

INTRODUCTION

The Department of Boating and Waterways mission is to provide safe and convenient public access to California's waterways. One of the ways the Department fulfills this mission is the Department's Small Craft Harbor Loan Program. The loan program was established to aid cities, counties, districts and other agencies in the development of small craft harbors.

The following information is provided as a general guideline to help prioritize the activities leading to the development or rehabilitation of a small craft harbor project and to assist with the documentation required for a loan application.

The first step in the loan application process is to contact the Department of Boating and Waterways. This should be done as soon as a potential small craft harbor site is selected, or the necessary improvements to an existing facility are determined. A Department representative will make a reconnaissance survey of the proposed project area to determine the suitability of the site or the need for improvements. Preliminary discussions will be held to establish the features (see the cost estimate on page 5 for items eligible for funding) and anticipated usage of the proposed project - or the improvements needed at an existing facility - the scope of Department participation, and the willingness and ability of the applicant to meet the loan requirements.

Once the Department has issued preliminary approval, the next step is formal application for a small craft harbor loan, which includes preparation of the documents and reports that demonstrate actual feasibility of the project.

The required documents and reports to be submitted in the formal application are:

- 1. A Loan Application Cover Sheet**
- 2. A Resolution of the Governing Body**
- 3. Compliance with the California Environmental Quality Act (CEQA)**
- 4. A Feasibility Report.**

One Application Cover Sheet, and *three* copies each of the *Resolution*, *CEQA Documentation*, and the *Feasibility Report* should be submitted to:

Department of Boating and Waterways
Boating Facilities Division - Local Assistance Loan Program
2000 Evergreen Street, Suite 100
Sacramento, CA 95815-3888

Attn: Harold Flood
Telephone No. (916) 263-8165
hflood@dbw.ca.gov

The loan application should be received by **April 1** of the year preceding the loan funding year (i.e., received April 1, 2002 to be considered for funding in the fiscal year 2003-2004 budget - see timeline on page 8).

APPLICATION INSTRUCTIONS

This section addresses the requirements and contents of the four documents or reports to be submitted as the formal application for a boat launching facility loan. A blank loan application cover sheet can be found in Appendix A. Completed samples of the four documents can be found in Appendix B, and a Sample Completed Loan Application can be found in Appendix C. All of the above documents are also available on the Department's internet web site at: www.dbw.ca.gov, under 'Department Programs', then 'Boating Facilities' - 'Grants and Loans'.

1. **LOAN APPLICATION COVER SHEET**

This is an information sheet that contains the agency name, address, contact name, loan amount, project description, and other pertinent information. Also included is a checkbox to indicate a preference for Commission meeting dates (Commission meetings are held approximately every other month, from July through June of the following year). Although every effort is made to accommodate preferences for Commission meeting dates, there is no guarantee that indicated preferences will be granted.

2. **RESOLUTION**

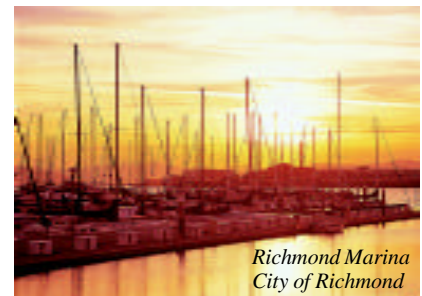
The resolution is a formal request for a small craft harbor loan from the official government body, i.e., City Council, County Board of Supervisors, etc. The request should include the purpose of the loan, amount of the loan, justification for the loan, certification of the need for the project, the name and location of the proposed project, and the designation of a representative authorized to accept the loan, sign the loan agreement, and to carry out the intent of the resolution. Also required is a statement indicating that the applicant understands that the berthing can be operated either publicly or privately, and that both methods of operation were considered during the decision-making process.

[Note: For private operation, the berths will need to be developed and funded by the concessionaire (lessee).]

3. **CEQA COMPLIANCE**

All construction projects utilizing state funds require CEQA compliance. The loan applicant is required to meet both the local and state filing requirements of the environmental document prepared. The CEQA report should be prepared using the latest edition of "CEQA: California Environmental Quality Act, Statutes and Guidelines." Each city and county in California should have a copy

of these guidelines. The Statutes and Guidelines are available from Barclays Law Publishers, P.O. Box 3066, South San Francisco, CA 94083, or by telephone at (800) 888-3600. Barclays also publishes the latest updates to the Statutes and Guidelines. An unofficial copy of the CEQA Statutes and Guidelines can also be found on the internet at <http://ceres.ca.gov/ceqa>.



