



# Interoffice Memorandum

From The Office Of The

*Director of Finance*

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TO: Mayor and City Commissioners

FROM: Gloria J. Johnson, Director of Finance

THRU: Robert J. Bradshaw, City Manager

RE: **Authorization of \$1.1 Million Advance to Complete the Marina Dock Reconstruction**

DATE: March 26, 2015

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The City Marina was damaged in 2004 from Hurricanes Jeanne and Frances. To reconstruct the Marina docks and mitigate future hurricane damage, islands were constructed to act as wave breakers around the Marina. The total project cost approximately \$33.7 million dollars and was financed by FEMA and \$6.5 million received from the City's insurance proceeds. The islands cost \$21.7 million and the marina dock construction cost \$12 million dollars. The islands are complete and the City Marina is in Phase II, the final stage, of the reconstruction project.

FEMA awarded the City \$4,969,972 to replace the docks and \$6.5 million was to be financed by insurance proceeds. A portion of the \$6.5 million was used to finance special projects, General Fund operations and advance fund FEMA supported reconstruction projects until reimbursement is received. At this time a little over \$700,000 has been spent, of which no reimbursement has been requested or received.

Last year we received a \$4.1 million dollar loan to assist in the completion of the project. At that time we applied for the most financing we could be awarded with the condition that additional funding would be needed at the beginning of this year. I am advocating we not enter the market to finance the remaining \$1.1 million. The City has available funds from the HUD Section 108 Bond, which was paid in full by the developer. Although we received full payment, retiring the bonds was not an option because it would cost General Fund approximately \$266,000 to defease the bonds.

This memorandum requests approval to use these HUD funds to finance the \$1.1 million dollars needed by the Marina as a loan at 3%, which will help the City meet the debt service interest requirements and save the Marina interest, closing, legal and other administrative charges that would occur to finance the shortage through other financing means. This advance will have no effect on the City's debt limit.

There are debt service schedules attached that show the annual debt service of the Marina and the increase from \$394,679 in fiscal 2015 to \$601,943 in 2016. The Marina is projected to be operating at 80% some time in 2016. To address the increased debt requirements, the sources and uses schedule shows \$536,000 allocated to assist meeting the \$601,943.