

DEPARTMENT OF BOATING AND WATERWAYS

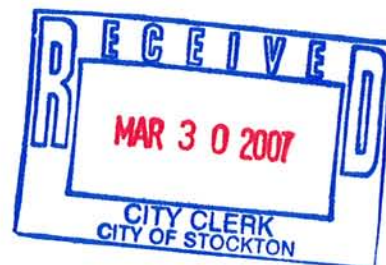
2000 EVERGREEN STREET, SUITE 100
SACRAMENTO, CA 95815-3888
(888) 326-2822
www.dbw.ca.gov



March 20, 2007

MAR 23 2007

Mr. Jerry Scharlin, Redevelopment Manager
City of Stockton
Department of Housing and Redevelopment
425 N. El Dorado Street
Stockton, California 95202-1997



C-00-168

Subject: Stockton Waterfront Marina Construction Loan
First Amendment to Contract
(Contract 01-102-330) (Project No. 078)

Dear Mr. Scharlin:

Enclosed is the amendment to the agreement between the City of Stockton and the Department of Boating and Waterways for the construction changes and loan repayment terms of the Stockton Waterfront Marina loan project.

Please complete the following item(s) and return to my attention at the address stated above, expeditious handling is appreciated. This Amendment cannot be considered binding on either party until approved by appropriate authorized state agencies.

- Standard Agreement Amendment (STD 213A), have the proper individual sign **two** (2) originals and return for further processing.
- Resolution or Minute Order for acceptance of additional loan funds.
- Retain for your files one copy marked "Pending Copy".
- The enclosed approved Amendment to Agreement is for your records.

For inquires regarding the implementation of this contract, please contact Mr. Jim Patterson, Contract Administrator, at (916) 263-8152 or by email at jpatterson@dbw.ca.gov.

For inquires regarding the processing of this contract, please contact me at (916) 263-8156 or by email at slarot@dbw.ca.gov.

Sincerely,

Ms. Sam Larot
Contracts Coordinator

Enclosure

NO COUNCIL ACTION

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 10 Pages

| | |
|--|------------------------------|
| AGREEMENT NUMBER 01-102-330 | AMENDMENT NUMBER 1 |
| REGISTRATION NUMBER 3680080446976.1 | |

PROJECT CODE 078



- This Agreement is entered into between the State Agency and Contractor named below:
 STATE AGENCY'S NAME
 DEPARTMENT OF BOATING AND WATERWAYS (DEPARTMENT)
 CONTRACTOR'S NAME
 CITY OF STOCKTON (BORROWER)
- The term of this Agreement is June 21, 2004 through (until repaid in full)
- The maximum amount of this Agreement after this amendment is: \$ 13,300,000.00
 THIRTEEN MILLION THREE HUNDRED THOUSAND DOLLARS
- The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

Stockton Waterfront Marina Loan

This amendment to contract is entered into on January 22, 2007, between the California Department of Boating and Waterways (DEPARTMENT) and the City of Stockton (BORROWER).

Loan Recitals

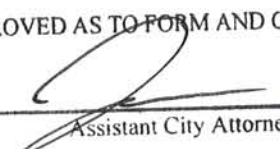
WHEREAS, Section 70.2 et seq. of the Harbors and Navigation Code authorizes the Department to make loans to cities, counties and districts to design, construct, and improve small craft harbors, and

WHEREAS, the Department has previously approved a construction loan to the Borrower; and


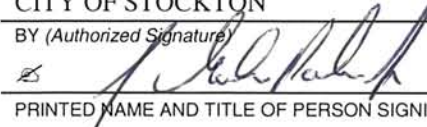
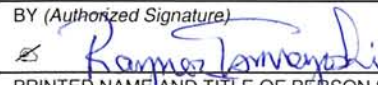
WHEREAS, in January 2007 the Boating and Waterways Commission approved the changes in construction of the Project, and

APPROVED AS TO FORM AND CONTENT

(continued)

