

CBRE VALUATION & ADVISORY SERVICES

# APPRAISAL REPORT

NEWPORT HARBOR OFFSHORE MOORING FIELDS -  
TIDELANDS FAIR USE FEES  
NEWPORT HARBOR  
NEWPORT BEACH, CALIFORNIA 92662

NEWPORT MOORING ASSOCIATION, INC.

**CBRE**

February 12, 2024

Mr. L. Scott Karlin  
Policy and Legal Affairs on behalf of Newport Mooring Association, Inc.  
NEWPORT MOORING ASSOCIATION, INC.  
P.O. Box 1118  
Newport Beach, California 92659

RE: Appraisal of: Newport Harbor Offshore Mooring Fields - Tidelands Fair Use Fees  
Newport Harbor, Newport Beach, Orange County, California

Dear Mr. Karlin:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market rental value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject property consists of the State-owned State of California Tidelands submerged in Newport Harbor that are currently utilized to accommodate individual offshore moorings. The Tidelands are currently held in Trust by the City of Newport Beach. There are approximately 740 offshore moorings, approximately 579 of which are in mooring fields A, B, C, D, F, G, H, J and K, and which excludes approximately 79 moorings in the Balboa Yacht Club mooring field and 73 moorings in the Newport Harbor Yacht Club mooring field which are not administrated by the City. The Harbor Patrol also has 6 moorings.

Although requested, updated precise sourced detailed information including the exact number of moorings, intended boat length for each mooring, and the amount of tidelands encumbered or utilized within each mooring field for use by individual moorings was not available. We have estimated / filled in any missing data and figures based on available information including mooring area maps, 6 years of detailed mooring transfer logs, Landvision aerial measuring tool, and calculations based on typical vessel sizes and mooring equipment. From these resources we have estimated 579 moorings in 9 mooring fields ranging from 18 moorings to 133 moorings, with average intended boat lengths ranging from 40' to 50' and average beam (width) of 15 feet, each of which is extended on average 12 feet from the boat to the buoy at the bow, and 12 feet from the stern to the stern buoy. In the case of mooring using only one buoy, the extra area at the stern would not be added. The mooring fields within which the individual moorings are located comprise just over 82 acres of tidelands. Note that we independently estimated the area of the mooring fields with an aerial measuring tool which indicated actual mooring fields of around 73 acres; however, the Harbor Department-provided-data was relied upon for the purposes of the appraisal, despite being unsourced. The areas within the mooring fields outside the areas occupied by, or which could be occupied by a vessel on the individual moorings is not an area used exclusively by the owners of vessels on the individual moorings. These areas are generally used by the public inclusive of kayakers, paddle boarders, small craft

such as Duffy Boats, as well as the occasional use by the owner of a vessel using a tender to access an individual mooring.

Our analysis is of the tidelands used by the individual moorings within the mooring fields. Actual fees or fair market rent would vary from mooring to mooring. For example, a mooring on the perimeter of a moorings field would have superior unobstructed views, easier access, and/or mooring fields are closer to the harbor entrance, etc. This, however, is offset by a generally inferior mooring which may be very far from the harbor entrance, have difficult or crowded access, be located near a gas dock or a “louder” area in the harbor, etc. Accordingly, for this assignment, and in order to provide as balanced and equitable an analysis of the tidelands in a harbor-wide context as possible, we based the valuation of market rent for the subject tidelands upon a “typical” mooring.

Based on the analysis contained in the following report, and certain assumptions based on the typical area of tidelands used by a vessel on a mooring, and the lack of additional services or areas of tidelands available to mooring holders to access these moorings, the market value of the subject is concluded as follows:

<b>TIDELANDS FAIR USE FEES / FAIR MARKET RENT</b>			
Appraisal Premise	Date of Value	Market Rent / Lineal Foot / YR for Tidelands (\$3.36 LF per mo)	Annual Rent per 40' Mooring Based on 1,326SF of Tidelands used for individual mooring
As Is	January 15, 2024	\$41.00	\$1,640
Compiled by CBRE			

### Summary Table – Various Size Moorings

Mooring Size	Sq Ft with Max Swing Factor	Annual Fee Per Lineal Foot (rounded to full dollar)	Annual Fee Based on Sq Ft Tidelands (without Rounding)	Annual Fee Per Lineal Foot (rounded to full dollar)
30	843	\$35	\$1,045.32	\$1,050
40	1,326	\$41	\$1,644.24	\$1,640
50	1,857	\$46	\$2,302.68	\$2,300
60	2,322	\$48	\$2,879.28	\$2,880
70	2,840	\$50	\$3,521.60	\$3,500

If the City was to provide additional services to provide access to the moorings (such as shore boat service) or set aside areas of the tidelands for reasonable access to the moorings (such as in water motorized dinghy/tender boat dockage), an adjustment in the value may be appropriate,

depending on the nature and extent of such additional services or additional tideland used for such access.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



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Robert Jacobson, MAI  
Executive Vice President  
California State Certification No. AG035731  
Expiration Date: July 7, 2025

## Certification

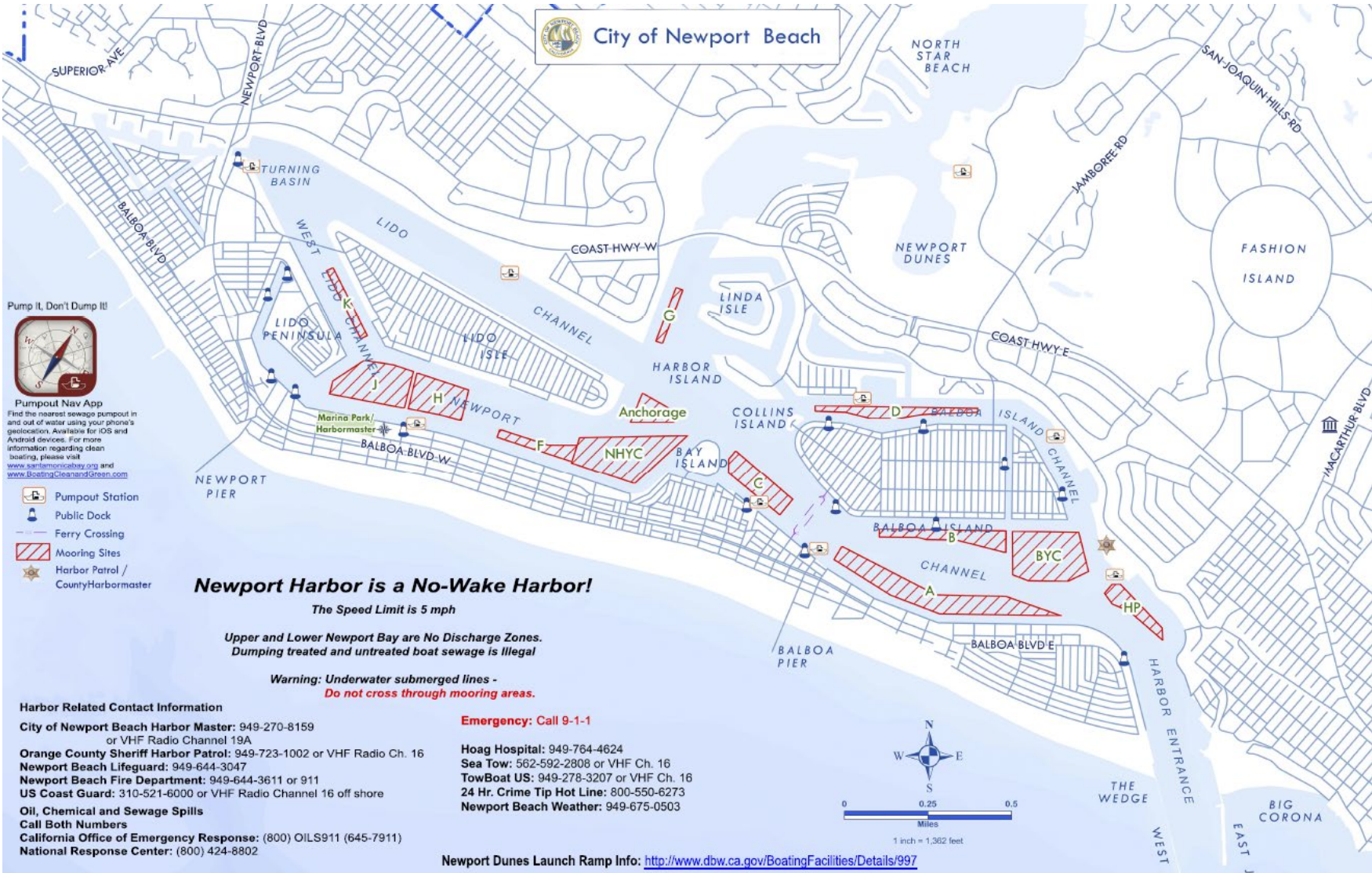
We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the 2024 Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of California.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Robert Z. Jacobson, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
11. Robert Z. Jacobson, MAI has made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Robert Z. Jacobson, MAI has not provided any 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.



Robert Jacobson, MAI  
California State Certification No. AG03573

MAP OF NEWPORT HARBOR AND MOORING FIELDS





Mooring Field A from west



Mooring Field A from east



Mooring Field C from west



Mooring Field C from east



Mooring Field B from west

Mooring Field G from north

## Executive Summary

<b>Property Name</b>	Newport Harbor Offshore Mooring Fields - Tidelands Fair Use Fees	
<b>Location</b>	Newport Harbor, Newport Beach, Orange County, CA 92662	
<b>Client</b>	Newport Mooring Association, Inc.	
<b>Highest and Best Use</b>		
As If Vacant	Offshore Mooring Use	
As Improved	Offshore Mooring Use	
<b>Property Rights Appraised</b>	Leased Fee Interest	
<b>Date of Report</b>	January 31, 2024	
<b>Date of Inspection</b>	January 15, 2024	
<b>Submerged Tidelands Area</b>	81.583 AC	3,553,765 SF
<b>Mooring Fields</b>	9	
<b>Moorings</b>	579	
<b>Utilized Average Mooring Size</b>	40'	
<b>Concluded Tidelands SF / Lineal Boat / Mooring Size</b>	33 SF	
<b>Tidelands Attributable / 40' Boat</b>	1,326 SF	

### VALUATION

	<b>January 15, 2024</b>	<b>Rent Per Year</b>
<b>Market Rent As Is On</b>		
California State Tidelands Commission Methodology		\$1,613
Inflation Methodology Based on City's Prior Benchmark		\$1,670
Ratio Method		\$1,920

### TIDELANDS FAIR USE FEES / FAIR MARKET RENT

Appraisal Premise	Date of Value	Market Rent / Lineal Foot / YR for Tidelands (\$3.36 LF per mo)	Annual Rent per 40' Mooring Based on 1,326SF of Tidelands used for individual mooring
As Is	January 15, 2024	\$41.00	\$1,640

Compiled by CBRE



### Market Rates for Moorings - Other Sizes

Based on Methodologies Used in This Report the Value per Square Foot is \$1.24 per Square Foot of Tidelands Used Per Annum. The square foot valuation would not change in relation to the size of mooring, only the square foot used and resulting adjustment to the total rate would change.

#### Sq Ft of Tidelands Used – No Swing Factor

Boat Size	+	Lines + Buoys*	x	Beam	Total Sq Ft
30	+	24	x	12	648
40	+	28	x	15	1,020
50	+	34	x	17	1,428
60	+	34	x	19	1,786
70	+	34	x	21	2,184

#### Rates without a Swing Factor

Boat Size	Sq Ft with Lines etc	x		Total Sq Ft	Fee Per Year at \$1.24 sq ft	Fee Per Year Per Lineal Foot
30	648	x		648	\$803.52	\$26.79
40	1,020	x		1,020	\$1,264.80	\$31.62
50	1,428	x		1,428	\$1,770.72	\$35.42
60	1,786	x		1,786	\$2,214.64	\$36.91
70	2,184	x		2,184	\$2,708.16	\$38.69

#### Add Swing Factor at 20%

Boat Size	Sq Ft with Lines etc	x	20%	Total Sq Ft with Swing	Fee Per Year at \$1.24 sq ft	Fee Per Year Per Lineal Foot
30	648	x		778	\$964.72	\$32.16
40	1,020	x		1,224	\$1,517.76	\$37.95
50	1,428	x		1,714	\$2,125.36	\$42.51
60	1,786	x		2,144	\$2,658.56	\$44.31
70	2,184	x		2,621	\$3,250.04	\$46.43

#### Add Swing Factor at 25%

Boat Size	Sq Ft with Lines etc	x	25%	Total with Swing	Fee Per Year at \$1.24 sq ft	Fee Per Year Per Lineal Foot
30	648	x		810	\$1,004.40	\$33.48
40	1020	x		1,275	\$1,581.00	\$39.53
50	1428	x		1,785	\$2,213.40	\$44.27
60	1786	x		2,233	\$2,768.92	\$46.15
70	2184	x		2,730	\$3,385.20	\$48.36

**Add Swing Factor at 30%**

Boat Size	Sq Ft with Lines etc	x	30%	Total with Swing	Fee Per Year at \$1.24 sq ft	Fee Per Year Per Lineal Foot
30	648	x		843	\$1,045.32	\$34.85
40	1,020	x		1,326	\$1,644.24	\$41.11
50	1,428	x		1,857	\$2,302.68	\$46.06
60	1,786	x		2,322	\$2,879.28	\$47.99
70	2,184	x		2,840	\$3,521.60	\$50.31

\* Variations with Summary results from rounding square foot calculations.

## MARKET VOLATILITY

We draw your attention to a combination of inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems which have significantly increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term.

Experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions.

It is important to note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

## CURRENT ECONOMIC CONDITIONS

At its December 2023 meeting, the Federal Reserve held the federal funds rate at a range of 5.25% to 5.50% and indicated it will continue reducing its balance sheet by \$95 billion per month. The Fed reaffirmed its commitment to lowering inflation to its 2.00% target, while also acknowledging that risks (inflation vs. growth) have become more balanced.

Despite headline inflation remaining above the Fed's 2.00% target, core inflation, which excludes food and energy prices, has steadily decreased over the past 12 months. The recent run-up in the 10-year Treasury yield has further tightened financial conditions, which will continue to suppress economic growth and inflation. Commercial real estate investment activity is unlikely to improve until capital sources are confident that interest rates have stabilized, and pricing has fully adjusted.

While opinions vary on future economic issues, the general market consensus at the time of this appraisal is the anticipation of moderating inflation as higher interest rates cool demand. Tighter lending conditions and a weakening economy will keep capital markets activity subdued and reduce leasing demand in the short to medium term. Amid this uncertain and dynamic environment, investment market performance will be uneven across property types.