- **Construction Permits and Other Approvals**

Proposed projects in the shoreline area or in environmentally sensitive areas usually require the review and approval of any number of regulatory agencies. Obtaining permission to construct projects from these agencies in the form of permits, letters of permission, waivers, and certifications normally have costs associated with them in terms of fees or expended staff time.



The most commonly required permits are U.S. Army Corps

of Engineers Section 404 Permits, California Department of Fish and Game 1600 Permits, and California Regional Water Quality Control Board Certifications or Waivers of Certification. Each has a fee associated with it and each has a different timeline for getting the permit. Depending on the project location, it may also be necessary to obtain U.S. Fish and Wildlife Service and National Marine Fisheries Service concurrence on the proposed project activities.

Projects in the coastal zone may also require the direct or indirect review and approval of the California Coastal Commission or the San Francisco Bay Conservation and Development Commission.

It is the responsibility of the applicant to obtain any permits. Permits obtained subsequent to loan approval and funding, however, can be funded out of the loan.

- 4. **FEASIBILITY REPORT**

The applicant is the lead agency for the proposed project and is responsible for demonstrating that the project is economically justified and feasible from both an engineering and a financial standpoint. The information required in the feasibility report is listed as follows:

- **Location/Access to Project**

Provide detailed directions to your facility from nearby population centers or major highways, and the distance of your facility from major population centers. Also supply a location map showing where the project is located within a broad area, with an insert showing the location in relation to the entire state. All major highways, waterways, etc. should be clearly identified.

- **General Description of Surrounding Area and Proposed Project Site**

Provide general information of the area including nearby population centers and existing navigation channels. Provide a brief history of the facility, a description of the existing facility, boating uses anticipated, i.e., fishing, water-skiing, sailing, etc., access to boating waters, and the boating season. Also provide a description of other small craft harbors on the same water body (bay, lake, reservoir), or within 10 miles on a river. In addition, a project site map should be provided that will show enough detail, in conjunction with the location map, to accurately locate the project site.

• **Restricted Uses**

Provide a list of any restrictions that apply to the water body where the small craft harbor is located and the reason for these restrictions. Examples of restrictions would be: No Personal Watercraft allowed, size or type limitation on motors, no body contact with the water, etc.

• **Proposed Project**

List the planned development and the facilities to be constructed/rehabilitated with the loan, for example: basin and channel dredging, breakwater, rock slope protection, number and size of berths, utilities, buildings (purpose and size), parking (number of spaces), restrooms (type, and number of stalls), utilities (drainage, gas, power, sewer, telephone, water), dry storage, lighting, landscaping, or irrigation. For an improvement (rehabilitation) project, list the items that will be rehabilitated (for example: replacement of decking or dock repair) and the reasons why the improvements are necessary.

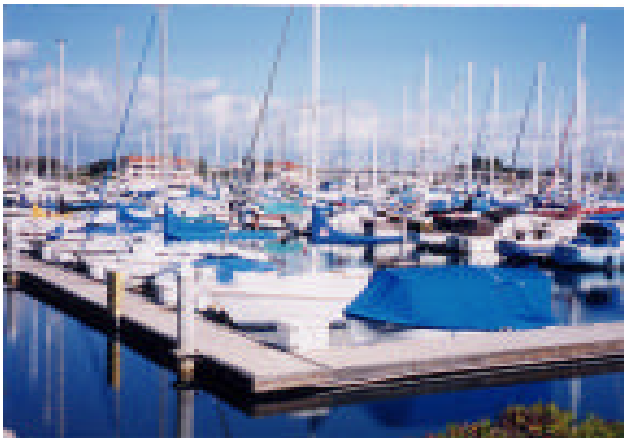
• **Legal Description**

Provide a legal description of the boat launching facility project area. Where possible, the project site area should be indicated visually on the project site layout drawing (defined on page 6), and described by metes and bounds showing the point of beginning, bearings, and distances.

