DATE: May 4, 2020

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Jason Beatty, P.E., Director, Public Works & Utilities Department
Jonathan Sanglerat, Assistant Engineer II, Public Works & Utilities Department

SUBJECT: Discussion and Direction on Dredging of the Petaluma River, Marina, and Turning Basin and Budget Adjustment for Dredging and Turning Basin Floating Dock Repair, e14502024

RECOMMENDATION

It is recommended that the City Council consider the information presented and provide feedback and approve a program budget adjustment for dredging and turning basin floating dock repair, e14502024.

BACKGROUND

On January 27, 2020, staff provided City Council with an update on the status of dredging of the Petaluma River and the Petaluma Marina, and requested and received approval of a budget adjustment for the Marina and River Dredging project, e14502024.

On February 10, 2020, the City was notified that the U.S. Army Corps of Engineers (USACE) received $9.7M in their FY 20 workplan to fund dredging of the Petaluma River Channel and Turning Basin. This includes an Upper River portion of the project that would consist of dredging from approximately the City limits up to the Balshaw Bridge, and an ‘Across the Flats’ portion that would deepen the Federal channel where it runs across the shallow area of San Pablo Bay. The USACE project team continues to move the project forward despite the COVID crisis, working remotely on the development of construction documents that were at 65% complete when funding was received, and now are nearing completion of final plans and specifications to allow solicitations for bids in late May, with bid opening in late June. Due to protected species, dredging in the Upper River Section can only occur from August 1st through early November.

City staff has been working to support the USACE’s project by providing all requested information with the understanding that it is the USACE’s intent to dredge this summer. City staff with the assistance of a consultant, Pacific EcoRisk, have also been working to ensure the Shollenberger Dredge Disposal site is ready and permitted to receive the dredge material. The final conditions for a discharge permit for Shollenberger from the Regional Water Quality

1
Control Board (RWQCB) have been received. The RWQCB plans to use the existing Waste Discharge Requirements (WDR) for this dredge event.

One issue that was realized as staff reviewed USACE plans is that the dredging footprint in the Turning Basin did not include the area under the City’s floating docks. The methodology, suction dredging, that is expected to be employed by the contractor will not guarantee dredging under the docks. City Staff has worked with USACE project team to include an option in their specifications to dredge the footprint of the docks if the visitor docks are able to be removed. However, for the USACE to dredge under the docks, the City has to arrange for removal of the docks prior to dredging (as early as July 15th). The USACE has indicated that as soon as project cost estimates are completed the City will be notified about how to proceed regarding the removal of the docks.

A condition assessment of the visitor docks in the turning basin, revealed the docks are at the end of their useful life. Issues with the docks include structural and safety issues, an electrical system that has been vandalized and in need of replacement, ADA compliance issues, and an inoperable potable water system. Coupled with this, City staff are working to realize the City’s Goals as well as the Petaluma River Access and Enhancement plan in supporting the non-profit Petaluma Small Craft Center’s (PSCC) project for a float house adjoining the City’s visitor’s docks with electricity and water. PSCC’s project, although delayed by the recent crisis, is expected to proceed and a float house to be in place in the Spring of 2021. This assessment and market research of repairs versus replacement of the docks showed that repairing the docks would not be economical because of the docks current condition versus replacement with upgraded docks that are expected to last approximately 35 years.

The recent impacts of the COVID crisis on projected Transient Occupancy Tax (TOT) has also led City staff to recommend postponing the dredging of the marina for one year. The permitting work completed under this effort to-date will result in permits that are good for 10 years and will cover future marina and turning basin dredging events. The work completed on design plans and specifications thus far will be able to be utilized in the future marina dredging effort. This work to date also allows this project to be ‘shovel ready’ for any infrastructure funding the City is able to obtain as a mitigation of the economic impacts of the COVID-19 crisis.

