

Executive Summary of Report on Transferability of Moorings

Historical Policy Supports Transfers. Moorings in Newport Harbor were pioneered by early boaters who were encouraged to contribute to the development of the harbor by establishing moorings which allowed boaters affordable use of the harbor. The development of the moorings by these boating pioneers was done with the encouragement of government. The development was at the risk, expense, and safety of these pioneers, not at the risk or expense of the City or State.

Transferability Promotes Affordable Access. Affordable access to public resources such as sailing and boating is good public policy. Affordable access is best achieved by encouraging transferability and a free market. With full transfer rights, a permit can be transferred in a number of ways, including (a) a sale with full payment at the time of transfer, (b) a sale with a small down payment with payments over time (an installment sale), or (c) a transfer of a portion of the rights, such as a long term rental or sublease (subleases are not currently allowed, but for the reasons below should be reconsidered).

Any Transfer Fee Should Assist, not Hinder Affordability. A reasonable transfer fee, such as a three or six months use fee, would not have a major impact on mooring sales. But a higher fee will discourage sales, and therefore fewer moorings would be available, and the asking price would increase.

Requiring Auctions Would Hamper Affordability and Access. Auctions limits access where a buyer wants to acquire a combination of boat and mooring, and also where a buyer is making a small down payment with additional payments over time. Auctions are also complicated, costly, and unnecessary.

Transferability Means Responsibility. The more a person has a stake in an enterprise, the more responsible the person will be. Transferability promotes the responsible use of the mooring fields.

Concerns about Profits are Overstated. Profits and Losses depend on (a) what was originally paid, (b) adjusting the selling price for inflation, (c) adjusting the selling price for any costs paid if the mooring was vacant for a long time, and (d) the costs associated with selling, including advertising costs. These calculations are further complicated when a mooring is sold together with a boat. Adding to the concern about possible profits, is the treatment of losses. The City is unlikely to reimburse anyone for his or her loss. Profits and Losses should not be the City's concern. It should be a risk born solely by the market.

Changing the Long Established Policy on Transfers was Unfair. Many mooring owners were told by City officials that private acquisition was the only way to realistically obtain a mooring. After following the rules, people lost most of what they paid because of the rule change. This was unfair.

Transferability Promotes Transparency and Provides Revenue to the City. With restrictions on transfers, permit holders may be less than candid about the transfer and use of their moorings. In addition, the City will receive a transfer fee, with each allowed transfer.

Excessive Annual Fees Are Unfair and Reduce Access and Affordability. The two, Transferability and Annual Fees, go hand-in-hand. The current excessive annual fee should be reduced to a fair fee.

Conclusion. In addition to reducing the current excessive annual fees, the City should restore transfer rights. In doing so, the City will continue to receive revenue from reasonable transfer fees. If long-term rentals were also allowed, the City would receive new revenue from each rental. Restoring transfer rights and reasonable annual fees are the best ways to provide affordable access to this great harbor.