APPRAISAL CONSULTING REPORT

South Beach Marina,
San Francisco, California

PREPARED FOR

City and County of San Francisco

MAY 2012
1205025
May 8, 2012

Mr. John Updike,
Acting Director of Property
City and County of San Francisco,
25 Van Ness Avenue, Suite 400
San Francisco, California 94102

Re: SFPort-South Beach Harbor Appraisal

Dear Mr. Updike:

Pursuant to your request and authorization, this submission is an appraisal consulting report, to estimate the Market Rental Value range of the marina berths located at the South Beach Marina, Pier 40A, The Embarcadero, San Francisco, California.

For USPAP compliance, this report is made to comply with Standard Rules 4 and 5 of the 2012 USPAP with respect to the development and reporting of an appraisal consulting assignment.

Scope of Assignment:

The scope of this assignment includes research and verification of marina slip rental rates, market trends and facilities at competitive Bay Area marinas with analysis of the rates and estimate of the range of the market rental rates for the subject marina slips.

Intended Use/User:

The intended user of this consulting assignment is the City and County of San Francisco and the intended use is for use establishing market supported rental rates for the marina slips.

Date of Value: April 27, 2012

Definition of Market Rental Value:

The rental income that a property would most probably command in the open market; indicated by the current rents paid and asked for comparable space as of the date of the appraisal.
Summary of Subject Facilities:

The subject property was developed in the mid 1980s and provides a total of 676 marina slips/berths. The marina is located along the Embarcadero waterfront of San Francisco with an easterly aspect. The location, south of the Oakland-Bay Bridge provides immediate proximity to AT&T Park, and the restaurants, residences and tech aspects of the South of Market district.

The marina is collocated at Pier 40 and is protected by a concrete seawall across its eastern boundary and titled to protect the southern boundary. Baffles have been placed beneath Pier 40 to reduce swells from the north. Tidal swells are kept to a minimum even though the marina has immediate access to open bay water. With such immediate access to open Bay water, sedimentation is kept to a minimum (there is a small sand bar identified at one corner of the Pier 40 entrance) and the mean lower low tide depth is reported to be 15 feet. Thus the marina can comfortably berth all but the largest private vessels from a depth perspective.

Being located on the Bay provides immediate access and greatest utility. This contrasts to many marinas in the Bay area where boaters have to sail/motor considerable distances to access open (not channel/speed restricted) waters.

The marina has 2 entrances, one from the north entering past the end of Pier 40 which is approximately 100 feet wide and the other from the south, approximately 85 feet wide, entering from adjacent to what is now unofficially known as McCovey Cove. The prevailing wind is from the west and blows generally off-shore thus keeping wind generated waves and weather vaning to a minimum within the marina.

The marina fingers are secured by concrete pilings which support concrete on steel frame fingers and slips with plastic floatation and wood trim. The fingers which are double loaded slips were built by the premier marina builder, Bellingham out of Washington. Double loaded slips berth 2 boats between 2 fingers in contrast to single loaded slips where 2 fingers serve each boat.

Facilities at the marina include key card protected bathrooms and showers, dock lockers, 2 pump out stations (free to tenants), water and electricity supplied to each slip. Unlike most other marinas, electricity is not sub-metered and is included in the slip rental. A record over the past year of the electrical sub-meter that services all of the slips shows average electricity use of $0.54/lineal foot/month. The marina allows no live aboards.

Upland access to the marina is provided from a permit parking lot at Pier 40 and a second permit and gated parking lot at 2nd Street, adjacent the AT&T Park.

Slip sizes range from 26 feet to 60 feet with all inclusive rental rates ranging from $8.58 to $13.20 per lineal foot per month.
South Beach Marina, San Francisco, Ca.

The advantages and disadvantages of this marina may be summarized as follows:

Advantages:
- San Francisco waterfront location
- Proximity to AT&T Park
- Immediate Bay access
- Well protected harbor from sea swells and weather
- Superior quality facilities
- Good parking
- All inclusive rental rate

Disadvantages:
- Located south of the Bay Bridge
- Double loaded slips.
- No fuel facilities-nearest fuel is Gas House Cove

Market Survey:

The market survey of marina facilities was conducted by telephone between April 30 and May 7, 2012.

