

STOCKTON WATERFRONT MARINA

\$ 13,300,000 LOAN CONTRACT



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STATE OF CALIFORNIA
 STANDARD AGREEMENT
 STD 213 (Rev 06/03)

AGREEMENT NUMBER 01-102-330
REGISTRATION NUMBER 3680 0804-46976

PROJECT CODE 078

- This Agreement is entered into between the State Agency and the 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 is: \$13,300,000.00 THIRTEEN MILLION THREE HUNDRED THOUSAND DOLLARS
- The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference, made a part of the Agreement.

STOCKTON WATERFRONT MARINA LOAN

- Exhibit A – Loan Recitals 1 page
- Exhibit B – Small Craft Harbor Construction Loan and Operation Agreement 20 pages
- Exhibit C – Stockton Waterfront Marina Feasibility Reports (Phase I dated April 2002, Phase II dated September 19, 2002, and Phase III dated September 11, 2003) 12 pages
- Exhibit D* – DBW Marina Operations, Maintenance, and Capital Outlay Loan Requirements 34 pages
- Exhibit E – Legal Description and Site Map of Project Area
- Exhibit F – Collateral Documents

*This document can be viewed at [http://www.dbw.ca.gov/PDF/Maintenance Guidelines/PublicLoan.pdf](http://www.dbw.ca.gov/PDF/Maintenance%20Guidelines/PublicLoan.pdf)

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

CONTRACTOR	
CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.)	
CITY OF STOCKTON	DATE SIGNED (Do not type)
BY (Authorized Signature)	
PRINTED NAME AND TITLE OF PERSON SIGNING	
MARK LEWIS, Esq., City Manager	
ADDRESS	
22 EAST WEBER AVENUE, SUITE 350 STOCKTON, CALIFORNIA 95202-2306	
STATE OF CALIFORNIA	
AGENCY NAME	
DEPARTMENT OF BOATING AND WATERWAYS	
BY (Authorized Signature)	
DATE SIGNED (Do not type)	
8/9/04	
PRINTED NAME AND TITLE OF PERSON SIGNING	
RAYNOR TSUNEYOSHI, Director	
ADDRESS	
2000 EVERGREEN STREET, SUITE 100 STOCKTON, CALIFORNIA 95215-3888	

California Department of General Services Use Only

APPROVED

AUG 23 2004

DEPT OF GENERAL SERVICES

[Signature]

Exempt per:

LOAN RECITALS

1. 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.
2. WHEREAS, the Department has loaned the Borrower \$280,000 for project planning and has agreed to loan up to Thirteen Million Three Hundred Thousand Dollars (\$13,300,000) for marina construction at the project area, collectively the ("Loans").
3. WHEREAS, the legal description and site map of the project area are attached hereto as Exhibit E, and made a part of this agreement.
4. WHEREAS, in order to induce the Department to make and enter into the loans, Borrower has agreed to execute and/or authorize the following collateral documents as security for repayment of the loans. Said documents are attached hereto as Exhibit F and made a part of this agreement.
 - (a) A Deposit Account Agreement
 - (b) A Collateral Assignment of Rents and Leases for the Project Area;
 - (c) A Security Agreement, and;
 - (d) A Uniform Commercial Code FORM-1 (UCC-1) Fixture Filing.
5. 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 Small Craft Harbor Construction Loan and Operation Agreement, Exhibit B, as follows:

SMALL CRAFT HARBOR
CONSTRUCTION LOAN AND OPERATION AGREEMENT

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SMALL CRAFT HARBOR
CONSTRUCTION LOAN AND OPERATION AGREEMENT

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ARTICLE 1 – PROMISE TO PAY

- A) For value received, the Borrower promises to repay the sum of principal disbursed pursuant to this Agreement together with interest on that amount at the rate set forth below until fully repaid.

ARTICLE 2 - DEFINITIONS

- A) "Account": An interest bearing account to be established by the Borrower for the deposit of Loan funds; such account is to be designated the *Cal Boating Loan - Marina Development Account* (see Article 6 – Disbursement of Loan).
- B) "Borrower": The Borrower described in Exhibit C (Feasibility Report).
- C) "CEQA": The California Environmental Quality Act.
- D) "Collateral": Property, both real and personal, whether tangible or not, pledged as security for repayment of the Loan.
- E) "Commission": The Boating and Waterways Commission.
- F) "Date of Acceptance of the Project": The date specified on the Project Completion Certification.
- G) "Default":
 - 1) The failure of the Borrower to make any payment required by this Agreement within Thirty (30) days of the due date of the payment.
 - 2) The failure of the Borrower to comply with any other requirement of this Agreement within One Hundred Eighty (180) days of receipt of written notice from the Department specifying such failure.
 - 3) The provision of false representations or false warranties by the Borrower in response to any obligations under this Agreement.
 - 4) The failure of Borrower to conduct appropriate proceedings in good faith to contest any levy or proceeding against the Collateral or Borrower's interest therein; or
 - 5) The filing of a petition by the Borrower under the provisions of the Bankruptcy Code, or the failure of the Borrower to conduct appropriate proceedings in good faith to contest a bankruptcy filing by a third party when such action affects the collateral.
- H) "Department": The Department of Boating and Waterways.
- I) "Gross Revenues": The inflows of revenues, before expenses are subtracted, received by the Borrower for services, facilities and leaseholds provided or located within the Project Area, described in TABLE 1 of Exhibit C.
- J) "Loan": The Loan described in Exhibit C.

- K) "Project": The construction, improvement, acquisition, or maintenance of small craft harbors, related facilities, or connecting waterways described in Exhibit C.
- L) "Project Area": The real property, and improvements thereto, identified in Exhibit E, within which the Project will be undertaken and defined in Exhibit E.
- M) "Project Completion Certification": A fully executed Notice of Completion, or equivalent, which states the Borrower has accepted the Project as complete on a specific date.
- N) "Project Costs": Contract, equipment, labor, material and construction costs that are incurred by the Borrower for the purpose of completing the Project. Project costs incurred:
 - 1) For indirect or overhead charges may be reimbursed up to the combined maximum budget allocation for *Engineering / Inspection Cost* as described in Exhibit C (Feasibility Report – Cost Estimate Table), and
 - 2) Shall not include any expenses prior to the effective date of this Agreement.
- O) "Reserve Fund": A separate and independent fund for the exclusive purpose of providing extraordinary, non-routine maintenance, repair or replacement during the term of this Agreement.
- P) "Surplus Revenues": Gross Revenues less the Borrower's expenses for (1) Loan repayment, and (2) operation and maintenance (including the Reserve Fund) of the project.
- Q) "Unpaid Balance": Total outstanding debt, including principal and accumulated interest.

ARTICLE 3 – BORROWER COVENANTS

- A) The Borrower certifies that the obligation created by this Agreement will not create an indebtedness or liability contrary to the provisions of Section 18 of Article XVI of the Constitution of the State of California.
- B) The Borrower certifies that the Borrower has title to, or adequate interests in, the Project Area. Adequate interests include, but are not limited to, the following:
 - 1) Access to the Project Area by a maintained public way,
 - 2) A right of passage over a waterway, open to the public, between the Project Area and navigable waters, and
 - 3) Easements or other rights of way outside the Project Area sufficient to provide utilities and services to the Project.
- C) The Borrower agrees to incur no additional indebtedness having greater priority than the Loan in payment of principal or interest or pledge of revenues involving the Project Area without first obtaining the written consent of the Department.

- D) The Borrower warrants that there is no encumbrance, lien, easement, license, title, cloud or other interest that may interfere with the Project Area or use thereof by the public.

ARTICLE 4 – BUDGET CONTINGENCY

- A) The Legislature has appropriated and this Agreement authorizes for disbursement of the Loan.
- B) It is mutually agreed that this Agreement may have been written before ascertaining the availability of appropriation of funds. If the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the Project, the Department shall have no liability to pay any funds whatsoever to Borrower or to furnish any other considerations under this Agreement. The Borrower shall have the option of taking either of the following two alternatives:
1. Return to the Department all moneys transferred to the Borrower by the Department plus the interest (as specified in Article 8.B) accrued to date of said return; or
 2. Proceed to complete the Project using the Borrower's own funds.
- C) The Borrower shall, within Sixty (60) days following the close of the fiscal year in which the appropriation of funds does not take place, forward to the Department a written notice stating which election has been made; if the Borrower elects to return the money, then the money shall be returned within One Hundred Twenty (120) days of the expiration of the aforesaid Sixty (60) day period; and this Agreement shall be of no further force and effect.
- D) If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this Project, the Department shall have the option to either cancel this Agreement with no liability occurring to the Department or offer an amendment to Borrower to reflect the reduced amount.

ARTICLE 5 - TERM OF AGREEMENT

- A) This Agreement shall remain in full force and effect until the Borrower repays the Loan and all accumulated interest in full, or this Agreement is otherwise terminated.
- B) This Agreement may be extended, amended or cancelled upon the written agreement of the parties.

ARTICLE 6 - DISBURSEMENT OF LOAN

- A) The Department shall have no obligation to disburse any of the Loan unless and until the Borrower demonstrates to the satisfaction of the Department that the Borrower has title to, or adequate interests in, the real property comprising the Project Area.
- B) The Department shall have no obligation to disburse any of the Loan unless and until the Borrower demonstrates that it has all acquired permits necessary to construct and operate the Project.
- C) The Department shall have no obligation to disburse any of the Loan unless and until the Borrower demonstrates that it has satisfactorily complied with CEQA for the Project.
- D) The Department shall have no obligation to disburse any of the Loan unless and until the Borrower has fully executed all required security agreements; such security agreements are recorded if necessary; and original or conformed copies of such recorded documents are received by the Department.
- E) Loan disbursements may be made either (1) in advance of Project work or (2) after the occurrence of work (in arrears).
 - 1) Loan disbursements in advance of Project work shall be subject to the following conditions:
 - (a) The Borrower may request a Loan advance from the Department to cover those Project Costs expected to occur in the succeeding Thirty (30) day period.
 - (b) Requests for Loan disbursements may not be made more than once every Ninety (90) days.
 - (c) All disbursed Loan funds shall be deposited in the Account, which shall reflect all receipts and expenditures of Loan funds.
 - (d) The Borrower must request Loan disbursement in writing. Invoices or other evidence of Project Costs must accompany requests.
 - (e) The Department shall withhold from Loan disbursements an amount equal to Ten Percent (10%) of each disbursement until the Department has accepted the Project as complete, approved all Project Costs, and all mechanic's liens have been released. The Borrower shall provide the following to the Department:
 - (i) A Project Completion Certificate (or equivalent)
 - (ii) An accounting of all Loan funds
 - (f) All Loan funds disbursed by the Department to the Borrower shall remain under the control of the Department until the Department approves such funds for expenditure.

- (g) The Borrower shall request Department approval of the final expenditure of disbursed Loan funds no later than Thirty (30) days following the Department's acceptance of the Project as completed.
- (h) The Borrower shall return to the Department any Loan funds including interest remaining in the Account after all Project Costs have been paid. Such Loan funds shall be:
 - (i) Returned to the Department no later than Sixty (60) days following date of acceptance of the Project by the Borrower, and
 - (ii) Applied to the reduction of the Loan.
- 2) Loan disbursements made in arrears shall be made as follows:
 - (a) The Borrower may request a Loan payment in arrears not more than once every Thirty (30) days; such requests must be accompanied by paid invoices or other evidence of Borrower's payment of Project Costs.
 - (b) The Borrower shall record such disbursements in the Account.
 - (c) The Department shall withhold from Loan disbursements an amount equal to Ten Percent (10%) of each disbursement until the Department has accepted the Project as complete, approved all Project Costs, and all mechanic's liens have been released. The Borrower shall provide the following to the Department:
 - (i) A Project Completion Certificate (or equivalent)
 - (ii) An accounting of all Loan funds.
- F) The Department may withhold any Loan disbursement if the Borrower fails to comply with any of the provisions of this Agreement.

ARTICLE 7 - CONSTRUCTION OF PROJECT

- A) The Borrower shall complete the Project no later than Five (5) years following the effective date of this Agreement.
- B) The Borrower shall, within Sixty (60) days of approval of this Agreement, provide the Department with a project schedule showing the proposed dates (beginning and ending dates) of the following Project phases or milestones: Borrower selection of the Project design consultant; Department approval of the consultant contract; Project design process; submission of final plans and specifications to the Department for approval; advertising for construction bids; Project bid-opening date; submission of construction contract to Department for approval; Project construction; acceptance of Project by the Borrower; and, submission of a Project Completion Certificate to the Department.

- C) The Borrower shall obtain from the Department advance written approval of the following:
- 1) All bid documents prior to advertisement,
 - 2) All contracts prior to award, and
 - 3) All construction change orders that increase or decrease the construction contract amount by \$5,000 or more.
- D) All architectural engineering contracts for plans and specifications shall require that the plans and specification:
- 1) Be prepared by persons licensed by the State of California to undertake the type of design required by the Project (engineer's/architect's certificate number to appear on construction contract design documents),
 - 2) Be submitted to the Department and Borrower on CD or DVD; all drawings shall be in one of the following electronic file extensions: .DWG or .DXF, and specifications shall be submitted in MS Word or WordPerfect format,
 - 3) Become the property of the Borrower,
 - 4) Provide for all Project facilities set forth in Exhibit C, and
 - 5) Provide for shoreside facilities for removing waste from vessel holding tanks in accordance with the Harbors and Navigation Code section 654.1 and Title 14, California Code of Regulations, section 5200.
- E) All construction contracts of the Project shall:
- 1) Be awarded in accordance with all applicable laws and regulations,
 - 2) Contain the following clause: "Representatives of the Department of Boating and Waterways shall be allowed access to all parts of the construction work.",
 - 3) Contain a clause stating that the Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee who is employed in the work covered by such contracts or against any applicant for such employment because of sex, sexual orientation, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age, marital status, and denial of family care leave, and that such provisions shall include, but not be limited to: employment, upgrading, promotion or transfer, recruitment, or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship.

- 4) Contain a clause that the contractor shall comply with all air pollution and environmental control rules, regulation, ordinances and statutes which apply to the Project and any work performed pursuant to the construction agreement, and
 - 5) Contain a clause that requires the contractors to certify the structural integrity and safety of the Project.
- F) Prior to the commencement of the construction of the Project, the Borrower shall cause the contractor and a corporate surety acceptable to the Department to furnish in favor of the Borrower and the Department, as their interests may appear, bonds or other security interests as allowed pursuant to Public Contract Code sections 10263 and 22300 in the minimum amounts indicated below:
- 1) Faithful performance - One Hundred Percent (100%) of the total construction agreement bid price.
 - 2) Labor and materials - One Hundred Percent (100%) of the total construction agreement bid price.
- G) The Borrower's personnel and construction of the Project shall be under the supervision of qualified inspectors. Inspection reports and related inspection data shall at all reasonable times be accessible to the Department personnel, and on request copies of such reports and data shall be provided to the Department by the Borrower.
- H) If for any reason whatsoever the Borrower does not complete the Project by the date in Paragraph A above, then all Loan funds disbursed to the Borrower prior to such date plus any accumulated interest shall become, to the extent permitted by law, a general obligation of the Borrower and shall be due and payable One Hundred Eighty (180) days after the close of the fiscal year.
- I) Time is of the essence in this Agreement.

