



CITY OF MARTINEZ

**CITY COUNCIL AGENDA
March 16, 2011**

TO: Mayor and City Council

FROM: Mitch Austin – Recreation Services Manager

SUBJECT: East Bay Regional Park District /Measure WW Funding Allocation –
Martinez Marina

DATE: March 8, 2011

RECOMMENDATION:

Approve the submission of a project application for use of Measure WW funds for the first phase of the renovation and repairs for the Martinez marina breakwater(s), demolition of a portion of the existing docks and marina dredging.

BACKGROUND:

At the January 19, 2011 meeting the City Council approved a contract with AnchorQEA to move forward with the second phase of technical work on the marina. The scope of work included preparation and submission of the Joint Aquatic Resources Permit Application (JARPA) for replacement of the eastern wall of the marina breakwater.

The deteriorated wall is a major contributor to the rapid siltation of the marina. Given the shallow depths of the marina with the entrance of the marina approaching 3' feet, time is of the essence therefore every effort is being made to keep the project moving forward. The JARPA has been submitted and is expected to be approved no later than June 2011. This permit will give the City the agency approvals it needs to replace the wall. However the City still needs to secure funding for the design and construction documents as well as the actual construction costs. This portion of the marina reconstruction can be funded by Measure WW grant funds.

Tonight the City Council is being asked to approve the submission of a project application for use of Measure WW funds in phase I of the Marina reconstruction project and allow for replacement of the eastern wall to occur in 2011.

Application of these funds to the marina also helps reduce the City's exposure to debt for the reconstruction of the marina and increases the City ability to successfully re-scope the 3.111 million dollar loan with the Department of Boating and Waterways (DBW). Lastly, the \$184,000 recently allocated from City reserves could be reimbursed to the City using Measure WW funds.

Measure WW Grant for Marina

The City has until December 31st of 2018 to expend its allocation of Measure WW funds. Staff has met with the Grant Administrator for East Bay Regional Park District (EBRPD) and confirmed that the marina project is eligible for funding. Projects that result in land acquisition for recreational purposes and/or development including renovation recreation facilities are eligible for use of these funds. The scope of work has shown in the application include “*Renovation, repairs and replacement of breakwater, demolition of existing docks, marina dredging and design/engineering*”. This description gives a broad enough scope to ensure expected expenditures for the City portion of phases I-III of the marina reconstruction would be eligible for use of these grant funds.

Should only a portion of the Measure WW funds be used or if the City Council changes its decision to use the grant money on the marina before expenditures are made, the grant funds can be redirected to another eligible project. It is expected that expenditures of the grant funds would occur in July 2011. The application process with EBRPD would have to be re-initiated to reallocate the funds to another project. Should the funding not come through from DBW for the next fiscal year, the City will still have the option to rebuild the eastern wall and dredge the entrance to keep the marina from closing or the Council could choose not to use Measure WW funds on the marina.

There is no penalty for changing projects and the City is well within the expenditure timeline to do so. If the project application is approved by the City Council tonight, Staff would submit the Measure WW project application to EBRPD by March 31st. Then at the June EBRPD Board meeting the project application would be reviewed for approval. Before expending any Measure WW grant funds on the marina, the City Council would be given an opportunity to finalize the financial model for the marina. This is expected to occur in April.

PRMCC Review of Use of Measure WW for Marina

A report went to the PRMCC regarding the use of Measure WW funds for the marina in February. One Commissioner spoke out in opposition to using Measure WW to entice the loan from DBW. A few other Commissioners while not enthusiastic about using Measure WW funds for the marina can understand that this may be what the Council needs to do to save the marina. There was discussion that three of the potential projects that might have benefited from Measure WW funds are improvement of the amphitheater, and repair of the fishing pier or adding a bathroom to Ferry Point Park should be considered as priority projects for the Waterfront. Marina cash flow beyond expenses should be earmarked to fund these improvements in the future. It was also discussed that some of these projects also may be Measure H eligible if there is funding remaining once the designated improvements have been made.