Marinas selected for the survey were considered the upper tier marinas based upon the extent and quality of the facilities and location. Several lesser quality marinas were not considered.

Table 1 provides a summary of the marinas surveyed detailing the facilities, occupancy and rental rates, broken down by County location.

San Francisco County: two marinas were considered competitive with the subject:

San Francisco Marina- this is a 670 slip marina located along the north waterfront of San Francisco collocated with the St Francis and Golden Gate Yacht Clubs. This is a prime location offering immediate access to the best sailing conditions in the Bay and the most scenic marinas in the Bay. The marina is split between the west and east harbers. The west harbor is undergoing renovation with new concrete pilings and slips. The east harbor is impacted by hazardous soil conditions and the cost of mitigating the soil hazards prohibit marina renovation.
### MARINA FACILITY SURVEY

#### SAN FRANCISCO BAY

| No | LOCATION | MILL | Berths | Type | Age | Vac. % | Ref | Po | Fu | Wa | El | Plg | Ratio | No. | Length | Rate/Mo | Berth Rates-41/In/Fe | 2022 | 2026 | 3014 | 4340 | 4548 | 6815 | 90+ | End Side | Pick up | Drop off | Other |
|----|----------|------|--------|------|-----|--------|-----|----|----|----|----|----|------|-------|-----|--------|---------|--------|--------|--------|--------|--------|--------|     |          |         |         |       |      |
| 1  | South Beach Harbor | 15.00 | 57/8 | Conc | 0.00% | Y | Y | Y | Y | Y | Y | Y | F | 200 | $ 0.50 | $ 6.70 | $ 3.37 | $ 10.79 | $ 11.92 | $ 12.24 | $ 12.20 |
| 2  | San Francisco Marina | 8.00 | 670 | Conc | 0.00% | Y | Y | Y | Y | Y | Y | Y | F | 59 | $ 0.50 | $ 6.44 | $ 6.44 | $ 10.09 | $ 10.99 | $ 10.99 | $ 10.99 |
| 3  | Pier 9 | 6.00 | 300 | Wood | 0.00% | Y | Y | Y | Y | Y | Y | Y | F | 155 | $ 0.50 | $ 6.44 | $ 6.44 | $ 10.99 | $ 10.99 | $ 10.99 | $ 10.99 |

#### MARINA FACILITY SURVEY

| No | LOCATION | MILL | Berths | Type | Age | Vac. % | Ref | Po | Fu | Wa | El | Plg | Ratio | No. | Length | Rate/Mo | Berth Rates-41/In/Fe | 2022 | 2026 | 3014 | 4340 | 4548 | 6815 | 90+ | End Side | Pick up | Drop off | Other |
|----|----------|------|--------|------|-----|--------|-----|----|----|----|----|----|------|-------|-----|--------|---------|--------|--------|--------|--------|--------|--------|     |          |         |         |       |      |
| 4  | Sausalito Yacht Harbor | 164 | 554 | Wood | 0.00% | Y | N | N | N | Y | Y | Y | F | 15 | $ 0.50 | $ 6.44 | $ 6.44 | $ 10.99 | $ 10.99 | $ 10.99 | $ 10.99 |
| 5  | Sausalito Yacht Harbor | 164 | 554 | Wood | 0.00% | Y | N | N | N | Y | Y | Y | F | 15 | $ 0.50 | $ 6.44 | $ 6.44 | $ 10.99 | $ 10.99 | $ 10.99 | $ 10.99 |

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|----|----------|------|--------|------|-----|--------|-----|----|----|----|----|----|------|-------|-----|--------|---------|--------|--------|--------|--------|--------|--------|     |          |         |         |       |      |
| 6  | Pelican Yacht Harbor | 12.00 | 96 | Wood/Feed | 0.00% | Y | Y | Y | Y | N | N | Y | F | 20 | $ 0.50 | $ 6.44 | $ 6.44 | $ 10.99 | $ 10.99 | $ 10.99 | $ 10.99 |

