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## **BERKELEY MARINA LOAN FEASIBILITY REPORT**



*Dock D*



*Dock E*

**City of Berkeley**

**\$5,500,000 Loan**

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### **SUMMARY**

The Department of Parks and Recreation, Division of Boating and Waterways (DBW) asks the Boating and Waterways Commission to provide advice and comment on the City of Berkeley's (City's) request for a \$5.5 million loan from the Harbors and Watercraft Revolving Fund (HWRF) for demolition and replacement of Docks D and E at Berkeley Marina.

The subject loan would fund design and construction of new docks, concrete piles, utilities, and necessary related infrastructure for these two docks.

There are no engineering, permitting, stakeholder or public access issues associated with this project. However, finances and scheduling may present challenges. DBW staff is working with the City to address these challenges, which are discussed below.

Due to DBW's obligation to safeguard public funds and the difficulties involved with recovering those funds in the event of a default by a public entity, staff recommends that if the Commission advises DBW to move forward with this loan, the City must meet certain conditions to DBW's satisfaction at several project milestones during the performance period. DBW will make design and permitting funding available immediately, in the amounts shown in the cost estimate at Table 1 below, but construction funds will not be authorized until DBW's conditions are met. These conditions will be written into the loan agreement. The recommended conditions are as follows:

- 1) No later than March 31, 2021, the City Council must receive an audited report on the status of the Marina Fund at a regular City Council meeting. This report must confirm that the Marina Fund achieved a 1.25 debt service coverage ratio (DSCR) in the fiscal year ending June 30, 2020. This process must be repeated each subsequent March 31, confirming a 1.25 DSCR for the prior fiscal year, until construction has begun.

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- 2) Before construction loan funding will be made available, and no later than March 31, 2022, the City Council must receive an audited report on the status of the Marina Fund at a regular City Council meeting. This report must confirm that the Marina Fund's ratio of operating income to operating expenses in the fiscal year ending June 30, 2021 was at or above the projected ratio shown in Tables 3 and 3A of this report. This process must be repeated each subsequent March 31, confirming the income/expense ratio for the prior fiscal year met or exceeded the projections in this report, until construction has begun.
  - 3) Before construction loan funding will be made available, and no later than December 31, 2021, the City must send DBW confirmation that all project permits have been obtained.
  - 4) The Berkeley City Council shall adopt a resolution accepting the loan funds. The language of the resolution shall acknowledge the Marina Fund does not currently meet the income/expense ratio required by DBW and is not forecasted to do so, and the language of the resolution must further state that in the event the Marina Fund cannot fulfill its repayment obligation for this loan in any fiscal year, the City shall supplement that year's repayment from any legally available source, for every year until the loan is fully repaid. This condition may be withdrawn if and when the City demonstrates meeting the required income/expense ratio and debt service coverage ratio for five consecutive years.

DBW seeks Commission advice and comment on this proposed \$5,500,000 loan, with conditions, to the City of Berkeley for the improvements described in this February 14, 2020 Feasibility Report.

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## **LOAN APPLICANT AND PREVIOUS COMMISSION ACTION**

### **Loan Applicant**

The loan applicant for this project is the City of Berkeley. The City's Parks Recreation and Waterfront Department (PRW) operates and maintains the marina facilities.

### **Commission Site Visit**

On February 13, 2020, the Commission toured the site as part of this Boating and Waterways Commission meeting.

### **Previous Commission Action**

The Commission has previously consented to the following loans to the City for improvements to Berkeley Marina:

- In FY 1964/65, a \$1,800,000 construction loan was approved to develop Berkeley Marina. Development consisted of the construction of 379 new berths, gangways, utilities, a breakwater, dikes, access roads, parking, buildings, and landscaping. In addition, 209 existing berths were relocated.
- In FY 1969/70, a \$25,000 planning loan was approved to study the feasibility of replacing or improving the existing 209 berths.
- In FY 1971/72 and FY1972/73, a \$1,500,000 construction loan was approved in two phases to demolish the 209 old berths in the south basin, and replace them with 560 new concrete berths, two new restrooms, and additional parking. These docks are now known as Docks K-O.
- In FY 1985/86, a \$2,000,000 construction loan was approved to refurbish docks A-G,

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including the electrical system, decking, flotation piling encasement, water lines, dock storage boxes, and gangway security gates. Also, the access road along the east perimeter of the marina basin was to be realigned, graded and paved, and the parking areas adjacent to Docks A-E and Docks H-I were to be repaired and repaved. This project experienced prolonged delays at the local level for several years, and ultimately the project was re-scoped to use loan funds for the demolition and replacement of Docks F-G and the realignment of the east access road. Simultaneously, the City used its own funds to rebuild the parking area adjacent to Docks A-E.

- In FY 2001/02, a \$1,800,000 construction loan was approved to demolish and replace Docks A-E along the north side of the marina basin, add new utilities to these docks, install new docks and gangways for barrier-free access, and replace four existing restroom buildings. In FY 2002/03, an additional \$2,000,000 construction loan was approved for this same project. In FY 2003/04, another \$3,200,000 construction was approved, and in FY 2006/07 another \$2,000,000 loan was approved. Later, this project was re-scoped to prioritize refurbishment of Docks H-I, and to reduce the number of restroom buildings from two to four. With funds left over after that work was completed, the City demolished and replaced docks A-C, now known as Docks B and C. No work was done on Docks D and E using these loan funds, as the remaining funds were insufficient to complete that work. In total, \$7,900,000 of the \$9,000,000 in authorized loan funding was used. This \$7,900,000 loan is currently in repayment.