• **Market Study**

Determine the boat ownership, economic characteristics and other boating statistical data in the market area as it affects the present and future demand for berths for the proposed or existing marina. Determine the optimum number, length, and rental rate of berths. Berthing rates shall be competitive and comparable to rates at nearby marinas to ensure that the project will not adversely affect the financial well-being of other privately operated marinas. Determine the need for parking, a harbormaster's office, maintenance building, dry storage, restrooms, fuel dock, and other boating-related items that may be required, as well

as other marina concessions such as yacht sales, a boat repair yard, chandlery, bait and tackle shops, restaurants, etc., and their associated parking requirement.



*Channel Islands Harbor
Ventura County*

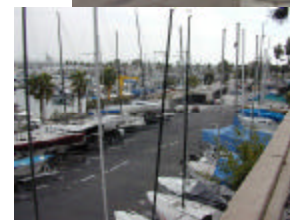
- **Engineering Feasibility**

An engineering analysis shall be conducted to determine engineering feasibility and construction costs. During this phase, the engineering analysis will be for planning and budgeting purposes, but should be sufficiently detailed to determine preliminary feasibility and relatively accurate construction costs. The plans and specifications for construction should be prepared after the loan is approved and development funds become available, however an ideal project development schedule should be submitted with the application (see sample in Appendix B). Topographic maps of the harbor land and water area, availability of water lines, electrical lines, sewerlines, access roads, etc., are required for the engineering analysis. Engineering studies should include the investigation of the soils condition and oceanographic characteristics to evaluate harbor basin development features, such as: the location of the entrance, breakwater requirements, dredging of the basin and navigation channel, spoils disposal, water circulation, wind and wave conditions, siltation, etc.

- **Cost Estimate**

Provide a detailed engineering cost estimate breakdown. Identify any items which the applicant will be solely funding or cost-sharing with the Department. Costs should generally be itemized as follows (these items illustrate the general scope/limitation of the Department’s participation):

- 1) clearing and grubbing
- 2) excavation (cut and fill)
- 3) dredging
- 4) rock slope protection
- 5) boat launching ramp (width, length, slope)
- 6) courtesy boarding float(s) (width, length)
- 7) parking (number of vehicle/trailers and single spaces)
- 8) restroom (type, and number of stalls)
- 9) utilities (drainage, gas, power, sewer, telephone, water)
- 10) fish-cleaning station
- 11) lighting
- 12) landscaping and irrigation



*West Channel/Cabrillo Beach Recreation Area
City of Los Angeles Harbor Department*

- **Non-Construction Costs** (figured on one construction subtotal)

- 1) engineering (up to 12 percent of subtotal of construction items 1 through 12)
- 2) inspection (up to 5 percent of subtotal of construction items 1 through 12)
- 3) permits (up to 3 percent of subtotal of construction items 1 through 12)
- 4) ~~contingency (10 percent of subtotal of construction items 1 through 12)~~
- 5) ~~escalation (5 percent of subtotal of construction items 1 through 12, x four years)~~

Additional Site Drawing/Photographs

In addition, a project site layout drawing should be submitted. It is suggested that this drawing be presentation quality (to be included in the completed feasibility report), and that the drawing identifies and locates the various features of the project, such as berthing, building(s), parking area(s), restroom(s), etc. In the case of an improvement project, the existing facility(ies) and new facility(ies) to be constructed should be clearly defined (see site drawing in sample completed loan application also available from the Department).

Pictures of the project site, when possible, should also be submitted. General pictures of the site, photographs of existing facilities and area where proposed facilities will be constructed, and aerials can be incorporated into the Department's final feasibility report. High resolution digital images or photographs are acceptable.

Financial Feasibility

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.

1) Determine the amount of funding required to develop or improve the small craft harbor project. The Department's financial participation is limited to development within the immediate marina project area and the availability of funds. The local government agency is responsible for the funding of land acquisition and some cost-sharing of the marina development (in the case of a new project), and offsite improvements. All development costs and sources of funds should be identified.

The small craft harbor can be operated either publicly or privately, and both alternatives should be evaluated. Under either type of operation, Department loan funds can be used to fund basic non-revenue producing items such as breakwaters, dredging, rock slope protection and landside excavation. Under public operation, Department loan funds can be used to also develop/rehabilitate berthing facilities. However, under private operation, the lessee is required to provide funding of the development/

rehabilitation of berths and landside improvements such as parking, restrooms, and landscaping. The local government agency must hold a public hearing on the feasibility of a private lessee developing and/or operating the proposed project.

