



Date: December 1, 2014
To: Marine Advisory Commission
From: Elvira Hallinan, Manager, Marina Bureau
Subject: MEETING MINUTES OF NOVEMBER 20, 2014
MARINE ADVISORY COMMISSION (MAC)

Commissioners Present

Rick DuRee, Chair
David Thornburg, Vice Chair
Eric Peterson
Mike Schachter
Ted Kuhn
Mark Turpin
Jerry Avila

Marine Bureau Personnel

Elvira Hallinan, Manager, Marine Bureau
Vivian Crook, Secretary

City Staff

Randy Foster, Chief, Marine Safety/Lifeguards/LBFD
Gonzalo Medina, Capt. Marine Safety/Lifeguard/LBFD
Lori Koh, Treasury Office

Commissioners Absent

Tom Mayes
Peter Schnack

Guests

David Dornbusch
Casey Cornwell of Dornbusch Associates
Alfredo Fernandez, LBMBOA
Bob Vatz, LBMBOA
Bob Hubbard
Einar Lorentsen
Kim Smith
Jim and Debbie Czarnecki
Larry Goodhue

Chairman DuRee convened the meeting at 6 p.m., at the Long Beach Yacht Club.

ROLL CALL

Elvira Hallinan called the roll of commissioners. Chairman DuRee introduced Mr. Jerry Avila as one of the new MAC Commissioners.

CONSENT CALENDAR

The October 9, 2014, MAC minutes were reviewed and approved as submitted.

PUBLIC COMMENT

Chief Randy Foster addressed the MAC Commission for the last time, as he will be retiring from his position at the end of this year. Randy Foster started his career with the Marine Safety Division in 1975 and has served as Marine Safety Chief for the last four and a half years. Chief Foster introduced Gonzalo Medina as the new Marine Safety Chief. Chief Medina has been a Marine Safety Captain for the last three years and has been in charge of the Dive Team. Chief Foster stated that Gonzalo Medina will serve the community well. Chief Medina updated the MAC informing them that Marine Safety is going through the interview process for open Marine Safety Rescue Boat Operator and Marine Safety Officer positions. Chairman DuRee presented Randy Foster with an award and thanked him for 40 years of dedicated service as Marine Safety Chief.

NEW BUSINESS

- Elvira Hallinan gave a presentation on the ABM Rebuild Project. She stated that there will be total of 1,625 new concrete slips once the rebuild is completed. The Coastal Permit was approved in January 2011, with ground breaking in September 2012. Since then the City has been able to complete Basins 1, 4, 5 and 8 at a total cost of approximately \$60 million; \$34 million of which was DBW loan money and the remainder was Marina Fund cash. Roughly \$48 million in funding is needed to complete the waterside and dredging of Basins 2, 3, 6 and 7. The California Coastal Commission is requiring a dry boat storage area in Basin 2. She said that on April 15, 2014, City Council was presented with a staff report regarding funding options; \$34 to \$40 million can likely be borrowed by way of a bond issue depending on the level of slip fee rate increases, and up to \$15.1 million potential contribution from the Tidelands Capital Improvement Funds. Elvira stated that early in November, DBW awarded the City of Long Beach a \$16.9 million loan for the rebuild of Basin 2. This loan will provide for the completion of Basin 2, regardless of the availability of revenue bonds. She stated that the project scope for every basin includes demolition, pulling of piles, rock placement, dredging, installation of new piles to meet new configuration, concrete docks, rounded fingers, ADA gangways and railings, in-slip pump-outs for slip sizes 40 feet and above, and new electrical boxes.
- Elvira introduced Lori Koh of the Treasurer's Office who spoke regarding the bond process. Lori Koh explained that the higher the bond rating the lower the cost will be; the lower the cost the more money will be available to support the bonds, and at some time in the future to fund additional improvements. The more fiscally healthy the marina revenue stream is the less pressure there will be to increase slip fees. She said that their goal is to get as much of the money needed to fund the improvements at the lowest cost possible and to ensure that the marinas are fiscally strong over the long term. Slip fees must be sustainable and competitive and the City Council must make certain commitments. Slip fees account for about 90% of marina revenues and are the repayment source for the bond; also, slip fee increases are key to a successful bond sale.

