

City Manager's Office

December 13, 2018

To: Honorable Mayor and Members of the City Council

From: *Dee* Dee Williams-Ridley, City Manager

Re: Waterfront / Marina Fund Update

SUMMARY

The Marina Enterprise Fund – the mechanism for managing all Waterfront revenues and expenditures – cannot support ongoing basic operating costs and overdue maintenance. The fund has annual revenues of approximately \$6.2 million and annual expenditures of approximately \$7.2 million. Years of deferred maintenance have yielded an estimated \$106 million in Marina infrastructure needs, \$10.33 million of which are for immediate concerns. This report updates the Council on the projected insolvency of the Marina Fund, the contributing factors, and potential solutions as we approach the next budget cycle. This report builds on previous reports regarding this issue over the last year¹ and two decades of reports dating back to 1999 documenting a long history of the Marina Fund revenues struggling to cover basic operating costs, leaving little to no room for capital or maintenance work.²

Recent safety issues and deteriorating infrastructure have accelerated a fiscal crisis at the Waterfront. There have been sharp declines in berth rental revenue as boat owners have left the Berkeley Marina. Berth occupancy rates declined from 85% in 2016 to 79% in 2018. Lease revenue also fell, with revenue from the Doubletree Hotel down more than 4% in FY18 over the prior year. At the same time, long-deferred infrastructure repairs are rapidly increasing expenditures as pilings, docks, building systems, parking lots and street paving begin to fail.

The combination of falling revenue and increasing expenditure have strained the relatively small Marina Fund to a breaking point:

¹ [July 1, 2018: Off-Agenda Report](#); May 8, 2018: [Worksession Report](#) and [Budget Report](#); [April 12, 2018: Off-Agenda Report](#); [November 7, 2017: Worksession Report](#)

² See Council Minutes, Item 38, 11/9/99; Marina Master Plan, 6/1/03, p.61; FY 2006 & FY 2007 Biennial Budget Update – First Quarter, 12/13/05, p.10; Fees: Marina Fee Increases for FY 2007, 6/20/06, p.1; FY 2009 Mid-biennial Budget Update - Pres, 5/6/08, see Slide 21; Fees: Marina Fee Increases for FY 2012, 5/17/11, p.2; Parks, Recreation and Waterfront Department Budget Presentation, 3/5/13, p. 8; Parks, Recreation and Waterfront Department Budget Presentation, 3/5/13, p. 6; Marina Fee Increases, 5/26/15, p.2.

- The Fund's structural deficit exceeds \$1 million/year, and is projected to exhaust all reserves in 2020, with approximately \$950,000 needed to maintain existing Waterfront operations through the next budget cycle.³ If a minimum of \$950,000 in new funding is not identified, significant cuts to services and programs, which include recreation programs, special events, Waterfront operations and maintenance, will need to be made.
- Of the \$106 million in unfunded capital needs at the Waterfront, there is \$10.33 million in urgent capital need. Of that \$10.33 million, \$3.45 million is needed now to make critical repairs to finger docks, pilings, electrical systems and restrooms. If these investments are not made, facilities and infrastructure will either require more costly emergency funding or be closed as in the case of the Berkeley Pier. Waterfront customers will continue to leave the Berkeley Marina, continuing the downward spiral of revenue loss and blight.
- An additional \$1.05 million is needed to fund the Berkeley Marina Area Specific Plan (BMASP) – the long-term plan to establish the community's vision for the Waterfront and determine what combination of revenues and expenditures will support that vision. In October 2018, the City released a request for proposals (RFP) and on November 27th, the City received two proposals which confirmed that the existing budget allocation of \$150,000 is far short of the \$1.2 million needed to complete the BMASP. In October, the City bid the full scope of the project, rather than a more piecemeal \$150,000 version, to ensure that the BMASP was positioned to move forward when funding was available. These funds are needed immediately in order to pave the way for changes that will ultimately make the Marina Fund more viable and stable.