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## GENERAL LOCATION AND AREA

### Location

As shown in Figure 1 below, Berkeley Marina is located on the eastern shore of San Francisco Bay, about 2.5 miles north of the Oakland-Bay Bridge, and eight nautical miles from the Golden Gate Bridge.

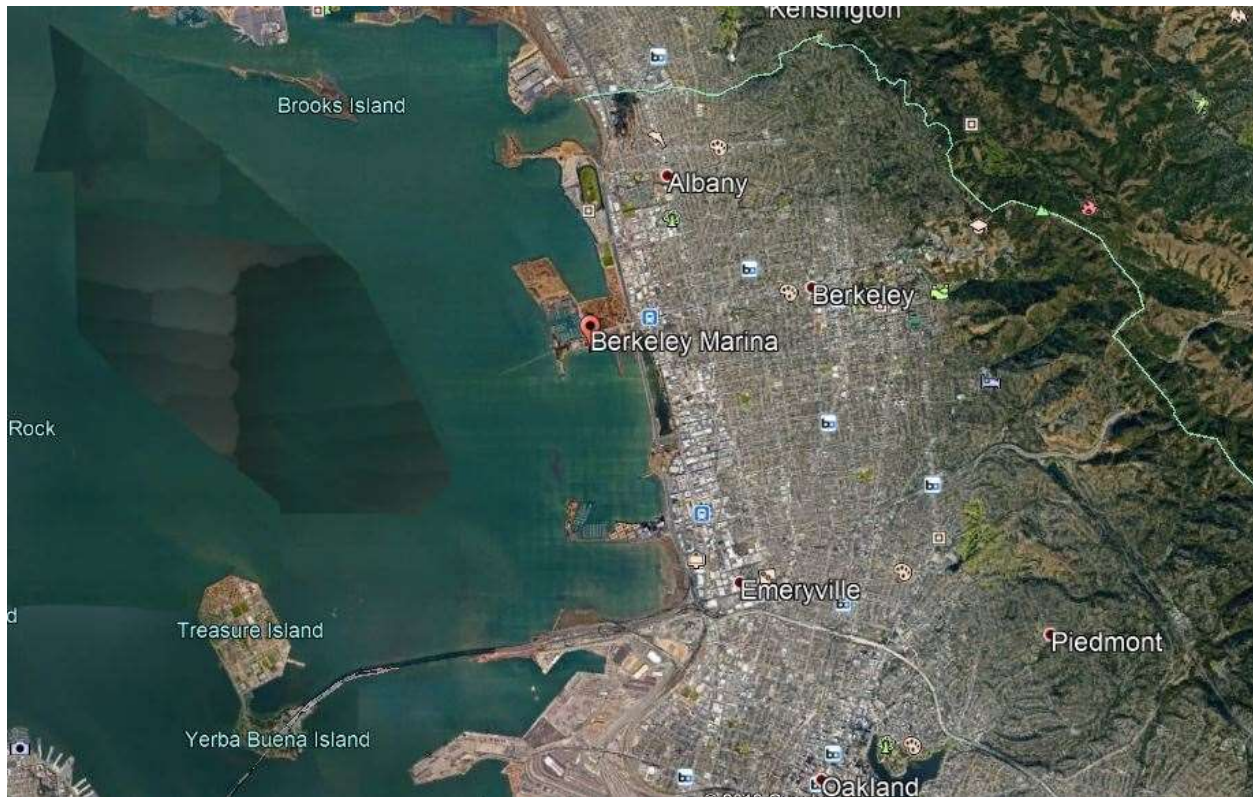
Nearby marinas include Safe Harbor Marina in Emeryville, a private marina 3 miles south of Berkeley Marina, and the following public marinas: Marina Bay Yacht Harbor, 7 miles north in Richmond; and Alameda Marina, 10 miles south; and South Beach Harbor, 11 miles southwest across the Bay Bridge. San Leandro Marina, 17 miles south, closed in November 2019.

To reach the Marina from Sacramento, use Interstate 80 West. Exit at University Avenue (Exit 11), then keep right at the fork, following the signs for Berkeley Marina. At the stop sign, turn left onto University Avenue. Stay in the right lane, and in a half mile, turn right onto Marina Boulevard. In one mile Marina Boulevard will turn left and become Spinnaker Way. In a quarter mile, turn left into the parking lot for Docks D and E.

To travel to the Marina using GPS navigation, enter the following destination address: 7 Spinnaker Way, Berkeley, CA 94720.



