

**BEFORE THE
NATURAL RESOURCES COMMISSION
OF THE
STATE OF INDIANA**

IN THE MATTER OF:)	
)	
PETITION FOR RATE INCREASE BY KENT’S HARBOR)	ADMINISTRATIVE CAUSE NUMBER: 20-SP-052
)	

**REPORT OF HEARING OFFICER WITH PROPOSED FINDINGS
AND RECOMMENDATIONS TO THE U.S. ARMY CORPS OF ENGINEERS BY THE
NATURAL RESOURCES COMMISSION**

1. PETITION FOR RATE INCREASE BY KENT’S HARBOR

On December 08, 2020, Kent Reineking (*Reineking*), on behalf of Kent’s Harbor (*Kent’s Harbor*), submitted correspondence seeking a rate increase (*Petition*) to the Department of Natural Resources (*Department*) and the Natural Resources Commission (*Commission*). The Petition is attached as Exhibit A.

The Petition states that the increase “reflects a 3.5% increase over current rates, or 1.75% per year over two years” and the “lodging submittal reflects a 15% to 22% increase over current approved rates”. If approved, the proposed rate increases would become effective on January 1, 2022

Reineking expressed in the Petition that “According to the U.S. Bureau of Statistics, over the past 24 months through September 2020 the Midwest Region CPI for urban consumers excluding energy and food has increased by approximately 4%”. Additionally, he went on to say that the Employment Cost Index through September 2020 over 24 months shows an increase in private industry workers’ wages of 5.7% and another 4% in benefits. In this same bureau cost index, among private industry occupational groups for just the last 12 months through September 2020, compensation costs for service occupations increased 3.7% and 4.1% specifically for leisure and hospitality.

2. SCOPE OF REVIEW

Requests for rate establishment or increase are evaluated by the Commission under Information Bulletin #20 (Fifth Amendment) (*IB #20*), as posted in the Indiana Register at [20170524-IR-312170263NRA](#) on May 24, 2017. *IB #20* is provided as guidance on the informal process for Commission review of ratemaking requests made by resorts and marinas operating under a lease with the Department.

Consistent with the requirements set forth in *IB #20*, Kent's Harbor submitted its Petition to the Department, and a copy to the Commission, before January 1 of the year preceding the year in which the proposed rates, if approved, will be implemented.

3. HEARING OFFICER ASSIGNMENT AND NOTIFICATION TO RENTERS

Section 3 of *IB #20* provides for the assignment of a Hearing Officer and the dissemination of information concerning a request for rate establishment or increase as follows:

- (A) The [Commission] will assign a cause number and hearing officer. By February 1, the Department shall notify the lessee of the assigned administrative cause number, identity of the hearing officer, and hearing officer's electronic mail address.
- (B) By March 1, the lessee shall provide written notice, by personal delivery, U.S. first class mail, or by electronic mail, to each slip renter or buoy renter that the lessee is requesting a rate establishment or increase associated with slips or other mooring facilities, including buoys and docking stations. The notice shall include the proposed rates and advise the renter that a rate hearing will be scheduled only upon submission of requests for rate hearing by ten percent (10%) of the renters within fifteen (15) days ... The lessee shall also provide the renter with the hearing officer's electronic mail address. Not later than March 15, the lessee shall provide the Hearings Division with a copy of the notice and a listing that includes the names of persons notified and the method of service under this paragraph....

(C) By March 1, the lessee shall post written notice in a conspicuous location at the lessee's business office of a request for rate establishment or increase associated with accommodations, lodging, and houseboats, including floating cabins. The notice shall include the proposed rates and advise the public that a rate hearing will be scheduled only upon submission of twenty-five (25) individual requests for rate hearing to the hearing officer by personal delivery, U.S. first class mail sent to the address of the Hearings Division as provided in section 2(A)(ii) of this bulletin, or by electronic mail sent to the hearing officer not later than March 15. The lessee shall also provide the public with the hearing officer's electronic mail address.

Billie J. Franklin was assigned as the Hearing Officer. Franklin advised Reineking of her assignment as the Hearing Officer and provided him with her contact information and the assigned administrative cause number.

Reineking, on behalf of Kent's Harbor, filed an affidavit as required by IB #20, on March 3, 2021 confirming that slip renters were notified of the proposed rates. The notification identified the deadline for submitting a comment or request for public hearing and also provided the mailing address and the email address to which such comments or requests could be sent.