These needs are in addition to those included in the recently adopted Annual Appropriations Ordinance, in which Council approved \$728,766 to be spent from the Marina Fund for existing projects.⁴ This action allocated existing Marina Funds to cover \$150,000 of the BMASP; funding of a temporary capital & master plan project manager; utilities, security, insurance, repairs, and broker costs related to the newly vacant Hs Lordships; and funds for existing capital and maintenance projects. These funds come exclusively from the Marina Fund – and while critical – deepen our deficit and move us closer to insolvency.

CURRENT STATUS

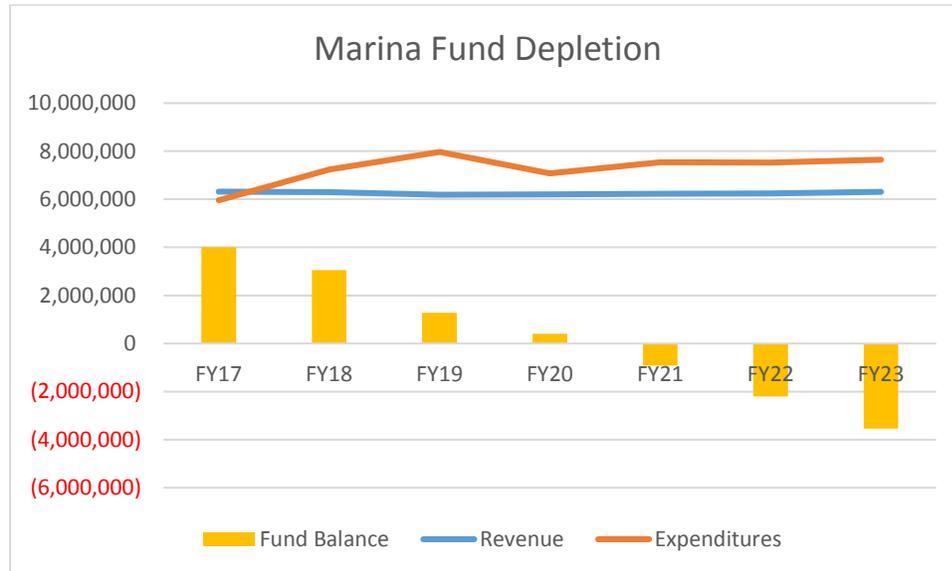
Marina Fund Insolvency

The Marina Enterprise Fund – the mechanism for managing all Waterfront revenues and expenditures – has annual revenues of approximately \$6.2 million and annual expenditures of approximately \$7.2 million, with an annual structural deficit in excess of \$1 million. The Fund is projected to exhaust all reserves within the next two years (by FY 2021), (see Figure 1).

³ See Attachment 1, Marina Fund 5-Year Forecast.

⁴ See [Nov 27, 2018 report on the FY19 Annual Appropriations Ordinance](#).

Figure 1



For the last twenty years, there has been a varying structural deficit in the Marina Fund, but it has been offset by staffing reductions or underspending of capital funds. These options are no longer possible because prior staffing reductions have left us with a skeleton staff that cannot properly maintain the marina if it is further reduced, and the existing infrastructure is failing.

Most recently, the drivers of the deficit have been falling revenue, as boaters and restaurant/hotel customers leave the Marina; and rising costs, propelled by the increased need for capital spending. Within the last year, staff projections of the deficit have doubled – from \$500,000 to \$1 million, due weaker than expected lease revenue performance (\$80k), higher staff costs from recent labor negotiations and the addition of a 3-year project manager (\$320k), and increased non-personnel costs in utilities, maintenance, and operations (\$100k). The structural deficit is projected to grow to \$1.3 million by FY21 when debt service for a potential California Department of Boating & Waterways (DBW) loan would come into effect.

The Marina Fund historically has subsidized all City recreation programs at the Waterfront. These include special events (approx. \$200,000/year), Adventure Playground (approx. \$120,000/year), and Shorebird Nature Center programs (approx. \$400,000/year). These programs have been funded by revenues raised at the Marina, and at no additional cost to the taxpayer. The City’s ability to continue to provide these community programs and amenities hinges on identifying alternative funding sources.

