

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

IN THE MATTER OF:)
)
PETITION FOR RATE INCREASE) **ADMINISTRATIVE CAUSE**
BY HOOSIER HILLS MARINA, INC.) **NUMBER: 21-SP-043**

**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 HOOSIER HILLS MARINA, INC.

On November 28, 2021, Victor Polen (*Polen*), on behalf of Hoosier Hills Marina, Inc. (*Hoosier Hills*), submitted a request for rate increase for Hoosier Hills’ slips to the Natural Resources Commission (Commission). Hoosier Hills requested an increase for 319 of 361 slips. In addition, Hoosier Hills request submitted a request for a permanent rate establishment for forty-two additional slips on the new A Dock approved by the Department of Natural Resources (Department) in September 2021. If approved the rates would become effective on January 1, 2023. The Petition is attached as Exhibit A.

Polen reported that Hoosier Hills last received a rate adjustment for the 2021 boating season but did not seek a rate adjustment for the 2022 season. Hoosier Hills is requesting a 2.6% total average increase ranging from a .97% increase to an 8.11% increase.

Polen expressed in the Petition that “CPI running around 1.5% for 2020 and annually 6% for 2021 and climbing.” impacted costs associated with “maintenance, staff, supplies etc. The Marina has experienced significant cost increases in maintenance items such as electrical supplies, floats and structural components. Some of these components are up more than 30%. Labor costs for the Marina has increase over 30% for 2021 due to the need to increase compensation for labor retention, higher recruitment costs and the extremely tight labor market.”

Polen reported continued investment in the property including work on AA Dock, refloating, and expanding D Dock, and their new E and covered F Docks. In addition, Polen said they are increasing their covered slips offering for 24', 30', and 36' slips and E Dock was built to support their rental fleet and transient visitors to have access to the marina store and The Idle Zone Restaurant.

In the Petition Polen offered information regarding comparability to other marinas explaining that Hoosier Hills' covered dock are "all concrete and at a level above most of the comparators." Polen reported that the condition of the docks requires a high level of maintenance but are equivalent to competitors docks. Polen noted Hoosier Hills continues to invest in the docks new truss structures and flotation for AA Dock, the C Dock flotation and trussing was completed in 2020, and there is a gas dock planned for 2022.

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*, Hoosier Hills 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....

Scott Allen was assigned as the Hearing Officer. Allen advised Polen of his assignment as the Hearing Officer and provided him with his contact information and the assigned administrative cause number.

Polen, on behalf of Hoosier Hills, filed an affidavit as required by IB #20, on March 3, 2022 confirming that slip renters were notified of the proposed rates, the deadline for requesting a rate hearing, and the mailing address and the email address at which requests for a rate hearing could be sent.

The Commission received no comments or requests for public hearing. A public hearing was not conducted.

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 Hoosier Hills' Petition, Polen identified Conley Bottom Resort (Lake Cumberland, Monticello, Kentucky), Lee's Ford (Lake Cumberland, Nancy, Kentucky), Patoka Lake Marina; Fourwinds Resort & Marina (Monroe Reservoir), Kent's Harbor & Sagamore Resort (Brookville Reservoir), Geist Marina, Morse Marina, and Lake Cumberland State Dock (Lake Cumberland, Monticello, Kentucky) as comparable marinas.

On June 27, 2022, Brandt Baughman (*Baughman*), Deputy Director, for the Department's Division of State Parks, provided a report of his evaluation and recommendation regarding Hoosier Hills' Petition. Baughman's report is attached as Exhibit B. Baughman concluded that the request and comparable are "reasonable and justified".

5. HEARING OFFICER ANALYSIS

Each of the marinas from which rates were identified by Polen qualifies as a “comparable marina” in that each is located within 400 miles and provides similar amenities to the amenities offered at Hoosier Hills. *Information Bulletin #20, Section 2(B)*.

For requests for rate increase seeking 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)*.

Hoosier Hills’ request includes increases over 2% for five different slip sizes with the lowest over 2% being the 10’ x 30’ single berth, covered at 2.19% and highest was the 24’ double berth, open end slip at 5.93%. The over 2% increase also factored the daily slip rates for electric and non-electric of 3.85% and 8.11% respectively.

