

Board of Harbor Commissioners

Crescent City Harbor District

February 18, 2025

Special Harbor Commission Meeting



Special Meeting

Board of Harbor Commissioners of the Crescent City Harbor District

Chair Gerhard Weber, Vice Chair Annie Nehmer
Commissioner Rick Shepherd, Commissioner Dan Schmidt, Secretary John Evans

AGENDA

Date: Tuesday, February 18, 2025

Time: Open Session 2:00 p.m.
Closed Session Follows

Place: 101 Citizens Dock, Crescent City, CA, and via Zoom Webinar,

VIRTUAL MEETING OPTIONS

TO WATCH (via online)

<https://us02web.zoom.us/j/6127377734>

TO LISTEN (via telephone)

Dial (669) 900-6833, please enter 612 737 7734# (meeting ID)
or, one tap mobile: +16699006833,,6127377734#



1. Preliminary Items

- a. Call to Order**
- b. Roll Call**
- c. Pledge of Allegiance**



1. Preliminary Items

d. General Public Comments

The general comment period is provided for subjects not included on the agenda. Each person is limited to a maximum of 3 minutes of speaking time. The Board may not take action on non-agendized matters. However, the Board or its staff may briefly respond to statements or questions from the public. (Gov. Code § 54954.2(a)(2))



2. Invited Presenters

- a. Grants Update from Community System Solutions.**

Public Comment?



January 31, 2024

To: Crescent City Harbor District Board of Commissioners

From: Mike Bahr, CEO, Community System Solutions

Agenda Item: Grant Status Report

Board members,

Given the disruption in grant services at the federal level, Community System Solutions has prepared a summary of your grants and potential issues.

The good news is that none of your federal grants meet the categories the administration is targeting for defunding: “woke”, DEI, green energy and EVs, climate change, and overseas aid. And only one of the active grants is at risk of having payment reimbursements paused.

The following is the name of the grant, funding agency, amount funded, use of funds, status and risk assessment. The risk assessment is based on announced information to date.

CA Coastal Conservancy Grant South Beach Bathroom (\$450,000 award)

Use of Funds: Design, Permitting and Construction of Bathrooms and Showers on Anchor Way.

This is a state funded grant and is not at risk.

CA Coastal Conservancy Grant (Citizen's Dock Planning) (\$927,000 award)

Use of Funds: 1) Initial Design and Environmental Impact Studies for construction of a new Citizens' Dock and Seawall.

This is a state funded grant and is not at risk.

FEMA / CalOES Hazard Mitigation Grant Program (\$1,350,000 award)

The current active contracts being paid by this grant are:

- *Development of Request for Proposals – CSS*
- *Property Development Marketing – CREDE Group*
- *Vertical Breakwater Design – Moffat & Nichol*
- *Eel Grass Study – Moffat & Nichol*
- *Level 1 and Level 2 environmental study of boatyard – SHN*

This is a state and federal grant.

As a cautionary action, work being performed by contractors and paid for by the grant should pause until it is certain the federal government will pay for this previously approved grant.

Port Infrastructure Development Grant (PIDP) 2022 – Seawall (\$7,366,565 award)

Use of Funds: 1) Construction of a new seawall 2) repair and renovate the seafood packing and trucking area 3) replace the aged cargo handling equipment atop the seawall

This is federal grant from the U.S. Department of Transportation MARAD. The goal of the grant funding is to “improve cargo handling at U.S. ports.”

Federal funding for this program will be reviewed, but the goals of the grant are not any of the target areas to be unfunded by the administration.

Currently, the Harbor District is not spending any of these funds. It will be April 2025 before the Harbor District is ready to draw down any funds, once the EIS is completed with state funds.

The federal grant review process should be completed by the time the Harbor District is ready to request funds.

Port Infrastructure Development Grant (PIDP) 2024 – Citizens’ Dock (\$8,000,000 award)

Use of Funds: 1) Construction of Citizens Dock – phase 1

This is federal grant from the U.S. Department of Transportation MARAD. The goal of the grant funding is to “improve cargo handling at U.S. ports.”

Federal funding for this program will be reviewed, but the goals of the grant are not any of the target areas to be unfunded by the administration.

Currently, the Harbor District is not spending any of these funds. It will be April 2025 before the Harbor District is ready to draw down any funds, once the EIS is completed with state funds.

The federal grant review process should be completed by the time the Harbor District is ready to request funds.

Grant Applications Recently Submitted

EPA Climate Change Grant - Crescent City Harbor District Green Fleet Initiative (\$20,000,000) - Use of Funds: Revitalize the Boat Yard with pier Improvements, boat pull out improvements, boat building facility rehabilitation, improvements to all facilities and all needed equipment, including travel lift.

This federal grant program will probably be ended. We do not expect the grants that were submitted in the current grant round to be funded.

CA Energy Commission Waterfront Facility Improvement Program (\$1,500,000) – Use of Funds: Citizens’ Dock permitting and planning. This is a state grant and the program is not at risk.



January 31, 2024

To: Crescent City Harbor District Board of Commissioners

From: Mike Bahr, CEO, Community System Solutions

Agenda Item: Discuss and take possible action to create a Priority Project List

Board members,

Thank you for participating in the Workshop /Tour of Harbor on January 22, 2025. The tour of the active area of the harbor facilities included discussion of current use of each site, planning/development status and potential opportunities.

The Board and public heard presentations from Harbor Master Mike Rademaker, Moffat and Nichol, CREDE, and Community System Solutions (CSS).

And there was great feedback and questions from the public members who attended.

Goals of the Workshop / Tour included:

- 1) Give the Board of Commissioners and the public a complete overview of the current planned construction projects and uses of current grant funds; and
- 2) Assist in helping identify the Board priority uses for the Hazard Mitigation Grant Program (HMGP) funds.

This meeting agenda item is for the Board of Commissioners to discuss and take action to prioritize projects to create a Priority Project list.

CSS will use the list to identify the ones HMGP grant funds can be used to develop.

The goals of HMGP grant funds are to develop mitigation strategies and obtain data to prioritize, select, and develop mitigation projects and complete grant applications for construction funding. HMGP funds can be used for studies, designs and environmental processes. They cannot be used for construction.

With regards to the federal review of grants and grant programs: The HMGP grant started as a Federal grant managed by FEMA that was awarded to the state of California and the Crescent City Harbor District on 10/23/2023. The grant and grant funds are managed by the state of California. The Harbor District has been billing the state for grant reimbursement every quarter for one year. The most recent grant reimbursement request was submitted to the state in January 2025. The state has reached out to FEMA, to see if there is going to be a delay for reimbursement to the Harbor District for expenditures on this grant.

As a cautionary action, work being performed by contractors and paid for by the grant should pause until it is certain the federal government will pay for this previously approved grant.

That pause should not delay this needed action by the Board of Harbor Commissioners.



3. Communications and Reports

a. Harbor Commissioner & Committee Reports

(1) Commissioner Dan Schmidt

(2) Commissioner Rick Shepherd

(3) Secretary John Evans

(4) Vice Chair Annie Nehmer

(5) Chair Gerhard Weber

Public Comment?



4. Consent Calendar

Consent Calendar items are considered routine and will be approved by one motion. The public, staff, or Commissioners may request specific items be removed from the Consent Calendar for separate consideration.

- a. Approve Minutes of the December 17, 2024 Regular Meeting.**

Public Comment?



5. Action Items

- a. Consider and Vote to Approve Draft Salmon Management Letter to the Pacific Fishery Management Council.**

Public Comment?

Crescent City Harbor District
101 Citizens Dock Road
Crescent City, CA 95531
officestaff@ccharbor.com
(707) 464-6174

February 18, 2025

Pacific Fishery Management Council (PFMC)
7700 NE Ambassador Pl. #101
Portland, OR 97220

**Subject: Comments on 2025 Ocean Salmon Management -
Supporting Local Fishermen in Del Norte County and Crescent City Harbor
District**

Dear Council Members, Salmon Technical Team and Salmon Advisory Panel,

We are writing to express our strong interest in the development of the 2025 ocean salmon management measures, particularly as they impact Del Norte County and the Crescent City Harbor District. Our community and its local fishermen depend heavily on the health of salmon populations and the economic vitality they provide. While we fully support sustainable management practices, we believe that existing policies have created significant regional disparities, disproportionately restricting access to salmon for fishermen in the northern part of the state.

It is disconcerting that California's ocean salmon fisheries have been managed in a way that provides substantial access to salmon stocks in the central portion of the state while severely limiting opportunities in the north. The Central Valley's Sacramento-San Joaquin River system has been a major contributor to the state's Chinook salmon populations, with hatchery programs releasing over 32 million smolts annually, supporting a large commercial and recreational fishing industry. In past years, upwards of 600,000 salmon have been allowed for harvest in this central region, with a 400-boat commercial fleet and thousands of recreational anglers, including a 1,000-boat charter fleet, benefiting from these resources.

In contrast, the northern regions, including the Klamath Management Zone (KMZ), have faced significantly more restrictive measures, with minimal

recreational access and complete closures of commercial fishing. Despite extensive and costly salmon restoration efforts, amounting to billions of dollars, Del Norte County's fishermen continue to be shut out of viable salmon seasons, even while a two-month salmon season with Coho retention is permitted just 18 miles to the north. Our community struggles to understand why these stark disparities persist.

As the Council begins its deliberations for the 2025 season, we advocate for restricting fishing in the central portion of the state to promote more equitable access to salmon in the north. Our local fishermen deserve the opportunity to participate in the Chinook and Coho fisheries, just as their counterparts in other parts of California do.

