73	N/O Newport Harbor Yacht Club – members only
S	Onshore	--	155	S/S of Balboa Island
W	Onshore	--	37	Newport Island/Marcus Ave./River Ave./Finley Avenue
	<b>Offshore - Subtotal</b>		<b>731</b>	
	<b>Onshore - Subtotal</b>		<b>428</b>	
	<b>Total Moorings:</b>		<b>1,159</b>	

This report addresses the Fair Market Rent for the offshore moorings.



**City of Newport Beach**  
**Moorings and Harbormaster**

Mooring Areas	Fuel Dock	Marina Park/Harbormaster 1600 W. Balboa Blvd. Newport Beach, CA 92663 949-270-8159 harbormaster@newportbeachca.gov newportharbor.org
Public Dock	Public Slips	
Pumpout Station	Coast Guard	
Marina Park/Harbormaster	Harbor Patrol	
Boat Ramp	Anchorage	
	Ferry Crossing	

**MOORING TRANSFERS**

Under Municipal Code Section 17.60.040 Mooring Permits are nontransferable, with the exception of mooring permits that were issued prior to the effective date of Ordinance No. 2023-8 (July 13, 2023), which shall continue to be transferable unless surrendered or revoked. A mooring permit that is transferable may only be transferred one time in any twelve (12) month period, unless transferred to a member of the permittee’s immediate family. Permits shall not be transferred without the prior written approval of the Harbormaster and there is a specific City procedure to complete the transfer of a Mooring Permit.

The City began publishing the Mooring Permit transfers in July 2017. The following table is a summary of the offshore mooring permit transfers between July 2017 and October 2023, based on the year they transferred. The table does not include transfers between family members or other transfers that did not include a transfer value.

Year	Total Transfers	Mooring Length (LF)		Transfer Value \$/LF	
		Average	Median	Average	Median
7/2017-12/2017	25	45.20	45	\$835	\$800
2018	31	48.23	45	\$852	\$800
2019	27	47.22	45	\$827	\$875
2020	45	44.00	45	\$807	\$844
2021	57	46.93	45	\$822	\$909
2022	38	45.66	45	\$872	\$1,000
Thru 10/2023	32	46.41	45	\$986	\$986

The following table is a summary of the offshore mooring permit transfers between July 2017 and October 2023, based on the mooring field. If a field is not included, then no transfers were reported to the City.

Mooring Field	Total Transfers	Mooring Length (LF)		Transfer Value \$/LF	
		Average	Median	Average	Median
A	78	49.29	50	\$846	\$882
B	19	44.21	45	\$917	\$940
C	11	51.36	50	\$796	\$800
D	23	41.09	40	\$966	\$1,000
F	9	53.89	50	\$976	\$1,000
H	35	44.43	42.50	\$849	\$869
J	66	44.09	42.50	\$807	\$862
K	11	46.82	45	\$1,025	\$961
BYC	8	50.00	47.50	\$1,185	\$1,111

The table on the following page is a summary of the offshore mooring permit transfers between July 2017 and October 2023, based on the length of the mooring, in linear feet.



Mooring Length	Total Transfers	Mooring Transfer Value		Transfer Value \$/LF	
		Average	Median	Average	Median
30 LF	10	\$28,367	\$28,250	\$946	\$942
35 LF	22	\$31,250	\$34,500	\$893	\$986
40 LF	64	\$31,741	\$34,000	\$794	\$850
45 LF	51	\$37,856	\$40,000	\$835	\$889
50 LF	59	\$44,273	\$45,000	\$885	\$900
55 LF	18	\$47,332	\$50,000	\$861	\$909
60 LF	12	\$53,583	\$54,500	\$893	\$907
65 LF	8	\$70,625	\$67,500	\$1,087	\$1,038
70 LF	3	\$71,667	\$75,000	\$1,024	\$1,071
80 LF	1	\$150,000	\$150,000	\$1,875	\$1,875

The above tables reflect the transfer of a Mooring Permit, which generally includes the mooring tackle. Mooring Permits are revokable by the City and the permittee has the right to the use and occupancy of the tidelands that delineate the mooring; however, they do not transfer an ownership interest in the underlying tidelands and are the equivalent of a “use permit.” The tables are included to illustrate the market has been relatively efficient and stable throughout the harbor and among the various mooring fields and mooring lengths. The statistics suggest that the use of a “benchmark” monthly fair market rent throughout the harbor is a reasonable procedure for allocating the monthly fair market rent per linear foot, and delineation of the monthly fair market rent based on the the mooring field is not warranted.

#### HIGHEST AND BEST USE

Highest and Best Use" is an appraisal concept which is defined in The Dictionary of Real Estate Appraisal, Sixth Edition, as follows:

*The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria that must be met are legal permissibility, physical possibility, financial feasibility, and maximum profitability.*

Inherent in this definition are several conditions, which must be satisfied by the existing or proposed use in order to develop the maximum value. The use must be physically possible for the site. Soil condition, topography, size and shape must be compatible with the proposed use. The use must be legally permissible in that it must conform to current or projected zoning. Similarly, the use must not be precluded by deed restrictions or other encumbrances, which may limit potential uses. Also, the use must be economically feasible. The market should indicate sufficient economic demand so as to support a proposed use of the site. Among the various uses that meet the above criteria, the use which creates the greatest rate of return and maximum productivity is considered to be the highest and best use of the site.

Highest and Best Use Criteria - As If Vacant/As-Improved

A complete Highest and Best Use study of the tidelands and submerged tidelands that support the offshore moorings is beyond the scope of this assignment. The analysis presented is on a “global” basis and it is a Specific assumption of the report that the Highest and Best Use of the tidelands properties “as if vacant” and “as improved” is for “offshore” moorings.

**APPRAISAL PROCEDURES**

The appraisal of real property generally involves one, two or three of the conventional approaches to value, and is based upon consideration of market-derived data, the experience of the appraiser, and opinions of other informed market participants.

Valuation Approaches

Three basic approaches to value are available to the appraiser: the Cost Approach, the Income Approach, and the Direct, or Sales Comparison Approach.

**Cost Approach**

This approach entails the preparation of a replacement or reproduction cost estimate of the subject property improvements new (maintaining comparable quality and utility) and then deducting for losses in value sustained through age, wear and tear, functionally obsolescent features, and economic factors affecting the property. The land value is then added to the depreciated cost along with an allowance for entrepreneurial profit to arrive at a value estimate.

**Income Approach**

This approach is based upon the theory that the value of property tends to be set by the net income that is to be realized by the owner. It is, in effect, the capitalization of expected future income into a present worth estimate. This approach requires an estimate of potential gross income, an analysis of all expense items, the selection of a capitalization rate, and finally, the processing of the net income stream into a value estimate.

**Sales Comparison Approach**

This approach is based upon the principle that the value of a property tends to be set by the price at which comparable properties have recently been sold or for which they were acquired. This approach requires a detailed comparison of sales of comparable properties with the subject property.

Approaches Used in the Valuation of the Subject

The Sales Comparison Approach is based on the principal of substitution, which implies the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar desirability and utility within a reasonable amount of time. The Sales (or Lease) Comparison Approach is a process of comparing sale prices or lease rates paid for similar properties, prices asked by owners, and offers made by prospective buyers or lessees. The approach presents good evidence of value because it represents the actions of buyers and sellers,

or in the case of leased properties Lessee's and Lessor's. Given the preceding discussion, and the interactions of market participants, the Sales (Lease) Comparison Approach is the most relevant approach in estimating the Market Value and Fair Market Rent and, as appropriate, is used in conjunction with, and the basis of, the other methodologies.

### TIDELANDS MARKET RENT ANALYSIS

The California Code of Regulations provides for rent based on the appraised land value multiplied by a rate of return. In the case of the offshore moorings, the **California State Lands Commission** has jurisdiction of the state's tidelands and submerged lands along the coastline extending from the shoreline out to three miles off-shore. One methodology used by the State Lands Commission to estimate tidelands rent for the "recreational" use of tidelands associated with upland properties is to multiply the "market value" by the "benchmark", or "mandated", annual rate of return. In the case of the offshore moorings, this is a four-step analysis with the basic steps set forth as follows:

- Step 1: Market Value of Upland Property (vacant site)
- Step 2:  $\times$  Discount(s) Applicable to Uplands Market Value  

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= Market Value of Tidelands
- Step 3:  $\times$  Applicable Rate of Return  

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= Market Rent of Tidelands required to Support Offshore Mooring
- Step 4:  $\times$  Square Feet of Tidelands to support Offshore Mooring  

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= Fair Market Rent for Offshore Mooring (then converted to rent per Linear foot)

The first step of this methodology is to determine the "market value" of the underlying land via the Sales Comparison Approach. In this approach, recent sales and current listings of similar properties are compared to the subject on the basis of the pertinent factors such as size and location. An indication of value is then concluded based on a comparative analysis of these factors.

In the case of the offshore moorings the "land" is defined as the tidelands that support the mooring(s). This methodology is based on the premise that the highest and best use of the submerged land is to be used in conjunction with the upland property. Since there is no active real estate market for the sale of submerged tidelands, the Market Value of the State-owned tidelands that are administered by the City of Newport Beach, is based on an analysis of comparable upland sales. If the adjoining upland is a residential property, then the submerged land value can be estimated through the use of comparable sales of vacant residential lots or the allocated land value of nominally improved comparable sales. This appraisal method provides a "benchmark" uplands land value based on the sale of residentially zoned upland lots, which can then be utilized in estimating the current market rent based on the return on value analysis. Residential land sales are used in the analysis as a majority of the land use surrounding the harbor, with the exception of Mariner's Mile, Lido Village, Cannery Village and the neighborhood surrounding the Ferry landings, are residential and the offshore mooring fields are located in areas throughout the harbor

that are generally surrounded by residential use. While there has been limited commercial land sale activity, primarily along Mariner's Mile, the residential market accounts for a majority of the sale activity surrounding the harbor. In addition, many of the commercial land sale transactions are dated and involve properties that have been proposed for redevelopment and most redevelopment includes a large residential component. The offshore moorings and associated permits are more analogous to a residential pier permit as opposed a commercial pier permit, as the offshore moorings are not intended to be used for a commercial venture. Given these considerations only residential land sales are included in the analysis.

The upland land value may be discounted to reflect that the sovereign land (tidelands) to be leased may not have the same utility or intensity of use as the upland properties that were used to reach the concluded market value.

As noted, the Sales Comparison Approach is used to value the uplands as it has broad applicability and is persuasive when sufficient data is available. The Sales Comparison Approach is most useful when a number of similar properties have been sold in the subject market area. In the Sales Comparison Approach, I researched the Public Records, the local Multiple Listing Service (MLS) and conducted interviews with several market participants. In the Sales Comparison Approach, appropriate units of comparison provide a useful and meaningful method of analysis in estimating value. Vacant or nominally improved bayfront residential properties are generally compared on a price per square foot basis or a price per front foot along the bulkhead line.

In the case of estimating a "benchmark" market value for bay front land no specific upland "lot" or "site" within harbor was considered. However, the offshore moorings are located over tidelands that do not have "joinder" with the uplands parcels; therefore, a search for comparable sale data was focused on have bayfront locations with no joinder to the tidelands. The current comparable sale data presented includes both properties that do not have a pier permit or property rights beyond the bulkhead and properties that have a have a pier permit and property rights and improvements (pier/dock/float) that extend to the Bulkhead Line. The sales with a pier permit warrant an adjustment to reflect the incremental value associated with the additional property rights associated with the tidelands between the Bulkhead and Pierhead Lines that support a private pier and docking facilities via a Pier Permit.

After identifying a number of potential sales, I selected the sales that had the most similar characteristics to estimate the benchmark uplands value of the "typical" bay front lot. The table on the following page is a summary of the data, which is judged to be pertinent in the valuation of the subject.