Figure 1: Berkeley Marina Location

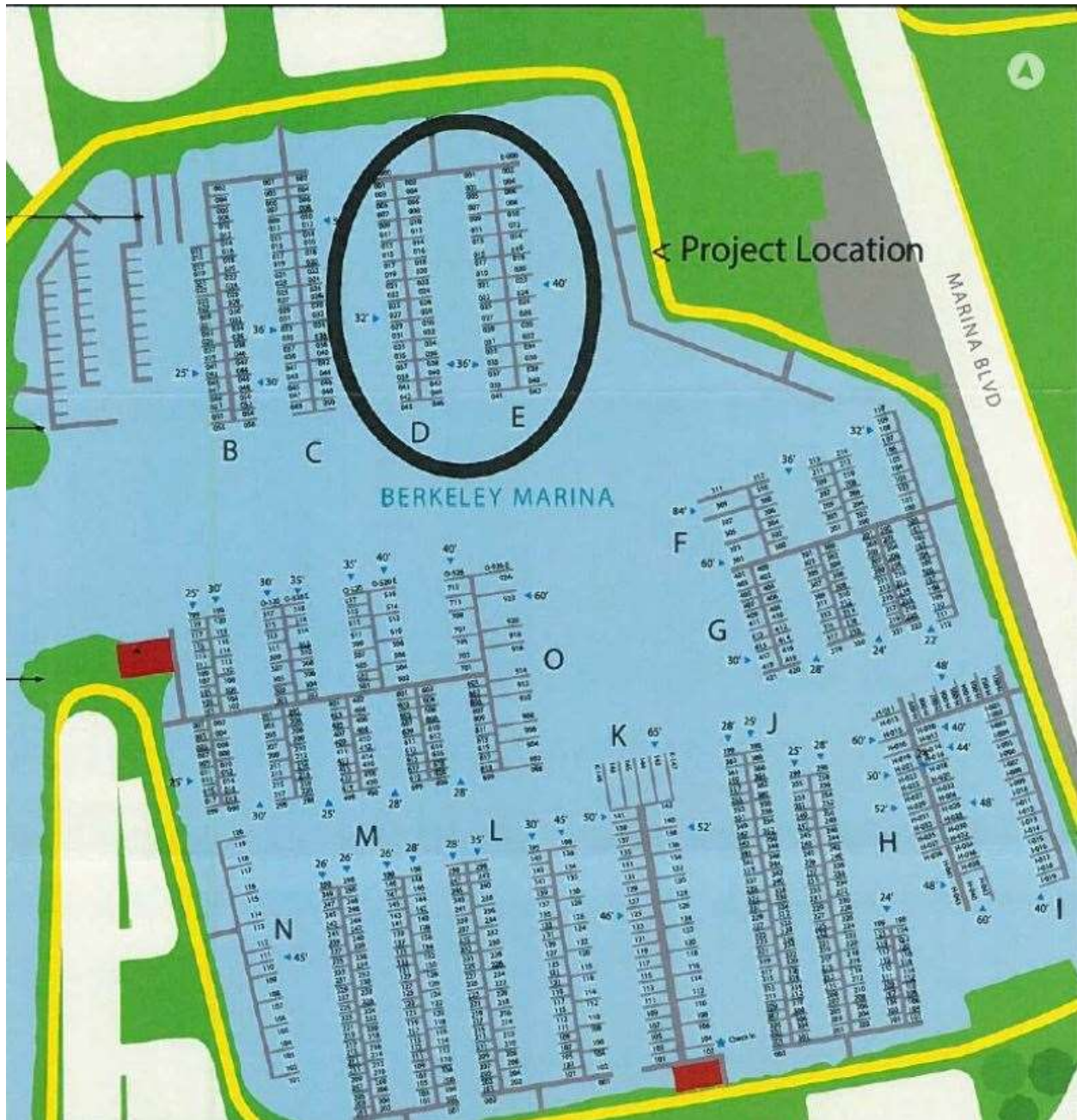


Source: Google Earth

### Existing Conditions

As shown in Figure 2, there are 14 large docks in the Marina, named Dock B through Dock O, with 1,032 berths ranging in length from 20 feet to 85 feet. The original docks were constructed in the 1960s, as discussed above, and all but two have since been rehabilitated or replaced. The exceptions are Docks D and E, which are located in the northern area of the Marina.

Figure 2: Berkeley Marina Map



Source: City of Berkeley

Docks D and E are nearly 50 years old and well past their original expected useful life of 15 years. 20 percent of their slips have degraded to the point of being unrentable. The docks present tripping hazards due to broken and rotted deck planking, many areas on the docks have torqued due to water intrusion into the dock floats, most of the timber piles are rotted at the water line with some having collapsed, and the electrical service is largely original construction that has failed a number of times. Age-related deterioration was exacerbated by a 2009 storm event that caused significant damage to these docks' end slips. In addition to their structural problems, the design of both docks does not meet current ADA accessibility standards.



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## Recent Challenges and Actions Taken

The Marina as a whole has experienced a gradual decline of berthers in recent years. In January 2018, 812 of the 1,032 total slips throughout the Marina were occupied, for an occupancy rate of 79%. As of January 2020, overall occupancy had declined to 791 slips occupied, for an occupancy rate of 77%. Docks D and E contain nearly 10 percent of the total slips in the Marina, and the City's inability to rent these docks' damaged slips has negatively impacted the Marina's occupancy rate.

The City has recently faced numerous additional challenges at the Marina that it believes have contributed to the loss of berthers. In recent years, encampments of people experiencing homelessness have formed at the Marina, requiring the PRW to act with both compassion and diligence to relocate them. Separately, crime around the Marina has increased, sometimes victimizing berthers. And several commercial lessors have departed the Marina, including a well-known restaurant that had been there for nearly 50 years. The physical condition of many Waterfront facilities and infrastructure is also an issue: The Marina's entry and exit roads are in major disrepair, many other facilities are at or near the end of their useful lives, and the PRW currently projects over \$100 million in deferred maintenance and capital improvement needs at the Waterfront. The Berkeley Pier, adjacent to the Marina, closed in 2015 due to need for major structural repairs, and to date those repairs have not been scheduled.

The City has succeeded in addressing or beginning to address many of these issues. The City has disbanded Marina encampments on two separate occasions, and will soon count the City police department among its lessors; their office's new presence at the Waterfront is expected to serve as a crime deterrent. The City has also hired safety staff to patrol the Marina at all hours. Respecting maintenance, the City has committed General Fund resources to pay for repairs to some of the Marina's finger docks and for improvements to Marina restrooms. Bond funding is being used to improve several key roads into and around the Marina. And the City is paying for a contractor to develop a business plan to promote the Marina's long-term ability to remain self-sufficient. Replacement of Docks D and E will assist in executing that plan.

