



CITY OF MARTINEZ

**CITY COUNCIL AGENDA
February 15, 2012**

TO: Mayor and City Council

FROM: Mitch Austin, Contract Recreation Manager
Phil Vince, City Manager

SUBJECT: Martinez Marina Update and Dredging Permitting/Design

DATE: February 9, 2012

RECOMMENDATION:

Adopt resolution authorizing expenditure appropriations in the amount of \$275,000 of Shell Donation funds and \$511,000 of Measure WW funds for 2012 Marina Improvements as shown in Exhibit 1(Plan A).

BACKGROUND:

Since the notification from the Department of Boating and Waterways regarding the new loan criterion (all loans paid off to DBW to under one million dollars to receive new funding) being applied to the City’s marina improvement project, Staff has been exploring improvement options using existing funding sources. Without loan funding from DBW, a new eastern wall and entrance (aka breakwater improvements) cannot be built in 2012, as planned. While it would be optimal to improve the breakwater wall at the same time dredging occurs, dredging is needed now to keep the entrance open. More time is needed to identify new funding sources to construct the breakwater improvements.

Because the marina’s entrance is precariously shallow, waiting another year to dredge could greatly impact cash flow to the marina, which already began falling short of revenue projections last year. This revenue shortfall is attributed to a shallow entrance and boats continuing to sit in the mud twice a day.

Therefore, staff is providing two improvement scenarios shown in **Attachment A** for the City Council’s consideration. Both options include: (1) a maintenance dredge at the entrance to the marina, using \$500,000 in donation funds from Shell; and, (2) reconstructive long term dredge under the docks using Measure WW grant money. These improvements will increase cash flow. The fairways are fairly stable and staff expects the stability of the main basin area to improve even more once dredging under the docks has been completed.

In addition to greater depth stability, increased cash flow is expected from new berthing rentals, and additional bait and boat launch revenue that would result from these physical improvements.

Cash flow as shown in **Attachment B1-3** is expected to continue to fund the dredging of the entrance in the next dredging cycle which is expected to occur in the next 3.5 to 4 years. Dredge costs have been projected out for 2016/17 as shown in **Attachment C**.

Further, to apply the new revenue to the maintenance dredge fund of the marina, staff will resume discussions with the Department of Boating and Waterways to renegotiate the \$113,500 of annual loan payments for the next four years for re-investment into marina improvements for 2016/17. This could result in saving up to approximately \$454,000 in marina revenue, which could be applied toward the wall improvements.

In both Plans A and B, dredging the entrance and key areas in the marina, including certain available docks and portions of fairways will best cash flow the marina. The rate of occupancy of the newly dredged slips and new revenue streaming into the City will be carefully documented by staff and reported to the City Council regularly.

This will provide staff with better data to include in financial modeling to determine sustainability and potential cash flow of future marina improvements. Also, a positive cash flow of the marina can provide a greater variety of funding mechanisms than are presently available to fund the new entrance and eastern sea wall.

Plan A and B Analysis

In creating Plans A and B several key considerations were included. First, staff attempted to find the most optimal 45,000 cubic yards to dredge. This includes the amount of dredge material that will fit in the spoils ponds, thus keeping the dredge removal costs low. Staff approached this analysis by addressing the entrance to the marina as the most critical area; and, then finding the best way to cash flow the remainder of the marina.

City staff, AnchorQEA, Martinez Marina Limited Partners (MMLP) and the Harbor Master, as well as the Marina Subcommittee, were all consulted as to the best dredging footprint and reconstruction of the docks. Dock vacancies were extensively reviewed and a preliminary estimate on dock reconstruction was vetted as well. Extensive talks with East Bay Regional Parks District (EBRPD) have been occurring and further information is being reviewed by EBRPD to ensure the project adheres to all Measure WW requirements. The two plans shown in this report were developed per these consultations.

The dredge footprint for Plans A and B are shown in **Attachment A** and estimated fiscal impacts in **Attachments B1-3**. Below is a summary description, estimated cost and increased cash flow projections of each plan:

Plan A – Dredge entrance, portions under A, B & C Docks, end of D Dock & rebuild 27 slips on C Dock.