ARTICLE 8 - LOAN REPAYMENT

- A) Repayment of the Loan shall begin on August 1 immediately following the first Loan disbursement as follows:
- 1) Interest only payments shall be made beginning on August 1 immediately following the first Loan draw and be made annually until drawdown is completed. However, upon written agreement between Department and Borrower, Borrower may forego interest-only payments.
 - 2) Repayment of principal and interest shall begin on August 1 immediately following the final draw and be made in Thirty (30) annual, approximately equal payments.

However upon written agreement between Department and Borrower, repayment of principal and interest may begin on the succeeding August 1.

- 3) All payments are due on August 1 of each year, and late if not received by the Department by August 15 of each year.
- B) Interest shall be compounded continuously at the rate of Four and Five-Tenths Percent (4.5%) per annum on the Unpaid Balance. Interest compounds on the Unpaid Balance of the Loan commencing with the warrant date of each disbursement of Loan funds by the Department.
- C) Repayment of the Loan shall be made from Project Area Gross Revenues. However, to the extent that the revenues generated within the Project Area are insufficient to repay the Loan, the Borrower shall assign and collect other revenues, and/or as lawfully authorized, levy and collect taxes as necessary to pay each Loan payment.
- D) The Department will provide a repayment schedule to Borrower and may make adjustments in the schedule of annual Loan payments to reflect changes of principal or interest such as prepayments that have been made.
- E) The Borrower at its option may at any time make prepayment of all or part of the principal on the Unpaid Balance; however, such prepayment does not replace any normally scheduled payment unless the Department receives payment in full.
- F) If any payment made by the Borrower is less than the amount required under this Agreement, then such payment shall first be applied to reduce any accrued unpaid interest due on the Loan, and the balance shall be used to reduce the principal of the Loan.

ARTICLE 9 - DEPARTMENT'S REMEDIES ON DEFAULT

Upon the occurrence of Default, the Department may:

- A) Exercise all rights and remedies accorded the Department in the security agreements signed by Borrower including, but not limited to, the right to take possession of the Project Area.
- B) Exercise all rights and remedies accorded to the Department by law, including, but not limited to, those rights established in the Harbors and Navigation Code.
- C) Declare the Loan (including, without limitation, all accrued interest) immediately due and payable without further demand or notice.

ARTICLE 10 - RIGHT OF THE DEPARTMENT TO TAKE POSSESSION OF THE PROJECT AREA
The Department may take possession of the Project Area if the Borrower is in Default. The Department shall, after the exercise of such option, construct, operate or maintain the Project Area for the account of the Borrower until the Loan is repaid in full; the revenues received from the Project Area during such time shall be applied first to reduce the interest and second to reduce the principal of the Loan and then to cover any other expenses incurred in the operation of the Project Area.

ARTICLE 11 - RIGHT OF ENTRY BY THE DEPARTMENT
The Department and its agents may, at any and all reasonable times during the term of this Agreement, enter the Project Area for purposes of inspecting the Project or as otherwise necessary for the Department to exercise its rights under this Agreement.

ARTICLE 12 - LAND CONTROL
The Borrower shall not sell, exchange, transfer, mortgage, or hypothecate in any manner all or any portion of the Property Area or required therewith, without the advance written approval of the Department.

ARTICLE 13 - OPERATION OF PROJECT
A) The Borrower shall establish berthing rates, subject to the approval of the Department, within the Project Area sufficient to comply with sections 71.4 and 71.8 of the Harbors and Navigation Code. The Borrower shall adjust such rates as necessary; however, such adjustments shall be made no less than once each year and shall not be less than the equivalent percentage change over the preceding 12 months in the United States Bureau of Labor Statistics' Consumer Price Index (CPI) for the United States, or such other index as selected by the Department.

B) The Borrower shall annually report (due June 1 if Borrower's fiscal year runs January 1 through December 31, or due December 1 if Borrower's fiscal year runs July 1 through June 30) to the Department the following:

- 1) Amounts deposited into the Reserve Fund account,
- 2) Amounts withdrawn from the Reserve Fund account,
- 3) Monthly Project Area Gross Revenues,
- 4) Uses of funds withdrawn from the Reserve Fund account,
- 5) Brief assessment of the condition of the Project (Marina),
- 6) Anticipated expenditures from the Reserve Fund account over the next five years,

- 7) Audited official report on status and activity of the Reserve Fund during the fiscal year, and
- 8) Audited annual financial statements including the following:
 - (a) Balance Sheet
 - (b) Income Statement
 - (c) Cash Flow Statement
- C) Project Area electrical systems that extend into or over water shall be inspected biennially, by a licensed electrical contractor or electrical engineer for compliance with the safety-related provisions of the California Electrical Code (Part 3 of Title 24 of the California Code of Regulations).
- D) The Borrower shall each year conduct a survey of berthing charges that prevail in the same market area as the Project Area and shall transmit the results of the survey to the Department by April 1 of the following calendar year.
- E) The Borrower shall operate the Project Area as or in conjunction with a small craft harbor.
- F) The Borrower shall:
 - 1) Continuously operate in an efficient and economical manner all Project Area facilities acquired, constructed, improved, maintained, or completed, in full or in part, as a result of the Loan,
 - 2) Make all repairs, renewals and replacements necessary so that the Project Area at all times meets the minimum standard of maintenance set forth in the "Department of Boating and Waterways Marina Operations, Maintenance, and Capital Outlay Loan Requirements (formerly referred to as Marina Maintenance Standards and Guidelines)" which is identified as Exhibit D of this Agreement,
 - 3) Operate, maintain and control the Project with its own employees; however, the Borrower may lease portions of the Project Area, provided that such leases are awarded in accordance with Harbors and Navigation Code sections 72 or 72.2, and provided that such leases do not include any berthing systems or any other revenue producing items paid for by the Loan,
 - 4) Make all Project Area facilities available to all on equal and reasonable terms,
 - 5) Make all Borrower's books, papers, records and accounts relative to the Project Area open and available for inspection and audit by the Department or any authorized representative of the Department during normal business hours, and

- 6) Periodically fix, prescribe, and collect fees, rentals, or other charges for services and use of facilities within the Project Area sufficient to produce gross income adequate for payment of the following in the order set forth:
 - (a) All installments of principal and interest on the Loan, and
 - (b) All expenses of operation, maintenance, and repair of facilities in the Project Area.

- G) The Borrower shall establish a Reserve Fund and shall deposit monthly an amount equal to Two Percent (2%) of Project Area Gross Revenues into the Reserve Fund.
 - 1) Borrower shall set up an individual account in its Treasurer's Office, which account shall be the Reserve Fund depository.
 - 2) The Borrower shall use deposited funds for extraordinary, non-routine maintenance, repair and/or dredging of the Project throughout the term of this Agreement.
 - 3) Borrower's use of the Reserve Fund shall be consistent with "Department of Boating and Waterways Marina Operations, Maintenance, and Capital Outlay Loan Requirements."
 - 4) Borrower shall provide proof that it has established and is contributing monthly to the Reserve Fund account before any Loan funds will be disbursed.
 - 5) All expenditures from the Reserve Fund shall require prior written approval of the Department. Written approval may include, but not be limited to, e-mail approval. Invoices or other evidence of expenditures must accompany a request for Department approval.
 - 6) Any interest accrued in the Reserve Fund shall be retained in the Reserve Fund.
 - 7) Any funds remaining in the Reserve Fund upon termination of this Agreement shall be returned to the Borrower; however, Borrower shall not be eligible for future Department funding unless and until an amount equal to the remaining funds is first expended toward the Project.

ARTICLE 14 - LIABILITY AND FIRE INSURANCE

- A) The Borrower shall insure the Project through one of the following alternatives:

ALTERNATIVE I

- 1) The Borrower shall maintain in full force and effect during the term of this Agreement the following insurance in the minimum amounts specified:

Bodily Injury or Death:	\$300,000 each person
	\$1,000,000 each occurrence
Property and Product Damage	\$500,000 each occurrence

Fire Insurance

\$1,000,000 aggregate
90% of the full insurable value of all
insurable components of the Project.

ALTERNATIVE II

- 1) The Borrower agrees that all contracts between it and the designer (or designers) responsible for design and preparation of plans and specifications of the Project shall contain a clause requiring said designer(s) to obtain Architect's Professional Liability (errors and omissions) Insurance in the amount of \$250,000.
- 2) The Borrower agrees that all contracts between it and the contractor (or contractors) responsible for construction of the Project shall contain a clause which requires the contractor(s) to obtain insurance in the minimum amounts specified in Alternative I.
- 3) The Borrower prior to acceptance and operation of the Project shall procure and maintain in full force and effect during the remainder of the term of this Agreement insurance in the amounts specified in Alternative I.

ALTERNATIVE III

- 1) The insurance requirements specified in the preceding Alternative I may be satisfied to the extent that the Borrower can provide comparable protection for the Borrower and the Department by virtue of the Borrower's participation in any "risk management" plan, self insurance program, insurance pooling arrangement, or any combination of these, provided that the protection plan has been reviewed by the Department.
- B) Copies of any policy or policies, including any new or renewal policy, shall be in a form satisfactory to the Department. Copies of such policy or policies shall be submitted to the Department at least Twenty (20) days prior to the effective date or dates thereof.
- C) Under Alternative I above, any policy or policies shall contain the following endorsement:
The State of California, its officers, employees and agents are hereby declared to be additional insureds under the terms of this policy, as to activities of both the Borrower and the Department in respect to the Project, and this policy shall not be cancelled without Thirty (30) days prior written notice to the Department.
- D) Loss under any fire insurance policy shall be payable to the Department for deposit in an appropriate trust fund with the State of California. The proceeds may be paid to the Borrower upon the Borrower's application for the reconstruction of the destroyed facilities.

- E) The Department shall not be responsible for the payment of any premiums or assessments on Borrower's insurance policies.

ARTICLE 15 - INSTALLATION OF OTHER FACILITIES

- A) The Borrower may at its own expense place or cause to be placed within the Project Area any structure, alteration, and/or improvement in addition to those set forth and described in Exhibit C, provided that such facilities:
 - 1) Are constructed, maintained and operated for the use, enjoyment protection and service of the public,
 - 2) Do not directly or indirectly reduce the service capabilities for the boating public called for in Exhibit C including the sanitary and parking facilities, and
 - 3) Have the prior written approval of the Department. Approval shall not be unreasonably withheld.
- B) The Department shall not be obligated to make or cause to be made any alteration, improvement, or repair to any facilities within the Project Area in addition to the original construction to the Project as provided for herein.

ARTICLE 16 - SIGN REFERRING TO DEPARTMENT FINANCING

The Borrower shall cause a permanent sign to be installed within the Project Area, which shall include a statement that the Department financed the Project. The sign may contain additional statements that recognize the participation of other government agencies in the Project. The sign shall be installed before the Project is made available to the public. The location and make-up of the sign, including the dimensions, materials and lettering, require the prior approval of the Department.

ARTICLE 17 - DIRECTIONAL SIGNS

The Borrower shall at the direction of the Department cause permanent directional signs to be installed that shall provide adequate directions for reaching the Project Area. The signs shall be installed on major roads in the area and in as close proximity as possible to freeway exits in conformance with the provisions of the City's Development Code and CalTrans policy. The locations and make-up of the signs, including the dimensions, materials, and lettering, require the prior approval of the Department.

ARTICLE 18 - WAIVER OF RIGHTS

It is the intention of the parties to this Agreement that from time to time either party may waive, in writing, certain rights under this Agreement. Any waiver by either party hereto of its rights with

respect to a Default or any other matter arising in connection with this Agreement shall not be deemed to be a waiver with respect to any other Default or matter.

ARTICLE 19 - NOTICES

The parties agree that to avoid unreasonable delay in the progress of the services performed hereunder; the Borrower and the Department shall each designate specific staff representatives for the purposes of communication between parties. Any notice or other written communication required or which may be given hereunder shall be deemed given when delivered personally, or if mailed, Three (3) days after the date of mailing; unless by express mail, facsimile (FAX) telecopy, e-mail, or telegraph, then upon the date of confirmed receipt to the following representatives:

For the Department:

Department of Boating and Waterways
Attention: Jim Patterson, Contract Administrator
2000 Evergreen Street, Suite 100
Sacramento, CA 95815
Telephone Number: (916) 263-8152
FAX Number: (916) 263-0648

For the Borrower:

City of Stockton, HOUSING AND REDEVELOPMENT DEPARTMENT
Attention: (Name) JERRY SCHARLIN, (Title) REDEVELOPMENT MANAGER
22 East Weber Avenue, Suite 350
Stockton, CA 95202-2306
Telephone Number: (209) 937-8539
FAX Number: _____

Either party hereto may, from time to time by notice in writing served upon the other as aforesaid, designate a different mailing address or a different or additional person to which all such notices or demands thereafter are to be addressed.

ARTICLE 20 - REMEDIES NOT EXCLUSIVE

The use by either the Department or the Borrower of any remedy specified in this Agreement for the enforcement of this Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

ARTICLE 21 - OPINIONS AND DETERMINATIONS

Where the terms of this Agreement provide for action to be based upon the opinion, judgment, approval, review, or determination of either the Department or Borrower, such terms are not

intended to be and shall never be construed as permitting such opinion, judgment, approval, review, or determination to be arbitrary, capricious or unreasonable.

ARTICLE 22 - SUCCESSORS AND ASSIGNS OBLIGATED

This Agreement and all of its provisions shall apply to and bind the successors and assigns of the parties hereto.

ARTICLE 23 - ASSIGNMENT

No assignment or transfer of this Agreement or any part hereof, rights hereunder, or interest herein by the Borrower shall be valid unless and until it is approved by the Department in writing. The Department's approval shall be granted at its sole discretion and may be made subject to such reasonable terms and conditions as the Department may impose.

ARTICLE 24 - LIABILITY

- A) The Borrower waives all claims and recourse against the Department including the right to contribution for any loss or damage arising from, growing out of, or any way connected with or incident to this Agreement.
- B) The Borrower agrees to indemnify, defend and save harmless, the Department, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Borrower in the performance of this Agreement.
- C) If the Department is named as a co-defendant pursuant to Government Code section 895, et seq., the Borrower shall notify the Department and represent it unless the Department elects to represent itself. If the Department undertakes its own defense, it shall bear its own litigation costs, expenses and attorney's fees.

ARTICLE 25 - PRIOR TERMINATION

This Agreement shall terminate on the date specified in Article 7 (A) of this Agreement if by such date (1) the Borrower has not met all conditions precedent to disbursement under this Agreement, or (2) the Department has disbursed no part of the Loan funds.

ARTICLE 26 – APPROVAL

This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services. Borrower may not commence performance until such approval has been obtained.

ARTICLE 27 - AUDIT

Any contracts entered into by the Borrower involving an expenditure of Loan funds shall contain a provision that the Department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records for possible audit for a minimum of Three (3) years after final payment under such contract, unless a longer period of records retention is stipulated. Borrower agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Borrower agrees to include a similar right of the Department to audit records and interview staff in any subcontract related to performance of this Agreement. (Government Code section 8546.7, Public Contract Code section 10115 et seq., Title 2, California Administrative Code, section 1896).

ARTICLE 28 – RECYCLING CERTIFICATION

Upon the completion of performance under this Agreement, the Borrower shall certify in writing under penalty of perjury, the minimum, if not exact, percentage of recycled content, both post consumer material and secondary material as defined in the Public Contract Code sections 12161 and 12200, in materials, goods, or supplies offered or products used in the performance of this Agreement, regardless of whether the product meets the required recycled product percentage as defined in the Public Contract Code sections 12161 and 12200. Borrower may certify that the product contains zero recycled content. (Public Contract Code sections 10233, 10308.5, 10354)

ARTICLE 29 – CERTIFICATION CLAUSES

The *CONTRACTOR CERTIFICATION CLAUSES* found at the following address:
<http://www.documents.dgs.ca.gov/ols/cc-304.doc>, as of the effective date of this Agreement, are hereby incorporated by reference and made a part of this Agreement.