By 
 Assistant City Attorney

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

| | | |
|---|---|--|
| CONTRACTOR | | CALIFORNIA Department of General Services Use Only <div style="border: 1px solid blue; padding: 5px; text-align: center;"> APPROVED MAR 12 2007 DEPT OF GENERAL SERVICES </div>  <input type="checkbox"/> Exempt per: |
| CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.) CITY OF STOCKTON | | |
| BY (Authorized Signature)  | DATE SIGNED (Do not type) Feb 21, 2007 | |
| PRINTED NAME AND TITLE OF PERSON SIGNING J. Gordon Palmer, Jr. City Manager | | |
| ADDRESS 22 EAST WEBER AVENUE, SUITE 350, STOCKTON, CALIF. 95202-2306 | | |
| STATE OF CALIFORNIA | | |
| AGENCY NAME DEPARTMENT OF BOATING AND WATERWAYS | | |
| BY (Authorized Signature)  | DATE SIGNED (Do not type) 3/5/07 | |
| PRINTED NAME AND TITLE OF PERSON SIGNING RAYNOR TSUNEYOSHI, Director | | |
| ADDRESS 2000 EVERGREEN STREET, SUITE 100, SACRAMENTO, CALIF. 95815-3888 | | |

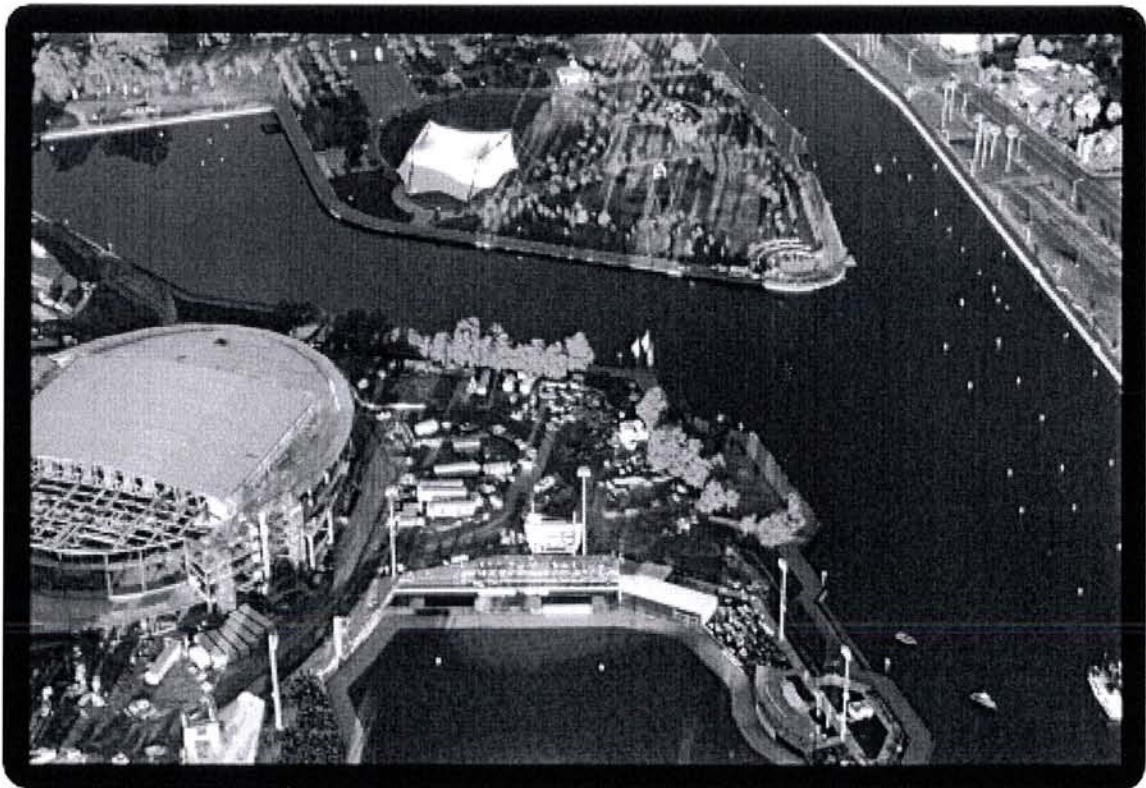
WHEREAS, the Department desires to make certain other changes to its stated authority with respect to loan repayment.