#### MARINA FACILITY SURVEY

| No | LOCATION | MILL | Berths | Type | Age | Vac. % | Ref | Po | Fu | Wa | El | Plg | Ratio | No. | Length | Rate/Mo | Berth Rates-41/In/Fe | 2022 | 2026 | 3014 | 4340 | 4548 | 6815 | 90+ | End Side | Pick up | Drop off | Other |
|----|----------|------|--------|------|-----|--------|-----|----|----|----|----|----|------|-------|-----|--------|---------|--------|--------|--------|--------|--------|--------|     |          |         |         |       |      |
| 7  | Sausalito Point Marina | 12.00 | 161 | Conc | 1.00% | Y | Y | Y | Y | N | N | Y | F | 20 | $ 0.50 | $ 6.44 | $ 6.44 | $ 10.99 | $ 10.99 | $ 10.99 | $ 10.99 |

#### MARINA FACILITY SURVEY

| No | LOCATION | MILL | Berths | Type | Age | Vac. % | Ref | Po | Fu | Wa | El | Plg | Ratio | No. | Length | Rate/Mo | Berth Rates-41/In/Fe | 2022 | 2026 | 3014 | 4340 | 4548 | 6815 | 90+ | End Side | Pick up | Drop off | Other |
|----|----------|------|--------|------|-----|--------|-----|----|----|----|----|----|------|-------|-----|--------|---------|--------|--------|--------|--------|--------|--------|     |          |         |         |       |      |
| 8  | Marina Plaza Harbor | 8.00 | 100 | Conc | 1.50% | Y | Y | N | N | Y | Y | Y | F | 15 | $ 0.50 | $ 6.44 | $ 6.44 | $ 10.99 | $ 10.99 | $ 10.99 | $ 10.99 |

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*South Beach Marina, San Francisco, Ca.*

**Marina Facilities Survey**

- **San Francisco County**
  - South Beach Harbor: 15.00, 57/8 berths, Conc, 0.00% Y, Y, Y, Y, Y, F, $0.50, $6.70, $3.37, $10.79, $11.92, $12.24, $12.20
  - San Francisco Marina: 8.00, 670 berths, Conc, 0.00% Y, Y, Y, Y, Y, Y, F, 59, $0.50, $6.44, $6.44, $10.99, $10.99, $10.99

- **Marin County**
  - Sausalito Yacht Harbor: 164, 554 berths, Wood, F, 15, $0.50, $6.44, $6.44, $10.99, $10.99, $10.99

- **Other**
  - Pelican Yacht Harbor: 12.00, 96 berths, Wood/Feed, F, 20, $0.50, $6.44, $6.44, $10.99, $10.99, $10.99

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*David Tattersall Company*
### Marina Rent Survey

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**Commercial Rates:**
- **Fishing:** $9.30
- **For season:** $14.00
- **For fishing season:** $17.55
- **Seasonal demand:** $17.55
- **Vacancy in 30-40 foot range:** $17.55
- **Vacancy in small sizes:** $17.55

**Notes:**
- New berthing and fuel stops.
- New rates set July 2011.
- Wireless internet.
- No washing and washing down.

**Contact:**
- David Tattersall Company
- 803 Powell Street, Emeryville, CA 94608
- Phone: 510-331-7400

**Rates:**
- $17.55
- $14.00
- $10.00
- $7.50

**Fees:**
- Laundry: $5.00
- Marina: $5.00
- Fuel dock: $5.00

**Location:**
- Alameda County
- Contra Costa County
- Solano County
The west harbor has 8 foot at MLLW and contains 385 double loaded slips. The largest number of slips is 30 foot (107) and 40 foot (104). The marina offers permit parking which is subject to event restrictions, restrooms, showers, free pump out facilities, gas and diesel fuel, water and sub-metered electricity.

The marina is city owned and rates are based less on market conditions and more on a cost recovery formula. Currently, rates range from $8.32 to $10.52 per lineal foot. The occupancy is 100% although there are some vacancies in the older deteriorated east harbor which also suffers from a 3 foot MLLW. The waiting list is 200 persons long and a $75 annual waiting list fee is charged. Commercial use rates are $3.45 per foot and $1.35 per passenger for pick and drop off combined.

