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Megayachts sailing toward San Diego

Luxury 400-footers set to be port's newest residents

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Monte Carlo, Miami and . . . the downtown Embarcadero?

San Diego is angling to become the West Coast destination for elite tourists who travel by megayacht and want a prominent spot to dock, service and show off their colossal cruisers.

A worldwide boom in ownership of 100-to 400-foot yachts has increased demand for specialized moorings to handle vessels that can stretch longer than a football field. But a lack of accommodations on the West Coast has kept megayachts at bay.

The Port of San Diego is working to establish a niche for these lavish boats, as are several other coastal venues – including Ensenada, Ventura and Orange counties, San Francisco, and Seattle.

Megayachts can mean mega revenues. But critics say setting aside prime coastal real estate for the upper crust reduces public access to California's coast. Furthermore, owners of smaller boats complain they are getting squeezed out of local marinas that are making room for these supersize boats.

“California's port and harbor districts should be protecting water (access) for recreational use, fishing and small boat owners,” said Mark Massara, environmental lawyer and director of the Sierra Club Coastal Program. “Instead, they are catering to a very elite population of millionaires and foreign boat owners.”

The Unified Port of San Diego will test the megayacht waters with a pilot program that will temporarily put up to eight massive moorings on a high-profile stretch of the Embarcadero near the Star of India – in time for the fall yachting season.

If successful, that two-year project could lead to additional and permanent mega moorings.

Establishing a fixed yacht yard at the Embarcadero would require support from the state Lands Commission, which oversees how ports and other agencies administer California's tidelands. The tidelands around San Diego Bay include water and man-made public property like Shelter Island.

San Diego's Embarcadero is considered an ideal locale for yachts because of its proximity to the airport, boat services, high-end hotels, restaurants and the city's cultural offerings. It's also the first U.S. port on the Pacific for yachts sailing from South America and the last stop for those traveling toward the equator.



JOHN GIBBINS / Union-Tribune
San Diego's Port District hopes to capitalize on the rising tide of 100- to 400-foot megayachts. Some local marinas do have some dock space that can accommodate the vessels, such as this 200-foot slip at the Shelter Island Marina occupied by the 126-foot ketch "Jagare" (left).

“There is demand now, and San Diego is the perfect location,” said Douglas Sharp, chairman of YachtFest, an annual exposition and sales show held in San Diego.

Some marinas take in megayachts, but only those up to 200 feet. As marinas make room for larger vessels, there is less space for the average recreational boater. There are 6,798 slips in San Diego Bay. But virtually every marina and yacht club is full with years-long waiting lists for slips, according to the port's most recent inventory.

The port's trial project would be the area's only mooring yard that caters exclusively to megayachts.

Given the potential revenue that even a single megayacht visit can generate, it's no wonder that area marinas and shipyards are scrambling to accommodate these travelers and their large crews.

The average megayacht visit to boatyards in Broward, Dade and Palm Beach counties yielded \$140,000 in 2002, according to an economic study of megayachts in South Florida by the Virginia Institute of Marine Science at the College of William & Mary.

Inviting a stream of fancy yachts to Harbor Drive would only dress up the waterfront and make it more enticing to visitors and locals, said Mark Taylor, the port's marine terminal superintendent.

“This would add a certain flavor to our downtown,” said Taylor, who is working with the San Diego Mooring Co. on the project. “Everybody thinks there is a market for this. We are going to try and find out.”

The Port Commission voted in June to work with San Diego Mooring to build the megayacht moorings along Harbor Drive, across the street from the County Administration Building. It's the same area that was home to San Diego's once-thriving fleet of tuna boats.

Should the pilot program lead to permanent moorings, the port would invite bids from management companies to run the operation.

Taylor said it's unclear how much the port will spend on the trial yacht yard, adding that some costs would likely be shared with San Diego Mooring. The port may foot the bill for additional amenities, including access to electricity, water, Internet services and ramps.

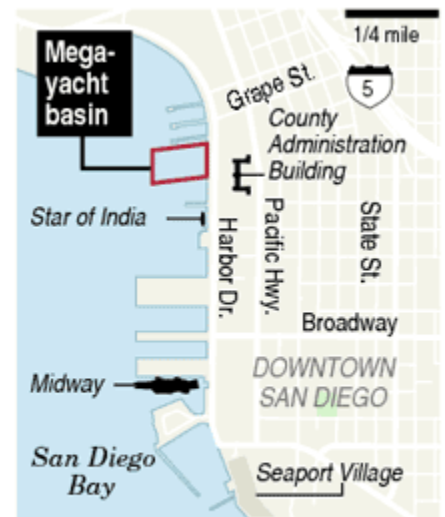
The moorings could cost as much as \$20,000 each, said Eric Leslie, who owns San Diego Mooring.

These Mediterranean-style moorings, designed so boats can back in alongside each other in parallel formation, could be available by September for as few as two days to as long as 90 days on a fee schedule based on vessel size. Although they are not set, rates may be 50 cents a foot per day, or about \$6,000 a month for a 400-footer, Leslie said.

The port does not expect to make significant profit from the mooring rentals. But revenue would ideally flow from port tenants who service yachts and pamper their crews.

In the 2002 College of William & Mary report, the most recent major economic study on the topic, megayachts pumped \$576 million into the economies of Miami-Dade, Palm Beach and Broward counties. That revenue included \$34.6 million in business taxes.

Local marine companies have already started expanding services to gear up for increased business from these well-



SOURCES: Knight & Carver; SanGIS

AARON STECKELBERG / Union-Tribune



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Some local marinas such as the Shelter Island Marina, where the 103-foot yacht *My Way* was docked this week, take in megayachts, but only those up to 200 feet.

heeled boaters.

For example, Knight & Carver in National City recently announced plans to double the size of its waterfront repair center to provide more dock space and berths large enough to accommodate 300-foot yachts. And the Marine Group's Chula Vista boatyard recently completed a multimillion-dollar renovation to accommodate more and larger yachts. The boatyard operates what it bills as the nation's largest boat crane, able to handle megayachts weighing up to 600 tons.

Plans to build “the largest West Coast megayacht marina” in Ensenada were recently announced by Meridian Development Group LLC. Plans for the 16-acre Porto Hussong include a 290-slip marina with 76 berths for yachts up to 400 feet long.

The rise in megayacht ownership is linked with the boom in billionaires and millionaires. There are 946 billionaires worldwide – up from the 793 last year – with 418 of them in the United States, according to *Forbes* magazine.

“The profile of yacht owners has changed from traditional old money to newly made money. People who want the best car, the best cigars, the best homes and addresses and the best yachts,” said Sharp, the YachtFest organizer who owns a yacht design company.

At the end of 2002, there were 482 yachts 80 feet and larger under construction – a 73 percent increase in the annual new-construction rate since 1997. At the end of 2005, yacht orders jumped an additional 44 percent to 688 under construction, according an international listing of yacht orders.

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JOHN GIBBINS / Union-Tribune

A two-year Unified Port of San Diego pilot program will temporarily put up to eight massive moorings, costing as much as \$20,000 each, along Harbor Drive. Critics say setting aside prime real estate for the upper crust reduces public access to California's coast.

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