Reineking also noted that he posted the proposed lodging rates in his place of business by March 1, as required by IB #20, Section 3(C).

The Division of Hearings received one (1) comment from William Beglin regarding the Petition and is attached as Exhibit B.

4. COMPARABLE ANALYSIS AND DEPARTMENT RECOMMENDATION

Upon receipt of a ratemaking request from a marina, the Department's Division of State Parks is tasked with analyzing the rates of comparable marinas. *IB#20, Sec.3(E)*. In Kent's Harbor's Petition, Reineking identified, Fourwinds Resort & Marina (Monroe Reservoir); Geist Marina, Hammond Marina (Hammond, Indiana); Safe Harbor Marina (Sandusky, Ohio); Spitzer Riverside Marina (Lorain, Ohio); Four Seasons Marina (Cincinnati, Ohio); Grafton Harbor

(Grafton, Illinois); Alton Marina (Alton, Illinois); Montrose Harbor (Chicago, Illinois); Manitowoc Marina (Manitowoc, Wisconsin); The Harborage (Boyer City, Michigan); Elm Hill Marina (Nashville, Tennessee); and Lee's Ford Marina (Lake Cumberland, Nancy, Kentucky) as comparable marinas.

On April 1, 2021, Brandt Baughman (*Baughman*), Deputy Director for the Department's Division of State Parks, provided a report of his evaluation and recommendation regarding Kent's Harbor's Petition. Baughman's report is attached as Exhibit C. In his evaluation, Baughman found the "request and comparable prices for both lodging and dockage to be reasonable and justified." Baughman has approved the petition.

5. HEARING OFFICER ANALYSIS

Each of the marinas from which rates were identified by Reineking qualifies as a "comparable marina" in that each is located within 400 miles and provides similar amenities to the amenities offered at Kent's Harbor. *Information Bulletin #20, Section 2(B)*.

When a request seeks increases of over two percent (2%) for which no public hearing is required, the hearing officer, in consultation with the Department, will prepare a written report to the Commission, which includes written findings and a proposal to the Commission for recommendations to the U.S. Army Corps of Engineers. *Information Bulletin #20, Section 3(H)*.

After reviewing the comparables and taking all information into account, it is the recommendation of the Hearing Officer that the proposed rate increases by Reineking, in Kent's Harbor Petition, be approved.

After the Hearing Officer presents findings and recommendations to the Commission, the Commission may recommend approval or disapproval of the requested rate or recommend a rate in an amount less than the rate requested by the lessee. The Commission's "recommendation for favorable consideration of a rate establishment or increase shall not be withheld unless, in the opinion of the Commission, the rates proposed exceed the fair market rates charged by operators

of other similar privately-owned resort developments comparable to the project in the area.” *IB*
#20, Section 5.

With the foregoing analysis, the Hearing Officer presents Exhibit D, as the proposed findings and recommendations of the Commission to the U.S. Army Corps of Engineers.

Dated: May 18, 2021



Billie J. Franklin
Hearing Officer

December 8, 2020

Ms. Christie Sorrels
Indiana Department of Natural Resources
402 W. Washington Street Room W 298
Indianapolis, IN.46204

Re: Submittal of 2022 Marina and Lodging Rates for Approval

Dear Christie:

Please find enclosed our rate schedule for your review for the dockage year 2022 and for the lodging year 2022. Our last dockage and lodging rate request for approval was two years ago in 2018 for rate adjustment effective 2020. There is also an interim rate request for lodging.

For dockage, our submittal reflects a 3.5% increase over current rates, or 1.75% per year over two years. Our lodging submittal reflects a 15% to 22% increase over current approved rates, depending upon the unit accommodation type. These submitted nightly lodging fees represent the highest nightly fees which can be charged, including holidays. These submitted fees may be higher than the average nightly fees actually charged for most stays.

According to the U.S. Bureau of Statistics, over the past 24 months through September, 2020 the Midwest Region CPI for urban consumers excluding energy and food has increased by approximately 4%. The Employment Cost Index through September, 2020 over 24 months shows an increase in private industry workers' wages of 5.7% and another 4% in benefits. In this same bureau cost index, among private industry occupational groups for just the last 12 months through September, 2020, compensation costs for service occupations increased 3.7% and 4.1% specifically for leisure and hospitality.