Berth Rentals/Marketing

Berth rental revenues make up just over half of all Marina revenue. This has fallen from five years ago, when berth rentals comprised 64% of all Marina revenue. In FY18, berth revenues continued to decline – down 4.4% compared to FY16 levels. However, revenues showed signs of stabilizing towards the end of the fiscal year, and ended the year at approximately the same level as FY17. This reflects continued reduced occupancy levels, which dipped as low as 77% earlier this year, compared to 88% three years ago. Occupancy levels now are at 79%.

Staff are working to retain and attract new berthers to restore revenue that has been lost by this decline in occupancy. One of these efforts has been to implement a Council-adopted Referral Discount, starting in June 2018. We have had 7 new slip-holders come to us via this referral discount program. Another slip holder shared that he tried to refer five friends who had previously boated out of Berkeley, but nobody would come back due to infrastructure and safety problems.

Staff also recently engaged a marketing firm to implement a marketing plan for recruiting new berthers by early in 2019.

Waterfront Leases

Lease revenue from Waterfront tenants including the Doubletree Hotel, Skates on the Bay, Hana Japan, the Berkeley Marine Center, and office tenants at 125-127 University, makes up about one third of all Marina Fund revenue. The Doubletree Hotel alone contributes approximately \$1.4 million/year, or 65% of all lease revenue. In 2018, the Doubletree's revenue fell 4.3%. Other customers like Skates and Hs Lordships fell 1.5% to 2%. This revenue decline corresponded with reports of customer complaints about safety and security.

This past summer 2018, we started to see an improvement in Doubletree revenue, with July-Oct 2018 revenues up 10% over the same period last year. This coincides with a concerted effort by the City to improve security and parking facilities.

The City is currently in the process of negotiating nearly all of our major Waterfront leases. Hs Lordships closed permanently on July 1st of this year, and the City is actively recruiting for a new restaurant tenant. To date, we have received two proposals, and are expecting another one in the next week. Skates on the Bay's 50-year lease expires in December 2018. This lease will go into holdover status and a new lease will need to be negotiated shortly thereafter. Hana Japan's lease is currently in holdover status, and the City is negotiating terms of their new lease. The office tenants at 125-127 University Avenue are all currently in holdover status. Staff anticipate bringing new leases to Council for approval in early 2019. The Doubletree Hotel has requested an extension of their existing lease, which currently expires in 2058. The City is currently evaluating the value of such an extension and will work with the Doubletree for terms that provide equitable community benefits. These lease negotiations may result in some new revenue for the Marina Fund, but will likely not be substantial.

Safety and Security/Live-Aboards

For the past two years, safety and security issues have posed serious challenges at the Waterfront, over which time the City received numerous complaints from the public, restaurant/hotel tenants, office tenants, and Marina slip holders. For example, multiple slip holders told Marina staff that they were leaving the Marina because of these concerns. Responding to these concerns diverted staff from baseline services such as dock safety inspections, marina customer services, routine maintenance and improvements, and instead focused them on conflicts at parking lots, restrooms, other public health issues, and problems with unattended property.

While complaints have slowed since July 2018 after City actions to establish berther-only parking areas and to remove un-authorized RV parking, there are still ongoing security concerns. There were two shootings in the last three months in Marina parking lots, reviving

berther concerns about the safety of the Marina, and causing at least two other slip-holders to leave.

In order to maintain an improved level of safety 24-hours a day, the Waterfront deploys three PRW part-time staff monitors, a private security team, and expanded security rounds by Marina staff. This multi-pronged team approach has helped to reduce damage to restroom and shower locks/doors, vandalism of facilities, health hazards in parking lots, and parking violations,

The Marina’s 100 live-aboard boaters have been important partners in combatting safety and security issues. They are often first to notify staff of concerns, and provide essential “eyes on the Waterfront.” The Marina is committed to maintaining the live-aboard program and filling spots as soon as they come available via a fair and equitable process. The Marina’s next “live-aboard lottery” is scheduled for January 4, 2019. In addition, PRW staff met with Bay Conservation and Development Commission (BCDC) staff, to discuss the potential for an increase to the number of permitted live-aboards. The process to amend our BCDC permit involves multiple regulatory agencies including the Regional Water Quality Control Board and the California Department of Fish & Wildlife, in addition to BCDC’s public process, and will be a lengthy endeavor.