Following renovation, rates in the west harbor are expected to increase between 25% and 40%, subject to Board of Supervisors' approval. Using a mid-point escalation of 30%, rates could increase to a range of $10.81 to $13.68. Based upon this survey, higher market rates could be obtained.

Compared to the subject, higher rates would be anticipated to reflect the mark to market pricing at the subject (not cost recovery) and the inclusive electricity rate.

**Pier 39**- this is a 300 slip marina located along the north waterfront of San Francisco collocated with the Pier 39 retail/restaurant/aquarium tourist attractions. This is a prime location offering immediate access to the best sailing conditions in the Bay. The marina is split between the west and east harbors located on either side of Pier 39.

The west harbor locates the larger slips and several fingers which have been tethered together to create a platform for the year round resident seal population, now cited as the number 1 tourist attraction draw at the pier. The west harbor is subject to more tidal surges. The east harbor is protected behind a sea wall and is entered from the land side south entrance. The east harbor is less impacted by tidal surges.

The marina has a 9 foot at MLLW. The marina is built on older wood single loaded docks of lesser quality. Tenants are offered reduced parking rates of $4 for 12 hours at the Pier's multi story garage. Other facilities include restrooms, showers, free pump out facilities, water and sub-metered electricity.

The Pier and marina is master leased from the Port under a 60 year master lease agreement. The marina slips are sub-leased for 50 year terms and are further sub-leased to the marina occupants/tenants on a month to month basis.

Currently, rates range from $10.33 to $11.04 per lineal foot. The occupancy is 97%. Commercial use fees are $75 pick-up/drop off combined fee for up to 50 feet and $125 for over 50 feet.
There is no ‘per passenger’ fee but there is a limit of 10 pick-ups per annum per operator.

Compared to the subject, higher rates would be anticipated to reflect the superior quality of the subject, ease of access, superior parking and the inclusive electricity rate.

Marin County: five marinas were considered competitive with the subject:

**Sausalito Yacht Harbor** - this is a 564 slip marina located at the entrance to Sausalito Harbor and the waterfront. This is a prime location offering immediate access to the best sailing conditions in the Bay. The location affords immediate access to central Sausalito,

The marina has a depth of 12 feet at MLLW. The marina fingers and slips are wood framed and board and the slips are single loaded. The marina no parking except City parking lots and meters. Facilities are limited to rest rooms only. There are no showers, pump out facilities or fuel. Each slip has water and sub-metered electricity.

Repeated attempts to contact the marina failed so no information is available regarding rental rates. This marina is in an inferior location and is of inferior quality.

**Pelican Yacht Harbor** - this is a 90 slip marina located adjacent to Sausalito Yacht Harbor. This is a prime location offering immediate access to the best sailing conditions in the Bay. The location affords immediate access to central Sausalito,

The marina has a depth of 12 feet at MLLW. The marina fingers and slips were fully renovated in the 2000 are wood framed and board and the slips are single loaded. The marina has limited permit parking. Facilities include rest rooms, showers and pump out facilities. There is no fuel. Each slip has water and sub-metered electricity.

The marina is currently 97% occupied with the only vacancies being for 30 foot slips. There is a waiting list for larger slip lengths. Slip rental rates range from $15.00 to $16.42 per lineal foot per month.

The subject has a superior location and superior facilities should support a higher rental rate.

**Schoonmaker Point Marina** - this is a 161 slip marina located in the Marinship district of Sausalito. This is located further up the channel toward Richardson Bay and requires additional motoring to access open water.

The marina has a depth of 12 feet at MLLW. The marina fingers and slips are constructed on concrete piles and platforms and are single loaded. The marina shared parking with the Liberty Ship office buildings and is limited to one parking pass per slip. Facilities include rest rooms, showers and free pump out facilities.
There is no fuel service at the marina. Each slip has water and sub-metered electricity.