For our own company, compensation costs including benefits YTD thru November are up 11% over the same period in 2019. Highly trained and experienced employees remain one of our most critical assets. We expect to see our personnel costs continue to rise in order to retain both managers and staff and to provide the desired level of customer service and facility maintenance. When you have a fast sinking 40 ft. boat on your hands, it is good to have staff know where the auxiliary pumps are and to get the tow boats where they need to be for a timely haul-out.

Insurance premiums covering operations are up 8.6% over 2019. Improvements, repairs and maintenance to the facility are ongoing. For example, you may remember that over the winter of 2019-2020 during lake winter draw-down we removed and relocated to above the flood plain, a quantity of accumulated silt runoff from the marina. This comes at a high dollar cost, but it is likely that we will be asking DNR-Corps for us to repeat this maintenance in the coming years to keep portions of the marina navigable in summer for years to come.

Other recent maintenance / improvements include a new floor in Ainsley's Café, fire suppression sprinkling system upgrades, swimming pool bath house remodel and new pool furniture, pavement sealing, an additional fire hydrant has been added, Wi-Fi upgrades. We're excited about several new area plantings of native grasses, acquired through J.F. New. As these grasses emerge much of it will be visible to vehicle traffic.

Overnight lodging units continue to receive extensive remodeling in 2020-2021. This includes new flooring and outdoor decking, custom kitchens and appliances, fireplace re-facing and switching from gas operated to electric, new furnishings, higher quality linens, window blinds, larger T.V.s, wall painting, new bathrooms, exterior and interior doors, LED lighting indoors and out, new gas grills, and two replacement parking lot retaining walls. Our submitted maximum nightly rate reflects these upgrades, however we continue to offer discounted packages on multiple night stays and are also offering popular multiple stay packages.

Note: We are requesting an interim lodging rate to become effective in 2021. Taking into consideration the above mentioned construction and decorating improvements, we wish to submit, specifically for our Two Bedroom – Two Bath lodging units a 2021 interim rate of \$399 per night, summer season. (See "Rates Submittal," below.)

Our 2021 annual dockage contract year began November 1st, 2020. To date, there are 363 existing renters. A sampling of mostly 2020 marina comparison rates is enclosed (attached via e-mail). Typically, we are unable to acquire rates for other marinas that reflect what their rates will be one or two years in the future.

I believe this request addresses all of the required criteria identified in the 2017 rate making process. However, I am also including our rates for overnight transient dockage and for overnight lodging guest boat slips, both current and with adjustments for 2022. You will see that in the comparison slip rates spreadsheet I have included transient slip rates for those marinas that we found offer transient slips.

Please let me know if I have left anything out or if you need additional information.

Sincerely,

Kent Reineking
Kent's Harbor Marina and Sagamore Resort
Brookville Enhancement Partners

cc: Honorable Sandra Jensen, Division of Hearings

Kent's Harbor Dockage Rates 2020 – 2021	2022 Rates Submittal
Transient Overnight Boat Slip	
Up to 28' \$45.00 / Night (non-power)	\$47.00
Up to 28' \$55.00 / Night (w/electricity)	\$57.00
Overnight Lodging Guest Boat Slip	
\$30.00/Night (up to two nights) (non-power)	\$31.00
\$15.00/Night (after two nights at the above rate) (Example: 3 nights = \$75)	\$16.00
\$36.00/Night (up to two nights) (w/electricity)	\$37.00
\$16.00/Night (after two nights) (w/electricity)	\$17.00

Seasonal and Annual Dockage

B through G – Docks 2020 – 2021			2022 Rates Submittal
20'	\$1710.00	Seasonal (powered)	\$1770.00
26'	\$2360.00	Annual	\$2440.00
30'	\$2685.00	"	\$2780.00
36'	\$3085.00	"	\$3190.00
40'	\$3435.00	"	\$3555.00
50'	\$3940.00	"	\$4080.00
Over 50'		\$82.50 / Ft.	\$85.40 / Ft.

H – Dock

24'	\$1850.00	Seasonal (non-Powered)	\$1915.00
18' x 60'	\$4755.00	Annual	\$4890.00
Over 60'		\$82.50 / Ft.	\$85.40 / Ft.