BAYFRONT LAND SALE SUMMARY NOVEMBER/DECEMBER 2023						
Data No. Location Assessor Parcel No.	Sale Date Doc. No.	Site Area (Sq.Ft.) Pier Permit	Dimensions Frontage Depth	Orientation Property Condition	Total Sale Price	Sale Price \$/Sq.Ft. \$/Fr.Ft.
1/ 550 S. Bay Front Balboa Island 050-062-14	3/23/2022 22-112225	2,550 No	30 LF 85 LF	Mid-block 1925 SFR Razed	\$7,325,000	\$2,872.55 \$244,167
2/ 20 Balboa Coves West Newport 423-031-21	4/29/2022 22-164569	±3,500 No	32 LF 107 LF	Mid-block 1952 SFR Teardown	\$4,025,000	±\$1,150.00 \$125,781
3/ 604 Via Lido Nord Liso Island 423-231-02	6/8/2022 22-209004	3,150 Yes	35 LF 90 LF	Mid-block 1935 Razed	\$8,400,000	\$2,666.67 \$240,000
4/ 439 Harbor Island Drive Newport Beach 050-021-02	7/11/2022 22-241752	13,740* ±8,540** N.Appl.	65 LF 122 LF	Mid-block 1959 SFR Razed	\$6,862,500	\$803.57** \$105,580**
5/ 751 Via Lido Soud Lido Isle 423-265-03	8/11/2023 23-195290	3,952 Yes	39.93 LF 99 LF	Mid-block 1936 Teardown	\$11,200,000	\$2,834.00 \$280,490
6/ 2286 Channel Road Peninsula Point 048-283-02	11/29/2023 23-295443	3,500 Yes	35 LF 100 LF	Mid-block Vacant with Plans	\$8,700,000	\$2,485.71 \$248,571
7/ 1411 E. Bay Avenue Peninsula Point 048-181-29	Current Listing	5,730 Shared	30 LF 191 LF	Interior 1946 Teardown	\$9,675,000 (list price)	\$1,688.48 \$322,500 (list price)

\*Includes submerged tidelands beyond Bulkhead Line

\*\*Excluding submerged tidelands

### Discussion and Analysis

The six sales and current listing are all bayfront sites that are located in various residential neighborhoods surrounding Newport Harbor. All of the sales reflect the transfer of a fee simple interest and judged to reflect cash equivalent sale prices. All of the sales are considered relatively current and it was noted that the market, while not as active as the previous years is appreciating. Relative to the “benchmark” property, the physical and legal characteristics (location, site area, topography, view, bay frontage, etc...) the sales data presented is judged to be reflective of the overall market for residential bay front land. As previously noted, the comparable sale data include both properties with a pier permit, docking facilities and property rights that extend beyond the bulkhead line and properties that do not include a residential pier permit, docking facilities or

**Comparable Sale Five** is located toward the east end of Lido Isle with a “sunset “ view across the channel to the south. The site has approximately 40-feet of frontage on the bulkhead with a gross area of 3,952 square feet. The site has a small sandy beach between the sea wall and the Bulkhead and a residential pier permit with an area of 951 square feet. The pier will accommodate a “large” vessel and a side-tie. The site is improved with a 3,182 square foot single-family residence that was built in 1936 and has been upgraded and is well maintained, but reportedly sold at land value. The buyer’s plans for the site are unknown but the improvements are being occupied.

**Comparable Sale Six** is located near the end of the Peninsula on Channel Road. The site has 35-feet of frontage on the bulkhead, a uniform depth of 100-feet and a gross area of 3,500 square feet. The site has a residential pier permit with a permit area of 486 square feet. Most piers in this section of the harbor provide a T-dock and the vessel length is often limited to the site width. This site is vacant and sold with approved plans for a three-story, 4,220 square foot residence. The contributory value of the approved plans was not disclosed.

**Comparable Seven** is the current listing that is reported to be in escrow. In this location E. Bay Avenue is essentially an alley. The site has 30-feet of frontage on the bulkhead and a uniform depth of 191-feet, with a gross area of 5,730 square feet. The site includes both uplands and tidelands. The uplands extend approximately 140-feet with the rear 50-feet between the seawall and the bulkhead line comprised of submerged tidelands and approximately 50-feet between the seawall and the residence comprised of sandy beach. The site includes a “shared” residential pier permit (with 1413 E. Bay) and the pier permit associated with this property has an area of 370 square feet. The shared pier is comprised of a pier and a double U-shaped float/dock with on “U” for each property. The dock will accommodate a vessel and a side-tie. The residence was built in 1946 and contains 2,548 square feet and, based on previous sales in the neighborhood and the level of construction activity, the list price is judged to reflect land value.

#### Comments & Conclusion

The sale data presented reflect the most pertinent data uncovered within the subject market area. The following is a summary of the items of comparison that have been considered in estimating the price per square foot and the market value for the subject property.

**Market Conditions:** When warranted, this is often referred to as a “time” adjustment.

**Physical Characteristics:** In general, the comparable properties have similar location, zoning, topography, view and are either vacant or were marketed as “land value” for their redevelopment potential. Several of the sales include a pier permit, docking facilities and the associated property rights that extend beyond the Bulkhead line.

In order to estimate the market value of the subject as of the date of value, an analysis of the change in market conditions from the date the comparable property sold to the date of value is warranted. The preferred method of quantifying the change in market conditions is the “matched pairs” analysis. Using the "matched pairs" analysis to measure the change in market conditions attempts to isolate the difference in market value (price) by comparing properties with otherwise similar characteristics that sold at a different time, or under different market conditions. The most reliable measure is the sale and subsequent resale of the same property, where no improvements have been made to the property between the two sale dates. In theory, if the sale properties have similar physical and locational characteristics any difference in market value can be attributed to the “changing market conditions”.

A second method of measuring and quantifying the changing market conditions on a more global basis is an analysis using the median price for single-family residences in the neighborhoods in and around the harbor, which includes the MLS submarkets of West Newport-Lido, Lower Newport Bay and Balboa Peninsula. The period of interest is from March 2022 through the November 2023. The market changes are analyzed based on the prices provided by the local Multiple Listing Service (CRMLS.org). The following table is a summary of the analysis for changing market conditions for sales occurring during that period. I have also included the Median figures for the City of Newport Beach and Orange County as a whole for the same time period. The median price is in the \$1,000’s and the price per square foot is the actual figure.

	Time Period (A)	Time Period (B)	Absolute Difference (B – A = C)	Percentage Difference (C :- A = D)	Monthly Percentage (D :- C)
Date	3/2022	11/2023	20 months	N.A.	N.A.
Median Home Price (Harbor)	\$4,884	\$4,250	-\$634	-12.98%	-0.65%
Median Price /Sq.Ft. (Harbor)	\$1,613	\$1,788	\$175	10.85%	0.54%
Total Sales – No. of Units	10	9			
Median Home Price (City)	\$3,500	\$3,600	\$100	2.86%	0.14%
Median Price /Sq.Ft. (City)	\$1,203	\$1,391	\$188	15.63%	0.78%
Total Sales – No. of Units	49	28			
Median Home Price (County)	\$1,280	\$1,275	-\$5	-0.39%	-0.02%
Median Price /Sq.Ft. (County)	\$639	\$656	\$17	2.66%	0.13%
Total Sales – No. of Units	1,585	897			

Source: CRMLS.org

The analysis of the median prices within the MLS areas surrounding the harbor indicates that on an absolute basis the prices were declining, while the price per square foot appreciated at a generally similar rate, while the number of sales was relatively stable. This pattern is reflective of a market with a weighting of larger properties in terms of living area selling in the first period relative to the second period and may also reflect the level of renovation and remodeling occurring in the submarket. On a citywide basis, the market was relatively stable on an absolute basis, while the price per square foot was appreciating and the sales volume declined. The countywide figures

indicate that over the time period covered in both absolute terms and the price per square foot of living space were stable, while the sales volume declined. Based on the statistics presented, and recognizing some of the appreciation is the result of new construction and the rehabilitation and/or renovation of existing residential properties, I have concluded that no adjustment for the change in market conditions between the sale date and the date of value is warranted.

After considering an adjustment for the change in market conditions, the absolute range for the comparable sales, is from \$4,025,000 to \$11,200,000, with a listing at \$9,675,000. The price per square foot of site area ranges from \$803.57 to \$2,834.00 per square foot of uplands, and price per front foot indications ranging from \$105,580 to \$280,490 per front foot along the bulkhead, and a listing at \$322,500 per front foot for an atypically deep lot.

A second consideration is whether there is a residential pier permit with the property rights that extend beyond the bulkhead line to the tidelands and the inclusion of a dock/pier. This is applicable to Comparable Sales 3, 5, 6 and 7. To quantify the value of the property rights that extend beyond the bulkhead line I have researched the transfer of properties with and without these rights. The analysis was focused on Lido Isle as the properties in the 300- and 400-blocks of Via Lido Nord have a community boardwalk between the residence and the harbor and the property rights do not extend beyond the walking path, while the balance of the bayfront properties on Via Lido Nord and Via Lido Soud have property rights that extend beyond the bulkhead line and support residential piers that are built between the bulkhead line and the pierhead line (some extend beyond the pierhead line). In general, the waterfront lots on Lido Isle have a depth of 90-feet with widths from 30- to 60-feet. The following table is a summary of nominally improved site in the 300- and 400-blocks of Via Lido Nord, and similar nominally improved sales on Via Lido Nord (VLN) and Via Lido Soud (VLS) that sold during the same time frame are used to quantify the contributory value associated with the property right beyond the bulkhead and associated docking facilities.

Address	Sale Date	Pier Permit	Lot Size	Front Feet	Site Depth	Sale Price	Price \$/Sq.Ft.	Price \$/FF
306 Via Lido Nord*	12/2021	No	4,050	45	90	\$7,391,500	\$1,825	\$164,256
414 Via Lido Nord*	12/2021	No	3,150	35	90	\$5,625,000	\$1,786	\$160,714
748 Via Lido Nord*	1/2022	Yes	3,600	40	90	\$9,500,000	\$2,639	\$237,500
203 Via Lido Soud	4/2022	Yes	4,050	45	90	\$9,000,000	\$2,222	\$200,000
604 Via Lido Nord*	6/2022	Yes	3,150	35	90	\$8,400,000	\$2,667	\$240,000

\*Improvements have been razed for redevelopment of site, or application to redevelop has been submitted

The sales that are located in the 300- and 400-blocks of Via Lido Nord that have no pier permit or docking facilities reflect price per site area figures of \$1,786 and \$1,825 per square foot, while the sites with pier permits and docking facilities reflect a range for \$2,222 to \$2,667 per square foot of site area. On a price per front foot, the sites with no pier permit or docking facilities reflect a range of \$160,714 to \$164,256, while the sales with pier permits and docking facilities reflect a



range from \$200,000 to \$240,000 per front foot.

In the final reconciliation of the contributory value analysis, it is recognized that sites further east (higher street address) are generally perceived as having superior locational characteristics, that the market was appreciating during this time period and that a wider lot may be more desirable relative to a narrower lot. On the basis of the market data presented above I have concluded that the pier permit and docking facilities associated with the use of the tidelands between the bulkhead and pierhead lines, contribute approximately \$600 per square foot (\$1,800/Sq.Ft v. \$2,400/Sq.Ft.) and \$50,000 per front foot (\$165,000/FF v. \$215,000/FF). These figures will be used in the following table to adjust for the docking facilities and property rights that extend beyond the bulkhead and the analysis of the comparable sale data to estimate the market value of a “benchmark” upland parcel surrounding the harbor with no property rights beyond the bulkhead line.

Data No.	Sale Price \$/Sq.Ft.	Adjustment \$/Sq.Ft.	Adjusted \$/Sq.Ft.	Sale Price \$/FF	Adjustment \$/FF	Adjusted \$/FF
1	\$2,872.55	--	\$2,872.55	\$244,167	--	\$244,167
2	\$1,150.00	--	\$1,150.00	\$125,781	--	\$125,781
3	\$2,666.67	-\$600	\$2,066.67	\$240,000	-\$50,000	\$190,000
4	\$803.57	--	\$802.57	\$105,580	--	\$105,580
5	\$2,834.00	-\$600	\$2,234.00	\$280,490	-\$50,000	\$230,490
6	\$2,485.71	-\$600	\$1,845.71	\$248,571	-\$50,000	\$198,571
7	\$1,688.48	-\$600	\$1,088.48	\$322,500	-\$50,000	\$272,500

The determination of market value is typically based upon a combination of quantitative (price, price per square foot) criteria and qualitative (similar, inferior, superior) criteria to conclude value, based on a specific sites physical and locational characteristics relative to the comparable sale data. In the case of the subject, the market value is for a “benchmark” upland site and no particular site is being appraised. As no specific site is being appraised, the price per front foot analysis is not judged to be as relevant to the valuation, and is included as a check of the per square foot conclusion assuming two Hypothetical sites with 35-feet of frontage on the Bulkhead and depths of 85- and 90-feet, similar to the comparable sale data presented.

