







described structural deficits threatening to exhaust Marina Fund reserves. For example, Council minutes from November 9, 1999 note:

“...The Marina is significantly under-funded and there is no current source of funds to implement core capital projects while maintaining existing Marina operations...Without a commitment by the Council to actively seek additional sources of ongoing funding beyond non-recurring grants, Marina infrastructure will continue to deteriorate...”<sup>2</sup>

### **Marina Fund Structural Issues**

In recent years, the infrastructure at the Waterfront has experienced significant failures such as deteriorating dock systems, the closing of the Berkeley Pier, and crumbling roadways and parking lots. Due to insufficient revenues, a capital replacement fund for this infrastructure was never established. Instead, infrastructure replacement has been funded through a variety of grants, loans, the Marina Fund when possible, and most recently, one-time allocations from the General Fund and the T1 Bond Measure.

Additionally, the Marina Fund – technically an enterprise fund with an expectation that revenues cover expenses – has been expected to cover all aspects of the Waterfront including recreational activities and park expenses at Cesar Chavez Park, Shorebird Nature Center and Park, Adventure Playground, and at the South Cove area.

Until recently, staffing reductions and deferral of capital and maintenance kept the Marina Fund solvent. But over the last several years, as capital infrastructure further deteriorated and staffing levels could not be further reduced, Marina Fund revenue could no longer to cover basic operational costs. This was exacerbated in 2019 with COVID-19, which significantly reduced hotel and restaurant lease revenue at the Waterfront.

Since 2021, General Fund support has been needed to maintain Waterfront operations. The Council authorized transfers to the Marina Fund of \$1.4M in FY22 and \$1.15M in FY23 using American Rescue Plan funding to keep the fund solvent. Earlier in 2023, Council solved the anticipated FY2024 \$800,000 structural deficit by eliminating one year of Workers Compensation fees, funding Waterfront capital expenditures with General Fund, and using Parks Tax to cover parks-related expenses at the Waterfront. In addition, Council allocated \$1.5M from the City’s Capital Improvement Program (CIP) Fund over two years to fund the Marina Piling Replacement project (\$850,000 in FY23; and \$650,000 in FY24).<sup>3</sup> Yearly transfer of City funds to cover the Marina Fund structural gap will still be needed at least through FY2027 in order to maintain operations and complete critical infrastructure projects.

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<sup>2</sup> See p.2 of Waterfront / Marina Fund Update, April 12, 2018 for a summary of budget reports from 1999-2017.

<sup>3</sup> This contract has been fully executed and pre-construction has begun.

















































































































