A – Dock

24'	\$2010.00	Seasonal	\$2080.00
28'	\$2455.00	"	\$2540.00
13' x 24'	\$2395.00	Annual	\$2480.00
13' x 28'	\$2765.00	"	\$2860.00

2020 – 2021			2022
14' x 30'	\$3060.00	"	\$3170.00
15' x 36'	\$3470.00	"	\$3590.00
15' x 38'	\$3665.00	"	\$3790.00
16' x 36'	\$3710.00	"	\$3840.00
18' x 46'	\$4595.00	"	\$4755.00
20' x 70'	\$7210.00	"	\$7460.00
Over 70'		\$101.00 / Ft.	\$104.00 / Ft.

I – J Dock

24'	\$2130.00	Seasonal	\$2205.00
26'	\$2438.00	"	\$2520.00
28'	\$2675.00	"	\$2765.00

Lodging Rates 2020 - 2021

Studio Unit \$219.00 per night
W/full kitchen, fireplace, outdoor deck facing lake,
Breakfast Bar w/ Stools, Queen and Sleeper Couch

One Bedroom Unit \$259.00 per night
W/ full kitchen, fireplace, outdoor deck facing lake,
Dining space, Living Room, King Bedroom, Sleeper
Couch

Two Bedroom Unit \$369.00 per night
W/ full kitchen, fireplace, outdoor deck facing lake,
Dining space, Living Room, King Bedroom, Double
Queens Bedroom, 2 full baths

2022 Submittal

\$259.00 per night

\$299.00 per night

\$449.00 per night

Interim 2021 Submittal

\$399.00 per night
(May – October)

From: Bill Beglin <wrbeglin@gmail.com>
Sent: Thursday, February 18, 2021 7:53 AM
To: Jensen, Sandra <Slensen@nrc.IN.gov>
Subject: Kent's Harbor dock rate increase

**** This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email. ****

I've been a slip holder at Kent's since 2005 and they consistently do a good job of taking care of the basic needs of the marina and have always been attentive to any of my requests. But, I must question the need for a rate increase at this time.

The marina is consistently full and I understand there is a long waiting list. While from a business man's perspective it is rational to increase rates when there is excess demand. However this is a public park and Kent's has a virtual monopoly on marina facilities on the lake. The Quakertown marina is too remote for most boaters and has very limited facilities to be any real competition. There also is no permanent dockage south of the causeway, which by the way would be a great revenue stream for the IDNR, but that's another story.

In these unprecedented times of lockdowns and job loss, escaping to a public park is a true benefit and there needs to be some restraint on increasing costs until the economy is back to normal employment and growth rates. People may think boat owners in marinas have a lot of money. Of course, some do, but most, including my wife and I are sacrificing somewhere else in our lives to be able to enjoy the water. Many on my dock are teachers, nurses and craftsmen, not high income earners.

One last observation. This past summer Kent built a new 6 bedroom house overlooking the lake for rental to groups, likely golfers since he is now part owner of the Harbor Links golf course. Many of the docks need re-planked as the wood is the original from the 80's and you cannot safely walk barefoot on these docks without getting splinters. I understand funding another revenue stream, but repair/improvement of existing facilities should also be part of the equation.

Thank you for consideration of my thoughts.
Bill Beglin



Eric Holcomb, Governor
Daniel W. Bortner, Director

Billie Franklin, IRP, Paralegal
Natural Resources Commission
Division of Hearings
Indiana Government Center North
100 North Senate Avenue, Room N103
Indianapolis, IN 46204

April 1, 2021

Dear Ms. Franklin,

Please know that we are in receipt of a 2022 rate increase petition and rate study provided by Kent Reineking, Owner/Operator of Kent's Harbor on Brookville Lake. The division has reviewed the request and find the request and comparable prices for both lodging and dockage to be reasonable and justified. We approve the petition to go forward.

If you have questions or require additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "B. Baughman", is written over a light blue horizontal line.