## Local Impact

Note that while Newport Beach Harbor and its users are somewhat uniquely more insulated from broader changes in prevailing economic conditions due to the level of affluence surrounding the area and harbor, current economics and market fundamentals of harbor-related operations were artificially turbocharged due to the COVID-19 lockdowns and restrictions set forth by government throughout California. The lockdowns spurred boat usage and harbor demand in dramatic fashion during 2020 and 2021. As will be illustrated in the market analysis section, this artificial demand has waned with the COVID-19 pandemic, lockdowns, and operation restrictions behind

us, there is market evidence of a contraction in the boating market. In addition, we are currently facing unprecedented economic headwinds with the Fed raising rates over 500 basis points since April 2022, which historically has never been seen. This is intended and is anticipated to “unwind” much of the (again artificially imposed) COVID-19 pandemic era inflationary gains (increases in market rent and compression of rates of return).

### EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”<sup>1</sup>

- We have utilized the number of moorings, intended / assigned lineal foot capacity per mooring, and the amount of tidelands attributable to each mooring field based on multiple sources, the primary of which was the Newport Harbor Department mooring summary sheet. This summary sheet was provided by the Harbor Department but was unsourced. Although requested, a full detailed comprehensive list of this information including actual surveyed tidelands areas was not provided / available. Also of importance but which was not available is the intended lineal boat capacity for each mooring. ***The appraiser is not a licensed surveyor.*** It is recommended that a professional tidelands survey be performed by a certified licensed surveyor and reliable source for all / average lineal foot mooring capacity for the mooring fields in question prior to making a business decision. The appraiser has made his best effort to accurately estimate these figures as relied upon in the following analysis. We reserve the right to amend our opinion of fair market rent if actual encumbered tidelands areas and lineal boat capacities vary from those figures utilized in the appraisal.

The use of extraordinary assumptions might have affected assignment results.

### HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purposes of analysis.”<sup>2</sup>

- None noted

### OWNERSHIP AND PROPERTY HISTORY

Title to the subject tidelands is currently vested in the State of California, in Trust to the City of Newport Beach.

To the best of our knowledge, there has been no ownership transfer of the property during the previous three years, nor any other marketing activity of unsolicited offers, and the subject is not currently listed for or pending sale.

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<sup>1</sup> The Appraisal Foundation, *USPAP*, 2024

<sup>2</sup> The Appraisal Foundation, *USPAP*, 2024

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<b>ADDENDA</b>	
A General Data	
B Appraiser License	

## Scope of Work

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data are gathered, and analysis is applied.

### INTENDED USE OF REPORT

This appraisal is to be used for internal purposes related to discussions with the governing authority regarding increasing fees payable by mooring owners, and no other use is permitted.

### CLIENT

The client is Newport Mooring Association, Inc.

### INTENDED USER OF REPORT

This appraisal is to be used by Newport Mooring Association, Inc., and no other user may rely on our report unless as specifically indicated in the report.

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report.<sup>3</sup>

### PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate fair use fees / fair market rent for the subject property.

### DEFINITION OF VALUE

There is no specific definition of Fair Market Rent. However, Market Rent is considered to be synonymous with Fair Market Rent for the purpose of this appraisal. Fair Market Rent is defined in the Sixth Edition (2015) of The Dictionary of Real Estate Appraisal as: "The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs)."

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<sup>3</sup> Appraisal Institute, The Appraisal of Real Estate, 14th ed. (Chicago: Appraisal Institute, 2013), 50.

## **INTEREST APPRAISED**

The value estimated represents fair market rent, not an ownership interest such as fee simple or leased fee. Therefore, the concept of ownership interest is not applicable in this assignment.

### **Extent to Which the Property is Identified**

The property is identified through the following sources:

- various mapping software and records
- physical inspection

### **Extent to Which the Property is Inspected**

We inspected the subject property as well as the surrounding environs on the effective date of the appraisal. The inspection included various aerial and mapping resources, as well as a physical inspection around and throughout the harbor.

### **Type and Extent of the Data Researched**

CBRE reviewed the following:

- various public resources
- comparable data
- previous market studies and appraisals

### **Type and Extent of Analysis Applied**

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.

## Data Resources Utilized in the Analysis

DATA SOURCES	
Item:	Source(s):
Subject Encumbered Tidelands Area	Information Provided by Newport Harbor Department, LandVision Aerial Measuring Tool
Number of Moorings	Information Provided by Newport Harbor Department (indicates 6 more moorings than the mooring field harbor maps)
Moorings Capacity / Lineal Boat Feet per Mooring Field	Public Record Mooring Transfer Logs June 2017 thru October 2022, LandVision Aerial Measuring Tool
Compiled by CBRE	

## APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

### METHODOLOGY APPLICABLE TO THE SUBJECT

In performing our market rental analysis, we have performed a rent comparable or paired rent analysis for available harbors in California that offer both slip and mooring options for boaters. These harbors are in San Diego, Morro Bay, Monterey Bay/Santa Cruz, and Half Moon Bay. We have incorporated this methodology into the market standard State of California employed methodology described below.

The Benchmark analysis is employed consistently throughout California by the California State Lands Commission. This is a common practice utilizing benchmarks which are used to establish uniform rental rates in specific geographic regions with large concentrations of similar facilities, mostly private recreational improvements within the Commission's jurisdiction. (Cal. Code Regs., tit. 2, § 2003, subd. (a)(5).) Within this analysis, it will be necessary to determine what income can typically be generated by a commercial marina / typical boat slip; the area occupied by a mooring in a well-designed harbor; what the rental charge would be for a typical sized boat; and the rate of return the state should receive for the use of its land. The "Commission typically charges 5% to 6% of gross income for boat berthing for sites leased to commercial marina operators, with most of the leases set at 5% of gross income." (Tomales Bay Berths and Buoys benchmark rates Staff Report 28). We note that the City of Newport Beach has used rates as high as 8.5% of rents received by Newport Harbor marinas to establish the fair rental value of the tidelands in relation to the largest marinas in Newport Harbor and less in relation to smaller marinas and other uses. This is set forth in the comprehensive Appraisal Report of the valuation of fees to be charged for use of tideland for all uses of the tidelands in Newport Harbor adopted by the City of Newport Beach and published in 2016 and 2017 in two separate reports by George Hamiton Jones report which can be found at:



<https://archive.newportbeachlibrary.org/NBPL/DocView.aspx?id=1263772&dbid=0&repo=CNB&cr=1>

The Phase 1 report of George Hamiton Jones concerned a particular marina, and the Phase 2 report, which incorporated the methodology of the prior report concerned all commercial uses as well as other uses. It is noteworthy that some offshore moorings are used for approved commercial uses and as such fall under the George Hamiton Jones appraisal under other uses, and offshore moorings used for recreations use would also fall under “other uses”, using a reasonable interpretation of the George Hamiton Jones appraisal. The rates in the George Hamiton Jones report were adopted by the City of Newport Beach, and then published and updated annually with increases. The current published rates can be found at the following link:

<https://www.newportbeachca.gov/government/departments/harbor/harbor-charges/commercial-tidelands-permits-and-leases>

The City’s published rates for, in effect, all uses except for homeowner docks, but which includes HOA (homeowner association docks when rented out by the HOA) shown in the link above are as follows:

The following rates are effective March 1, 2022 through February 29, 2024:

Commercial Use Category*	Annual Rental Rate (Per SF) 3/1/22 - 2/28/23	Annual Rental Rate (Per SF) 3/1/23 - 2/29/24
Large Commercial Marinas	\$1.34	\$1.42
Medium Commercial Marinas	\$1.02	\$1.08
Small Commercial Marinas	\$0.88	\$0.93
Shipyards	\$0.42	\$0.45
HOA Marinas/Docks for Non-members' Use		
> 30,000 SF	\$1.34	\$1.42
13,000 SF to 30,000 SF	\$1.02	\$1.08
< 13,000 SF	\$0.88	\$0.93
Yacht Club Guest Slips	\$0.42	\$0.45
Vessel Rental Facility (Boat Rentals)	\$0.88	\$0.93
Sport Fishing Charters	\$0.88	\$0.93
Restaurants' Guest Slips	\$0.42	\$0.45
Vessel Charters	\$0.88	\$0.93
Fuel Docks *	\$0.88	\$0.93
All Others	\$0.88	\$0.93

\* The Annual Rental Rate for commercial tidelands being used as Fuel Docks can be calculated one of three ways, per City Council Resolution No. 2018-09. The table above reflects the base rent only calculation option.

Beginning on March 1, 2019, annual rental rates may be adjusted on the first day of March each Permit/Lease year to reflect an increase in the cost of living, as indicated by the Consumer Price Index. Additional information regarding rental rates can be found in City Council Resolution No. 2017-49 and No. 2018-09.

As discussed below, the estimated square foot of tidelands used by a 40-foot offshore mooring is 1,326 square feet. That is the same for a commercial offshore mooring as well as a recreational

offshore mooring. Using the "Other Uses" published by the City and based on the square feet of tidelands used, the rate would be \$0.93 per annum, which is \$1,233 per year.

While this rate is materially lower than the rate found in this report, it does show that the current rates charged for offshore moorings is, and has been significantly higher than what the City is charging and has been charging for almost all other uses of the tidelands, namely \$1.16 per square foot of tidelands used per annum based on an estimated 1,326 square feet of tidelands used for a 40 foot vessel.

We have also estimated current fair market rent for the subject by utilizing various measures of inflation and applying an appropriate level of inflation to the City's previously adopted Fair Use Fee / Market Rent on which today's fees are based. The City's adopted rate of \$35 per lineal foot in 2016 with annual CPI adjustments subject to a cap, was based on an appraisal by Netzer and Associates as hired by the City. The City's appraiser Mr. Netzer concluded a range from \$32 to \$38 per lineal foot and the City adopted \$35 per lineal foot per year. As such, it is concluded that Netzer's 2015/2016 appraisal was reflective of market as adopted by the City, and again as hired by the City of Newport Beach.

Presumably, the City were aware of the George Hamilton Jones report of the same year, which is also taken into account when adjusting the base values to information available regarding market conditions.

Of material consideration throughout the report and analysis, in contrast to all other surveyed facilities in the appraisal, marinas with slips and / or moorings, which all provide ready access, such as extensive permanent dinghy docks where a motorized dinghy/tender is available 24/7 by to provide access to the moorings, Newport Harbor has exceedingly poor / grossly inadequate public accessibility (harbor proximate dinghy storage or comparable) and amenities that serve the mooring fields. The additional cost to obtain similar motorized in water dinghy/tender dock space in Newport Beach is a major and necessary adjustment which needs to be taken into account. Put simply, a mooring without easy access has greatly diminished value. This will be discussed in detail throughout the report. Mooring access is a free City-provided service in the harbors of San Diego, Morro Bay, and Monterey and other Harbors that have off-shore moorings.

What follows is a Table of Rates (Implied Subject mooring / tidelands market Rates) that are based on rates published by the City for 2024, using the Small Marina and Other Use Sq Ft rate of \$0.93 per annum per Sq Ft.

**Rates Per Annum**

Using City's 2024 Small Marina and Other Use Rates Based on Sq Ft of Tidelands

**Tidelands Used without Swing Factor**

Boat Size	+	Lines + Buoys*	x	Beam	Total Sq Ft
30	+	24	x	12	648
40	+	28	x	15	1,020
50	+	34	x	17	1,428
60	+	34	x	19	1,786
70		34	x	21	2,184

**Rates Based on Tidelands Used with No Swing Factor**

Small Marina /Other Use Rate	Boat Size	Total Sq Ft with lines etc	Fee Per Year at \$.93 sq ft
\$0.93	30	648	\$602.64
\$0.93	40	1,020	\$948.60
\$0.93	50	1,428	\$1,328.04
\$0.93	60	1,786	\$1,660.98
\$0.93	70	2,184	\$2,031.12

**Rates Adding a Swing Factor of 20%**

Boat Size	Sq Ft with Lines etc	x	20%	Total Sq Ft with Swing	Fee Per Year at \$0.93 sq ft
30	648	x		778	\$723.54
40	1,020	x		1,224	\$1,138.32
50	1,428	x		1,714	\$1,594.02
60	1,786	x		2,144	\$1,993.92
70	2,184	x		2,621	\$2,437.53

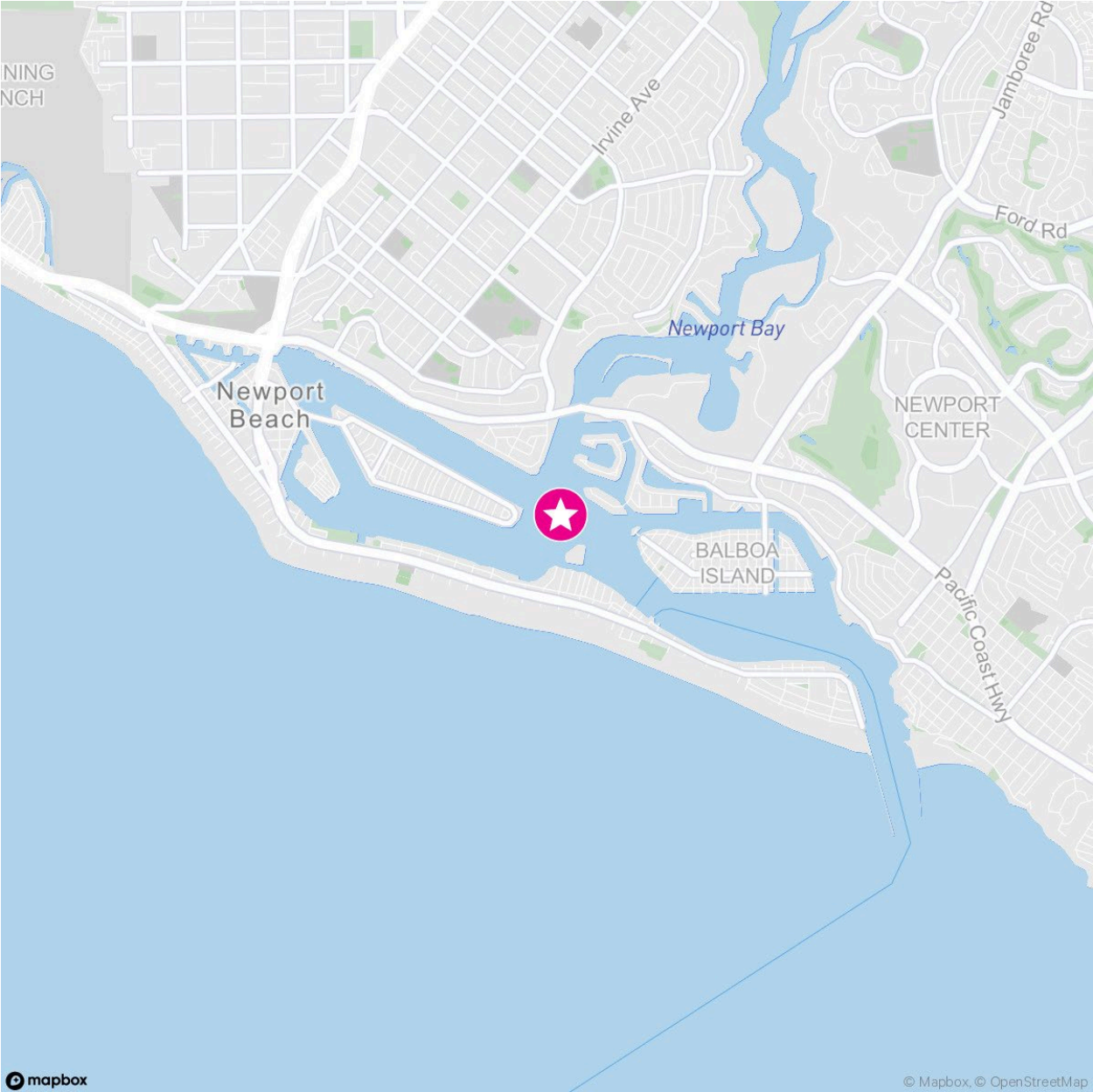
**Rates Adding a Swing Factor of 25%**

Boat Size	Sq Ft with Lines etc	x	25%	Total with Swing	Fee Per Year at \$0.93 sq ft
30	648	x		810	\$744.93
40	1,020	x		1,275	\$1,185.75
50	1,428	x		1,785	\$1,660.05
60	1,786	x		2,233	\$2,076.69
70	2,184	x		2,730	\$2,538.90

**Rates Adding a Swing Factor of 30%**

Boat Size	Sq Ft with Lines etc	x	30%	Total with Swing	Fee Per Year at \$0.93 sq ft
30	648	x		843	\$783.99
40	1,020	x		1,326	\$1,233.18
50	1,428	x		1,857	\$1,727.01
60	1,786	x		2,322	\$2,159.46
70	2,184	x		2,840	\$2,641.20

# Neighborhood Analysis



The center of recreation in the city is Newport Harbor, which is the largest small boat harbor in the United States. Boating facilities include marinas, docks, slips, moorings, fuel docks and repair and maintenance yards. Also having prominent waterfront locations are many dinner house type restaurants, the exclusive Balboa Bay Club, and many yacht clubs.

