

**SAMPLE**

AGREEMENT NUMBER <b>xx-102-xxx</b>
REGISTRATION NUMBER <b>3680</b>

**PROJECT CODE**

- This Agreement is entered into between the \_\_\_\_\_ named below:  
 STATE AGENCY'S NAME  
**DEPARTMENT OF BOATING AND WATERWAYS (DEPARTMENT)**  
 CONTRACTOR'S NAME  
 NAME (BORROWER)
- The term of this Agreement is: \_\_\_\_\_ DATE through \_\_\_\_\_ (until repaid in full)
- The maximum amount of this Agreement is: **\$ XXX,000.00**  
 XXX 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.

**(PROJECT NAME) MARINA LOAN**

Exhibit A – Loan Recitals	1 page
Exhibit B – Small Craft Harbor Construction Loan and Operation Agreement	19 pages
Exhibit C* – General Terms and Conditions	GTC 306
Exhibit D – (NAME) Feasibility Report	7 pages
Exhibit E**- DBW Marina Operations, Maintenance, and Capital Outlay Loan Requirements	34 pages
Exhibit F – Legal Description and Site Map of Project Area	

Items shown with Asterisks (\*), are hereby incorporated by reference and made a part of this agreement as if attached hereto.

\*This document can be viewed at <http://www.ols.dgs.ca.gov/Standard+Language/default.htm>

\*\*This document can be viewed at <http://www.dbw.ca.gov/PDF/LoanApp/DBWMaintGuideLoan.pdf>

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

<b>CONTRACTOR</b>		<i>California Department of General Services Use Only</i>
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.) NAME		
BY (Authorized Signature) 	DATE SIGNED(Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING		
ADDRESS ADDRESS		
<b>STATE OF CALIFORNIA</b>		
AGENCY NAME DEPARTMENT OF BOATING AND WATERWAYS		
BY (Authorized Signature) 	DATE SIGNED(Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING RAYNOR TSUNEYOSHI, Director		
ADDRESS 2000 EVERGREEN STREET, SUITE 100 SACRAMENTO, CALIFORNIA 95815-3888		

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 agreed to loan up to XXXX Hundred Thousand Dollars (\$X00,000) for marina construction at the project area, collectively the (“Loans”).
3. WHEREAS, the legal description and site map of the project area is attached hereto as Exhibit F, 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.

Specific to each loan project

  - (a) A Collateral Assignment of Rents and Leases for the Project Area,
  - (b) A Deposit Agreement,
  - (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**

