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PRELIMINARY FINDINGS AND RECOMMENDATIONS  
TO THE PORT OF NEWPORT COMMISSION  
CONCERNING:  
MOORAGE RATES AND THE SHORTAGE  
OF MOORAGE SPACE AT  
THE PORT OF NEWPORT

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## FINDINGS AND RECOMMENDATIONS

The following list summarizes the most pertinent findings and recommendations of our on-going investigation of moorage rates and port-related economic problems on the Oregon coast.

1. A substantial shortage of moorage space now exists at Newport, Oregon. The annual occupancy rate at Port of Newport moorage facilities is 100 percent, and the waiting list for moorage has approximately 400 boats. Further, our research indicates that the waiting list understates the unsatisfied demands for moorage space at current annual moorage rates.

2. Where a shortage of moorage space exists and present moorage holders are not regarded as deserving subsidy, we suggest that the public interest is served by no change in the level or structure of moorage rates only if:

- a. The current rates are consistent with the long-run costs involved in providing moorage space;
- b. An immediate expansion of moorage space is planned to eliminate the shortage; and
- c. The current rate structure for different sized boats is appropriate.

Since these three conditions are not fulfilled in the present Newport situation, we recommend that the Port of Newport increase and revise its moorage rates.

3. Although the Port of Newport could increase its moorage rates sufficiently to eliminate the present shortage of moorage space, we do not recommend that the Port adopt such a rate schedule. No one today can confidently predict the rates required to end the shortage, but we suspect that shortage-ending rates would considerably exceed the long-run costs of providing additional moorage space at Newport. Instead, we recommend that moorage rates be increased only to levels approximately equal to the long-run costs (in current dollars) of providing moorage space on the north side of Yaquina Bay.

4. A moorage rate schedule based on long-run costs has certain advantages in the present Newport situation:

- a. A cost-determined rate schedule would reduce (but not entirely eliminate) the moorage shortage and increase Port revenues.
- b. The Port could objectively determine the demand for moorage space at the rates relevant to Port decisions concerning maintenance and capital investments. (For example, the appropriate scale of investment in moorage space on the south side of Yaquina Bay.)
- c. The Port would establish a strong defense against any charges of "unfair competition" by private moorage operators.

Of course, the major disadvantages of cost-based rates are simply that they would be substantially higher than the present rates and still would not eliminate the shortage.

5. Moorage rates currently charged by the Port of Newport have a stepwise structure quite comparable to those charged at most northwest coastal boat basins. This type of rate structure groups boats by length, and charges a fixed amount to boats within each group. Rates per boat-foot generally decrease as boat size increases, but the stepwise structure means that the rates per boat-foot for the smallest boats in groups of successively larger boats exceed the rates charged the largest boats in the next smaller group.

Stepwise rate structures, however, cannot directly relate moorage rates to either the long-run costs of providing moorage or the basic service actually received by boats and their owners. This is the case for two reasons. First, moorage costs do not vary in a fashion at all comparable to the rate variations in a declining stepwise rate structure. Second, the basic service provided by moorage facilities is only loosely tied to boat length.

6. The principal moorage-related assets owned and controlled by the Port of Newport are docks and sequestered water area sheltered by a breakwater. Sheltered moorage space with dock-access-to-the-shore is the basic service provided by the Port's moorage facilities. Therefore, we suggest that the structure of moorage rates should be based on the moorage area occupied by each boat, not boat length.

To be precise, we recommend that (a) all boats be charged a single, cost-determined rate per-square-foot of moorage-space-occupied, and that (b) moorage-space-occupied be measured as the square footage one boat precludes from use by other boats. Rates established on such a basis would be set for individual berths according to the maximum sized boat which could be moored in each berth.

7. Our proposed annual moorage rates are presented in Table 1. The proposed rates are based on our conservative estimate that the long-run costs of providing moorage at Newport equal \$0.65 per square foot. Table 1 indicates the maximum boat lengths and non-interior moorage spaces for head-in parking spots in columns (2) and (3), and our proposed annual rates (\$0.65 times maximum moorage space) in column (4). For the small fraction of interior head-in spots on each dock with smaller spaces than those indicated in Table 1, column (3), we would recommend annual rates proportionately smaller than those given in the table.

Where parallel parking is allowed, we recommend that annual moorage rates be determined for each parallel-parked boat according to the following formula:

$$\text{Annual Moorage Rate} = (\$0.65) \times (\text{Maximum Width}) \times (\text{Boat Length}),$$

where maximum width is the width of the widest boat possibly parked on a given dock.

TABLE 1

PROPOSED ANNUAL MOORAGE RATES  
FOR NON-INTERIOR HEAD-IN PARKING SPACES,  
PORT OF NEWPORT

| Dock<br>(1) | Maximum<br>Boat<br>Length<br>(ft.)<br>(2) | Maximum<br>Space<br>Occupied<br>(sq. ft.)<br>(3) | Annual<br>Moorage<br>Rates<br>(\$0.65) (Col. 3)<br>(4) |
|-------------|---|--|--|
| 5a inside   | 40  | 600  | \$393  |
| 5b inside   | 40  | 616  | 393  |
| 7b inside   | 20  | 200  | 130  |
| outside     | 24  | 240  | 157  |
| 7c inside   | 24  | 274  | 177  |
| outside     | 44  | 730  | 471  |
| 7d inside   | 24  | 313  | 201  |
| outside     | 36  | 464  | 300  |
| 7e inside   | 44  | 380  | 570  |
| outside     | 44  | 385  | 570  |
| 7f inside   | 24  | 249  | 157  |
| outside     | 32  | 442  | 286  |