Discussion of Phases and Funding Sources

Of the four phases, phase I – III shown in the **Attachment B** must be completely funded for phase I to be constructed. The cash flow model for the City and the City’s private partner is not viable unless phases I – III are completed. Phase IV is about the long term maintenance of the marina and helping to reduce siltation at the entrance. Staff and AnchorQEA are revisiting the current model for the entrance to entertain other more cost effective options for the entrance to help bring the cost for phase IV down. Unfortunately loans do not appear to be an option as the financial model shows that the revenue stream cannot tolerate a loan until after 2022. Staff is

exploring grant funding associated with the entire project that might be available to help offset costs for this phase. Because the marina will be dredged to a one foot over depth and the eastern wall will be replaced it is reasonable to expect that 5-7 years is an acceptable time frame to work with for installation of phase IV.

It is anticipated that Phases I – III, the critical phases for the marina, will cost 6.7 million dollars of which 3.111 million is funded by DBW loans. If the BIG grant is approved this year, then Phase I would need 2.0 million dollars or loan funding. Without the BIG grant the City could close the funding gap by adding another 400k to the loan funding used for phase I. This is not optimal as this will increase the City's costs earlier than is optimal and add another \$30,000 to debt service which the City would have to pay for. Should the BIG grant not come through this year other alternatives will be brought to the Council for deliberation and approval.

Other Key Considerations and Impacts

Discussed below are key considerations and impacts of tonight's decision to move forward with an application for use of Measure WW funds on the marina, which include:

- **Missing a window of opportunity to fund construction for the marina in 2011**
If the City does not approve the submission of a project application for use of Measure WW funds on the Marina project tonight, the City will have missed the window of opportunity to apply for these funds as the deadline for the application for funding in the next fiscal year is March 31st.
- **Helping to preserve and support a successful bid to re-scope the City's 3.111 million dollar loan with DBW**
Unless an alternative funding source such as the City Reserves are used to account for the 1.6 million dollars then this would jeopardize the City's ability to provide a viable funding model shown in **Attachment A** for reconstruction of the marina. The 1.6 million dollar gap in project funding could have a domino effect of jeopardizing the 3.111 million dollars of loan funding for the marina provided by the DBW.

An agreement on an acceptable funding model needs to be reached with DBW staff for inclusion in the 2011/12 State budget by May 31, 2011 or else the City's 3.111 million dollars in loan funds would be at serious jeopardy of being rescinded by the Department of Finance which oversees DBW. The greater part of the 3.111 million dollars in loan funding has been outstanding since 1995. It is fully within the purview of the State to rescind the loan and direct the City to re-apply. Given the financial difficulties of the State is there is no telling if or when funding could be allocated to the City's marina. This is part of the reason DBW has a "stand-alone" requirement for loan funded projects. Staff recently presented an update to the Boating and Waterways Commission at their March meeting and received many positive and supportive comments regarding the marina and expressed a desire to support the project within the new constraints they have been given by the Department of Finance.

- **Completing a fiscal model that is time sensitive to the state of the marina**
If the marina could with stand more time for Staff to work in greater collaboration with even more agencies and businesses than Staff has to date, this recommendation would have been delayed in hopes of finding more money for the marina without having to use this grant. The

proposed sequence of funding is critical to save the marina.

Therefore if the City Council chooses not to support the application of Measure WW grant funds for the Marina Project tonight or allocating City reserves to the marina project, the alternative recommendation from Staff would be to return with an informational report and key considerations on impacts of closing the marina. The report would discuss the role State agencies such as the State Land Commission and the Department of Boating and Waterways would play in this instance as well as the fiscal and legal exposure to the City for the four million dollars worth of outstanding loans.

Evolution of Marina Project

It bears reporting that a collaborative multi faceted approach went into re-thinking the marina project. This project while much of the outcome is the same as the old approach, there has been a reduced exposure of debt to the City and efficiency of construction funds achieved with the new leaner approach to rebuilding the marina. The old model included the City taking on over 6 million dollars of new debt for rebuilding the marina. The new approach to rebuild the marina using variety of funding sources has reduced loan funding to 3.111 million dollars. Staff will continue collaborating with other agencies, pursuing facility grants and requesting more donations to fund phase IV and possibly reduce loan funding in phases II and III. Also approximately 2 million dollars in the form of grants and marina rents have already been invested in helping rebuild the marina. Improvements to the marina to date include removal of the ferry pier, re-enforcement of the shoreline, expansion of the launch ramp and additional boat trailer parking.