This delay in the marina dredging project, also has a minor benefit in alleviating a concern of project conflicts between the USACE dredging project and the City’s marina dredging project occurring adjacent to each other and within the same timeframe. The dredging methods for each project are expected to differ with a suction dredge being used for the larger Federal channel dredging project, and a clamshell dredge method being used around the docks at the marina.

This action supports City Council Goals and the following:

- Workplan item #116 – “Maximize use of current parks and recreation infrastructure, and other City-owned facilities and properties for the hosting of recreational, sports, cultural and entertainment events that attract visitors to Petaluma.”
• Workplan item #117 – “Identify short and long-term funding solutions for dredging of the Turning Basin and federal channel by coordinating with other dredging efforts in the Bay Area; dredge the City Marina, coordinate with Bay Area wide dredging efforts.”
• Workplan item #118 – “Support Federal dredging efforts of the river channel by maintaining a viable dredge disposal site option at Shollenberger and explore sustainable long-term beneficial reuse sites for disposal.”
• Workplan item #119 – “Establish bicycle and walking paths and other river access amenities along the Petaluma River as identified in the River Access and Enhancement Plan.”

DISCUSSION

With the new understanding of the condition of the visitor docks, the USACE project scope, and recommendation to support PSCC’s project with access to sound docks with electricity and power, staff recommends delaying the marina dredging project until next summer. Given the current situation, it is likely City revenues will be impacted affecting the available resources for projects. Despite this, it is anticipated that a portion of the cost could come from Parkland Impact Development funds proposed in FY 20/21 to replace the visitor docks in the turning basin.

Staff continues to work towards developing a sustainable plan to complete regular dredging of the Petaluma River Channel, Turning Basin, and Marina. This is in anticipation that Federal funding for dredging will not significantly increase from where it is at now, and the frequency at which USACE will be able to dredge will be 15 or more years.

PUBLIC OUTREACH

A public workshop updating the Council on the status of dredging was held in November 2017. The USACE staff was in attendance and provided an update of their activities.

At the April 6, 2019, City Goal setting workshop, dredging the Marina, Turning Basin, & Federal Channel can out as one of the top objectives for infrastructure and for the economy and downtown.

Upon request, City staff provided an update to the Chamber of Commerce’s Government Advisory Committee in May 2019.

The Mayor’s Dredge Pledge initiative resulted in over 2,300 supporters signing a petition to inform USACE of the community’s support for dredging. This initiative included an event at the Petaluma Yacht Club on July 16, 2019, attended by the mayor, council members, and staff.

A City Council Letter to USACE, Senators Feinstein and Harris, and Representative Huffman requesting dredging of the Petaluma River was presented and signed at the August 5, 2019, City Council meeting.
The CEQA and NEPA processes for the dredging of the Marina and the Federal Channel will be followed as the projects move forward and include public noticing. Outreach to stakeholders will increase as the construction documents are developed.

**FINANCIAL IMPACTS**

A first quarter budget adjustment of $173,000 was approved by Council on November 18, 2019 to fund the permitting and design for the Petaluma Marina dredging and preparing for Petaluma River dredging. An additional budget adjustment of $300,000 for FY 19-20, was approved by Council on January 27, 2020 in anticipation of covering mobilization costs for dredging the marina and making repairs to floating docks. With the impacts of the COVID 19 crisis on revenue forecasts, the $300,000 in TOT funding is projected not to be available for this project this fiscal year. The proposed budget adjustment results in a project budget reduction of $300,000 that was to be funded from transient occupancy tax.

Future funding of the turning basin dock repair project and for marina dredging is needed and will be requested through the quarterly budget adjustment process, as outlined below. Funding options are limited as the City does not have a dedicated funding source for Marina or River dredging. It is anticipated that the FY 20-21 estimated cost of replacing the turning basin floating docks will be funded by the Parkland Development Impact Fee fund and the FY 21-22 marina dredging would be through a proposed interfund loan from the City Facility Impact Fee fund.