Newport Harbor is a premier destination-oriented location where population swells in the summertime with tourism and people with second homes around the harbor.

## Subject Analysis

The following chart summarizes the salient characteristics of the subject site.

<b>HARBOR MOORING FIELDS SUMMARY AND ANALYSIS</b>			
<b>Physical Description</b>			
<u>Tidelands Area</u>		<u>81.583 Acres</u>	<u>3,553,765 Sq. Ft.</u>
	<u>Moorings</u>		
	<u>579</u>		
Mooring Field A	133	22.148 Acres	964,786 Sq. Ft.
Mooring Field B	61	8.430 Acres	367,221 Sq. Ft.
Mooring Field C	54	8.857 Acres	385,811 Sq. Ft.
Mooring Field D	56	7.329 Acres	319,247 Sq. Ft.
Mooring Field F	22	3.326 Acres	144,881 Sq. Ft.
Mooring Field G	18	2.345 Acres	102,130 Sq. Ft.
Mooring Field H	91	10.531 Acres	458,738 Sq. Ft.
Mooring Field J	122	15.44 Acres	672,686 Sq. Ft.
Mooring Field K	22	3.17 Acres	138,265 Sq. Ft.

Source: Various sources compiled by CBRE

### DEFINITIONS

**Mooring** – The term “mooring” shall mean a device consisting of 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. (City of Newport Beach, Harbor Code, Chapter 17.01.030.J.7.)

**Mooring Area** – The term “mooring area” shall mean an area designated for a group of moorings. (City of Newport Beach, harbor Code, Chapter 17.01.030.J.8.)

**Offshore Mooring** – The term “offshore mooring” shall mean a mooring that is located bayward of the pierhead line and comprises a single or double buoy, the weight and chain installed for the purpose of berthing a vessel, as provided by Chapter 17.25. (City of Newport Beach, Harbor Code, Chapter 17.01.030.L.1.)

**Tidelands** – The term “tidelands” 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. (City of Newport Beach, Harbor Code, Chapter 17.01.030.P.1.)

**Tidelands Utilized by a Mooring** – shall mean that area within a Mooring Area (mooring field) utilized by an individual mooring for the exclusive use of the mooring holder for a vessel which is or could be located on the mooring.

## TIDELAND SQUARE FOOTAGE ATTRIBUTABLE TO A 40 LINEAL FOOT BOAT MOORING

Each mooring holder has the exclusive right to use a certain area of the tidelands and the mooring holder places its own equipment, weights, chain and lines within the small area. For example, a 40 foot mooring would use 40 feet plus 12 feet of line to the front and back buoy on a two buoy mooring, plus 2 feet for each buoy, with a 15 foot beam, plus allowing for a 30% swing factor = 1,326 square feet of tidelands used.

In this example, 33.15 square feet of tidelands would be used per 1 lineal foot of mooring size ( $1,326\text{SF} / 40\text{LF} = 33.15\text{SF}$ ).

### Tideland square footage other sizes and swing factor

The added square footage for a “swing factor” is the maximum adjustment for a mooring using two buoys, one off the bow and one off the stern. This has been used as a consideration in establishing rates in other harbors. However, it should be noted that when a boat moves or swings in one direction it opens up tidelands in the place from where it moved / swung from and opens up those tidelands for use by the public, thus the swing factor could reasonably be concluded to be “zero” due to these offsetting factors.

What follows is a Table Square Footage Used for various size boats with and without a swing factor.

### Sq Ft of Tidelands Used – No Swing Factor

Boat Size	+	Lines + Buoys*	x	Beam	Total Sq Ft
30	+	24	x	12	648
40	+	28	x	15	1,020
50	+	34	x	17	1,428
60	+	34	x	19	1,786
70	+	34	x	21	2,184

### Add Swing Factor at 20%

Boat Size	Sq Ft with Lines etc	x	20%	Total Sq Ft with Swing
30	648	x		778
40	1,020	x		1,224
50	1,428	x		1,714
60	1,786	x		2,144
70	2,184	x		2,621



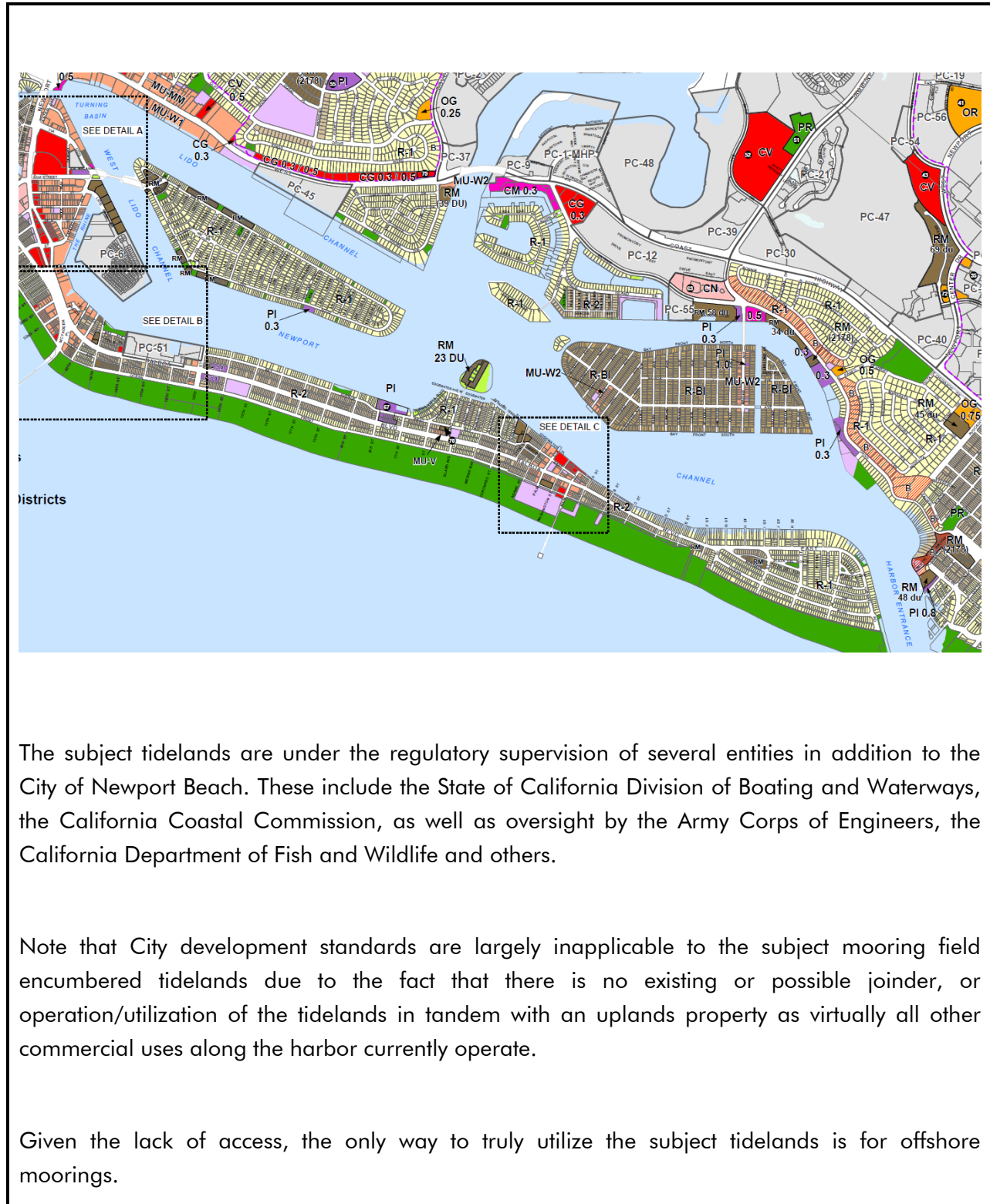
**Add Swing Factor at 25%**

Boat Size	Sq Ft with Lines etc	x	25%	Total with Swing
30	648	x		810
40	1 020	x		1275
50	1,428	x		1785
60	1,786	x		2,233
70	2,184	x		2730

**Add Swing Factor at 30%**

Boat Size	Sq Ft with Lines etc	x	30%	Total with Swing
30	648	x		843
40	1,020	x		1,326
50	1,428	x		1,857
60	1,786	x		2,322
70	2,184	x		2,840

## Zoning



The subject tidelands are under the regulatory supervision of several entities in addition to the City of Newport Beach. These include the State of California Division of Boating and Waterways, the California Coastal Commission, as well as oversight by the Army Corps of Engineers, the California Department of Fish and Wildlife and others.

Note that City development standards are largely inapplicable to the subject mooring field encumbered tidelands due to the fact that there is no existing or possible joinder, or operation/utilization of the tidelands in tandem with an uplands property as virtually all other commercial uses along the harbor currently operate.

Given the lack of access, the only way to truly utilize the subject tidelands is for offshore moorings.

## Market Analysis

With the onset of the COVID-19 pandemic and subsequent lockdowns and restrictions on businesses – shopping, dining, etc., there was a surge in demand for alternative recreational or leisure activities. Notable surges included RVing and Boating. New boat sales reportedly increased 40% during the pandemic. However, note that 95% of recreational boats are lake boats under 26', which are not truly applicable or relevant to the analysis of the moorings within the subject saltwater harbor.

That being said, the surge in demand for boating resulted in an increase in demand for slips and moorings. Consequently, prices and rents also increased given the relatively fixed supply of marina space. It is difficult to quantify the increase in slip fees year over year; however, as an important distinction marinas owned over the long term with inactive management have been acquired by active competent managers and operators which are able to increase rents by a factor of two or more over the short term. The distinction is that this is not a linear market trend, but instead a realization of mark-to-market rents with short-term rental agreements.

However, it is important to recognize the release of pressure or easing of demand for boating as the COVID-19 pandemic is behind us and people have returned to activities that were not available to them during the pandemic in 2020 and 2021. In addition to this, we are currently facing severe economic headwinds and uncertainty due to the unprecedented Fed rate hikes of more than 500 basis points since April of 2022. The already apparent result of this and its economic consequences are detailed in the following:

- According to Recreational Boating Statistics published by the NMMA (National Marine Manufacturers Association) 2022 report:
  - Powerboat sales normalized in 2022, down an estimated 15% to 18% from 2021 to pre-pandemic levels
  - 2022 sales and 2023 projections highlight segments driving growth as entry level personal watercraft, freshwater fishing boats, and pontoon boats under 26'
    - These are not market segments that contribute to Newport Harbor, thus indicating a sharper decline in demand for vessels found in Newport Harbor

In summary, a significant easing of demand was widely apparent through 2022 and into 2023.

With all of this being said, despite substantial anticipated headwinds, Newport Harbor remains a highly sought after location, noting that there is increased availability in 2023 and rents have stabilized.

CRC Marinas operates four marinas in Newport Harbor: Balboa Marina, Bayside Marina, Villa Cove Marina, and Bayshore Marina. When surveyed in 2022 they had only five availabilities.

CRC Marinas currently has 11 available slip spaces throughout their Balboa and Bayside Marinas.

## CONCLUSION

Overall, the market is in a period of “returning to normalcy” with rents stabilizing and availability increasing. The end of the COVID-19 pandemic and resultant declining demand for personal recreational watercraft in the face of extreme uncertainty in the current economic climate with materially unsettled / disrupted financial markets is anticipated to at least partially unwind the upward pressure on slip rates observed during 2020 and 2021.

Also, a notable distinction is that per our review of the mooring transfer logs in Newport Harbor from 2017 through 2022, appreciation in pricing of moorings is negligible compared to the increase in the far more rare and highly desirable marina slip rental rates. As such, the increase in slip rents versus the increase in mooring rent is less than 1 : 1.

## Highest and Best Use

Per the terms of the assignment, the appraiser is to provide a fair market rent analysis for the subject in its current condition. Determination of highest and best use is beyond the scope of this assignment. That said, given the lack / absence of accessibility to the subject mooring fields other than by boat, the subject is assumed to be operating to its highest and best use, as mooring fields.

# Fair Market Rent Analysis

## METHODOLOGIES

We have employed multiple methodologies in our analyses. All are based on market data relating to a typical mooring or slip intended to accommodate a boat measuring 40 lineal feet.

### CALIFORNIA STATE LANDS COMMISSION – BENCHMARK TIDELANDS RENT

The first methodology employed is consistent with multiple recent Benchmark Tidelands Rental adjustments reports with the following methodology:

In order to determine the value of the leased area (of a pier, buoy, mooring pole, etc.), it will be necessary to determine: what income can typically be generated by a commercial marina; the area occupied by a marina slip in a well-designed marina; what the rental charge would be for a typical sized boat; and the rate of return the State should receive for the use of its land.

We have three recent reports referencing / employing this methodology:

- Southern California Benchmark Memo date May 6, 2022
- San Francisco Bay Area Benchmark Memo date January 18, 2022
- Tomales Bay Benchmark Memo date October 7, 2020
- We also note that the City of Newport Beach has used 8.5% when assessing rates to be charged to companies operating the largest marinas in Newport Harbor but substantially less for smaller marinas and other commercial uses, and have taken that into account as a local benchmark. This is shown in the 2016 and 2017 George Hamilton Jones Reports utilized by the City for all uses of the tidelands as well as in the City's published rate (link provided above).