In the final analysis, Comparable Sales Three, Five and Six are given primary emphasis. After considering and adjustment for market conditions and adjusting for the docking facilities and property rights that extend beyond the bulkhead line these comparable sales reflect a price per square foot range from \$1,845.71 to \$2,234.00 per square foot, and \$190,000 to \$230,490 per front foot.

On the basis of the comparable market data presented, I have concluded that the “benchmark” upland site has a market value, fee simple interest, of \$1,800.00 per square foot. When this is applied to the two Hypothetical sites, assuming 35-feet of frontage on the Bulkhead line and depths of 85- and 90-feet, the price per front foot indications range from \$153,000 to \$162,000, which is

calculated as follows:

Site Area - 35' x 85' =	2,975 Sq.Ft.	Site Area - 35' x 90' =	3,150 Sq.Ft.
Market Value \$/Sq.Ft.:	<u>x \$1,800</u>	Market Value \$/Sq.Ft.:	<u>x \$1,800</u>
Total Site Value:	\$5,355,000	Total Site Value:	\$5,670,000
Bulkhead Frontage:	<u>-:- 35 LF</u>	Bulkhead Frontage:	<u>-:- 35 LF</u>
Indicated \$/Front Foot:	\$153,000	Indicated \$/Front Foot:	\$162,000

The price per front foot reflected by each of the hypothetical "benchmark" upland sites is well within the range reflected by the comparable sales presented.

Based on the analysis of the market data presented, I have formed the opinion that the "benchmark" uplands site has a Market Value, Fee Simple Interest, as of December 26, 2023, of: \$1,800.00 per square foot.

The second step of the analysis, recognizes that the submerged tidelands do not have the same utility or the intensity of use as the adjoining uplands, the value of the submerged tidelands is based on a varying percentage of the upland value and the use of the uplands and tidelands.

Within Newport Harbor, one case study was uncovered to quantify the percentage discount to apply to the upland land value to estimate the market value of the tidelands. The case study involves two commercial properties along Mariners' Mile in Newport Beach, that were purchased by the same buyer from two different sellers. The sites are part of a larger assemblage that is proposed for redevelopment, and it was noted that the sites were acquired for their redevelopment potential and the income at the time of sale was not a primary consideration. One site has 100-feet of frontage, an average depth of 179 feet, 17,900 square feet of uplands, with 1,000 square feet of private tidelands (100' x 10') and 8,000 square feet of public tidelands and related City Harbor Permit. The sale recorded in June 2016 for \$9,550,000, which equates to \$533.52 per square foot of uplands, or \$505.29 per square foot of uplands and private tidelands. The price per front foot is \$95,500 (\$9,550,000 -:- 100 FF). This site was improved with two small structures; however, the buyer reported no value was given to the structures. The second site is located in the same block of Mariners' Mile. It has 100-feet of frontage, a uniform depth of 219.95-feet and a gross area of 21,995 square feet. While it is located on the bay front, this site has no rights to the adjoining private or public tidelands. The property sold in May 2017 for \$7,000,000, which equates to \$318.25 per square foot, or \$70,000 per front foot. This site is improved with asphalt paving. The buyer owns the property between the two sales, and adjoining properties along Mariners' Mile.

In addition to the above case study, the table on the following page is a summary of various agencies and municipalities and the reported discount applied to the tidelands relative to the estimated market value of the adjoining upland parcels.

Agency/Municipality	Discount applied to Upland
Port of Los Angeles (City)	67.0%
County of Los Angeles – Department of Beaches and Harbor	No longer uses Upland/Tideland
Mississippi Department of Marine Resources	Up to 96.7%
Port of San Diego	75%
California State Lands Commission (Huntington Harbor/Solana Beach)	75%

The discounts reported by the respective agency/municipalities support the discount reflected in the Mariners’ Mile Case study; therefore, I have concluded that a discount of 75-percent should be applied to the concluded uplands market value. It should be noted, that in some cases the municipalities no longer lease tidelands based on a discount applied to the market value of the upland parcel. It should be noted that, commercial tidelands leased in conjunction with the uplands by the municipality or agency are more typically leased on a “percentage rent” basis with a nominal “base” rent. As previously noted, residential land sales are used in the analysis as they are judged to be more relevant to the analysis, but warrant a discount due to the intensity of use relative to the tidelands that support the offshore moorings.

The above discount (75.0%) applies when the uplands and tidelands are controlled by the same entity and the uplands and tidelands are owned or leased in “joinder”. In the case of the tidelands that support the offshore moorings there is an intervening ownership and there is no “joinder” between the uplands and tidelands. There is very limited information to quantify the applicable discount to apply as a result of the uplands and tidelands not being owned in joinder. During the completion of prior tidelands appraisals, the County of Orange (who administer select tidelands in Newport, Huntington and Dana Point Harbors) report that they charged percentage rents for the tidelands if they were leased (or controlled) in joinder with the uplands of 25-percent of gross revenue (in the case of a marina). In the case(s) where the uplands and tidelands were not either leased in joinder with the upland, or the lessee did not control the adjoining uplands, the percentage rent applicable to the tidelands is 20-percent of gross revenue for a similar marina use. On its face, the difference in the nominal percentage rental rate is 5.0-percent (25% - 20%) as a result of not having “joinder”; however, when applied to gross revenues the difference in the 5.0-percent nominal rate is actually a 20-percent discount (5.0% :- 25.0%).

A case study to quantify the discount related to “joinder” involves two properties on Mariners’ Mile. Both properties have the same ownership and involve the lease of tidelands adjoining two restaurants during relatively similar time frames. One upland parcel includes 5,814 square feet of tidelands (4,000 Sq.Ft. public & 1,814 Sq.Ft. private). A single party leased both the uplands and tidelands and the lease includes rent for the uplands and a separate rent for the tidelands. The tidelands were leased in joinder with the upland property for \$9,000 per month, or \$1.55 per square foot of tideland.

The neighboring property, also improved with a restaurant, has the rights to 9,608 square feet of public tidelands. The tidelands were leased to a marina operator, exclusive of the uplands, for \$9,000 per month, or \$0.94 per square foot. The Lessee's (marina operator) only rights related to the upland parcel are three parking spaces, the ability to cross the uplands to access the municipal parking in the area and access to a restroom on the exterior of the restaurant.

The calculation of the discount related to "joinder" is as follows:

Tidelands Rent with "Joinder" - \$/Sq.Ft.:	\$1.55
Less – Tidelands Rent without "Joinder" - \$/Sq.Ft.:	<u>-0.94</u>
Rent per Sq.Ft. Difference – Joinder v. Non-Joinder:	\$0.61
Divided by "Joinder" Rent - \$/Sq.Ft.:	<u>-: 1.55</u>
Indicated Discount applicable to lack of Joinder:	0.3935

While this case study is somewhat imperfect, it suggests that a discount in the range of 40-percent is applicable to commercial tidelands that do not have "joinder" relative to similar tidelands that are leased in joinder.

The survey and market data indicate that the discount applicable to properties that do not have joinder to the uplands property is between 20- and 40-percent relative to parcels with joinder. In the case of the tidelands that support the offshore moorings and do not have joinder, an additional discount of 40-percent will be applied to the market value of the upland, after applying the discount (75%) for the tidelands utility relative to the uplands.

The third step of the analysis is to estimate the appropriate rate of return to apply to the concluded tidelands land value. Per the California Code of Regulations, the "mandated" annual rate of return is set at "9-percent of the appraised value of the leased land"<sup>14</sup>. This rate is used in the leases for the recreational tidelands (adjacent to residential properties) that have a 10-year term. Rates for commercial leases are tied to a "percent of sales" and in general a rate of return is not applied to commercial use of tidelands.

The City of Morro Bay leases numerous sites around their waterfront. In 2020 they adopted a "fair market rent" with the initial annual minimum rent of 8.0-percent of the appraised market value. The leases also include a percentage rent clause and the minimum rent adjustment is 75-percent of the average percentage rent over the previous five years, if it is greater than 8.0-percent of the appraised value.

As a check of the State Lands Commission benchmark 9.0-percent rate of return and the Morro Bay 8.0-percent rate of return, the on the following page is a summary of additional market data I uncovered that relates to the initial rate of return applied to the land value for upland properties that were ground leased.

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<sup>14</sup> California Code of Regulations, Title 2., Division 3., Article 1., Section 2003 (a)(1).

Location	Lease Date	Land Area (Sq.Ft.)	Property Use	Rate of Return On Land Value
1701 W. Whittier Boulevard La Habra	2018	55,000	Carwash	8.0%
1781 W. Whittier Boulevard La Habra	2018	34,400	Retail	8.0%
N/S Bristol, W/O Redhill Costa Mesa	2014	257,000	Lumberyard	7.8%
16381 Construction Circle Irvine	2014	43,560	Bus Yard	9.3%
15010 Imperial Highway La Mirada	2014	22,216	Starbucks	8.5%
2010 Harbor Boulevard Anaheim	2013	149,901	Hotel	8.75%
4501 E. Conant Steet Long Beach	2013	2,287,771	Industrial	9.9%
2780 Garnet Avenue San Diego	2012	16,261	Car Rental	9.8%
NEC Jeffery & Alton Irvine	2006	20,000	Bank	10.0%
6358 Irvine Boulevard Irvine	2005	45,000	Bank	10.0%
6540 Irvine Center Drive Irvine	2005	30,000	Bank	10.0%
SWC Katella & Batavia Orange	2006	34,000	Restaurant	9.0%
23719 Moulton Parkway Laguna Hills	2006	52,183	Market	10.0%

The comparable data included in the above table suggests that the overall return requirements for ground lease transactions over the past (2006 through 2018) have remained relatively constant; however, they have trended down regardless of the site area or the end use of the property. On the basis of the declining rates applicable to the ground lease transactions, and the recently adopted percentage rent adopted by the City of Morro Bay, I have concluded that an 8.0-percent rate of return is applicable to this analysis.

The final step of the analysis is to apply the estimated market rent, via the rate of return to land value analysis, to the tidelands required to support an offshore mooring. The offshore moorings will accommodate vessels from 25-feet to 90-feet, with moorings delineated at 5-foot increments within this range. According to information provided by the Harbormaster the largest population of moorings are 40-feet. It is recognized that this is not the only length mooring, but it is used as a "benchmark" or "typical" mooring in the analysis. It was further reported that the "typical" vessel on a 40-foot mooring would measure 40' x 14', but that the mooring takes up more water area as the distance from the vessel to each mooring ball/buoy is approximately 10-feet. The "typical" 40-foot mooring occupies a water surface area of 60' x 20', or a total water surface area

of 1,200 square feet. It was noted that if the sea floor is used in the analysis, the distance from the mooring ball/buoy to the weight on the sea floor adds between 7-feet and 15-feet to each end of the mooring, and would encumber a “typical” area that measures 80’ x 20’ (1,600 Sq.Ft.) on the sea floor. On the basis of input from the Harbormaster, the “typical” area for a 40-foot mooring from mooring buoy to mooring buoy is 60-feet, with a beam of 20-feet, indicating that the “typical” offshore mooring encumbers 1,200 square feet of tideland. This figure will be used in the analysis. On the basis of the preceding, the Fair Market Rent for the Offshore Moorings, via the Tidelands Market Rent Analysis, is calculated as follows:

Upland Market Value Conclusion - \$/Sq.Ft.:	\$1,800.00
Upland/Tideland Site Utility/Intensity of Use Discount:	x (1 - 0.75)
Tideland Market Value Conclusion - with “Joinder”:	\$450.00
Discount for lack of “Joinder”:	x (1 - 0.40)
Tidelands Market Value Conclusion - No “Joinder”:	\$270.00
Annual Rate of Return - 8.0%:	x 0.08
Annual Tideland Fair Market Rent - \$/Sq.Ft.:	\$21.60
Tidelands required to support Offshore Mooring - Sq.Ft.:	x 1,200
Total Annual Market Rent:	\$25,920
Converted to Monthly Rent:	-:- 12
Monthly Market Rent - Offshore Mooring:	\$2,160.00
Converted to Monthly Rent per Linear Foot - 40 Feet:	-:- 40
Monthly Rent per Linear Foot – “Typical” Offshore Mooring:	\$54.00

On the basis of the Tideland Market Rent Analysis the monthly fair market rent for the City administered/managed offshore moorings is \$54.00 per linear foot.