The marina is currently 98% occupied. Slip rates range from $14.75 to $17.17 per lineal foot per month. There are no commercial operations at the marina however guest berth rental rates range from $1.25 per foot per day up to 70 feet, to $3.00 per foot per day up to $150 feet. Additional charges are made for shore power ranging from $3.00 per day for 30 amp up to $150 per day for 200 amp, 3 phase.

The subject has a superior location and superior facilities should support a higher rental rate.

Marina Plaza Harbor - this is a 103 slip marina still further north up the Sausalito channel. This is located further up the channel toward Richardson Bay and requires additional motoring to access open water.

The marina has a depth of 8 feet at MLLW. The marina fingers and slips are constructed on concrete piles and platforms and are single loaded. The marina shares plentiful permit parking with the Marina Plaza office buildings and is free. Facilities include rest rooms and free pump out facilities. There is no fuel. Each slip has water and sub-metered electricity.

The marina is currently 98% occupied. Most requests for slips is in the 40 foot size. Slip rates range from $11.55 to $15.75 per lineal foot per month.

The subject has a superior location and superior facilities should support a higher rental rate.

Clipper Yacht Harbor - this is a 660 slip marina north of the Marinship district of Sausalito. This is located further up the channel toward Richardson Bay and requires additional motoring to access open water.

The marina has a depth of 8 feet at MLLW. The marina fingers and slips are constructed on concrete piles and platforms and are single loaded. The marina has plentiful permit parking. Facilities include rest rooms, showers, free pump out facilities and gas/diesel fuel facilities. Each slip has water and sub-metered electricity.

The marina is currently 90% occupied. Most vacancies are in the 30-40 foot range. The occupancy is seasonal. Slip rates range from $9.38 to $17.55 per lineal foot per month. There is no commercial operator rate however guest berth rates are $25 per night with a charge for electricity at $3.00 per night for 30 amp up to $10 per night for 50 amp.

The subject has a superior location and superior facilities should support a higher rental rate.
Alameda County

Three marinas were surveyed in Alameda County:

**Emeryville City Marina** - this is a 381 slip marina located on the waterfront of Emeryville. The location affords immediate and direct access to open Bay waters. There are few other synergistic uses within the same location. The marina is reported to be very seasonal.

The marina has a depth of 8 feet at MLLW. The marina fingers and slips were replaced in 2011 by Bellingham of Washington at a cost of $32,967 per slip. The fingers are constructed on concrete piles and platforms and are single loaded. The marina has plentiful free parking. Facilities include rest rooms, showers, free pump out facilities and gas/diesel fuel facilities. Each slip has water and sub-metered electricity.

The marina is currently 94% occupied. Vacancies are spread throughout all size ranges. The occupancy is seasonal. Slip rates range from $9.60 to $12.08 per lineal foot per month. Commercial use is limited to berthed charter fishing boats which pay the regular slip rental rate.

The subject has a superior location and superior facilities should support a higher rental rate.

**Ballena Island Marina** - this is a 499 slip marina located on the south waterfront of Alameda Island. The location affords immediate and direct access to open Bay waters, south of the Bay Bridge. There are few other synergistic uses within the same location. The marina is reported to be very seasonal.

The marina has a depth of 9 feet at MLLW. The marina fingers and slips are 30 years old. The fingers are constructed on concrete piles and wood platforms and are single loaded. The marina has plentiful free parking. Facilities include rest rooms, showers, free pump out facilities and gas/diesel fuel facilities. Each slip has water and sub-metered electricity.

The marina is currently 60% occupied. Vacancies are primarily in the smaller sizes of less than 30 feet. The occupancy is seasonal. Slip rates range from $9.07 to $12.82 per lineal foot per month.

The subject has a superior location and superior facilities should support a higher rental rate.

**Jack London Marina** - this is a 550 slip marina located on the north waterfront of Oakland Harbor at Jack London Square. The location is some distance up the Oakland estuary and requires considerable motoring to open Bay waters. There are several attractions close by including the retail and restaurants of Jack London Square.
South Beach Marina, San Francisco, Ca.