To ensure a fair and science-based approach, we respectfully request consideration of the following:

Stock Assessments & Data Transparency

What data and stock assessments are being used to determine the health and abundance of Chinook and Coho salmon stocks in the Del Norte/Crescent City area for the 2025 season?

Specifically, what are the projections for allowable catch limits for these species, and what factors influence those projections?

Which scientific studies, surveys, or assessments (e.g., NMFS stock assessments, local river escapement data) are informing these decisions?

Management Strategies for Equitable Fishing Access

Given the economic importance of salmon fishing to Del Norte County, what strategies are being considered to maximize fishing opportunities for local fishermen while still adhering to conservation goals?

Are there considerations for targeted fishing areas, gear restrictions, seasonal openings, or spatial management (e.g., designated fishing zones near Crescent City) to allow some level of access?

Balancing Sector Allocations

How does the Council plan to balance the needs of different fishing sectors (commercial, recreational, and tribal) when setting catch limits and fishing seasons?

What mechanisms are in place to ensure that local, small-scale fishermen in Crescent City have a fair opportunity to participate?

Economic Impact Considerations

Has an economic impact analysis been conducted to assess the potential effects of proposed regulations on the Crescent City fishing industry?

How will new regulations influence labor, fuel costs, and market demand?

What considerations have been made for the broader economic ripple effects on local businesses, including fish markets, restaurants, and tourism that depend on a healthy fishing economy?

Conclusion

We urge the Council to implement policies that provide Del Norte County's fishermen with fair and reasonable access to salmon resources. Sustainable management must be paired with equitable distribution of fishing opportunities, ensuring that coastal communities across the state share both the burdens and benefits of conservation efforts.

We appreciate the Council's time and consideration of these concerns. We look forward to engaging in upcoming public meetings and discussions to advocate for policies that support both healthy salmon populations and viable fishing communities.



5. Action Items

- b. Consider and Vote to Approve Resolution Changing Regular Board Meeting Schedule.**

Public Comment?



Staff Report

To: Crescent City Harbor District Board of Harbor Commissioners

Date: February 14, 2025

Subject: **Proposal to Change Regular Board Meeting Schedule**

RECOMMENDATION:

Staff recommends that the Board of Harbor Commissioners approve a modification to the regular meeting schedule, shifting from the 1st and 3rd Tuesday of each month at 2:00 PM to the 2nd and 4th Wednesday of each month at 2:00 PM.

BACKGROUND & ANALYSIS:

The Crescent City Harbor District currently holds its regular Board meetings on the 1st and 3rd Tuesday of each month at 2:00 PM. However, this schedule presents certain challenges, particularly with regard to public access to meeting materials. Some members of the public have expressed that having an additional business day to review agenda background materials before meetings would be helpful. Moving the meetings to Wednesday would provide this additional time, fostering greater transparency and increasing public participation.

Additionally, the proposed change better aligns with other local government meetings, reducing scheduling conflicts for stakeholders who attend multiple public meetings. By spacing meetings more evenly across different agencies, this adjustment ensures that elected officials, staff, and the public have adequate

time for meeting preparation and participation, enhancing overall governmental coordination.

- **Crescent City Council Meetings:** 1st and 3rd Monday at 6:00 PM
- **County Board of Supervisors Meetings:** 2nd and 4th Tuesday at 10:00 AM
- **Proposed Harbor District Meetings:** 2nd and 4th Wednesday at 2:00 PM

FISCAL IMPACT:

There are no anticipated fiscal impacts associated with this change.

CONCLUSION:

By shifting the regular meeting schedule of the Board of Harbor Commissioners to the 2nd and 4th Wednesday of each month at 2:00 PM, the Harbor District can improve public access to meeting materials, enhance staff efficiency, and better coordinate with other local governmental meetings. Staff recommends that the Board approve this proposed change and direct staff to implement the necessary updates to the meeting schedule and public notices.



**RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS
OF THE CRESCENT CITY HARBOR DISTRICT
2025-04
CHANGING THE REGULAR MEETING SCHEDULE
OF THE BOARD**

WHEREAS, the Crescent City Harbor District currently holds regular Board meetings on the 1st and 3rd Tuesday of each month at 2:00 PM; and

WHEREAS, the Board of Harbor Commissioners has determined that shifting the regular meeting schedule to the 2nd and 4th Wednesday of each month at 2:00 PM will provide additional benefits to the public and staff; and

WHEREAS, this change allows the public an additional business day to review agenda materials, thereby enhancing transparency and public participation; and

WHEREAS, shifting meetings to Wednesday will improve coordination with other local government agencies, including the Crescent City Council and the Del Norte County Board of Supervisors, improving the ability of stakeholders to prepare for and attend multiple public meetings; and

WHEREAS, the revised schedule will better facilitate Harbor District staff preparing reports and recommendations, improving the efficiency and quality of Board meeting materials;

NOW, THEREFORE, BE IT RESOLVED by the Board of Harbor Commissioners of the Crescent City Harbor District as follows:

1. The regular meeting schedule of the Board of Harbor Commissioners shall be changed from the 1st and 3rd Tuesday of each month at 2:00 PM to the 2nd and 4th Wednesday of each month at 2:00 PM.
2. The Harbor District staff is directed to update all public notices, official schedules, and online postings to reflect this change.
3. This resolution shall take effect immediately, and the first meeting under the new schedule shall occur on March 11, 2025.
4. The Board reserves the right to evaluate and adjust the meeting schedule in the future as needed.

PASSED, APPROVED AND ADOPTED by the Board of Harbor Commissioners of the Crescent City Harbor District at a duly noticed meeting held on the 18th day of February, by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSENT: Commissioners _____

ABSTAINED: Commissioners _____

AFFIRMED:

_____ Gerhard Weber, Chair of the Board

ATTESTED:

_____ Annie Nehmer, Vice Chair of the Board



5. Action Items

- c. Consider and Vote to Approve Upgrade of Public Wi-Fi Network.**

Public Comment?



Staff Report

To: Crescent City Harbor District Board of Harbor Commissioners

Date: February 14, 2025

Subject: **Proposal for Expanding Public Wi-Fi Access**

RECOMMENDATION:

Staff recommends that the Board of Harbor Commissioners consider expanding public Wi-Fi access to key areas within the harbor, including 1) the inner boat basin, 2) Bayside RV Park, and 3) Redwood Harbor Village RV Park.

Each zone would require an estimated investment of \$7,000 to \$10,000. This report evaluates the benefits of the project, alternative perspectives, and potential revenue generation strategies to offset costs.

BACKGROUND & ANALYSIS:

Reliable internet access is increasingly seen as an essential service by the public, particularly visitors to the marina and guests at the RV parks. Improving public Wi-Fi within these areas could enhance visitor experience, improve business outcomes, and lead to better reviews on booking platforms such as Google, Yelp, and RV-specific websites.

Many visitors expect free or low-cost Wi-Fi when staying at an RV park or marina. Providing reliable internet service could improve overall guest satisfaction and encourage repeat visits. Furthermore, RV park guests and boaters frequently rely on online reviews to choose their destinations. Upgraded

Wi-Fi could lead to improved customer ratings, increasing overall bookings and revenue.

Alternative Considerations

While public Wi-Fi expansion offers clear benefits, some argue that in today's digital landscape, individuals can use their personal cell phone hot spots or private satellite internet services such as Starlink. These services provide an alternative to public Wi-Fi, raising the question of whether the harbor should invest in such an infrastructure upgrade. However, cell phone service can be unreliable at times, and not all visitors have access to high-speed satellite data services.

Paywall and Revenue Generation Opportunities

To offset the investment, the Harbor District could implement a paywall system, similar to those used by hotels. A paywall is a system that requires users to pay a fee to access Wi-Fi beyond a basic free tier. This model allows visitors to enjoy essential internet access at no cost while offering premium high-speed access for a fee. Additionally, the paywall could incorporate advertising revenue, where users view sponsored content or short ads in exchange for limited free access. This approach could help generate revenue while keeping costs manageable for visitors.

FISCAL IMPACT:

The estimated cost for Wi-Fi expansion is between \$7,000 and \$10,000 per zone, totaling up to \$30,000 if all areas were upgraded. Revenue from a paywall system and advertising could help recoup these costs over time and potentially generate a profit.

CONCLUSION:

Expanding public Wi-Fi access in the harbor could significantly enhance visitor satisfaction, improve business, and contribute to positive online reviews. While alternative connectivity options exist, they may not be reliable or accessible to all guests. Implementing a paywall system could serve as a viable way to offset costs and ensure long-term financial sustainability of the service.

ACTION REQUESTED:

Provide direction to staff regarding implementation, funding options, and potential revenue strategies.



6. Information Items

- a. Consider Draft Fireworks Ordinance.**

Public Comment?



Staff Report

To: Crescent City Harbor District Board of Harbor Commissioners

Date: February 14, 2025

Subject: **Draft Ordinance Regulating Fireworks**

Background:

The attached ordinance follows the model ordinance issued by the State Fire Marshal almost verbatim. Variations of this model ordinance have been widely adopted by local jurisdictions throughout California. By implementing this ordinance, the District will be able to regulate the possession, sale, use, storage, and display of fireworks within its jurisdiction. Exceptions are provided for licensed pyrotechnic professionals operating under state regulations.

This ordinance is authorized under California Health and Safety Code Section 12541.1, which permits special districts to regulate or prohibit fireworks within their jurisdiction. The goal of this ordinance is to enhance public safety, prevent property damage, and establish clear enforcement mechanisms. The need for stricter fireworks regulations has been driven by the tragic fireworks explosion on South Beach during the 2024 Fourth of July festivities, which resulted in a mass casualty incident.