- COST: Dredging Estimate: \$685,000 and Addition of Docks: \$101,000
- ESTIMATED INCREASED REVENUE FROM PHYSICAL IMPROVEMENTS: \$184,699
- AFTER DREDGE FUND: \$6,299-41,464
- DREDGE FUNDING: \$275,000 Shell Donation for Permit and Entrance \$410,000 Measure WW for Dredging Under Docks
- DOCK CONSTRUCTION FUNDING: \$101,000 Measure WW for 27 new berths at C Dock

Plan A provides the optimal return on funds invested. The 27 new wooden docks built on C Dock are projected to cash flow enough funds to recoup costs in three years as shown in **Attachment B3**. An 80' vessel could be accommodated at the end of D Dock which could bring in more than \$6,000 per year in revenue for that area alone. The new docks can be maintained indefinitely using our regular marina maintenance budget. All remaining funds would go into the marina reconstruction account to support dredging and wall improvements. This option's cash flow is projected to be sufficient to pay for future maintenance dredging utilizing either the spoils ponds or in-bay dredging options.

Plan B - Dredge entrance, under all A Dock, most of B, end of C dock

- COST: Dredging Estimate: \$685,000
- ESTIMATED INCREASED REVENUE FROM PHYSICAL IMPROVEMENTS: \$142,675
- AFTER DREDGE FUND: \$1,541-(-35724)
- DREDGE FUNDING: \$275,000 Shell Donation for Permit and Entrance \$410,000 Measure WW for Dredging Under Docks

Plan B provides dredging under more existing docks than Plan A. All of A dock would be dredged which has the highest cash flow potential of existing docks. Most of B dock which accommodates 35 foot boats, the end of C dock which can accommodate boats up to 80 feet in length. There would be increased cash flow from new and existing boaters.

This model could fund future dredge maintenance if the ponds were used for dredge spoils. This assumes that the pond dirt from the last dredge could be given away before the next dredge. Dirt removal by giving dirt to other projects is a hit and miss approach to keeping the ponds viable to receive future dredge material. If not enough material is removed, in-bay disposal is necessary to keep costs down. Paid removal of the dirt would be more expensive than in-bay disposal. This model will likely not support the in-bay option fully. Any remaining funds, if any, would go into the marina reconstruction account to support dredging and wall improvements.

FISCAL IMPACT:

The project will be budgeted under the Marina Capital Improvement Project (CIP) account for construction activities for the Marina Reconstruction Project. City engineers will inspect the project improvements or consult with a reputable engineering company to inspect all the improvements.

PLAN A

<u>Budget</u>	<u>Amount</u>
Dredging	\$685,000
Dock Construction	\$101,000
Total	\$786,000
<u>Funding</u>	
Shell Donation	\$275,000
Measure WW	\$511,000
Funding Total	\$786,000

PLAN B

<u>Budget</u>	<u>Amount</u>
Dredging	\$685,000
Total	\$685,000
<u>Funding</u>	
Shell Donation	\$275,000
Measure WW	\$410,000
Funding Total	\$685,000

Summary

The decision before Council tonight is to provide staff direction on which improvement Plan A or B to construct in 2012 and allocated the associated funding for the improvements. Each funding option has a different dredge footprint (area(s) to be dredged). A dredge footprint is needed at tonight’s meeting to finalize our dredge episode permit paperwork for the City to make the 2012 dredging work window which is August through November 2012. **Attachment D** is a timeline showing the timing of tasks needing completion to commence dredging in September 2012. The Marina Subcommittee recommends moving forward with **Plan A**; the attached resolution recommended for adoption reflects **Plan A** improvements and allocation of funds.