Funded Capital Projects

There are several capital projects underway, funded by Measure T1, grants, and to a lesser degree by the Marina Fund, (see Table 1).

Table 1 - Funded Capital Projects

Year	Description	Funding Source	Amount
2019	South Cove accessible gangway	ABAG/SCC Water Trail grant, Marina Fund	\$240,000
2019	South Cove small dock replacement	Marina Fund	\$185,000
2019	Bay Trail, Phase 3	MTC, Marina Fund	\$795,000
2019	Marina Corporation Yard electrical upgrades	T1 Bond Measure	\$356,000
2020	University Avenue Replacement	T1 Bond Measure	\$3,458,000
2021	Conceptual plan for Berkeley Pier replacement, including large-scale ferry analysis	Marina Fund / T1 Bond Measure	\$1,103,000
		Total	\$6,187,000

These projects are largely made possible by external funding, and only begin to address a significant unfunded need of more than \$106 million in Waterfront capital projects, (see Attachment 2). For a list of capital projects completed over the past 20 years, please see the [April 2018 Waterfront/Marina Fund Update](#).⁵

Dock Replacement Loan

The City has applied for a \$5 million loan from the Department of Boating & Waterways (DBW) to rebuild D&E Docks, which hold 88 boat slips. These docks are more than 50 years old, and

⁵ See https://www.cityofberkeley.info/uploadedFiles/Clerk/Level_3_-_General/Marina%20Fund%20Update%20041218.pdf.

have far outlived their useful life. The City attempted to replace them nearly 20 years ago via a prior loan, but had insufficient funds. Approximately 20% of the slips on those finger docks are currently un-rentable, with many others on the verge of closure.

In early 2018, staff learned that the State did not allocate funding for loans to public marinas in the FY19 State budget. Our application will be considered for funding in the next fiscal year. Debt service for this new loan is included in current Fund projections, and is estimated to begin in FY21 (see Attachment 1.)

WHERE DO WE GO FROM HERE?

Several strategies are needed to address the Waterfront's immediate and long-term challenges. In the immediate term, we need a strategy for identifying the more than \$950,000 needed in the next budget cycle to maintain existing Waterfront operations; and we need a strategy for making more than \$10 million in urgent repairs to failing infrastructure. Within the next two years, we need a strategy for addressing the Marina Fund's structural deficit of \$1 million to \$1.3 million/year; and we need a strategy for addressing the Waterfront's \$106 million unfunded capital needs. This section discusses immediate capital project needs, the need for additional funding to complete the Berkeley Marina Area Specific Plan, and the need for decisions on funding in the near future to inform the FY20-21 budget process.

Short-Term Capital Project Needs

Community members have repeatedly told us that the Berkeley Marina is in the most desirable location in the Bay, but our facilities need to be safe and in decent shape. Staff have prioritized the \$106 million in unfunded needs to identify \$10.3 million in capital needs that address safety concerns and that will most directly improve Marina Fund revenues. Staff have further prioritized the projects that must be done now to avert closure of facilities and continued erosion of revenues. These highest priority projects total \$3.45 million, and are detailed below in Table 2. They include piling and finger dock replacements, many of which have become torqued and unstable, and rendered boat slips unsafe and un-rentable. They include improvements to the Marina's basic amenities – electrical systems and restrooms – whose poor conditions have been cited as reasons for boaters leaving Berkeley. If any of these facilities fail, (e.g. O&K dock electrical systems, pilings or finger docks), it will be an immediate and long-term hit to the Marina Fund, as boaters will leave and not return.