TABLE OF CONTENTS

ARTICLE 1 – PROMISE TO PAY ..... 3

ARTICLE 2 - DEFINITIONS..... 3

ARTICLE 3 – BORROWER COVENANTS..... 5

ARTICLE 4 – BUDGET CONTINGENCY ..... 5

ARTICLE 5 - TERM OF AGREEMENT..... 6

ARTICLE 6 - DISBURSEMENT OF LOAN ..... 6

ARTICLE 7 - CONSTRUCTION OF PROJECT ..... 8

ARTICLE 8 - LOAN REPAYMENT ..... 10

ARTICLE 9 –DEPARTMENT’S REMEDIES ON DEFAULT ..... 11

ARTICLE 10 - RIGHT OF THE DEPARTMENT TO TAKE POSSESSION OF THE  
PROJECT AREA..... 12

ARTICLE 11 - RIGHT OF ENTRY BY THE DEPARTMENT ..... 12

ARTICLE 12 - LAND CONTROL ..... 12

ARTICLE 13 - OPERATION OF PROJECT..... 12

ARTICLE 14 - LIABILITY AND FIRE INSURANCE ..... 15

ARTICLE 15 - INSTALLATION OF OTHER FACILITIES ..... 16

ARTICLE 16 - SIGN REFERRING TO DEPARTMENT FINANCING ..... 17

ARTICLE 17 - DIRECTIONAL SIGNS ..... 17

ARTICLE 18 - WAIVER OF RIGHTS..... 17

ARTICLE 19 – NOTICES..... 17

ARTICLE 20 - REMEDIES NOT EXCLUSIVE ..... 18

ARTICLE 21 - OPINIONS AND DETERMINATIONS ..... 18

ARTICLE 22 - SUCCESSORS AND ASSIGNS OBLIGATED ..... 18

ARTICLE 23 - ASSIGNMENT ..... 18

**SMALL CRAFT HARBOR  
CONSTRUCTION LOAN AND OPERATION AGREEMENT**

TABLE OF CONTENTS

ARTICLE 24 - LIABILITY ..... 19  
ARTICLE 25 - PRIOR TERMINATION ..... 19  
ARTICLE 26- WAIVER OF THE STATUTE OF LIMITATIONS ..... 19  
ARTICLE 27 – SUPERSEDING GENERAL TERMS AND CONDITIONS (GTC).... 19

ARTICLE 1 – PROMISE TO PAY

- A) For value received, the Borrower promises to repay the sum of principal disbursed pursuant to this (STD 213) 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 identified on the Standard Agreement STD 213.
- 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”: 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) “Effective Date”: The date this Agreement is approved by the Department of General Services.
- J) “Enterprise Fund”: A fund to be established by the Borrower to account for all Project Area operations; such account is to be designated the *(INSERT PROJECT NAME HERE) Enterprise Fund*. Borrower shall use full accrual accounting for the Enterprise

Fund to ensure that the costs of providing goods or services associated with the Project Area be financed or recovered primarily through user charges.

- K) “Excess Revenues”: (formerly 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 Area.
- L) “Gross Revenues”: Total revenues, before expenses are deducted, including any rents, profits, and interest received by Borrower for goods, services, facilities, and leaseholds provided or located within the Project Area. Gross Revenues also include any sales of stocks, lands, or other property owned by Borrower and located within, or used exclusively for operation or maintenance of, the Project Area. Gross Revenues are estimated in TABLE 1 of Exhibit D.
- M) “Loan”: The Loan described in Exhibit D.
- N) “Project”: The construction, improvement, acquisition, or maintenance of small craft harbors, related facilities, or connecting waterways described in Exhibit D.
- O) “Project Area”: The real property, and improvements thereto, identified in Exhibit F, within which the Project will be undertaken and defined in Exhibit F.
- P) “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 (Date of Acceptance).
- Q) “Project Costs”: Contract, equipment, labor, material and construction costs that are incurred by the Borrower for the purpose of completing the Project. However, Project costs incurred:
- 1) For indirect or overhead charges may only be reimbursed with prior written approval by the Department and may be no greater than the combined maximum budget allocated for *Engineering, Inspection, and Permits* Cost as described in Exhibit D (Feasibility Report – Cost Estimate Table),
  - 2) For engineering, inspection, and management services provided by Borrower or Borrower’s personnel may only be reimbursed with prior written approval of Department, and
  - 3) Shall not include any expenses incurred prior to the Effective Date of this Agreement.
- R) “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.
- S) “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

It is the intent of the Department to provide funding to Borrower that, when added to Borrower's available construction funds, will be sufficient to construct the Project. However, dependent upon the amount of funding necessary for Project construction and projected construction timelines, funding may be phased over multiple years. In the event that funds are to be phased over multiple years Department and Borrower understand and mutually agree:

- A) Only funds that have been appropriated by the Legislature and approved for expenditure on the Project by the Commission on or before the Effective Date of this Agreement are authorized for disbursement through this Agreement.
- B) Action by the Legislature in one or more future Budget Acts is necessary to appropriate any additional funding phases. Such action will be added to this Agreement through amendment only after the Commission approves such action.
- C) In the event that the Legislature or Commission, for any reason, does not approve sufficient future funding for this project, and provided that Borrower has not accepted any loan funds, Department shall have no liability to pay any funds whatsoever to Borrower or to furnish any other consideration under this Agreement and Borrower shall not be obligated to perform any provision of this Agreement; this Agreement shall be of no further force and effect.