ARTICLE 30– ANTITRUST CLAIMS

The Borrower by signing this Agreement hereby certifies that if services or goods are obtained by means of competitive bid, the Borrower shall comply with the requirements of the following:

- A) The Government Code Chapter on Antitrust claims contains the following definitions:

- 1) "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to the Business and Professions Code subdivision (c) of section 16750.
 - 2) "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code section 4550.
- B) In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under the Clayton Act section 4 (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code section 4552.
- C) If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code section 4553.
- D) Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code section 4554.

ARTICLE 31 - CHILD SUPPORT COMPLIANCE ACT

- A) Borrower recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code.

- B) Borrower, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

ARTICLE 32 - UNENFORCEABLE PROVISION

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

ARTICLE 33- UNION ORGANIZING

For all contracts, except fixed price contracts of \$50,000 or less, the Borrower acknowledges that:

- A) Borrower will not assist, promote or deter union organizing by employees performing work on a state service contract, including a public works contract.
- B) No state funds received under this Agreement will be used to assist, promote or deter union organizing.
- C) Borrower will not, for any business conducted under this Agreement, use any state property to hold meetings with employees or supervisors, if the purpose of such meetings is to assist, promote or deter union organizing, unless the state property is equally available to the general public for holding meetings.
- D) If Borrower incurs costs, or makes expenditures to assist, promote or deter union organizing, Borrower will maintain records sufficient to show that no reimbursement from state funds has been sought for these costs, and that Borrower shall provide those records to the Attorney General upon request.

Borrower, by signing this Agreement, acknowledges the applicability of Government Code section 16645 through section 16649 to this Agreement.

ARTICLE 34- GOVERNING LAW

This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

ARTICLE 35- WAIVER OF THE STATUTE OF LIMITATIONS

Borrower waives the benefit of any limitations affecting its liability hereunder or the enforcement thereof to the extent permitted by law.

CERTIFICATION

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

<i>Contractor/Bidder Firm Name (Printed)</i> CITY OF STOCKTON		<i>Federal ID Number</i>
<i>By (Authorized Signature)</i>		
<i>Printed Name and Title of Person Signing</i>		
<i>Date Executed</i>	<i>Executed in the County of</i> SAN JOAQUIN	

CONTRACTOR CERTIFICATION CLAUSES

1. **STATEMENT OF COMPLIANCE:** Contractor has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)
2. **DRUG-FREE WORKPLACE REQUIREMENTS:** Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:
 - a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
 - b. Establish a Drug-Free Awareness Program to inform employees about:
 - 1) the dangers of drug abuse in the workplace;
 - 2) the person's or organization's policy of maintaining a drug-free workplace;
 - 3) any available counseling, rehabilitation and employee assistance programs; and,
 - 4) penalties that may be imposed upon employees for drug abuse violations.
 - c. Every employee who works on the proposed Agreement will:
 - 1) receive a copy of the company's drug-free workplace policy statement; and,
 - 2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (GC 8350 et seq.)
3. **NATIONAL LABOR RELATIONS BOARD CERTIFICATION:** Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)
4. **UNION ORGANIZING:** Contractor hereby certifies that no request for reimbursement, or payment under this agreement, will seek reimbursement for costs incurred to assist, promote or deter union organizing.
5. **CONTRACTS FOR LEGAL SERVICES \$50,000 OR MORE- PRO BONO REQUIREMENT:** Contractor hereby certifies that contractor will comply with the requirements of Section 6072 of the Business and Professions Code, effective January 1, 2003.

Contractor agrees to make a good faith effort to provide a minimum number of hours of pro bono legal services during each year of the contract equal to the lesser of 30 multiplied by the number of full time attorneys in the firm's offices in the State, with the number of hours prorated on an actual day basis for any contract period of less than a full year or 10% of its contract with the State.

Failure to make a good faith effort may be cause for non-renewal of a state contract for legal services, and may be taken into account when determining the award of future contracts with the State for legal services.
6. **EXPATRIATE CORPORATIONS:** Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

7. SWEATFREE CODE OF CONDUCT:

a. All Contractors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at www.dir.ca.gov, and Public Contract Code Section 6108.

b. The contractor agrees to cooperate fully in providing reasonable access to the contractor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice to determine the contractor's compliance with the requirements under paragraph (a).

8. DOMESTIC PARTNERS: Commencing on July 1, 2004 Contractor certifies that it is in compliance with Public Contract Code section 10295.3 with regard to benefits for domestic partners. For any contracts executed or amended, bid packages advertised or made available, or sealed bids received on or after July 1 2004 and prior to January 1, 2007, a contractor may require an employee to pay the costs of providing additional benefits that are offered to comply with PCC 10295.3.

DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

1. CONFLICT OF INTEREST: Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (PCC 10410):

1). No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.

2). No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

1). For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

2). For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (PCC 10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

2. LABOR CODE/WORKERS' COMPENSATION: Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

3. AMERICANS WITH DISABILITIES ACT: Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

4. CONTRACTOR NAME CHANGE: An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory ensure that all obligations due to the state are fulfilled.

b. "Doing business" is defined in exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.

c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

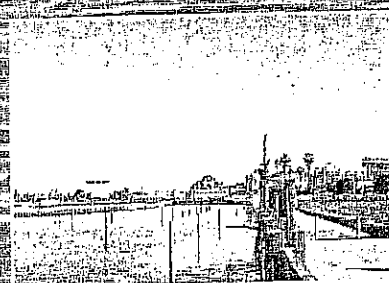
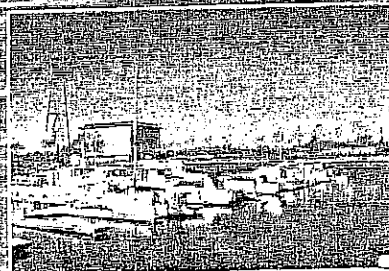
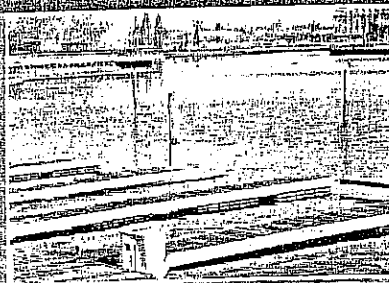
6. RESOLUTION: A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

7. AIR OR WATER POLLUTION VIOLATION: Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

8. PAYEE DATA RECORD FORM STD. 204: This form must be completed by all contractors that are not another state agency or other governmental entity.

STOCKTON MARINA \$1,700,000 PHASE I LOAN

(Total Loan Amount of \$13,300,000)
Total Project Amount of \$17,720,000
(APRIL 2002)

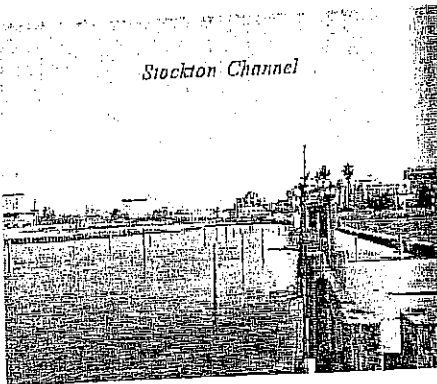


FEASIBILITY REPORT

STOCKTON WATERFRONT MARINA

*\$1,700,000 Phase I Loan
(Total Loan Amount of \$13,300,000)
Total Project Amount of \$17,720,000*

SUMMARY

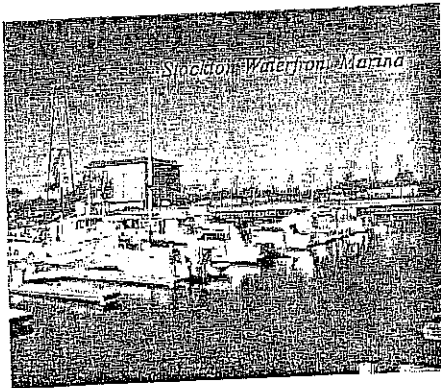


Stockton Channel

The City of Stockton has applied to the Department of Boating and Waterways for a loan of \$13,300,000 to improve the Stockton Downtown Marina. This report concerns first phase funding of \$1,700,000 for project design and engineering.

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 existing facilities at the Stockton Downtown Marina, originally constructed in approximately 1981, include 175 boat slips, parking areas, a harbormaster's office, a fuel dock, and a pumpout facility.



Stockton Waterfront Marina

In FY 1996/97, a \$180,000 planning loan was issued to the City of Stockton for engineering and design, an economic/market analysis, and an environmental review for the Stockton Downtown Marina.

This project proposes to: 1) demolish existing berths and construct new berths, 2) install new pilings, 3) add six standard gangways and six barrier-free access gangways, 4) construct/repave parking areas, 5) construct a dry stack storage building, 6) install dockside utilities, 7) add security gates, and 8) add catch basins/drainage.

Concurrently with this project, the City of Stockton will be funding the following improvements: 1) share construction/repaving of parking areas, 2) construct a harbormaster's building, 3) construct a new restroom, 4) add walkways/railing, 5) construct a marine fueling station, 6) add lighting, 7) provide a security system, 8) add miscellaneous utilities, 9) share costs for catch basins/drainage, 10) provide landscaping and irrigation, and 11) add signs and ancillary items.

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 revenues exceed estimated expenses, and there is adequate collateral for the proposed loan.

Phase II funding of \$8,600,00 is scheduled for Fiscal Year 2002/03; phase III funding of \$3,000,000 is scheduled for Fiscal Year 2003/04.



INTRODUCTION

Loan Applicant

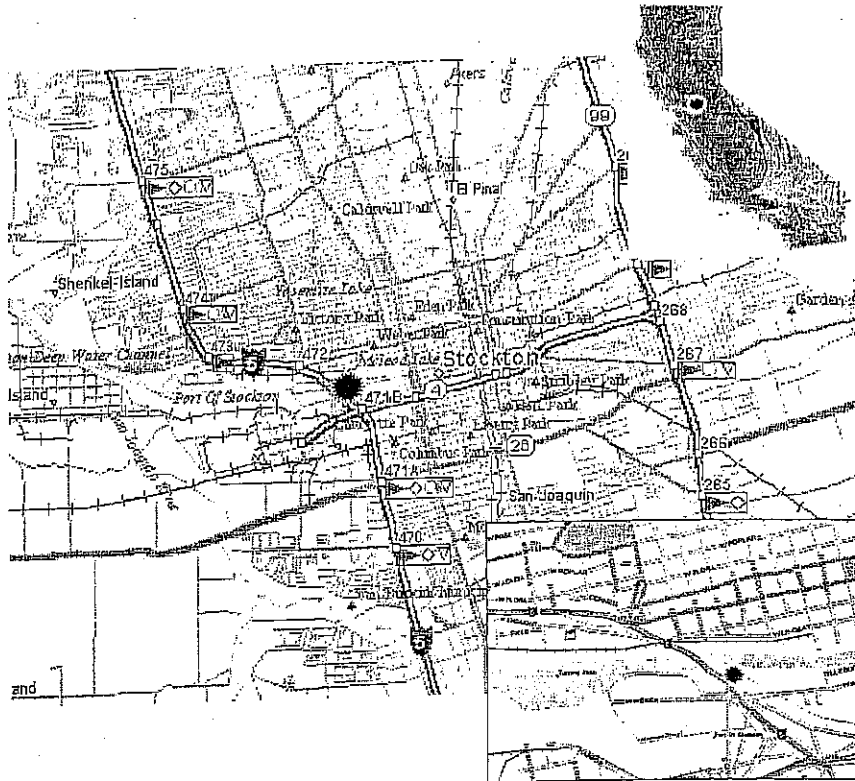
The loan applicant for this project is the City of Stockton.

Project Identification

The proposed project will improve the existing Stockton Downtown Marina. The City of Stockton has requested a loan of \$13,300,000 to finance the project.

Project Location

The Stockton Downtown Marina is located in the southerly portion of the California Delta, in the southwest section of the City of Stockton. The marina is located on the Stockton Channel, which has a reliable depth of 10 feet. The Channel extends from the San Joaquin River on the west, to the Stockton Waterfront Marina on the east, a distance of three miles.



Access to Project

Access is provided via Interstate 5 to Highway 4 west (the Crosstown Freeway). Take the El Dorado Avenue exit north to Weber Avenue and turn left. The marina is on the right side of Weber Avenue.

Area Description

The City of Stockton's earliest development centered around the waterfront area that includes the site of the Stockton Downtown Marina. Stockton's boating heritage dates back to the gold rush days when it served as a transfer-of-goods point and a stopping-off point for visitors traveling between the San Francisco Bay Area and the Sierra Foothills. Later dredging of Delta waterways for levee construction deepened the waterways making it possible for pleasure boats to navigate much of the Delta.

Today, the region has a large selection of marinas and resorts for recreational boaters. There are approximately 21 marinas within a 20 mile radius of Stockton, representing 20 percent of the marinas in the California Delta.

The Stockton Downtown Marina redevelopment project is part of an on-going revitalization effort by the City of Stockton to activate and renovate the economy of the downtown area. Due to economic conditions and changing recreation patterns, some area marinas did not prosper in the 1990's. This was due in part to the inability to accommodate newer boat dimensions, and to accommodate vacationers looking for additional amenities such as adjacent landside recreation. The Stockton Waterfront Revival Task Force has envisioned the area as an appropriate place to mix retail and entertainment uses along the Stockton Channel, adjacent to the marina.

The existing facilities at the Stockton Downtown Marina, originally constructed in approximately 1981, include 175 boat slips, parking areas, a harbormaster's office, a fuel dock, and a pumpout facility.

Previous Commission Actions

There has been no previous commission action at the Stockton Downtown Marina.

ENGINEERING CONSIDERATIONS

Cost Estimate

Proposed Project

This project proposes to: 1) demolish existing berths, and construct 298 new berths, 134 of which will be covered, 2) install new pilings, 3) add six standard gangways (4' x 35') and six barrier-free access gangways (4' x 120'), 4) construct/repave parking areas with a total of 375 spaces, 5) construct a 150 space dry stack storage building at the adjacent Morelli Park Boat Launching Facility, 6) install dockside utilities, including electrical, water, fire, and communications lines, 7) add six security gates, and 8) add catch basins/drainage.

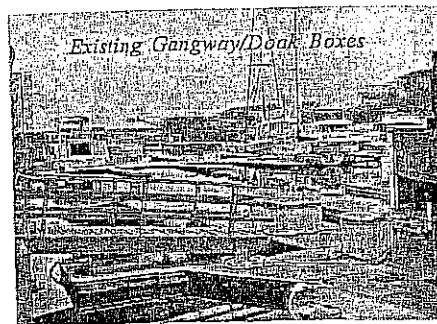
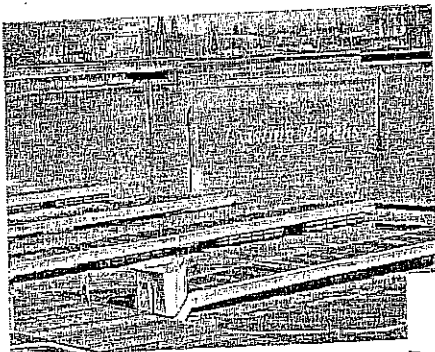
Concurrently with this project, the City of Stockton will be funding the following improvements: 1) share construction/repaving of parking areas with a total of 375 spaces, 2) construct a harbormaster's building 3) construct a new restroom, 4) add concrete walkways with railing, 5) construct a marine fueling station at the adjacent Morelli Park Boat Launching Facility, 6) add lighting, 7) provide a security system, 8) add miscellaneous utilities, 9) share costs for catch basins/drainage, 10) provide landscaping and irrigation, and 11) add signs and ancillary items.