Table 2 – Waterfront Immediate Capital Needs

Immediate Capital Needs	Project Cost	FY20	FY21
Urgent (FY20-21)			
Finger Dock & Piling Replacement	\$1,725,000	\$900,000	\$825,000
Electrical Upgrade at O Dock	\$1,100,000	\$220,000	\$880,000
Electrical Upgrade at K Dock	\$300,000	\$60,000	\$240,000
Restroom Upgrades	\$325,000	\$325,000	
Subtotal: Urgent	\$3,450,000	\$1,505,000	\$1,945,000
High Priority (FY22-23)			
Finger Dock & Piling Replacement	\$1,625,000		
F&G Parking Lot & Restroom Replacement	\$1,150,000		
O Parking Lot & Restroom Replacement	\$1,460,000		
J&K Parking Lot	\$1,005,000		
Shoreline Stabilization	\$1,640,000		
Subtotal: High Priority	\$6,880,000		
TOTAL	\$10,330,000	\$1,505,000	\$1,945,000

If these capital improvements are made, staff forecasts that the Marina Fund will remain solvent through FY21. This is because \$700,000 will be saved in planned Marina Fund capital expenditures, and an estimated \$200,000 can be raised via berth fee increases – which have not been raised since 2015.

After FY21, additional investments will be needed. There is an additional \$6.88 million needed for high priority repairs to our Waterfront infrastructure. Several of our parking lots have degraded to rubble and now require total replacement. Many of our restroom buildings need comprehensive renovation or replacement. And additional funds are needed to complete finger dock and piling repairs.

There would still need to be actions taken to build up a reserve and incorporate a rainy day fund or capital set-aside; but this investment now would forestall the need for deep reductions in service in the next budget cycle and set the stage for longer-term efforts to sustain the Waterfront.

Long-term Planning: Berkeley Marina Area Specific Plan (BMASP)

A new vision for the Waterfront is needed, specifically one that maximizes the beauty and utility of this treasure and aligns existing infrastructure and operations with revenue sources that can support them. The Waterfront has always been run as an enterprise fund, with revenues required to cover expenditures. For decades, the City has limped along operationally without setting aside sufficient funds for infrastructure renewal and repair. The infrastructure at the Waterfront, which was significantly built out in the 1960s, has now reached the end of its useful life, and total unfunded capital needs are estimated to exceed \$106 million.⁶

⁶ See Attachment 2, Waterfront Unfunded Capital & Major Maintenance Needs.

On October 10th, the City released a Request for Proposals (RFP) for a specific plan for the Berkeley Marina Area, and a Draft Environmental Impact Report (DEIR) to comply with the California Environmental Quality Act. The goal of the Berkeley Marina Area Specific Plan (BMASP) is to provide a vision and a plan for achieving a financially self-sustainable, publicly-owned marina area with infrastructure and amenities to support current and future community needs, while adapting to climate changes and promoting environmental stewardship. The project will involve extensive community processes.

The plan follows a prior effort 20 years ago. Between 1998 and 2002, a Marina Master Plan process was undertaken to assess the current and future sustainability of the Marina. At that time, many of the Marina facilities had reached the end of their life. Adopted by the City Council in 2003, the Marina Master Plan set forth a plan for capital projects to be funded by the Marina Fund. Since that time, some of the capital improvement projects were implemented, many were deferred due to lack of funds.

The BMASP seeks to first develop a new sustainable vision for the Waterfront, then determine what combination of revenues and expenditures will support that vision. A completed environmental process in the form of an adopted EIR will be a critical and effective first step towards implementing the new plan as funding becomes available.

The City received two proposals for this work on November 27th, and is now evaluating those proposals. The BMASP is currently only funded at \$150,000. The actual cost for this plan is \$1.2 million. An additional \$1.05 million will be needed by February to award a contract and move this work forward.