The proposed regulations align with those adopted by the County of Del Norte, which recently passed its own fireworks ordinance. This ensures consistency across different jurisdictions and helps to prevent confusion regarding fireworks regulations. It also simplifies enforcement efforts. The County's ordinance bans all fireworks, including "Safe and Sane" fireworks, within Del Norte County

campgrounds and parks. The proposed harbor ordinance follows the same schedule of fines for violations that was adopted by the County, starting at \$1,000 for a first offense and escalating to \$3,000 for repeat offenses. Sixty-five percent of collected fines will be forwarded to the State Fire Marshal Fireworks Enforcement and Disposal Fund, ensuring compliance with state regulations. Seized fireworks must be reported to CAL FIRE within three days, and they are held in trust for CAL FIRE under state disposal regulations.

The ordinance establishes a process for individuals to contest citations through an administrative hearing. A hearing officer appointed by the Harbormaster will review cases, and further appeals may be made to the Board of Harbor Commissioners. The Board's decision is final, and there is no further appeal to the Superior Court. If a responsible person prevails on appeal, their fine deposit will be reimbursed.

FISCAL IMPACT:

The ordinance establishes a structured fine system, with a portion of revenues (65%) directed to state programs. Potential costs include enforcement resources, administrative processing, and compliance monitoring. However, the fines collected are expected to offset the enforcement expenses, yielding a net positive fiscal impact. Additionally, the ordinance aims to reduce emergency response costs related to firework-related incidents.

RECOMMENDATION:

Staff recommends that the Board of Harbor Commissioners review the draft ordinance, provide any necessary amendments or feedback, and consider adoption at a future meeting to enhance public safety and regulatory compliance within the Harbor District. Given the recent adoption of a similar ordinance by Del Norte County, ensuring consistency across jurisdictions will provide clear guidance to residents and visitors and facilitate enforcement efforts.

ATTACHMENTS:

Draft Ordinance Regulating Fireworks – 2025.02.14

AN ORDINANCE OF THE CRESCENT DISTRICT HARBOR DISTRICT REGULATING FIREWORKS

***** DRAFT VERSION 2025.02.14 – NOT YET APPROVED *****

§1. GENERAL AUTHORITY.

California Health and Safety Code Section 12541.1 provides that Special Districts may adopt an ordinance or regulation to prohibit or regulate the sale, use, or discharge of fireworks within that special district.

§2. PURPOSE.

A. This chapter authorizes the imposition of administrative fines on any person who violates any provision of this ordinance in order to encourage and obtain compliance with the provisions of this ordinance for the benefit and protection of the entire community. This chapter governs the imposition, enforcement, collection and administrative review of all administrative fines, related to: the possession, use, storage, sale and/or display of fireworks, with the exception of a pyrotechnic licensee when operating pursuant to that license, and the use of “safe and sane fireworks” as defined in California Health and Safety Code Section 12500 *et seq.* in certain defined areas of the Crescent District Harbor District (hereinafter “District”), or at dates, times and/or locations as permitted by this ordinance, or as authorized by action of the Board of Harbor Commissioners. Said administrative fines are imposed under authority of Government Code Section 53069.4 and Health and Safety Code Section 12557.

B. The issuance of citations imposing administrative fines may be performed at the discretion of the Harbormaster as authorized hereunder; and the issuance of a citation to any person constitutes but one remedy of the District to redress violations of this code by any person. By adopting this chapter, the District does not intend to limit its authority to employ any other remedy, civil or criminal, to redress any violation of this code by any person, which this District may otherwise pursue.

C. The imposition of fines related to fireworks under this chapter shall be limited to persons who possess, sell, use, and/or display, or the seizure of, 25 pounds or less (gross weight) of such fireworks.

D. Fines collected pursuant to this chapter related to fireworks shall be subject to Health and Safety Code Section 12726, which section provides that 65 percent of all administrative fines or penalties collected by the District shall be forwarded to the Controller of the State of California for deposit in the State Fire

Marshal Fireworks Enforcement and Disposal Fund, as described in Health and Safety Code Section 12728.

§3. DEFINITIONS.

The following definitions apply to the use of these terms for the purposes of this section:

- A. "Citee" means any person served with an administrative citation charging him or her as a responsible person for violation.
- B. "Citation" means an administrative citation issued pursuant to this section to remedy a violation.
- C. "Code" means the Crescent District Harbor District Ordinance Code.
- D. "Harbor Patrol Officer" (HPO) means the Harbormaster or any employee or agent of the District designated by the Harbormaster to enforce any provision of this code.
- E. "Issuance" or "Issued" means any of the following:
 - a. The preparation and service of an administrative fine citation to a citee in the same manner as a summons in a civil action in accordance with Article III (commencing with Section 415.10) of Chapter 4 of Title 5 of Part 2 of the Code of Civil Procedures; or
 - b. Mailing of administrative fine citation to the citee by certified mail with return receipt, to the address shown on the official records of the County Assessor; or
 - c. By personally serving the responsible party by personal delivery of the administrative fine citation or by substituted service. Substituted service may be accomplished as follows:
 - 1. By leaving a copy at the recipient's dwelling or usual place of abode, in the presence of a competent member of the household, and thereafter mailing by First Class Mail, postage pre-paid, a copy to the recipient at the address where the copy was left: or
 - 2. In the event the responsible party cannot be served by First Class Mail, postage pre-paid, or cannot be personally served and has a property manager or rental agency overseeing the premises, substituted service may be made upon the property manager or rental agency or may be affected by posting the property with the administrative fine citation and mailing a copy by First Class Mail, postage pre-paid, to the responsible party in violation at the address of the property where the violation exists.
- F. "Hearing Officer" means the person appointed by the Harbormaster to serve as the hearing officer for administrative hearings hereunder.
- G. "Person" means a natural person or a legal entity that is also an owner, tenant, lessee and/or other person.
- H. "Responsible Person" means a person who causes a code violation to occur or allows a violation to exist or continue, by his or her action or failure to act, or whose agent, employee or independent contractor causes a violation to occur, or

allows a violation to exist or continue. For purposes of this chapter, there may be more than one responsible person for a violation. Any person, irrespective of age, found in violation of any provision of this chapter may be issued a citation in accordance with the provisions of this chapter. Every parent, guardian or other person, having the legal care, custody or control of any person under the age of 18 years, who knows or reasonably should know that a minor is in violation of this chapter, may be issued a citation in accordance with the provisions of this chapter, in addition to any citation that may be issued to the offending minor.

I. “Violation” or “Violates” refers to any violation of any provision of this code as well as the failure to comply with any additional requirement imposed by any license and/or approval issued to a person under or pursuant to any other District ordinance.

§4. ISSUANCE OF ADMINISTRATIVE CITATION.

A. Whenever a Harbor Patrol Officer (HPO) determines that a violation of the code has occurred, the HPO may issue an administrative citation on a district-approved form listing the code violation(s) and the amount of the administrative fine required to be paid by the responsible person(s) in accordance with the provisions of this chapter.

B. Each administrative citation shall contain, to the extent that such information is reasonably ascertainable and readily available, the following:

- a. The name, mailing address, date of birth, driver’s license number (if applicable), and home or business telephone number of the responsible person charged with any violation of this code;
- b. The address or description of the location of the violation;
- c. The date or dates on which the person violated this code;
- d. The section or sections of this code that were violated;
- e. A description of the violation(s);
- f. The amount of the administrative fine for each violation, the procedure in place to pay the fines, and any late fee and interest charge(s), if not timely paid, and notice that if the District is required to take action to collect such fines, the responsible person may be charged costs and attorney’s fees;
- g. Notice of the procedure to request an administrative hearing to contest the citation (including the form to be used, how to obtain the form, and the period within which the request must be made in order for it to be considered timely);
- h. The names, addresses and telephone numbers of any witnesses to the violation(s);
- i. The name and signature of the HPO who issued the citation and the name and signature of the citee, if he or she is physically present and will sign the citation at the time of its issuance. The refusal of a citee to sign a citation shall not affect its validity or any related subsequent proceedings, nor shall signing a

citation constitute an admission that a person is responsible for a violation of the code;

j. Any other information deemed necessary by the Harbormaster for enforcement or collection purposes.

§5. ADMINISTRATIVE FINES.

A. Each person who violates any provision of this code as it relates to the possession, use, storage, sale and/or display of fireworks shall be subject to the imposition and payment of an administrative fine or fines as provided below:

<u>Number of offences within 1 year period</u>	<u>Amount of Penalty</u>	<u>Disposal Charge</u>	<u>Total Amount</u>
First	\$1,000.00	\$250.00	\$1,250.00
Second	\$2,000.00	\$500.00	\$2,500.00
Third	\$3,000.00	\$1,000.00	\$4,000.00

B. In the case of a violation of any of the provisions listed above, the administrative fine(s) shall be due and payable within 30 calendar days from the issuance of the administrative fine citation, and the citee shall be required to abate the violation, and surrender all dangerous fireworks to the HPO, immediately. For penalties not paid in full within that time, a late charge in the amount set forth in the District Ordinance Code is hereby imposed and must be paid to the District by the citee. Fines not paid within the time established by this ordinance shall accrue interest at the prevailing established rate. On the second and each subsequent time that a person is issued a citation for the same violation in any 12-month period, the fine is increased as indicated above and the citee shall be liable for the amount of the new fine until it is paid, in addition to being responsible for payment of previous fines.