The marina has a depth of 13 feet at MLLW. The marina fingers and slips are constructed on concrete piles and concrete platforms and are double loaded. The marina has shared parking at Jack London Square. Facilities include rest rooms, showers, free pump out facilities and gas/diesel fuel facilities. Each slip has water and sub-metered electricity.

The marina is currently reporting "some" vacancies and no specific figure was available. Slip rates range from $9.73 to $14.71 per lineal foot per month. The subject has a superior location and superior facilities should support a higher rental rate.

Contra Costa County:

Two marinas were surveyed in Contra Costa County.

Berkeley Marina- this is a 1,100 slip marina located on the east waterfront of Berkeley. The location has direct access to open Bay waters. The location is exposed to all weather. There are no synergistic uses within the immediate environs.

The marina has a depth of 8 feet at MLLW. The marina fingers and slips are a mix of concrete piles and concrete and wood platforms and are double loaded. The marina has plentiful free parking. Facilities include rest rooms, showers, free pump out facilities and gas/diesel fuel facilities. Each slip has water and sub-metered electricity.

The marina is currently reporting a 13% vacancy primarily in the 25 to 29 foot range. Most demand is in the 30 to 50 foot range. Slip rates were set in July 2011 and range from $8.69 to $10.97 per lineal foot per month.

The subject has a superior location and superior facilities should support a higher rental rate.

Marina Bay Harbor- this is a 850 slip marina located on the south waterfront of Richmond. The location has direct access to open Bay waters. The location is exposed to all weather. There are no synergistic uses within the immediate environs.

The marina has a depth of 18 feet at MLLW. The marina fingers and slips are concrete piles and concrete platforms and are single loaded. The marina has plentiful free parking. Facilities include rest rooms, showers, free pump out facilities. There are no fuel facilities. Each slip has water and sub-metered electricity.

The marina is currently reporting a 98% occupancy. Slip rates range from $8.23 to $9.87 per lineal foot per month.

The subject has a superior location and superior facilities should support a higher rental rate.
South Beach Marina, San Francisco, Ca.

SOUTH BEACH HARBOUR

RENTAL ANALYSIS

SUMMARY OF MARKET RENTAL RATES

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<th>Item</th>
<th>Berth Rates-$/LinFt/Mo</th>
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<tr>
<td></td>
<td>24/26</td>
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<tr>
<td>Low</td>
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<tr>
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<td>$11.55</td>
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<tr>
<td>Mean</td>
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<td>Subject</td>
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Relative to high: -25.71% -42.00% -38.85% -30.87% -28.07% -24.25% -25.91% -24.79%

SUBJECT SLIP ELECTRICITY USE

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ESTIMATED MARKET RENTAL VALUES

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<tr>
<td>Market Rate</td>
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<td>% Increase</td>
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Marina Rental Rate Analysis

The subject marina is considered the premier marina in the San Francisco Bay, perhaps only second to the west harbor of San Francisco Marina. This opinion is supported by the extremely high demand location offering unparalleled access to the city and the open Bay and superior facilities. As such, the slip rental rates should reflect the highest rates in the Bay area for public marinas.

The range of slip rates offered by the upper tier of Bay area marinas compared to the subject's current rental rates are summarized on Table 2. Note that the highest rate noted for the 34/36 foot class appears inconsistent with the rest of the data. This high rate of $15.29/LF appears to be an outlier. The next highest rate for this class at $15.00/LF is used for this analysis.

The subject should support rates at the highest end of the range noted. Currently, the subject rates appear to be between 24% and 42% below the high end of the range. The features of the subject include electricity in the rate. The electricity use of the marina slips during 2011 was reported at $157,535. Divided by the total estimated length of the marina slips (24,168 feet), the monthly electricity rate equates to $0.54 per lineal foot per month as summarized on Table 3.

The market supported rates for the subject including electricity are thus summarized on Table 4 and provide a market rental rate range for the subject from $12.09 to $18.09 per lineal foot per month.

These market adjusted rates call for sizable increases and reflect how much below market the current rates are. However, such sizable increases will likely have to be phased in over time. The primary competition is generally reporting high levels of occupancy so there are few competitive alternatives available and this may limit the attrition of tenants in the face of large rental increases.