Options to Stay Solvent through FY21

The Marina Fund's projected insolvency within the next budget cycle requires immediate action. Options to keep the Marina Fund solvent through FY21 include:

- *Option 1:* A one-time infusion of \$4.5M into Waterfront immediate need projects (\$3.45M for urgent capital plus \$1.05M for BMASP). This is projected to keep the Marina Fund solvent through FY21, prevent more revenue loss and more costly future repairs, and buy the City time to conduct the BMASP planning process to set the Marina Fund on a more sustainable path.
- *Option 2:* An infusion of \$950,000 into the Marina Fund to cover existing programs and services through FY20-21. This would keep the fund solvent through the next budget cycle. However this would do little to fix existing infrastructure or attract new berthers and customers in the short-term. Also, without additional capital or planning funding, \$2.6M would be needed in the FY22-23 budget cycle.
- *Option 3:* No additional funding; reductions to existing programs and services. Eliminating all special events, including the Kite Festival and July 4th and the Shorebird Nature Science and Adventure Playground programs, will save the Marina Fund \$725,000 per year. While these changes (with another \$225,000 of reductions) would keep the Fund solvent through FY21, they would present a significant reduction in community events and amenities.

The City begins the FY20-21 budget process in January, when staff submits proposed budgets and balancing measures. These will be discussed at a staff level through February, and presented to Council in March through May. Council will vote on the FY20-21 budget in June of 2019.

Option to Stay Solvent through FY23

If all immediate needs are funded now, (\$10.33M in capital and \$1.05M for BMASP), staff forecasts that the Marina Fund will stay solvent through FY23. Capital work would be completed by FY21, allowing revenues to recover by FY23. The BMASP would be completed, with a roadmap defined for putting the Marina Fund on a more stable, viable path.

CONCLUSION

For decades, we have elected to defer maintenance and capital investment in our Waterfront. The condition of the Waterfront is at a crisis point and further deferral will result in closure of facilities and amenities, reducing access to and enjoyment of the Waterfront. This problem is exacerbated by falling revenue and increasing expenditure that have strained the relatively small Marina fund to a breaking point. Our financial records indicate that the Marina Fund has been able to sustain itself with revenues generated in the Waterfront and other non-General Fund (grants and loans) sources since its inception. The Fund's structural deficit exceeds \$1 million/year and is projected to exhaust all reserves in 2020, with more than \$950,000 needed to maintain existing Waterfront operations through the next budget cycle. We need immediate investment in our facilities to reverse a downward cycle of blight, flight, and lost revenue.

If we do nothing, the Marina Fund will be insolvent in 2020. There will not be enough funds to continue to operate the Marina, and we will need to make deep cuts to programs and amenities. When facilities fail, as the Berkeley Pier did in 2015, they will close permanently and any associated revenue will be lost.

Attachments:

- 1: Marina Fund Five-Year Forecast
- 2: Waterfront Unfunded Needs

cc: Paul Buddenhagen, Interim Deputy City Manager
Jenny Wong, City Auditor
Mark Numainville, City Clerk
Scott Ferris, Director, Parks, Recreation & Waterfront Department
Teresa Berkeley-Simmons, Budget Manager
Matthai Chakko, Assistant to the City Manager