C. All administrative fines and any late charges and interest due shall be paid to the District at such a location or address as stated on the citation, or as may otherwise be designated by the Harbormaster. Payment of any fine or fines shall not excuse the citee from complying with the provision of the code so violated. The issuance of the citation and/or payment of any fine shall not bar the District from employing any other enforcement action or remedy to obtain compliance with the provisions of the code so violated including the issuance of additional citations and/or criminal prosecution.

D. Upon confirmation of the citation or when the citation is deemed confirmed, all unpaid administrative fines, late fees and/or interest shall constitute a judgment which may be collected in any manner allowed by law for collection of judgments including but not limited to recordation to create a lien on any real property owned by the responsible person. The District shall be entitled to recover

its attorney's fees and costs incurred in collecting any administrative fines, late charges and/or interest.

E. Payment of the administrative fine shall not excuse or discharge a citee from the duty to immediately abate and correct a violation of the code, nor from any other responsibility or legal consequences for a continuation or a repeated occurrence(s) of a violation of the code.

§6. RIGHT TO AN ADMINISTRATIVE HEARING

A. Any citee may contest the violation(s), or that he or she is a responsible person, by filing a request for an administrative hearing on a District-approved form with the Harbormaster within 30 calendar days from the issuance date of a citation. If the Harbormaster does not receive the request in the required time period, the citee shall have waived a right to a hearing and the citation shall be deemed confirmed and final.

B. No fees shall be charged for the filing of a request for a hearing.

C. Citees must deposit the full amount of the penalty listed on the citation on or before the request for a hearing is filed. Failure to deposit the full amount of all penalties within the required time period, or the tender of a non-negotiable check, shall render a request for an administrative hearing incomplete and untimely. Penalties that are deposited with the District shall not accrue interest. Penalties deposited shall be returned to the person who deposited them if the citation is overturned.

D. A request for a hearing shall contain the following:

- a. The citation number;
- b. The name, address; telephone number and any facsimile numbers and e-mail addresses of each person contesting the citation;
- c. A statement of the reason(s) why a citation is being contested;
- d. The date and signature of the citee(s).

E. The District will notify all persons who filed a request for a hearing in writing by First Class Mail of the date, time and place set for the hearing at least 10 calendar days prior to the date of the hearing. Service of this notice is deemed complete at time of mailing. The failure of a citee to receive a properly addressed notice shall not invalidate the citation or any hearing, District action or proceeding conducted pursuant to this chapter.

F. The hearing will be conducted within 60 days of the date a timely and complete request is received by the Harbormaster.

G. If the HPO submits an additional written report concerning the citation to the District for consideration at the hearing, the HPO shall also serve a copy of such report by First Class Mail on the person requesting an administrative hearing no less than 7 calendar days prior to the date of the hearing. Failure to receive said report shall not invalidate the citation or any hearing, District action or proceeding pursuant to this chapter.

§7. ADMINISTRATIVE HEARING - PROCEDURES

A. The hearing officer designated or appointed by the Harbormaster shall hear all requests for administrative hearings of administrative fines in accordance with the procedures established herein.

B. Administrative hearings are informal, and formal rules of evidence and discovery do not apply. The District bears the burden of proof to establish a violation and responsibility therefore by a preponderance of evidence. The citation is prima facie evidence of the violation, however, and the HPO who issued the citation is not required to attend or participate at the hearing. The citee(s) and HPO, if present, shall have an opportunity to present evidence and witnesses and to cross-examine witnesses. A citee may bring an interpreter to the hearing provided there is no expense to the District therefore. The hearing officer may question any person who presents evidence or who testifies at any hearing.

C. A citee may appear at the hearing in person or by written declaration executed perjury. Said declaration and any documents in support thereof shall be tendered to and received by the District at least 7 business days prior to the hearing. If the citee fails to attend or does not submit a written declaration in a timely manner, he or she shall be deemed to have waived the right to a hearing. In such an instance, the hearing officer shall cancel the hearing and not render a decision. In such instances, the citation shall be deemed confirmed.

D. Hearings may be continued once at the request of a citee or the officer who issued the citation. The hearing officer may also continue the hearing for cause.

§8. HEARING DECISION - RIGHT OF APPEAL

A. After considering all the testimony and evidence submitted at the hearing, the hearing officer shall issue a written decision to uphold or overturn the citation and shall state the reasons therefore.

B. The hearing officer shall serve citee(s) by First Class Mail with a copy of the written decision. The date the decision is deposited with U.S. Postal Service shall constitute the date of its service. The failure of a citee to receive a properly addressed decision shall not invalidate any hearing, District action or proceeding conducted pursuant to this chapter.

C. Decisions of the hearing officer may be appealed, to the Board of Harbor Commissioners within 30 days after the date of their service. Each decision shall contain a statement advising the citee of this appeal right and the procedure for its exercise. A citee shall file a notice of appeal with the District within 20 calendar days after the date of service of the hearing officer's decision.

D. If a hearing officer's decision is not appealed in a timely manner, the decision shall be deemed confirmed.

E. The Board of Harbor Commissioners is the sole reviewing authority and an appeal from a hearing officer's decision is not appealable to the Superior Court. If a responsible person prevails on appeal, the District shall reimburse his or her fine deposit within 30 calendar days of the Board of Harbor Commissioners' decision on the appeal.

§9. FIREWORKS SEIZURES

Authorities seizing fireworks shall notify CAL FIRE-Office of the State Fire Marshal within 3 days of the fireworks seizure, submit a copy of the citation and shall state the reason for the seizure, quantity, type and location of the fireworks. Those fireworks shall be held in trust for CAL FIRE-Office of the State Fire Marshal by that Authority.

§10. FORWARDING OF ADMINISTRATIVE FINES AND PENALTIES

The District shall forward 65 percent of the collected administrative fines or penalties to the State Controller for deposit in the State Fire Marshal Fireworks Enforcement and Disposal Fund. These monies shall be deposited monthly. The District shall calculate the administrative fine or penalty such that CAL FIRE-Office of the State Fire Marshal shall be reimbursed at the rate of not less than \$9 per pound of seized fireworks, or as established by the CAL FIRE-Office of the State Fire Marshal rate of reimbursement reevaluated biannually.



7. Communications and Reports

a. Financial Report

Public Comment?

PROJECTED CASH BALANCES (as of 31 January 2025)

<i>updated to reflect actuals and line item changes</i>												
ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ESTIMATED					
Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	
BANK (OPENING)	1,217,526	1,215,112	1,148,296	999,581	1,030,017	1,015,633	1,185,681	982,990	972,943	572,432	736,639	721,212
OPERATIONS												
P&L INCOME	218,049	154,052	287,389	220,633	194,159	139,733	177,441	192,226	150,356	139,026	134,261	127,815
P&L EXPENSE	281,880	225,862	271,787	460,354	208,543	219,027	214,458	202,273	175,867	152,819	149,688	148,463
	(63,831)	(71,810)	15,602	(239,721)	(14,384)	(79,294)	(37,017)	(10,047)	(25,511)	(13,793)	(15,427)	(20,648)
OTHER												
P&L INCOME	61,417	4,994		270,157		249,342	17,580			178,000		
P&L EXPENSE			164,317				183,254		375,000			
	61,417	4,994	(164,317)	270,157		249,342	(165,674)		(375,000)	178,000		
BANK (CLOSING)	1,215,112	1,148,296	999,581	1,030,017	1,015,633	1,185,681	982,990	972,943	572,432	736,639	721,212	700,564

**Crescent City Harbor District
January 2025**

	Actual	Budget	Variance
Operational Income			
2400 COMMERCIAL REVENUE	84,515.77	64,500.00	(20,015.77)
2600 SERVICES & FEES	14,287.25	13,585.00	(702.25)
2650 DISCOUNTS/ADJUSTMENTS		(500.00)	(500.00)
2700 MOORAGE - SLIP RENTALS	58,857.68	105,000.00	46,142.32
2800 RV PARKS REVENUE OPERATIONS	19,818.65	14,500.00	(5,318.65)
3000 SALES OF PRODUCT REVENUE	46.03	500.00	453.97
Stripe sales	(73.55)		73.55
Total Income	177,451.83	197,585.00	20,133.17
Operational Expenses			
3200 ADVERTISING	319.24	300.00	(19.24)
3300 AUTO EXPENSES	4,099.76	4,900.00	800.24
3400 BANK FEES / SURCHARGES	927.35	900.00	(27.35)
3500 DUES / CHARITABLE CONTRIBUTIONS	6,918.00		(6,918.00)
3600 CONTRACTORS OPERATIONS	18,774.34	11,053.00	(7,721.34)
3700 INSURANCE POLICIES	16,526.83	22,110.67	5,583.84
3800 INTEREST EXPENSE		8,600.00	8,600.00
3900 PROFESSIONAL FEES / CONSULTANTS	22,392.60	15,833.33	(6,559.27)
4000 OFFICE / GENERAL OPERATIONS	2,406.79	6,300.00	3,893.21
5000 PAYROLL EXPENDITURES	96,625.34	106,630.00	10,004.66
5100 REPAIRS / MAINTENANCE	9,608.48	5,797.33	(3,811.15)
5200 SUPPLIES, MATERIALS & FUEL	3,192.59	2,333.33	(859.26)
5300 TRAVEL / TRAINING		1,250.00	1,250.00
5500 UTILITIES	32,559.38	27,900.00	(4,659.38)
5600 WRITE-OFFS		3,333.00	3,333.00
Stripe fees	110.17		(110.17)
Total Expenses	214,460.87	217,240.66	2,779.79
Net Operating Income	(37,020.04)	(19,955.66)	17,064.38