2) A Revenue and Expense statement should be prepared illustrating that sufficient revenues are generated from the berthing facilities and/or concessions to cover all operating expenses and debt service (see statement in sample completed loan application on this web site). Prepare a loan repayment schedule for the state loan and discuss the method of retiring the loan. Also provide current berthing fees by length.



In addition, a maintenance and dredging reserve is required. Please contact the Department for the current exact amount of the reserve required.

3) Adequate collateral for the loan is required. Collateral shall be property, both real and personal, whether tangible or not, pledged as security for repayment of a debt, including but not limited to any or all of the following: an interest in real property; a mortgage or security interest (deed of trust) in real estate, including buildings or property of the applicant; a deed of trust or lease and leaseback of the project area; an irrevocable letter of credit equal to not less than the unpaid balance in an amount equal to the principal and estimated accrued interest; a collateral assignment of rents and leases equal to not less than 125 percent of the applicant's total annual debt service to the Department; a security agreement, or; a Uniform Commercial Code financing statement (UCC-1).

- **Loan Deferment**

Loan repayment typically begins on August 1 of the fiscal year immediately following the final loan disbursement - final disbursement is determined by the DBW project manager overseeing loan drawdown. However, in some instances, a borrower may be required to make interest only payments during the construction period. Upon written agreement between DBW and the borrower, repayment may be deferred for up to one additional year.

- **Interest Compounding**

Per Harbors and Navigation Code sections 71.4 and 76.8, DBW's loan programs must conform with customary commercial practices. In keeping with commercial practices, interest is compounded continuously on all outstanding funds. Compounding is the action of accruing interest on the total "unpaid balance" (the total outstanding debt including principal and accumulated interest). DBW starts compounding interest on the "warrant" date (the State Controller's Office issues dated warrants rather than checks to borrowers) of funds that are drawn down.



TIMELINE FOR APPROVAL OF PROPOSED PROJECTS

April 1, 2002	April 1, 2002-July 2002	July, 2002	January 2003	June 2003	July 2003-June 2004
Deadline for public grants and loan applications					
Applications processed and evaluated. Applicants will be contacted for an engineering review and a financial review of their project, including a site visit					
		Budget proposals submitted			
			Governors budget released		
				Budget approved by California legislature by June 15	
				Budget signed by Governor by June 30	
					Boating and Waterways Commission meetings are scheduled (approximately every other month)

Applicants will be advised in advance of the date, time, and location of the Commission meeting in which their project will be presented for approval. A representative for each project is required to be present at the Commission meeting to provide additional information or answer questions concerning their project. If a project is approved by the Commission, the contracting process that follows takes approximately 60 days. Once contracts are signed by all parties and returned to the Department of Boating and Waterways (DBW), funds may be dispersed under the supervision of the DBW project manager, who is responsible for oversight of project construction.

APPENDIX A

BLANK LOAN APPLICATION COVER SHEET 10

LOAN APPLICATION

AGENCY _____

ADDRESS _____

CITY _____ COUNTY _____ ZIP _____

PROJECT ASSEMBLY DISTRICT _____ PROJECT SENATE DISTRICT _____

CONTACT PERSON _____

PHONE # _____ FAX # _____

APPLICATION DATE _____ LOAN AMOUNT \$ _____

NEW LOAN Y/N _____ SUBSEQUENT PHASE Y/N _____

PROJECT DESCRIPTION _____

IF REHABILITATION, WAS EXISTING FACILITY FUNDED BY THE DEPARTMENT?

Y/N _____ IF SO WHAT YEAR _____

HAS DEPARTMENT REP. VISITED SITE Y/N? _____

INDICATE PREFERENCE FOR COMMISSION MEETING DATE:

EARLIER IN YEAR

LATER IN YEAR

FOR DEPARTMENT USE ONLY:

FOR INCLUSION IN BUDGET FY _____ BY _____
DEPT. REP.

CHECK IF THE FOLLOWING DOCUMENTS ENCLOSED:

RESOLUTION

ENVIRONMENTAL

FEASIBILITY

APPENDIX B

SAMPLE LOAN APPLICATION COVER SHEET 12

RESOLUTION 13

ENVIRONMENTAL COMPLIANCE

-CEQA 14

PROJECT DEVELOPMENT SCHEDULE 15