In addition, the City of Stockton has applied to the Department for a boat launching facility grant for FY 2002/03 for improvements to the adjacent Morelli Park Boat Launching Facility.

<i>Project Item</i>	<i>DBW</i>	<i>CITY</i>
Demolition	\$ 220,000	130,000
Grading	20,000	65,000
Berths	7,445,000	
Piling	550,000	
Gangways	400,000	
Parking Area	335,000	440,000
Dry Stack Storage	1,055,000	
Utilities	984,000	195,000
Security Gates	40,000	
Catch Basins/Drainage	35,000	25,000
Harbormasters Building		610,000
Restroom		298,000
Walkways/Railing		745,000
Fueling Station		250,000
Lighting/Electrical		356,000
Security System		100,000
Landscaping/Irrigation		295,000
Signs & Ancillary Items		175,000
SUBTOTAL	\$ 11,084,000	3,684,000
Contingency	1,108,000	368,000
Engineering/Inspection	1,108,000	368,000
TOTAL	\$ 13,300,000	4,420,000

Conclusion

There are no particularly difficult or unusual problems associated with this project. It is therefore considered feasible, from an engineering standpoint, at an estimated construction cost of \$17,720,000.



ECONOMIC ANALYSIS

A loan project is assumed to be financially feasible if: (1) sufficient capital is available to finance construction to completion; (2) estimated annual revenues are sufficient to cover total annual expenses; and (3) there is adequate collateral for the proposed loan.

Capital

Total cost of the Stockton Downtown Marina improvement project is expected to be \$17,720,000. The City of Stockton will use Department of Boating and Waterways loan proceeds and funds from the City of Stockton to finance these costs. There is, therefore, sufficient capital to construct the facilities to completion.

Revenues and Expenses

A project's financial feasibility also depends on whether there will be sufficient revenue to pay for project expenses on an annual basis, including the repayment of the proposed Department of Boating and Waterways loan. The estimated revenues, expenses, and debt service (see Table 1) are as follows:

Revenues

Revenues to repay the Department of Boating and Waterways loan will be generated from marina revenues. Annual gross income from the Stockton Downtown Marina is estimated at \$1,214,000 in 2008. Any shortfall will be covered by tax increment revenues (T.I.R.'s) from the City of Stockton, Department of Housing and Redevelopment (see Table 1).

TABLE 1
Annual Cash Flow Projections

	2005	2006	2007	2008	2009	2010	2011	2012
REVENUE								
Berths ¹								
Uncovered	249,000	360,000	383,000	426,000	426,000	426,000	426,000	426,000
Covered	256,000	373,000	397,000	433,000	433,000	433,000	433,000	433,000
Guest Docks ²	30,000	44,000	58,000	88,000	88,000	88,000	88,000	88,000
Dry Storage ³	108,000	162,000	216,000	257,000	257,000	257,000	257,000	257,000
Fuel Docks	7,000	8,000	9,000	10,000	10,000	10,000	10,000	10,000
ROYAL REVENUE	\$650,000	\$947,000	\$1,003,000	\$1,194,000	\$1,194,000	\$1,194,000	\$1,194,000	\$1,194,000
OPERATING EXPENSES⁴	195,000	284,000	319,000	364,000	364,000	364,000	364,000	364,000
RESERVES⁵	13,000	19,000	21,000	24,000	24,000	24,000	24,000	24,000
DBW LOANS⁶								
1	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
2	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000
3	511,000	511,000	511,000	511,000	511,000	511,000	511,000	511,000
4	178,000	178,000	178,000	178,000	178,000	178,000	178,000	178,000
Loan Payment Subtotal	815,000	815,000	815,000	815,000	815,000	815,000	815,000	815,000
TOTAL EXPENSES	\$1,023,000	\$1,118,000	\$1,155,000	\$1,203,000	\$1,203,000	\$1,203,000	\$1,203,000	\$1,203,000
NET REVENUE	\$372,000	\$171,000	\$129,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
T.I.R.⁷	\$372,000	\$171,000	\$129,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000

- Monthly berthing rates at the proposed Stockton Waterfront Marina will range from \$6.50 to \$8.00 per foot for uncovered berths, and \$6.75 to \$8.50 per foot for covered berths. DBW is assuming 90% occupancy by 2008 for 30 and 40 foot berths, 95% occupancy by 2008 for 50 and 60 foot berths.
- Guest docks (25 foot berths) will rent for \$20.00 per day. The City of Stockton assumed guest docks would be occupied 146 days per year. DBW is assuming 60% occupancy (of 146 days/year) by 2008 due to the late construction schedule of the guest docks (after berthing is completed). After full dock construction, revenues could exceed 60%.
- Dry storage rates will be \$8.00 per foot for up to 25 feet. There are 150 proposed dry storage units. DBW is assuming 95% occupancy by 2008.
- Operating expenses @ 30% of gross operating revenues.
- Maintenance and dredging reserve @ 2% of gross operating revenues.
- DBW Loans:
 - Existing \$180,000 Boating and Waterways planning loan @ 4.5 % for 10 years (2015).
 - Proposed \$1,700,000 Boating and Waterways phase I construction loan @ 4.5 % for 30 years.
 - Proposed \$8,600,000 Boating and Waterways phase II construction loan @ 4.5% for 30 years.
 - Proposed \$3,000,000 Boating and Waterways phase III construction loan @ 4.5% for 30 years.
- For the proposed construction loans, all interest will be paid during the construction period, before the loans are drawn down.
- Department of Housing and Redevelopment tax increment revenues will cover any shortfall in marina revenues for loan repayment.

Expenses

The Department estimates the annual debt service on the proposed total loan amount of \$13,300,000 to be \$790,000 commencing on 8/1/05. Total annual operating expenses and administrative costs for the Stockton Downtown Marina are estimated at \$388,000 in 2008. Therefore, total expenses (including other DBW loans) are estimated to be \$1,203,000 in 2008. A breakdown of revenues and expenses for the City of Stockton are shown in Table 1.

Collateral

Collateral for the proposed loan will be T.I.R.'s (equal to 125% of the annual debt service) from the City of Stockton, Department of Housing and Redevelopment.

Reserves

A maintenance and dredging reserve account will be established by the City of Stockton at two percent of the gross operating revenues, to cover required maintenance and dredging (see Table 1).

Financial Considerations

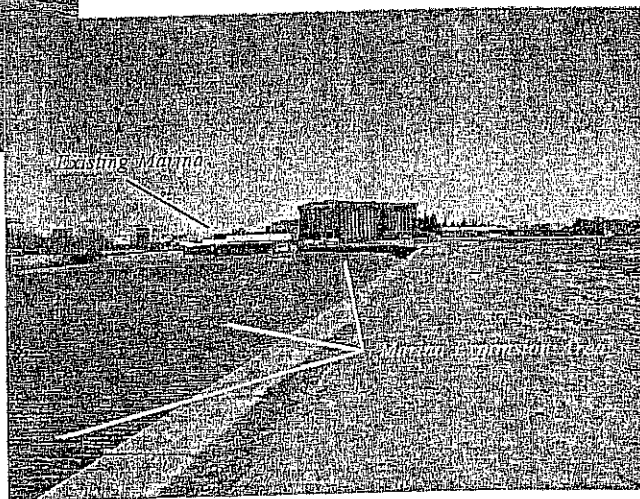
The completed project will be open to all on an equal and reasonable basis. Monthly berthing rates at the proposed Stockton Waterfront Marina will range from \$6.50 to \$8.00 per foot for uncovered berths, and \$6.75 to \$8.50 per foot for covered berths. Guest docks (50 - 25' berths) will rent for \$20.00 per day, and dry storage units (150 units) will rent for \$8.00 per foot, up to 25 feet.

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 T.I.R.'s exceed estimated expenses, and the City of Stockton, Department of Housing and Redevelopment will provide adequate collateral for the proposed loan. Therefore, the Stockton Downtown Marina project, as proposed, is considered financially feasible.

RECOMMENDATION

The Department of Boating and Waterways recommends that its Commission consent to this \$1,700,000 phase I loan to the City of Stockton for improvements to the Stockton Downtown Marina.

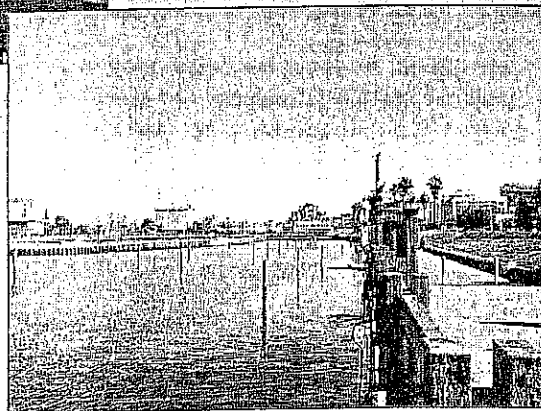
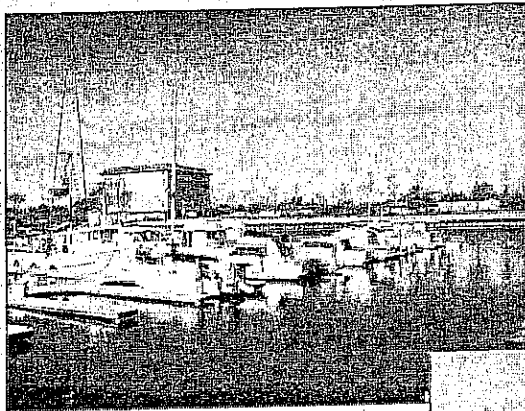


*Stockton
Downtown Marina*

\$8,600,000 Phase II Loan

*Total Loan Amount of \$13,300,000
(Total Project Amount of \$17,720,000)*

Feasibility Report



*September 19, 2002
South Lake Tahoe, California*

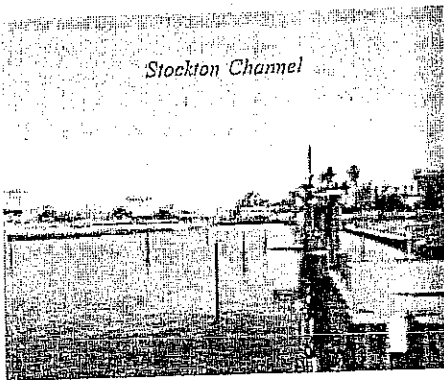
STOCKTON WATERFRONT MARINA

\$8,600,000 Phase II Loan

Total Loan Amount of \$13,300,000

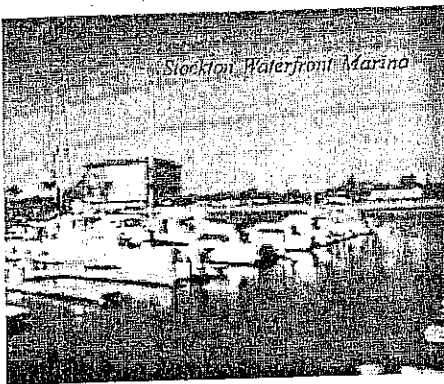
(Total Project Amount of \$17,720,000)

SUMMARY



The City of Stockton has applied to the Department of Boating and Waterways for a loan of \$13,300,000 to improve the Stockton Downtown Marina. This report concerns second phase funding of \$8,600,000 to begin construction of the project.

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 southwest section of the City of Stockton, in the southerly portion of the California Delta.



The existing facilities at the Stockton Downtown Marina, originally constructed in approximately 1981, include 175 boat slips, parking areas, a harbormaster's office, a fuel dock, and a pumpout facility.

In FY 1996/97, a \$180,000 planning loan was issued to the City of Stockton for engineering and design, an economic/market analysis, and an environmental review for the Stockton Downtown Marina.

In April, 2002, the Commission approved a phase I loan for the Stockton Downtown Marina in the amount of \$1,700,00. There has been no change in project scope or cost since the Commission approved the phase I loan.

This project proposes to: 1) demolish existing berths and construct 298 new berths, 134 of which will be covered, 2) install new pilings, 3) add six standard gangways (4' x 35') and six barrier-free access gangways (4' x 120'), 4) construct/repave parking areas with a total of 375 spaces, 5) construct a 150 space dry stack storage building at the adjacent Morelli Park Boat Launching Facility, 6) install dockside utilities, including electrical, water, fire, and communications lines, 7) add six security gates, and 8) add catch basins/drainage.



Concurrently with this project, the City of Stockton will be funding the following improvements: 1) construct/repave parking areas (share of funding), 2) construct a harbormaster's building, 3) construct a new restroom, 4) construct a marine fueling station at the adjacent Morelli Park Boat Launching Facility, 5) add miscellaneous utilities, 6) add catch basins/drainage (share of funding), 7) add concrete walkways with railing, 8) provide a security system, 9) add lighting, 10) provide landscaping and irrigation, and 11) add signs and ancillary items.

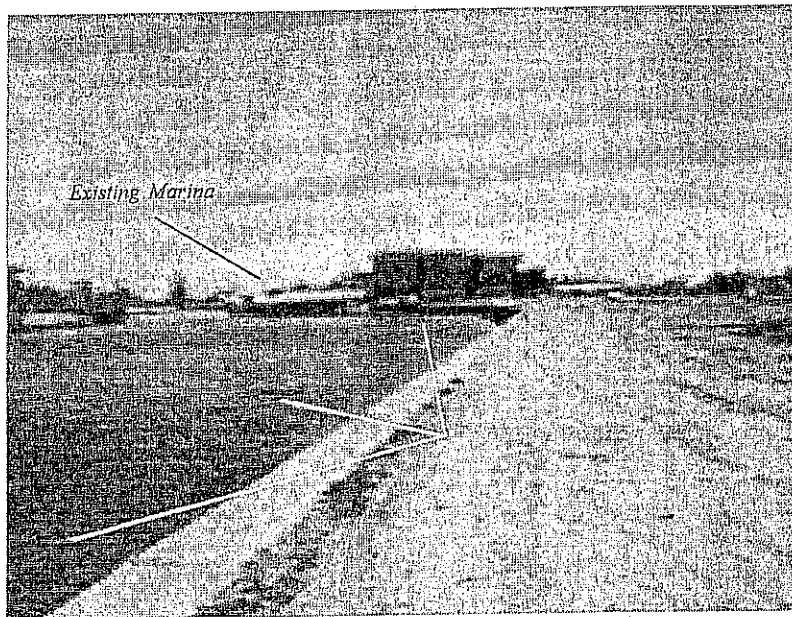
Project design is scheduled to begin in early 2003, with project bid and construction scheduled for 2004.

As shown in the phase I 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 revenues exceed estimated expenses, and there is adequate collateral for the proposed loan.

Phase III funding of \$3,000,000 is scheduled for Fiscal Year 2003/04.

