

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: March 15, 2018
To: Harbor Commission
From: Scott Riedman, Waterfront Director
Subject: **Director's Report**

COUNCIL ACTIONS

- Approved a five-year lease agreement with the Chamber of Commerce of the Santa Barbara Region, for the 400 square foot Visitor Center site at One Garden Street;
- Approved a three-year lease agreement with two, one-year options with Mike Pyzel, for second floor office space at 125 Harbor Way, Suite 23; and
- Approved a five-year lease agreement with David Villazana, doing business as Harbor Mail Center, for the 140 square foot lease space located at 125 Harbor Way #6.

MEETING WITH THE BOATING AND WATERWAYS COMMISSION CHAIRMAN

On February 15, 2018, Karl Treiberg, Waterfront Facilities Manager, and I met with the new Division of Boating and Waterways Commission Chairman Randy Short at his Alamar Marina in Channel Islands Harbor. Commissioner Short has extensive experience in private sector marina operations and owns and operates marinas from Hawaii to Cabo San Lucas. Commissioner Short was recently appointed as DBW Commission Chair by Governor Brown, and requested comments on DBW grant and loan programs from the Waterfront Department and other public and private marina operators.

Karl and I first expressed our thanks and appreciation for the support of DBW staff and Commission. Our comments are intended to be helpful, not critical, of DBW's mission of enhancing boating statewide.

The following comments are a summary of issues/ concerns that we discussed with Commissioner Short regarding some of the DBW programs that impact the Department-

- 1) Grants and Loans
 - a. Reconsider 4.5% at 30 years. Adjust rate to prime rate similar to other revolving funds.
 - b. Allow the term of the loan to be negotiated. We recently renegotiated our loan from 30-year amortization to 20-year.

- c. Eliminate requirement for a Capital Outlay Reserve Fund. Especially for public agencies that already have reserve fund requirements.
 - d. Reduce debt coverage ratio from 1.5:1 to 1.25:1 even if the DBW loan is subordinate to other public agency debt.
 - e. Eliminate or reduce requirement for annual report. This is an unusual requirement for public agency debt. It is much too detailed, time consuming to complete, and irrelevant compared to typical long range planning tools (Capital Improvement Plans) used by public agencies.
 - f. The lead time for grants & loans is much too long. Grants and/ or loans typically funded several fiscal years beyond application deadline.
 - g. Rely on agency cost estimates for projects instead of DBW estimates which are routinely low and dictate/ limit the amount of the grant or loan.
 - h. No longer require minimum annual slip fee increases based on CPI.
- 2) Beach Nourishment Grants
- a. Emphasis should be on dredging, not beach nourishment. By its very name, Boating and Waterways should fund projects that improve boating and waterways. Beach nourishment can be an incidental benefit to dredging but grants should be evaluated on the benefit to boating and waterways (dredging) and not on beach nourishment benefits.
- 3) Patrol Boat Equipment Grants
- a. Increase grant amount to match replacement cost of patrol boats (typical >\$200,000).

Commissioner Short was receptive to these recommendations and was very supportive of getting DBW grant & loan funding to marinas with viable projects.

TENTATIVE AGENDA ITEMS FOR THE APRIL MEETING

- Clean Marina Report
- Expansion of Deep Sea Tasting Room/ Stearns Wharf