Next Steps

The City will continue on several paths in order to address key issues surrounding the marina and develop options for the City Council’s consideration. The following is a summary of the next steps:

- Return to City Council with Bid responses in June/July 2012
- Finalize grant request for use of Measure WW funds
- Explore feasibility of the purchase and utilization of mechanical dredge equipment
- Investigate the possibility and interest in forming a Joint Powers Authority to address marina management and dredging issues for marinas in the region.
- Negotiate with Department of Boating and Waterways options for delaying payment of our existing loans or refusing to pay any loan money until DBAW sees itself as a partner in this marina and is amenable to extending future loans to the City.

- Pursue land grant from State Lands Commission for development and terms for rent beyond 2019
- Explore possibilities for upland development and bring forth proposals for development and use of the marina as private investment capital becomes available

ACTION:

Adopt resolution allocating \$275,000 of Shell Donation funds and \$511,000 of Measure WW funds for 2012 marina improvements as shown in Exhibit 1.

Attachments: 2012 Marina Improvements Funding Allocation Resolution
Attachment A –Plan A and B Dredge Footprints
Attachment B1-3–Cash Flow Analysis of Plans
Attachment C– 2016/17 Dredge Cost Projections
Attachment D- Task and Timeline

RESOLUTION NO. -12

AUTHORIZING EXPENDITURE APPROPRIATIONS IN THE AMOUNT OF \$275,000
FROM SHELL DONATION FUNDS AND \$511,000 OF MEASURE WW
FOR 2012 MARINA IMPROVEMENTS

WHEREAS, the City of Martinez operates and maintains the Martinez Marina; and

WHEREAS, the entrance to the marina is approaching critically shallow depth; and

WHEREAS, there is a desire on the part of the City Council to not only dredge the entrance but make other marina improvements to increase marina utilization and cash flow; and

WHEREAS, these improvements are expected to help support further major improvements to the breakwater wall and remaining infrastructure.

NOW, THEREFORE, IT BE RESOLVED by the City Council of the City of Martinez, that \$275,000 be allocated from Shell Donation funds for the dredging of the entrance and up to \$511,000 in Measure WW funds be used for 2012 Marina Improvements shown in Exhibit 1.

* * * * *

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on the 15th day of February, 2012 by the following vote:

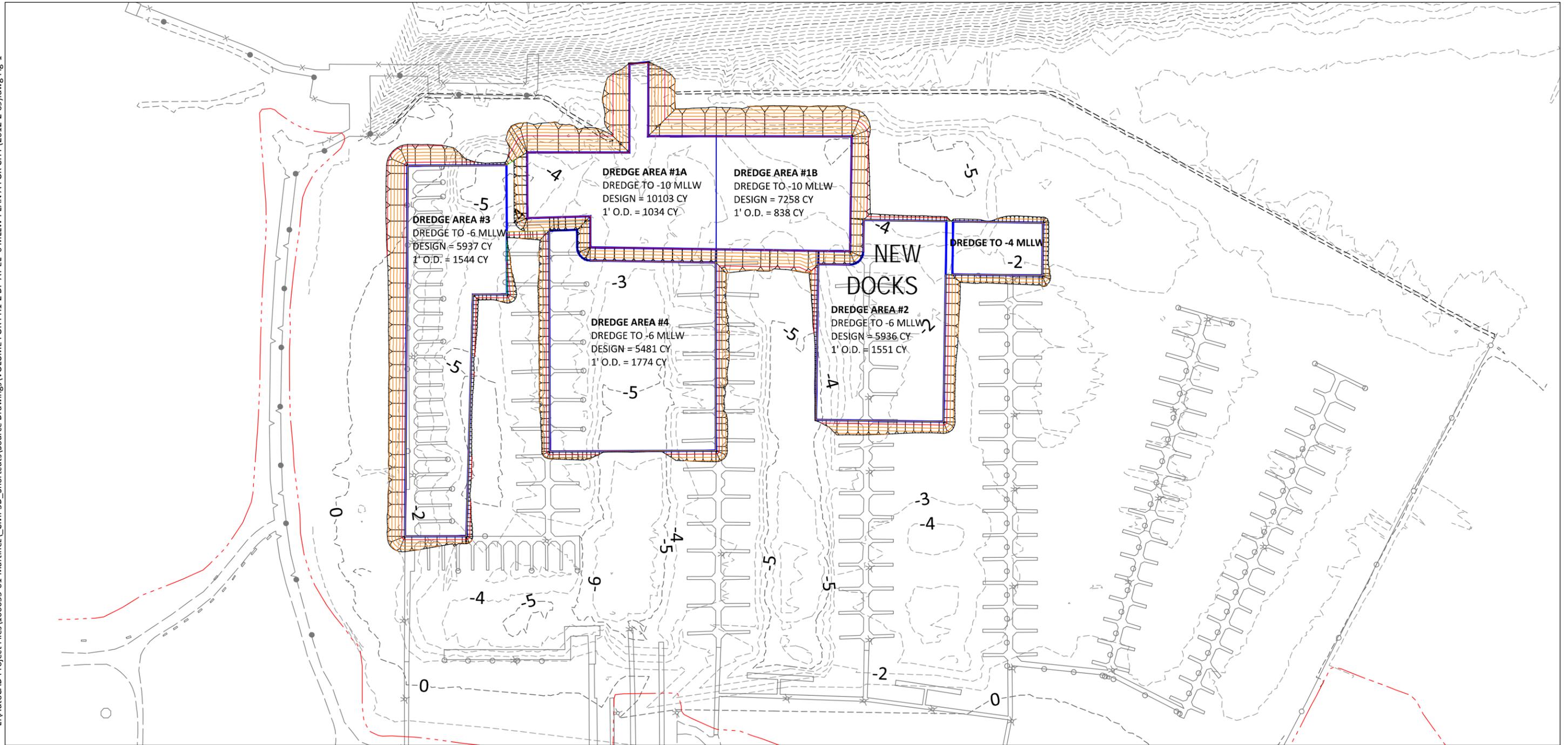
AYES:

NOES:

ABSENT:

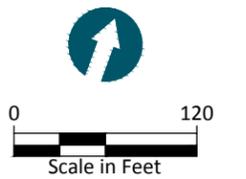
RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ

L:\AutoCAD Project Files\100655-01-Martinez\Civil-3D_Shortcuts\Source Drawings\VOLUME FOR PH1-2 DP AT EL -6 MLLW PLAN A FOR CITY (2012-2-09).dwg Fig-1



Feb 10, 2012 9:19am ghowell

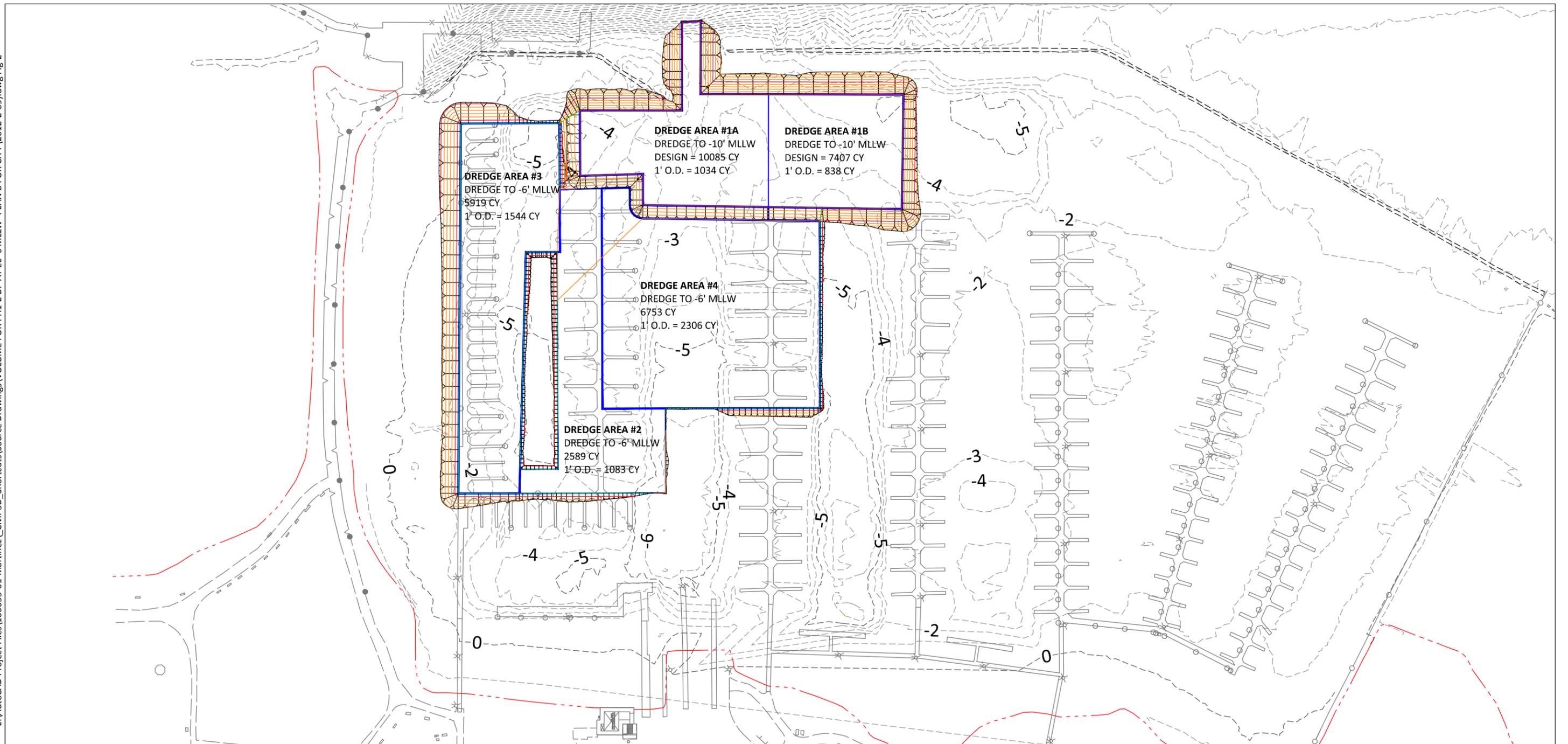
SOURCE: Bathymetric survey performed by Environmental Data Solutions on December 8-9th 2011 and June 2010.
HORIZONTAL DATUM: California Zone 3, NAD83. US Survey Feet.
VERTICAL DATUM: Mean Lower Low Water (MLLW).



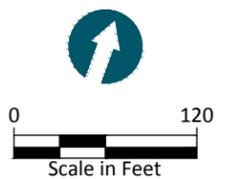
DRAFT - For Review Purposes Only



Figure 1
Dredge Footprint A
City of Martinez Marina Renovation



SOURCE: Bathymetric survey performed by Environmental Data Solutions on December 8-9th 2011 and June 2010.
HORIZONTAL DATUM: California Zone 3, NAD83. US Survey Feet.
VERTICAL DATUM: Mean Lower Low Water (MLLW).



DRAFT - For Review Purposes Only



Figure 2
Dredge Footprint B
City of Martinez Marina Renovation

Vacancy Potential Revenue - Plan A							Attachment B-1		