### COMPARABLE RENTAL ANALYSIS

As noted in the Introduction, the purpose and function of this report is to estimate the Current Fair Market Rent of the “offshore” moorings located in the mooring fields over the tidelands located throughout Newport Harbor. The offshore moorings administered and by the City of are located in 10 mooring fields (A-K) throughout the harbor. In addition, the Balboa Yacht Club and Newport Harbor Yacht Club administer mooring fields that are proximate the respective clubs and provide mooring rentals primarily to their membership. The following table is a summary of the mooring programs uncovered that are relevant to the fair market rent analysis. It should be noted that in many jurisdictions moorings that are not transferable with the landlord responsible for the maintenance and repair are rented on a short-term, or transient, basis at a daily rate but not leased/rented on a long-term basis. The market data presented in the table on the following page does not reflect transient mooring rates.

MARKET RENT SURVEY – MOORINGS NOVEMBER/DECEMBER 2023					
Data No. Name Location	Mooring Type	Vessel Length (LF)	Total Monthly Rent	Monthly Rent \$/Linear Ft.* (mooring LF)	Equipment Maintenance Cost
1/ San Diego Mooring Co. Shelter Island Roadstead America's Cup Harbor, rows B-J America's Cup Harbor, rows L-V Laurel Street Roadstead Laurel Street Mediterranean Laurel Street Dual Point Bay Bridge Roadstead (Coronado) San Diego Harbor	Offshore Offshore Offshore Offshore Mediterranean Offshore Offshore	19'- 54' Under 30' 30'- 65' 19'- 54' Under 35' 19'- 35' 19'- 54'	\$128.17 \$147.57 \$157.07 \$138.02 \$147.57 \$147.57 \$128.17	\$2.37 \$4.92 \$2.42 \$2.56 \$4.22 \$4.22 \$2.37	Landlord
2/ Monterey Harbor (Outer Harbor mooring) 250 Figueroa Street Monterey	Offshore	12'-42'	\$99.04 \$110.00	\$2.35 - \$8.25 (paid annually) \$2.62 - \$9.17 (paid quarterly)	Permittee
3/ Morro Bay 1275 Embarcadero Morro Bay	Offshore	+32' - +60'	\$110	\$1.83 - \$3.43	Permittee
4/ Pillar Point Harbor 1 Johnson Pier Half Moon Bay	Offshore	Applies based on vessel LF	\$61.00 (min.)	\$2.03	Permittee
5/ Santa Barbara Harbor 132-A Harbor Way Santa Barbara	Offshore (unprotected)	Up to 55'	\$350 annually	\$0.53	Permittee
6/ Newport Harbor Yacht Club 720 W. Bay Avenue Newport Beach	Offshore	No min. vessel length	Varies by Length	\$13.25 or \$13.85*	Landlord
7/ Balboa Yacht Club 1801 Bayside Drive Corona del Mar	Offshore	No min. Vessel length	Varies by Length	\$17.50 single \$15.25 double	Permittee above the chain

\*The information uncovered & the parties interviewed reported different rent per linear foot, but all reported this range.

### Discussion & Analysis

The **San Diego Mooring Company** has four mooring fields in San Diego Harbor that are between Shelter Island and the Coronado Bay Bridge. They have a total of 462 mooring buoys that can accommodate vessels from 19- to 54-feet. They report a 100-percent occupancy (with the exception of moorings that are being serviced or have a derelict vessel) and a wait list. The moorings in each of the mooring fields rent for the same monthly rent regardless of vessel length

and the table above reflects the rent per linear foot of the maximum vessel length. As an example, all of the moorings at Shelter Island Roadstead are rented for \$128.17 per month and will accommodate vessels between 19- and 54-feet (LOA), which reflects a monthly rent per linear foot of \$2.37 (\$128.17/mo. ÷ 54') for a mooring that will accommodate a 54-foot vessel. A second example of the rent per linear foot figure is America's Cup Harbor Rows B-J. These mooring are quoted as accommodating vessels "under 30'" and rent for \$147.57 per month, or \$4.92 per linear foot (\$147.55 ÷ 30') of mooring length, regardless of the vessel length. The moorings are a combination of single-point (\$128.17/month), double point (\$138.02, \$147.57 & \$157.07 per month depending on location) and Mediterranean (under 35-feet @ \$147.57/month) moorings. The Shelter Island and Bay Bridge mooring fields have open dinghy storage on chains (no dinghy racks) at nearby public beach parks, Shoreline Park & Coronado Tidelands Park, respectively. The remaining mooring fields have access to public dinghy docks. Parking is only provided at Shelter Island (a municipal lot) and long-term parking (more than 2 hours or overnight) is not provided at any of the locations. Parking at these locations is either on public streets in the surrounding neighborhoods or paid parking in private or municipal lots. The landlord is responsible for the management and maintenance of the mooring fields and the maintenance and repair of all the mooring tackle, with the exception of the line from the mooring ball to the vessel on the single-point moorings. The moorings are non-transferrable and there is an application fee between \$64.00 and \$79.00. Their lease rates have not been adjusted since 2006/2007, despite repeated attempts by the operator to get Port approval to increase the rates. The owner reported that the Port and State Lands Commission recently agreed to an adjustment that will be phased in over five years. The mooring rates will be based on 52-percent of the weighted average San Diego marina survey (24 total marinas). Based on survey completed in 2022 for the application to the Port, the fair market rent for these moorings based on 52-percent of the San Diego marina survey is between \$10.26 (19 LF mooring) and \$19.40 (65 LF mooring) per linear foot. More specifically, after the 5-year phase in a 65-foot mooring will be adjusted from the current monthly rate of \$157.07 to approximately \$1,238 per month. My recent survey of the five most proximate marinas indicates they provide slips from 25- to 100-linear feet, with current slip rates ranging from \$20.61 to \$60.00 per linear foot, with an average of \$32.96 per linear foot.

The **City of Monterey** has approximately 150 moorings in the "Outer Harbor" that are reported to be 100-percent occupied with a wait list. The moorings will accommodate vessels from 12-feet for the rows closest to shore up to 42-feet for moorings located more distant from the shore. The mooring tackle is owned and maintained by the permittee and the permit is not transferrable. The same rate is charged for a mooring permit regardless of vessel length. The permit fee is \$1,188.50 if paid annually, equates to \$99.04 per month, or \$2.35 (\$99.04 ÷ 42 LF) to \$8.25 (\$99.04 ÷ 12 LF). If the permit fee is paid quarterly the rate is \$330.00, or \$110 per month (\$2.62 to \$9.17 per



LF). City residents are given a 10-percent discount. The mandatory annual mooring inspection fee is \$127, dinghy storage rental is approximately \$29 to \$49 per month (paid quarterly) and parking in the municipal lots surrounding the harbor range from \$10 to \$16 per day, with annual parking passes available for \$28 per month, which equates to \$0.67/LF to \$2.33/LF, for a 12- or 42-foot mooring, respectively. The adjoining City-owned, and managed marina has slips between 20- and 50-feet and the slip rates range from \$13.88 to \$19.55 per linear foot, with an average of \$18.15 per linear foot. It should be noted they also administer the “East Mooring Area” that is seasonal and the city owns the mooring tackle.

The **City of Morro Bay** has approximately 150 offshore moorings that will accommodate vessels between approximately 32- and 60-linear feet. Approximately 50 of the offshore moorings have private tackle and the mooring permit fee does not include the tackle. The monthly rate for a mooring with private tackle is \$110, which equates to \$1.83 (60 LF) to \$3.44 (32 LF) per linear foot. These moorings are non-transferable. The monthly skiff fee is \$100 with a daily parking fee of \$10.00 and an annual parking permit at \$175. While current slip rates could not be confirmed, a marina survey in mid-2023 reflected slip lengths from 25- to 65-linear feet with an average slip fee of \$26.82 per linear foot. It should be noted the city also leases moorings with the tackle owned and maintained by the City, and the monthly rate is \$330, which equates to \$5.50 (60-LF) and \$10.31 (32-LF) depending on the size of the vessel.

**San Mateo County Harbor District** manages and operates Pillar Point Harbor in Half Moon Bay. The private moorings are located in the outer harbor and leased based on the vessel length and the fixed fee of \$2.03 per linear foot applied to all vessels regardless of length. They discontinued offering new mooring permits in 2023; however, existing permittees will be allowed to continue their mooring permit if their mooring hardware is maintained and inspected. The Harbor District operates the marina in Pillar Point Harbor and offers slips ranging from 30- to 65-linear feet, with slip fees between \$10.80 and \$12.03 per linear foot, with an average fee of \$11.33 per linear foot. The monthly dinghy fee was reported to be \$65.00. It was reported that the restrictions on new mooring permits was due to lack of maintenance and safety concerns as opposed to a lack of demand. While new permits are not being offered, the ongoing permit program is instructive in establishing the fair market rent.

The **City of Santa Barbara** has 45 offshore mooring permits that are located off of East Beach and are unprotected. It was reported that approximately 20 are available and that the application period is from May 1<sup>st</sup> through August 31<sup>st</sup>. The mooring sites will accommodate vessels up to 55-feet and the annual permit fee is \$350, which equates to \$0.53 per linear foot, per month. The permittee is responsible for the installation and maintenance of the mooring tackle and the city requires an annual inspection and meeting with the Harbormaster and staff. The mooring permittee

holders are offered a space at “Skiff Row” for their tender (max 15’) at a reduced annual fee of \$125 (50% discount). Parking is available in the municipal lot adjacent to the harbor at a rate of \$20 per day. The city administers the 1,143-slip marina that provides slips from 20- to 100-feet. The slip fees range from \$9.98 to \$19.31 per linear foot, with an average of \$12.98 per linear foot.

The **Newport Harbor Yacht Club** has 72 offshore moorings that are immediately adjacent to the club. With one exception, all of the moorings are a single-point mooring. The moorings are for members only and there are monthly club dues and a membership fee. The club is responsible for the maintenance and repair of the mooring tackle. Several sources provided the mooring rates and the figures were reported to be either \$13.25 per linear foot or \$13.85 per linear foot and the fee is based on the vessel length. All of the parties report that the shore boat service is included in the mooring fee. One source noted the mooring fees had not been adjusted in “a long-time” and they were recently increased and at the reported rates (\$13.25 or \$13.85/LF). It was reported that the club essentially “subsidizes” the moorings as a service to its members.

The **Balboa Yacht Club** mooring field includes 80 offshore moorings; however, a few are privately owned. The club provides both single point and double point moorings. The mooring fees are charged based on the vessel length and are \$17.50 per linear foot for single-point moorings and \$15.25 per linear foot for double point moorings. The club is responsible for the maintenance and repair of most of the mooring tackle, with the permittee responsible for the maintenance “above the chain” (swivel, shackle & lines). These moorings are for club members only, which requires an initial membership fee and monthly dues; however, member dues and fees give access to all the other club amenities and services and the mooring fees are separate from the dues. It was reported the club provides a shore boat from 8:00 a.m. until dusk, which is provided at an additional fee of \$70.00 per month.

