



CITY OF MARTINEZ

**CITY COUNCIL AGENDA
July 25, 2012**

TO: Mayor and City Council
FROM: Phil Vince, City Manager
PREPARED BY: Alan Shear, Assistant City Manager
SUBJECT: Martinez Marina Loan Payment to the Department of Boating and Waterways
DATE: July 20, 2012

RECOMMENDATION:

Determine whether to adopt resolution loaning \$80,000 from the General Fund (from Texaco settlement proceeds) to the Marina Enterprise Fund to assist in paying August 1, 2012, loan payment to Department of Boating and Waterways.

BACKGROUND:

In Fiscal Year 2010-11 and Fiscal Year 2011-12 the Marina Enterprise Fund experienced shortfalls in revenue. Coupled with unanticipated expenditures in both fiscal years, the marina is short of funds to meet its loan obligation of \$113,866 due August 1, 2012 to the State Department of Boating and Waterways (DBAW). This \$113,866 annual loan payment to DBAW is the result of agreements reached between DBAW and the City to restructure payments under four (4) loans made by DBAW to the City from 1973 to 1984.

Options:

1. If the City Council authorizes the loan payment to DBAW of \$113,866 there will be a shortfall of approximately \$80,000 in the Marina Fund. In order to make this payment, the Marina Fund will need to borrow \$80,000 from the General Fund. There is \$114,698 in General Fund assigned fund balance of remaining funds from a settlement due to a petroleum leak from a pipeline owned by Texaco into Mococo Marsh in 1997. If the Council authorizes lending General Fund monies to the Marina Fund to assist in making the DBAW loan payment, it can be deemed that the \$80,000 will come from the remaining balance of Texaco settlement proceeds (which are General Fund revenues).
2. If the City Council authorizes not to make the loan payment to DBAW there will be no loan needed from the General Fund to the Marina Fund. Staff is in discussion with DBAW on re-structuring the financial relationship between DBAW and the City. It is unknown what impact the City's not paying the August 1, 2012, loan payment to DBAW will have on that relationship.

If a restructuring loan agreement cannot be reached with the State by the end of this year, then alternative measures will be presented for the City Council's consideration in early 2013 in order to address the August 1, 2013 loan payment.

FISCAL IMPACT:

Options:

1. If the City Council approves payment to DBAW and the loan to the Marina Fund, the General Fund's assigned fund balance will be reduced by \$80,000 of Texaco settlement funds. It is proposed that this loan from the General Fund to the Marina Fund for \$80,000 will be amortized and paid off over 10 years, in equal, annual payments of principal and interest, with an interest rate tied to the annual average yield earned by LAIF.
2. If the City Council does not approve payment to the Department of Boating and Waterways for the loan payment due August 1, 2012 on the 1973-1984 loans, there will be no funds needed to be loaned to the Marina Fund, and no fiscal impact.

ACTION:

Options:

1. Approve resolution for the General Fund to loan the Marina Fund \$80,000 from the remaining Texaco settlement in assigned fund balance to pay the August 1, 2012 loan payment to the State Department of Boating and Waterways.
2. Do not approve payment to DBAW and concomitant General Fund loan to the Marina Fund.

Attachment: Resolution

RESOLUTION NO. -12

**AUTHORIZING THE MARINA ENTERPRISE FUND BE LOANED
\$80,000 FROM THE GENERAL FUND ASSIGNED FUND BALANCE
TO PAY THE REMAINING BALANCE ON THE LOAN PAYMENT TO THE
STATE DEPARTMENT OF BOATING AND WATERWAYS**

WHEREAS, from 1973 to 1984, the City entered into four (4) loan agreements with the State Department of Boating and Waterways (DBAW). The loan payments due under these loans are to be paid out Marina Enterprise Fund revenues and balances, and the City's General Fund is not liable for any of said loan payments. These four DBAW loans have not been paid off; and

WHEREAS, in 2000, the City and DBAW restructured the City's payment obligation under said four loans and to date, the City has made all of the payments due under said restructuring agreement; and

WHEREAS, the Marina Enterprise Fund is short approximately \$80,000 to pay the loan payment to the State Department of Boating and Waterways due August 1, 2012; and

WHEREAS, the City has unused funds from a Texaco Settlement in assigned fund balance. In the past, the Council has authorized using said settlement proceeds to pay for Marina Enterprise liabilities.

NOW, THEREFORE, BE IT RESOLVED by the City Council that a loan of \$80,000 from the remaining Texaco Settlement Fund in General Fund assigned fund balance may be made to the Martinez Marina Enterprise Fund to pay the balance of money owed to the State Department of Boating and Waterways in order to make the Martinez Marina Enterprise Fund loan payment on August 1, 2012. Said \$80,000 shall bear interest at a rate equal to the annual average yield earned by LAIF, and shall be amortized and paid back to the General Fund in ten years, in equal, annual payments of principal and interest.

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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 an Adjourned Regular Meeting of said Council held on the 25th day of July, 2012 by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