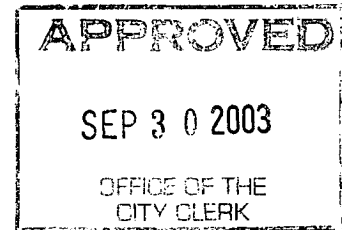




SACRAMENTO  
MARINA

4.3

September 11, 2003



City Council  
Sacramento, California

Honorable Members in Session

**SUBJECT:** APPROVE STATE LOAN APPLICATION FOR THE MARINA SOUTH BASIN RENOVATION PROJECT AND BERTHING FEE ADJUSTMENT

**LOCATION AND COUNCIL DISTRICT:** Sacramento Marina; District 4

**RECOMMENDATION:**

It is recommended that the City Council

- 1) Approve a resolution authorizing the City Manager to apply for a State Department of Boating and Waterways loan in the amount of \$ 6.2 million to renovate the south basin of the Sacramento Marina and add coverings to north basin slips; and
- 2) Amend the Fee and Charge Report to restructure the increase in berth rental fees from biennial to annually in an amount not to exceed the Consumer Price Index (CPI).

**CONTACT PERSON:** Barbara Bonebrake, Director, 264-7733  
Convention, Culture and Leisure Department

**FOR COUNCIL MEETING OF:** September 30, 2003

**SUMMARY:**

The City Council approved the Sacramento Marina Business Plan in March 2002. The Plan included proceeding with renovating the 40+ year old south basin of the Sacramento Marina. This report recommends directing the City Manager to apply for a

State Department of Boating and Waterways low-interest loan in the amount of \$6.2 million for that purpose. In addition, this report requests approval to restructure berthing fee increases from City Council's previous action of biennially to annually in an amount not to exceed the Consumer Price Index.

**COMMITTEE/COMMISSION ACTION:**

In a recent meeting with the Sacramento Marina Advisory, the majority of members recommended proceeding with the newly proposed layout for the south basin renovation and restructuring the berthing fees to annual adjustments. In addition to the Advisory Council, 15 marina patrons were present and generally supported the renovation plans. Several indicated a desire to include additional smaller slips in the renovation. Additionally, many of the 15 patrons were interested in providing additional input as the design moved forward and exploring ideas for additional revenue generating services.

**BACKGROUND INFORMATION:**

In March 2002, the City Council approved the Business Plan for the Sacramento Marina. The two major recommendations in the plan were 1) to approve a berthing fee increase, and 2) authorize the City Manager to apply for a State loan to improve the south basin docks. The south basin is primarily wood construction and is over 40 years old. Due to its age and structure, it is costly to maintain and is deteriorating. This report provides refined project cost estimates and updated financial analysis to support approval of the specific State loan application resolution required as part of the loan process.

Upon receiving conceptual approval by the City Council to move forward with the south basin renovation in March of 2002, a refined design and cost estimate was prepared by Moffatt and Nichol Engineers, a respected marine engineering firm. These estimates have been reviewed and approved by the State Department of Boating and Waterways. The refined cost increased from \$3 million to \$6.2 million for the renovation. The State currently has set aside \$8.5 million for this project. The cost estimate has been reviewed by the City's Public Works Department.

Renovating the 40 year old wooden docks is critical. Choices facing the City include 1) do nothing and eventually lose 40% of Marina revenue and slips; 2) renovate the south basin docks keeping the current berth configuration/sizes which will cost approximately the same and not generate more revenue; or 3) renovate in a reconfiguration which will provide for an adequate income stream to fund the project. The newly proposed configuration is estimated to improve the total occupancy from 87 percent to at least 95 percent based on the fact that over the past five years all slips larger than 30 feet have had a 100 percent occupancy rate and there has been a consistent waiting list for the larger, covered north basin slips.