Given the current crisis, it is anticipated that both the General Fund and Transient Occupancy Fund will recognize significant revenue losses. Due to the uncertainty of the situation, the final funding source has not yet been identified. It is possible that an interfund loan could provide funding of $1,643,000 with annual debt service payments of approximately $348,000 paid back over a 5-year period, at an interest rate of 2.30%. The potential funding sources for repayment of the loan include Transient Occupancy Tax, Petaluma Improvement District and Measure M funds. The interest rate of 2.30% is more than the fund would have earned over the past 2 years by investing in the City’s pooled account and is more than the rate the portfolio is currently earning. The interest rate paid is also less than the rate that would be paid should the City do an external borrowing.

Staff will continue to monitor the situation and financial impacts and bring forward a final funding plan detailing the interfund loan terms expected to occur within the next year.

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<tr>
<th>Marina/River Dredging and Dock Repairs</th>
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<tr>
<td>Uses (Dollars in $000)</td>
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<td>Currently</td>
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<td>Design</td>
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After dredging of the turning basin and renewing the floating docks, and installation of PSCC float house the turning basin is expected to become more of a recreation destination for the community and for visiting recreational boaters. This is expected to generate additional economic activity in the downtown area.

After dredging the Marina, revenues from moorage fees are expected to gradually increase as occupancy of the Marina increases from 39% to an estimated 80% occupancy that is realized on average in the Bay Area. This increased funding could be used for a variety of costs such as operations, and much needed repairs and maintenance on the Marina docks and related infrastructure. Any remaining funds could be accumulated in a Marina reserve and earmarked for funding future Marina dredging.

**CLIMATE ACTION/SUSTAINABILITY EFFORTS**

The dredging of the Federal Channel allows for increased commercial barge traffic and for operating barge companies to run full barges versus the limiting loads based on the available depth. One 4,000-ton barge is equivalent to 160 25-ton trailer trucks.

Supporting the PSCC float house project provides another local, outdoor recreation activity to the community in small wind and person powered boats. This activity has a low environmental impact while raising awareness of the river environment that runs through Petaluma.

**ALTERNATIVES**

Some of the alternatives to consider include:

1. Continue as staff recommended on January 27, 2020, with dredging the marina this summer; using some TOT funds to repair electricity and water supply on the existing float docks and cover initial mobilization costs of dredging the marina. This will cause impacts in other areas where TOT funds are currently allocated.

2. Postpone marina dredging one year. Leave the turning basin floating docks as is, continue to monitor condition for safety issues and repair, support USACE dredging project but without removal of the visitor floating docks. This would leave the PSCC float house...
project without power and electricity and may not give adequate depth under the floating docks for most vessels. This minimizes funds spent on this activity.

3. Same as #2, but repair electricity and water supply on the existing float docks, estimated at $50,000. This will allow the PSCC to tie into existing services. However, the City floating docks are estimated to have only two to four years of service left in them.

4. Postpone dredging the Marina for one year. Use Parkland Development Impact Fees to replace the visitor floating docks in FY 20-21.

Staff recommends Alternative #4, as this would best accommodate USACE dredging of the turning basin this summer/fall, and best accommodate City Goals and support of the Petaluma River Access and Enhancement Plan with support of PSCC float house project. This alternative would also increase in recreational boating and other activity in the Turning Basin and downtown and Marina area businesses.