As a reference to California State Lands Commission Tomales Bay report PDF page 11:

*“The Commission typically charges 5% to 6% of gross income for boat berthing for sites leased to commercial marina operators, with most of the leases set at 5% of gross income.”*

A rate of return on the income applicable to the Tidelands utilized in each of the three above referenced reports was 5%. We have concluded to the higher rate of 6% given the recent / current inflationary pressures that have resulted in notable rate hikes which are anticipated to remain elevated in the near-term. However, noting that the Fed controls only short-term rates, only a slight adjustment upward from 5% is appropriate for a long-term normalized rate of return. The complete analysis is contained on the following pages.

The following contains a comprehensive rental survey of various marinas throughout Newport Harbor:

NEWPORT BEACH SLIP RENTALS				
Location	Boat / Slip Length	Average \$/ft	Average \$/ft Adjusted for Amenities	Average \$/month
Lido Yacht Anchorage	40'	\$52	\$52	\$2,080
Balboa Yacht Basin Marina (no amenities)	40'	\$50	\$63	\$2,500
Bayside Village Marina	40'	\$41	\$41	\$1,640
Port Calypso	40'	\$44	\$44	\$1,760
Lido Park Place Marina (no amenities)	40'	\$45	\$56	\$2,250
Marina Park (Based on \$88 Nightly Rate)	40'	\$66	\$66	\$2,640
Newport Dunes Resort Marina	40'	\$76	\$76	\$3,040
		<b>Mean</b>	<b>\$52.22</b>	<b>\$55.66</b>
		<b>Median</b>	<b>\$50.00</b>	<b>\$56.25</b>
		<b>Market Rent Estimate</b>	<b>\$56</b>	
		<b>6% Return Applicable to the tidelands</b>	$\$56 \times 0.06 =$	<b>\$3.36</b>
		<b>6% of Gross Income Attributable to State Owned Tidelands Annual Fair Rental</b>	<b>x 40' boat / slip</b>	<b>\$134</b>
		<b>Return = 3.36 per lineal foot per month x 40 x 12 months = \$1,613 per year</b>		<b>\$1,613</b>

Compiled by CBRE

In the above analysis we did not use the 8.5% used by the City when establishing rates uses per the George Hamiton Jones Report for the largest marinas, since the other rates published by the City and adopted by the George Hamilton Jones report for smaller marinas and “other uses” was approximately 1/3 lower, which would result in a rate of approximately 5.67% of the gross revenues charged by marinas, which is a rate very closely aligned with the State Lands Benchmarks.

We have concluded market rent consistent with the mean and median rents indicated by the aggregated survey data at \$56/LF for a boat in a slip with all the benefits which include parking, restrooms, electricity, security, nighttime lighting, easy access and walk-on walk-off, and use of the marina docks and gangways. We then calculated the annual rent allocation to the tidelands based on the rate of return typically used by State Lands, and not on the higher rate used by Newport Beach of 6%, which is above the typical 5% rate utilized in the three referenced reports, but which is appropriate due to the current interest rate environment while still within the long-term “5% to 6% of gross income” range as advised in the reports.

## CONSIDERATION OF ADJUSTMENT FACTORS

### Slip Versus Mooring

The first consideration of adjustment factor is actual tidelands encumbered by the 40’ boat which differs for a slip versus a mooring.

According to the California State Lands Commission reports, the “Layout and Design Guidelines for Marina Berthing Facilities” publication (last updated July 2005) from the State Department of Boating and Waterways is used to determine the amount of submerged land area necessary to accommodate a given mooring size. The results are in the following chart:

<b>TIDELANDS UTILIZED PER BOAT SIZE</b>			
<b>Report</b>	<b>Boat Length</b>	<b>Tidelands Allocation</b>	<b>Tidelands SF Allocation per Lineal Boat Foot</b>
Tomales Bay Benchmark	31'	865	28
San Francisco Benchmark	38'	1,197	32
<u>Southern California Benchmark</u>	<u>37'</u>	<u>1,153</u>	<u>31</u>
Subject Estimate	40'	<b>1,326</b>	<b>33.15</b>

Compiled by CBRE

As previously determined, the Tidelands square footage required to accommodate a similar size mooring is somewhat greater than that of a slip, even when the docks, gangways and related features are added to the area associated with a slip. This is mainly due to the added square footage associated with lines from the vessel to the buoys vs the areas of dock space in front of and on either side of a slip. While we added significant extra square footage to each mooring to account for the area from a vessel to the buoys at the full beam of the vessel (which is an area greater than the distance used by lines to the buoys) we did not add any area for the swing of the boat since as a boat on a double mooring moves slightly in one direction it opens up tidelands in the other direction which can be used by the public for kayaking, paddle boarding and other recreational use.

### Access and Amenities

The second consideration of adjustment factor is the difference in convenience and functional utility between a slip in a typical marina versus a typical mooring. Items include dedicated shore facilities such as restrooms and showers, actual utility to boat operation such as electricity and water, security, fencing, nighttime lighting, and most importantly use of docks and gangways for easy access, compared to a boat on a mooring that has none of these amenities. All other harbors with any significant sized mooring fields provide much less favorable access by way of dinghy docks available for docking dinghies and tenders for 24/7 access, but Newport Beach moorings unlike the moorings in other harbors, do not even have this access.

Clearly with a marina or slip rental, a renter can physically walk with all of their supplies to their vessel. With a moored vessel, a dinghy or other boat is required to travel from the shore to the mooring. Further impacting the subject Newport Harbor is the lack of access by way of an in-water motorized dinghy/tender for access to a Newport Beach mooring.

We have reviewed multiple harbors with both slips and off-shore moorings in San Diego, Morro Bay, Monterey, and Half Moon Bay Harbors, all of which provide docks where mooring renters and/or permit holders can have a tender for 24/7 access at no charge, with the exception of Half Moon Bay, which may charge a nominal \$64 per month, and Monterey which charges \$89 per quarter or \$30 per month. San Diego's moorings have access to dinghy docks, but in some cases the dinghy dock may be more remote to some mooring fields. We have noted that data from these other harbors show that mooring rates are really a combination of not just the use of an area of the tidelands, but a combination of the area of tidelands used plus the use of dinghy/tender docks for fulltime access to the



moorings 24/7, and in the case of San Diego, having the maintenance of the mooring (estimated at \$120 per month) included in the fees.

Note that we have focused our research on public versus private ownership mooring versus slip fee rentals as the private institutions. For example, in Newport Harbor various yacht clubs offer shore boat service for a nominal fee which is less easily quantified. The yacht clubs total charges, including shore boat service, for moorings mostly on the larger size, would need to be adjusted not only for the cost of a slip for a dinghy/tender in Newport Harbor, but also for the cost of purchasing a seaworthy tender with motor, maintaining the tender and engine, as well as other amenities the yacht club provides to its mooring holders.

### Approximate Mooring to Slip Fee Ratio

In reviewing the slip to mooring fee ratios, this is a very imprecise “derivative” method and is difficult to rely on. Some of the reasons why it is unreliable and should not be used are discussed here. One major factor is that similar assets are not being compared. As the old saying goes, it’s like comparing apples to oranges. Another factor would be the extent to which an increase in slip fees does not necessarily track the supply and demand for moorings, especially larger slips that only a small group of people demand and can afford.

Another important factor that cannot be underestimated is that the comparison with other harbors is a comparison of Moorings plus Dinghy Docks to Local Slips. In the case of Newport Beach, it would be comparing Mooring without Dinghy Docks to Local Slips with full access. Whereas any “ratio” at other harbors would compare the area used by a mooring plus full access to a dinghy/tender dock for access to the mooring to rates charged for a slip of the same size as the maximum size of the mooring. This makes such a method even more derivative, since once an initial valuation is made using a ratio from other harbors, the suggested fee would need to be reduced by the cost of obtaining a slip for a motorized dinghy/tender available 24/7 without restriction.

As mentioned, the data regarding fees charged for moorings with dinghy dock access vs slip rates in other harbors and the resulting ratios are not sufficiently reliable and can be seen using a few examples. One example is the rates for moorings in San Diego have not risen in many years and may be due for an increase. If and when the lease would take off some of the caps on rates charged for moorings (plus use of dinghy docks, plus servicing the mooring equipment). If rates are increased, it will take years to ascertain if the public will continue to rent the moorings at the new rate and if vacancies will occur. So, while the manager of the San Diego moorings, like any other manager of any other rental property may “wish” to increase the rates, it is a wish, which is not a reliable source to be considered until and after it has been in place for many years and the response to the increase is known. Any owner of real estate may “wish” to increase his or her rental rates, but without doing so and assessing how the market will respond with move outs and resulting vacancies often will take years to assess. In the case of a boat on a mooring, it would likely take even longer since moving a boat off a mooring would require an alternative place to store the boat. A large sailboat with a keel cannot be put on a trailer, and the boat owner may be forced to pay above market rent until he or she can move or sell the boat. Again, it would take years to assess such a “wished for” increase.

The manager of the San Diego moorings has estimated that the cost to inspect and maintain the moorings is in excess of \$120 per month per mooring. Even after market rent was established, as mentioned, the “ratio” that may eventually be established in San Diego would need to be adjusted because the ratios in San Diego would not be for moorings versus slips, but for moorings with full maintenance, inspections, and full dinghy dock access, as compared to a slip. Such a ratio, once established years from now, would not apply to Newport Harbor, where the

mooring holder pays for its own maintenance, inspects, makes periodic replacement of weights and chain, and where the City is not providing access by way of dinghy docks made reasonably available to all offshore moorings with 24/7 for access to the moorings.

To complicate the situation even more is the fact that while the manager of the San Diego moorings may “wish” to test increases in mooring rates, the manager has not obtained formal approval to do so at this time, nor has the State Lands Commission been consulted on any proposed increase.

In the case of Morro Bay, as mentioned, the rates charged for slips for the commercial fishing fleet and other commercial uses may be subsidized and would be difficult to measure. On the other hand, the rates charged for moorings plus ample dinghy docks is currently \$110 per month for a mooring that can be used for a 50-foot vessel, which is approximately \$2.00 per lineal foot per month. On the other hand, the City of Morro Bay charges approximately \$26 per foot for slips as shown on page 32 of the Netzer appraisal report. That would indicate a ratio of over 1/10 and that is for moorings with docks for dinghy/tenders to allow access to the moorings 24/7.

It is also worthy of note that the City of Morro Bay also has City-owned moorings and the City charges approximate 3 times more for renting City-owned moorings versus individual-owned moorings because the city installs and maintains the mooring hardware, likely has insurance to cover these activities, and makes necessary adjustments from time to time, whereas a Morro Bay mooring owner is responsible for all of these costs.

Monterey Bay data is also difficult to ascertain. One of the marinas where there is not a long wait time sits at the base of a power plant with many complaints about dirt and grime on vessels in the marina. It is unclear what the wait time is for other nearby marinas. Nearby Santa Cruz Harbor marinas do not suffer from these issues. A 45-foot slip in Santa Cruz would cost approximately \$16 to \$30 per foot per month depending on the location of the slip, with an average of \$23 per foot, or \$1,035 per month, compared to \$187 per month for a “east harbor mooring” or \$100 per month (if paid annually) for an “out harbor mooring,” for an average of \$144 for a mooring in Monterey Bay that also comes with dinghy dock access (at a cost of \$89 per quarter = \$30 per month) for a total of \$174 per month for a mooring and a dock for a dinghy/tender to access the mooring. This would result in a ratio of 1/6, but again this is for a mooring with use of a dinghy/tender dock.

Half Moon Bay is also problematic for similar reasons. Slip fees for a 50-foot boat are on average \$540 per month. Mooring rates are \$1.92 per month per lineal foot, which is \$96 per month for a 50-foot boat and add a possible \$64 per month for use of the dinghy docks, for a total of \$160 per month. But we do not know if there is a long wait list for slips or if the slip rate reflects market rates for slips. This would be 29.6% but again only as a combination of use of a mooring plus use of a dinghy dock.

For all of the above reasons, the ratio derivative method derived from other harbors cannot be used.

Ironically, without looking to other harbors, the only ratio where moorings *without dinghy docks* to slips has been derived from appraisals conducted and accepted by the City of Newport Beach was approximately 2016. In that year, market rates for slips were shown in the George Hamilton Jones appraisal which showed the average slip rate in Newport Beach for a 40-foot slip to be \$1,640 per month per month = \$41 per lineal foot per month / \$492 per lineal foot per year. At the same time, Mr. Netzer appraised the market rate for Newport Moorings to be \$32 to \$38 per year, and the City established the rate to be \$35 per lineal foot per year. The result was that that the ratio of mooring fees *without dinghy docks and without reasonable access* to slips fees in Newport Harbor for a 40-foot mooring was  $35/492 = 1/14 =$  approximately 7%. There is no reason to suggest that ratio would have changed. Again, this “derivative” approach is not a generally accepted appraisal approach and using this approach does not yield a much different result (when the lack of access is factored in) as compared to traditional established methods. However, if used and applied to Newport Harbor based on the two formal and accepted appraisals done at that time, it would result in rates lower than the opinion of rates shown in this report.

As noted above, this “derivative” approach is the least reliable of all other methods and is included to show the various factors that are at play and change from time to time and are affected by different variables, such as favoring a type of use or a subsidized type of use, or popularity of one type of use over another as we have seen during the Covid years with people becoming interested in a condo on the water in a marina with electricity and easy access. For this reason, this ratio approach was not used.

### Proposed Rates for City-Owned Moorings

The City is in the process of renting moorings under a license arrangement. Under the license the licensee is free to leave on 30 days' notice and has no capital commitment to the use of the mooring. The number of these moorings is limited, and each size is limited even more. As in the case of the possible future rate increases in San Diego, any data from such rental would take years to assess. First, these would need to be rented, then over the next few years the length of time a person rents such a mooring would need to be determined. Third, how the limited number of persons obtain access would need to be ascertained. For example, if the licensee has access by way of a home dock, a shore mooring, use of a boat that he or she was already using for their purposes, or use of a friend's dock space, this would only demonstrate value, utility, or rent for that particular person where access was not an issue. However, that fact that a particular person may pay what is otherwise over market for the general public, thus does not establish market rent.

In addition, it should be noted that the City has created its own scarcity of rentable moorings. At any given time, the harbor master has observed that there are over 100 vacant moorings. At the same time the City does not allow mooring holders to rent these out. As such, the City has created its own scarcity of moorings for rent, and with only a handful available, this artificially and significantly decreases the supply thus artificially increasing competition and the amount of equilibrium or fair market rent indicated by the market, again which is entirely artificial in nature.

Of note also is the fact that the City will need to maintain, inspect, and periodically replace mooring equipment, buoys, anchors and chain, which is estimated by the operator of the San Diego Mooring Company to be over \$120 per month.

For the above reasons, the future rental of this handful of moorings cannot be used in any comparative or other analysis.