ATTACHMENT 1

**Department of Parks, Recreation & Waterfront
5-Year Financial Plan - Marina Fund (825)
10/10/18**

Description / Account	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected
Beginning Fund Balance (825-9701-399.99-01)	1,406,857	1,447,309	1,552,134	2,709,368	3,640,041	3,999,457	3,058,769	1,278,613	399,253	(913,712)	(2,198,052)
Revenues											
Interest Invest Pool (825-3302-361.30-01)	2,263	1,214	2,104	7,792	16,212	45,562	35,000	15,000	5,000	(11,000)	0
Marina Benches / Trees (825-5902-368.20-01)	3,400	10,200	10,200	3,400	6,800	10,200	6,800	6,800	6,800	6,800	6,800
Sewer Service/Marina (825-5903-344.20-41)				3,675	3,750	3,975	3,250	3,250	3,250	3,250	3,250
Live Aboard Fees (825-5903-347.41-38)	184,533	199,154	190,622	225,533	238,144	250,924	245,000	251,125	257,403	263,838	270,434
Berth Rentals (825-5903-347.60-01)	3,293,872	3,529,904	3,500,127	3,624,218	3,435,203	3,470,525	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000
Launch Ramp (825-5903-347.60-02)	38,733	43,512	61,844	63,065	53,711	76,671	65,000	66,625	68,291	69,998	71,748
Locker Rentals (825-5903-347.60-03)	13,104	14,807	12,386	12,019	12,779	16,369	19,643	19,643	23,572	23,572	28,286
EV Charging Stations (825-5903-347.60-05)			805		1,483	2,839	2,600	2,700	2,800	2,900	3,000
Dry Storage (825-5903-347.60-07)	70,269	80,141	77,344	91,173	82,599	87,596	90,223	90,223	92,930	92,930	95,718
Charter Boat Fees (825-5903-347.60-11)	16,763	13,836	10,896	24,431	64,497	137,057	70,000	70,000	70,000	70,000	70,000
Miscellaneous (825-5903-347.60-99)	58,115	28,573	24,065	23,857	20,875	24,857	29,828	29,828	35,794	35,794	42,953
Fines & Penalties (825-5903-353.47-01)	64,594	73,628	57,438	67,162	65,816	78,524	70,000	70,000	70,000	70,000	70,000
Marina Leases (825-5903-363.80-00)	1,433,349	1,385,943	2,165,804	2,137,792	2,210,634	1,990,306	2,030,209	2,050,511	2,071,016	2,091,726	2,112,644
Special Event Parking (825-5903-368.99-99)	0	46,963	52,650	51,169	58,221	55,126	75,235	75,235	78,997	78,997	82,947
Playground Svc Fees (825-5904-347.30-04)	35,375	28,861	31,188	28,826	31,198	30,398	30,398	31,309	31,309	32,249	32,249
Nature Center Fees (825-5904-347.39-12)	14,188	16,141	14,083	16,374	14,748	14,737	15,000	15,450	15,450	15,914	15,914
Donations (825-5904-368.20-99)	1,519	3,234	1,791	2,026	1,486	867	750	750	750	750	750
Subtotal, Revenues	5,230,735	5,478,724	6,229,043	6,383,337	6,318,157	6,296,532	6,188,936	6,198,450	6,233,362	6,247,717	6,306,691
Expenditures											
Personnel	3,058,844	3,189,021	2,915,702	3,114,578	3,298,161	3,619,415	3,772,789	3,971,646	4,090,796	4,033,269	4,107,918
Non-Personnel (excludes debt svc & capital)	1,474,242	1,416,920	1,466,740	1,604,320	1,915,437	2,038,106	2,078,868	2,120,445	2,162,854	2,206,111	2,250,234
Capital Projects	10,765	121,526	42,934	87,334	98,718	1,093,980	1,631,716	500,000	500,000	500,000	500,000
Principal Payment (825-5903-450.82-10)	259,835	272,653	285,065	298,041	310,682	165,036	172,633	180,579	270,016	283,192	296,139
Interest Payment (825-5903-450.82-25)	386,597	373,779	361,367	348,391	335,743	320,683	313,086	305,140	522,660	509,485	496,538
Subtotal, Expenditures	5,190,283	5,373,899	5,071,808	5,452,664	5,958,741	7,237,220	7,969,092	7,077,811	7,546,327	7,532,058	7,650,828
Operating Income / (Loss)	40,452	104,825	1,157,235	930,673	359,416	(940,688)	(1,780,156)	(879,360)	(1,312,965)	(1,284,340)	(1,344,137)
Ending Fund Balance	1,447,309	1,552,134	2,709,369	3,640,041	3,999,457	3,058,769	1,278,613	399,253	(913,712)	(2,198,052)	(3,542,189)
Reserve Rate	28%	28%	43%	57%	63%	49%	21%	6%	-15%	-35%	-56%

- Notes:**
- 1) Assumes berth rental revenues decline by 2%/year in FY19, then flatten.
 - 2) Marina lease revenue est. to increase by 1% per year starting in FY19; FY19 reduced by \$100k from Hs Lordships and increased by \$120k to account for FY18 payments recorded in FY19
 - 3) Assume launch ramp fees increase 2.5% per year starting in FY20.
 - 4) Assume dry storage increases 3% in odd years.