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## PROJECT DESCRIPTION

The proposed project will remove Docks D and E and related infrastructure, and will install new components as listed below.

### Scope

#### **Concrete Docks**

The existing dilapidated wooden docks will be removed and replaced with new, ADA-compliant concrete docks.

#### **Concrete Piles**

The existing rotted timber piles will be removed, and replaced with concrete piles.

#### **Utilities**

All new utilities will be installed, including electrical, communications (telephone and cable), potable water, and fire suppression systems.

#### **Gangway**

A new ADA-compliant 8 foot by 80 foot gangway will be installed to connect the parking lot to the security gate for Docks D and E.

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**Gate Structure**

A new security gate will be installed at the entrance to Docks D and E, near the foot of the gangway.

**Concrete Wall**

A concrete wall will be installed below the gangway.

**Slope Protection**

Riprap slope protection will be installed in front of the new concrete wall.

**Landside Improvements**

ADA parking near Docks D and E will be repaved and repositioned, striping and signage will be updated, the concrete walkway in front of the docks will be replaced, and bollards will be installed.

**Cost Estimate**

The proposed \$5,500,000 loan will be used to demolish and replace Docks D and E, and to conduct necessary related design and construction work. Most of this project will be funded through this proposed DBW loan. Table 1 below shows the most recent project cost estimate.

<b>Table 1: Berkeley Marina Project Cost Estimate</b>		
	<b>COST ESTIMATE</b>	
<b>CONSTRUCTION SCOPE</b>	<b>DBW</b>	<b>City of Berkeley</b>
Mobilization / Demobilization	\$ 225,000	
Stormwater Pollution Prevention Plan (SWPPP)	50,000	
Landside Demolition & Disposal	15,000	
Waterside Disposal & Removal	245,000	
Concrete Walkway (4" Concrete, 6" AB)		27,500
Asphalt Pavement (3" AC, 9" AB)		125,000
Concrete Curb	3,750	
Striping and Traffic Signage	7,500	
Bollard (6" Diameter)	10,000	
Gate Structure	39,250	
Concrete Wall	159,000	
Gangway (8 x 80')	120,000	
Gangway Abutment	35,000	
Gangway Toe Plate at Float	15,000	
Rock Slope Protection (Riprap) at Abutment	60,000	
Concrete Pile (18" Octagonal, 60' Long)	605,000	
Float Dock System	1,814,500	
Dock Boxes	59,250	
Potable Water Service & Fire Service	240,950	
Utilities to Slips	405,000	
<b>Construction Subtotal</b>	<b>\$ 4,109,200</b>	<b>\$ 152,500</b>
<b>NON-CONSTRUCTION COSTS*</b>		
Escalation (9%)**	\$ 369,828	13,725
Construction Contingency (10%)	410,920	15,250
Permit Fees (3%)	127,851	
Engineering before and during project (10%)	426,170	
Construction Management & Inspection (5%)		213,085
<b>Non-Construction Subtotal</b>	<b>\$ 1,334,769</b>	<b>\$ 242,060</b>
<b>TOTAL ESTIMATED COST BY PARTNER</b>	<b>\$ 5,443,969</b>	<b>\$ 394,560</b>
<b>TOTAL OVERALL PROJECT COST</b>	<b>\$5,881,146</b>	
Source: City cost estimate dated 1/17/2020, and DBW/ analysis		
* Percentages are of the Construction Subtotal		
** Escalation at 3% per year for 3 years		

### Project Status

No formal project work has begun.



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## Timeline

The City expects to complete construction by the end of January 2023, assuming the loan agreement is executed by August 2020. Completion by this date is necessary for State funds to be used within their statutory period of availability. However, the schedule the City supplied to DBW is aggressive, particularly regarding the permitting timeline. If construction is not completed within the loan performance period, a funding extension would require Department of Finance approval, and approval cannot be guaranteed.

## Engineering Feasibility

There are no known difficult or unusual engineering problems associated with the proposed project. Similar work was done on the B and C docks ten years ago, and no unusual engineering problems emerged.

## Access

Berkeley Marina is open to all on an equal and reasonable basis.

## Environmental Impact and Permits

The City expects the California Environmental Quality Act compliance process to result in a Mitigated Negative Declaration, but this process has not yet begun.

The following permitting processes and consultations will need to be completed for the project:

- U.S. Army Corps of Engineers (USACE) Nationwide Permit #3: Not yet begun.
- California Department of Fish and Game Section 1600 Permit: Not yet begun.
- California Regional Water Quality Control Board Certification: Not yet begun.
- National Marine Fisheries Service (consult via USACE): Not yet begun.
- San Francisco Bay Conservation and Development Commission Permit Extension No. 5-79 (as amended through 5/2009): Not yet begun.
- California State Lands Commission Notification: Not yet begun.

DBW does not anticipate any unusual permitting challenges for this project, although delays in the permitting process would put their completion schedule at serious risk.

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## ECONOMIC ANALYSIS

Three factors used to determine the economic feasibility of lending public funds include the following: One, the borrower demonstrates that adequate capital is available to finance the project to completion. Two, the borrower demonstrates that revenues will be sufficient to operate and maintain the project area, including the repayment of any debt. Three, the borrower proposes adequate collateral for the loan.

Public records respecting marina finances are somewhat complex. Each year the City's Comprehensive Annual Financial Report (CAFR) includes a report specific to the City's "Marina Operations Fund," which is different from but related to the Marina Fund discussed throughout our analysis on the following pages.