"A" Dock									
# of Slips	Size	Price/Slip	Monthly		Vacancy Totals				
9	35	285	\$ 2,754	8.74	A	30			
2	40	352	\$ 752	9.40	B	18			
1	45	412	\$ 439	9.76	C	15			
5	35	219	\$ 1,200	6.86	D	26			
8	40	266	\$ 2,320	7.25	E	24			
5	45	319	\$ 1,730	7.69	Total	113			
30			\$ 9,195						
*"B" Dock							Potential Dollars	Occupancy	
0	35	219	\$ -	6.26	A	\$ 6,437	70%		
4	40	266	\$ 1,160	6.65	B	\$ 1,781	70%		
4	45	319	\$ 1,384	7.09	C	\$ 3,841	70%		
8			\$ 2,544		D	\$ -			
"C" Dock (per worksheet B3)							E	\$ -	
			\$ 3,841			12,058.30	Monthly Increased Revenue		
						12	months		
<i>Increase/ft</i>	<i>0.6</i>					144,699.60	Annual Estimated Revenue		
						10,000.00	Increased Rents on Existing		
<i>* Only half B Dock Dredged</i>							30,000.00	Bait shop and launch increase	
						184,699.60	New Revenue		
						15,234.98	Increased Operational Costs		
						128,000.00	Dredge Reserve Ponds		
						41,464.62	Net		
						184,699.60	New Revenue		
						14,400.00	Increased Operational Costs		
						164,000.00	Dredge Reserve In-Bay		
						6,299.60	Net		

