



**CITY OF MARTINEZ**

**CITY COUNCIL AGENDA  
July 24, 2013**

**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 18, 2013

**RECOMMENDATION:**

Motion to approve paying interest only on the Department of Boating and Waterways loans as cash becomes available as outlined by staff.

**BACKGROUND:**

The Marina Enterprise Fund received four loans from the State of California the Department of Boating & Waterways (DBAW) as stated below.

1973 Loan	\$ 450,000
1978 Loan	\$ 175,000
1982 Loan	\$ 300,000
1985 Loan	\$ 750,000
Total	\$ 1,675,000

Over the last few years the Marina Enterprise Fund has experienced a decline in revenue, as stated below.

Fiscal Year 2010-11	\$ 162,185	
Fiscal Year 2011-12	\$ 115,584	
Fiscal Year 2012-13	\$ 68,339	
Fiscal Year 2013-14	\$ 47,049	Budget

Due to the decline in revenue, the Marina Enterprise Fund was only able to make an interest only debt service payment of \$71,266.88 to DBAW August 1, 2012 for fiscal year 2012/13.

The annual debt service on the four DBAW loans is \$113,866 as stated below due August 1, 2013 for Fiscal Year 2013-14. With the revenue budget adjustment made to the 2013-14 Marina Enterprise Fund, there will not be enough funding to pay even the full interest amount on all four loans. An interest only payment amounts to \$69,349.93 per the invoices received from DBAW.

Staff is still in talks with the State and DBAW to negotiate the terms of the loans and in order to stay in good faith, staff is recommending making an interest only payment on the 1973, 1978 and 1982 loans totaling \$30,659.77 and defer interest payment on the 1985 loan of \$38,690.16 until cash is available.

Below is an account of the current principal and interest payment due as well as the unpaid and now delinquent principal from Fiscal Year 2012-13.

	1973 Loan	1978 Loan	1982 Loan	1985 Loan	Total
Principal	\$ 12,627.64	\$ 5,120.69	\$ 8,693.90	\$ 18,073.84	\$ 44,516.07
Interest	10,757.36	5,700.31	14,202.10	38,690.16	69,349.93
Total	\$ 23,385.00	\$ 10,821.00	\$ 22,896.00	\$ 56,764.00	\$ 113,866.00
Prior Year Principal	12,083.87	4,900.19	8,319.52	17,295.54	42,599.12
Total Due	\$ 35,468.87	\$ 15,721.19	\$ 31,215.52	\$ 74,059.54	\$ 156,465.12

**FISCAL IMPACT:**

Debt service expense is part of the Fiscal Year 2013-14 adopted budget. No additional funding requested.

**ACTION:**

Motion to approve paying interest only on the Department of Boating and Waterways loans as cash becomes available as outlined by staff.

**APPROVED BY:**

  
City Manager