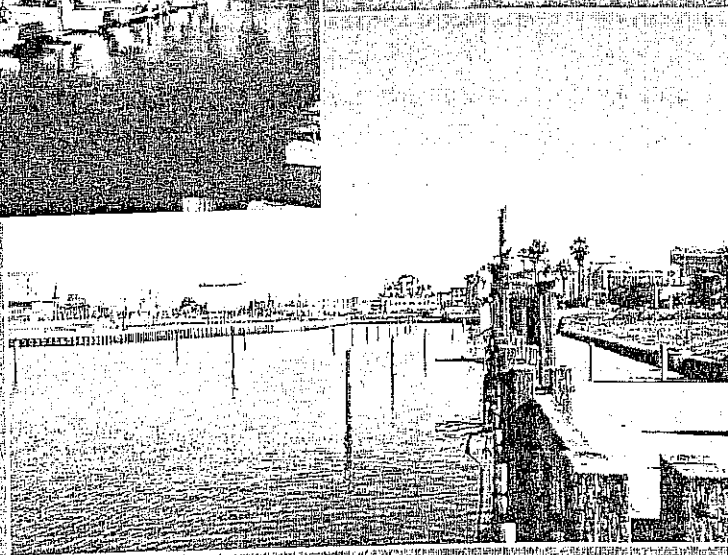
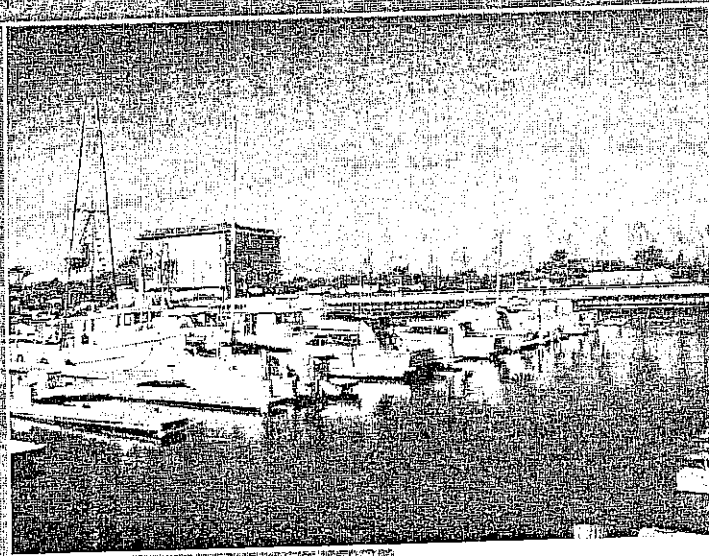
Cost Estimate

<i>Project Item</i>	<i>DBW</i>	<i>CITY</i>
Demolition	\$ 220,000	130,000
Grading	20,000	65,000
Berths	7,445,000	
Piling	550,000	
Gangways	400,000	
Parking Area	335,000	440,000
Harbormasters Building		610,000
Dry Stack Storage	1,055,000	
Restroom		298,000
Fueling Station		250,000
Utilities	984,000	195,000
Security Gates	40,000	
Catch Basins/Drainage	35,000	25,000
Walkways/Railing		745,000
Security System		100,000
Lighting/Electrical		356,000
Landscaping/Irrigation		295,000
Signs & Ancillary Items		175,000
SUBTOTAL	\$ 11,084,000	3,684,000
Contingency	1,108,000	368,000
Engineering/Inspection	1,108,000	368,000
TOTAL	\$ 13,300,000	4,420,000



Stockton Waterfront Marina
\$3,000,000 Phase III Loan
Total Loan Amount of \$13,300,000
(Total Project Amount of \$17,720,000)

Feasibility Report

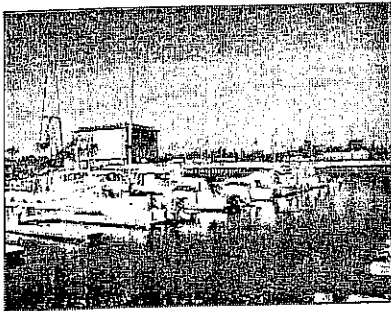


September 11, 2013
Sacramento, California

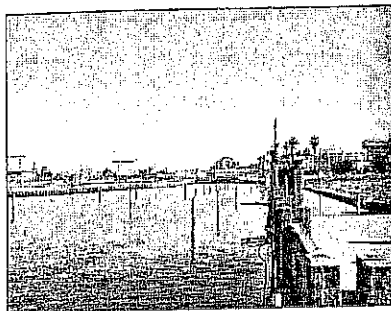
STOCKTON WATERFRONT MARINA

\$3,000,000 Phase III Loan
Total Loan Amount of \$13,300,000
(Total Project Amount of \$17,720,000)

The City of Stockton has applied to the Department of Boating and Waterways for a loan of \$13,300,000 to improve the Stockton Waterfront Marina. This report concerns the third and final phase funding of \$3,000,000.



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 southwest section of the City of Stockton, in the southerly portion of the California Delta.



The existing facilities at the Stockton Waterfront Marina, originally constructed in approximately 1981, include 175 boat slips, parking areas, a harbormaster's office, a fuel dock, and a pumpout facility.

In FY 1996/97, a \$180,000 planning loan was issued to the City of Stockton for engineering and design, an economic/market analysis, and an environmental review for the Stockton Waterfront Marina.

In April, 2002, the Commission approved a phase I loan for the Stockton Waterfront Marina in the amount of \$1,700,000. Phase II was approved in September 2002 for \$8,600,000. There has been no change in project scope or cost since the Commission approved the phase II loan.

This project entails: 1) demolish existing berths and construct 298 new berths, 134 of which will be covered, 2) install new pilings, 3) add six standard gangways (4' x 35') and six barrier-free access gangways (4' x 120'), 4) construct/repave parking areas with a total of 375 spaces, 5) construct a 150 space dry stack storage building at the adjacent Morelli Park Boat Launching Facility, 6) install dockside utilities, including electrical, water, fire, and communications lines, 7) add six security gates, and 8) add catch basins/drainage.



Concurrently with this project, the City of Stockton will be funding the following improvements: 1) construct/repave parking areas (portion of funding), 2) construct a harbormaster's building, 3) construct a new restroom, 4) construct a marine fueling station at the adjacent Morelli Park Boat Launching Facility, 5) add miscellaneous utilities, 6) add catch basins/drainage (share of funding), 7) add concrete walkways with railing, 8) provide a security system, 9) add lighting, 10) provide landscaping and irrigation, and 11) add signs and ancillary items.

Project design is scheduled to begin in early 2004, with project bid and construction scheduled for summer 2004.

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 revenues exceed estimated expenses, and there is adequate collateral for the proposed loan.

Cost Estimate

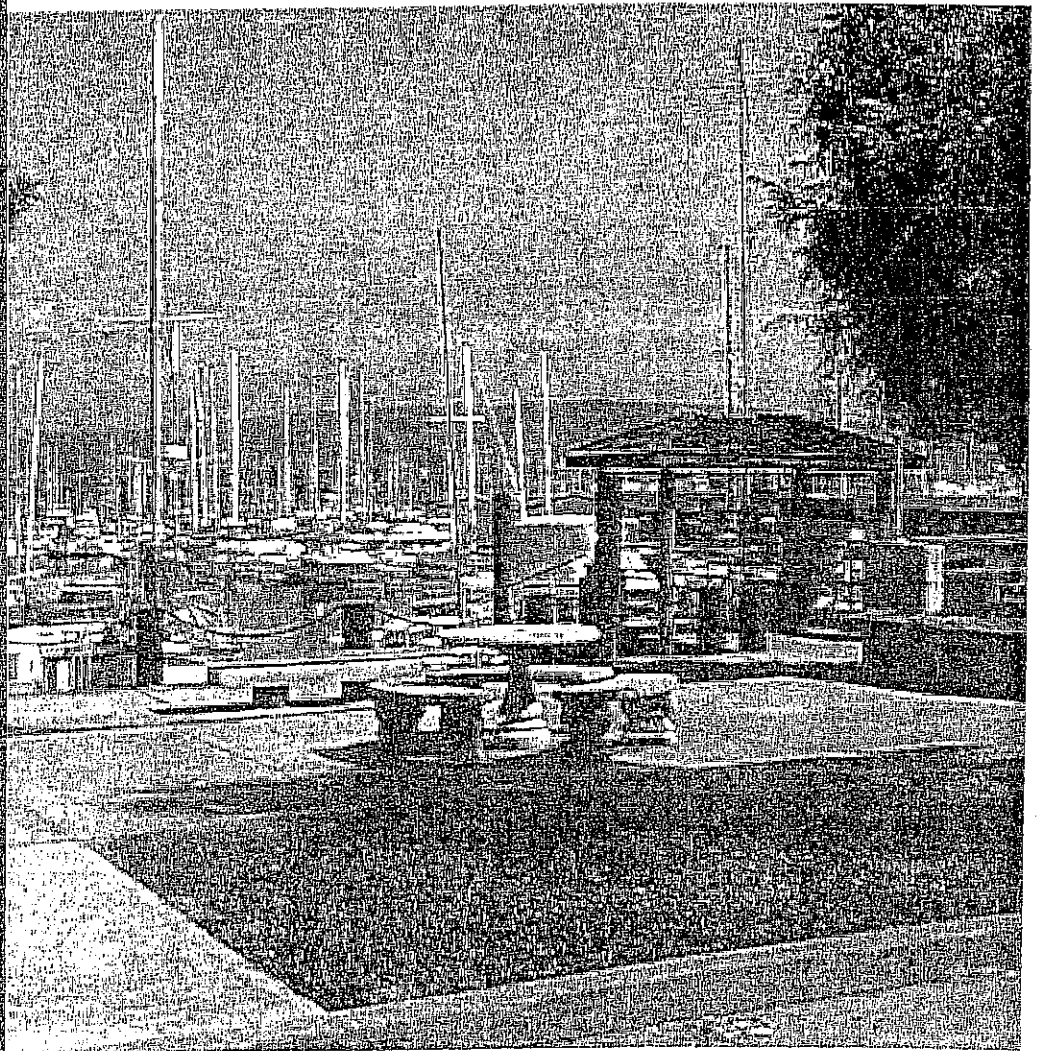
<u>Project Item</u>	<u>DBW</u>	<u>CITY</u>
Demolition	\$ 220,000	130,000
Grading	20,000	65,000
Berths	7,445,000	
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Signs & Ancillary Items		175,000
SUBTOTAL	\$ 11,084,000	3,684,000
Contingency	1,108,000	368,000
Engineering/Inspection	1,108,000	368,000
TOTAL	\$ 13,300,000	4,420,000

RECOMMENDATION

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 revenues exceed estimated expenses, and there is adequate collateral for the proposed loan.

The Department of Boating and Waterways recommends that its Commission consent to the final phase loan of \$3,000,000 to City of Stockton for improvements to the Stockton Waterfront Marina.

Small Craft Harbor and Recreational Marina Loan Programs



Marina Operations,
Maintenance, and Capital
Outlay Loan Requirements

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- F. Example of Capital Outlay Budgetary Plan
- G. Marina Capital Outlay Reserve Account Report
- H. DBW Site Visit Checklist
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I. Intent of Loan Requirements

The California Department of Boating and Waterways (DBW) maintains a large loan portfolio of approximately 200 public and private marina loans. In 2001, the portfolio had a combined total value of approximately \$220 million. Funding for the loan programs comes from the Harbors and Watercraft Revolving Fund.

The public loan program, known as the Small Craft Harbor Loan Program, was authorized in 1957 to make loans to cities, counties, and other government agencies for development, or operation, of small craft harbors and facilities. Most of DBW's portfolio (approximately \$200 million for 40 loans) is for public marina facilities.

The private loan program, initiated in its current form in 1985, provides loans directly to private recreational marina owners for development, expansion, and improvement of boating facilities. In 2001 there were about 30 outstanding private loans, totaling \$22 million. The private loan program is known as the Recreational Marina Loan Program. Both loan programs are managed by the Boating Facilities Program within DBW.

DBW has four key objectives for the marina operations, maintenance, and capital outlay loan requirements that shall apply to all new DBW public and private marina loans:

- To protect its sizable investment in statewide boating infrastructure, DBW must ensure that its borrower's marinas are operated in an efficient and economical manner (Operations Report), are annually repaired and maintained (Maintenance Budget Requirement), and that these marinas have adequate reserves for necessary periodic capital outlay expenditures (Capital Outlay Reserve Account)
- The Operations Report and Maintenance Budget Requirements, in combination with the Capital Outlay Reserve Account Requirement, are tools for DBW, as a major financial marina lender, to essentially promote "good management" on its marina borrowers. The Operations Report, Maintenance Budget, and Capital Outlay Reserve Account Requirements are supported by authority in the State Harbors and Navigation Code, Chapter 2, Article 3, Section 71.4 (for public loans) and Chapter 2, Article 5, Section 76 (for private loans)
- The Operations Report, Maintenance Budget, and Capital Outlay Reserve Account Requirements are consistent with industry best practices of ensuring that marinas operate efficiently and economically (Operations Report Requirement), perform necessary short-term maintenance (Maintenance Budget Requirement) and make necessary long-term improvements (Capital Outlay Reserve Account Requirement) to retain the functionality and investment value, of marina facilities during the life of DBW loans. The Operations Report insures that the marina is operated efficiently and economically. The Maintenance Budget Requirement insures that enough financial resources and staff are devoted to ongoing marina maintenance, in addition to just marina operations. The Capital Outlay Reserve Account will help reduce the negative effects of unpredictable increases in the annual operating and maintenance budgets of marinas by buffering and providing for the relative large and lumpy capital outlays that occur over time. The

capital outlay requirement insures continuing reinvestment by the marina borrower in depreciable marina capital items through requiring formal long-term capital budgeting as part of DBW financial loan covenants

- The Operations Report, Maintenance Budget, and Capital Outlay Reserve Account Requirements are to help assure adequate operation, maintenance, and condition of the marina, and also to ensure DBW that if the marina has to be repossessed in the event of foreclosure, the State's investment value is maintained, and there are funds to help cover deferred maintenance on the marina.

To meet these objectives DBW has developed three requirements: (1) Operations Report, (2) Maintenance Budget, and (3) Capital Outlay Reserve Account. This document describes each requirement and the obligations of the marina borrower and DBW for compliance. DBW recognizes that each marina operates under a unique set of circumstances dictated by a wide range of specific factors, such as: location, age, dock materials, market area, ownership, and customer base. These DBW requirements are intended to provide minimum guidelines or standards, recognizing that a "one-size-fits-all" requirement may not necessarily work for every marina. Thus,

DBW encourages each marina to customize and tailor these minimum requirements to their facility and situation. The reporting and accounting requirements are intended to be the minimum necessary to insure compliance with DBW guidelines – guidelines all marinas should already be following of their own accord. It is not DBW's intent to burden marinas with excessive operating requirements, however some reporting is necessary to insure accountability and to protect the State's significant investment in boating facilities statewide. These guidelines are intended to be compatible with each marina's long-term goals. Three such compatible long-term goals that apply to most marinas, whether publicly or privately owned, are as follows:

- Maintain the marina to a standard that is competitive with other marinas in the area and attracts boaters to the marina
- Meet current and long-range needs of the community, and of boaters, in the region
- Produce revenues sufficient to maintain and improve the marina infrastructure and make full debt service payments on the DBW loan.

Each marina that applies these DBW standards and guidelines may also have additional, more specific, goals for their facility.