City Council

Approve State Loan Application for the Marina South Basin Renovation Project and Berthing Fee Adjustment

September 30, 2003

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The south basin is in dire need of major renovation to protect it as a City asset and to improve it in order to meet demand. Fortunately, the risk to the City is fairly minimal given the unique type of loan the State offers. In fact, it is the State's requirement that the loan is guaranteed by the operating revenues and if there were insufficient funds, the State would have the option to step in and operate the Marina.

The design of the project includes replacing the 263 boat slips of varying lengths in the south basin with 171 slips – most of which will be over 30 feet and all but a few will be covered. The project also includes a new pumpout station, ADA ramps, fuel dispensers, restrooms, and utilities. Additionally, 92 slips will be covered in the north basin to increase the year around occupancy. Exhibit A illustrates the layout of the renovated marina.

#### **FINANCIAL CONSIDERATIONS:**

The Sacramento Marina operates as an enterprise fund. It is anticipated that this project will be supported by revenue from the enterprise fund. The financial projections have been prepared by Larry Williams, Williams-Kuebelbeck & Associates, to ascertain if the Marina can support the debt service of this loan.

The State currently has set aside \$8.5 million for this project. An initial \$850,000 is available for design in fiscal year 2004 and the remaining balance of \$5,350,000 for construction will be available to draw in fiscal year 2005 however the project costs are not expected to exceed \$6.2 million of the \$8.5 million currently being held aside by the State. The annual debt payment for the loan would be \$429,000 commencing in FY07/08. The loan would be repaid in 30 years from the year drawn. The assumption is a two-year deferral of interest would be granted. Interest deferred is then added to the principal and the sum of deferred interest and full principal is amortized over 28 years. Interest on the loan is 4.5% per annum.

Key financial components of the plan include:

- Design and construction is anticipated to take 18 months.
- The marina maintains 95 percent occupancy due to current demand for larger slips.
- Berth rates are increased annually by the Consumer Price Index.
- Revenues in the south basin are expected to increase by \$112,000 annually with new layout, covered berths and annual increases.
- Annual \$37,000 increase due to 92 north basin covers added.
- Budget projections assume 3 percent labor growth and 1 percent growth in supplies and services.
- South basin would remain open and may be affected by a 15 percent loss of revenue during the construction period. The construction engineers are confident as this has been achieved in other locations.

City Council

Approve State Loan Application for the Marina South Basin Renovation Project and Berthing Fee Adjustment

September 30, 2003

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The revised Marina Fund projections prepared (Exhibit B) incorporates all the above assumptions and demonstrates the funds ability to finance this project.

The State requires the loan to be supported by the operating revenues, not the City's General Fund.

**ENVIRONMENTAL CONSIDERATIONS:**

The Planning and Building Department, Environmental Planning Services has reviewed the proposed action and has determined that the project is exempt from CEQA because this activity has no possibility of significantly affecting the environment as defined under the California Environmental Quality Act (CEQA) Section Number 15061(b)(3). Further CEQA evaluation will be conducted for the actual construction of the proposed project.

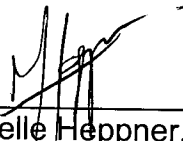
**POLICY CONSIDERATIONS:**

This recommendation is in keeping with the City's Strategic Plan goal of preserving and expanding arts, culture, open space, urban forest and park and recreation amenities. In addition, this recommendation preserves the City's assets and invests in infrastructure development that optimizes economic growth.

**ESBD CONSIDERATIONS:**

There are none at this time.

Respectfully submitted,



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Michelle Heppner, Program Manager  
Sacramento Marina

APPROVED:



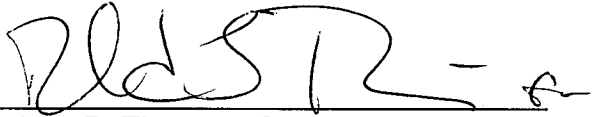
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Barbara E. Bonebrake, Director  
Convention, Culture and Leisure Department

City Council  
Approve State Loan Application for the Marina South Basin Renovation Project and  
Berthing Fee Adjustment  
September 30, 2003

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RECOMMENDATION APPROVED:

A handwritten signature in black ink, appearing to read 'R. P. Thomas', written over a horizontal line.

