

DUE DECEMBER 31 Pursuant to Public Resources Code § 6306

Fiscal/Calendar Year:

Grantee Name:

Contact Person:

Mailing Address:

1. Funds

- a. Is a separate fund maintained for trust assets, liabilities, revenues and expenditures?

YES ☐ NO ☐

If "Yes", please list the name(s) of the fund(s).

If "No", under what fund are they accounted for?

- b. Are separate financial statements prepared for the trust?

YES ☐ NO ☐

If "Yes," describe the organization of the separate financial statement.

If "No," in which financial statements are they included? (Name of the document(s) and the applicable page number(s)).

2. Revenue

- a. What was the gross revenue received or generated from trust land or trust assets during the past fiscal year?

- b. Please list all sources of revenue and the amount of revenue generated from each source (e.g., permits, rentals, percentage of lease, etc.).

GRANTED PUBLIC TRUST LANDS STANDARDIZED REPORTING FORM

SLC 150 (formerly Form 12.26)

3. Expenses

- a. What was the total expenditure of funds received or generated from trust land or assets during the past fiscal year?
- b. What expenses were allocated or charged directly to the trust? Please list the source of the expenditure and the amount expended.
- c. Have there been any capital improvements over \$250,000 within the current fiscal year? Are any capital improvements over \$250,000 expected in the next fiscal year?
- d. Describe any other disposition of trust funds or assets or any other disposition of the trust lands or trust assets themselves. Include any internal funds that were transferred to other grantees, to the management of entity or under the management of another political subdivision of the grantee under an agreement, settlement, or memorandum of understanding.

4. Beginning and Ending Balance

Please list the beginning and ending balances for the tidelands trust fund(s) for this past fiscal year.

CITY OF MARTINEZ - MARINA SERVICES
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

OPERATING REVENUES

Rents and leases (Note 10)	\$632,320
Other revenue (Note 10)	46,519
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Total Operating Revenues	678,839
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OPERATING EXPENSES

Maintenance and repair	297,256
Administration	658,348
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Total Operating Expenses	955,604
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Operating Income (Loss)	(276,765)
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NONOPERATING REVENUES (EXPENSES)

Interest income	2,528
Interest expense	(70,572)
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Total Nonoperating Revenues (Expense)	(68,044)
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Income (Loss) Before Transfers	(344,809)
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Transfers from City General Fund (Note 4)	1,071,565
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Change in Net Position	726,756
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Net Position (Deficit) at Beginning of Year, as Restated (Not	(258,005)
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Net Position at End of Year	\$468,751
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See accompanying notes to financial statements

**CITY OF MARTINEZ – MARINA SERVICES
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 8 – LOANS PAYABLE

A. Current Year Transactions and Balances

	Original Issue Amount	Balance at June 30, 2021	Additions	Balance at June 30, 2022	Current Portion
Direct Borrowings:					
Loan Payable - 1973	\$450,000	\$251,136		\$251,136	\$167,255
Loan Payable - 1978	175,000	131,574		131,574	67,826
Loan Payable - 1982	300,000	323,922		323,922	115,186
Loan Payable - 1984	770,425	877,077		877,077	239,387
Total Marina Loans		\$1,583,709		\$1,583,709	\$589,654

During fiscal year 2003, accrued interest was added to the outstanding principal for all the State loans with the exception of the 1964 agreement.

B. Loan Payable – 1964

In January of 1960, the City entered into an agreement with the State of California, whereby a loan of \$1,300,000 was granted to the City for the construction of a Marina. In October of 1964, a Memorandum of Agreement which superseded the 1960 loan agreement was entered into.

The agreement was modified in 1964 with the following conditions:

Net income from the operations of the Marina is distributable as follows:

- Pro rata reimbursement to contributors of initial development costs as described in the agreement.
- 80% of the annual net income to the State, until the sum of \$1,300,000 is paid; the remaining 20% to be paid to the City.
- After the principal portion of the loan is repaid to the State, 80% of the annual net income shall be paid to the City; the remaining 20% shall be paid to the State until the State has been paid 3% interest per annum on the unpaid principal of the loan for each year starting with January 1, 1961. The agreement will terminate upon completion of the foregoing payments.