- D) In the event that the Legislature or Commission does not approve sufficient funds to complete the Project and Borrower has drawn loan funds:
- 1) Borrower shall return all drawn loan funds plus the interest (as specified in Article 8.B) accrued to date of said return within One Hundred Eighty (180) days of the end of the fiscal year that such approval is denied, or
  - 2) Borrower shall complete the Project within the scheduled timeline using Borrower's own funds, or
  - 3) Department and Borrower may agree upon a reduced scope version of the Project to be completed within the scheduled timeline and all funds in excess of those previously appropriated necessary to complete the Project shall come from Borrower, or
  - 4) Department and Borrower may, within One Hundred Eighty (180) days of knowledge of such denial, agree that the expenditure of such funds toward the Project constitutes construction completion. The date of such agreement shall become the Date of Acceptance of the Project.

#### 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

The Department shall provide a Loan to the Borrower in the maximum amount stated on STD 213 line 3 of this Agreement; however:

- 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 Ninety (90) 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.
    - (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; paid invoices or other evidence of Borrower's payment of Project Costs must accompany requests.

- (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.
  - (d) Borrower shall request final disbursement no later than Sixty (60) days following the Date of Acceptance of the Project by the Borrower.
- F) The Borrower shall provide the following to the Department within Sixty (60) days of the Date of Acceptance:
- 1) A Project Completion Certificate (or equivalent)
  - 2) An accounting of all Loan funds
- G) 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 May 1, 200X (*five year period tied to Budget Act*). At its sole discretion, the Department may extend this completion date up to an additional Three (3) years if necessary to complete the Project. However, under no circumstances shall the Project be completed later than May 1, 20XX +3.
- 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 prepared in conformance with the most recent version of the Department of Boating and Waterways' Layout, Design and Construction Handbook for Small Craft Harbors,
  - 3) 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,
  - 4) Become the property of the Borrower,
  - 5) Provide for all Project facilities set forth in Exhibit D, and
  - 6) Be prepared in conformance with Executive Order D-8-99.
- E) All construction contracts for 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,
  - 5) Be awarded and executed in conformance with Executive Order D-8-99, and
  - 6) Require that the Project be constructed according to the plans and specifications prepared for the Project, and that quality control shall be performed, and compliance with specifications shall be verified, by qualified professionals selected by the Borrower or Borrower's representative.

- 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.

#### 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 and, per Harbors and Navigation Code section 71.8(b), shall be a priority payment made prior to any other expenditure from Gross Revenues. However, to the extent that the revenues generated within the Project Area are insufficient to repay the Loan, the Borrower shall make every effort, subject to section 18 in Article XVI of the California Constitution, to assign and collect other revenues, and/or levy and collect taxes as necessary to pay each Loan payment.
- 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, subject to section 18 in Article XVI of the California Constitution.
- D) Recover the defaulted loan as specified in section 71.8(d) of the Harbors and Navigation Code.

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 E 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 an Enterprise Fund to account for Project Area revenues and expenditures enumerated in section 71.8 of the Harbors and Navigation Code. The Enterprise Fund shall be established before the first loan draw is requested.
- H) Borrower shall deposit Excess Revenues in an interest bearing account. Excess Revenues are restricted as described in section 71.9 of the Harbors and Navigation Code. Borrower shall obtain prior written approval from the Department before using Excess Revenues. Excess Revenues, and interest accumulated thereon, provide partial security for the Loan.
- I) The Borrower shall establish a Reserve Fund and shall deposit monthly into the Reserve Fund an amount equal to, or greater than, Two Percent (2%) of Project Area Gross Revenues for the month.
  - 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 continuously insure the Project Area 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:	\$1,000,000 each person \$1,000,000 each occurrence
Property and Product Damage	\$1,000,000 each occurrence \$1,000,000 aggregate
Fire Insurance	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 \$1,000,000, and
- 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, and
- 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, agents, employees and servants 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.
- F) The Borrower shall provide proof of insurance to the Department annually and upon written request by the Department.