Robert P. Thomas, City Manager

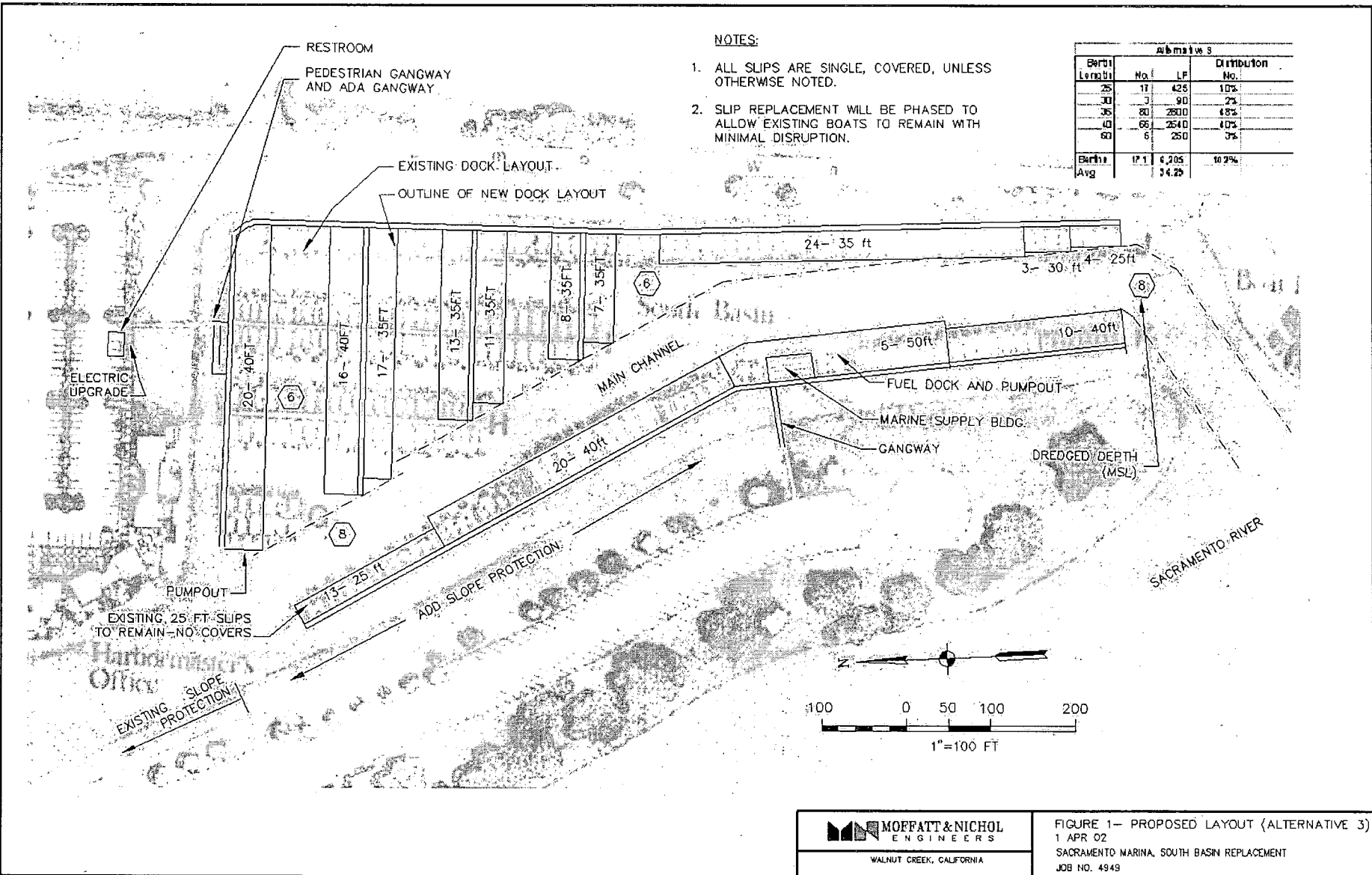
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**NOTES:**

1. ALL SLIPS ARE SINGLE, COVERED, UNLESS OTHERWISE NOTED.
2. SLIP REPLACEMENT WILL BE PHASED TO ALLOW EXISTING BOATS TO REMAIN WITH MINIMAL DISRUPTION.