The most recent CAFR available, for fiscal year 2017/18, reflected an \$833,000 net loss for this fund. However, according to City staff, this audited account does not accurately reflect actual Marina Fund operating revenues and expenditures. There are two key differences between the CAFR figures and the budget-based figures for the Marina: the CAFR uses accrual-based accounting while the budget office uses a cash-based system. And the operating revenues

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reflected in the CAFR include the Marina Fund plus two Marina-oriented grant funds; when the grant funds are received or spent, they show up in the CAFR account but not the Marina Fund account.

In January 2020, the City provided DBW an updated Marina Fund revenue and expenditure forecast in support of their application for this loan. Revenue and expenditure forecasts in the following sections are based on this updated forecast. However, this forecast has not yet been presented at a City Council meeting. The condition of the Marina Fund has been a matter of significant public interest in the last two years, and DBW looks forward to receiving a report from the City on how this updated Marina Fund forecast is received by the Council and public.

### **Assumptions**

The City's January 2020 financial report adopts the following assumptions for long-term revenue and expense growth, after the benefits of construction have been realized:

- Waterfront lease revenues to grow at a 1% annual rate for the duration of the loan repayment period.
- Slip rental revenues and other Marina revenues to grow 2.5% annually.
- Personnel expenses (both salary and fringe) to grow 2% annually.
- No capital improvement expenses to come out of the Marina Fund for the duration of the loan repayment period.

Each of these revenue and expense types are discussed in more detail below.

DBW conducted its financial analysis based on the City's assumptions. However, based on our experience, all of these revenue and expense growth rates are lower than DBW would typically expect. Personnel expenses are subject to collective bargaining, and the City cannot guarantee they will grow at only a 2% rate indefinitely. And because waterfront lease revenue will be relatively inflexible, since many lease rates are likely to be defined by long-term contracts, personnel cost increases above the forecasted rate would likely require more-than-corresponding slip fee increases for the Fund to remain in balance.

The City also assumes no capital improvement expenses will come from the Marina Fund for the duration of the loan repayment period. Their belief is other City revenues, notably General Fund support and bond revenue, will cover capital expenses from FY2021/22 through FY2024/25. After that, the City expects new sources of revenue such as new ferry service to cover capital improvement needs. Because the City's Marina Fund forecast only covers five future years, the amounts of future capital improvement needs and revenue from new sources are not shown. However, capital improvement costs are shown as Marina Fund operating expenses for past years, but are removed from the scope of Marina Fund expenses for the forecast period. The forecast provided, and which DBW relies on, suggests that capital improvements cease to be an operating cost to the Marina Fund after FY2019/20, at least temporarily.

The City has informed DBW that its budget process forbids making commitments beyond the current budget year, and therefore it cannot assure DBW that General Fund revenue will continue to cover capital improvements in future years.

### **Revenue**

A project's financial feasibility partly depends on whether there will be sufficient revenue to pay for project expenses on an annual basis, including the repayment of the proposed DBW loan.

In this case, City revenues to repay the DBW loans will be generated from several sources: berthing fees (which comprise about 50% of Marina Fund revenue); waterfront leases (35%); and various other sources (15%). Revenue and expenditure projections are discussed in more detail below.

DBW estimates that in FY 2023/24 Marina revenues will be \$7.2 million annually. The City believes that by FY 2025/26 additional revenues from new sources such as new ferry service will become available that will offset future capital improvement expenditures, which are discussed further below. However, the City has not forecasted an amount of capital per year that will be necessary to meet this need. In its May 2019 budget forecast, the City was forecasting \$500,000 in capital improvement expenses annually.

### Berthing Fees

As shown in Table 2, Berkeley Marina’s current slip fees are competitive with surrounding marinas.

Table 2: Marina Berthing Fees Comparison					
	30'	40'	50'	60'	as of
Berkeley	\$ 310	\$ 438	\$ 581	\$ 740	12/26/2019
Alameda	\$ 255	\$ 400	\$ 600	\$ 780	1/6/2020
Richmond	\$ 269	\$ 436	\$ 511	\$ 741	1/6/2020
South Beach Harbor	\$ 385	\$ 668	\$ 902	\$ 1,167	1/1/2019

Sources: City of Berkeley staff, DBW research and analysis

Berkeley Marina’s slip rental rates are based on the length in feet of the slip. Currently, Docks D and E combined include capacity for 88 slips of various sizes from 32 feet to 40 feet, with additional end ties that can accommodate various lengths. Many of these slips are un-rentable due to disrepair, and only 42 slips are currently occupied on Docks D and E. Upon completion of the project, there will be 79 slips on these docks, of sizes from 40 feet to 46 feet. Total linear footage of these docks’ slips will increase only modestly, from 3,244 to 3,274. However, the new slips are much more likely to be rented.

The Marina’s slip rental fees can be increased or lowered based on berth- and berther-specific factors such as whether a berth is upwind, whether a berth is single or double occupancy, and whether a berther rents multiple slips at the Marina.

As discussed above, the occupancy rate for the entire Marina is currently 79%. The occupancy rate for Docks D and E is 48%. Occupancy of these two docks is expected to immediately increase by 20 to 35 berthers when construction is complete.

### Waterfront Leases

Lease revenue is provided by Waterfront tenants including the Doubletree Hotel, Skates on the Bay and Hana Japan restaurants, the Berkeley Marine Center, the Bait Shop, and office tenants at 125-127 University, the Berkeley Yacht Club and other non-profit tenants. Waterfront lease revenue comprises about one third of all Marina Fund revenue.

### Other Revenue Sources

Other Marina revenue sources include live-aboard fees, dry storage, charter boat fees, fines and penalties, launch ramp fees, and other minor but regular sources. The Marina also collects revenue from several ongoing recreational programs, including special event parking and



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playground service and nature center fees.