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 D, provided that such facilities:
  - 1) Are constructed, maintained and operated for the use, enjoyment protection and service of the public,
  - 2) Are in compliance with Article 13 of this Exhibit,
  - 3) Do not directly or indirectly reduce the service capabilities for the boating public called for in Exhibit D including the sanitary and parking facilities, and
  - 4) 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 the Department's logo (to be provided by Department) and 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 standard Department of Boating and Waterways precast concrete sign shall be used unless the Borrower is required to use a different sign style or motif. The Department shall furnish an electronic drawing of the standard Department project credit sign to the Borrower for inclusion in the plans and specifications. The location of the project credit sign and make-up of a non-standard sign, including the dimensions, materials and lettering, requires 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 Local Agency's Development Code and State Department of Transportation (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:NAME, Contract Administrator  
2000 Evergreen Street, Suite 100  
Sacramento, CA 95815  
Telephone Number: (916) NUMBER  
FAX Number: (916) 263-1852

For the Borrower:

BORROWER  
Attention: NAME  
ADDRESS  
CITY, CA 9XXXX  
Telephone Number: (XXX)NUMBER  
FAX Number: (XXX) 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 - TERMINATION

- A) Prior Termination. This Agreement shall terminate on the date specified in Article 7 (A) of this Exhibit 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.
- B) In addition to the Department's right to terminate pursuant to Exhibit C, and as otherwise provided in this Agreement, the Department may terminate this Agreement without cause upon a Thirty (30) calendar days advance written notice to the Borrower.
- C) The Department may declare any loan proceeds already disbursed to the Borrower immediately due and payable.

ARTICLE 26- 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.

ARTICLE 27 – SUPERSEDING GENERAL TERMS AND CONDITIONS (GTC)

- A) The reference to the Contractor in Exhibit C is the Borrower in this Agreement.
- B) Notwithstanding Paragraph 13 in Exhibit C, payment to Borrower for expenses shall be limited as provide for in Article 6 of this Exhibit.

# Small Craft Harbor and Recreational Marina Loan Programs



Marina Operations,  
Maintenance, and Capital  
Outlay Loan Requirements



# Table of Contents

<b>I. Intent of Loan Requirements</b> .....	1
<b>II. Definitions and Examples for Loan Requirements</b>	
1. Marina Operation Costs.....	3
2. Marina Maintenance Expenses .....	3
3. Marina Capital Outlays.....	4
4. Relationship of Operation Costs, Maintenance Expenses, and Capital Outlays (Figure 1).....	6
5. Marina Gross Revenues .....	6
<b>III. Requirement 1: Marina Operations Report</b>	
1. Marina Operations Report Requirement .....	7
2. Marina Operations Checklist (Part A on “Master Checklist”).....	7
3. Marina Operations Reporting .....	7
<b>IV. Requirement 2: Marina Maintenance Budget</b>	
1. Marina Maintenance Budget Requirement .....	8
2. Marina Maintenance Checklist (Parts B through J on “Master Checklist”).....	9
3. Marina Maintenance Reporting.....	10
<b>V. Requirement 3: Marina Capital Outlay Reserve Account</b>	
1. Marina Capital Outlay Reserve Account Requirement.....	11
2. Marina Capital Outlay Budgetary Plan.....	12
3. Example Capital Outlay Budgetary Plan.....	12
4. Marina Capital Outlay Reserve Account Reporting .....	12
<b>VI. Summary of Responsibilities and Reporting</b>	
1. Marinas .....	13
2. DBW .....	13
3. Remedy for Violation of Requirements.....	14

## **Appendices**

- A. Marina Operations, Maintenance, and Capital Outlay – Master Checklist
- B. Marina Operations Report
- C. Example of Actual Fiscal Year Operation Costs and Maintenance Expenses and Gross Marina Revenues
- D. Marina Maintenance Report
- E. Example of Projected Capital Outlay Projects
- F. Example of Capital Outlay Budgetary Plan
- G. Marina Capital Outlay Reserve Account Report
- H. DBW Site Visit Checklist
- I. DBW Annual Reporting Checklist