Alternative 3			
Berth Length	No.	LF	Distribution No.
25	17	425	10%
30	3	90	2%
35	80	2800	68%
40	66	2640	60%
50	6	300	7%
Berths Avg	17.1	4,205	10.2%
		34.25	



**MOFFATT & NICHOL**  
ENGINEERS  
WALNUT CREEK, CALIFORNIA

FIGURE 1- PROPOSED LAYOUT (ALTERNATIVE 3)  
1 APR 02  
SACRAMENTO MARINA, SOUTH BASIN REPLACEMENT  
JOB NO. 4949

EXHIBIT A

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# MARINA FUND

## Impact of Proposed Marina Improvements on Fund Balance

9/24/2003  
MARINA04statecan91703c

(in \$ 000's)	2002-03	2002-03	2002-03		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Budget	Mid-Year	Actual	Variance	Budget	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
<b>(Summary)</b>																	
<b>BEGIN FUND BALANCE</b>	<b>(22)</b>	<b>(22)</b>	<b>(22)</b>	<b>-</b>	<b>107</b>	<b>229</b>	<b>286</b>	<b>530</b>	<b>728</b>	<b>588</b>	<b>471</b>	<b>377</b>	<b>310</b>	<b>295</b>	<b>301</b>	<b>326</b>	<b>386</b>
<b>REVENUES</b>																	
Berth Rentals	1,222	1,222	1,285	63	1,222	1,273	1,497	1,541	1,588	1,635	1,684	1,735	1,787	1,841	1,896	1,953	2,011
Interest	38	38	29	(9)	35	3	7	16	25	24	23	24	25	28	32	38	45
Real Property Rental	40	15	5	(10)	15	15	15	15	15	15	15	15	15	15	15	15	15
Gas and Oil Sales	250	275	259	(16)	275	275	275	275	275	275	275	275	275	275	275	275	275
Miscellaneous	45	45	36	(9)	45	45	45	45	45	45	45	45	45	45	45	45	45
<b>TOTAL REVENUES</b>	<b>1,595</b>	<b>1,595</b>	<b>1,614</b>	<b>19</b>	<b>1,592</b>	<b>1,611</b>	<b>1,839</b>	<b>1,892</b>	<b>1,948</b>	<b>1,994</b>	<b>2,042</b>	<b>2,094</b>	<b>2,147</b>	<b>2,204</b>	<b>2,263</b>	<b>2,326</b>	<b>2,391</b>
<b>EXPENDITURES</b>																	
Employee Services (3% annual growth)	331	331	319	(12)	351	362	372	384	395	407	419	432	445	458	472	486	500
Services & Supplies (1% annual growth)	778	778	781	3	735	783	813	844	854	867	879	892	879	902	928	941	955
Operating Transfer Out/(In) (CCL cost pl)	(106)	(106)	(106)	-	(106)	(106)	(106)	(106)	(106)	(106)	(106)	(106)	(106)	(106)	(106)	(106)	(106)
<b>Subtotal--Operations</b>	<b>1,003</b>	<b>1,003</b>	<b>994</b>	<b>(9)</b>	<b>980</b>	<b>1,038</b>	<b>1,080</b>	<b>1,121</b>	<b>1,144</b>	<b>1,167</b>	<b>1,192</b>	<b>1,217</b>	<b>1,217</b>	<b>1,254</b>	<b>1,294</b>	<b>1,321</b>	<b>1,349</b>
Current Debt Service	465	465	466	1	465	465	465	465	465	465	465	465	465	465	465	465	465
SB Debt Service (loan draws in FY 04, 05)	-	-	-	-	-	-	-	59	429	429	429	429	429	429	429	429	429
Capital Improvement Projects	25	25	25	-	25	50	50	50	50	50	50	50	50	50	50	50	50
<b>TOTAL EXPENDITURES</b>	<b>1,493</b>	<b>1,493</b>	<b>1,485</b>	<b>(8)</b>	<b>1,470</b>	<b>1,553</b>	<b>1,595</b>	<b>1,695</b>	<b>2,088</b>	<b>2,111</b>	<b>2,136</b>	<b>2,161</b>	<b>2,161</b>	<b>2,198</b>	<b>2,238</b>	<b>2,265</b>	<b>2,293</b>
<b>CURRENT SURPLUS/(DEFICIT)</b>	<b>102</b>	<b>102</b>	<b>129</b>	<b>27</b>	<b>122</b>	<b>57</b>	<b>244</b>	<b>197</b>	<b>(140)</b>	<b>(117)</b>	<b>(94)</b>	<b>(67)</b>	<b>(14)</b>	<b>6</b>	<b>25</b>	<b>60</b>	<b>98</b>
<b>ENDING FUND BALANCE</b>	<b>80</b>	<b>80</b>	<b>107</b>	<b>27</b>	<b>229</b>	<b>286</b>	<b>530</b>	<b>728</b>	<b>588</b>	<b>471</b>	<b>377</b>	<b>310</b>	<b>295</b>	<b>301</b>	<b>326</b>	<b>386</b>	<b>485</b>
Debt Coverage Ratio (1.25 minimum) (Net Income + pr-yr surplus)/debt service	1.27	1.27	1.33		1.55	1.72	2.25	2.48	1.71	1.58	1.48	1.40	1.39	1.39	1.42	1.49	1.60