II. Definitions and Examples for Loan Requirements

1. Marina Operation Costs

- Marina operation costs provide a benefit in the year that they occur
- Marina operation costs are marina income statement items
- Marina operation costs do not include any marina maintenance expenses, or any marina capital outlays, and neither maintenance expenses nor capital outlays shall be funded out of marina operation costs
- Marina operation costs include those tasks necessary to run the marina on a day-to-day, week-to-week, or month-to-month basis, as well as during emergency situations. Marina operation costs include normal staffing operation personnel costs, operations contracts, and day-to-day supply costs. Marina operation costs include the following marina activities: administration, implementation of rules and regulations, customer service, emergency planning, berth management, general staffing, security, utilities, and routine janitorial and house- or yard-keeping
- Examples of marina operation costs can include, but are not limited to, collecting berthing fees, administering transient boat slips, providing boat tenant customer relations, paying bills, patrolling grounds and parking facilities, cleaning restrooms and buildings, removing trash, pumping-out waste tanks, fueling boat gas tanks, and mowing/pruning facility landscaping.

2. Marina Maintenance Expenses

- Marina maintenance expenses provide a benefit in the year that they occur
- Marina maintenance expenses are marina income statement items
- Marina maintenance expenses do not include any marina operation costs, or any marina capital outlays, and neither operation costs nor capital outlays shall be funded out of the marina maintenance budget
- Marina maintenance expenses include those actions needed to keep the marina capital facility in a condition that will permit functional, convenient, and safe use, and that will allow the marina facility to achieve its expected life. Marina maintenance expenses include activities for the recurring upkeep of operational assets that are necessary to keep the marina assets in their usual condition. Marina maintenance expenses include scheduled, as well as unscheduled, activities. Marina maintenance expenses include normal staffing maintenance personnel expenses, maintenance service contracts, and parts expenses. There are several types of maintenance activities (these definition categories are not exclusive – a task may fit within more than one category) as follows:

Repair maintenance – work conducted to restore a damaged, broken, or worn-out capital facility or component to its normal operating condition. (Selected repair maintenance items that are deferred and involve “major” expenditures could be classified as capital outlays)

Preventative maintenance – maintenance that is scheduled, including servicing, repairing, inspecting, adjusting, and/or replacing parts that result in fewer breakdowns and fewer premature replacements, and help achieve the expected life of the asset and help reduce the need for large capital outlays for deferred maintenance. (Selected preventative maintenance items that are deferred and involve “major” expenditures could be classified as capital outlays)

Cyclic maintenance – maintenance that is regular, but typically larger in scope and less frequent. Cyclic maintenance is conducted to ensure that the marina continues its serviceability. (Selected cyclic maintenance items that are deferred and involve “major” expenditures, could be classified as capital outlays)

Annual maintenance – maintenance that is performed to maintain serviceability, or repair failures, during the year in which they occur. (Selected annual maintenance items that are deferred and involve “major” expenditures, could be classified as capital outlays).

- Most marina maintenance expenses are not capital outlays as they are costs for normal maintenance and upkeep necessary to keep marina assets in their usual condition. Maintenance expenditures are recurring in nature, and involve relatively small amounts at each occurrence. Routine maintenance costs are usually performed on a regular, predetermined schedule (daily, weekly, monthly, or yearly) to ensure the marina is safe, and serviceable, and to reduce or eliminate immediate risk
- Examples of marina maintenance expenses can include, but are not limited to, smoothing uneven dock surfaces, repairing toilets, replacing loose bolts, tightening cleats and other hardware, performing minor re-

graveling or re-grading, replacing selected dock materials, repairing selected walkway surfaces, replacing selected signs, changing light bulbs, repainting selected buildings, removing silt from a launch ramp, and power-washing a concrete dock surface.

3. Marina Capital Outlays

- Marina capital outlays provide benefits that extend beyond the year in which the outlay is made, and provide benefits for more than one accounting period
- Marina capital outlays are credited to the appropriate asset account on the balance sheet, and are depreciated over the useful life of the item. The Capital Outlay Reserve Account is generally for depreciating marina property. Marina capital outlays, however, do not include outlays that would be used for ultimate facility replacement
- Marina capital outlays do not include any marina operation costs, or any marina maintenance expenses, and neither operation costs nor maintenance expenses shall be funded through the Capital Outlay Reserve Account
- There are several different kinds of marina capital outlays, most of which have long life spans. Marina capital outlay items include the major building, facility, and service components, systems, and equipment. Capital outlay items can include major safety features and major regulated changes. Marina capital outlays generally have an expected useful lifespan that will vary according to the item quality and specific marina conditions. The useful life of marina capital outlay items generally comes to an end when the cost of maintenance is no longer worthwhile because it will not extend the asset useful life by a reasonable period of time

- Some marina maintenance type items may be classified as capital outlays that are larger in nature, and less frequent, or less regular in occurrence, conducted to ensure that the marina continues its serviceability. Marina capital outlays can include certain major maintenance items such as repairs or renovations, and major replacements and upgrades (with "major" being defined as more than \$5,000 in cost, per item), which have benefits that extend beyond the current fiscal period, and that cannot be easily paid for out of annual maintenance budgets. Capital outlays, for purposes of the Capital Outlay Reserve Account (not necessarily for purposes of the Internal Revenue Service) thus may include on a case-by-case explained basis, major repair and maintenance, major deferred cyclic, or major deferred annual maintenance expenses that exceed \$5,000 in cost. All major maintenance-type expenses classified as capital outlays, however, shall be especially singled out, and line-item explained, by the borrower
- Examples of marina capital outlays can include, but are not limited to, refurbishing and replacing docks; expanding the number of berths; upgrading lighting, electrical and fire equipment; replacing faulty dock flotation and fuel dispensers; improving parking lots, boat launching, and security systems; adding new dock gangways; performing marina dredging; improving building facilities, restrooms, moorings, and the harbormaster's office; re-painting the entire marina; adding new dry storage, showers, fuel docks, stores (convenience, bait shop, deli, restaurant, boat service center, and chandlery); expanding landscaping, picnic, and camping facilities; making major rip-rap repairs; and implementing necessary major regulatory

improvements (such as compliance with the Americans with Disabilities Act or the addition of sewage pump-outs). There are several types of capital outlay examples (these example categories are not exclusive -- an example may fit within more than one category) as follows:

Major deferred maintenance – Deferred maintenance costs that are classified as capital outlays result from delaying, or putting off, routine repairs or preventative maintenance, leading to the deterioration of performance, increased costs to repair or maintain, and a decrease in asset value. Capital outlays include costs that are major deferred maintenance costs that exceed \$5,000 in value. An example of major deferred maintenance is if a marina had to replace an entire dock section because of a problem with uneven flotation that was not corrected in a timely manner. Other examples of major deferred maintenance include major re-graveling or re-grading a parking lot; major replacing of deck materials, major repairing of walkway surfaces, major replacing of signs, or major repainting of facilities. Major maintenance considered capital outlays also may include major costs to restore a damaged, broken, or worn-out capital facility or component

Partial replacement – Partial replacement is a capital outlay, such as substitution or exchange of an existing marina facility component with one having essentially the same capacity and purpose, for example, replacing a dock section that has failed

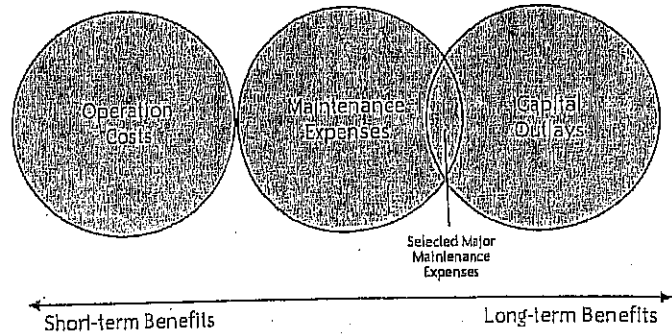
Partial reconstruction – Partial reconstruction is a capital outlay, which includes renovation of the marina to the original condition, capacity, and function, or improvement of the marina to provide additional service, for example replacing dock systems or bulkheads, adding launch lanes, additional berths, installing rest rooms, or installing a new pumpout station

Rehabilitation – Rehabilitation is a capital outlay such as renovation or restoration of a facility or component in order to restore functionality or extend the life of the marina. Rehabilitation may be primarily done to address deferred maintenance, for example, major repainting and re-roofing a building

New marina component – Construction, installation, or assembly of a new major marina component, or a significant alteration, expansion, or extension of the marina to accommodate a change of purpose is a capital outlay. A project that enhances or restores the value of the marina is a capital outlay. For example, adding a new launch ramp, a new lighting system, or security system, are capital outlays.

4. Relationship of Operation Costs, Maintenance Expenses, and Capital Outlays

Figure 1



5. Marina Gross Revenues

Gross marina revenues are defined as either actual gross marina operating revenues, or gross marina total revenues necessary for the marina to break-even on an income statement basis, whatever is greater.

III. Requirement 1: Marina Operations Report

1. Marina Operations Report Requirement

The loan contract standard agreement requires the marina borrower to operate the marina in an efficient and economical manner. To ensure that the marina is being operated accordingly, the marina borrower shall complete and submit to DBW a signed copy of the Marina Operations Report.

The Marina Operations Report prompts the marina borrower to ascertain whether they are meeting a series of operational performance requirements. In addition, the borrower shall provide their occupancy and berth rental rates, and the competitive berth rental rates for the six nearest facilities.

If the borrower is not in compliance with items in the Operations Report, the borrower shall explain the reasons, and any corrective actions that are, or will, be taken. There is space provided for these explanations on the Marina Operations Report, and additional sheets of paper may be used.

2. Marina Operations Checklist (Part A on "Master Checklist")

In addition to the Marina Operations Report, the borrower shall complete the operations items in Part A of the Marina Operations, Maintenance, and Capital Outlay Master Checklist (see Appendix A). The marina features listed in Part A shall be inspected regularly.

To "meet standard" for these features, they shall be, (1) conducted regularly and properly, and (2) kept in a clean and sanitary condition. For example, litter shall be regularly collected, restrooms shall be kept clean and stocked, windows shall be cleaned, buildings shall be kept clean (inside and outside), and the waste pumpout system shall be serviced regularly.

3. Marina Operations Reporting

The marina borrower shall complete, sign, and submit the Marina Operations Report (see Appendix B) to DBW. Public marinas shall submit the report by August 1st each year with the annual loan payment, and private marinas shall submit the form by April 1st of each year, at the same time as the required Maintenance Budget and Capital Outlay Reserve Account Reports.

IV. Requirement 2: Marina Maintenance Budget

The marina maintenance budget requirement includes two components, (1) a budget component, and (2) a performance standard component. Procedures and requirements for each of these components are described below. The two components are necessary to ensure that the marina is maintained in an acceptable condition. Meeting only the budget requirement does not necessarily insure that the marina is kept to a reasonable maintenance performance standard, particularly if the marina is old and requires significant repairs each year. By meeting the planning, inspection, and reporting requirements, in addition to the budget requirements, DBW can be reasonably assured that the borrower's marina is performing at an acceptable maintenance level.

1. Marina Maintenance Budget Requirement

Annual maintenance expenses shall normally fall within a range of between six percent and ten percent of annual gross revenues, or the borrower shall explain why this percentage is either high or low. Annual maintenance expenses shall include the following:

1. Payroll, including benefits and employer taxes, for the share of staff time spent conducting maintenance, as previously defined in Section II. For example, if the harbor master spends ten percent of his/her time on maintenance, and a staff person spends fifty percent of his/her time on maintenance, the relative shares of those salaries and benefits shall be included in the maintenance expense line item
2. Equipment and material or supplies for maintenance use – either rental or purchase of tools, paint, wood, nuts, bolts, pipes, fittings, parts, etc.
3. Contract costs for maintenance and repair services – for example, payment to an electrician for repairs. Does not include contract costs for operational expenses – janitorial services or routine landscape care (such as mowing and pruning).

The marina borrower shall provide an actual fiscal year operations and maintenance (O&M) budget. This budget shall reflect the six percent to ten percent maintenance guidelines (with an explanation for any exceptions). The borrower shall identify discreet operations versus maintenance budget line items, as shown in the example of actual fiscal year operation costs and maintenance expenses (see Appendix C-1).

The marina borrower shall determine the percent of time spent on operation costs, maintenance and repair expenses, and capital outlays for each staff person in order to allocate personnel expenses to the maintenance budget. To support the allocation, the marina borrower shall provide job descriptions for all marina staff, with the percent of staff time allocated to marina operations, maintenance, and capital outlay line items. These job descriptions shall reflect the staff allocation in the actual fiscal year O&M budget.

The marina maintenance performance standards require the borrower to develop and follow a maintenance plan and schedule, conduct a full marina inspection, and report to DBW annually on the marina's condition. The marina borrower shall be responsible for the following:

1. Developing and following a maintenance plan and schedule. The maintenance plan shall include:
 - A checklist (using the Marina Operations, Maintenance, and Capital Outlay Master Checklist, modified if necessary), with all items to be inspected
 - Maintenance staff responsibilities
 - Response time and procedures for unscheduled maintenance problems
 - Procedures for maintenance records including records of inspections and repairs
 - Maintenance staff training procedures
2. Conducting marina inspections – items may be inspected daily, weekly, monthly, seasonally, or annually
3. Completing maintenance in a timely fashion
4. Maintaining records of inspections and maintenance
5. Handling unscheduled maintenance problems and complaints in a timely fashion
6. Training marina maintenance employees.

Once each year, August 1st for public loans, and April 1st for private loans, the borrower shall submit the completed and signed Marina Operations, Maintenance, and Capital Outlay Master Checklist (customized to the marina, if appropriate) and the Marina Maintenance Report (see Appendix D). These forms require the borrower to provide the following:

- Gross revenues for the previous fiscal, or calendar, year (see Appendix C-2)
- Annual fiscal year actual operations and maintenance expenses, including allocation of staff to maintenance
- Total maintenance expenses for the same fiscal year. Maintenance expenses shall include all items as described previously

- Maintenance expenses as a percent of gross revenues
- If maintenance expenses as a percent of gross revenues are below six percent, or above ten percent, the borrower shall provide a written explanation of why this line item is either high or low, particularly in relation to the previous and expected future year's maintenance line items, and the age and condition of the marina
- Job descriptions of all marina staff, including allocation of time for each staff person to operations, maintenance, and capital outlay tasks.

2. Marina Maintenance Checklist

The three-page master checklist, to be customized, as appropriate, and used for marina inspections, is included in Appendix A. Instructions are provided below.

Master Checklist Instructions

The marina supervisor shall conduct regular inspections of the marina using the Master Checklist. Inspections shall be conducted on a weekly, monthly, or seasonal basis by the marina staff. (Note: all items will not require inspection each time. The marina supervisor shall determine the appropriate inspection interval for their facility features). Once a year, the marina supervisor will report inspection results to DBW by submitting one completed Master Checklist for a full-facility inspection. The instructions for using the Master Checklist are as follows:

1. Note the inspection date and inspector(s)
2. For each item on the checklist, mark "Yes" if the item is in good or average condition (meeting standard), and "No" if it is not

3. It is the responsibility of the inspector to determine if the item "meets standard" – meaning the item is in good to average condition, there are no safety hazards, no loose parts, it is functioning properly, it is not broken, it does not have stains, cracks, or uneven surfaces, and it is not warping, sinking, leaking, or chipping, and does not have other problematic features
4. If the item does not meet standard, identify needed maintenance or repairs
5. When the maintenance is completed, note the maintenance date in the appropriate column on the checklist
6. Make any clarifying notes at either the time of inspection, or time of maintenance in the column provided
7. If the item is of a sufficient concern to require a larger capital outlay in the immediate, or near-term (current or next year), make a note in the capital outlay column
8. For any items that do not apply to the facility, place a "NA" in the "Yes" column
9. For any items that are relevant to the marina but are not on the checklist, include them in additional rows in the "Other" section of the checklist
10. For docks, as well as buildings, where there may be multiple structures in differing conditions, complete a checklist for each building or dock, or complete the checklist once for all features. Include descriptions in the notes column to identify which features have unique characteristics or problems
11. For the "Operations" items in Part A, note whether these features "meet standards", particularly whether they are clean and being conducted regularly.