Vacancy Potential Revenue - Plan B							Attachment B-2
"A" Dock							
<i># of Slips</i>	<i>Size</i>	<i>Cost/ft</i>	<i>Price/Slip</i>	<i>Monthly</i>	Vacancy Totals		
9	35	8.74	306	\$ 2,754	A	30	
2	40	9.40	376	\$ 752	B	18	
1	45	9.76	439	\$ 439	C	15	
5	35	6.86	240	\$ 1,200	D	26	
8	40	7.25	290	\$ 2,320	E	24	
5	45	7.69	346	\$ 1,730	Total	113	
30				\$ 9,195			
"B" Dock					Potential Dollars		Occupancy
3	35		21	\$ 63	A	\$ 6,437	70%
6	40	7.25	290	\$ 1,740	*B	\$ 2,120	60%
5	45	7.69	346	\$ 1,730	* 60% used to account for boat movement		
14				\$ 3,533			
						8,556.30	Monthly Increased Revenue
						12	months
<i>Increase/ft</i>	<i>0.6</i>					102,675.60	Annual Estimated Revenue
						10,000.00	Increased Rents on Existing
						30,000.00	Bait shop and launch increase
						142,675.60	New Revenue
						13,133.78	Increased Operational Costs
						128,000.00	Dredge Reserve Ponds
						1,541.82	Net
						142,675.60	New Revenue
						14,400.00	Increased Operational Costs
						164,000.00	Dredge Reserve In-Bay
						(35,724.40)	Net

Additional Slips C Dock

Est. Cost \$ 101,455.00

Attachment B - 3

	# of slips	size	rate/mo	total/mo	total/ yr	85%	80%	75%	70%
New Berthers	13	35	\$ 240.00	\$ 3,120.00	\$ 37,440.00	\$ 31,824.00	\$ 29,952.00	\$ 28,080.00	\$ 26,208.00
*Current Customers	13	35	\$ 21.00	\$ 273.00	\$ 3,276.00	\$ 2,784.60	\$ 2,620.80	\$ 2,457.00	\$ 2,293.20
	1	80	\$ 721.00	\$ 721.00	\$ 8,652.00	\$ 7,354.20	\$ 6,921.60	\$ 6,921.60	\$ 6,921.60
	27		total	\$ 3,841.00	\$ 46,092.00	\$ 41,962.80	\$ 39,494.40	\$ 37,458.60	\$ 35,422.80

**70% used in
Rev. Projections**

**Assumption that half the occupancy will be from existing marina berthers*

@ 70% over 3 years \$106,266
(-)Construction cost \$ 101,455
Net gain \$4,811

2016 Dredge Estimates for Marina Entrance

Attachment C

Cost Escalation Table

Task	*rate 2012	rate 2013	rate 2014	rate 2015	rate 2016
Cost/cy	\$ 10.00	\$ 10.50	\$ 11.03	\$ 11.58	\$ 12.16
Mobilization	\$ 125,000	\$ 131,250	\$ 137,813	\$ 144,703	\$ 151,938
Ponds	\$ 10,000	\$ 10,500	\$ 11,025	\$ 11,576	\$ 12,155
Mitigation	\$ 18,000	\$ 18,900	\$ 19,845	\$ 20,837	\$ 21,879
Survey	\$ 13,000	\$ 13,650	\$ 14,333	\$ 15,049	\$ 15,802
Design	\$ 35,000	\$ 36,750	\$ 38,588	\$ 40,517	\$ 42,543