EXHIBIT B

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**RESOLUTION NO. 2003-691**

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF 9-30-03

**APPROVE STATE LOAN APPLICATION FOR THE MARINA SOUTH BASIN RENOVATION PROJECT AND BERTHING FEE ADJUSTMENT**

WHEREAS, the State Department of Boating and Waterways provides loans to cities, counties, and special districts for the development and rehabilitation of small craft facilities; and

WHEREAS, the City of Sacramento, California, is desirous of improving the proposed boating facilities to meet the needs of boating patrons and the boating public in the surrounding area;

WHEREAS, the City of Sacramento has conducted a feasibility study which showed the proposed project to be feasible from an engineering and financial standpoint and economically justified; and

WHEREAS, the City of Sacramento understands that the marine berthing facilities may be operated by the City of Sacramento, or privately if the concessionaire develops the berths, and this option was analyzed and considered in the decision-making process.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. The City Manager is directed to apply for a loan from the Department of Boating and Waterways in the amount of \$6,200,000 for the renovation of the south basin docks and the covering a portion of north basin berths at the Sacramento Marina.
2. The City Manager is hereby authorized to execute the loan documents associated with this application at an interest rate of 4.5% per annum.
3. Amend the Fee and Charge Report to restructure the increase in berth rental fees from biennially to annually in an amount not to exceed the Consumer Price Index (CPI)

**FOR CITY CLERK USE ONLY**

Resolution No: \_\_\_\_\_

Date Adopted: \_\_\_\_\_

4. Based upon the information presented to it and upon all information in the public record, and in compliance with Public Resources Code Section 21080(b)(8), the City Council finds that the amended fees are for the purpose of: Meeting operating expenses, purchasing or leasing supplies, equipment, or materials.

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MAYOR

ATTEST:

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CITY CLERK

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**FOR CITY CLERK USE ONLY**

**Resolution No:** \_\_\_\_\_

**Date Adopted:** \_\_\_\_\_

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