3. Marina Maintenance Reporting

The marina borrower shall complete, sign, and submit a Marina Maintenance Report (see Appendix D) to DBW each year. Public marinas shall submit the form by August 1st each year, and private marinas shall submit the form by April 1st of each year.

V. Requirement 3: Marina Capital Outlay Reserve Account

1. Marina Capital Outlay Reserve Account Requirement

The marina capital outlay reserve account requirement is intended to insure that the marina borrower sets aside a minimal amount for future capital outlay needs at the marina. The borrower shall ensure that at a minimum, a two (2) percent of annual gross marina revenues capital outlay reserve is deposited annually.

The borrower reserve account requirement is set at a minimum of two percent of annual gross marina revenues, but all marina borrowers are encouraged to set aside a higher percentage of annual gross marina revenues, as required, to meet actual specific marina needs. In general, aging marinas may require much more than the minimum two percent annual requirement. Also, there is a direct correlation between maintenance functions and resulting costs of capital outlay needs, so that the capital outlay reserve account may be inadequate at the two percent level if marina maintenance is inadequate.

The marina borrower shall establish a separate, interest earning, bank savings account specifically earmarked for the marina capital outlay reserve. The Capital Outlay Reserve Account is escrowed in a segregated and discrete account, but with administration and approval process for funding and withdrawal kept as straight forward as possible.

The marina borrower shall establish the capital outlay reserve account at marina operations start-up, or for existing marinas, after signing the loan contract. The marina borrower shall deposit funds monthly to the reserve account. The borrower shall deposit the two percent of annual gross marina revenues reserve account requirement by the end of each fiscal year.

The borrower may withdraw funds at anytime during the year for demonstrated capital outlay items that are in the Capital Outlay Budgetary Plan, or are specially explained and/or justified to DBW on an exception basis.

Capital Outlay Reserve Account Procedures

The borrower shall report once each year, by August 1st with the loan payment for public marinas, and by April 1st for private marinas on (1) the amount of monies deposited into the Capital Outlay Reserve Account as of the last day of the most recent fiscal year period, (2) the amount of funds withdrawn during the most recent fiscal year period, (3) total gross revenues for the fiscal year time period, (4) use of the funds for the fiscal year period by depreciable property items, as tied to the Capital Outlay Budgetary Plan, (5) a brief assessment describing the long-term condition and overall status of the marina, and (6) the projected marina capital outlays and marina cash flows over the next ten fiscal years.

Capital Outlay Reserve Account Process

The borrower shall spend capital outlay funds during the year in accordance with the individual marina reported Capital Outlay Budgetary Plan. Withdrawal of funds from the Reserve Account for capital improvement projects is subject to DBW approval. All capital outlays, by definition, shall be included in the marina's Ten-Year Capital Outlay Budgetary Plan. Withdrawals from the Reserve Account shall follow the plan, or the Borrower shall obtain special DBW approval for a capital item expenditure from the Reserve Account.

2. Marina Capital Outlay Budgetary Plan

The Marina Capital Outlay Budgetary Plan is a pro forma, ten-year marina cash flow analysis that incorporates planned capital outlay expenditure items. The Capital Outlay Budgetary Plan shall be updated by the borrower each year so that it provides an ongoing, and updated ten-year capital outlay budget. The Capital Outlay Budgetary Plan is strictly tied to the capital outlay reserve requirement whereby long-term cash flow projections are tied to planned-for, or expected, marina capital outlays. The capital outlay reserve requirement is to provide for matching funds accumulation to the timing of the capital item needs. This entire capital outlay planning process (Capital Outlay Reserve Account and Capital Outlay Budgetary Plan) provides the borrower with an understanding of the future impact on marina cash flows of long-term capital replacements and improvements.

3. Example Capital Outlay Budgetary Plan

The borrower shall take an inventory of all depreciating marina property that will need to be replaced in the long-term. In the case of public marinas the borrower shall project out a maximum of 30 years, and for private marinas, the borrower shall project out a maximum of 20 years, or the life of the respective loans. The borrower shall determine for the next ten years the present condition, or state of the depreciating marina property, and shall estimate

as to when each component of the depreciating property will need to be replaced. The borrower shall then estimate costs of replacement for the capital item in the year of projected replacement. Finally, the Capital Outlay Budgetary Plan is to include expected funding sources for each capital outlay item (i.e., the Capital Outlay Reserve Account or alternative sources). If the future needed estimated capital outlay costs exceed the two percent minimum reserve requirement, the needed amount of extra funds shall be accumulated in the reserve fund.

It is the responsibility of the borrower to maintain sufficient funding in the Capital Outlay Reserve Account to meet the projected capital outlay requirements in the Capital Outlay Budgetary Plan, regardless of the two percent minimum requirement. Capital Outlay Reserve Account funds shall never be commingled with the operating or maintenance marina funds. Appendix E provides an example of projected capital outlay projects and Appendix F provides a ten-year projected marina cash flow that incorporates long-term capital outlay projections.

4. Marina Capital Outlay Reserve Account Reporting

The marina borrower shall complete, sign, and submit a Capital Outlay Reserve Account Report (see Appendix G) to DBW each year. Public marinas should submit the form by August 1st each year, and private marinas should submit the form by April 1st of each year.

VI. Summary of Responsibilities and Reporting

1. Marinas

Borrowers are responsible for a number of reports and information as a result of the Marina Operations, Maintenance, and Capital Outlay Requirements. These reports are summarized below:

- Completed and signed Marina Operations, Maintenance, and Capital Outlay Master Checklist (Appendix A)
- Completed and signed Marina Operations Report (Appendix B)
- Annual actual fiscal year operation costs and maintenance expenses (Appendix C)
- Completed and signed Marina Maintenance Report (Appendix D)
- Job descriptions for marina staff
- Projected Capital Outlay Projects (Appendix E)
- Ten Year Capital Outlay Budgetary Plan (Appendix F), and
- Completed and signed Capital Outlay Reserve Account Report (Appendix G)
- Response to the DBW site visit inspection Master Checklist (after DBW site visit only).

2. DBW

The Marina Operations, Maintenance, and Capital Outlay Requirements require oversight of borrowers by DBW Boating Facilities staff:

- DBW staff will periodically conduct a site visit and inspection of the borrower's facility. At the site visit, the DBW staff person will use the Operations, Maintenance, and Capital Outlay Master Checklist, and/or the marina's customized version of the checklist, to conduct the site inspection. At, or before, the site visit DBW staff will review the marina's Maintenance Budget and Capital Outlay Budgetary Plan for completeness. DBW staff will provide the borrower with a copy of the completed DBW inspection checklist, and the borrower shall submit the final checklist, with action dates, when all necessary deficiencies have been corrected, but at least within three months
- DBW staff will prepare and complete the Site Visit Checklist (see Appendix H) for each marina inspection completed
- Upon receipt of the marina borrower reports, DBW staff will review all reports and attachments and complete the Annual Reporting Checklist (see Appendix I). DBW staff will follow-up with the borrower on any items that are not submitted, are incomplete, or indicate that the marina is not operating or maintaining the facility adequately or fulfilling their capital outlay obligations.

3. Remedy for Violation of Requirements

The Marina Operations, Maintenance, and Capital Outlay Requirements are incorporated into the loan contracts. Non-compliance with the requirements in this document may result in a technical loan default. A borrower found to be in noncompliance of these requirements shall be given 180 days to remedy the problem(s). An occurrence of default shall exist if the borrower is not in compliance

within 180 days, and DBW may exercise all rights and remedies accorded to them by law. However, DBW also may choose to hire a contractor to remedy the deficiencies and to charge the borrower for such efforts. The borrower shall submit payment for the remedies work with the next loan payment following receipt of the invoice for correcting the deficiencies. Failure of borrower to submit payment shall also be an occurrence of default.

Marina Operations, Maintenance, and Capital Outlay — Master Checklist

Inspection Date: _____ Inspector: _____

Marina Feature	Meets Standards		Potential Next-Year Capital Outlay Item	Repairs Needed Now	Repair Completion Date	Notes
	Yes	No				
A Operation Issues <small>For Operations</small>						
1 Litter collection						
2 Trash/recycling collection						
3 Restrooms						
4 Shower facilities						
5 Laundry facility						
6 Mowing/pruning						
7 Buildings						
8 Windows						
9 Waste pumpout service						
B Waterside Conditions <small>For Maintenance</small>						
10 Breakwater						
11 Shoreline						
12 Rip rap						
13 Marina depth						
14 Channels						
15 Plumbing/water lines						
16 Hazard removal						
17 Fire suppression system						
18 Underwater dock conditions						
19 Buoys/navigation aids						
20 Fuel dispensing unit						
21 Fuel storage system						
22 Pumpout unit						
23 Piling						
C Docks <small>For Maintenance</small>						
24 Decking/surface						
25 Dock framework						
26 Freeboard height						
27 Flotation						
28 Walkways						
29 Tensioning rods						
30 Rub strips						
31 End pilings						
32 Metal fittings						
33 Power pedestals						
34 Transformers						
35 Switch gears						
36 Water system						
37 Storage lockers						
38 Gates/security system						
39 Handrails						
40 Lighting						

Appendix A

Marina Feature	Meets Standards		Potential Next-Year Capital Outlay Item	Repairs Needed Now	Repair Completion Date	Notes
	Yes	No				
D. Gangways						
41 Decking/surface						
42 Hinges						
43 Slides						
44 Rollers						
E. Walkways and Boardwalks						
45 Decking/surface						
46 Metal fittings						
47 Lighting						
48 Handrails						
49 Pillings/support						
50 Fishing piers						
F. Boat Launch Ramps						
51 Ramp surface						
52 Ramp slope						
53 Debris/sediment						
54 Drop-offs/erosion						
55 Boarding floats						
56 Boat washdown area						
57 Signs						
58 Lighting						
G. Marina Buildings						
59 Structural condition						
60 Paint						
61 Siding						
62 Insulation						
63 Windows						
64 Roof						
65 Doors						
66 Eaves/drainage pipes						
67 Walls/flooring						
68 Lighting						
69 HVAC systems						
70 Restroom fixtures/facility						
71 Shower fixtures/facility						
72 Laundry facility						
73 Vending machines						
H. Parking/Access Roads						
74 Surfaces						
75 Paving/gravel						
76 Striping						
77 Curbs						
78 Wheel stops						
79 Drainage						
80 Signs						
81 Lighting						
82 Hazard removal						

Appendix A

Marina Feature	Meets Standards		Potential Next-Year Capital Outlay Item	Repairs Needed Now	Repair Completion Date	Notes
	Yes	No				
Grounds						
83 Plantings						
84 Trees						
85 Lawns						
86 Sprinkler systems						
87 Lighting						
88 Signs						
89 Pay telephones						
90 Culverts/drainage						
91 Benches						
92 Planters						
93 Trash receptacles						
94 Recycling receptacles						
95 Fish cleaning station						
96 Hazard removal						
97 Equipment/tools						
98 Sidewalks/walkways						
99 Fencing/gates						
Other						
100						
101						
102						
103						
104						
105						
106						
107						
108						
109						
110						
111						
112						
113						
114						
115						
116						
117						
118						
119						
120						

I certify that the inspection was conducted on the date specified above by qualified marina staff, and that all information on the marina condition and maintenance in this checklist is accurate, and complete and reflects the true condition of the marina.

Name: _____ Date: _____
 Title: _____ Telephone: _____



Marina Operations Report

Small Craft Harbor and Recreational Marina Loan Programs

Facility Name:	
Facility Location:	Date of Report:
Contract No.:	Project Completion Date:
Amount Funded:	Loan Payoff Date:

Operations Report Requirements

For any items that are not checked, provide a brief explanation in the space provided at the end of this form, or on a separate piece of paper.

- The marina occupancy level for the last year was adequate to maintain positive cash flow. The average marina occupancy level was: _____
- The marina has a marketing or business plan to increase occupancy levels if it falls below a threshold, needed to maintain adequate cash flow (and is implementing the plan(s) if occupancy is below that level)
- Berth rental rates provide an adequate marina financial return, reflect the value of the facility, and are near the current market rate for similar marinas in the region. Average monthly per linear foot berth rental rates* for this facility, and the six nearest competitive marinas in the region, are as follows:
 - a) This marina: _____
 - b) Facility: _____ Rate: _____
 - c) Facility: _____ Rate: _____
 - d) Facility: _____ Rate: _____
 - e) Facility: _____ Rate: _____
 - f) Facility: _____ Rate: _____
 - g) Facility: _____ Rate: _____

* The average monthly per linear foot rental rate can be calculated from berth rental rates. For example, for a marina with the following configuration the calculation is as follows:

		Total Feet	Total Cost
25 foot berths	50 @ \$125/mo.	25 x 50 = 1,250	50 x 125 = 6,250
35 foot berths	100 @ \$165/mo.	35 x 100 = 3,500	100 x 165 = 16,500
50 foot berths	20 @ \$200/mo.	50 x 20 = 1,000	20 x 200 = 4,000
TOTAL		5,750 feet	\$26,750

Average per linear foot = \$26,750/5,750 ft = \$4.65/foot

- Registers and accurate records are maintained for berth renters, including billing, payment, and insurance information for each vessel
- Marina hours of operation are prominently displayed. Marina staff are available daily, including peak season holidays. Marina staff, or emergency personnel, can be easily contacted on off-hours in case of emergency
- Marina staff are competent, trained, knowledgeable about boats and boating, and professional in appearance
- Marina staff are responsive to customers, and customer complaints are handled within a reasonable time frame
- The marina and tenants are in compliance with standards, as outlined in applicable federal, state, and local laws, rules, regulations, contracts, and restrictions
- Marina security is maintained to appropriate standards for the region. The marina security system is in place and operational, and police incidents at the marina are at levels similar to other marinas in the region
- The marina has a current hazardous materials management plan, and procedures outlined in the plan are followed
- The marina has, is developing, or has plans for ADA compliance (for publicly-owned facilities only)

Explanation of any operations issues:

I certify that the information provided in this report, and all supporting materials, are accurate and complete. I understand that false reporting or non-compliance could result in default of our DBW loan.