## 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

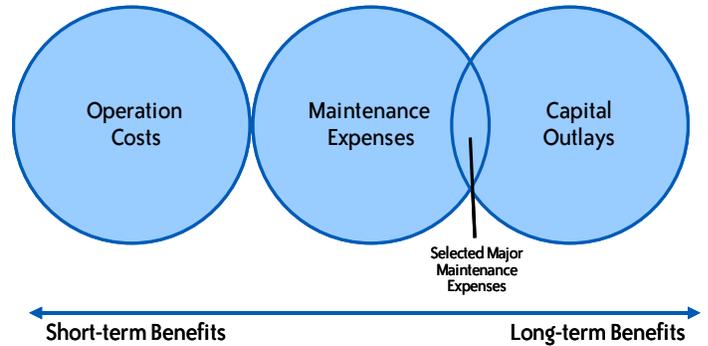
***Partial reconstruction*** – Partial reconstruction is a capital outlay, which includes renovation of the marina to the original condition, capacity, and function, or improvement of the marina to provide additional service, for example replacing dock systems or bulkheads, adding launch lanes, additional 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 1<sup>st</sup> each year, and private marinas shall submit the form by April 1<sup>st</sup> 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 on-going, 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 1<sup>st</sup> each year, and private marinas should submit the form by April 1<sup>st</sup> 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.

**Appendix A**

**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				
<b>A Operation Issues</b> <span style="float: right;">For Operations</span>						
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>B Waterside Conditions</b> <span style="float: right;">For Maintenance</span>						
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 Pilings						
<b>C Docks</b> <span style="float: right;">For Maintenance</span>						
24 Decking/surface						
25 Dock framework						
26 Freeboard height						
27 Flotation						
28 Walkers						
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				
<b>D Gangways</b>						
For Maintenance						
41	Decking/surface					
42	Hinges					
43	Slides					
44	Rollers					
<b>E Walkways and Boardwalks</b>						
45	Decking/surface					
46	Metal fittings					
47	Lighting					
48	Handrails					
49	Pilings/support					
50	Fishing piers					
<b>F Boat Launch Ramps</b>						
51	Ramp surface					
52	Ramp slope					
53	Debris/sediment					
54	Drop-offs/erosion					
55	Boarding floats					
56	Boat washdown area					
57	Signs					
58	Lighting					
<b>G Marina Buildings</b>						
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					
<b>H Parking/Access Roads</b>						
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				
<b>I Grounds</b>						
For Maintenance						
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					
<b>J Other</b>						
100						
101						
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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: \_\_\_\_\_      e) Facility: \_\_\_\_\_ Rate: \_\_\_\_\_
- c) Facility: \_\_\_\_\_ Rate: \_\_\_\_\_      f) Facility: \_\_\_\_\_ Rate: \_\_\_\_\_
- d) 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
<b>TOTAL</b>		<b>5,750 feet</b>	<b>\$26,750</b>

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

- 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:

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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 C-1

### 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
	<b>\$ 155,500</b>

	Maintenance Share <sup>a</sup>	Maintenance Amount
Harbor Master	10%	\$ 8,000
	10%	1,000
Maintenance Personnel	60%	18,000
	60%	3,900
<b>Total Maintenance Personnel</b>		<b>\$ 30,900</b>

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
	<b>\$ 122,000</b>

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
	<b>\$ 9,500</b>

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

Gross Marina Revenues	\$ 450,000
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(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)

<b>Revenues</b>	<b>2001-2002</b>
<b>Charges for Services</b>	
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
<b>Total Operating Revenues</b>	<b>\$ 597,219</b>
<b>Other Revenues</b>	
Discounts Taken	\$ 794
FEMA Grant	30,718
<b>Total Other Revenues</b>	<b>31,512</b>
<b>Total Operating and Other Revenues</b>	<b>\$ 628,731</b>
<b>Cash Flows from NonCapital Financing Activities</b>	
InterFund Lending Repayment	\$ (7,947)
Operating Transfers In	256,000
Operating Transfers Out	(12,160)
<b>Net Cash Provided by (Used in) NonCapital Financing Activities</b>	<b>\$ 235,893</b>
<b>Total Gross Revenues</b>	<b>\$ 864,624</b>
Two Percent of Total Gross Revenues	\$ 17,292

## Example 2: Annual Gross Marina Revenues — Calendar Year 2002

(Marina with No Operating Transfers)