As a final note, other harbors that have both privately-owned and City-owned moorings and have considered the difference in each, have established rates much lower for privately-owned moorings. For example, Morro Bay charges \$110 per month for private moorings (and provides access to dinghy docks) but charges \$330 per month when it rents out City-owned moorings on a long-term basis. Half Moon Bay charges \$1.92 per month per foot for privately-owned moorings, but charges \$5.08 per foot per month for City-owned moorings.

### **OTHER METHODOLOGIES NOT USED AND DEEMED UNRELIABLE**

#### **Comparison of Tideland Use in Connection with Adjacent Properties Should Not Be Used**

Attempting to separate component parts and considerations that make up a property value is an extremely unreliable methodology and if ever used as a consideration is done only when there are no other established methods. As shown in this report there are other established methods, and this approach should not be considered.

A few examples might illustrate the issue with such a methodology. Consider a view home on a bluff that sells for \$40 million dollars, and the identical home that is across the street from the view home and sells for \$15 million dollars less. One might think the “view” component, by itself, has a value of \$15 million dollars. That would mean that if there were an unbuildable lot next to the view home it should have a value of \$15 million dollars. However, it is likely the unbuildable lot has little or no value. The extra value is completely integrated into the value of the home and cannot be separated from the location, characteristics, amenities, and established value of the home.

Another example would be rental of home docks within Newport Harbor. If a home with a dock has a value of \$60 million dollars and rents out its 40 foot slip the slip rate should be four times higher than a \$15 million dollar home that rents out its 40-foot slip. However, slip rates for home docks do not seem to vary much from marina slip rates and do not appear to correlate to the value of the adjacent home.

These examples are used only to illustrate why considering the value of adjacent real property cannot be used in extrapolating rates for moorings in Newport Harbor.

### **Attempting to Extrapolate Rates from Reported Mooring Sales is an Unreliable Method and Should Not be Considered**

A handful of offshore moorings is sold and transferred each year. However, the data and circumstances are typically not fully known, and the number of sales is insufficient to establish a reliable database of sales where a buyer and a seller with full knowledge of the property in question established a value. Unlike real estate transactions typically handled by licensed real estate brokers, moorings are typically sold by individuals privately without help from brokers. In a brokered transaction, there are multiple disclosure forms required and used so the buyer has full knowledge of all of the risks and hazards that are known to be related to the property. As discussed elsewhere in this report, the single most important component of value, or lack of value, of a mooring is access to the mooring which, in all other harbors, is established by an adequate number of dinghy docks. While a person not familiar with the access problem in Newport Beach might see several public docks and mistakenly conclude that they have sufficient access to the mooring being purchased, that conclusion would be mistaken. Since the details of each of the reported sales are unknown, it is pure speculation to provide an opinion of the extent, if any, of disclosure regarding the material and functional lack of dinghy dock access in Newport Harbor. Once a person has acquired a mooring and put their boat on the mooring, it is difficult to find an affordable low cost alternative place to move the boat, which may be a reason why, after becoming aware of the access problem, a mooring might not be put up for sale in the short term (as the Harbor Department does not allow resale of moorings within one year of purchase), and the person might have to resort to far less desirable methods to gain access to the mooring.

In addition to the disclosure issue, there may be a handful of people for whom access is not a problem. For example, they may have a home dock, have access to a friend’s home dock, may

have a shore mooring, may have a small boat on a slip that they already used for other purposes. The number of buyers of moorings for whom access is not an issue or less of an issue is completely unknown.

It is also noteworthy that the reported sale data is provided by individuals and not from any formal source. In some cases, a mooring is sold in combination with a boat and because a sale of a boat is subject to sales tax, the allocation on the price between the boat and the mooring might be adjusted in a manner that might have a lower impact on the sales tax to be paid.

These are some of the reasons why focusing on the fact that moorings are sold at a particular price cannot be used to ascertain rates to be charged for the use of the tidelands occupied by boats on moorings.

### Summary and Conclusion

In contrast to the subject Newport Harbor Mooring fields, the surveyed harbors above provide easy access to moorings, with dinghy docks for in water motorized dinghy/tenders to allow people to access their moorings 24/7 with no significant time limits. Access to the individual moorings in these other harbors (all other harbors) is far superior to the subject as the City of Newport Beach provides extremely limited in-water motorized dinghy access to moorings. The handful of spaces available are limited in time and only randomly available, depending on how many other dinghies are using the limited spaces at any time. Moreover, the handful of dinghy dock spaces are also available to the public, not just for access to moorings, and the space is limited to a maximum of 36 hours which means, in effect, if a mooring holder were lucky enough to secure a space, by the time he or she came back the next weekend his or her dinghy would have been impounded by the City and subject to a large penalty. As such, to make an appropriate adjustment, the benefit provided by the dinghy docks at other harbors needs to be quantified. To obtain a space for a dinghy/tender of 9 to 12 feet at a marina in Newport Beach, the costs would be approximately \$400 to \$750 per month. There is a limited supply of such spaces and often there is a minimum length of 18 to 20 feet, which is reflected by the higher range cost of \$750. The estimated cost would of course change were the City to require marina operators to provide smaller spaces (without losing revenue) but that is currently unavailable. On a comparative basis with what other harbors offer (which is a combination of mooring plus access to the mooring), an additional discount is warranted as related to the preceding discussion and analysis. In other words, on a comparison basis, if Newport Beach provided easy motorized in-water access to moorings 24/7 without any significant time restriction, the rate would be subject to an upward adjustment. However, as noted above, a mooring without access, just like land without access, has substantially diminished value.

<b>INDICATED MARKET RENT</b>	
<b>Tidelands Rent for 40' Boat</b>	
Estimated Annual Rent to Slip for 40' slips in 2024	\$26,880
Estimated Annual Rent for 40' slip in lineal feet	\$672
Ratio of Mooring without access versus slip	1 / 14
% Multiplier = 1 / 14	7.1%
Annual Market Rent for 40 Lineal Foot Mooring	\$1,920
Annual Rent Per Lineal Foot	\$48.00
Compiled by CBRE	

Again, this was provided for informational purposes only and is not weighted in our final reconciliation of fair rent due to diminished reliability of the ratio approach compared to the other approaches utilized in the appraisals.



**METHODOLOGY UTILIZING MARKET INFLATION FROM THE PREVIOUS BENCHMARK**

The previously determined rent for offshore moorings was concluded to be \$35 per lineal foot per year based on an appraisal performed by Netzer & Associates as hired by the City of Newport Beach. This \$35 rate adopted by the City as determined by the City-hired appraiser is considered to be representative of market. The following analysis utilizes this benchmark rate with appropriate inflation factor applied to accurately reflect a market based rental rate in today's more favorable market.

<b>CALIFORNIA STATE LAND COMMISSION - BENCHMARK PAIRED INFLATION DATA</b>			
<b>Location</b>	<b>Base Year Tidelands Rent</b>	<b>Reassessed Market Adjusted Tidelands Rent</b>	<b>Indicated Simple Annual Inflation</b>
Southern California Benchmark	\$0.374/sf in 2016	\$0.451/sf in 2022	4.1%
San Francisco Bay Area	\$0.198/sf in 2016	\$0.227/sf in 2022	2.4%
Tomales Bay	\$0.114/sf in 2015	\$0.133/sf in 2020	3.3%
CPI 1982-84=100	***July 2018 Newport Harbor Adjustment based on March 2016 GHJ Appraisal		
	December 2023 CPI 302.408	March 2016 CPI 238.132	3.48%
	December 2023 CPI 302.408	July 2018 CPI 252.006	3.69%
		<b>Mean of All Survey Data</b>	<b>3.36%</b>
		<b>Median of All Survey Data</b>	<b>3.48%</b>

Compiled by CBRE

As illustrated above, the most recent reports reflect the highest inflation due to the unprecedented inflationary times experienced in 2020 and 2021, and as a result of which the Fed has increased rates over 500 basis points. This is an offsetting factor in the determination of a new benchmark rate which is highly influenced by the artificially-created inflationary environment of 2020 and 2021, which is not reflective of long-term trends. When inflation is measured against the relevant time periods up until 2020, historical inflation is closer to 2% per year. As such, downward consideration is warranted from the preceding data.

We have concluded to 3% as a long-term trend which is based on the 3.5% to 3.9% indication above, adjusted downward for the artificial inflationary environment of 2020 and 2021.

In addition to the preceding, we have also compared current surveyed rents to those indicated in a City of Newport ordered appraisal by George Hamilton Jones dated March 2016.

<b>NEWPORT BEACH PAIRED RENT ANALYSIS</b>				
<b>Location</b>	<b>Boat / Slip Length</b>	<b>Current Rent</b>	<b>Rent From 2016 GHJ Appraisal</b>	<b>Indicated Simple Annual Inflation</b>
Lido Yacht Anchorage	40'	\$52	\$37	5.5%
Balboa Yacht Basin Marina (no amenities)	40'	\$50	\$32	7.7%
Bayside Village Marina	40'	\$41	\$32	3.8%
Newport Dunes Resort Marina	40'	\$76	\$42	10.9%
			<b>Mean</b>	<b>6.5%</b>
			<b>Median</b>	<b>6.6%</b>
Compiled by CBRE				

Of important distinction, note the greatest inflation was observed for those properties with the greatest amenities again which is a function of the *artificially created demand* and resultant inflation resulting from the COVID-19 pandemic lockdowns and use restrictions where people spent increasingly more time on their boats, which is enhanced by amenities.

And again, demand is clearly tapering, and the recent two-year inflationary environment is not reflective of stabilized long-term trends. Furthermore, mooring utility and desirability is vastly inferior compared to a marina slip with immediately convenient accessibility and amenities such as water and power, restroom facilities, dedicated parking, etc. As such, the increase in demand and pricing for a mooring versus a slip would not be correlated 1 : 1, it would be reasonable that slip fees would increase at a much higher rate than a mooring, especially given the level of affluence of the surrounding community.

As evidence of this, we have reviewed the mooring transfer logs from 2017 to 2022 which includes pricing. The value of moorings while having increased over the years (again most recently given the uptick in demand during the COVID-19 pandemic), has increased by a marginal basis which is nowhere near the rates indicated in the preceding slip rent increase indication. As such, appropriate inflation for mooring rents should fall well below the indicated inflation or paired slip rent analysis over the same time period. The inflation and other tidelands rates serve as a much more relevant benchmark for inflation compared to paired slip rents.

## Conclusion

Based on the preceding data indicated by the recently reassessed Benchmark Rates for California State Tidelands, market-driven inflation data, and actual paired-rent comparable information from Newport Harbor, an appropriate inflation factor should fall in the 3% range. We have based the time adjustment on the July 2018 adoption date of the previous benchmark rate change. The appropriate time adjust is approximately five and one-half years. The implied adjusted market rent is detailed in the following chart.

**INDICATED MARKET RENT**

2016 Appraisal 2018 Adopted City Benchmark Offshore Mooring Rent	\$/Lineal Ft/Yr	\$35
Simple Inflation Factor at 3.5% without a cap	Annual	3.5%
July 2018 Adoption date versus 1Q2024 New Benchmark Date	Years	5.5
	Total Inflation	19%
	Prior Benchmark	<u>\$35</u>
	Market Conditions Adjusted Rate	\$42
	Benchmark Lineal Feet of Boat	40
	<b>Annual Market Rent</b>	<b>\$1,670</b>

Compiled by CBRE

## Reconciliation of Market Rent

The rent indications from the two methodologies are summarized as follows:

<b>SUMMARY OF MARKET RENT ESTIMATES</b>	
	Annual Rent
California State Tidelands Commission Methodology	\$1,613
Inflation Methodology Based on City's Prior Benchmark	\$1,670
Ratio Method	\$1,920
<b>Reconciled Market Rent Estimate</b>	<b>\$1,640</b>
Based on Typical 40 Lineal Foot Boat	\$41.00
Compiled by CBRE	

As discussed throughout the report, the ratio method is deemed the least reliable methodology illustrated in the appraisal. We have placed equal approximate emphasis on the first two methodologies utilized in the preceding chart.

Based on the foregoing, the market rent of the subject tidelands has been concluded as follows:

<b>TIDELANDS FAIR USE FEES / FAIR MARKET RENT</b>			
Appraisal Premise	Date of Value	Market Rent / Lineal Foot / YR for Tidelands (\$3.36 LF per mo)	Annual Rent per 40' Mooring Based on 1,326SF of Tidelands used for individual mooring
As Is	January 15, 2024	\$41.00	\$1,640
Compiled by CBRE			

### Tidelands Fair Use Fees / Fair Market Rent – Other Size Moorings

Based on Methodologies Used in This Report the Value per Square Foot is \$1.24 per Square Foot of Tidelands Used Per Annum. The square foot valuation would not change in relation to the size of mooring, only the square foot used and resulting adjustment to the total rate would change.

#### Sq Ft of Tidelands Used – No Swing Factor

Boat Size	+	Lines + Buoys*	x	Beam	Total Sq Ft
30	+	24	x	12	648
40	+	28	x	15	1,020
50	+	34	x	17	1,428
60	+	34	x	19	1,786
70	+	34	x	21	2,184

**Rates without a Swing Factor**

Boat Size	Sq Ft with Lines etc	x	Total Sq Ft	Fee Per Year at \$1.24 sq ft	Fee Per Year Per Lineal Foot
30	648	x	648	\$803.52	\$26.79
40	1,020	x	1,020	\$1,264.80	\$31.62
50	1,428	x	1,428	\$1,770.72	\$35.42
60	1,786	x	1,786	\$2,214.64	\$36.91
70	2,184	x	2,184	\$2,708.16	\$38.69

**Add Swing Factor at 20%**

Boat Size	Sq Ft with Lines etc	x	20%	Total Sq Ft with Swing	Fee Per Year at \$1.24 sq ft	Fee Per Year Per Lineal Foot
30	648	x		778	\$964.72	\$32.16
40	1,020	x		1,224	\$1,517.76	\$37.95
50	1,428	x		1,714	\$2,125.36	\$42.51
60	1,786	x		2,144	\$2,658.56	\$44.31
70	2,184	x		2,621	\$3,250.04	\$46.43

**Add Swing Factor at 25%**

Boat Size	Sq Ft with Lines etc	x	25%	Total with Swing	Fee Per Year at \$1.24 sq ft	Fee Per Year Per Lineal Foot
30	648	x		810	\$1,004.40	\$33.48
40	1020	x		1,275	\$1,581.00	\$39.53
50	1428	x		1,785	\$2,213.40	\$44.27
60	1786	x		2,233	\$2,768.92	\$46.15
70	2184	x		2,730	\$3,385.20	\$48.36

**Add Swing Factor at 30%**

Boat Size	Sq Ft with Lines etc	x	30%	Total with Swing	Fee Per Year at \$1.24 sq ft	Fee Per Year Per Lineal Foot
30	648	x		843	\$1,045.32	\$34.85
40	1,020	x		1,326	\$1,644.24	\$41.11
50	1,428	x		1,857	\$2,302.68	\$46.06
60	1,786	x		2,322	\$2,879.28	\$47.99
70	2,184	x		2,840	\$3,521.60	\$50.31

\* Variations with Summary results from rounding square foot calculations.

## Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
  - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
  - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
  - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
  - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
  - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
  - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
  - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
  - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
  - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
  - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

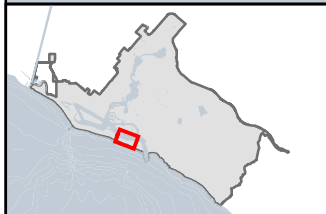
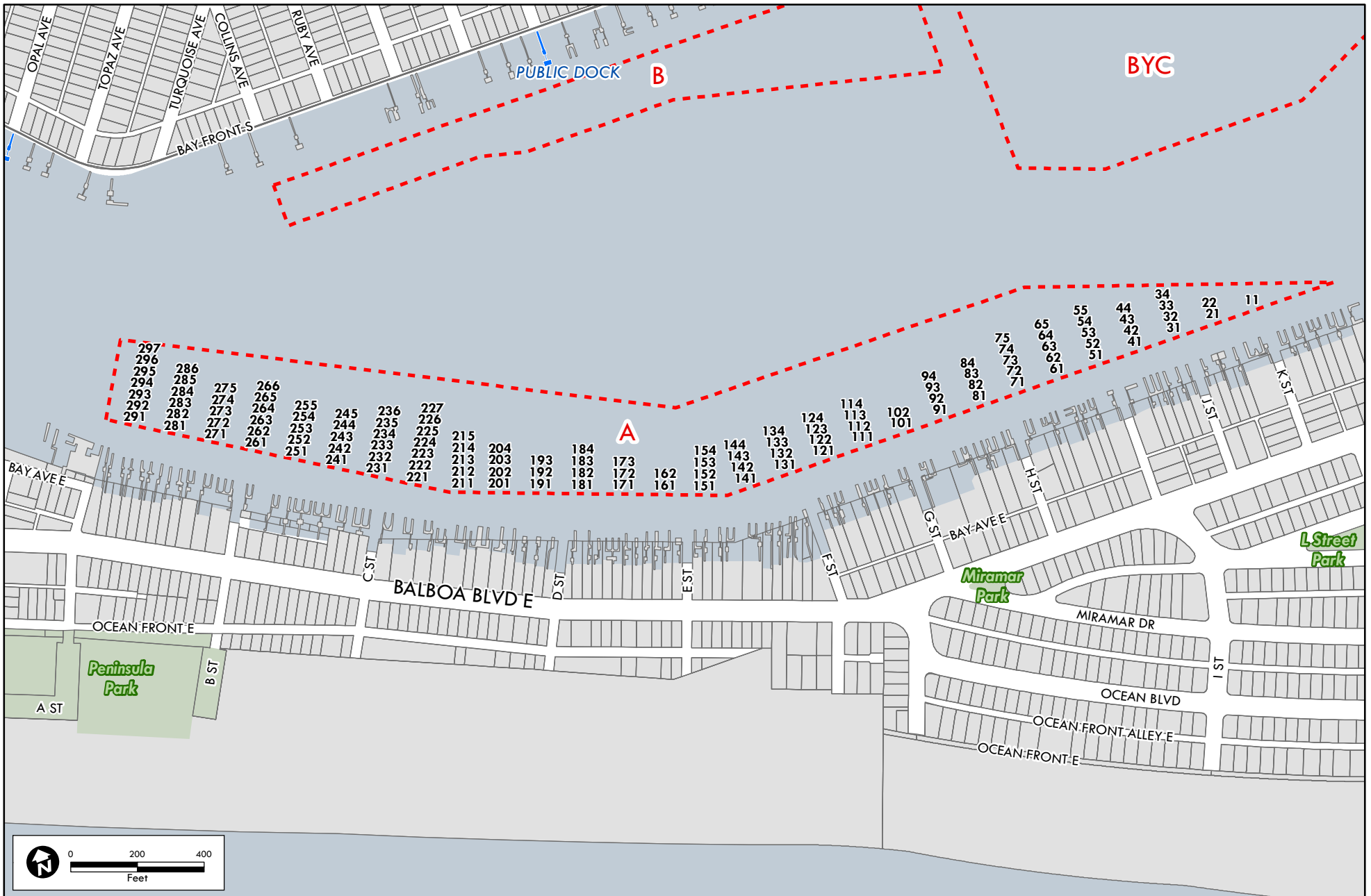
13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.



**ADDENDA**

Addendum

# GENERAL DATA



# Mooring A



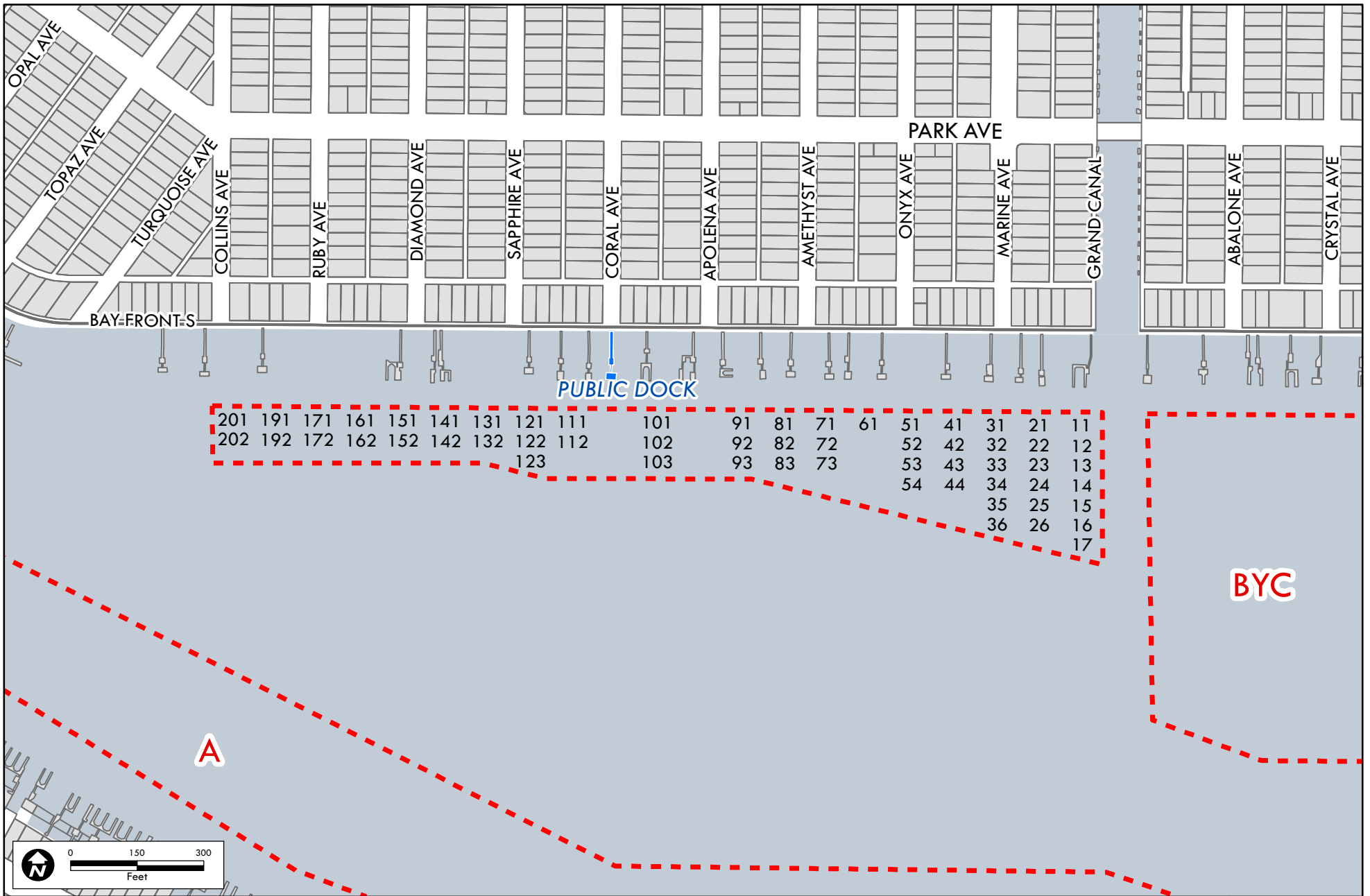
City of Newport Beach  
GIS Division  
March 26, 2015



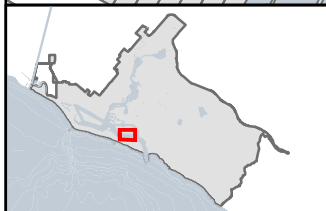
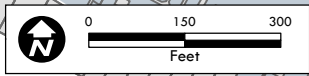
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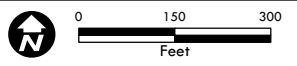


City of Newport Beach  
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March 26, 2015



# Mooring B

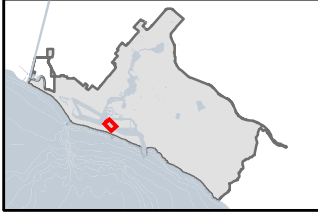
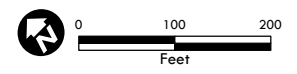
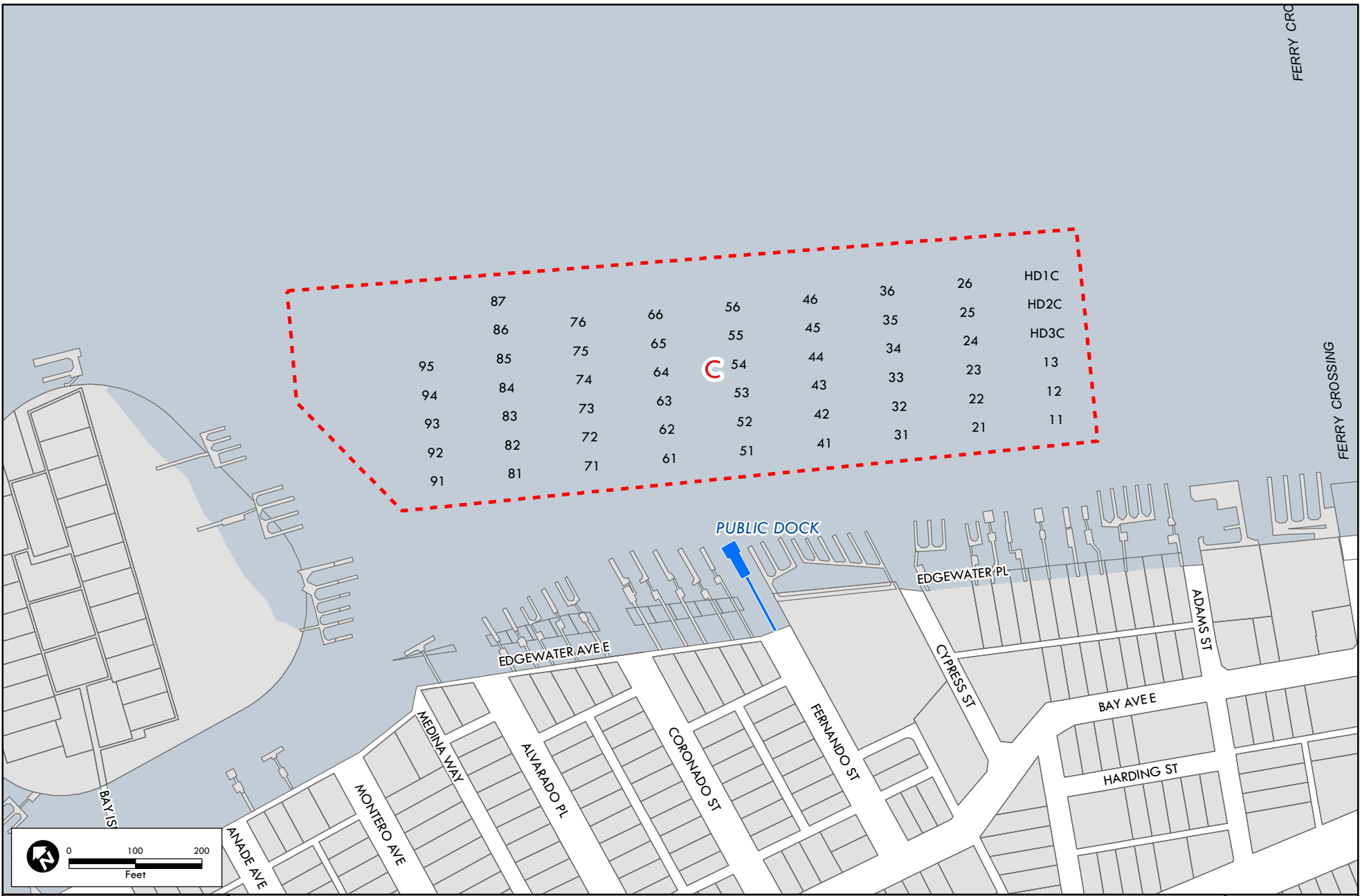




# Mooring B



City of Newport Beach  
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# Mooring C



City of Newport Beach  
GIS Division  
March 26, 2015

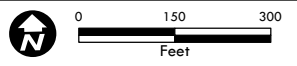
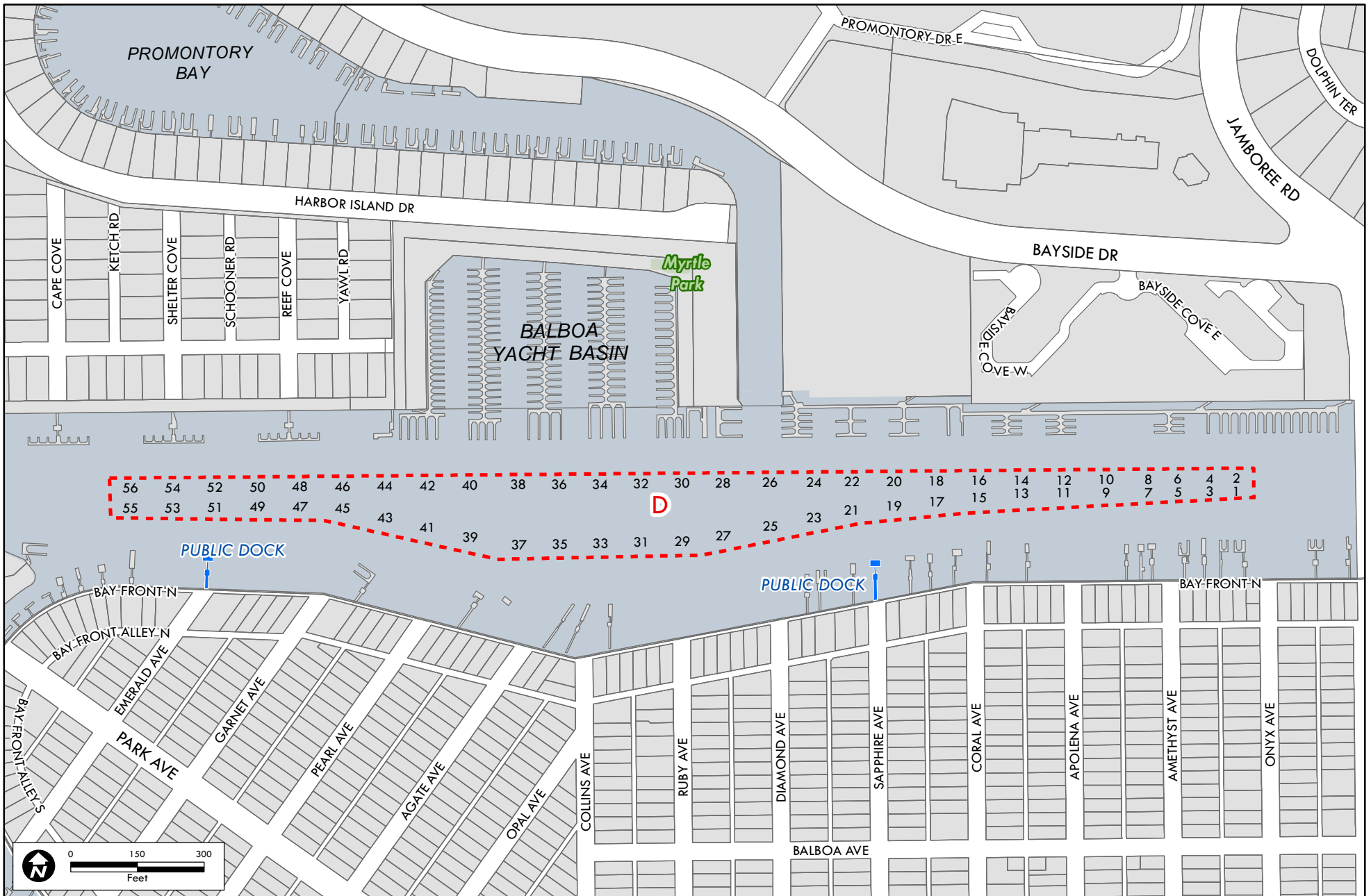