Crescent City Harbor District

Profit and Loss

January 2025

	TOTAL
Income	
2400 COMMERCIAL REVENUE	
2401 Commercial Fees Additional	21,518.12
2402 Commercial Hoist Leases	27,540.00
2403 Commercial Leases	30,569.81
2407 Commercial Utilities	3,681.13
2409 Freezer Rental	666.00
2410 Poundage Fees	540.71
Total 2400 COMMERCIAL REVENUE	84,515.77
2600 SERVICES & FEES	
2602 No Insurance Fee	3,600.00
2607 Late Payment Fee	660.00
2608 Launch Permit Fees	1,507.00
2609 Laundry Sales	22.00
2610 Live-a-Board Fees	960.00
2612 Storage Revenue	1,766.25
2613 Utilities Marina	4,890.00
2615 Surcharge / Admin Fee	360.00
2617 Non-Taxable labor fees	522.00
Total 2600 SERVICES & FEES	14,287.25
2700 MOORAGE - SLIP RENTALS	
2701 Rec Slip Rentals / Dockwa	58,857.68
Total 2700 MOORAGE - SLIP RENTALS	58,857.68
2800 RV PARKS REVENUE OPERATIONS	
2801 RV Bayside Leases	15,800.00
2802 RV BS Dump Station	15.00
2803 RV BS Fees	120.00
2804 RV BS Freezers	15.00
2805 RV BS Laundry	423.50
2809 RV Guest Rentals	3,445.15
Total 2800 RV PARKS REVENUE OPERATIONS	19,818.65
3000 SALES OF PRODUCT REVENUE	
3001 GIFT SHOP SALES	46.03
Total 3000 SALES OF PRODUCT REVENUE	46.03
Stripe sales	-73.55
Total Income	\$177,451.83

Crescent City Harbor District

Profit and Loss

January 2025

	TOTAL
Cost of Goods Sold	
3100 COST OF GOODS SOLD	
3102 Laundry Expense	11.00
Total 3100 COST OF GOODS SOLD	11.00
Total Cost of Goods Sold	\$11.00
GROSS PROFIT	\$177,440.83
Expenses	
3200 ADVERTISING	
3201 Ads and Notices	319.24
Total 3200 ADVERTISING	319.24
3300 AUTO EXPENSES	
3301 Fuel Expenses	395.00
3302 Maintenance and Repair	195.42
3303 Truck Leases/Auto Exp	3,509.34
Total 3300 AUTO EXPENSES	4,099.76
3400 BANK FEES / SURCHARGES	
3401 Bank Fees	76.95
3404 QuickBooks Payments Fees	850.40
Total 3400 BANK FEES / SURCHARGES	927.35
3500 DUES / CHARITABLE CONTRIBUTIONS	6,918.00
3600 CONTRACTORS OPERATIONS	
3602 Outside Services	18,774.34
Total 3600 CONTRACTORS OPERATIONS	18,774.34
3700 INSURANCE POLICIES	
3701 Auto Insurance	2,148.40
3702 Liability & Property Policies	11,204.04
3703 Workers Comp	3,174.39
Total 3700 INSURANCE POLICIES	16,526.83
3800 INTEREST EXPENSE	
3803 FB Arbitration Award	183,254.00
Total 3800 INTEREST EXPENSE	183,254.00
3900 PROFESSIONAL FEES / CONSULTANTS	
3903 Attorney Professional Services Legal	476.80
3906 Engineering	12,064.75
3908 IT Services	2,976.00
3909 IT Reimbursements	6,875.05
Total 3900 PROFESSIONAL FEES / CONSULTANTS	22,392.60
4000 OFFICE / GENERAL OPERATIONS	
4002 Office Equipment Leases	403.12
4003 Office Expenses	156.35
4006 Subscriptions & Software	1,317.49

Crescent City Harbor District

Profit and Loss

January 2025

	TOTAL
4007 Uniform Expenses	280.83
4008 Website & Hosting Expenses	249.00
Total 4000 OFFICE / GENERAL OPERATIONS	2,406.79
5000 PAYROLL EXPENDITURES	
5001 Payroll Expenses	68,867.90
5002 Payroll Benefits	13,235.64
5003 Health Benefits	14,521.80
Total 5000 PAYROLL EXPENDITURES	96,625.34
5100 REPAIRS / MAINTENANCE	
5102 Operations Purchases	1,063.41
5104 Repairs General	8,545.07
Total 5100 REPAIRS / MAINTENANCE	9,608.48
5200 SUPPLIES, MATERIALS & FUEL	
5201 Maintenance Supplies / Materials	1,312.88
5202 Operations Supplies / Materials	1,050.87
5203 Fuel Maintenance	828.84
Total 5200 SUPPLIES, MATERIALS & FUEL	3,192.59
5500 UTILITIES	
5501 Electricity	15,297.07
5502 Propane	1,544.10
5503 Telephone	970.98
5504 Water & Sewer Service	3,322.08
5505 Trash & Recycle	10,810.72
5506 WI-FI / Internet Services	614.43
Total 5500 UTILITIES	32,559.38
Stripe fees	110.17
Total Expenses	\$397,714.87
NET OPERATING INCOME	\$ -220,274.04
Other Income	
5800 INTEREST INCOME	8,774.00
6000 TAX PROCEEDS	
6001 Property Tax	8,806.26
Total 6000 TAX PROCEEDS	8,806.26
Total Other Income	\$17,580.26
NET OTHER INCOME	\$17,580.26
NET INCOME	\$ -202,693.78

Crescent City Harbor District

Balance Sheet

As of January 31, 2025

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1000 CASH AND INVESTMENTS	0.00
1001 Bayside Checking #1766	200.00
1003 CCHD Checking #4766	150,939.89
1004 CCHD Savings #4774	5,021.29
1005 LAIF Reserve	696,845.34
1006 RHV Checking #0707	500.00
1008 QB Payment Clearing Account	14,616.40
Total 1000 CASH AND INVESTMENTS	868,122.92
Stripe (required for Synder)	-96.34
Total Bank Accounts	\$868,026.58
Accounts Receivable	
1100 ACCOUNTS RECEIVABLE	187,867.85
1102 Tax Proceeds Receivable	0.00
Total 1100 ACCOUNTS RECEIVABLE	187,867.85
Total Accounts Receivable	\$187,867.85
Other Current Assets	
1200 OTHER CURRENT ASSETS	
1201 Commercial Lease Receivables	986,851.00
1202 Deferred Pension Contributions	370,963.00
1205 Withholding Receivable	52,043.08
1206 PrePaid Expenses	28,388.78
1207 Prepaid Insurance	0.00
1208 Loans to Employees / Payroll Advances	6,000.00
1211 Lemus REC Receivables	0.00
1203 Solar Licensing Agreement REC	0.00
1212 Lemus / REC RV Parks	0.00
Total 1211 Lemus REC Receivables	0.00
1213 Maples Settlement	0.00
Total 1200 OTHER CURRENT ASSETS	1,444,245.86
1250 UNDEPOSITED FUNDS	11,555.38
1300 INVENTORY	
1301 Gift Shop Purchases	13,771.01
1302 Inventory Asset	4,734.21
Total 1300 INVENTORY	18,505.22
GRANT RECEIVABLE	0.00
TAXES RECEIVABLE	0.00
Total Other Current Assets	\$1,474,306.46
Total Current Assets	\$2,530,200.89

Crescent City Harbor District

Balance Sheet

As of January 31, 2025

	TOTAL
Fixed Assets	
1490 Land Cost	465,511.00
1500 Depreciable Assets	
1510 Machinery / Equipment	357,501.00
1520 Vehicles	15,217.00
1530 Buildings and Improvements	4,606,514.00
1540 Marina, Wharves, and Docks	61,733,331.00
1550 Leased Vehicle	147,394.74
1560 Sewer Lift Station	33,655.00
1570 Streets, Roads and Parks	707,691.00
Total 1500 Depreciable Assets	67,601,303.74
1580 Accumulated Depreciation	-47,394,986.55
Total Fixed Assets	\$20,671,828.19
Other Assets	
NON-CURRENT ASSETS	
1552 Depreciable Capital Assets	0.00
Total NON-CURRENT ASSETS	0.00
Total Other Assets	\$0.00
TOTAL ASSETS	\$23,202,029.08
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
1600 ACCOUNTS PAYABLE (A/P)	85,151.96
Total Accounts Payable	\$85,151.96
Credit Cards	
1700 CREDIT CARD ACCOUNTS	
1701 Home Depot	659.76
1702 USBank	4,597.19
Total 1700 CREDIT CARD ACCOUNTS	5,256.95
Total Credit Cards	\$5,256.95
Other Current Liabilities	
1900 PAYROLL LIABILITIES	
1903 Garnishments	-5,168.26
1904 Pension Defer Cash In-flows	115,570.00
1906 Accrued Payroll Liabilities	25,115.04
1907 Compensated Absences	42,369.00