Additionally Staff held a stakeholders meeting with key agencies in March and learned a great deal about the importance of the marina to our stakeholders and the concerns they have depth of the marina. They also shared their ideas for where else the City could garner support and they showed a willingness support for reconstruction of the marina. Staff is following up on the ideas generated such as apply for a Homeland Security Grant and approaching surrounding refineries for financial assistance. These ideas take more time than the marina has to explore them fully before taking action with the marina. This is why Staff has taken a multi track approach to the reconstruction of the marina.

Lastly even though it has been difficult to meet the new DBW requirement that all projects must be a standalone project capable of paying the loan cost they incur, meeting this requirement has resulted in a better approach to reconstructing the marina. It has resulted in a less costly approach to rebuilding the marina, accelerated the rebuilding of the marina and less debt exposure for the City.

Next Steps

If approved staff will submit the grant and prepare a financial model for the Department of Boating and Waterways consideration. Concurrently staff will work to finalize the deal points with the City's private partner that support the assumptions built into the financial model and reconstruction scope and timeline. After meeting with DBW staff in March, a report will come forward to the City Council in April for review of loan considerations.

FISCAL IMPACT:

Completes the financial model for the Marina project and reduces debt service impacts for the overall project.

Also the \$184,000 to fund permits being paid for using City funds which was allocated in January could be recouped with Measure WW Grant funds. Staff would pursue getting reimbursement of this cost to the General Fund in July once the grant is approved by East Bay Regional Park District.

ACTION:

Motion approving the submission of a project application for use of Measure WW funds for the first phase of the renovation and repairs of the Martinez marina breakwater(s), demolition of a portion of the existing docks and marina dredging.

Attachments:

- Master Contract East Bay Regional Park District Measure WW
- Attachment A – Waterside Improvements Allocation of Funding to Phases
- Attachment A.1 – Funding Description
- Attachment B – Waterside Improvement Phases and Estimated Costs



APPROVED BY: City Manager

**EAST BAY REGIONAL PARK DISTRICT
MEASURE WW PARK BOND
MASTER CONTRACT - LOCAL GRANT PROGRAM**

MASTER CONTRACT No.: 312200

GRANTEE: CITY OF MARTINEZ

THE PROJECT PERFORMANCE PERIOD is from the date this agreement is signed below by the District through December 31, 2018

The Grantee agrees to the terms and conditions of this Contract, and the East Bay Regional Park District, acting through its Board of Directors pursuant to the Measure WW Park Bond, agrees to fund the total Project Grant Amount indicated.

THESE FUNDS ARE FOR THE ACQUISITION AND DEVELOPMENT OF NEIGHBORHOOD, COMMUNITY, AND REGIONAL PARKS AND RECREATION LANDS AND FACILITIES.

The General Provisions, Local Grant Procedural Guide, Forms and individual Project Applications are attached hereto and made a part of and incorporated into the Contract.

The District anticipates that WW Parks Bonds in the amount of \$1,651,961 will be issued for project.

City of Martinez

Grantee

By: 
(Signature of Authorized Representative)

Phillip Vince
(Print Name of Authorized Representative)

Title: City Manager

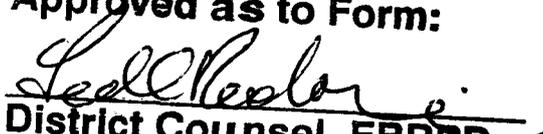
EAST BAY REGIONAL PARK DISTRICT

By: 
(Signature of Authorized Representative)

Pat O'Brien
(Print Name of Authorized Representative)

Title: General Manager

Approved as to Form:


District Counsel, EBRPD

Date: 2/27/09

Date: 3/3/09

Waterside Improvments Allocation of Funding to Phases

Funding Source	PHASE I - 4.5 Million					PHASE II/III - 2.2 Million		*Phase IV - 2.0 Million
	500K	500k-1M	1M - 2M	2M - 3M	3M - 4.5M	4.5M- 5.5 M	5.5M - 6.7M	6.7 M - 8.8M
Coverage of Cost	500K	500k-1M	1M - 2M	2M - 3M	3M - 4.5M	4.5M- 5.5 M	5.5M - 6.7M	6.7 M - 8.8M
Donations (500K)	2011							
Measure WW (1.6 M)		2011						
DBW Loan (2.0 M)			2012					
BIG (400K)					11/12			
DBW Loan (1.111 M)						2014		
BIG (1.1 M)							2014	
Unfunded								

Expected years of expenditure written in the column

* Design and estimate being revised

Marina reconstruction funding for phases I-III are shown in the chart shows these phases as fully funded with the anticipate funding sources which include:

1. **Donations:** Staff has made a formal request for donation with a corporation. This company is currently going through the formal approval process. The amount being considered is \$500,000. All indications suggest this donation for the marina reconstruction will be approved. Staff is expected to hear about the donation in May or June. Public disclosure is being withheld pending approval.
2. **BIG Grant:** The Boating Infrastructure Grant or BIG is a federal grant awarded by the Department of Fish and Wildlife. This grant was submitted to DBW who then forwards competitive grants to the federal level for consideration. This grant's main purpose is to support and increase facilities for transient boating facilities for non-trailer able boats. The grant amount requested was formulated by using a percentage of the total project that supports transient boaters. The amount being considered for funding is 1.5 million dollars. The City did make the final level of review for funding consideration. Staff is anticipating hearing about the award by the in April or May 2011. If the City does not receive the grant this year, the City could re-apply next year.
3. **Measure WW Grant:** This is a per capita grant administered by East Bay Regional Parks District and was funded by voters passing Measure WW in 2008. The City's allocation of the grant funds is 1.6 million dollars. A complete grant application has been prepared. Staff is awaiting Council approval so it can be submitted before the March 31st deadline. The East Bay Regional Parks District Board provides a review and final approval of grant projects for funding in June of each year.
4. **DBW Loan Funding:** Current loans earmarked for the marina rebuild total 3.111 million dollars. This loan amount is the combination of two previously approved loans. One which was approved in 1995 in the amount of 2.9 million which was recently reduced to 2.7 million by the Department of Finance. The other loan approved in 2008 in the amount of \$338k. The first loan was to fund the removal of the Ferry Pier, re-enforcement of the shoreline and repair of the breakwater wall. The second loan was to pay for design costs. These loans initially were not expended because a long term operator's agreement which is a condition of the loan was not completed due primarily to the fact that the land lease with the State did not cover the term of the long term operator's agreement. Now the City has a new 46 year lease with the State Lands Commission.

Waterside Improvements Phases and Estimated Costs

There are two stages to the entire marina project the waterside improvements and the landside improvements. The two stages are shown below:

- *Waterside Improvements*
 - Repair of breakwater wall and reconfiguration of entrance
 - Design/expansion of basin to accommodate more boating slips
 - Complete dredge of the basin
 - New ADA accessible concrete docks
 - Improving access to utilities
 - Expanded use of the Disposal Ponds
 - Fuel Dock

- *Landside Improvements*
 - Adding a pad for a restaurant
 - Remodeling the Harbor Masters Building
 - Adding a boat storage and repair facility
 - New Bait and Tackle shop
 - Restrooms with lockers
 - Parking lot improvements
 - Landscaping

The success of the landside improvements is dependent on the completion of the waterside improvements. Therefore the emphasis has been placed primarily on the waterside improvements with some planning efforts regarding a restaurant/hotel on the landside of the marina. A successful restaurant plays an important role in helping to pay for the waterside improvements.

The marina waterside improvements have been broken into four phases. Phase I being the most critical and life saving for the future of the marina. The phases are:

Phase	Description	Cost Cost only Estimate	Estimated Date Construction
I	Replace eastern wall, dredge 140,000cy, improve upper ponds	\$4,500,000	2011-2014
II/III	Dredge the western side of the basin 80,000cy, make wall repairs	\$2,200,000	2014-2017
IV	Reconfigure entrance to the marina	\$2,000,000	2016-2019