As of June 30, 2022, City management and legal counsel have reviewed the 1964 Memorandum of Agreement and have determined that balance is no longer due to the State of California. The City has booked a restatement in the Marina fund to remove the loan balance of \$850,000 and accrued interest of \$1,942,015.

**CITY OF MARTINEZ – MARINA SERVICES
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 8 – LOANS PAYABLE (Continued)

C. Loan Payable – 1973

On December 20, 1973, the City entered into another agreement with the State of California, whereby a loan of \$450,000 was granted to the City to complete the Martinez Small Craft Harbor (MSCH). At June 30, 2022, the amount payable to the State was \$251,136. The terms are as follows:

- The loan is payable from the gross revenues from operations of the facilities located or erected within the MSCH Project, prior to any other expenses from such revenues.
- Payments of principal and interest at 4.5% shall be payable in equal annual installments on August 1 of each year with a final payment due on August 1, 2026.
- Any retained earnings arising from the operation of the MSCH Project after deductions for repayments of the State loan, operating and maintenance expenses and reserve funds provided for by the State, shall be invested in reasonably liquid assets. No transfer of such funds, other than for advance repayment of the State loan, shall be made so long as any principal or interest remains unpaid.
- Whenever the retained earnings exceeds two years of MSCH Project operating and loan repayment expenses, such excess may be required by the State for advance repayment of the loan.

D. Loan Payable – 1978

On January 30, 1978, the City entered into another agreement with the State of California, whereby a loan of \$175,000 was granted to the City for construction of Marina Improvements. At June 30, 2022, the amount payable to the State was \$131,574. The terms are as follows:

- The loan is payable from the gross revenues from operation of the facilities located or erected within the Project Area.
- Payments of principal and interest at 4.5% in equal annual installments shall be payable on August 1 of each year with a final payment due August 1, 2029.

CITY OF MARTINEZ – MARINA SERVICES
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 – LOANS PAYABLE (Continued)

E. Loan Payable – 1982

On November 1, 1982, the City entered into another agreement with the State of California, whereby a loan of \$300,000 was granted to the City for the construction of new berthings and improvements to the Marina. The loan was to be based on stages of completion. At June 30, 2022, the amount payable to the State was \$323,922. The loan terms are as follows:

- The loan is payable from the gross revenues originating from the operations of the Marina. These gross revenues constitute sole security for the loan.
- The loan shall bear compound interest at 4.5% per annum on the unpaid balance.
- Repayment of the loan shall be in equal annual installments on August 1 of each year with final payment due August 1, 2034.

F. Loan Payable – 1984

On January 14, 1984 the City entered into another agreement with the State of California, whereby a loan of \$770,425 was granted to the City for twelve capital improvement projects at the Marina. At June 30, 2022, the amount payable to the State was \$877,077. The loan terms are as follows:

- The loan is payable from the gross revenues from the operation of the facilities located within the project area.
- The loan shall bear compound interest at 4.5% per annum on the unpaid balance.
- Repayment of the loan shall be in equal annual installments on August 1 of each year with a final payment due on August 1, 2038.
- Berthing rates may not average less than \$3.75 per foot of boat or berth length and are subject to annual adjustments based on the consumer price index.
- A survey of berthing charges in the same market as the Marina shall be conducted on an annual basis.

G. Loan Non-Repayment

At June 30, 2022, the Marina Fund owed \$1,583,709 in loans to the State. The City made an interest payment of \$50,556 to the Department of Boating and Waterways in fiscal 2022 to cover current year interest accrued on the unpaid loan balances.

CITY OF MARTINEZ – MARINA SERVICES
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 – LOANS PAYABLE (Continued)

The above loan agreements, except for the 1960 loan (modified in 1964) which has no specified repayment terms, require the Marina to remit annual debt service payments. The City failed to make the current year principal payment of \$57,975, in addition to the non-payment of principal in the prior fiscal years in the amount of \$465,520 the City has not made total principal payments in the amount of \$523,495 since August 1, 2012. The past due amounts have been included in the current portion of the loans payable. The State has assessed a late penalty fee of 5% of the unpaid balances.

On September 26, 2014, Senate Bill 1424 (SB1424) was approved by the Governor. SB1424 grants four parcels of land at the marina with a carrying value of \$1,019,923 to the City. In addition to the grant of lands and in recognition of the deteriorated condition of the City's marina, the City is able to defer its revenue sharing agreement with the State on an annual basis, until fiscal year 2021. This will make it possible for the City to retain the 10% payment to put towards corrective actions at the Marina.