Lori Koh introduced the consultants; David Dornbusch and Casey Cornwell of Dornbusch Associates, who will be working with the Bluewater Design Group conducting a number of analysis; i.e., slip fee study and feasibility report. Casey Cornwell explained that they are a financial and economic analysis firm with 40 years of experience primarily working for public sector clients. They have done 400 projects for federal and state clients and have extensive marina experience, especially in California. David Dornbusch added that most all of their studies are to demonstrate feasibility that support weather an agency can fund a bond issue. The mission is to project revenues, to project the operating cost, and to determine whether the net revenue available will be sufficient to support a bond service with enough cushion to satisfy the market. They will be assessing the market of this marina relative to competing marinas. They will be working with Tim Bazley, Bluewater Design Group, who has worked with several marinas in the area.

There was a discussion with various questions asked regarding the percentage of slip fee increase and the annual CPI. Lori Koh explained that in this case the bond ratings will be based on the ability of the marina to generate revenue. Commissioner Schachter said that his concern is that the aim of the analysis is at the revenue being produced by the slips; i.e., the boatowners. What he wanted to know is where the City's investment is in this process? He said his fear is that slip rates will continue to be pushed up, which will cause a lot of vacancies. David Dornbusch, responded that this is a question that will be best answered when we see what the model looks like. Chairman DuRee stated that what the MAC was told from the very beginning of this rebuild was that with the reconfiguration and the new distribution of slip sizes, there would be a corresponding increase in the overall revenue provided by the marina and there would be a corresponding decrease in maintenance costs, and that this increase in revenue and decrease in maintenance costs would assist in providing the funding necessary to finish the rebuild of the marina without a fee increase on an annual basis. Tim Bazley said that the first draft report will be in eight weeks. Commissioner Peterson asked if they could come back before they are finished with their report so that the MAC could give input, because there might be some things that they might not be aware of that should be considered. David Dornbusch said that their approach will begin with the premise that this is a market driven analysis and they will estimate what the market will be likely to pay for slips. Commissioner Avila commented that he feels that boatowner input is very important because at the end of the day the analysis will be at the cost of the boatowners. He said that he just received a three percent increase and wondered if future increases would cause boatowners to move out of Long Beach to save money and stay in boating. He commended the commissioners in their efforts to look for funds elsewhere.

OLD BUSINESS

- Elvira Hallinan gave an update on Dock 10. She said the project is going very well and the estimated opening date is December 18. The ABM Fuel Dock contract will be deployed on December 1, 2014, and the last fuel delivery will be November 28. December 21 will be the last day that anyone will be able to fuel up at the ABM fuel dock. The completion date for the fuel dock to be up and running is March 30, 2015. Vessel Assist and general vessel maintenance will still be available. Access to the fuel dock for maintenance purposes and access to Heritage Yachts will be available by land.

MARINE BUREAU MANAGER'S REPORT

Marina Operations Report

Executive MAC

- All items covered.

Operations Committee

- No meeting held.

Facilities Committee

- No meeting held.

Finance Committee

- No meeting held

COMMENTS FROM THE AUDIENCE

- Alfredo Fernandez stated that he attended a couple of meetings regarding the closure of the Haines plant and said that the conservation groups are adamant that they are going to stop any plans to keep the pumps going at low volume (to keep the water circulating). They will fight any attempt from the City to keep the pumps going.

COMMENTS FROM COMMISSIONERS

- None

ADJOURNMENT

Meeting adjourned at 8:00 p.m. The next meeting is set for **January 15, 2015, at 6PM** at the **Long Beach Yacht Club**.

cc: George Chapjian, Director of Parks, Recreation and Marine
City Clerk