# Mooring C



City of Newport Beach  
GIS Division  
March 26, 2015

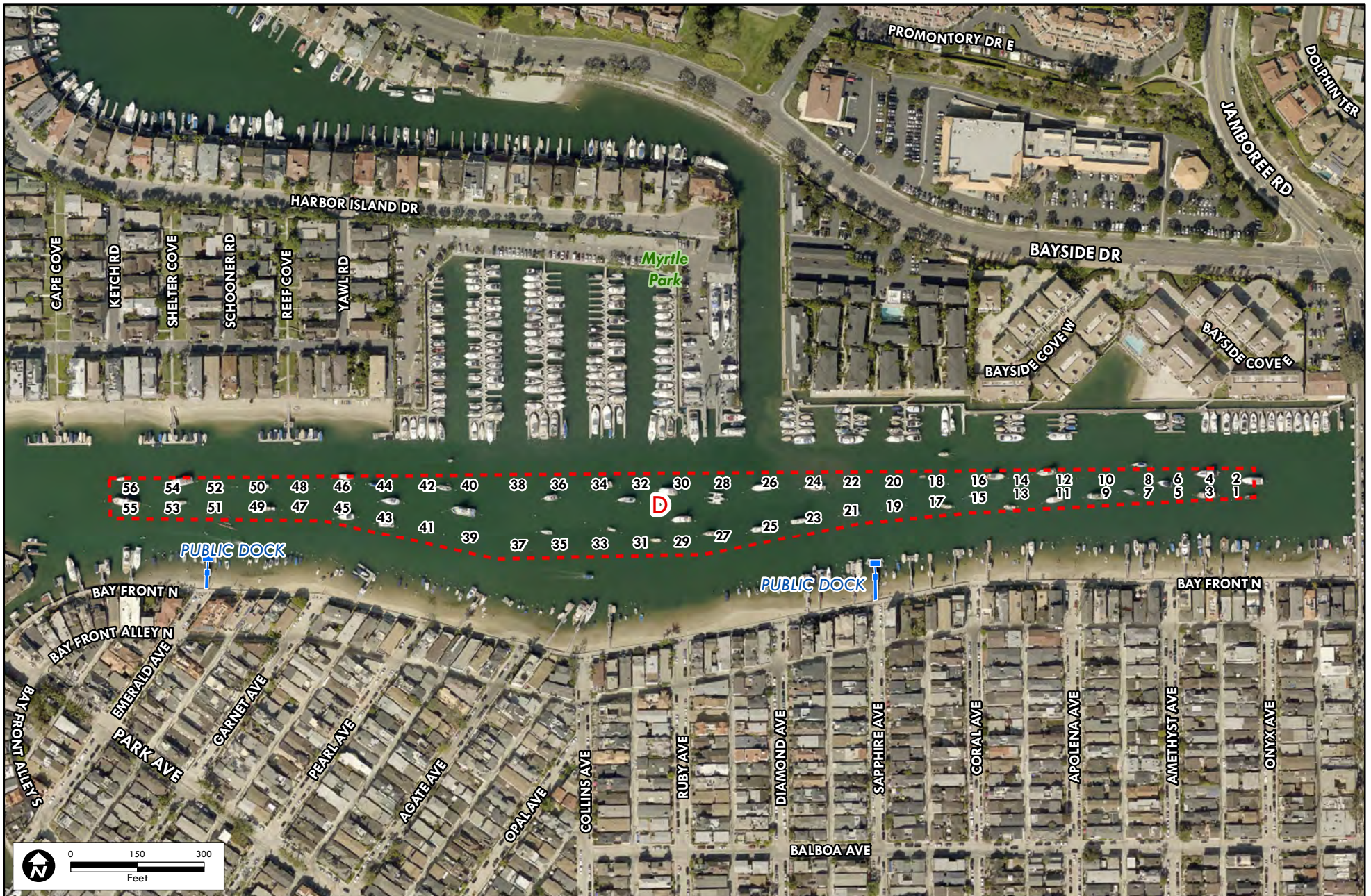




# Mooring D



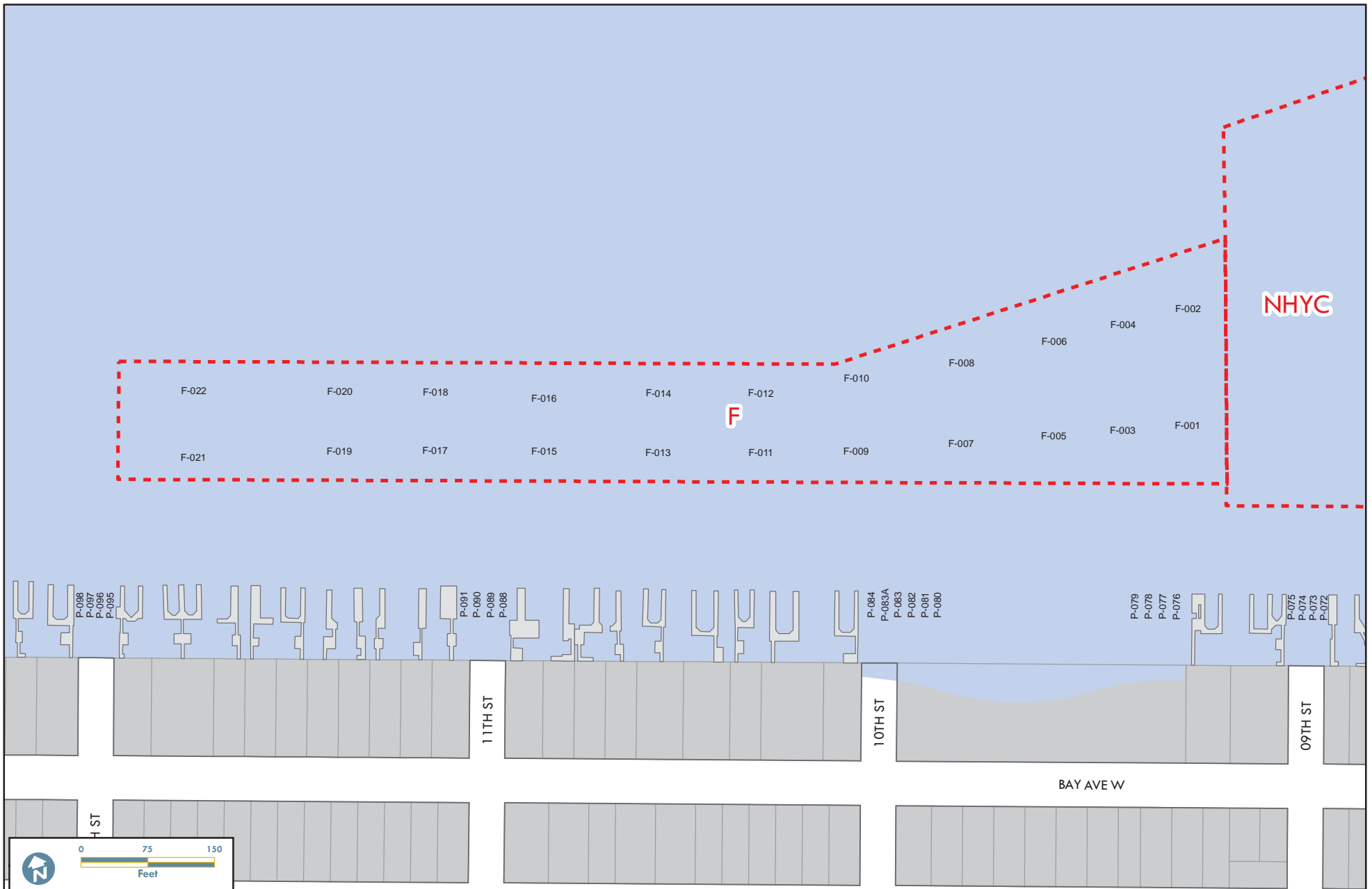
City of Newport Beach  
GIS Division  
March 26, 2015



# Mooring D



City of Newport Beach  
GIS Division  
March 26, 2015




NHYC

F

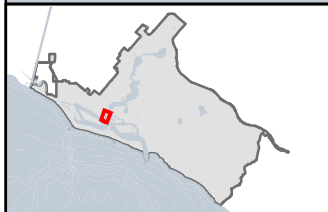
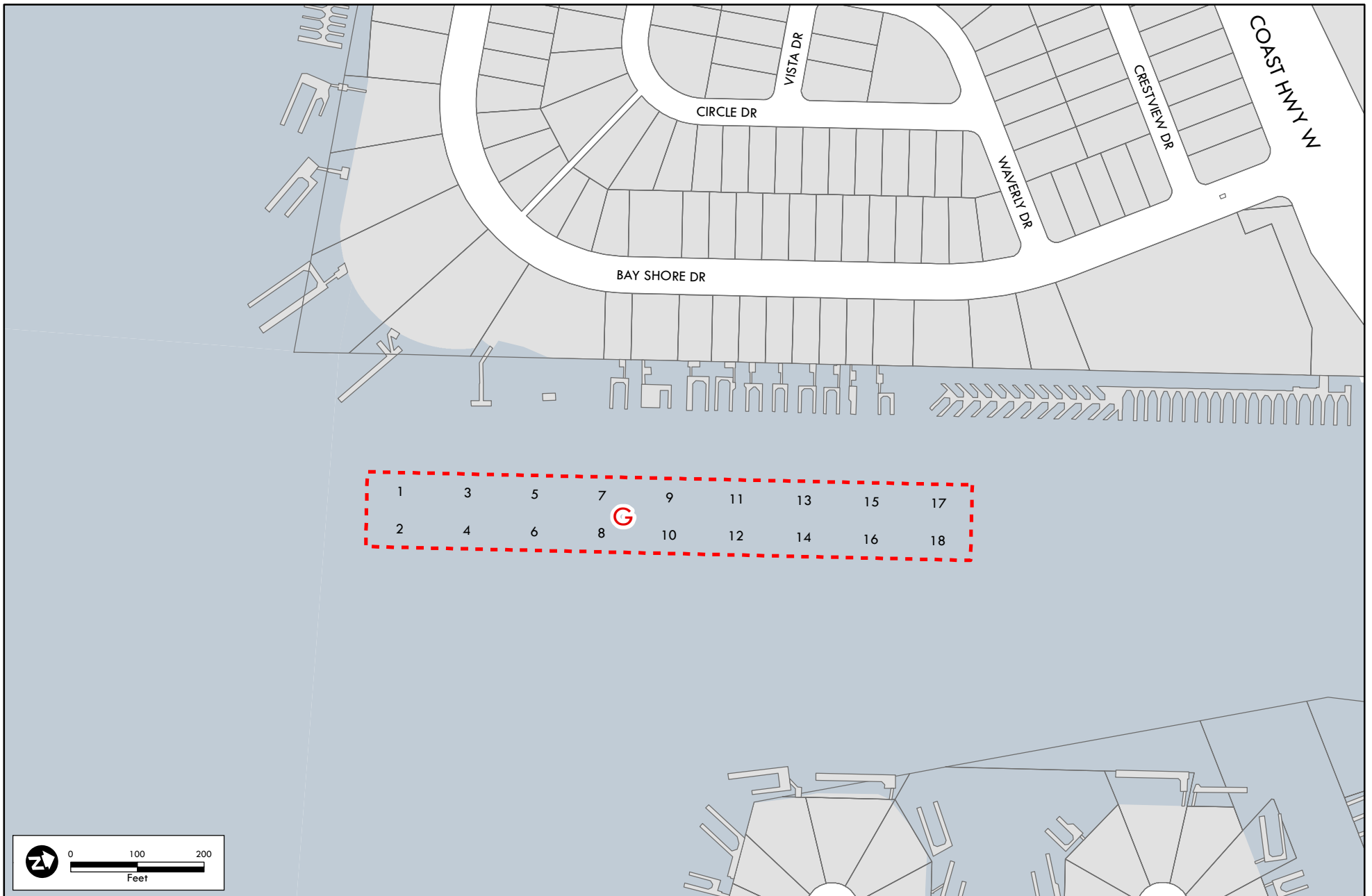
# F - Mooring

Number of Moorings: 22  
 Total Area: sq. ft.