Brandt Baughman, Deputy Director
Division of State Parks
Indiana Department of Natural Resources

EXHIBIT
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**BEFORE THE
NATURAL RESOURCES COMMISSION
OF THE
STATE OF INDIANA**

IN THE MATTER OF:)
)
PETITION FOR RATE INCREASE) **ADMINISTRATIVE CAUSE**
BY KENT’S HARBOR) **NUMBER: 20-SP-052**

PROPOSED
**FINDINGS AND RECOMMENDATIONS TO THE U.S. ARMY CORPS OF
ENGINEERS
BY THE NATURAL RESOURCES COMMISSION**

A. Proposed Findings

1. The scope of the informal review accorded by the Natural Resources Commission (the “*Commission*”) in Information Bulletin #20 (Fifth Amendment) (*IB #20*) is addressed to petitions for rate increase or rate establishment at marinas and related facilities on properties owned or leased by the Department of Natural Resources (the “*Department*”).
2. Although the Department may appropriately exercise whatever rights are provided in a ground lease with respect to marina facilities, as well as any other rights provided by law or equity, the scope of review provided in *IB #20* is limited to the subject of the petition for rate increase. The Commission ultimately recommends action on the petition to the U. S. Army Corps of Engineers (“*Corps*”), and the Corps may either accept or reject the recommendation.
3. Kent’s Harbor, in its Petition, requests slip rate increases from 2.97% to 3.59%, with an average of 3.43% and lodging requests reflects 15% to 21%. No requests for a public hearing were received.
4. In determining whether to recommend a rate increase be granted the Department is to analyze similar facilities and compare rates with those sought by the Petitioner. The consideration of rates charged by comparable marinas is fundamental to determining the propriety of proposed rate increases to marina slips and mooring buoys. The preponderance of information in the record indicates that the rate increases proposed by Kent’s Harbor are within the range of lodging and boat slip rental rates for comparable facilities

5. A Hearing Officer's or the Commission's recommendation for rate increase shall not be withheld unless the rates proposed exceed the fair market rates charged by operators of other similar privately-owned resort developments comparable to the project in the area.
6. Further, the Commission exercises its authority to recommend approval of the rate increases as requested by Kent's Harbor.
7. The requested rate increases, are within the industry range and supportable. The rates approved by the Commission are set forth in the attached table, which includes all rates previously established as well as the rates recommended for approval through this action

B. Proposed Recommendation

The Natural Resources Commission recommends to the U.S. Army Corps of Engineers that the rate increase sought by the Kent's Harbor Marina for existing facilities be approved as requested

Dated: _____

Bryan Poynter, Chair
Natural Resources Commission

Commission Slip Rate Recommendation

COMPREHENSIVE RATE LIST		
KENT'S HARBOR MARINA SLIP SIZE & DESCRIPTION	CURRENT RATE	COMMISSION RATE RECOMMENDATION for IMPLEMENTATION JANUARY 1, 2022
<u>B through G - Docks</u>		
20'	\$1,710.00	\$1,770.00
26'	\$2,360.00	\$2,440.00
30'	\$2,685.00	\$2,780.00
36'	\$3,085.00	\$3,190.00
40'	\$3,435.00	\$3,555.00
50'	\$3,940.00	\$4,080.00
Over 50' (Per Ft.)	\$82.50	\$85.40
<u>H - Dock</u>		
24'	\$1,850.00	\$1,915.00
18' x 60'	\$4,755.00	\$4,890.00
Over 60' (Per Ft.)	\$82.50	\$85.40
<u>A - Dock</u>		
24'	\$2,010.00	\$2,080.00
28'	\$2,455.00	\$2,540.00
13' x 24'	\$2,395.00	\$2,480.00
13' x 28'	\$2,765.00	\$2,860.00
14' x 30'	\$3,060.00	\$3,170.00
15' x 36'	\$3,470.00	\$3,590.00
15' x 38'	\$3,665.00	\$3,790.00
16' x 36'	\$3,710.00	\$3,840.00
18' x 46'	\$4,595.00	\$4,755.00
20' x 70'	\$7,210.00	\$7,460.00
Over 70' (Per Ft.)	\$101.00	\$104.00
<u>I - J Dock</u>		
24'	\$2,130.00	\$2,205.00
26'	\$2,438.00	\$2,520.00
28'	\$2,675.00	\$2,765.00

LODGING		
Studio Unit	\$219.00	\$259.00
One Bedroom Unit	\$259.00	\$299.00
Two Bedroom Unit	\$369.00	\$449.00