The waiting list for slips at the subject is reported to be for all boat lengths. In addition, during the renovation of the west harbor at the San Francisco Marina, available boat slips will be at a premium. At completion, the slip rental rate at the San Francisco Marina is expected to increase between 25% and 40%.

The depth of the market for San Francisco based quality moorings in high identity locations is such that the significant rental increase to 'market' should not have a significant impact on occupancy.
South Beach Marina, San Francisco, Ca.

There are very few examples of commercial rental charges for passenger services and those cited generally reflect a fixed charge per pick-up and drop-off combination based either on a fixed fee ($75-$125), a per foot fee ($1.25-$3.45) or a combination of per foot fee and per passenger fee, as in the case of San Francisco Marina ($3.45 per foot plus $1.35 per passenger). A lower commercial rate is likely supported at the subject given the proximity of San Francisco Marina to the fishing grounds and site seeing locals.

Conclusion

In conclusion, the subject rental rates are clearly below market. The high level of occupancy in well located, good quality marinas with limited inventory in San Francisco provides a market depth that should sustain a significant rental mark to market increase at the subject. The concluded market rental rates for the subject slips range from $12.09 to $18.09 per lineal foot per month.

This appraisal has been prepared for the exclusive use of the City and County of San Francisco and may not be used or relied upon by anyone other than the Client, for any purpose whatsoever, without the express written consent of the appraiser.

The analyses, opinions, and conclusions were developed, and this report has been prepared, in accordance with the Uniform Standards of Professional Appraisal Practice.

Respectfully submitted,

David Tattersall & Company

[Signature]

David N. Tattersall, MAI
General Certificate AG002681
CERTIFICATE OF APPRAISAL

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

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

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

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

My 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 value estimate, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended user of this appraisal.

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

This appraisal report sets forth all of the limiting conditions imposed by the terms of the assignment affecting the analyses, opinions, and conclusions contained in this report.

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.

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

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

I have made a personal inspection of the property that is the subject of this report. I have not previously provided any services on the subject property within the past 3 years.

No one provided significant real property appraisal assistance to the person signing this certification.

As of the date of this report, I, David N. Tattersall, have completed the requirements under the continuing education program of the Appraisal Institute.

David N. Tattersall, MAI
General Certificate AG002681
Assumptions and Limiting Conditions

This appraisal is subject to the following limiting conditions.

1) The legal description and area dimensions furnished to the appraiser are assumed to be correct. No survey of the boundaries of the property was completed.

2) I assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, except where noted, and the property is appraised as though free and clear, under responsible ownership and competent management.

3) Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.

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

5) The exhibits in this report are included to assist the reader in visualizing the property. I have made no survey of the property and assume no responsibility in connection with such matters.

6) The distribution or allocation, if any, of the total valuation of this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. Any value estimate provided in the report applies to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.

7) The statements of value and all conclusions shall apply as of the date shown herein.

8) I assume no responsibility for economic or physical factors, which may affect the opinions herein stated, which may be present or occur at some date after the date of value.

9) I have inspected, as far as possible, by observation, the land; however, it was impossible to personally inspect conditions beneath the soil; therefore, no representations are made as to these matters unless specifically considered in the appraisal. Further, no opinion is expressed as to the value of sub-surface oil, gas, or mineral rights, or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

10) This appraisal is predicated on the assumption that the existence of hazardous material, which may or may not be present on or near the property, was not observed by the appraiser, unless otherwise stated. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of asbestos or other potentially hazardous materials may affect the value of the property. The value estimate herein is predicated on the assumption that there is no such material present.
material on or in the property that would cause a loss in value. No responsibility is assumed for any such condition, or for any expertise or knowledge required to discover them.

11) No engineering survey has been made by us. Except as specifically stated, data relative to size and area was taken from sources considered reliable. Furthermore, no warranty is implied with regard to physical or structural or operational deficiencies, which are not disclosed to the appraiser and noted herein.