The Waterfront District also occasionally receives grants, such as it did in fiscal year 2017/18. However, there is no guarantee such third-party revenue augmentations will be available in future years. Accordingly, DBW's analysis in Table 3 does not include a forecast for future grants received.

### Expenses

**Operational:** The City estimates that in FY 2023/24 Marina operational expenses will be \$7.2 million annually. Capital improvements through FY 2024/25 are expected to be covered by bond revenue. As noted above, the City believes capital improvement expenses after that time will be offset by new revenues from new activities, such as expanded ferry service.

**Debt Service:** DBW estimates that the annual debt service for the proposed \$5.5 million loan will be approximately \$342,000. The interest rate will be 4.5%, compounded continuously. The final payment on the prior loan is expected to be due on August 1, 2041. Total debt service each year, including both loans, will be \$828,000.

Together, operational expenses and debt service are projected to be \$7 million in FY2023/24, or \$200,000 less than revenues. A breakdown of projected revenues and expenses is shown in Table 3.

### Dredging Reserves

The City reports that it has not had to dredge the Marina in many years, and that slips have remained accessible without routine dredging. DBW will not require a dredge reserve unless a need for one emerges during the engineering process.

### Maintenance Reserve

DBW normally requires lenders to hold a maintenance reserve totaling 2% of revenue. Such a reserve is already being maintained based on the terms of the prior loan. Staff intends to include a clause in the new loan agreement requiring the City to continue holding 2% of revenue for maintenance purpose through the end of the new loan.

### Payment Reserve

The City does not maintain an operating reserve as a percentage of its annual Marina Fund operating budget.

### Collateral

Collateral for the proposed loan is in the form of a Security Agreement and a recorded Collateral Assignment of Rents and Leases on Marina revenue. The offered collateral, in combination with Condition #4 of the loan, is sufficient for DBW's requirements.

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## FINANCIAL MEASURES

### Income Expense Ratio

Since 2009, it has been DBW's practice to require a 1.2:1 income to expense ratio. Income/expense ratio is operating revenue divided by operating expenses. According to Table 3, this project has an income/expense ratio of 1.17 in FY 2023/24. This ratio then stays steady over time, based on the City's assertion that total operating revenues and expenses will grow at approximately the same rate. The income/expense ratio is close to the minimum requirement.

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### Debt Service Coverage Ratio

The debt service coverage ratio (DSCR) is a measure of an entity's capacity to not only maintain operations, but also to afford debt. DSCR is net operating income divided by total debt service. The minimum DSCR established by the Commission at its May 2009 meeting was 1.25 for public marina loans.

According to Table 3, this project has a DSCR of 1.21 in FY 2022/23, the potential first year of loan repayment. This ratio improves in future years, reaching 1.27 in FY 2024/25 and remaining above 1.25 in subsequent years. The DSCR meets the minimum requirement.

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### CONCLUSION

The Division's analysis indicates that this project is feasible from an engineering, permitting, stakeholder, and public access perspective. However, additional financial and scheduling assurances will be required for this project to be viable, and the project may not be completed within the funds' period of availability.

Due to DBW's obligation to safeguard public funds and the difficulties involved with recovering those funds in the event of a default by a public entity, staff recommends that if the Commission advises DBW to move forward with this loan, the City must meet certain conditions to DBW's satisfaction at several project milestones during the performance period. DBW will make design and permitting funding available immediately, in the amounts shown in the cost estimate at Table 1 below, but construction funds will not be authorized until DBW's conditions are met. These conditions will be written into the loan agreement. The recommended conditions are as follows:

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***COMMISSION ADVICE AND COMMENT***

DBW seeks Commission advice and comment on the proposed \$5,500,000 HWRF loan, with conditions, to the City of Berkeley for the improvements described in this February 14, 2020 Feasibility Report.