The comparable data is all relatively similar in terms of the physical characteristics, maintenance responsibilities and tackle included in the rental rate; however, there are differing locational characteristics that need to be accounted for. The location adjustment is based on the difference between the average slip rents in each marina relative to the average slip rents from my survey of six marinas in Newport Harbor. It should be noted that the marinas associated with the American Legion (members only that reflects the low end of the range), those associated with private clubs and those owned/managed by California Recreation Company (highest quality and rent structure with limited information available) have not been included in the survey. The marina survey is included in the Addenda. On a harbor wide basis, the average monthly slip rate for the marinas included in the survey is \$50.55 per linear foot, with a median figure of \$45.00 per linear foot.

The following table is a summary of the adjustment to the comparable mooring data for the differing locational characteristics relative to the subject based on the average monthly slip rent

for the various locations relative to the average monthly slip rent in Newport Harbor (\$50.55/LF). In the cases where there is a single rate for a range in the vessel length I have included the low, high and average mooring rate per linear foot.

Location	Mooring Length (LF)	Mooring Rate (\$/LF)	Average Slip Rate (\$/LF)	Adjustment Factor	Adjusted Mooring Rate (\$/LF)
San Diego (current)	19'-65'	\$2.37 (low)	\$32.96	\$50.55/\$32.96	\$3.63
		\$4.92 (high)		\$50.55/\$32.96	\$7.55
San Diego (phase in @ 52%)	19'-65'	\$10.26 (low)	\$32.96	\$50.55/\$32.96	\$15.74
		\$19.40 (high)		\$50.55/\$32.96	\$29.75
Monterey (quarterly)	12'-42'	\$2.62 (low)	\$18.29	\$50.55/\$18.29	\$7.24
		\$9.17 (high)		\$50.55/\$18.29	\$25.34
		\$5.90 (avg.)		\$50.55/\$18.29	\$16.31
Morro Bay	32'-60'	\$5.50 (low)	\$26.82	\$50.55/\$26.82	\$10.37
		\$10.31 (high)		\$50.55/\$26.82	\$19.43
Pillar Point	24' min.	\$5.35	\$11.33	\$50.55/\$11.33	\$23.86
Santa Barbara	Up to 55'	\$0.53	\$12.98	\$50.55/\$12.98	\$2.06
NHYC	None	\$13.35 \$13.85	\$50.55 Harbor	\$50.55/\$50.55 \$50.55/\$50.55	\$13.35 or \$13.85
BYC	None	\$17.50 - single \$15.25 - double	\$50.55 Harbor	\$50.55/\$50.55 \$50.55/\$50.55	\$17.50 - single \$15.25 - double

On the basis of the Comparable Rental Analysis, after adjusting for the locational differences, the monthly fair market rent for the offshore moorings is in the range of \$2.06 to \$25.34 per linear foot based on the rates currently being charged, and up to \$29.75 based on the proposed rates at the end of the San Diego Mooring Company's five-year phase in that is scheduled to commence in 2024.

My research indicates that there is a "private" market for the lease of individual moorings by mooring permittees to sub-permittees. The "private" market is somewhat underground as Section 17.25.020(L) of the Harbor Codes states:

Except as authorized in Section 17.060.040(B)(1)(a), no mooring may be leased or rented by the permittee to another person except with written permission of the Harbormaster.

I have compiled limited information from on-line classified ads, "For Rent" signs on moorings and local bulletin boards, and the table on the following page is a summary of the "private" listings for both onshore and offshore moorings rentals in Newport Harbor.

<b>“PRIVATE” NEWPORT HARBOR MOORING RENTALS</b>				
<b>Location</b>	<b>Type</b>	<b>Length</b>	<b>Total Rent</b>	<b>Rent \$/LF</b>
Balboa Island	Onshore	18 LF	\$350	\$19.44
J Field	Offshore	40 LF	\$650	\$16.25
Balboa Island	Onshore	18 LF	\$250	\$13.88
Balboa Island	Onshore	18 LF	\$350	\$19.44
D Field	Offshore	45 LF	\$1,000	\$22.22
Grand Canal	Onshore	18 LF	\$200	\$11.11
Balboa Island	Onshore	18 LF	\$400	\$22.22
Balboa Island	Onshore	18 LF	\$500	\$27.78

As noted, limited information was disclosed regarding the above transactions and the executed sub-lease rate as the parties involved in the “private” market were not willing to disclose specific information. The above includes both onshore and offshore moorings and is instructive in showing that in the “private” market the mooring rentals command a premium relative to the current rates being charge by the City - \$3.29/LF for offshore moorings and \$1.64/LF for an onshore mooring. The lease rates reflected above are “asking” rates and based on the comments and the limited information reviewed it appears that the Sub-lessor is maintaining the mooring equipment.

An interview with a party that brokers moorings and slips throughout Newport Harbor, did not result in any specific examples of offshore or onshore mooring sub-lease transactions, but this reflects the general range of the private market.

On the basis of the very comparable rental data uncovered, I have placed most emphasis on the indication from the local yacht clubs (BYC & NHYC) and the “private” market, which are supported by the balance of the comparable rental data uncovered after adjustment for locational differences. On the basis of the Comparable Rental Analysis the monthly fair market rent for the City administered/managed onshore moorings is in the range of \$16.00 to \$18.00 per linear foot.

#### **“RATIO” ANALYSIS**

One measure of estimating the market rent for moorings is to compare mooring rents to similar slip rents. This provides a ratio of the “mooring” rents as compared to “slip” rents in the same market, which is an option for a boat owner. Several harbors along the California coast have marinas that are owned and managed by the municipality; however, there are a limited number that offer offshore moorings. The ratio is based on monthly rent per linear foot for the mooring length compared to a similar length slip. Due to the limited current information regarding slip fees at Morro Bay it is not included in the Ratio Analysis, but the dated slip rates reflect a ratio between 20.5- and 38.4-percent.

In San Diego Harbor, the same company manages both Point Loma Marina and the America’s Cup Harbor mooring field, which are both located in proximity to America’s Cup Harbor. The rate for a 30-foot mooring is \$147.57 per month, or \$4.92 per linear foot (\$147.57 ÷ 30 LF) and \$157.07 per month for a mooring that will accommodate a vessel from 30- to 65-feet. The smallest slip in the Marina is 36-feet, and the monthly rent for a 36-foot slip in the marina is \$31.00 per linear foot while the rent for a 36-foot mooring is or \$4.36 (\$157.07 ÷ 36 LF). The mooring to slip ratio in America’s Cup Harbor is 14.06-percent, which is calculated as follows:

Monthly Mooring Rent - \$/LF:	\$ 4.36
Monthly Slip Rent - \$/LF:	÷ \$31.00
Mooring to Slip Ratio - 36 Linear Feet:	0.1406

The operator noted that the mooring rates have not increased since 2006 and require Port District approval to be increased, while the slip rates are increased annually. The owner reports that the Port has agreed to permit the increase in the mooring rates to 52-percent of the slip rates based on a San Diego marina survey. The operator reported that there will be a five-year phase-in and anticipates the increase will commence in the second half of 2024. The proposed ratio of 52-percent is judged to be reflect upper limit of the “ratio” range as the operator of the San Diego moorings is responsible for the maintenance and repair of the mooring fields and mooring hardware, with associated costs accounted for this the updated ratio. It should be noted that when surveyed in 2006 the rate for a 30-foot slip was \$19.50 per linear foot, reflecting a ratio of approximately 25-percent (\$4.92 ÷ \$19.50).

The marina and offshore moorings in Monterey Harbor are administered by the City Harbor Department and offer similar amenities. The rate for an offshore mooring is \$110 per month (paid quarterly) regardless of the vessel length. The City offers various length slips and the ratios are calculated assuming a 20-, 30- and 40-foot vessel occupying the mooring as compared to similar sized slips. The monthly mooring rate of \$110.00 equates to \$5.50 per linear foot for a 20-foot vessel (\$110 ÷ 20 LF), \$3.67 for a 30-foot vessel (\$110 ÷ 30 LF) and \$2.75 for a 40-foot vessel (\$110 ÷ 40 LF). The mooring to slip ratio in ranges from 15.41-percent to 35.26-percent, which is calculated as follows:

Vessel/Slip Length:	20-foot	30-foot	40-foot
Monthly Mooring Rent - \$/LF:	\$ 5.50	\$ 3.67	\$ 2.75
Monthly Slip Rent - \$/LF:	÷ \$15.60	÷ \$19.31	÷ \$17.85
Mooring to Slip Ratio:	0.3526	0.1901	0.1541

The ratio ranges from 15.41- to 35.26-percent depending on the mooring/slip length. This comparable is instructive in narrowing the probable range as the permittee is responsible for the

tackle, the moorings and the marina are managed by the same municipality and reportedly the mooring permit and slip fees are adjusted annually.

The San Mateo County Harbor District administers the offshore moorings and marina at Pillar Point Harbor. They have discontinued offering new moorings; however, current mooring permits will be continued if the permittee properly maintain their mooring tackle. The monthly rate for an offshore mooring is \$2.03 per vessel foot, with a \$61 per month minimum. The monthly rent per linear foot for maria slips ranges from \$10.80 to \$12.03 depending on the slip length and the dock, with an overall average of \$11.33 per linear foot. The mooring to slip ratio based on the high, low and average slip rate is calculated as follows:

	High	Low	Average
Monthly Mooring Rent - \$/LF:	\$ 2.03	\$ 2.03	\$ 2.03
Monthly Slip Rent - \$/LF:	-:- \$12.03	-:- \$10.80	-:- \$11.33
Mooring to Slip Ratio:	0.1687	0.1880	0.1792

The ratio ranges from 16.87-percent to 18.8-percent, and 17.92-percent based on the average slip rate. The offshore moorings are located in the outer harbor, which is not as desirable as the inner harbor that is more protected and proximate to the upland amenities and fuel dock.

The moorings in Santa Barbara are located east of Stearns Wharf and are not in a protected anchorage. The annual mooring permit fee is \$350 and permit vessels up to 55-feet, which equates to \$0.53 per linear foot per month, with the permittee responsible for the installation and maintenance of the mooring tackle. The City Harbor Department manages both the moorings and the harbor and the average slip fee is \$12.98 per linear foot with a range from \$9.98 to \$19.31 per linear foot. The mooring to slip ratio based on the high, low and average slip rates is calculated as follows:

	High	Low	Average
Monthly Mooring Rent - \$/LF:	\$ 0.53	\$0.53	\$ 0.53
Monthly Slip Rent - \$/LF:	-:- \$19.31	-:- \$9.98	-:- \$12.98
Mooring to Slip Ratio:	0.0274	0.0531	0.0408

The ratio ranges from 2.74-percent to 5.31-percent, and 4.08-percent based on the average slip fee. This data item is given secondary consideration as the moorings are unprotected and distant from the harbor and upland amenities.

The ratio based on the two yacht clubs in Newport Harbor that have offshore moorings, and the average Newport Harbor slip rate as discussed in the prior section (\$50.55/LF), are calculated as follows:

**Newport Harbor Offshore Moorings  
Newport Beach, California**

**December 26, 2023**

**NETZER & ASSOCIATES**

Yacht Club:	NHYC	NHYC	BYC	BYC
Monthly Mooring Rent - \$/LF:	\$13.25	\$13.85	\$17.50	\$15.25
Monthly Slip Rent - \$/LF:	:- \$50.55	:- \$50.55	:- \$50.55	:- \$50.55
Mooring to Slip Ratio:	0.2621	0.2743	0.3462	0.3017

The ratio reflected by Newport Harbor Yacht Club ranges from 26.21-percent to 27.43-percent, and it was reported that the club is responsible for the maintenance and repair of the mooring tackle and that shore boat service is included free of charge. The ratio reflected by the Balboa Yacht Club ranges from 30.17-percent 34.62 percent, with the permittee responsible for the maintenance of the mooring tackle “above the chain” with a \$70.00 per month charge for shore boat service.

The following table is a summary of the slip to mooring ratios based on the preceding discussion.

