



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: November 16, 2010

TO: Mayor and Councilmembers

FROM: Facilities Division, Waterfront Department

SUBJECT: Loan Application With California Department Of Boating And Waterways – Marina 1

RECOMMENDATION:

That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Requesting a \$1.9 Million Loan from the California Department of Boating and Waterways for Phase 4 of the Marina One Replacement Project in the Santa Barbara Harbor.

DISCUSSION:

Marina One is Santa Barbara Harbor's largest marina providing slips for 592 vessels. Slip sizes vary from 25' to 60' with several end ties capable of accommodating much larger vessels. The majority of Marina One was reconfigured and constructed in the 1970s using a concrete docking system creating "A" – "P" fingers and a floating restroom structure. All docks are secured with concrete piles. The docks are designed to accommodate four vessels between fingers with wooden mooring piles available to secure the vessels.

The Waterfront Department obtained an engineer's analysis in 2006 concluding that the docking system although not yet failing, should be replaced systematically. A conceptual design was developed outlining replacement of "A" through "P" fingers in 10 Phases.

Staff obtained a \$5.5 million loan from the California Department of Boating and Waterways (DBAW) in 2009. Construction of Phase 1, replacement of the main headwalk and utilities, was completed in August of 2010 for a cost of approximately \$2 million leaving a loan fund balance of \$3.5 million.

Construction of Phases 2 – 4 was bid in July 2010 with Bellingham Marine Industries submitting a low bid of \$4.2 million. The total cost of constructing these phases, including addition of a bid alternate item, inspection, and construction management, is approximately \$5.4 million. With a loan fund balance of \$3.5 million, the Department seeks City Council authorization to apply for an additional loan of \$1.9 million from DBAW.

BUDGET/FINANCIAL INFORMATION:

The first three phases of construction funded by the DBAW loan and associated debt service have been factored into the Waterfront Department's six-year cash flow model. The debt service associated with an additional \$1.9 million loan was also included in the Department's six-year cash flow model, which indicates that the Department can pay the debt service and maintain reserves at or above required levels.

Funding for the construction of phases 5-10 in the outlying years, 2014-2022, may come from future loans from DBAW, the City's General Fund, or refinancing the Department's existing debt service. The Department's outstanding bonds and debt service become eligible for refunding (refinancing) in 2013. It is possible that refinancing these bonds could be used to consolidate the Department's debt service and provide additional financing for future phases of the project. The final two phases of the project are small enough that they could likely be funded directly from the Department's capital reserves / Harbor Preservation Fund.

The Harbor Commission received a report on the Marina 1 rehabilitation project and expressed support for a phased approach to the project and the use of DBAW financing at the October 19, 2006, meeting. Subsequent updates on both construction phases and the need for additional DBAW loan funds have been recently considered by the Commission.

The California Department of Boating and Waterways requires a Resolution from the Council requesting the loan to be submitted with the loan application. Council adopted a similar resolution on March 27, 2007, for the original \$5.5 million DBAW loan.

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SUBMITTED BY: John N. Bridley, Waterfront Director

APPROVED BY: City Administrator's Office