Table 3: Financials Forecasts, 2019-2040

	2019 actuals from City												2020-2025 City forecasts												2026-2040 DEW projections based on City forecasts											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040														
<b>WATERFRONT OPERATING REVENUE</b>																																				
Berth rentals (1)	3,426	3,461	3,547	3,636	3,727	3,820	3,915	4,013	4,113	4,216	4,321	4,429	4,540	4,654	4,770	4,889	5,012	5,137	5,265	5,397	5,532	5,670														
Live Aboard Fees	262	281	288	274	281	288	296	303	311	319	327	335	343	352	361	370	379	388	398	408	418	429														
Dig Storage	104	100	103	105	108	110	113	116	119	122	125	128	131	134	138	141	145	148	152	156	160	164														
Launch Ramp	103	109	111	114	117	120	123	126	129	132	135	139	142	146	149	153	157	161	165	169	173	177														
Charter Boat Fees	112	125	128	131	135	138	141	145	149	152	156	160	164	168	172	177	181	186	190	195	200	205														
Locker Rentals	18	18	19	19	20	20	21	21	22	23	23	24	24	25	26	26	27	28	28	29	30	30														
Sewer Service / Marina	4	3	3	3	3	4	4	4	4	4	4	5	5	5	5	5	5	5	5	6	6	6														
Fines & Penalties	71	75	79	81	83	85	87	89	92	94	96	99	101	104	106	109	112	114	117	120	123	126														
Miscellaneous	50	53	60	62	64	65	67	69	72	74	76	77	79	81	83	85	88	90	92	94	97	97														
EY Charging Stations	4	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5														
Valerini Leases (2)	2,479	2,272	2,236	2,218	2,242	2,265	2,289	2,312	2,335	2,358	2,382	2,407	2,432	2,457	2,482	2,508	2,534	2,560	2,588	2,617	2,700	2,747														
Special Licenses (3)	82	84	86	88	89	91	92	95	98	100	103	105	108	111	113	116	119	122	125	128	131	135														
Phone Bank Fees	30	31	32	33	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	50	51														
Phone Center Fees	14	14	15	15	15	15	16	16	17	17	17	18	18	19	19	20	20	21	21	22	22	23														
Marina Buoys / Trees	20	7	7	7	7	8	8	8	8	9	9	9	9	10	10	10	10	10	11	11	11	12														
Donations	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2														
<b>Subtotal Operating Revenue</b>	<b>6,779</b>	<b>6,515</b>	<b>6,734</b>	<b>6,863</b>	<b>7,007</b>	<b>7,149</b>	<b>7,293</b>	<b>7,440</b>	<b>7,590</b>	<b>7,744</b>	<b>7,901</b>	<b>8,061</b>	<b>8,225</b>	<b>8,393</b>	<b>8,565</b>	<b>8,741</b>	<b>8,921</b>	<b>9,104</b>	<b>9,292</b>	<b>9,485</b>	<b>9,681</b>	<b>9,883</b>														
<b>ADDITIONAL INCOME</b>																																				
Interest	74	35	18	21	22	23	25	26	26	27	27	28	28	29	29	30	30	31	32	32	33	34														
Other Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
<b>Subtotal Additional Revenue</b>	<b>74</b>	<b>35</b>	<b>18</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>25</b>	<b>26</b>	<b>26</b>	<b>27</b>	<b>27</b>	<b>28</b>	<b>28</b>	<b>29</b>	<b>29</b>	<b>30</b>	<b>30</b>	<b>31</b>	<b>32</b>	<b>32</b>	<b>33</b>	<b>34</b>														
<b>TOTAL REVENUES</b>	<b>6,853</b>	<b>6,550</b>	<b>6,752</b>	<b>6,880</b>	<b>7,029</b>	<b>7,172</b>	<b>7,318</b>	<b>7,465</b>	<b>7,616</b>	<b>7,770</b>	<b>7,928</b>	<b>8,089</b>	<b>8,254</b>	<b>8,422</b>	<b>8,594</b>	<b>8,771</b>	<b>8,951</b>	<b>9,135</b>	<b>9,324</b>	<b>9,517</b>	<b>9,714</b>	<b>9,916</b>														
<b>EXPENSES</b>																																				
Personnel (3)	3,580	3,711	3,841	3,739	3,767	3,843	3,920	3,998	4,078	4,160	4,243	4,328	4,414	4,503	4,593	4,685	4,778	4,874	4,971	5,071	5,172	5,276														
Non Personnel (3)	1,956	2,093	2,095	2,076	2,118	2,160	2,203	2,247	2,292	2,338	2,385	2,433	2,481	2,531	2,581	2,633	2,686	2,739	2,794	2,850	2,907	2,965														
Cap Improvements	371	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
DEW maint reserve (2% of annual revenue) (4)	137	131	135	138	141	143	147	151	154	158	162	166	170	175	179	184	188	193	198	203	208	213														
<b>Subtotal Operating Expenses:</b>	<b>6,044</b>	<b>7,674</b>	<b>6,011</b>	<b>5,953</b>	<b>6,026</b>	<b>6,146</b>	<b>6,270</b>	<b>6,395</b>	<b>6,525</b>	<b>6,656</b>	<b>6,790</b>	<b>6,927</b>	<b>7,066</b>	<b>7,208</b>	<b>7,353</b>	<b>7,501</b>	<b>7,652</b>	<b>7,806</b>	<b>7,963</b>	<b>8,123</b>	<b>8,287</b>	<b>8,454</b>														
<b>NET OPERATING INCOME</b>	<b>809</b>	<b>(1,124)</b>	<b>741</b>	<b>937</b>	<b>1,003</b>	<b>1,025</b>	<b>1,048</b>	<b>1,069</b>	<b>1,091</b>	<b>1,114</b>	<b>1,138</b>	<b>1,162</b>	<b>1,188</b>	<b>1,214</b>	<b>1,241</b>	<b>1,270</b>	<b>1,299</b>	<b>1,329</b>	<b>1,361</b>	<b>1,394</b>	<b>1,427</b>	<b>1,463</b>														
Less: DEW Debt Service (\$5,500,000 loan, 4.5% interest rate, 30 year repayment term)	488	488	488	488	488	488	488	488	488	488	488	488	488	488	488	488	488	488	488	488	488	488														
Less: Additional debt service, prior DEW loan (5)	488	488	488	488	488	488	488	488	488	488	488	488	488	488	488	488	488	488	488	488	488	488														
<b>NET INCOME</b>	<b>323</b>	<b>(1,610)</b>	<b>255</b>	<b>451</b>	<b>515</b>	<b>537</b>	<b>560</b>	<b>571</b>	<b>583</b>	<b>595</b>	<b>607</b>	<b>619</b>	<b>632</b>	<b>645</b>	<b>658</b>	<b>671</b>	<b>684</b>	<b>697</b>	<b>710</b>	<b>723</b>	<b>736</b>	<b>750</b>														
<b>DEW INCOME/EXPENSE RATIO (min. 1.2:1 req'd)</b>	<b>1.13</b>	<b>0.85</b>	<b>1.12</b>	<b>1.16</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>														
<b>DEBT SERVICE COVERAGE RATIO (min. 1.25 req'd)</b>	<b>1.66</b>	<b>-2.31</b>	<b>1.52</b>	<b>1.93</b>	<b>1.21</b>	<b>1.24</b>	<b>1.27</b>	<b>1.29</b>	<b>1.32</b>	<b>1.35</b>	<b>1.37</b>	<b>1.40</b>	<b>1.43</b>	<b>1.47</b>	<b>1.50</b>	<b>1.53</b>	<b>1.57</b>	<b>1.61</b>	<b>1.64</b>	<b>1.68</b>	<b>1.72</b>	<b>1.77</b>														