NOW, THEREFORE, the Department and the Borrower desire to more clearly set forth their agreement and mutually agree to the terms and conditions of the amended loan Agreement as follows:

- a. The supplemental feasibility report entitled "Stockton Waterfront Marina Feasibility Report - Total Loan Amount: \$13,300,000; Total Project Amount: \$20,611,000" (8 pages) is attached herein and made a part of the Agreement.
- b. Section ^I~~M~~ to Article 2 - Definitions of Exhibit B is hereby amended to read:
^I~~M~~ "Gross Revenues": Total revenues, before expenses are deducted, including any rents, profits, and interest received by Borrower for goods, services, facilities, and leaseholds provided or located within the Project Area. Gross Revenues also include any sales of stocks, lands, or other property owned by Borrower and located within, or used exclusively for operation or maintenance of, the Project Area. Gross Revenues are estimated in TABLE 1 of Exhibit C."
- c. Section C to Article 8 - Loan Repayment of Exhibit B is hereby amended to read:
"C) Repayment of the Loan shall be made from Project Area Gross Revenues and, per Harbors and Navigation Code section 71.8(b), shall be a priority payment made prior to any other expenditure from Gross Revenues. However, to the extent that the revenues generated within the Project Area are insufficient to repay the Loan, the Borrower shall make every effort, subject to section 18 in Article XVI of the California Constitution, to assign and collect other revenues, and/or levy and collect taxes as necessary to pay each Loan payment."

Save as herein or previously amended, the contract of June 21, 2004 shall remain in full force and effect.

Stockton Waterfront Marina Feasibility Report



Total Loan Amount: \$13,300,000
Total Project Amount: \$20,611,000

STOCKTON WATERFRONT MARINA

Change in Project Scope

**Total Loan Amount: \$13,300,000
(Total Project Amount: \$20,611,000)**

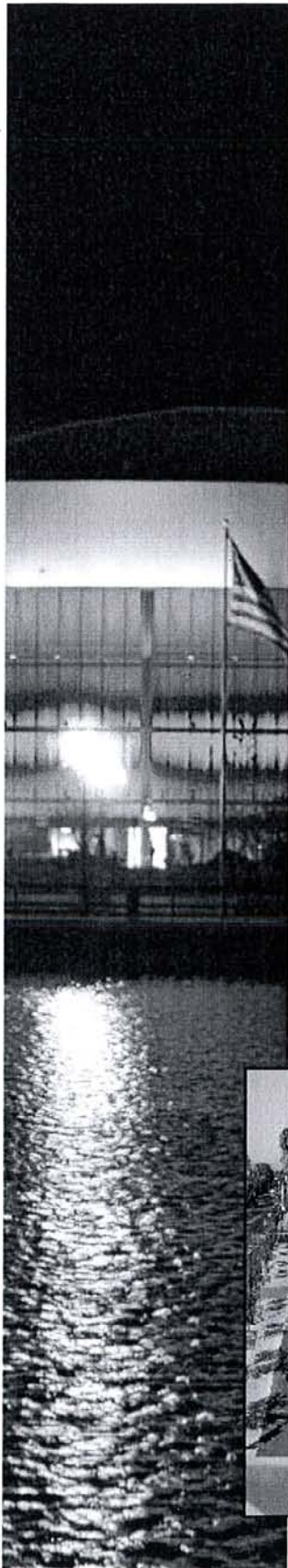
INTRODUCTION

The City of Stockton (City) has applied to the Department of Boating and Waterways (DBW) for a change in project scope for a previously approved loan for the Stockton Waterfront Marina.

The City of Stockton is located in San Joaquin County, 40 miles south of Sacramento, and 70 miles east of San Francisco. The Stockton Waterfront Marina is located in the southerly portion of the California Delta, in the southwest section of the City of Stockton.