A comparison of the proposed rate increase for the daily slip rate is available for a daily slip with and without electricity. Daily slips without electricity remain below other comparable marina’s rates. Polen identified one comparable rate for a daily slip with electricity and it was also below the comparable marina.

Fifty-two slips for which the Commission previously approved have been removed by Hoosier Hills. These slips were removed due to a fire in 2021 and the forty-two slips on the new A Dock are being added.

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*.

It is the recommendation of the Hearing Officer that the rate increases, and the establishment of new rates as proposed by Polen, in Hoosier Hill's Petition, be approved. With the foregoing analysis, the Hearing Officer presents Exhibit C, as the proposed findings and recommendations of the Commission to the U.S. Army Corps of Engineers.

Dated: July 5, 2022



Scott Allen
Hearing Officer

Exhibit A



24 November 2021

Division of State Parks
Department of Natural Resources
Indiana Government Center South
402 West Washington Street, Room W298
Indianapolis, IN 46204

Dear Christie,

Per Information Bulletin #20 (Fifth Amendment) May 24, 2107; this is my request for Rate Increases to become effective for the 2023 Season (1/1/2023). This request also includes a Permanent Rate Establishment for the New A Dock which was already approved by the DNR. The Rate Proposal for the remaining docks represents a 2.00% increase on average.

Hoosier Hills Marina last received a rate adjustment for the 2021 and did not have a rate request for 2022 thus, it will be 2 years since our increase provided this is approved and implemented. This request also includes a Permanent Rate for the New A Dock that is currently planned to open in May of 2022. The Interim Rate was previously approved earlier this year.

The rationale for the rate increase includes the CPI running around 1.5% for 2020 and annually 6% for 2021 and climbing. The CPI impacts the costs for maintenance, staff, supplies etc. The Marina has experienced significant cost increases in maintenance items such as electrical supplies, floats and structural components. Some of these components are up more than 30%. Labor costs for the Marina has increase over 30% for 2021 due to the need to increase compensation for labor retention, higher recruitment costs and the extremely tight labor market. The Labor Market is making it difficult to recruit and maintain staff which translates into higher labor costs and less efficiency within the labor force.

Our Investment in Growth and Maintenance continues. In 2020 we worked on the AA-Dock slips with fulltime staff the first part of the year refloating and repair to the docks. We refloated the large dock between D Dock and our new E and F Docks. We installed a New Covered F-Dock, a New E-Dock and expanded our D-Dock increasing our covered slip offering for 24', 30' and 36' slips. E- Dock was built to support our Rental Fleet and for Transient Visitors to the Marina Store and The Idle Zone Restaurant. This has brought more and more boaters to the Marina and Lake.

It is important to point out that our covered docks are all concrete and at a level above most of the comparators. Our open slips are modern structures but, with significant age that requires high levels of maintenance. The condition of these docks would also be equivalent to the comparators for like docks. We continue to invest in these with new flotation and in the 2021off season we plan for new truss structures for AA Dock and new flotation AA Dock (24' open slips). Flotation and trussing for C Dock

was completed in 2020 and AA Dock started. More work on AA Dock and the Gas Dock Flotation is planned for 2022.

The Marina has received both a CSI Award for our Boat Sales/Service and Growing and Building Award from Marina Dock Age which compares Marinas throughout the country. These awards and our ongoing customer feedback, waitlist for slips (the largest in the Marina's history) and full slip occupancy demonstrate the investments we have made in the facility are focused on our Boating Community and delivering results.

The proposed rates are listed in a table at the end of this letter.