<b>MOORING TO SLIP RATIO SUMMARY NOVEMBER/DECEMBER 2023</b>				
<b>Harbor</b>	<b>Low</b>	<b>High</b>	<b>Average</b>	<b>Maintenance</b>
San Diego (current)	--	--	14.06%	Landlord
San Diego (proposed)	--	--	52.0%	Landlord
Monterey	15.41% (40 LF)	35.26% (20 LF)	19.01% (30 LF)	Permittee
Pillar Point	16.87%	18.80%	17.92%	Permittee
Santa Barbara	2.74%	5.31%	4.08%	Permittee
Newport Harbor Yacht Club	26.21%	27.43%	--	Landlord
Balboa Yacht Club	30.17%	34.62%	--	Permittee – above the chain

In the final analysis, primary weight is placed on the ratios reflected by Monterey, Pillar Point, Newport Harbor Yacht Club and Balboa Yacht Club. The ratio based on the current rates being charged at the San Diego Mooring Company are given secondary emphasis as the mooring rates have not been adjusted based on market conditions for over 10 years and the proposed/approved ratio has not been implemented and will be phased in over five years and accounts for the landlords maintenance and repair costs. The moorings in Santa Barbara are unprotected and distant from the marina and upland amenities and given little emphasis. On the basis of the market data presented, I have concluded that a ratio of 30.0-percent should be applied to the “average” slip rate to estimate the “benchmark” Fair Market Rent for the offshore moorings.

There are several privately operated marinas throughout Newport Harbor and they generally reflect different levels of quality and condition and mix of slips and amenities. As reported in the prior section, a Newport Harbor marina survey is included in the addenda and indicates that the average slip rate for the marinas included in the summary is \$50.55 per linear foot per month. As many of the comparable data items included in the analysis include mooring and marinas that are operated by the municipality, I will also include a ratio analysis based on the average slip fees for the Balboa Yacht Basin (BYB), which is administered by the City of Newport Beach through a

third-party management company. The published monthly slip fees (included in Addenda) for the Balboa Yacht Basin range from \$32.32 per linear foot (20' slip) to \$80.95 for a 75' slip, with a monthly average of \$48.65 per linear foot.

Using the concluded 30-percent offshore mooring rate to slip rate ratio and the slip fees for the Balboa Yacht Basin and the comparable private marinas included in the survey, the “benchmark” Fair Market Rent for the offshore moorings in Newport Harbor is calculated as follows:

Marina	BYB	Survey
Average Monthly Slip Rent - \$/LF:	\$48.65	\$50.55
Slip/Mooring Ratio:	x 0.30	x 0.30
Monthly Offshore Mooring Rent - \$/LF:	\$14.60	\$15.17

Based on the market data uncovered, the “Ratio” analysis indicates that the “benchmark” monthly fair market rent for the offshore moorings is between \$14.60 and \$15.17 per linear foot.

#### CPI ANALYSIS

Another methodology is to utilize the change in the Consumer Price Index and apply it to the “market” lease rates that were previously established by the City. On the basis of my research, the City set the offshore mooring rate at \$35.00 per linear foot annually, or \$2.917 per month, in January 2016 (Resolution No. 2016-17). The following data reflects current rent per linear foot based on the change in the CPI over the time period.

CPI 1/2016:	247.155
CPI 2023 (10/2023):	324.545
2016 to 10/2023:	324.545 :- 247.155 x \$2.917/LF = \$3.82/LF

The CPI analysis indicates that the current monthly rent for the offshore moorings should be \$3.82 per linear foot. This analysis assumes that the rent set in 2016 reflects “Fair Market Rent” and that the change in the CPI reflects the change in the market conditions for offshore moorings in Newport Harbor between 2016 and the current date.

The change in the CPI is typically applied on an annualized basis over the term of a lease, with a Fair Market Rent adjustment applied at the exercise of a lease option (typically every 5 years), at fixed intervals (generally a 5- or 10-year readjustment) or the commencement of a new lease to reflect the change in market conditions. The application of the CPI method over a long period reflects general price trends, but does not take into consideration changes in market conditions (supply & demand) for a specific good or service within a market area. The offshore mooring rates have been adjusted annually between January 2016 and January 2023 and the current monthly rate being charged is \$3.29 per linear foot, suggesting that if the monthly rent is not adjusted based on the change in market conditions the next CPI adjustment will be in the range of \$3.82 per linear foot, per month.



The CPI analysis indicates that the current monthly Fair Market Rent for the offshore moorings in Newport Harbor is \$3.82 per linear foot.

It should be noted that my research indicates that in January 2016 when the offshore mooring rates were established, the average monthly slip rent per linear foot in Newport Harbor, based on seven marinas included in the “Marina Index” (6 are included in the current survey), was \$32.99, and \$31.69 at the Balboa Yacht Basin. Between 2016 and October 2023 the increase in the CPI was approximately 31-percent, which compares with an increase in the “average” and Balboa Yacht Basin slip fees in excess of 50-percent. Combined, the change in the average rent and market derived ratio suggest that the CPI adjustment is not reflective of the current market conditions.

### RECONCILIATION

The final step of the appraisal process is to reconcile the value conclusions indicated by the methods utilized in formulating the Fair Mark Rent conclusion.

The current monthly Fair Market Rent indicated for the “offshore” moorings located upon City managed tidelands throughout Newport Harbor, as of the date of value, are as follows:

Tidelands Market Rent Analysis:	\$54.00 per Linear Foot
Comparable Rentals Approach:	\$16.00 to \$18.00 per Linear Foot
Ratio Analysis:	\$14.60 to \$15.17 per Linear Foot
CPI Adjustment Approach:	\$3.82 per Linear Foot

The reconciliation process involves a thorough review of the valuation process and supporting data used in each of the valuation approaches. In this step of the appraisal process, I have considered the alternative value indications to arrive at a final rent estimate. The greatest weight is given to that approach in which there is a sufficient quantity of data, with a minimum of assumptions and maximum reliability.

The Tidelands Market Rent Analysis is consistent with the requirements and methodology used by the State Lands Commission when determining tidelands rent. It is based on the market value of the tidelands utilizing the Sales Comparison Approach applicable to a “typical” upland parcel that adjoins the tidelands. Discounts are applied to reflect the consideration that the tidelands do not have the same overall utility and intensity of use relative to the uplands, and in the case of the subject tidelands an additional discount was applied as they do not have joinder with the uplands property. Limited market studies and market data was presented to support the discounts for utility and joinder. A rate of return was applied to the concluded tidelands market value resulting in a fair market rent conclusion. The appropriate rate of return was estimated based on a combination of the rates used by agencies that lease tidelands and on comparable market data for ground leased upland properties. The strength of the Tidelands Market Rent analysis is that it is based on ample

sale data of upland parcels, and there is good market support for the “discounts” applied. The rate of return applied to the “market value” is a combination of the “benchmark”, or “mandated”, annual rates of return, which is supported by the initial rate of return for ground lease transactions of “upland” parcels. The weakness of the rate of return analysis is that the market value of the tidelands is based on upland market data that is discounted to reflect the lack of utility, intensity of use and joinder to the upland, rather than the actual sale of tideland properties. In addition, there is strong demand for bayfront residential lots and there are virtually no vacant bayfront residential lots and new construction requires the razing of older bayfront residences and over the last several years there has been significant redevelopment of older bayfront properties that has further constrained the supply of redevelopment sites. The strong demand, coupled with the limited supply has placed significant upward pressure on the price of bayfront residential lots.

In the Comparable Rentals Approach (Rent Comparison) the most relevant data was included and includes information from five harbors plus information for two yacht clubs located in Newport Harbor and limited data from the “private” market for moorings in Newport Harbor. The data from San Diego Harbor is instructive but somewhat limited in its relevance to the current market as the Port has not permitted rental increase since 2006, but has approved a significant increase that will be phased in over five-years commencing in 2024. The rental rates for the various harbors were adjusted based on the difference between the average slip rates relative to Newport Harbor. The mooring rentals at the Newport Harbor Yacht Club and the Balboa Yacht Club are generally limited to their membership; however, they are very relevant and instructive in the analysis. The membership and monthly dues are paid by all members for the amenities and benefits associated with the respective club, and the club members that pay an additional monthly fee to rent a mooring enjoy all the same membership amenities and benefits; therefore, no “membership” adjustment to the mooring rate is warranted. The data available for the “private” market in Newport Harbor is somewhat limited and the parties interviewed and published information reviewed lacked specificity. The strength of this approach is that it reflects the current rent being paid for offshore moorings located in other harbors (adjusted for location based on the average slip rates) and in Newport Harbor. The data relating to the “private” market is based primarily on the asking rates uncovered in published information and general input from persons operating in the “private” market; however, the data presented is given secondary consideration but is supportive of the rates reflected in the open market and the fair market rent conclusion. The mooring rates were analyzed based on the monthly price per linear foot to establish a “benchmark” mooring rate applicable to all the offshore moorings. The quality and quantity of the market data upon which I have based the comparable rental approach is considered good.

The Ratio Analysis is based on the options available to a vessel owner - to rent a slip or rent a mooring. The analysis of the slip/mooring monthly rent differential factors into that decision. The analysis estimates the fair market rent for offshore moorings as compared to the rent for slip spaces in the same marina or harbor with generally similar locational characteristics as the moorings, which is reflective of the decisions based on the cost of a slip versus a mooring in the harbors that have both marinas and offshore moorings. As shown in the analysis, the ratio can vary dramatically (2.74% to 52%) and is partially dependent on who is responsible for the maintenance of the mooring field and the mooring tackle. The analysis of the San Diego moorings indicates the current ratio is 15.87-percent; however, there has been no rent increase since 2006 and this defines the extreme lower limit of the probable range. The operator reports that they have reached agreement with the Port that will permit them to increase the mooring rates to 52-percent of the slip rate; however, the landlord is responsible for the mooring fields and tackle and these costs are reflected in the ratio. Santa Barbara reflects the low end of the range; however, the mooring is distant from the marina and upland amenities and the anchorage is unprotected. The balance of the data reflects a narrower range from 15.41- to 35.26-percent, with the analysis of the Newport Harbor Yacht Club and Balboa Yacht Club reflecting a range from 26.21-percent for 34.62-percent for moorings located in Newport Harbor. A vessel owner looking at the berthing options in any harbor will take the respective slip/mooring cost (“ratio”) into consideration and it reflects a fairly narrow range; therefore, it is judged to be a relevant and reliable measure of Fair Market Rent.

The CPI Analysis is a trending of the rental rates established in the past (2016) for the subject moorings. It is based on the assumption that the rental rate in the base year (2016) is market based and that the change in CPI reflects the change in market conditions for offshore moorings in Newport Harbor. The 2016 rate was established based on “market rent” for slip fees and a mandated ratio 14-percent of the average slip fee from the “marina index”. The average slip fees in Newport Harbor have increased in excess of 50-percent during this time period and compared to a 31-percent increase in the CPI and the current slip to mooring ratio based on the market analysis is 30-percent as compared to a mandated figure of 14-percent in 2016. The CPI is typically included as an annual adjustment to a lease, with periodic “market rent” adjustments applied to account for changes in market conditions as opposed to a trending of values based on a basket of goods. On the basis of my research, the CPI analysis is not a reliable measure of the long-term supply and demand characteristics for offshore moorings in Newport Harbor and is given little consideration in the final reconciliation.

Given the indications from the approaches utilized, and the quality and quantity of the available market data, I have given each approach some consideration with primary emphasis placed on the Comparable Rentals Approach (\$16.00 to \$18.00) and the “Ratio” Analysis (\$14.60 to \$15.17).

Based on my analysis of the market data uncovered, I have concluded that the offshore moorings have a “Benchmark” Monthly Fair Market Rent, as of December 26, 2023, of: \$16.00 per Linear Foot of Mooring. The “Benchmark” Monthly Fair Market Rent is applicable to a 40-foot mooring, which is the most common length mooring in the Harbor.

The market data uncovered indicates that no delineation based on the location in the Harbor is warranted; however, the “benchmark” mooring rate should include a delineation, or tiered rate, based on the length of the mooring. The offshore moorings range in length from 25-linear feet to 95-linear feet. The “tiering” of the mooring rates is based on 5-foot intervals for moorings from 25- to 49-linear feet and 10-foot intervals for moorings that are 50-feet or longer. The analysis is based on the mooring length, the average and median slip rates for similar length slips in Newport Harbor and the concluded 30-percent slip to mooring ratio discussed above.