The Stockton Downtown Marina, constructed in approximately 1981, initially included 175 boat slips, parking areas, a harbormaster's office, a fuel dock, and a pumpout facility. Currently the marina berths are in disrepair and not in service.

DBW loans are funded exclusively through the Harbors and Watercraft Revolving Fund. These funds are derived from the gasoline taxes paid by boaters in California and the repayment of loan principal and interest. No State General Fund dollars are used



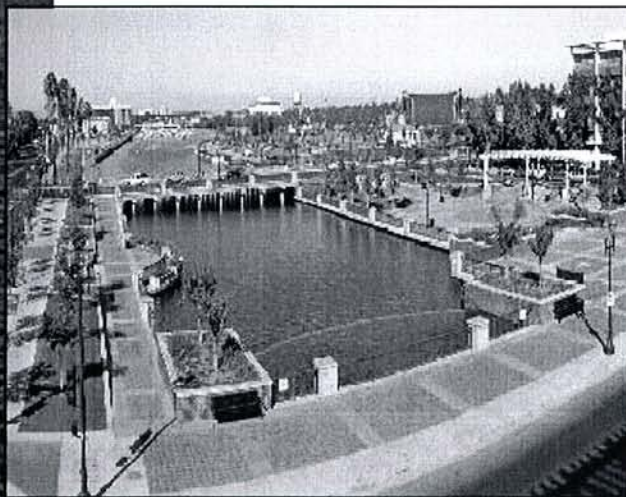
BACKGROUND

The original project was approved by the Boating and Waterways Commission in April 2002, and included: 1) demolition of the existing berths and construction of 298 new berths, including 134 covered berths, 2) installation of new pilings, 3) the addition of six standard gangways (4' x 35') and six barrier-free access gangways (4' x 120'), 4) construction/repaving of parking areas with a total of 375 spaces, 5) construction of a 150 space dry stack storage building at the adjacent Morelli Park Boat Launching Facility, 6) installation of dockside utilities, including electrical, water, fire, and communications lines, 7) addition of six security gates, and 8) addition of catch basins/drainage. DBW funding for the project was approved at \$13,300,00, and City funding was estimated to be \$4,420,000.

Following project approval, input from the boating community led the City to revise the design for the wet berths to 186 larger berths instead of the previously planned mix of 298 wet berths. This design revision was approved by DBW.

In 2002, when the City proposed their marina project, it was the first improvement project in the economically depressed City of Stockton waterfront area. As such, the project had a need to be financially successful based on the services that it alone could market. Since that time, there has been substantial revitalization of the Stockton Channel area and the surrounding downtown area. Some of the more recent additions on the north side of the Stockton Channel include the 10,000 seat Stockton Arena, the 5,200 seat Stockton Ballpark, and the (under construction) Sheraton Hotel with a 10,000 square foot Conference Center. The Weber Point Events Center, at the head of the Stockton Channel, has also been renovated. The Events Center

sponsors festivals and events year round, including the Stockton Asparagus Festival, which attracts 80,000 people each year.



REVISED PROJECT

In 2006, an updated cost estimate was prepared for the project. The costs for the project were projected at \$34 million, approximately twice as much as the original project estimate. As a result of the cost projection

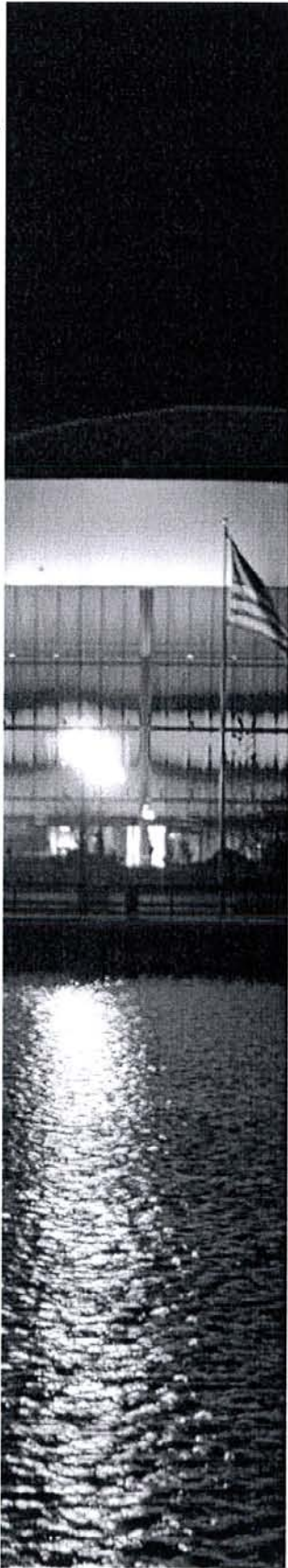
results, the City asked their design consultants to review other design alternatives. In addition, the consultants prepared an updated market study for the area.