*2012 estimate generated from AnchorQEA estimates, escalated 5%/yr

Dredging Costs for Hydraulic Dredging using Ponds

Cubic Yards/Entrance	rate 2016	Sub Total	10% Contingency	Total
11,131	\$ 12.16	\$ 135,298	\$ 13,529.80	\$ 148,827.80 (A)

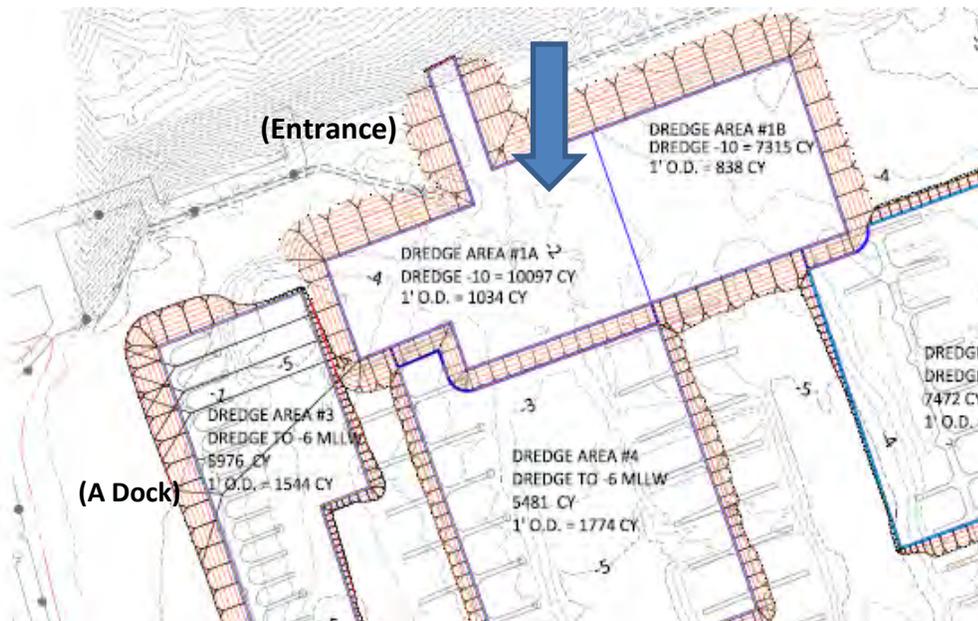
2016 Estimate of Cost to Dredge Marina Entrance

Task	*Ponds	In-Bay	Notes
(A) Dredging	\$ 148,828	\$ 297,656	In-Bay twice Ponds estimate
Mobilization	\$ 151,938	\$ 151,938	
Ponds	\$ 12,155	n/a	
Episode permit	\$ 80,000	\$ 100,000	Increase \$ potential testing
Mitigation (smelt)	\$ 21,879	n/a	In-Bay no smelt impact
Survey	\$ 15,802	\$ 15,802	
Design	\$ 42,543	\$ 42,543	
Const. Management	\$ 37,852	\$ 48,635	
Total	\$ 510,996	\$ 656,573	

*assumes pond capacity restored by giving away pond spoils

Dredge Fund Cost	Use of Ponds	In Bay
4 year dredge/yr cost	\$ 127,749.03	\$ 164,143.31

Arrow denotes dredge footprint for Entrance #1A



2012 Martinez Marina Timeline & Milestones												
Market Studies, Agreements, and Financials												
Milestones/Tasks												
2012												
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Develop new options for marina												
Restaurant												
Land Grant (completed; pursue land grant)												
DBW Marina Options Discussion												
Partial Dredge Options and Funding												
Dredging Entrance & Associated Areas												
Milestones/Tasks												
2012												
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Dredge Materials Management Office (DMMO) Permit Submission and Response												
Construction Documents (disposal ponds improvements, dredging entrance channel and associated areas)												
Bids												
Dredging Entrance & Associated Areas												
<i>Scope of Work Developed & Approved</i>												