As of June 30, 2022, the City is continuing its negotiations with the State to establish an agreement regarding the Marina.

H. Debt Service Transactions

For the Year Ending June 30	Direct borrowing:	
	Principal	Interest
2023	\$589,654	\$47,707
2024	69,136	44,731
2025	72,247	41,619
2026	75,498	38,368
2027	78,880	34,970
2028 - 2032	300,917	129,792
2033 - 2037	291,044	61,355
2038 - 2041	106,333	7,227
Total	<u>\$1,583,709</u>	<u>\$405,769</u>

CITY OF MARTINEZ – MARINA SERVICES
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 10 – LEASES

With the passage of Senate Bill 1424 (SB1424) on September 26, 2014, all of the Marina revenue is derived from the use of public trust lands. The Marina entered into a management agreement with Almar Management, Inc. on July 20, 2005 to manage and operate the Martinez Marina. The current agreement commenced on July 20, 2005 and continued to December 31, 2005 at which date the Agreement continues unless terminated by either party with at a 60 day written notice. Revenue received per this Agreement is rents and other income from the marina, less expenditures at the marina under the management of Almar Management, Inc. Total rents and income from Almar during the year ended June 30, 2022 was **\$156,083**.

The Marina from time to time engages in lease arrangements allowing the right for others to use various owned land and buildings for the public benefit. The borrowing rate for the leases are implicit in the lease agreements, and therefore, the Marina has applied the incremental borrowing rate of the City for all leases. As of June 30, 2022, the Marina's leases receivable and related deferred inflows of resources consisted of the following:

Lessor	Original Lease Date	Expiration Date Including Options	Annual Revenue as of June 30, 2022	Lease Receivable Balance at June 30, 2022	Deferred Inflow of Resources at June 30, 2022
<i>Business-Type Activities</i>					
Marina Services Enterprise Fund					
Eagle Marine	8/1/1997	12/31/2022	\$54,516	\$27,283	\$27,258
Totals			<u>\$54,516</u>	<u>\$27,283</u>	<u>\$27,258</u>

In fiscal year 2022, the Marina implemented the provisions of GASB Statement No. 87, *Leases*, which required the restatement of leases receivable and related deferred inflows of resources. As a result, initial leases receivable and related deferred inflows of resources were recorded in the amounts of \$81,774, for the Marina as of July 1, 2021, and had no effect on net position.

The Marina entered into a lease with Eagle Marine for the Marina Boat Yard facility. The previous lease term expired on July 31, 2017, and a subsequent lease extension was established, with the lease now expiring on December 31, 2019. Lease payments were previously a percentage of gross receipts or the minimum monthly rent, whichever was greater. The minimum annual rent was set at \$51,000 a year until July 31, 2017. With the lease extension, a fixed annual rent of \$54,600 a year was established year until December 31, 2022. Lease payments received for the year ended June 30, 2022 were \$56,906, including interest.

The Marina also entered into an operating lease with the Martinez Yacht Club. The current lease term expires on December 31, 2021. Lease payments are \$852 per month. Lease payments received for the year ended June 30, 2022 were **\$10,232**. The Marina has determined that this lease does not fall within the City's threshold under GASB 87, *Leases*, and therefore, has not capitalized the lease.

The Marina entered into a lease agreement with Southern Pacific Transportation Company for the use of public trust lands. The current lease expires June 30, 2052. The Marina received the full payment and recognizes \$8,364 annually as lease revenue. The balance remains as unearned revenue. The lease payment for the year ended June 30, 2022 was \$8,364. The Marina has determined that this lease does not fall within the City's threshold under GASB 87, *Leases*, and therefore, has not capitalized the lease.

CITY OF MARTINEZ – MARINA SERVICES
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 10 – LEASES (Continued)

Revenue from SB1424 public trust lands:	
Almar Management, Inc.	\$558,902
Eagle Marine	54,906
Martinez Yacht Club	10,232
Subtotal	<u>624,040</u>
Revenue from other public trust lands:	
Southern Pacific Transportation	<u>8,364</u>
Subtotal	<u>8,364</u>
Total rents and leases revenue	<u><u>\$632,404</u></u>