12) The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein. The appraiser assumes that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report. The appraiser assumes that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

13) Information, estimates, and opinions contained in this report are obtained from sources considered reliable and where feasible, has been verified. However, no liability can be assumed for information supplied by others.

14) I reserve the right to make such adjustments to the valuation herein reported, as may be required by the consideration of additional data or more reliable data that may become available.

15) This report shall be used for its intended purpose only and by the parties to whom it is addressed as of the current date of valuation. Possession of this report does not carry with it the right of publication, or duplication. The signatory of this appraisal is an MAI designate of the Appraisal Institute. The Bylaws and Regulations of the Institute require each member or candidate to control the use and distribution of each appraisal signed by such member or candidate. Therefore, except as hereinafter provided, the party for whom this appraisal was prepared may distribute copies of it is report, in its entirety, to such third parties as may be selected by the party for whom this report was prepared; however, selected portions of this appraisal shall not be given to third parties without the prior written consent of the signatories of this report. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the author. This applies particularly to value conclusions, the identity of the appraiser or firm with which is connected, and any reference to the Appraisal Institute, or the MAI designation.

16) The liability of David Tattersall & Company, its owners and staff is limited to the client only and to the amount of the fee actually paid for services rendered, as liquidated damages, if any related dispute arises. Further, there is no accountability, obligation or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all assumptions and limiting conditions of the assignment and related discussions. David Tattersall & Company is in no way to be responsible for any
cost incurred to discover or correct any deficiencies of any type present in the property, physically, financially, and/or legally. The client also agrees that in the event of a lawsuit brought by a lender, partner or part owner in any form of ownership or tenancy or by any other party, the client will hold David Tattersall & Company completely harmless from and against any liability, loss, cost of expense incurred or suffered the client in such action, regardless of its outcome.
QUALIFICATIONS OF DAVID N. TATTERSALL, MAI

David N. Tattersall, MAI, is the founding principal of David Tattersall & Company and has over thirty years experience in the field of commercial real estate appraisal, 25 years of which have been focused in the United States.

David has served as the Chair of the West Branch of the San Francisco Bay Area Chapter of the Appraisal Institute in 1993 and 1994 and was actively involved with the merger of the Society of Real Estate Appraisers and the American Institute of Real Estate Appraisers San Francisco West Branch. David's reputation in the Appraisal community led to his appointment in 1994 as Vice Chair for the Chapter's Admissions Committee which oversees the quality of work product of candidates seeking the MAI designation.

David has also served as President of the Northern California Chapter of the Royal Institution of Chartered Surveyors, 1996.

Experience

David Tattersall & Company, San Francisco, Ca. President, 1990-present. Appraisal for private and public sector for mortgage lending, acquisitions/dispositions and due diligence, tax appeal, arbitration, expert witness and court testimony. David has testified as expert witness in San Mateo, San Francisco and Santa Clara County Superior Courts, and has also been involved in numerous depositions and arbitrations.

Clifford & Tattersall Inc., San Francisco, Ca: Co-founder/Partner, 1985-1990. Appraisal for both private and public sector clients including assignments for bank lending/OREO properties, FSLIC/FDIC valuation of bank portfolios, right of way, bond underwriting, eminent domain, tax appeal etc.

Hamilton & Associates, San Francisco, Ca: Associate Appraiser, 1979-1985. Assignments included a wide variety of major commercial, industrial and residential real estate located throughout the San Francisco Bay Area, in addition to assignments located in more than 22 states.

Fuller Peiser, London, England: Valuation Surveyor, 1976-1979. Assignments included business asset valuation for institutional and major industrial companies, commercial and industrial valuations, property tax appeals, arbitrations and brokerage, throughout the United Kingdom and northwest Europe. Typical assignments included petro-chemicals, food processing, auto/aero engineering, in addition to associated office premises, medical facilities, and retail units.

Education/Designations

Fellow of the Royal Institution of Chartered Surveyors (FRICS) (Retired)
Appraisal Institute: Member, Appraisal Institute (MAI)
Department of Real Estate, California (Broker ID. 01310840)
Portsmouth Polytechnic: B.Sc. Urban Land Administration. 1976
Continuing education maintained for current certification.