For illustration purposes and to support the “benchmark” figure applicable to the 40-foot moorings, the following table is a summary of the marina slip rates that are judged to be relevant to the analysis of the 40-foot offshore moorings.

Marina	Length	Rent \$/LF
Balboa Yacht Basin	40'	\$50.09
Newport Dunes Marina	40' - 45'	\$76.00
Bayside Village Marina	40' - 45'	\$41.00
Lido Yacht Anchorage	40' - 49'	\$56.75
Port Calypso	40' - 45'	\$47.00
Dover Landing	40'	\$58.65
	<b>Average</b>	<b>\$54.92</b>
	<b>Median</b>	<b>\$53.42</b>

On the basis of the above, I have concluded that a figure of \$53.50 per linear foot is applicable to the ratio analysis for the 40-foot offshore moorings. The calculation of the monthly Fair Market Rent for the 40-foot offshore moorings, using the analysis, is as follows:

Comparable Slip Rate Rent - \$/LF:	\$53.50
Mooring Size – Linear Feet:	x 40 LF
Total Monthly Slip Rent:	\$2,140.00
Slip to Mooring Ratio:	x 0.30
Monthly Fair Market Rent - Total:	\$642.00
Mooring Size – Linear Feet:	-:- 40 LF
Monthly Fair Market Rent - \$/LF:	\$16.05

On the basis of the market data and analysis presented, the monthly Fair Market Rent, for the 40- to 44-foot offshore mooring, is \$16.05 per linear foot, which compares favorably with the reconciled “benchmark” rate of \$16.00 per linear foot reflected above.

A similar analysis will be completed for each “tier” of mooring based on 5-foot intervals for moorings from 25- to 49-linear feet and 10-foot intervals for moorings that are 50-feet or longer. The following table is a summary of the marina slip rates that are judged to be relevant to the analysis of the 25- to 29-foot offshore moorings.

Marina	Length	Rent \$/LF
Balboa Yacht Basin	25'	\$32.38
Newport Dunes Marina	20' - 29'	\$48.00
Bayside Village Marina	25' - 29'	\$28.00
Lido Yacht Anchorage	20' - 29'	\$34.75
Port Calypso	25' - 30'	\$35.00
Dover Landing	26'	\$42.00
	<b>Average</b>	<b>\$36.69</b>
	<b>Median</b>	<b>\$34.88</b>

On the basis of the above, I have concluded that a figure of \$35.00 per linear foot is applicable to the analysis for the 25- to 29-foot offshore moorings. The calculation of the monthly Fair Market Rent for the 25- to 29-foot offshore moorings, using the ratio analysis, is as follows:

Comparable Slip Rate Rent - \$/LF:	\$35.00
Mooring Size – Linear Feet:	x 25 LF
Total Monthly Slip Rent:	\$875.00
Slip to Mooring Ratio:	x 0.30
Monthly Fair Market Rent - Total:	\$262.50
Mooring Size – Linear Feet:	-:- 25 LF
Monthly Fair Market Rent - \$/LF:	\$10.50

On the basis of the market data and analysis presented, the monthly Fair Market Rent, for the 25- to 29-foot offshore moorings, is \$10.50 per linear foot.

The following table is a summary of the marina slip rates that are judged to be relevant to the analysis of the 30- to 34-foot offshore moorings.

Marina	Length	Rent \$/LF
Balboa Yacht Basin	31'	\$37.29
	32'	\$40.49
	34'	\$41.02
Newport Dunes Marina	30' - 33'	\$53.00
Bayside Village Marina	30' - 32'	\$32.00
Lido Yacht Anchorage	30' - 34'	\$40.00
Port Calypso	34' - 35'	\$42.00
Dover Landing	32'	\$49.30
	<b>Average</b>	<b>\$41.89</b>
	<b>Median</b>	<b>\$40.76</b>

On the basis of the above, I have concluded that a figure of \$41.00 per linear foot is applicable to the analysis for the 30-to 34-foot offshore moorings. The calculation of the monthly Fair Market Rent for the 30-to 34-foot offshore moorings, using the ratio analysis, is as follows:

Comparable Slip Rate Rent - \$/LF:	\$41.00
Mooring Size – Linear Feet:	x 30 LF
Total Monthly Slip Rent:	\$1,230.00
Slip to Mooring Ratio:	x 0.30
Monthly Fair Market Rent - Total:	\$369.00
Mooring Size – Linear Feet:	-:- 30 LF
Monthly Fair Market Rent - \$/LF:	\$12.30

On the basis of the market data and analysis presented, the monthly Fair Market Rent, for the 30- to 34-foot offshore moorings, is \$12.30 per linear foot.

The following table is a summary of the marina slip rates that are judged to be relevant to the analysis of the 35- to 39-foot offshore moorings.

Marina	Length	Rent \$/LF
Balboa Yacht Basin	35'	\$42.59
	37'	\$44.34
Newport Dunes Marina	34' - 39'	\$68.00
Bayside Village Marina	33' - 39'	\$35.00
Lido Yacht Anchorage	35' - 39'	\$48.50
Port Calypso	34' - 35'	\$42.00
Dover Landing	32'	\$49.30
	<b>Average</b>	<b>\$47.10</b>
	<b>Median</b>	<b>\$44.34</b>

On the basis of the above, I have concluded that a figure of \$45.00 per linear foot is applicable to the analysis for the 35- to 39-foot offshore moorings. The calculation of the monthly Fair Market Rent for the 35- to 39-foot offshore moorings, using the ratio analysis, is as follows:

Comparable Slip Rate Rent - \$/LF:	\$45.00
Mooring Size – Linear Feet:	x 35 LF
Total Monthly Slip Rent:	\$1,575.00
Slip to Mooring Ratio:	x 0.30
Monthly Fair Market Rent - Total:	\$472.50
Mooring Size – Linear Feet:	-:- 35 LF
Monthly Fair Market Rent - \$/LF:	\$13.50

On the basis of the market data and analysis presented, the monthly Fair Market Rent, for the 35- to 39-foot offshore moorings, is \$13.50 per linear foot.

The following table is a summary of the marina slip rates that are judged to be relevant to the analysis of the 45- to 49-foot offshore moorings.

Marina	Length	Rent \$/LF
Balboa Yacht Basin	45'	\$51.27
Newport Dunes Marina	40' - 45'	\$76.00
	46' & up	\$91.00
Bayside Village Marina	40' - 45'	\$41.00
Lido Yacht Anchorage	40' - 49'	\$56.75
Port Calypso	40' - 45'	\$47.00
Dover Landing	42'	\$58.65
	<b>Average</b>	<b>\$60.24</b>
	<b>Median</b>	<b>\$56.75</b>

On the basis of the above, I have concluded that a figure of \$57.50 per linear foot is applicable to the analysis for the 45- to 49-foot offshore moorings. The calculation of the monthly Fair Market Rent for the 45- to 49-foot offshore moorings, using the ratio analysis, is as follows:

Comparable Slip Rate Rent - \$/LF:	\$57.50
Mooring Size – Linear Feet:	x 45 LF
Total Monthly Slip Rent:	\$2,587.50
Slip to Mooring Ratio:	x 0.30
Monthly Fair Market Rent - Total:	\$776.25
Mooring Size – Linear Feet:	-:- 45 LF
Monthly Fair Market Rent - \$/LF:	\$17.25

On the basis of the market data and analysis presented, the monthly Fair Market Rent, for the 45- to 49-foot offshore moorings, is \$17.25 per linear foot.

The following table is a summary of the marina slip rates that are judged to be relevant to the analysis of the 50- to 59-foot offshore moorings.

Marina	Length	Rent \$/LF
Balboa Yacht Basin	50'	\$60.59
Newport Dunes Marina	46' & up	\$91.00
Bayside Village Marina	50' & up	\$45.00
Lido Yacht Anchorage	50' - 59'	\$66.00
Port Calypso	50' - 60'	\$55.00
Dover Landing	42'	\$58.65
	62'	\$82.00
	<b>Average</b>	<b>\$65.46</b>
	<b>Median</b>	<b>\$60.59</b>

On the basis of the above, I have concluded that a figure of \$62.50 per linear foot is applicable to the analysis for the 50- to 59-foot offshore moorings. The calculation of the monthly Fair Market Rent for the 50- to 59-foot offshore moorings, using the ratio analysis, is as follows:

Comparable Slip Rate Rent - \$/LF:	\$62.50
Mooring Size – Linear Feet:	x 50 LF
Total Monthly Slip Rent:	\$3,125.00
Slip to Mooring Ratio:	x 0.30
Monthly Fair Market Rent - Total:	\$937.50
Mooring Size – Linear Feet:	-:- 50 LF
Monthly Fair Market Rent - \$/LF:	\$18.75

On the basis of the market data and analysis presented, the monthly Fair Market Rent, for the 50- to 59-foot offshore moorings, is \$18.75 per linear foot.

The following table is a summary of the marina slip rates that are judged to be relevant to the analysis of the 60- to 69-foot offshore moorings.

Marina	Length	Rent \$/LF
Balboa Yacht Basin	60'	\$70.65
Newport Dunes Marina	46' & up	\$91.00
Bayside Village Marina	50' & up	\$45.00
Lido Yacht Anchorage	60' - 69'	\$74.00
Port Calypso	50' - 60'	\$55.00
Dover Landing	62'	\$82.00
	<b>Average</b>	<b>\$69.61</b>
	<b>Median</b>	<b>\$72.33</b>

On the basis of the above, I have concluded that a figure of \$70.00 per linear foot is applicable to the analysis for the 60- to 69-foot offshore moorings. The calculation of the monthly Fair Market Rent for the 60- to 69-foot offshore moorings, using the ratio analysis, is as follows:

Comparable Slip Rate Rent - \$/LF:	\$70.00
Mooring Size – Linear Feet:	x 60 LF
Total Monthly Slip Rent:	\$4,200.00
Slip to Mooring Ratio:	x 0.30
Monthly Fair Market Rent - Total:	\$1,260.00
Mooring Size – Linear Feet:	-:- 60 LF
Monthly Fair Market Rent - \$/LF:	\$21.00

On the basis of the market data and analysis presented, the monthly Fair Market Rent, for the 60- to 69-foot offshore moorings, is \$21.00 per linear foot.

The following table is a summary of the marina slip rates that are judged to be relevant to the analysis of the offshore moorings that are 70-feet or longer.

Marina	Length	Rent \$/LF
Balboa Yacht Basin	75'	\$80.95
Newport Dunes Marina	46' & up	\$91.00
Bayside Village Marina	50' & up	\$45.00
Lido Yacht Anchorage	70' - 79'	\$78.00
	80' - 89'	\$84.50
Port Calypso	50' - 60'	\$55.00
Dover Landing	62'	\$82.00
	<b>Average</b>	<b>\$73.78</b>
	<b>Median</b>	<b>\$80.95</b>

On the basis of the above, I have concluded that a figure of \$77.50 per linear foot is applicable to the analysis for the offshore moorings that are 70-feet or longer. The calculation of the monthly Fair Market Rent for the offshore moorings that are 70-feet or longer, using the ratio analysis, is as follows:

Comparable Slip Rate Rent - \$/LF:	\$77.50
Mooring Size – Linear Feet:	x 70 LF
Total Monthly Slip Rent:	\$5,425.00
Slip to Mooring Ratio:	x 0.30
Monthly Fair Market Rent - Total:	\$1,627.50
Mooring Size – Linear Feet:	-:- 70 LF
Monthly Fair Market Rent - \$/LF:	\$23.25

On the basis of the market data and analysis presented, the monthly Fair Market Rent, for the offshore moorings that are 70-feet or longer, is \$23.25 per linear foot.

The concluded rent per linear foot is applied to the mooring lengths located in Newport Harbor that are summarized in the table on the following page.