As a result of the market demand information from the updated market study, the recent area revitalization, and requests from area boaters, the City gave consideration to the addition of guest docks to the marina project as a viable source of revenue. The final design alternative chosen by the City includes the addition of guest docks to both sides of the Stockton Channel, a 66 wet berth marina, and a 150 space dry stack storage building. This design serves the needs of area boaters while still allowing the City to construct a quality marina within project funding.

The revised project includes: 1) construction of 66 wet berths, 2) construction of 890 linear feet of guest dock on the north side of the Stockton Channel, 3) construction of 690 linear feet of guest dock on the south side of the Stockton Channel, 4) installation of two gangways with security gates (one barrier-free) on the north side, and the installation of seven gangways with security gates (three barrier-free) on the south side, 5) construction of a 150 space dry stack storage building, 6) construction of and/or repaving of 41,000 square feet of parking area for 46 single parking spaces, 7) construction of a two-unit restroom, 8) installation of dock utilities, including electrical, water, fire, and communications lines, 9) construction of 83,000 square feet of walkway and 2,100 linear feet of railing, 10) installation of lighting and electrical, 11) the addition of a security system, 12) landscaping and irrigation, and 13) signs and ancillary items.

PROJECT STATUS

The project is in the pre-design stage, and construction completion is expected in 2009.



COST ESTIMATE

| PROJECT ITEM | DBW | CITY |
|------------------------|--------------------------|-------------------------|
| Project Start-up | \$ | 534,000 |
| Demolition | 150,000 | 83,000 |
| Grading | 20,000 | 9,400 |
| Berths/Guest Docks | 7,445,000 | 227,500 |
| Piling | 550,000 | 760,000 |
| Gangways | 400,000 | 60,000 |
| Security Gates | 30,000 | |
| Dry Stack Storage | 1,055,000 | 1,061,000 |
| Parking Area | 300,000 | 147,700 |
| Restroom | 100,000 | 320,000 |
| Utilities | 600,000 | 192,000 |
| Catch Basins/Drainage | 20,000 | 7,500 |
| Walkways/Railing | 300,000 | 805,250 |
| Lighting/Electrical | 114,000 | 864,650 |
| Security System | | 50,000 |
| Landscaping/Irrigation | | 129,600 |
| Signs/Ancillary Items | | 237,400 |
| SUBTOTAL | <u>11,084,000</u> | <u>5,489,000</u> |
| Contingency | \$ 1,108,000 | 1,378,000 |
| Engineering/Permitting | <u>1,108,000</u> | <u>444,000</u> |
| TOTAL | \$ 13,300,000 | 7,311,000 |

ECONOMIC ANALYSIS

CAPITAL

Total cost of the Stockton Downtown Marina improvement project is expected to be \$20,611,000. The City of Stockton will use Department of Boating and Waterways loan proceeds, and funds from the City of Stockton, to finance these costs. It is anticipated, therefore, that there is sufficient capital to construct the facilities to completion.

REVENUES AND EXPENSES

Revenues and expenses are shown in Table I. Any shortfall in revenues will be covered by a \$1,100,000 reserve account (see Table 1).