Name: _____ Date: _____
 Title: _____ Telephone: _____

Example of Actual Fiscal Year Operation Costs and Maintenance Expenses

Annual Operation Costs and Maintenance Expenses
2002 Calendar Year (Fiscal Year)

Personnel	Total
Regular Salaries, Harbor Master	\$ 80,000
Overtime, Payroll Taxes, and Benefits, Harbor Master	10,000
Regular Salaries, Maintenance Personnel	30,000
Overtime, Payroll Taxes, and Benefits, Maintenance Personnel	6,500
Regular Salaries, Administrative Assistant	25,000
Overtime, Payroll Taxes, and Benefits, Administrative Assistant	4,000
Total	\$155,500

	Maintenance Share	Maintenance Amount
Harbor Master	10%	\$ 8,000
	10%	1,000
Maintenance Personnel	60%	18,000
	60%	3,900
Total Maintenance Personnel		\$30,900

Operation Costs - Non-Personnel	
Office Supplies	\$ 1,400
Operating Supplies	2,700
Cost of Fuel Sold	50,000
Printing and Copying	1,200
Insurance (Property, Liability)	6,000
Accounting Services	12,000
Telephone	2,000
Fuel	500
Gas and Electricity	9,000
Sewers	1,200
Conferences and Seminars	1,000
Clothing Expenses	300
Association Memberships	700
Advertising	12,000
Janitorial Contracts	22,000
Total	\$122,000

Maintenance Expenses - Non-Personnel	
Tools	\$ 300
Service Contracts	4,000
Parts	100
Pipes and Fittings	150
Parking Lot Repairs	750
Key/Lock Repair	1,800
Boardwalk Maintenance	400
Misc. Repairs and Maintenance	2,000
Total	\$9,500

Total Operations and Maintenance	\$287,000
Total Maintenance Expenses (\$30,900 + \$9,500)	\$ 40,400
Percent of Gross Revenues	8.98%

Gross Marina Revenues \$ 450,000

(see Exhibit C-2 for example calculation)

a/ Allocation should be supported by job descriptions. The harbor master spends approximately ten percent of his/her time on maintenance duties. The maintenance worker spends approximately sixty percent of his/her time on routine operations (i.e. janitorial and housekeeping) and sixty percent of his/her time on maintenance as defined. The administrative assistant spends no time on maintenance.

Examples of Actual Fiscal Year Gross Marina Revenues (Sample Calculation)

Example 1: Annual Gross Marina Revenues – Fiscal Year 2001-2002
(Marina with Transfers for Operating Revenues)

Revenues	2001-2002
Charges for Services	
Monthly Berth Rents	\$ 389,332
Daily Berth Rents	23,743
Fuel and Lubricant Sales	105,600
Building Rents	55,734
Electric Submeter Fee	14,866
Miscellaneous Revenues	7,944
Total Operating Revenues	\$ 597,219
Other Revenues	
Discounts Taken	\$ 794
FEMA Grant	30,718
Total Other Revenues	\$ 31,512
Total Operating and Other Revenues	\$ 628,731
Cash Flows from Non-Capital Financing Activities	
InterFund Lending Repayment	\$ (7,947)
Operating Transfers In	256,000
Operating Transfers Out	(12,160)
Net Cash Provided by (Used in) Non-Capital Financing Activities	\$ 235,893
Total Gross Revenues	\$ 864,624
Two Percent of Total Gross Revenues	\$ 17,292

Example 2: Annual Gross Marina Revenues — Calendar Year 2002
(Marina with No Operating Transfers)

Revenues	2002
Charges for Services	
Monthly Berth Rents	\$ 189,256
Daily Berth Rents	12,455
Fuel and Lubricant Sales	22,988
Building Rents	15,824
Electric Submeter Fee	7,651
Miscellaneous Revenues	3,468
Total Operating Revenues	\$ 251,642
Total Gross Revenues	\$ 251,642
Two Percent of Total Gross Revenues	\$ 5,033



Marina Maintenance Report

Small Craft Harbor and Recreational Marina Loan Programs

Facility Name:	
Facility Location:	Date of Report:
Contract No.:	Project Completion Date:
Amount Funded:	Loan Payoff Date:

Maintenance Report Requirements

- Maintain and follow a maintenance plan and schedule:
 - Completed master checklist
 - Marina inspections are conducted regularly
 - Maintenance staff responsibilities are delineated and followed
 - Maintenance is completed in a timely fashion and unscheduled maintenance problems and complaints are handled responsively
 - Records for maintenance and inspection are maintained
 - Marina maintenance employees are properly trained

The following items are attached:

- Completed Operations, Maintenance, and Capital Outlay Master Checklist from a recent full inspection of the facility
- Actual Annual Fiscal Year Operation Costs and Maintenance Expenses with maintenance expense allocations
- Job descriptions for all marina staff, including allocation of time for each staff person to operations, maintenance, and capital outlay activities
- Marina maintenance expenses (*specify time period:* _____)
 - a) Gross revenues: _____
 - b) Maintenance expenses: _____
 - c) Maintenance percentage (b/a X 100): _____

- Value in c), above, is between six percent and ten percent
- Value in c), above, is below six percent or above ten percent (*explain below*)

Explanation for maintenance expenses as a percent of gross revenues below six percent, or above ten percent:

I certify that the information provided in this report, and all supporting materials, are accurate and complete. I understand that false reporting or non-compliance could result in default of our DBW loan.

Name: _____ Date: _____
Title: _____ Telephone: _____

Appendix E

Example of Projected Capital Outlay Projects

Number of Years	Year	Description	Estimated Amount
1	2003/4		\$0
2	2004/5		—
3	2005/6		—
4	2006/7	Dredging west basin	100,000
5	2007/8	Partial sidewalk replacement	34,000
6	2008/9	Dock vinyl bumper strip replacements	100,000
7	2009/10	Repair floatation on Dock B	125,000
8	2010/11	Wood decking repairs around buildings	75,000
9	2011/12	Painting all marina structures	8,000
10	2012/13	Gangway and gate repairs	35,000
Total projected for next ten years			\$477,000
Long Term Needs			
11		Telephone lines and cable TV connected	\$100,000
12		Plumbing and electrical system replacements	1,000,000
13		Marina basin dredging	400,000
Total long-term beyond ten years			\$1,500,000

Item Description	Funding Sources		Capital Outlay Account
	Year	Alternate Funding	
Dredging west basin	4	\$—	\$100,000
Partial sidewalk replacement	5		34,000
Dock vinyl bumper strip replacements	6	100,000	
Repair floatation on Dock B	7	125,000	
Wood decking repairs around buildings	8		75,000
Painting all marina structures	9		8,000
Gangway and gate repairs	10	35,000	
Telephone lines and cable TV connected	11	100,000	
Plumbing and electrical system replacements	12	1,000,000	
Marina basin dredging	13		400,000
Total		\$1,360,000	\$617,000

Appendix F
 Example of Capital Outlay Budgetary Plan

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues					
Charges for Services					
Monthly Berth Rents					
Daily Berth Rents					
Fuel and Lubricant Sales					
Building Rents					
Electric Submeter Fee					
Miscellaneous Revenues					
Total Operating Revenues	\$ 621,821	\$ 640,476	\$ 659,690	\$ 679,481	\$ 699,865
Other Revenues					
Discounts Taken	0	0	0	0	0
FEMA Grant	0	0	0	0	0
Total Other Revenues	0	0	0	0	0
Total Revenues	\$ 621,821	\$ 640,476	\$ 659,690	\$ 679,481	\$ 699,865
Expenses					
Wages and Benefits					
Utilities					
Contractual Services					
Tools and Supplies					
Repairs and Maintenance					
Total Operating Expenses	\$ 449,094	\$ 462,813	\$ 476,944	\$ 490,938	\$ 506,189
Operating Income (Loss)	\$ 172,727	\$ 177,663	\$ 182,746	\$ 188,543	\$ 193,676
Adjustments from Operating Activities					
Depreciation (Non-Cash Item)	0	0	0	0	0
Other Adjustments	0	0	0	0	0
Net Cash Provided by (Used in) Operating Activities	\$ 172,727	\$ 177,663	\$ 182,746	\$ 188,543	\$ 193,676
Cash Flows from NonCapital Financing Activities					
Inter-Fund Lending Repayment	0	0	0	0	0
Operating Transfers In	255,035	250,379	245,584	268,645	250,557
Operating Transfers Out	0	0	0	0	0
Net Cash Provided by (Used in) NonCapital Financing Activities	\$ 255,035	\$ 250,379	\$ 245,584	\$ 268,645	\$ 250,557
Total Gross Revenues	\$ 876,856	\$ 890,855	\$ 905,274	\$ 948,126	\$ 950,422
Cash Flows from Capital and Related Financing Activities					
Fixed Asset Additions (Capital Outlay Projects)	(410,225)	(410,225)	(410,225)	(410,225)	(410,225)
Long-Term Principal and Interest Debt Service	(410,225)	(410,225)	(410,225)	(510,225)	(410,225)
Net Cash Used in Capital and Related Financing Activities	\$ (820,450)	\$ (820,450)	\$ (820,450)	\$ (920,450)	\$ (820,450)
Reserve Account Deposits					
Two Percent of Gross Revenues	\$ 17,537	\$ 17,817	\$ 18,105	\$ 18,963	\$ 19,008
Other Deposits to Reserve Account (Optional)				28,000	15,000
Total Deposit to Reserve Account	\$ 17,537	\$ 17,817	\$ 18,105	\$ 46,963	\$ 34,008
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 68,814	\$ 13,030	\$ 70,801	\$ 35,056	\$ 37,234
Reserve Account Balance	\$ 17,537	\$ 35,354	\$ 53,459	\$ 122	\$ 430

Appendix F

Example of Capital Outlay Budgetary Plan

	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues					
Charges for Services					
Monthly Berth Rents					
Daily Berth Rents					
Fuel and Lubricant Sales					
Building Rents					
Electric Submeter Fees					
Miscellaneous Revenues					
Total Operating Revenues	\$ 720,861	\$ 742,487	\$ 764,762	\$ 787,704	\$ 811,336
Other Revenues					
Discounts Taken	0	0	0	0	0
FEMA Grant	0	0	0	0	0
Total Other Revenues	0	0	0	0	0
Total Revenues	\$ 720,861	\$ 742,487	\$ 764,762	\$ 787,704	\$ 811,336
Expenses					
Wages and Benefits					
Utilities					
Contractual Services					
Tools and Supplies					
Repairs and Maintenance					
Total Operating Expenses	\$ 521,929	\$ 537,834	\$ 553,816	\$ 571,087	\$ 588,467
Operating Income (Loss)	\$ 198,932	\$ 204,653	\$ 210,946	\$ 216,617	\$ 222,869
Adjustments from Operating Activities					
Depreciation (Non-Cash Item)	0	0	0	0	0
Other Adjustments	0	0	0	0	0
Net Cash Provided by (Used in) Operating Activities	\$ 198,932	\$ 204,653	\$ 210,946	\$ 216,617	\$ 222,869
Cash Flows from Non-Capital Financing Activities					
InterFund Lending Repayment	0	0	0	0	0
Operating Transfers In	230,317	224,920	239,361	213,635	207,737
Operating Transfers Out	0	0	0	0	0
Net Cash Provided by (Used in) Non-Capital Financing Activities	\$ 230,317	\$ 224,920	\$ 239,361	\$ 213,635	\$ 207,737
Total Gross Revenues	\$ 951,178	\$ 967,407	\$ 1,004,123	\$ 1,001,339	\$ 1,019,073
Cash Flows from Capital and Related Financing Activities					
Fixed Asset Additions (Capital Outlay Projects)	\$ (410,225)	\$ (410,225)	\$ (410,225)	\$ (410,225)	\$ (410,225)
Long-Term Principal and Interest Debt Service	(410,225)	(410,225)	(485,225)	(418,225)	(410,225)
Net Cash Used in Capital and Related Financing Activities	\$ (820,450)	\$ (820,450)	\$ (895,450)	\$ (828,450)	\$ (820,450)
Reserve Account Deposits					
Two Percent of Gross Revenues	\$ 19,024	\$ 19,348	\$ 20,082	\$ 20,027	\$ 20,381
Other Deposits to Reserve Account (Optional)			20,000		
Total Deposit to Reserve Account	\$ 19,024	\$ 19,348	\$ 40,082	\$ 20,027	\$ 20,381
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 19,024	\$ 19,348	\$ (34,918)	\$ 12,027	\$ 20,381
Reserve Account Balance	\$ 19,454	\$ 38,802	\$ 3,884	\$ 15,911	\$ 36,292



Marina Capital Outlay Reserve Account Report

Small Craft Harbor and Recreational Marina Loan Programs

Facility Name: _____	
Facility Location: _____	Date of Report: _____
Contract No.: _____	Project Completion Date: _____
Amount Funded: _____	Loan Payoff Date: _____

Capital Outlay Reserve Account Report Requirements

- Annual time period: _____
- Amount of funds deposited into Capital Outlay Reserve Account (CORA): _____
- Amount of funds withdrawn from CORA: _____
- Total gross revenues for annual time period: _____
- Minimum two percent requirement: _____
- Name and account number of CORA: _____
- Ten-year Capital Outlay Budgetary Plan is attached
- Capital outlay funds spent during the previous time period are identified in Plan and briefly described on Page 2 of 2

Provide a brief assessment of the long-term condition and overall status of the marina. Also briefly describe capital outlay expenditures for the previous year, and expected alternative funding sources for Capital Outlay Plan items:

I certify that the information provided in this report, and all supporting materials, are accurate and complete. I understand that false reporting or non-compliance could result in default of our DBW loan.

Name: _____ Date: _____
Title: _____ Telephone: _____



DBW Site Visit Checklist

Small Craft Harbor and Recreational Marina Loan Programs

Facility Name:	
Facility Location:	Date of Report:
Contract No.:	Project Completion Date:
Amount Funded:	Site Visitation By:
Loan Payoff Date:	Most Recent DBW Site Visit:

Marina Inspection Requirements

- Conduct marina walk-through inspection with master checklist
- Provide marina with copy of master checklist and identify any deficiencies
- Follow-up actions by marina conducted within three months (*Date reported:* _____)
- Review marina plan for documentation of:
 - Master checklist for marina inspections
 - Maintenance staff responsibilities and training
 - Maintenance and inspection records
- Review Capital Outlay Budgetary Plan
- Compare marina master checklist self-assessment with DBW inspection results

Overall short- and long-term condition of marina:



DBW Annual Reporting Checklist

Small Craft Harbor and Recreational Marina Loan Programs

Facility Name:	
Facility Location:	Date of Report:
Contract No.:	Project Completion Date:
Amount Funded:	Loan Payoff Date:

Operations Requirements

- Reviewed and approved Operations Report
- Operations follow-up completed (*describe in attachment if required*)
- Reviewed and approved operation items on Master Checklist

Maintenance Requirements

- Reviewed and approved Maintenance Report
- Maintenance follow-up completed (*describe in attachment if required*)
- Reviewed and approved maintenance items on Master Checklist
- Maintenance expenses fall between six percent and ten percent of gross revenues

Capital Outlay Requirements

- Reviewed and approve Ten-Year Capital Outlay Budgetary Plan
- Capital outlay follow-up completed (*describe in attachment if required*)
- Reviewed and approved assessment of marina long-term condition and status
- Capital Outlay Reserve Account meets minimum two percent requirement



DBW Annual Reporting Checklist

Small Craft Harbor and Recreational Marina Loan Programs

Facility Name:	
Facility Location:	Date of Report:
Contract No.:	Project Completion Date:
Amount Funded:	Loan Payoff Date:

Operations Requirements

- Reviewed and approved Operations Report
- Operations follow-up completed (*describe in attachment if required*)
- Reviewed and approved operation items on Master Checklist

Maintenance Requirements

- Reviewed and approved Maintenance Report
- Maintenance follow-up completed (*describe in attachment if required*)
- Reviewed and approved maintenance items on Master Checklist
- Maintenance expenses fall between six percent and ten percent of gross revenues

Capital Outlay Requirements

- Reviewed and approve Ten-Year Capital Outlay Budgetary Plan
- Capital outlay follow-up completed (*describe in attachment if required*)
- Reviewed and approved assessment of marina long-term condition and status
- Capital Outlay Reserve Account meets minimum two percent requirement

PLACEHOLDER
FOR
EXHIBIT E

LEGAL DESCRIPTION
& SITE MAP

PLACEHOLDER
FOR
EXHIBIT F

COLLATERAL DOCUMENTS

