



OUR VYC SEAWALL: Second Report - March 10, 2008 FINANCES.

It's not really so complicated as all that. Start with, I'm proud of the Vallejo Yacht Club and want it to survive with me being a part. Next step: without a harbor, the club loses its reason for being here and bringing all of us together. Next step: an easy one for anyone who has watched the old wall swing like a pet door, without a new seawall, we have no harbor. Next step: it costs money to make a seawall appear off the clubhouse deck. Final step: since we don't have that kind of change lying around, we have to borrow some of it. Final, final step: we have to pay it back.

Unfortunately, only a very few of the figures in the project are set in stone. For example, the cost of the debt service to Cathay is presently as uncertain as the financial markets. We have a "construction" loan which is interest only on the money we draw until September. When the project is completed, the "permanent" rate will be established based on an index, the 10 year federal treasury rate, plus a spread of 2.75%. The total has gone down over a full point since we started negotiations with the bank. Who knows where it will be on the date of completion. If it were set today, it would be substantially less than 6%.

On the cost side, it is also hard to tell exactly how much the wall could cost. The biggest uncertainty by far is a potential epoxy coating for the steel sheets that costs over \$400,000. Our contractor feels it is a possibility that BCDC may try to require it, so it is in the estimates. We hope we will not have to fight that fight but we'll see as we get closer. BCDC won't take a position on projects until the CEQA approval is obtained from the City.

There are also uncertainties associated with the cost of the studies that may be required. Some may recall that estimates for the more complicated original plan ran from \$40,000 to \$95,000. Our suspicions that those figures were inflated may be born out since we may finish that job for under \$15,000. It will depend on what reasonable worries arise in the research done on our CEQA application.

The total cost of the project simply cannot be accurately predicted. With the epoxy, the Western Docks bid was for \$2,250,000. We need a substantial bump in contributions to make things work out the way we all want. Remember we took \$500,000 from the dredging fund to buy the first stack of steel for the seawall. Every dollar that comes in for the wall will reduce the debt of the club on the loan and support the substantial dredging that has to be done after the wall is in place.

On the payment side, three years ago the club started putting aside \$7,500 per month for the seawall. Then last year, in an effort to convince potential lenders of our fiscal reliability, and in anticipation of the costs of borrowing the needed money, the club increased all fees including dues, berthing and all others by about 14%. That added \$4,900 per month to the dedicated seawall revenue in the club. We now have budgeted \$12,400 of the club intake set aside for the seawall debt service. This is going to be close to the predicted debt service. Of course, every dollar that we can collect to reduce the total loan, reduces the debt and significantly reduces the amount we pay back over time.

In order to coordinate the fundraising efforts, a group of shipmates have stepped up to make it happen. Arden Perkins will chair the committee comprised of Margo MacKerrow, Tom Ochs, and Hal Roemmick. They will have separate reports soon. In order to facilitate the presentation of our project to the City powers that be, a Political Committee has been gathered. Jack Higgins will chair it with support from Mark Bauder and Chris Platzer. Each of us needs to offer our time, talents, and money to help these great volunteers to be successful.

Everything is now moving, on the surface and behind the scenes. Get behind your club. Get behind your friends. Support the future of this very special place we have. It's definitely time to make this happen. Let's GO!!

Our Seawall Committee.

Let's not get sidetracked by the old "woulda-shoulda" problem. We are where we are. Each decision, whether we were individually consulted or not, was made in the past by people trying their best with the club's interest in mind. If pigs could fly we'd have a free seawall installed for us. In the end it was decided to build the wall in a new location since the savings in money and time did not outweigh the advantages in silting relief, fifty year projections for economies of scale, and interim alternative uses for the area. We have Western Docks to do the work and funding through Cathay Bank.