COLLATERAL

Collateral for the proposed loan will be a reserve account of no less than \$1,100,000 maintained within the City Treasury for the term of the loan contract, and an assignment of rents and leases on marina revenues. Proposed collateral is sufficient to cover the Department's collateral requirements.

FINANCIAL CONSIDERATIONS

The completed project will be open to all on an equal and reasonable basis. Monthly berthing rates at the proposed Stockton Waterfront Marina for wet berths will range from \$10.00 to \$13.00 per foot. Rates for the dry stack storage will be \$7.50 per foot for 25 feet in length, and \$8.50 per foot for 30 feet in length. Rates for the guest docks will be \$1.00 per foot per day.

CONCLUSION

As shown in this report, it is expected that the requisite factors necessary to establish the project's financial feasibility will be met. There is adequate capital to finance the project, estimated marina revenues and the reserve account exceed estimated expenses, and the City of Stockton will provide adequate collateral for the proposed loan. Therefore, the Stockton Downtown Marina project, as proposed, is considered financially feasible.

RECOMMENDATION

In view of the foregoing demonstration of the project's engineering and financial feasibility, staff recommends that the Boating and Waterways Commission consent to the change in scope for the previously approved loan to the City of Stockton for improvements to the Stockton Waterfront Marina.

TABLE I
STOCKTON MARINA
Annual Cash Flow Projections
(000's)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| REVENUE | | | | | | | | |
| <i>Berths</i> ¹ | 344 | 401 | 437 | 450 | 464 | 478 | 492 | 507 |
| <i>Guest Docks</i> ² | 311 | 320 | 330 | 340 | 350 | 361 | 372 | 383 |
| <i>Dry Storage</i> ³ | 240 | 288 | 340 | 350 | 361 | 372 | 383 | 394 |
| TOTAL REVENUE | 895 | 1,009 | 1,107 | 1,140 | 1,174 | 1,210 | 1,247 | 1,284 |
| OPERATING EXPENSES ⁴ | 269 | 303 | 332 | 342 | 352 | 363 | 374 | 385 |
| RESERVES ⁵ | 18 | 20 | 22 | 23 | 23 | 24 | 25 | 26 |
| DBW LOAN ⁶ | 766 | 766 | 766 | 766 | 766 | 766 | 766 | 766 |
| DBW PLANNING LOAN ⁷ | 25 | 25 | 25 | | | | | |
| TOTAL EXPENSES | 1,077 | 1,114 | 1,145 | 1,131 | 1,142 | 1,153 | 1,165 | 1,177 |
| NET REVENUE | -182 | -105 | -38 | 9 | 33 | 57 | 82 | 107 |
| RESERVE ACCOUNT | 182 | 105 | 38 | 0 | 0 | 0 | 0 | 0 |

1) Monthly berthing rates at the proposed Stockton Waterfront Marina will be \$10.00 per foot for 50 foot berths; \$11.00 per foot for 60 foot berths, and; \$13.00 per foot for 80 foot berths. Revenues projected to increase at 3% per year. Occupancy assumption of 75% the first year, 85% the second year, and 90% the third year and beyond.

2) 40 foot guest docks will rent for \$40.00 per day, or \$1.00 per foot. Occupancy is assumed at 60% of 146 days per year. Revenues projected to increase @ 3% per year.

3) Dry stack storage rates will be \$7.50 per foot for 25 foot boats, and \$8.50 per foot for 30 foot boats. Revenues projected to increase @ 3% per year. There are 150 proposed dry storage units. Occupancy assumption of 60% the first year, 70% the second year, and 80% the third year and beyond.

4) Operating expenses @ 30% of gross operating revenues. Revenues projected to increase 3% per year.

5) Maintenance and dredging reserve @ 2% of gross operating revenues.