<b>Revenues</b>	<b>2002</b>
<b>Charges for Services</b>	
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
<b>Total Operating Revenues</b>	<b>\$ 251,642</b>
<b>Total Gross Revenues</b>	<b>\$ 251,642</b>
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): \_\_\_\_\_



## 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
<b>Total projected for next ten years</b>			<b>\$477,000</b>
<b>Long Term Needs</b>			
11		Telephone lines and cable TV connected	\$100,000
12		Plumbing and electrical system replacements	1,000,000
13		Marina basin dredging	400,000
<b>Total long-term beyond ten years</b>			<b>\$1,500,000</b>

Item Description	Funding Sources		
	Year #	Alternate Funding	Capital Outlay Account
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
	<b>Total</b>	<b>\$1,360,000</b>	<b>\$617,000</b>



## Appendix F

### Example of Capital Outlay Budgetary Plan

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Revenues</b>					
<b>Charges for Services</b>					
Monthly Berth Rents					
Daily Berth Rents					
Fuel and Lubricant Sales					
Building Rents					
Electric Submeter Fee					
Miscellaneous Revenues					
<b>Total Operating Revenues</b>	<b>\$ 621,821</b>	<b>\$ 640,476</b>	<b>\$ 659,690</b>	<b>\$ 679,481</b>	<b>\$ 699,865</b>
<b>Other Revenues</b>					
Discounts Taken	0	0	0	0	0
FEMA Grant	0	0	0	0	0
Total Other Revenues	0	0	0	0	0
<b>Total Revenues</b>	<b>\$ 621,821</b>	<b>\$ 640,476</b>	<b>\$ 659,690</b>	<b>\$ 679,481</b>	<b>\$ 699,865</b>
<b>Expenses</b>					
<b>Wages and Benefits</b>					
<b>Utilities</b>					
<b>Contractual Services</b>					
<b>Tools and Supplies</b>					
<b>Repairs and Maintenance</b>					
<b>Total Operating Expenses</b>	<b>\$ 449,094</b>	<b>\$ 462,813</b>	<b>\$ 476,944</b>	<b>\$ 490,938</b>	<b>\$ 506,189</b>
<b>Operating Income (Loss)</b>	<b>\$ 172,727</b>	<b>\$ 177,663</b>	<b>\$ 182,746</b>	<b>\$ 188,543</b>	<b>\$ 193,676</b>
<b>Adjustments from Operating Activities</b>					
Depreciation (Non-Cash Item)	0	0	0	0	0
Other Adjustments	0	0	0	0	0
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 172,727</b>	<b>\$ 177,663</b>	<b>\$ 182,746</b>	<b>\$ 188,543</b>	<b>\$ 193,676</b>
<b>Cash Flows from NonCapital Financing Activities</b>					
InterFund 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
<b>Net Cash Provided by (Used in) NonCapital Financing Activities</b>	<b>\$ 255,035</b>	<b>\$ 250,379</b>	<b>\$ 245,584</b>	<b>\$ 268,645</b>	<b>\$ 250,557</b>
<b>Total Gross Revenues</b>	<b>\$ 876,856</b>	<b>\$ 890,855</b>	<b>\$ 905,274</b>	<b>\$ 948,126</b>	<b>\$ 950,422</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
<b>Fixed Asset Additions (Capital Outlay Projects)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (100,000)</b>	<b>\$ (34,000)</b>
Long-Term Principal and Interest Debt Service	(410,225)	(410,225)	(410,225)	(410,225)	(410,225)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(410,225)</b>	<b>(410,225)</b>	<b>(410,225)</b>	<b>(510,225)</b>	<b>(444,225)</b>
<b>Reserve Account Deposits</b>					
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
<b>Total Deposit to Reserve Account</b>	<b>\$ 17,537</b>	<b>\$ 17,817</b>	<b>\$ 18,105</b>	<b>\$ 46,963</b>	<b>\$ 34,008</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 17,537</b>	<b>\$ 17,817</b>	<b>\$ 18,105</b>	<b>\$ (53,037)</b>	<b>\$ 8</b>
<b>Reserve Account Balance</b>	<b>\$ 17,537</b>	<b>\$ 35,354</b>	<b>\$ 53,459</b>	<b>\$ 422</b>	<b>\$ 430</b>