Notes:  
 1 Berth fees are estimated to increase by 1% in FY20, and 2.5% thereafter following annual fee increases.  
 2 Lease revenue is projected to increase by 1% per year, consistent with historical averages.  
 3 Personnel and non-personnel expenses are projected to increase 2% per year.  
 4 Personnel for maintenance at DEW are projected to increase per ordinary DEW requirements.  
 5 Prior DEW loan of \$7,853,471 at 4.5% interest rate. Repayment expected to be complete in approximately August 2041.



Table 3A: Financial Forecasts, City Forecast, 2019-2025

<b>TABLE 3A: BERKELEY MARINA CASH FLOW PROJECTIONS AND DEBT SERVICE COVERAGE RATIO FY 2019 THROUGH FY 2025 (Figures in Thousands)</b>							
	2019 actuals from City	2020-2025: City forecasts					
	2019	2020	2021	2022	2023	2024	2025
<b>WATERFRONT OPERATING REVENUE</b>							
Berth rentals (1)	3,426	3,461	3,547	3,636	3,727	3,820	3,915
Live Aboard Fees	262	261	268	274	281	288	296
Dry Storage	104	100	103	105	108	110	113
Launch Ramp	103	109	111	114	117	120	123
Charter Boat Fees	112	125	128	131	135	138	141
Locker Rentals	18	18	19	19	20	20	21
Sewer Service / Marina	4	3	3	3	3	4	4
Fines & Penalties	71	75	79	81	83	85	87
Miscellaneous	50	59	60	62	64	65	67
EV Charging Stations	4	4	5	5	6	6	7
Waterfront Leases (2)	2,479	2,165	2,273	2,296	2,319	2,342	2,366
Special Event Parking	82	82	84	86	89	91	93
Playground Service Fees	30	31	32	33	33	34	35
Nature Center Fees	14	14	14	15	15	15	16
Marina Benches / Trees	20	7	7	7	7	8	8
Donations	0	1	1	1	1	1	1
<b>Subtotal Operating Revenue</b>	<b>6,779</b>	<b>6,515</b>	<b>6,734</b>	<b>6,869</b>	<b>7,007</b>	<b>7,149</b>	<b>7,293</b>
<b>ADDITIONAL INCOME</b>							
Interest	74	35	18	21	22	23	25
Other Fees	0	0	0	0	0	0	0
<b>Subtotal: Additional Revenue</b>	<b>74</b>	<b>35</b>	<b>18</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>25</b>
<b>TOTAL REVENUES</b>	<b>6,853</b>	<b>6,550</b>	<b>6,752</b>	<b>6,890</b>	<b>7,029</b>	<b>7,172</b>	<b>7,318</b>
<b>EXPENSES</b>							
Personnel (3)	3,580	3,711	3,841	3,739	3,767	3,843	3,920
Non Personnel (3)	1,956	2,093	2,035	2,076	2,118	2,160	2,203
Cap Improvements	371	1,739	0	0	0	0	0
DBW maint reserve (2% of annual revenue) (4)	137	131	135	138	141	143	147
<b>Subtotal Operating Expenses:</b>	<b>6,044</b>	<b>7,674</b>	<b>6,011</b>	<b>5,953</b>	<b>6,026</b>	<b>6,146</b>	<b>6,270</b>
<b>NET OPERATING INCOME</b>	<b>809</b>	<b>(1,124)</b>	<b>741</b>	<b>937</b>	<b>1,003</b>	<b>1,025</b>	<b>1,048</b>
Less: DBW Debt Service (\$5,500,000 loan, 4.5% interest rate, 30 year repayment term)					342	342	342
Less: Additional debt service, prior DBW loan (5)	486	486	486	486	486	486	486
<b>Total Debt Service</b>	<b>486</b>	<b>486</b>	<b>486</b>	<b>486</b>	<b>828</b>	<b>828</b>	<b>828</b>
<b>NET INCOME</b>	<b>323</b>	<b>(1,610)</b>	<b>255</b>	<b>451</b>	<b>175</b>	<b>197</b>	<b>220</b>
<b>DBW INCOME/EXPENSE RATIO (min. 1.2:1 req'd)</b>	<b>1.13</b>	<b>0.85</b>	<b>1.12</b>	<b>1.16</b>	<b>1.17</b>	<b>1.17</b>	<b>1.17</b>
<b>DEBT SERVICE COVERAGE RATIO (min. 1.25 req'd)</b>	<b>1.66</b>	<b>-2.31</b>	<b>1.52</b>	<b>1.93</b>	<b>1.21</b>	<b>1.24</b>	<b>1.27</b>
<b>Notes:</b>							
1 Berth fees are estimated to increase by 1% in FY20, and 2.5% thereafter following annual fee increases.							
2 Lease revenue is projected to increase by 1% per year, consistent with historical averages.							
3 Personnel and non-personnel expenses are projected to increase 2% per year.							
4 Reserve for maintenance set at 2% of revenue per ordinary DBW requirements.							
5 Prior DBW loan of \$7,863,471 at 4.5% interest rate. Repayment expected to be complete in approximately August 2041.							

Staff note: Table 3A is identical to Table 3 for the years it covers. DBW is providing this version of the table for ease of readability.