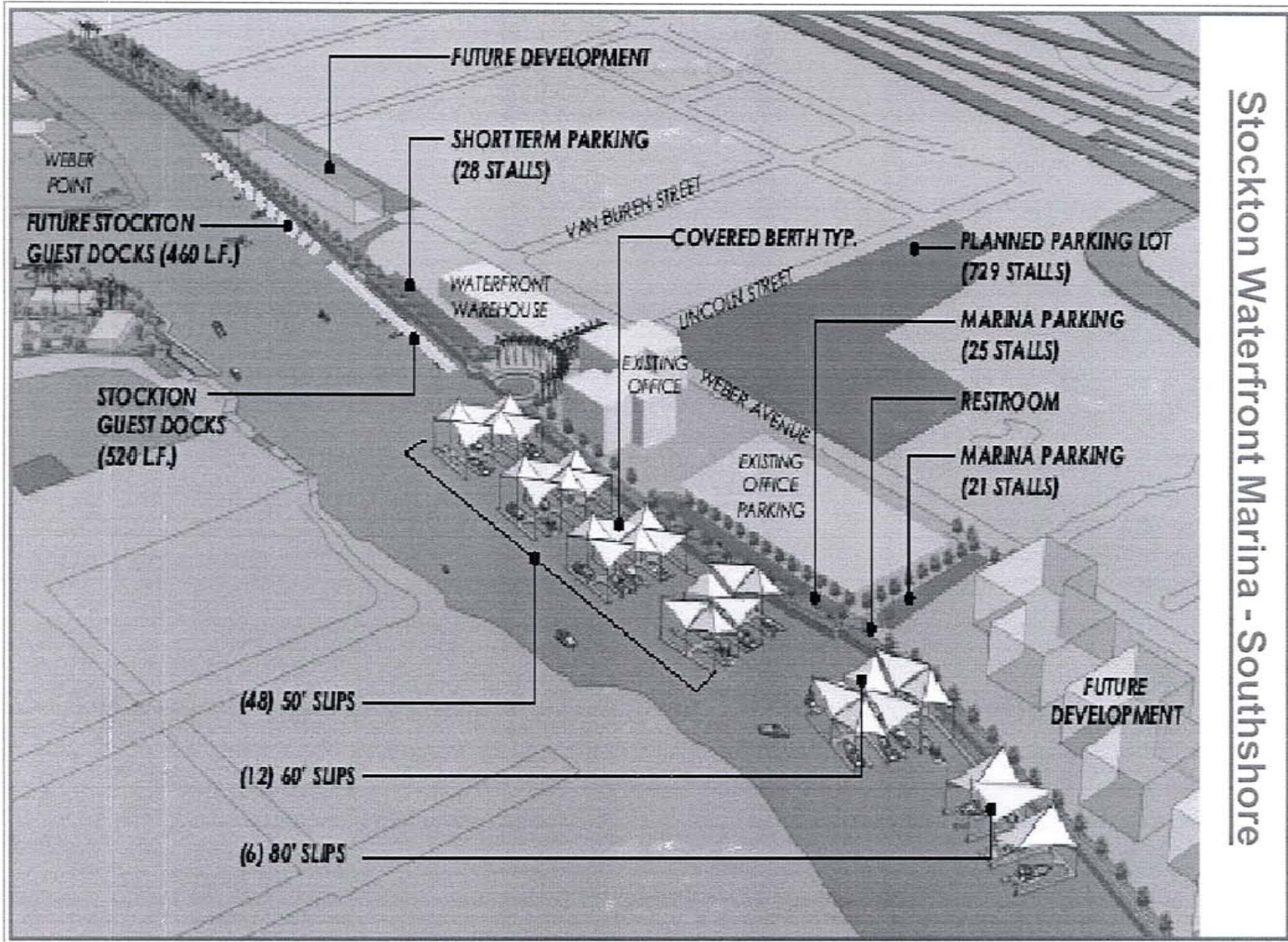
6) DBW Loan: \$11,800,000 @ 4.5 % for 30 years and \$1,500,000 @ 4.5% for 50 years.

7) \$180,000 Boating and Waterways planning loan @ 4.5 % for 10 years (will be paid off in 2012).

8) A reserve account of \$1,100,000 will cover any shortfall in marina revenues for loan repayment.



Stockton Waterfront Marina - Southshore



Stockton Waterfront Marina - Northshore