**ATTACHMENTS**

1. Resolution
2. Power Point Presentation
RESOLUTION APPROVING A BUDGET ADJUSTMENT
FOR DREDGING, E14502024

WHEREAS, the Marina, Turning Basin, and Federal Channel need maintenance dredging for vessel navigation; and

WHEREAS, City staff has contracted for permitting and bid document development services for dredging the Marina, Turning Basin, and part of the Federal Channel of the Petaluma River; and

WHEREAS, the COVID-19 crisis has impact projected City revenues from Transient Occupancy Tax which was planned to partial fund the dredging of the marina.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Petaluma hereby approves the revised project budget of $173,000 for dredging the marina, turning basin and Petaluma River channel, program e14502024.
Petaluma River, Turning Basin & Marina Dredging Update

Presented to: City Council
May 4, 2020

Project Team
Jason Beatty, P.E., Interim Director Public Works & Utilities
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Jeff Cotsifas, Pacific EcoRisk
Foth Infrastructure
Agenda

- Update since January 27, 2020
  - Dredging of Petaluma River Channel & Turning Basin – U.S. Army Corps Project
  - Turning Basin Visitor Docks Condition Assessment
  - Marina Dredging – COVID-19 funding impacts

- Alternatives

- Discussion and Direction
Dredging of Petaluma River Channel and Turning Basin

- Feb 2020 City Notified–
  - USACE Receives $9.5M in FY20 Workplan for Petaluma River Dredging

- On track to dredge in 2020
  - August – October
Turning Basin Dredging Scope

- **Initial Scope (2018)** - Area under docks covered

- **Draft Scope (Feb 2020)** - Area under docks not covered, can’t include dredging under ‘obstructions’ in Channel.

- **95% Design Scope (April 2020)** - Area under docks included if City can remove them prior to dredging.

- Worked with USACE to include area under Visitor Floating Docks if docks are removed.

- Docks are in bad shape
  - Estimated <5 years left
  - Electrical or water service inoperable
Turning Basin Visitor Docks

Petaluma Yacht Club Docks
Petaluma Small Craft Center Floathouse dock

One of the last remaining service pedestals not vandalized.
Electrical Power & water inoperable/needs replacement
Planking replaced as needed, but rot of support beams under planking is extensive.

Collar attachment to piles beginning fail. No easy repair.
Petaluma Small Craft Center

Floathouse

FOR YOUR SAFETY, THESE DOCKS ARE NOT OPEN YET.

COMING SOON

HYDROBIKE PEDAL BOATS
STANDUP PADDLE BOARDS
DOUBLE KAYAKS, CANOES & ROWING BOATS
FLOATHOUSE OFFICE

DINGHIES
SINGLE KAYAKS

ELECTRIC SAFETY BOAT
12 PASSENGER ELECTRIC LAUNCH

TURNING BASIN

Add to this site designated on the San Francisco Bay Area Water Trail new floating dock space, small craft rental center (#9A), tie-up for dining or overnight.
Turning Basin Visitor Docks

- Estimate ~$200k to remove, repair and replace docks
  - Result in ~5 years of useable docks
- Estimate ~$357k to replace docks with modern docks that will last ~35 years.
  - Staff is recommending funding replacement
Dredging of Marina

- The COVID–19 crisis has affected revenue forecasts, and the $300k in Transient Occupancy Tax funding approved to be used toward dredging of the marina is projected not to be available in this fiscal year.
- Staff recommends postponing the Marina dredging project for one year and continue to monitor revenues an interfund loan to support this project.
Alternatives

1. Continue with Marina Dredging as Planned
   ➢ Shortfall in TOT funds will impact other City uses

2. Postpone Marina Dredging for 1 year; leave Turning Basin Visitor docks as is.
   ➢ No electrical or water service for PSCC Float house
   ➢ Likely inadequate depth under docks for visiting vessels.

3. Same as #2, but repair electricity & water service (~$50k); don’t remove docks
   ➢ Likely inadequate depth under docks for visiting vessels.

4. Approved recommended budget adjustment to fund replacement of visitor docks.
   ➢ Accommodates USACE dredging the most
   ➢ Good depth under docks more likely
   ➢ Best support of PPCC float house project/Petaluma River Enhancement & Access Plan
   ➢ Supports recreational activity and economic activity in Downtown area
Discussion and Direction

- Questions?
- Direction on shift in Marina Dredging vs. Visitor Dock Replacement