City of Newport Beach  
 GIS Division  
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# Mooring G



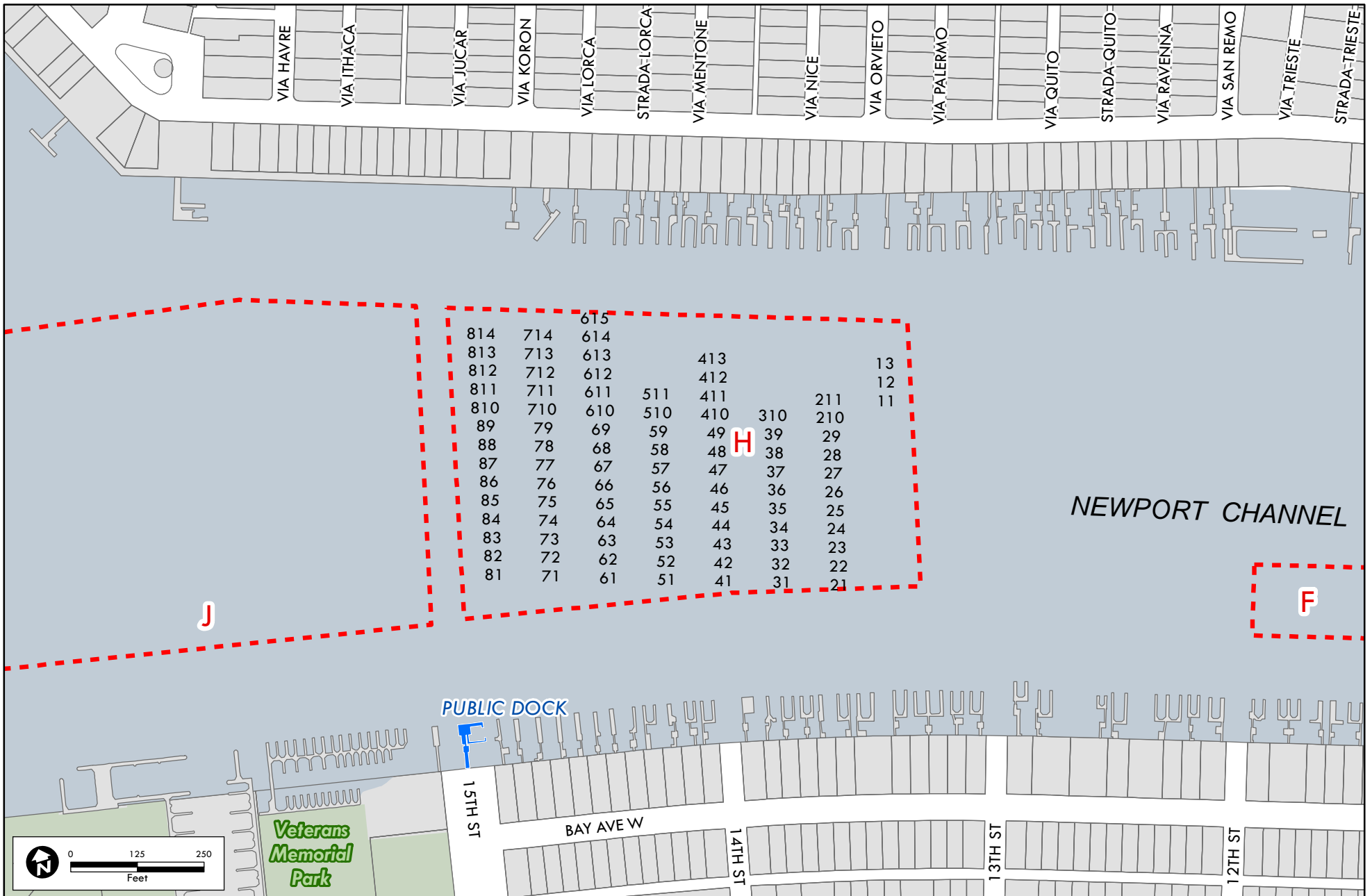
City of Newport Beach  
GIS Division  
March 26, 2015



# Mooring G



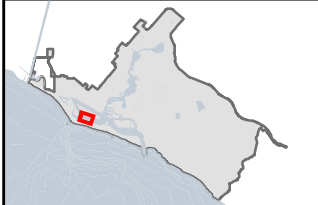
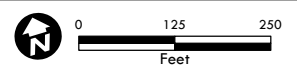
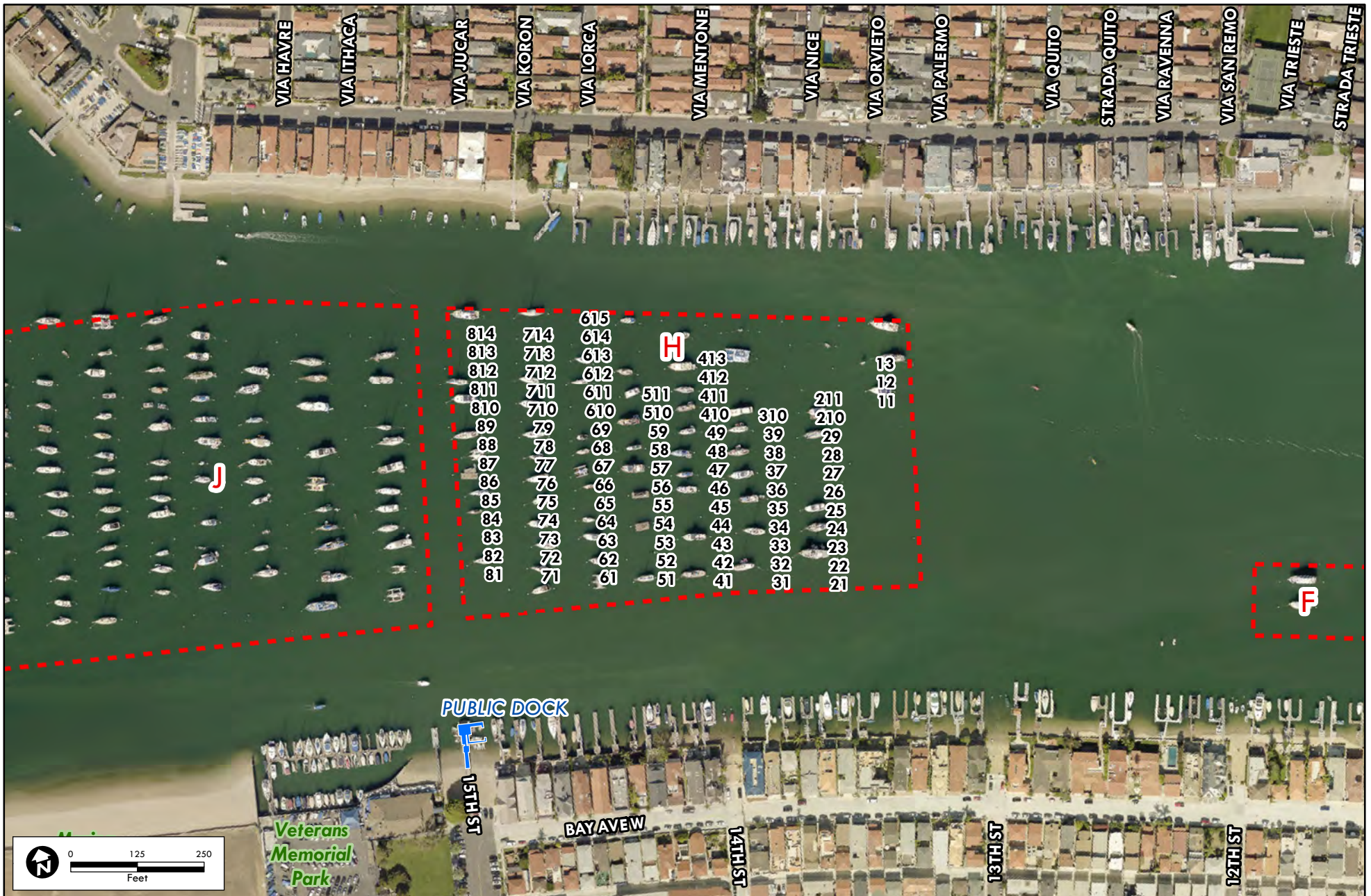
City of Newport Beach  
GIS Division  
March 26, 2015



# Mooring H



City of Newport Beach  
GIS Division  
March 26, 2015



# Mooring H



City of Newport Beach  
GIS Division  
March 26, 2015



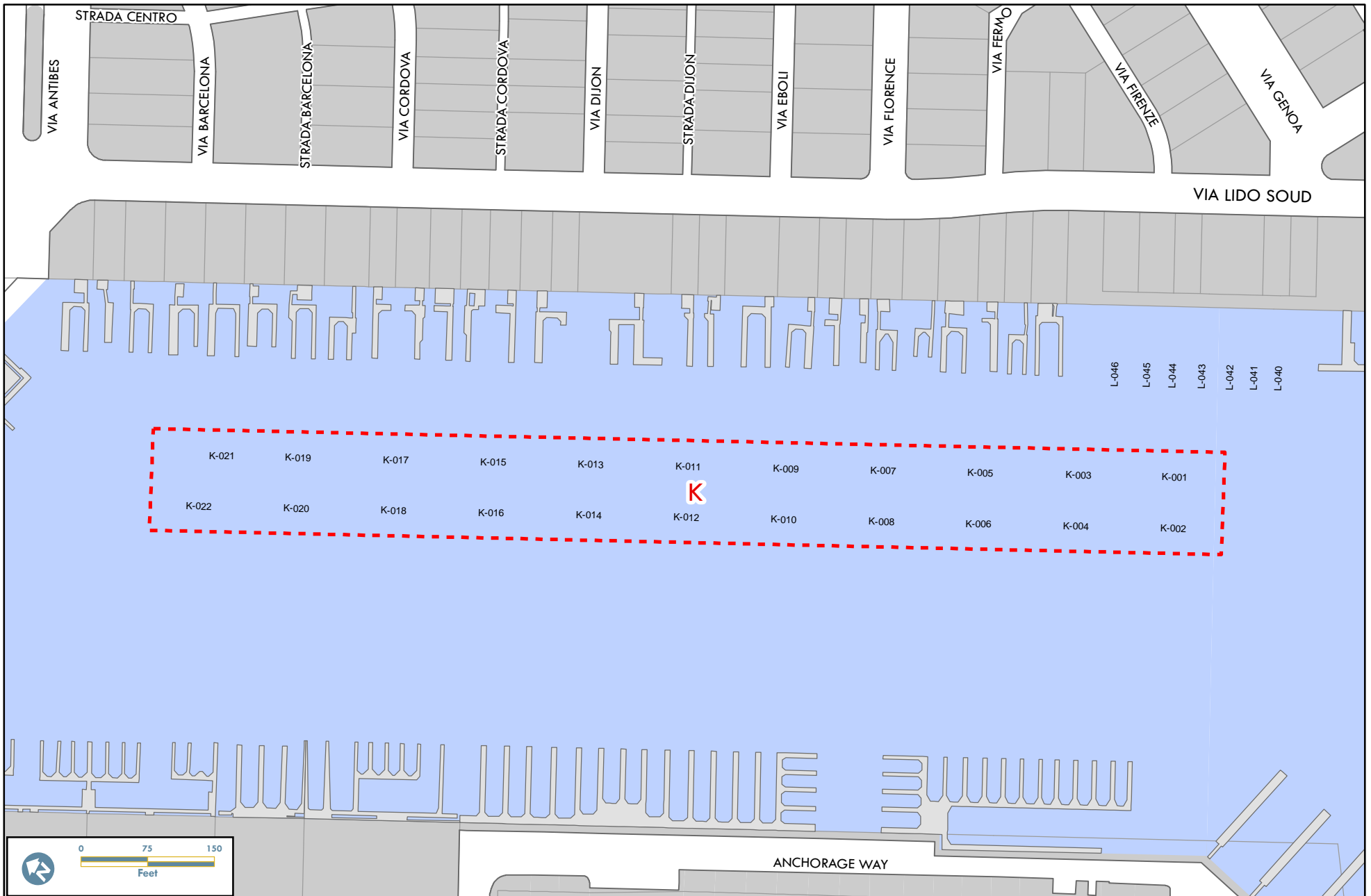




# Mooring J



City of Newport Beach  
GIS Division  
March 26, 2015



# K - Mooring

Number of Moorings: 22

Total Area: 138,265 sq. ft.



City of Newport Beach  
GIS Division  
September 24, 2018

Addendum

# APPRAISER LICENSE

# PROFESSIONAL PROFILE



## ROBERT Z. JACOBSON, MAI

Executive Vice President

Valuation and Advisory Services

Cell. +1 909 227 2386

robert.jacobson@cbre.com

www.cbre.com/Robert.Jacobson

### CLIENTS REPRESENTED

#### Institutional

- Prologis
- Blackstone
- KKR
- Panattoni
- IDI
- Altus
- Trojan

#### Local

- Lewis Group
- March JPA
- HIP

#### Bank

- Deutsche Bank
- Wells Fargo
- Cantor
- Western Alliance Bank
- US Bank
- Comerica
- Citizens Business Bank

#### Self Storage

- Trojan
- Public Storage
- SmartStop
- ExtraSpace
- A-1
- SoCal

## ROBERT Z. JACOBSON, MAI

Robert Z. Jacobson, MAI is the head appraiser in the Ontario office for CBRE Valuation & Advisory Services. Mr. Jacobson joined the Ontario office in 2002 and has served institutional as well as local clients on all types of appraisal and consulting assignments throughout the Inland Empire. Mr. Jacobson also works in concert with the National Self Storage Valuation Group that is based out of the Ontario office.

Assignment specific experience includes Mr. Jacobson's appraisal of harbor usage-oriented properties in Oceanside and Port Hueneme Harbors, and his access to and review of CBRE's vast resources which include appraisals of commercial properties and associated water rights and associated rent determination in virtually every harbor along the California Coast, as well as more harbor specific uses nationally including but not limited to:

Property Description	Location	Size
<b>CBRE Harbor Appraisals</b>		<b>Acres</b>
■ Harbor Redevelopment	Confidential, CA	239 acres
■ Port - Market Rent Arbitration	Confidential, CA	300 acres
■ Multiple Marina Portfolio	San Diego, CA	900+ slips
■ Marina Harbor Apartments & Anchorage	Marina Del Rey, CA	966 unit, 321 slip
■ Deep Water Bulk Container Facility	Confidential, WA	12,000 acres
■ Dry Stack and West Slip Mixed-Use	Naples, FL	350 slips
■ Super Yacht shipyard & drydock	Puerto Rico	97,000 GSF
■ Shipyard & Drydock	Confidential, FL	28 acres
■ Super Yacht Marina	British VI	30 slips

### REPRESENTATIVE ASSIGNMENTS

Property Description	Location	Size
<b>Industrial</b>		<b>SF</b>
■ General Mills	Perris	1,547,342
■ Proctor & Gamble	Moreno Valley	1,479,117
<b>Self Storage</b>		<b>Units</b>
■ Public Storage – Proposed	Los Angeles County	2,065
■ SoCal Self Storage	Hollywood	1,007
<b>Land</b>		<b>Acres</b>
■ Riverside Mining – Industrial	Riverside	223
■ Future Residential Land	Adelanto/Victorville	1,150

### CREDENTIALS

#### Professional Affiliations/Accreditations/Certifications

- Appraisal Institute, Designated Member (MAI)
- Certified General Real Estate Appraiser, State of California, No. AG035731

### EDUCATION

- University of Arizona, Tucson, Arizona, Bachelor of Science  
Duel Major Finance and Accounting – Cum Laude



Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Robert Z. Jacobson**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

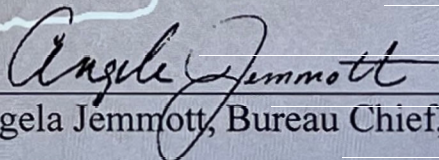
“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 035731

Effective Date: July 8, 2023

Date Expires: July 7, 2025

  
Angela Jemmott, Bureau Chief, BREA

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