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## State cuts off funds for Martinez marina until city repays almost \$4 million

By Lisa P. White  
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MARTINEZ -- In a surprise move, the state agency Martinez has relied on for money to fix up the marina announced last week that it's cutting off the cash until the city repays almost \$4 million in outstanding loans.

The new policy could derail long-delayed plans to bring the dilapidated marina up to par with modern facilities in other Bay Area shoreline communities.

For years, Martinez has been counting on \$3.1 million in loans from the state Department of Boating and Waterways to pay for a slew of improvements at the marina.

In a letter dated Nov. 28, acting Director Lucia Becerra outlined the "critical issues" Martinez must address before the agency will invest more money in the marina -- repair the eastern breakwater wall and dredge; maintain the usable docks and berths; demonstrate ongoing net income and the ability to operate and manage a marina; and bring the outstanding \$4.1 million loan debt down to less than \$1 million.

That amount is from a series of Boating and Waterways loans dating back to 1959, although the city has been making payments.

Mayor Rob Schroder said he was shocked by the loan provision.

"I'm pretty much at a loss right now as to where we are going to get money, \$4 million or so, to pay off those loans," said Schroder, who learned of the letter Friday.

Officials thought the city was making progress toward meeting the department's conditions in order to qualify for the \$3.1 million

in loans.

In fact, Mitch Austin, Martinez recreation manager, told the council last month that the Department of Boating and Waterways had dropped a requirement for a private marina operator from the loan conditions.

Austin said the change suggests the agency has more faith in the city's ability to run the marina. Schroder said he hoped the change would give the city leverage in negotiating with Martinez Marina LP -- which manages day-to-day operations at the marina -- to "put some skin in the game."

So far, the company has not paid for any capital improvements at the marina.

However, the state department's spokeswoman, Gloria Sandoval, said a private operator is still required and Becerra's letter suggests the agency is concerned about the marina's finances.

On Nov. 16, the city announced plans to spend \$2.9 million to repair the eastern breakwater wall and dredge 82,500 cubic yards of silt on the west side of the marina to restore the depth to 9 feet. Martinez has earmarked its \$1.6 million share of a regional park district bond for the project.

City leaders are counting on \$500,000 from an undisclosed corporate donor and a \$750,000 state grant to make up the remainder, but those funds haven't been approved.

Martinez also doesn't have any money to put toward

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the \$4.5 million it needs for the second phase of upgrades -- building a new marina entrance and dredging the eastern side. "It looks like our current plans have been derailed," Schroder said.

Schroder said the council will have to figure out temporary fixes to keep the marina open, such as buying time by repairing, rather than replacing, the eastern wall.

He also said the city should appeal to the park district, refineries and other stakeholders for financial help.

Construction delays have imperiled the marina. Silt is flowing in through holes in the breakwater wall, making it difficult for boats to get in and out.

Of the 267 berths, only 156 are occupied. In the 2010 fiscal year, the marina experienced a \$30,000 shortfall because of the loss of charter fishing, according to Austin.

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