Amenities Recap:

Dockside water; including winter water for the Houseboat Slips
Shorepower
Close loading and unloading zone (we have an advantage over all the comparators for access)
Restroom facilities including showers; maintained throughout the winter
Paved parking lot and expanded gravel lot
24hour closed circuit video/security system (we are equal to or advantaged over all the comparators with our new state of the art system that covers the marina area)
Store/Service/Dealer convenience (Kent's Harbor has the smallest store but, they leverage a sales/service site separate from the Marina. We have more offerings available in our Marina and also offer sales/service for pontoon boats, outboard motors, generators etc. Our store compares well with our offerings to the other marinas)
Pump-out availability at the slip for Houseboats and Gas Dock for others.
WINTER pumpouts monthly offered for A Dock Customers
Propane refill station
WIFI - WIFI was implemented on the docks effective October 2021
Laundry- Open throughout the winter
Restaurant- with expanding menu
Ramp access (Equivalent to Conley's but, advantaged over Kent's)
Hydro-hoist Dealer with Certified Installer
Westerbeke Generator Dealer with Certified Technician
Obrien Watersports Dealer
Concierge Service
Boat Dealer/Service Offerings

Summary of amenities: we have advantages in several areas. The Idle Zone Restaurant also has expanded the menu and our volume has increased accordingly now over 3 times the 2017 levels!

Pricing Analysis:

Slip rates incorporate many features: Location, facilities, dock construction, size, covered or uncovered, shorepower, water, pumpout availability etc. Rates do not follow a linear path for length as they tend to stairstep up due to the structure required for larger slips and higher loads for the electric service. Covered slips cost significantly more to install than open slips and rates tend to be more than 2x the rate of an open slip.

All of our docks have encapsulated flotation. All of our covered docks have concrete walkways and our open docks have wood decking. The wood decking does require significantly more maintenance.

We have installed the first in Indiana Ground Fault Protected Dock when we built our new D-Dock and for the 30 new covered slips on B-Dock launched in 2019. We now have the new F-Dock which is Ground Fault Protected and the expanded D-Dock incorporated GFP as well. This reduces the risk of an electrical shock danger around this dock and puts Hoosier Hills Marina in a Premium Segment for dock technology. The new A Dock is also planned to have Ground Fault Protection for every slip.

I have included an updated summary including the new comparators listed in this letter and a snapshot of the CPI data for 2020 and 2021. The public news etc, daily confirms employee shortages so, I did not add additional data to what is being documented publicly throughout 2021.

Closing:

We currently have 351 slip customers and the Slip License Agreement runs from April 1st to March 31st of the following year. Slip comparators are attached however, please note that most are 1 or 2 year old rates for the competitors as it is getting increasingly difficult to get slip rate information. The facility most represented equivalent to our dockage is State Dock at Lake Cumberland. Nearly every other comparator does not have the level of dockage we have in terms of new Concrete Docks with Ground Fault Protection Electrical Systems. Even State Dock does not have GFP level electrical service.

This increase is to keep our rates as close to inflation as possible to enable continued investment in the facility. I believe I have addressed all of the required criteria identified in the Bulletin. One final comment on the rates; even though we show a higher than normal increase in Transient Slip Rates; we did not offer Transient Slips for 2020 nor 2021 due to availability thus, there would be no customer impact at this time. We have submitted that as an adjustment to align more appropriately with those facilities that offer one night moorage.

Please contact me for any questions.

Emailed-

Victor Polen
Hoosier Hills Marina
10306 East Lick Fork Marina Road
Celestine, IN 47521
812-678-3313

cc: Honorable Sandra Jensen, Division of Hearings

attachments:

Interim Rate Request Letter

Table Supporting Interim Rate Request

Comparator Marina Table

CPI Summary 2020

CPI Summary 2021

Exhibit B



Eric Holcomb, Governor
Daniel W. Bortner, Director

June 27, 2022

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

RE: Polen Marina Investments LLC
d/b/a Hoosier Hills Marina
Rate Increase Request
Administrative Cause No. 21-SP-043

Dear Ms. Franklin,

The Division of State Parks acknowledges receipt of the petition submitted by Polen Marina Investments, LLC – d/b/a Hoosier Hills Marina, requesting slip rate increases along with an established rates request.

After careful review, the Division finds these requests to be reasonable and justified based on comparable marina rates.

The Division recommends the rate request petition proceed forward with approval.