## Appendix F

### Example of Capital Outlay Budgetary Plan

	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Revenues</b>					
<b>Charges for Services</b>					
Monthly Berth Rents					
Daily Berth Rents					
Fuel and Lubricant Sales					
Building Rents					
Electric Submeter Fee					
Miscellaneous Revenues					
<b>Total Operating Revenues</b>	<b>\$ 720,861</b>	<b>\$ 742,487</b>	<b>\$ 764,762</b>	<b>\$ 787,704</b>	<b>\$ 811,336</b>
<b>Other Revenues</b>					
Discounts Taken	0	0	0	0	0
FEMA Grant	0	0	0	0	0
Total Other Revenues	0	0	0	0	0
<b>Total Revenues</b>	<b>\$ 720,861</b>	<b>\$ 742,487</b>	<b>\$ 764,762</b>	<b>\$ 787,704</b>	<b>\$ 811,336</b>
<b>Expenses</b>					
<b>Wages and Benefits</b>					
<b>Utilities</b>					
<b>Contractual Services</b>					
<b>Tools and Supplies</b>					
<b>Repairs and Maintenance</b>					
<b>Total Operating Expenses</b>	<b>\$ 521,929</b>	<b>\$ 537,834</b>	<b>\$ 553,816</b>	<b>\$ 571,087</b>	<b>\$ 588,467</b>
<b>Operating Income (Loss)</b>	<b>\$ 198,932</b>	<b>\$ 204,653</b>	<b>\$ 210,946</b>	<b>\$ 216,617</b>	<b>\$ 222,869</b>
<b>Adjustments from Operating Activities</b>					
Depreciation (Non-Cash Item)	0	0	0	0	0
Other Adjustments	0	0	0	0	0
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 198,932</b>	<b>\$ 204,653</b>	<b>\$ 210,946</b>	<b>\$ 216,617</b>	<b>\$ 222,869</b>
<b>Cash Flows from NonCapital Financing Activities</b>					
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
<b>Net Cash Provided by (Used in) NonCapital Financing Activities</b>	<b>\$ 230,317</b>	<b>\$ 224,920</b>	<b>\$ 239,361</b>	<b>\$ 213,635</b>	<b>\$ 207,737</b>
<b>Total Gross Revenues</b>	<b>\$ 951,178</b>	<b>\$ 967,407</b>	<b>\$ 1,004,123</b>	<b>\$ 1,001,339</b>	<b>\$ 1,019,073</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
<b>Fixed Asset Additions (Capital Outlay Projects)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (75,000)</b>	<b>\$ (8,000)</b>	<b>\$ -</b>
Long-Term Principal and Interest Debt Service	(410,225)	(410,225)	(410,225)	(410,225)	(410,225)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(410,225)</b>	<b>(410,225)</b>	<b>(485,225)</b>	<b>(418,225)</b>	<b>(410,225)</b>
<b>Reserve Account Deposits</b>					
Two Percent of Gross Revenues	\$ 19,024	\$ 19,348	\$ 20,082	\$ 20,027	\$ 20,381
Other Deposits to Reserve Account (Optional)			20,000		
<b>Total Deposit to Reserve Account</b>	<b>\$ 19,024</b>	<b>\$ 19,348</b>	<b>\$ 40,082</b>	<b>\$ 20,027</b>	<b>\$ 20,381</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 19,024</b>	<b>\$ 19,348</b>	<b>\$ (34,918)</b>	<b>\$ 12,027</b>	<b>\$ 20,381</b>
<b>Reserve Account Balance</b>	<b>\$ 19,454</b>	<b>\$ 38,802</b>	<b>\$ 3,884</b>	<b>\$ 15,911</b>	<b>\$ 36,292</b>



## 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





## 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:

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## DBW Annual Reporting Checklist

### Small Craft Harbor and Recreational Marina Loan Programs

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Facility Name:

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

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#### 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

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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 F**

**LEGAL DESCRIPTION  
& SITE MAP**