Crescent City Harbor District

Balance Sheet

As of January 31, 2025

	TOTAL
Total 1900 PAYROLL LIABILITIES	177,885.78
2000 CURRENT LIABILITIES	
2001 Customer Deposits & PrePayments	30,953.51
2002 Interest Payable	165,393.92
2003 Current USDA Long Term Debt	0.00
2004 Current Auto Lease Liability	70,872.00
2005 Valid Credit Due Customer	6,911.00
Total 2000 CURRENT LIABILITIES	274,130.43
2006 Accrued Expenses	1,600.00
CDTFA PAYABLE	-147.48
1800 CDTFA / TOT SALES TAX DUE	0.00
1801 CDTFA Sales Tax	172.44
1802 TOT	-321.98
Total 1800 CDTFA / TOT SALES TAX DUE	-149.54
Out Of Scope Agency Payable	0.00
Total CDTFA PAYABLE	-297.02
DEFERRED TAXES	0.00
Total Other Current Liabilities	\$453,319.19
Total Current Liabilities	\$543,728.10
Long-Term Liabilities	
2100 LONG TERM DEBT	0.00
2101 Dwelley / Frazier Note Bayside RV Park	30,091.50
2102 USDA Loan	4,598,780.62
2103 Lease Liability	986,851.00
2104 Net Pension Liability	933,493.00
2105 Fashion Blacksmith Payable	1,041,852.85
2110 Fashion Blacksmith Settlement Payable	2,600,000.00
Total 2100 LONG TERM DEBT	10,191,068.97
Total Long-Term Liabilities	\$10,191,068.97
Total Liabilities	\$10,734,797.07
Equity	
2200 EQUITY	
2201 Adjustments JEs Per Audit	0.00
2202 Adjustments to Actual Pending Audit	0.00
Total 2200 EQUITY	0.00
2300 RETAINED EARNINGS	-14,958,710.13
2350 OPENING BALANCE EQUITY	27,728,836.37
Net Income	-302,894.23
Total Equity	\$12,467,232.01
TOTAL LIABILITIES AND EQUITY	\$23,202,029.08

CRESCENT CITY HARBOR DISTRICT

**Independent Auditor's Report
Financial Statements
And
Supplementary Information
For Year Ended
June 30, 2024**

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Nicholson & Olson, LLP

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Crescent City Harbor District
Crescent City, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Crescent City Harbor District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Crescent City Harbor District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Crescent City Harbor District as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Crescent City Harbor District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they could influence the judgment made by a reasonable user based on the financial statements.

Nicholson & Olson, LLP

Certified Public Accountants

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Crescent City Harbor District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Crescent City Harbor District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions to the Pension Plans, on pages 20-21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Nicholson & Olson, LLP

Certified Public Accountants

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025, on our consideration of Crescent City Harbor District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Crescent City Harbor District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crescent City Harbor District's internal control over financial reporting and compliance.

Nicholson & Olson

Nicholson & Olson, CPAs

Roseville, California

January 17, 2025

FINANCIAL STATEMENTS

**CRESCENT CITY HARBOR DISTRICT
STATEMENT OF NET POSITION
June 30, 2024**

ASSETS

Current Assets:

Cash and investments	\$ 1,195,930
Accounts receivable	121,781
Leases receivable	316,554
Taxes receivable	321,720
Grants receivable	231,380
Legal settlement receivable	150,000
Inventory	16,182
Prepaid expenses	28,389
Total Current Assets	2,381,936

Noncurrent Assets:

Leases receivable	670,297
-------------------	---------

Capital Assets:

Non-depreciable	465,511
Depreciable capital assets, net	20,206,317
Total Capital Assets, net of accumulated depreciation	20,671,828

Total Assets

23,724,061

DEFERRED OUTFLOWS OF RESOURCES

Pension contributions made subsequent to measurement date	370,963
	370,963

Total Assets and Deferred Outflows

24,095,024

**CRESCENT CITY HARBOR DISTRICT
STATEMENT OF NET POSITION
June 30, 2024**

LIABILITIES

Current Liabilities:

Accounts payable	338,298
Accrued payroll liabilities	32,637
Customer deposits	16,944
Interest payable	165,393
Compensated absences	14,123
Deferred tax revenue	13,654
Current portion of long-term debt	529,705
Current portion of lease liability	36,849
Total Current Liabilities	1,147,603

Noncurrent Liabilities:

Long-term debt	8,078,925
Lease liability	34,023
Net pension liability	933,493
Compensated absences	28,246
Total Noncurrent Liabilities	9,074,687

Total Liabilities

10,222,290

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pension	115,570
Deferred inflows related to leases	986,851
Total Deferred Inflows of Resources	1,102,421

NET POSITION

Net investment in capital assets	11,992,326
Unrestricted	777,987
Total Net Position	12,770,313

Total Liabilities, Deferred Inflows, and Net Position

\$ 24,095,024

CRESCENT CITY HARBOR DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
For the Year Ended June 30, 2024

OPERATING REVENUES:

Slip rentals	\$ 622,588
Commercial lease	606,771
RV park	71,393
Marina services and fees	245,812
Other operating income	<u>1,951</u>
Total Operating Revenues	1,548,515

OPERATING EXPENSES:

Advertising	8,758
Audit	19,000
Auto expenses	17,829
Bank service fees	37,408
Consulting	117,589
Depreciation and amortization	3,827,907
Insurance	239,044
Legal	406,811
Office and admin	122,377
Operating expenses	32,717
Outside services	197,102
Payroll expenses	1,224,710
Repairs and maintenance	67,215
Travel	25,313
Utilities	360,979
Total Operating Expenses	<u>6,704,759</u>
Operating Income (Loss)	<u>(5,156,244)</u>

NONOPERATING REVENUES (EXPENSES)

Property taxes and assessments income, net of admin fees	1,340,494
Grant revenue	683,011
Grant expenses	(645,012)
Legal settlement expense	(3,983,384)
Legal settlement revenue	1,507,607
Interest Income	50,900
Interest Expense	<u>(196,897)</u>
Total Nonoperating Revenues (Expenses)	<u>(1,243,281)</u>
Change in Net Position (Loss)	(6,399,525)

NET POSITION:

Net position, beginning of year	<u>19,169,838</u>
Net position, end of year	<u><u>\$ 12,770,313</u></u>

The accompanying notes are an integral part of these financial statements

**CRESCENT CITY HARBOR DISTRICT
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net position	\$ (6,399,525)
Adjustments to reconcile change in net position to net cash flows from operating activities:	
Depreciation and amortization	3,827,907
Net change in pension assets and liabilities	(28,217)
(Increase) decrease in:	
Accounts receivable	(113,727)
Taxes receivable	(321,720)
Legal settlement receivable	(150,000)
Grant receivable	(231,380)
Inventory	(6,165)
Prepaid expenses	(12,018)
Increase (decrease) in:	
Accounts payable	248,870
Accrued payroll liabilities	(5,860)
Compensated absences	(64,226)
Interest payable	26,752
Customer deposits	(7,266)
Net cash provided by (used in) operating activities	(3,236,575)

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments of long-term debt	(355,781)
Issuance of long-term debt	3,983,383
Payments on capital lease obligation	(36,451)
Net cash provided by (used in) financing activities	3,591,151

Net increase (decrease) in cash and investments 354,576

CASH AND INVESTMENTS - Beginning of year 841,354

CASH AND INVESTMENTS - End of year \$ 1,195,930

SUPPLEMENTAL INFORMATION

Interest paid \$ 196,897

NON-CASH OPERATING AND INVESTING ACTIVITIES

Lease receivables acquired from leased property \$ 561,829

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

The notes to financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the District as follows:

- Note 1 - The District
- Note 2 - Summary of Significant Accounting Policies
- Note 3 - Cash and Investments
- Note 4 - Capital Assets
- Note 5 - Long Term Debt
- Note 6 - Leases
- Note 7 - Pension Plan
- Note 8 - Commitments and Contingences
- Note 9 - Subsequent Events

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 1 - The District

The Crescent City Harbor District (the District) was established November 8, 1931, by the vote of the people of Del Norte County in accordance with chapter 704 of the statutes of 1931. The District started its operations in 1932; and in September 1963, the District received a land grant from the state of California under chapter 1510 of the new statutes of 1963. The Land Grant gave the District the title to the land on the seabed floor extending upward and inward to the mean high tide line of 1929, as shown on the maps attached to the Original Land Grant of Chapter 1510 of the statutes of 1963. Now, the District comprises of granted land and a few simple parcels acquired over time. The District's managed land is located along the Pacific Ocean at the South end of Crescent City. A portion of the District's property is within the city limits of Crescent City, but most of the property is located within the County of Del Norte.

The District was organized under the California Harbors and Navigation Code, Division 8, Part 3, and is governed by a five-person elected Board of Commissioners. The Board of Commissioners governs all the activities of the District. All registered voters in the County of Del Norte are eligible to run for the Board and vote in the election.

The District oversees improvement and operations of the harbor of Crescent City, construction, maintenance of wharfs, docks, piers, slips, quays, and facilities for the promotion and accommodation of commerce, navigation, fisheries, and public recreation. In addition, the district has leased several commercial buildings and businesses located upon the land owned by the district surrounding the harbor, from which rental income is received.

The Crescent City Harbor District is a legally separate and independent entity that has no component unit organization under its control. Therefore, this annual financial report and the financial statements contained within represent solely the activities, transactions, and status of the District.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The District's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities.

The government-wide financial statements (*i.e.*, the statement of net position, the statement of revenues, expenses and change in net position and the statement of cash flows) display information about the primary government (the District). These statements summarize the entire District's financial activities and financial position.

The Statement of Net Position reports the difference between the District's total assets and deferred outflows and the District's total liabilities and deferred inflows, including all the District's capital assets and its long-terms liabilities. The Statement of Net Position summarizes the financial position of all the District's Governmental Activities in a single column. GASB statement No. 63 requires the classification of net position into three components, these classifications are as follows:

Net investment in capital assets: this component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 2 - Summary of Significant Accounting Policies (Continued)

Restricted: This component of net position consists of constraints placed on resources through external constraints imposed by creditors, grantors, contributors, laws or regulation of governments or constraints imposed by law through constitutional provisions.

Unrestricted: This component of net position consists of resources that do not meet the definition of “restricted” or “net investment in capital assets.”