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

Sincerely,

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

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

cc: Tessa Manuel, Concessions & Contract Manager
Christie Sorrels, Business Services Manager
FILES – MARINA LEASE/NRC

Exhibit C

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

IN THE MATTER OF:)
)
PETITION FOR RATE INCREASE) **ADMINISTRATIVE CAUSE**
BY HOOSIER HILLS MARINA, INC.) **NUMBER: 21-SP-043**

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. For requests for rate increases and seeking rate establishments, the Hearing Officer shall make a written report to the Commission. The report shall include written findings with respect to the requested rate establishment or increase and a proposal to the Commission for recommendations to the Corps in determining Hoosier Hills Marina’s (“*Hoosier Hills*”) request.
4. Hoosier Hills, in its Petition, requests slip rate increases from .97% to 8.11% with an average of 2.6%. Also included in his petition, is a request for rate establishments of 42 new slips on the A dock.
5. In determining whether to recommend a rate increase and establishment 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 increased slip rates proposed by Hoosier Hills will remain consistently below the slip rates charged by comparable marinas for similarly sized slips.

6. A Hearing Officer's or the Commission's recommendation for rate increase or rate establishment 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.
7. Further, the Commission exercises its authority to recommend approval of the rate increases as requested by Hoosier Hills.
8. The requested rate increases, and establishments 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 the rates as set forth in the attached table be approved for existing facilities at Hoosier Hills Marina.

Dated: _____

Bryan Poynter, Chair
Natural Resources Commission

Commission Slip Rate Recommendation

COMPREHENSIVE RATE LIST

HOOISER HILLS MARINA SLIP SIZE & DESCRIPTION	CURRENT RATE	COMMISSION RATE RECOMMENDATION for IMPLEMENTATION JANUARY 1, 2023
22' x 100' single berth, open	\$6,528.00	Removed
22' x 80' single berth, open	\$5,490.00	Removed
20' x 80' single berth, extended, open*	\$5,600.00	Removed
20' x 80' single berth, open	\$5,030.00	Removed
20' x 75' single berth	Obsolete	Obsolete
20' x 70' single berth, extended, open	\$4,710.00	Removed
18' x 80' single berth, open	\$4,770.00	Removed
18' x 70' single berth, open	\$4,140.00	Removed
18' x 70' single berth extended, open	\$4,350.00	Removed
16' x 60' single berth, open	\$3,890.00	Removed
18' x 80' double berth, open	\$3,730.00	Removed
14' x 36' single berth, covered	\$3,710.00	\$3,710.00
18'x70' double berth, open	\$3,525.00	Removed
18' x 60' double berth, open	\$3,150.00	Removed
18' x 50' double berth, open	\$2,900.00	Removed
16' x 50' double berth	Obsolete	Obsolete
16' x 45' double berth, open	\$2,600.00	Removed
14' x 30' single berth, covered	\$3,100.00	\$3,180.00
12' x 30', single berth, covered	\$3,000.00	\$3,100.00
10' x 30' single berth, (narrow covered)	\$2,740.00	\$2,800.00
12' x 24' single berth, covered	\$2,480.00	\$2,520.00
16' x 36' double berth, open	\$2,060.00	\$2,080.00
14' x 36' double berth, open	\$1,860.00	\$1,880.00
30' double berth, open	\$1,540.00	\$1,560.00
24' double berth, open	\$1,180.00	\$1,200.00
30' double berth open end	\$1,540.00	\$1,600.00

24' double berth open end	\$1,180.00	\$1,250.00
Personal Watercraft, open	\$300.00	\$300.00
Daily Slip, double berth, open	\$26.00	\$27.00
Daily Slip w/ Electricity, double berth, open	\$37.00	\$40.00
Auxiliary Boat Mooring	Removed	Removed
Daily Slip Rental – existing dock customers	Removed	Removed
Section 8 Slips, double berth, open	Removed	Removed
18' x 60' (A-Dock)	* New	\$4,600.00
20' x 80' (A-Dock)	* New	\$5,800.00
24' x 100' (A-Dock)	* New	\$7,500.00
20' x 80'/100' Hybrid (A-Dock)	* New	\$6,500.00
18' x 50'/70' Hybrid (A-Dock)	* New	\$4,950.00
18' x 60'/80' Hybrid (A-Dock)	* New	\$5,200.00
100' end (A-Dock)	* New	\$7,700.00
60' end (A-Dock)	* New	\$4,800.00
Overlength fee (A-Dock)	* New	\$75.00

Some slips removed due to fire in 2021

* New A Dock Slips