- 5) Assume the following fees increase 20% in odd years: locker rental, misc (electronic key, daily impound, lien fee, boat towing fee, etc.)
- 6) Assume special event parking fees increase by 5% in FY21 and FY23
- 7) Assumes 3% increases in Recreation program revenue in FY20 and FY22
- 8) Personnel costs escalate by 3% and non-personnel costs escalate by 2% starting in FY20; Assumes additional increases of 2% in FY19 and 1% in FY20 to reflect negotiated salary increases.
- 9) Starting in FY21, assume additional \$306K in annual payments for \$5M DBAW loan at 4.5% interest rate, 30-year term.
- 10) Assumes new Associate Civil Engineer (Project Manager for BMASP & Waterfront Capital): approx. \$175k in FY19; \$220k in FY20 & FY21; \$45k in FY22.

ATTACHMENT 2

Waterfront Unfunded Capital & Major Maintenance Needs (for existing facilities & infrastructure as of Oct 2018)

Note: No new facilities are proposed on this list.

Immediate needs are highlighted in yellow.

Project	Cost Estimate	Funding Identified?	District
Waterfront			
Berkeley Marina Area Specific Plan	\$1,200,000	\$150,000 funded in FY18-19	1/2
Waterfront Pier and Docks (Ranked in order of priority)			
Finger Dock Replacements	\$850,000	\$100,000 funded in FY18-19	1
Piling Replacement	\$2,500,000		1
Electrical Upgrade - O Dock	\$1,100,000		1
Electrical Upgrade - K Dock	\$300,000		1
Dock Replacement / Reconfiguration (D-E)	\$7,500,000	Applied for a \$5M DBAW Loan	1
Main Channel Dredging	\$6,000,000		1
Dock Replacement- J, K, L, M, N, O	\$40,000,000		1
Berkeley Pier Renovation Note: Conceptual Planning and Analysis is underway	\$25,000,000	Design/planning in T1 Phase 1	1/2
Waterfront Pathways, Shoreline and Buildings (Priority ranked)			
Marina Restrooms Upgrades -7 (K) (Est. until replaced)	\$500,000	\$175,000 funded in FY18-19	1/2
Shoreline Stabilization	\$1,640,000		2
Marina Restrooms - Replacement of DE, FG, K, LM and O (est. \$500k/each)	\$2,500,000		1/2
Cesar Chavez Park Perimeter Path/Amenities	\$1,000,000		1
Frontage Road Bay Trail Slurry Seal (Microsurfacing)	\$325,000		1/2
Marina-Admin Building (K)	\$100,000		1
125-127 University Improvements	\$1,200,000		1
Shorebird Nature Center-classroom (K)	\$40,000		2
Waterfront Parking Lots (Ranked in order of priority)			
F & G Parking Lot - Pavement, Drainage and ADA	\$650,000		1
O Parking Lot - Pavement, Drainage and ADA	\$960,000		1
J & K Parking Lot - Pavement Rehab, Drainage and ADA	\$1,005,000		1
Skates/N Lot Pavement, Drainage and ADA	\$1,380,000		1
Launch Ramp Lots Pavement Rehab, Drainage and ADA	\$1,927,000		1
L & M Lot - Lot Pavement Rehab, Drainage and ADA	\$1,250,000		1
Lordships Lot Pavement, Drainage and ADA	\$2,380,000		2
Marina Blvd Off-Street Parking Area	\$200,000		1
Marina Area Trash Enclosures / Code Upgrades	\$480,000		
Waterfront Streets (Ranked in order of priority)			
Spinnaker Way Drainage & Pavement Improvements	\$1,500,000		1
Marina Blvd	\$700,000		1
University Avenue (Marina Blvd to Seawall Dr)	\$650,000		1/2
Seawall Drive	\$2,000,000		1/2
Waterfront Projects Total	\$106,837,000		