**VALUATION**

Based upon the work undertaken, and my experience as a real estate analyst and appraiser, I have formed the opinion, as of the 26<sup>th</sup> day of December 2023, subject to the Assumptions and Limiting Conditions contained in this report, that the offshore moorings in Newport Harbor have the following values:

Monthly Fair Market Rent - as of December 26<sup>th</sup>, 2023

<b>Mooring Length (Linear Feet)</b>	<b>Monthly Fair Market Rent</b>
25'	\$10.50/Linear Foot
30'	\$12.30/Linear Foot
35'	\$13.50/Linear Foot
40'	\$16.00/Linear Foot
45'	\$17.25/Linear Foot
50'	\$18.75/Linear Foot
55'	\$18.75/Linear Foot
60'	\$21.00/Linear Foot
65'	\$21.00/Linear Foot
70'	\$23.25/Linear Foot
75'	\$23.25/Linear Foot
80'	\$23.25/Linear Foot
90'	\$23.25/Linear Foot
95'	\$23.25/Linear Foot

**ADDENDA**

BYB Rate Sheet



**Balboa Yacht Basin Marina**  
**829 Harbor Island Drive**  
**Newport Beach, CA 92660**  
[www.newportbeachca.gov/byb](http://www.newportbeachca.gov/byb)

### **Slip Rates**

**August 2023**

<b>Slip Length</b>	<b>2023-2024 Slip Rate (per foot, per month)</b>
20' Slip	\$32.23
25' Slip	\$32.38
31' Slip	\$37.29
32' Slip	\$40.49
34' Slip	\$41.02
35' Slip	\$42.59
37' Slip	\$44.34
40' Slip	\$50.09
45' Slip	\$51.27
50' Slip	\$60.59
60' Slip	\$70.65
75' Slip	\$80.95

Garage: \$444.81 per month  
Apartments: \$3,353.81 per month

For information and slip availability, please contact:

BYB Marina Manager Kelly Rinderknecht  
949-569-0723  
[krinderknecht@themarinaatdanapoint.com](mailto:krinderknecht@themarinaatdanapoint.com)

Marina Survey

**MARINA SURVEY SUMMARY  
NOVEMBER/DECEMBER 2023**

<b>Data No. Name Location</b>	<b>Total Slips</b>	<b>Occupancy Percent</b>	<b>Slip Length (range) Linear Feet</b>	<b>Rental Range Monthly Rent \$/Linear Foot</b>
1/ Balboa Yacht Basin 829 Harbor Island Drive Newport Beach	181	100%	20' 25' 31' 32' 34' 35' 37' 40' 45' 50' 60' 75'	\$32.23 \$32.38 \$37.29 \$40.49 \$41.02 \$42.59 \$44.34 \$50.09 \$51.27 \$60.59 \$70.65 \$80.95
2/ Newport Dunes Resort & Marina 101 N. Bayside Drive Newport Beach	442	±97%	20' – 29' 30' – 33' 34' – 39' 40' – 45' 46' & Up	\$48.00* - \$53.00 \$53.00* - \$58.00 \$68.00 \$76.00 \$91.00
3/ Bayside Village Marina 300 E. Coast Highway Newport Beach	220	100%	12' – 19' 20' – 24' 25' – 29' 30' – 32' 33' – 39' 40' – 45' 50' & Up Super Slips Dbl Loaders	\$29.00 \$29.00 \$28.00 \$32.00 \$35.00 \$41.00 \$45.00 \$45.00 \$45.00
4/ Lido Yacht Anchorage 151 Shipyard Way, Ste. 7 Newport Beach	251	100%	6' – 19' 20' – 29' 30' – 34' 35' – 39' 40' – 49' 50' – 59' 60' – 69' 70' – 79' 80' – 89' 110' – 135'	\$30.50 \$34.75 \$40.00 \$48.50 \$56.75 \$66.00 \$74.00 \$78.00 \$84.50 \$87.00

\*Lower rate is for a 1-year lease

**MARINA SURVEY SUMMARY (continued)**  
**NOVEMBER/DECEMBER 2023**

<b>Data No. Name Location</b>	<b>Total Slips</b>	<b>Occupancy Percent</b>	<b>Slip Length (range) Linear Feet</b>	<b>Rental Range Monthly Rent \$/Linear Foot</b>
5/ Port Calypso 2633 W. Coast Highway Newport Beach	50	100%	18' – 22' 25' – 30' 34' – 35' 40' – 45' 50' – 60'	\$730/Month (\$33.18 - \$40.56) \$35.00 \$42.00 \$47.00 \$55.00
6/ Dover Landing 2888 Bayshore Drive Newport Beach	56	100%	18' – 22' 26' 32' 40' 42' 62'	\$841/Month (\$38.22 - \$46.72) \$42.00 \$49.30 \$58.65 \$58.65 \$82.00

Qualifications



## QUALIFICATIONS

of

**James B. Netzer, MAI**

### Professional Background

Prior to forming Netzer & Associates, he was associated for over three years with Urban Pacific Services Corp. Actively engaged as a real estate analyst, appraiser and consultant since 1987. Principal of the appraisal and consulting firm of Netzer & Associates with offices at:

170 E. Seventeenth Street, Suite 206  
Costa Mesa, California 92627

### Educational Activities

Bachelor of Arts in Liberal Studies with a Concentration in Economics, California State University, Long Beach, 1986.

Has successfully completed the following courses sponsored by the American Institute of Real Estate Appraisers and the Appraisal Institute:

A.I.R.E.A Course 1A-1: Principles of Real Estate Appraisal  
A.I.R.E.A Course 1A-2: Basic Valuation Procedures  
A.I.R.E.A Course 1B-A: Capitalization Theory and Techniques, Part A  
A.I.R.E.A Course 1B-B: Capitalization Theory and Techniques, Part B  
A.I.R.E.A Course SPP: Standards of Professional Practice  
A.I. Course 2-1: Case Studies in Real Estate Valuation  
A.I. Course 540: Report Writing and Valuation Analysis  
A.I. Course 550: Advanced Applications

Has successfully completed multiple classes to meet the continuing education requirements of Appraisal Institute, California Office of Real Estate Appraisers and Bureau of Real Estate.

### Professional Affiliations & State Licenses

Member of the Appraisal Institute - MAI Designation  
State of California - Certified General Real Estate Appraiser - Certificate No. AG003143  
State of California - Real Estate Broker License - License No. 01185682

### Court Qualification

Qualified as an expert witness in the Superior Courts of Orange, Los Angeles, San Bernardino and San Diego Counties, U.S. Bankruptcy Court – Los Angeles Division.

### Teaching Experience

Orange Coast College - Adjunct Professor (retired) - Business 140 "Real Estate Appraisal Principles"

## Seminar & Panel Presentations

Los Angeles County Bar Association – Real Property Division: *Overholtzer Overhauled, An Update on Damages, Appraisals and Interim Loss under Title Insurance Policies*, September 2013

### Scope of Experience

During the period in which Mr. Netzer has been engaged as a real estate appraiser and analyst, he has been involved in most aspects of the field having completed assignments for multiple purposes, including: estate planning; bankruptcy; conflict-of-interest analysis (Political Reform Act of 1974); construction defects litigation; soil subsidence; dissolution of marriage; ground lease re-valuation; leasehold & sub-leasehold valuation; property tax appeals; lease and ground lease arbitration; easement/access/encroachment/title disputes (based on *Overholtzer v. Northern Counties Title*); soils contamination litigation; mortgage lending; construction financing; portfolio valuation; market and feasibility analysis; fractional interest valuation; and, due diligence.

He has experience appraising the following property types:

#### **Vacant Land**

Residential lots, sub-division sites, condominium sites, commercial and industrial sites, mountainous acreage, raw acreage, mitigation land (Delhi Sands Flower Loving Fly, Stephens Kangaroo Rat & Open Space).

#### **Residential**

Single-family residences, condominiums, townhomes, planned unit developments, multi-family units, apartment buildings, mobile home parks, mobile home coaches, proposed and existing subdivisions and senior housing/memory care projects.

#### **Commercial**

Office buildings and condominiums, medical office buildings and condominiums, restaurant buildings, retail centers, neighborhood shopping centers, community centers, commerce centers, congregate care facilities, parking structures, golf courses, mixed-use developments, auto dealerships and gas stations.

#### **Industrial**

Manufacturing and warehouse buildings, distribution facilities, multi-tenant buildings, condominium developments and units, mini-storage facilities.

#### **Special Use**

Commercial and residential tidelands, boat harbors, auto ferry, bait barge, marinas, gas docks, mooring fields, commercial piers, municipal piers/docks, civic center, fire stations, police stations, emergency communication facilities, temporary construction easements, steel fabricating plant and car wash facilities.

## PARTIAL LIST OF CLIENTS

### ATTORNEYS, LAW FIRMS & ACCOUNTANTS

Barton Klugman & Oetting  
Best, Best & Krieger  
Boss Law Firm APLC  
Bremer, Whyte, Brown & O'Meara  
Browne & Woods LLP  
Bryan Cave LLP  
Burd & Naylor  
Cozen O'Connor  
Davis Law APC  
Friedman, Stroffe & Girard, PC  
Gibson, Dunn & Crutcher  
Goldstein & Ward  
Greines, Martin, Stein & Richland LLC  
Harbin & McCarron  
Hart King  
Hart, King & Coldren  
Jackson Tidus  
Jeffer, Mangels, Butler & Marmaro LLP  
Klein & Wilson  
Kushner Carlson  
Landels, Ripley & Diamond  
Larsen & Associates  
Latham & Watkins  
Law Offices of Erik B. Michelsen  
Law Offices of Michael Leight  
Law Offices of Steven E. Briggs  
Leech & Associates  
Loeb & Loeb, LLC  
Lynberg & Watkins  
Manning & Kass, Ellrod, Ramirez, Trester  
McDermott, Will & Emory  
Millar, Hodges & Bemis  
Palmieri, Tyler, Wiener, Wilhelm & Waldron  
Richard Shaffer (Court Appointed Receiver)  
Rubin & Eagan  
Samuels, Green & Steel, LLP  
Severson & Werson  
Shulman Bunn LLP  
Songstad, Randall, Coffee & Humphrey  
Stradling, Yocca, Carlson & Rauth  
Turner & Reynolds  
Turner Law Firm  
Richard Wildman, Attorney at Law  
Wolf & Richards  
Wright Ford Browning & Young  
Wynne, Spiegel & Itkin

### LENDING INSTITUTIONS

Bank Midwest, N.A.  
Bank of America  
Bankers Mutual (Berkshire Mortgage)  
California Federal Bank  
Citicorp Real Estate, Inc.  
Credit Suisse  
Comerica Bank  
Escondido National Bank  
GE Capital Investment Advisors  
Hawthorne Savings  
Huntington National Bank  
Merrill Lynch Credit Corporation  
Park View Mortgage  
Strategic Mortgage Services  
Tokai Bank  
Wells Fargo Bank

### GOVERNMENTAL AGENCIES

City of Costa Mesa  
City of Carson  
City of East Palo Alto  
City of Glendora  
City of Huntington Beach  
City of Long Beach – Tidelands CID  
City of Newport Beach  
Costa Mesa Sanitation District  
Federal Deposit Insurance Corporation (FDIC)  
Orange County – Dana Point Harbor  
Resolution Trust Corporation (RTC)  
Securities & Exchange Commission (SEC)

### GENERAL CLIENTS

AMRESO Management, Inc.  
Arnold Construction  
Balboa Yacht Club  
The Boy's Republic  
Capital Guardian Trust  
Chicago Title Company  
Continental Mobile Housing  
Decron Management  
Environmental Nature Center  
Fidelity National Title Group  
First American Title Insurance  
Great American Insurance Company  
Hamilton Company  
Heritage Point Senior Living  
Hornblower Cruises  
Kinder Morgan Energy Partners  
Lee & Associates  
Lloyds of London  
Monarch Bay Land Association  
Newport Sports Collection Foundation  
North American Title Insurance Company  
O.C. Interfaith Shelter  
Old Republic Title  
Pulte Home Corporation  
Real Advantage Title  
S & A Properties  
S & S Construction/Shappell Industries  
St. Clair Company LLC  
Santa Fe Pacific Pipeline Partners, L.P.  
Simplex Realty  
Staples, Inc.  
State Farm Insurance  
Stewart Title Guaranty Company  
Texaco Refining & Marketing, Inc.  
Westcor Land Title Insurance Company  
Western National Properties