The District’s main fund is an Enterprise fund. Enterprise funds operating and financing activities are similar to those of private businesses with the goal of providing continuing services to the general public with financed resources or via resources generated from operations.

Cash and Investments

The District maintains a cash and savings account at a financial institution. Excess funds are deposited with the State of California’s Local Agency Fund (LAIF) Operating Fund and are considered cash equivalents.

Fair Value Measurements

The District categorizes its fair value hierarchy that prioritizes the inputs to valuation techniques established by generally accepted accounting policies. Fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. Asset and liabilities are reported in three levels in the fair value hierarchy: using quoted prices in active markets for identical assets and liabilities (Level 1), using significant other observable inputs (Level 2), and using significant unobservable inputs (Level 3).

Capital Assets and Depreciation

Capital assets are reported in the statement of net position of the government-wide financial statements based on cost or estimated historical cost. Capital assets include land, buildings and improvements, equipment, and vehicles. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

The costs of normal maintenance and repairs that do not add value to the asset or materially extend assets lives are not capitalized. Depreciation is recorded in the government-wide financial statements on the straight-line basis over the useful life of the assets as follows:

Assets	Estimated Useful Life
Vehicles	3-5 years
Wharves, Docks, and Marinas	5-30 years
Sewer Lift Station	5-30 years
Streets, Roads, and Parks	10-50 years
Buildings and Improvements	5-40 years
Machinery and Equipment	5-20 years

Lease Receivable

With the exception of short-term leases, the District is a lessor in noncancellable lease arrangements and recognizes a lease receivable and a deferred inflow of resources in the Statement of Net Position. For short-term leases, lease revenues are recognized as inflows of resources based on the payment provisions of the contract. See Note 6 for details of the District’s leasing arrangements.

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 2 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligation

In the statement of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities statement of net position. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and no. 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflow of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Note 7 for the list of deferred outflows and Note 6 and 7 for deferred inflows of resources that were recognized as of June 30, 2024.

Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Districts' California Public Employees' Retirement System (CalPERS) plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Property Taxes

The State of California Constitution Article XIIA provides that the combined maximum property tax rate on any given property may not exceed one percent (1%) of its assessed value unless an additional amount for general obligation debt has been approved by voters. The assessed value is calculated at one hundred percent (100%) market value as defined by Article XIII A and may be adjusted by no more than two percent (2%) per year unless the property is sold, transferred, or improved. The State Legislature has determined the method of distribution of receipts from one percent (1%) tax levy among counties, cities, school districts, and other districts.

The county of Del Norte assesses, bills for, and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Lien Dates	March 1	March 1
Levy Dates	July 1	July 1
Due Dates	50% November 1, 50% March 1	July 1
Delinquency Dates	December 10 (for November) April 10 (for March)	August 31

The term "unsecured" refers to taxes on personal property other than real estate, land, or buildings. These taxes are secured by lines on the property being taxed.

Property taxes levied are recorded as revenue when received in the fiscal year of the levy because of the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the District and the county of Del Norte. The Teeter Plan authorizes the Controller of the County to allocate 100% of the secured property taxes billed but not yet paid.

The county remits tax monies to the District in three installments:

- i) 55% remitted on December 15
- ii) 40% remitted on April 15
- iii) 5% remitted on June 15

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 2 - Summary of Significant Accounting Policies (Concluded)

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventory

Inventory is carried at the lower of cost or net realizable value. Inventory is recorded at acquisition and expenses as cost of goods sold at the time of sale or use.

Note 3 - Cash and Investments

At June 30, 2024, the District's cash balance of checking and savings accounts before reconciliation items totaled to \$299,055. The first \$250,000 of the District's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits of more than the \$250,000 insured amount are uncollateralized. The District's investment policy does not further limit its deposits. As of June 30, 2024, the District's cash in bank did not exceed the FDIC insured balance.

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2024, the District had \$911,363 invested in LAIF. The District's investments with LAIF on June 30, 2024, include a portion of the pool funds invested in U.S. Treasury Bills, U.S Treasury Notes, Certificate of Deposits, Commercial Paper, and Corporate Bonds.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party.

To mitigate the custodial credit risk, the District requires that all its managed investments be held in the name of the District, and deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds.

Concentrations of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. State law restricts the District's investments in commercial paper to 40% of its investment pool and to 10% per issuer and corporate bonds and medium-term notes to 30% of its investment pool and to 10% per issuer, and banker's acceptances to 15% of its investment pool and to 10% per issuer.

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 4 - Capital Assets

Capital assets activity is comprised of the following:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 465,511	\$ -	\$ -	\$ 465,511
Total capital assets not being depreciated	465,511	-	-	465,511
Capital assets being depreciated:				
Equipment	357,501	-	-	357,501
Vehicles	15,217	-	-	15,217
Wharves, Docks and Marinas	61,733,331	-	-	61,733,331
Street, Roads and Parks	707,691	-	-	707,691
Sewer Lift Station	33,655	-	-	33,655
Building and Improvements	4,606,514	-	-	4,606,514
Leased Vehicles	147,396	-	-	147,396
Total capital assets being depreciated	67,601,305	-	-	67,601,305
Less: accumulated amortization on leased assets	(41,725)	(36,849)	-	(78,574)
Less: accumulated depreciation	(43,525,356)	\$(3,791,058)	\$ -	(47,316,414)
Total depreciable assets	24,034,224			20,206,317
Governmental Activity Capital Assets, Net	\$24,499,735			\$20,671,828

Depreciation and amortization expenses during the fiscal year ending June 30, 2024, totaled \$3,827,907.

Note 5 - Long Term Debt

The following was the summary of changes in long-term debt during the fiscal year ended June 30, 2024:

	Original Issue Amount	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Current Portion
USDA Harbor Reconstruction Loan	\$ 5,425,000	\$ 4,787,507	\$ -	\$ (92,741)	\$ 4,694,766	\$ 92,740
Bayside RV Park buy out	\$ 600,000	193,521	-	(104,763)	88,758	88,758
Legal settlement	\$ 2,600,000	-	2,600,000	-	2,600,000	250,000
Damages to former tenant	\$ 1,383,383	-	1,383,383	(158,277)	1,225,106	98,207
Total Governmental Activity Debt		\$ 4,981,028	\$ 3,983,383	\$ (355,781)	\$ 8,608,630	\$ 529,705

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 5 - Long Term Debt (Continued)

The District entered into an agreement with the Crescent City Harbor Public Financing Corporation to borrow \$5,425,000 under a Certificate of Participation dated September 27, 2012. The agreement calls for thirty-eight annual payments of principal and interest to be made on September 1st of each year. The agreement bears interest at 3.5%. The annual installment payable is \$260,303; the first repayment installment started on September 1, 2012. The following is the summary of annual debt requirements to amortize USDA Harbor reconstruction debt outstanding as of June 30, 2024:

Year Ending	Principal	Interest	Total
June 30:			
2025	\$ 95,986	\$ 164,317	\$ 260,303
2026	99,346	160,957	260,303
2027	102,823	157,480	260,303
2028	106,422	153,881	260,303
2029	110,147	150,156	260,303
Thereafter	4,180,042	2,084,639	6,264,681
	<u>\$ 4,694,766</u>	<u>\$ 2,871,430</u>	<u>\$ 7,566,196</u>

In July 2019, the District entered a buy-out arrangement for \$600,000 with the former lessees of the Bayside RV Park. The arrangement calls for seventy-one monthly payments of \$8,381 split evenly between the two former business partners and a final payment of \$4,949 due on August 1, 2025. The District commenced monthly payments on August 1, 2019. The following is the summary of annual debt service requirements to amortize Bayside RV Park Buyout agreement debts outstanding as of June 30, 2024.

Year Ending	Principal	Total
June 30:		
2025	88,758	88,758
	<u>\$ 88,758</u>	<u>\$ 88,758</u>

On March 14, 2024, the District signed a settlement with a former commercial tenant over a legal complaint. The total amount due under the settlement was \$2,600,000. Payments of \$250,000 plus interest are due annually on March 1, for the next 10 years. Interest due is set at 5%. The following is the summary of annual debt requirements to amortize the debt outstanding as of June 30, 2024:

Year Ending	Principal	Interest	Total
June 30:			
2025	\$ 250,000	\$ 125,000	\$ 375,000
2026	250,000	112,500	362,500
2027	250,000	100,000	350,000
2028	250,000	87,500	337,500
2029	250,000	75,000	325,000
Thereafter	1,350,000	187,500	1,537,500
	<u>\$ 2,600,000</u>	<u>\$ 687,500</u>	<u>\$ 3,287,500</u>

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 5 - Long Term Debt (Concluded)

On March 14, 2024, in addition to the settlement due to a former tenant, the District was required to pay an additional \$1,383,383, in damages to the tenant. Payments of \$157,299 are due annually for 10 years at an interest rate of 4.720% and an effective annual rate of 4.823%. The following is the summary of annual debt requirements to amortize the debt outstanding as of June 30, 2024:

Year Ending	Principal	Interest	Total
<u>June 30:</u>			
2025	\$ 98,207	\$ 59,092	\$ 157,299
2026	102,944	54,356	157,299
2027	107,909	49,390	157,299
2028	113,114	44,185	157,299
2029	118,570	38,729	157,299
Thereafter	<u>684,361</u>	<u>102,137</u>	<u>786,497</u>
	<u>\$ 1,225,106</u>	<u>\$ 347,889</u>	<u>\$ 1,572,995</u>

Note 6 - Leases

Leasee

The District leases vehicles under capital leases, which are amortized on a straight-line basis over the length of the lease. As of June 30, 2024, net book value of the capitalized transportation equipment is as follows:

Vehicles leased	\$ 147,396
Accumulated amortization	<u>(78,574)</u>
Net book value	<u>\$ 68,822</u>

The future minimum annual payments under the capital leases are as follows:

<u>Year ending June 30</u>	
2025	\$ 38,902
2026	<u>33,762</u>
Total minimum lease payments	72,664
Less: interest included in lease obligation	<u>(1,792)</u>
Present value of minimum lease payments	70,872
Less: Current maturities	<u>36,849</u>
Noncurrent maturities	<u>\$ 34,023</u>

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 6 - Leases (Concluded)

Lessor

The District leases several properties to various types of private businesses with lease terms that range from month-to-month to 10 years at varying monthly rental amounts. Lease receivables for operating leases that are longer than 12 months totaled \$986,851 as of June 30, 2024. Two of the long-term leases included in the lease receivable balance have variable payments related to gross receipts, and one lease has the potential for yearly rent increases, these additional amounts have been excluded from this balance. Interest is imputed between 2.05%, and 4.08% Future minimum lease revenue and interest income is as follow:

Year Ending June 30:	Lease Revenue	Interest Revenue	Total
2024	\$ 316,554	\$ 26,877	\$ 343,431
2025	274,322	17,733	292,055
2026	183,308	10,769	194,077
2027	156,586	4,739	161,325
2028	56,081	419	56,500
	<u>\$ 986,851</u>	<u>\$ 60,537</u>	<u>\$ 1,047,388</u>

Note 7 - Pension Plan

Plan Description

All qualified employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). The District has the following cost-sharing plan:

- Miscellaneous Plan

CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at WWW.CALPERS.CA.GOV

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2024, are summarized as follows:

Pension Liabilities

As of June 30, 2024, the District reported a net pension liability for its proportionate share of the net pension liability of the plans as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2023	0.01913%
Proportion - June 30, 2024	<u>0.01787%</u>
Change - Increase (Decrease)	-0.00046%

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 7 - Pension Plan (Continued)

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2022, rolled forward to June 30, 2024, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers.

	Miscellaneous Plan	
	Prior to Jan 1, 2013	On or after Jan 1, 2013
Hire date		
Benefit formula	2% at 55; max 2% COLA	2% at 62; max 2% COLA
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	55
Monthly benefits as a % of eligible compensation	2.418%	1.0% to 2.5%
Required employee contribution rates	7.0%	7.75%
Required employer contribution rates	10.88%	7.68%
Required UAL payment	\$0	\$60,110

Contributions

Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2024, contributions made to the plan for the measurement period were \$50,035. In addition, the District was also required to make a payment of \$60,116 toward its unfunded actuarial liability.

Fiscal Year Ended June 30	
2025	\$ 10,710
2026	17,278
2027	112,917
2028	4,337
2029	-
Thereafter	-
Total	<u>\$ 145,242</u>

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 7 - Pension Plan (Continued)

Pension Expense

For the year ended June 30, 2024, the District recognized pension expense of \$81,934 for all plans combined.

Deferred Outflow/Inflows of Resources

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 56,359	\$ -
Differences between Expected and Actual Experience	47,688	7,398
Differences between Projected and Actual Investment Earnings	151,141	-
Differences between Employer's Contributions and Proportionate Share of Contributions	5,624	62,824
Change in Employer's Proportion	-	45,348
Pension Contributions Made Subsequent to Measurement Date	110,151	-
Total	\$ 370,963	\$ 115,570

The \$110,151 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows:

Actuarial Assumptions

Total pension liabilities in the June 30, 2024, actuarial valuation for each of the Plan were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	3.00%
Projected Salary	3.3% - 14.2% (1)
Investment Rate of Return	6.90% (2)
Mortality	Derived using CalPERS Membership data for all funds

(1) Depending on entry age and service

(2) Net of pension plan investment expenses, including inflation

All other actuarial assumptions used in the June 30, 2015, valuation was based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study reports can be obtained at CalPERS' website under Forms and Publications.

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 7 - Pension Plan (Concluded)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculations of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90% discount rate is adequate, and the use of the municipal bond rate calculations is not necessary. The long-term expected discount rate of 6.90% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a report that can be obtained from the CalPERS website.

In determining the long-term expected rate of return, CalPERS considered both short and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers would make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' assets classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns.

Asset Class	Asset Allocation	Real Return
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100%	

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate - 1% 5.90%	Current Rate 6.90%	Discount Rate +1% 7.90%
Miscellaneous plan	\$ 1,411,977	\$ 933,493	\$ 539,660
Total	\$ 1,411,977	\$ 933,493	\$ 539,660

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2024, the District had no outstanding contributions payable to the pension plan.

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 8 - Commitments and Contingencies

The District is subject to litigation arising in the normal course of business. The following material legal proceedings during the fiscal year are as follows:

In February 2022, a commercial tenant filed a complaint against the Crescent City Harbor District, citing years of neglect in building maintenance and failure to perform dredging beneath the synchrolift, among other minor issues. In December 2023, the court ruled in favor of the tenant, resulting in a settlement requiring CCHD to pay \$2.6 million over a 10-year period at an interest rate of 5%. Additionally, CCHD was ordered to pay \$2 million in damages, with \$625,000 covered by the District's general commercial insurance. The remaining \$1.38 million is to be paid through annual installments at a 4.72% interest rate (see Note 5).

During the fiscal year, CCHD settled with a commercial tenant for \$1.4 million. Of this amount, \$150,000 has yet to be received and is included in receivables as of June 30, 2024.

Note 9 - Subsequent Events

The District's management has reviewed the results of operations for the period of time from its fiscal year end June 30, 2024, through January 17, 2025, the date the financial statements were available to be issued. The District's management has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements, though the following event was determined to be disclosed:

On November 15, 2024, the District was awarded a grant of \$8 million by the U.S. Department of Transportation Maritime Administration. The grant was awarded to support initiatives aimed at strengthening the American supply chain and by rebuilding the existing Citizen's dock. As of the date of this report, the District has not received any payments related to this grant.

SUPPLEMENTARY INFORMATION

**CRESCENT CITY HARBOR DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (UNAUDITED)
LAST 10 YEARS (1)**

Fiscal Year	Measurement Period	Proportion of Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered- Employee Payroll - Measurement Period	Proportionate Share of Net Pension Liability as a Percentage of Covered	Plan Fiduciary Net Position as a Percentage of the Total Pension
Miscellaneous Plan:						
2024	2023	0.18670%	\$ 933,493	\$ 608,907	153.31%	77.97%
2023	2022	0.19130%	895,041	631,484	141.74%	78.19%
2022	2021	0.81600%	441,179	421,231	104.74%	90.49%
2021	2020	0.75800%	824,666	861,214	95.76%	75.10%
2020	2019	0.77300%	791,023	719,185	109.99%	75.06%
2019	2018	0.78500%	755,972	864,627	87.43%	75.26%
2018	2017	0.80700%	800,223	557,255	143.60%	73.31%
2017	2016	0.82700%	715,615	466,299	153.47%	74.06%
2016	2015	0.87200%	598,618	469,699	127.45%	78.40%
2015	2014	0.33800%	607,204	487,084	124.66%	79.82%

Notes to schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30th, 2015 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

(1) Omitted years - GASB 68 was implemented during June 30, 2015. No information was available prior to this date.

**CRESCENT CITY HARBOR DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)
LAST 10 YEARS (1)**

Fiscal Year	Measurement Period	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (excess)	Covered Employee Payroll - Fiscal Year	Contributions as a % of Employee Payroll
Miscellaneous Plan:						
2024	2023	\$ 110,151	\$ (110,151)	-	\$ 608,907	18.09%
2023	2022	115,901	(115,901)	-	631,484	18.35%
2022	2021	44,975	(44,975)	-	421,231	10.68%
2021	2020	137,305	(137,305)	-	861,214	15.94%
2020	2019	35,558	(35,558)	-	719,185	4.94%
2019	2018	76,215	(76,215)	-	864,627	8.81%
2018	2017	50,484	(50,484)	-	557,255	9.06%
2017	2016	85,778	(85,778)	-	466,299	18.40%
2016	2015	60,880	(60,880)	-	469,699	12.96%
2015	2014	70,766	(70,766)	-	487,084	14.53%

Valuation Date: June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Asset valuation method	Market Value
Discount rate (3)	6.90%
Inflation	2.30%
Projected salary increases	Varies by entry age and service
Investment rate of return (4)	7.50%
Retirement age and mortality	(5)

(1) Omitted years - GASB 68 was implemented during June 30, 2015. No information was available prior to this date.

(2) Change in Benefit Terms - No plan changes have occurred since the June 30, 2015 valuation date.

(3) Change in Assumption: The June, 2017 Actuarial valuation changed the discount rate from 7.65% to 7.15%. The June 30, 2021 Actuarial valuation changed the discount rate from 7.15% to 6.90%.

(4) Net of pension plan investment expenses, including inflation.

(5) Probabilities of retirement and mortality are based on CalPERS' 2010 Experience Study of the years 1997 to 2007. Pre-retirement mortality rates include 5 years projected mortality improvement using scale AA published by the Society of Actuaries.

OTHER COMMUNICATIONS

Nicholson & Olson, LLP

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Crescent City Harbor District
Crescent City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of Crescent City Harbor District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Crescent City Harbor District's basic financial statements and have issued our report thereon dated January 17, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

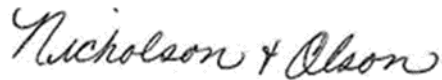
To the Board of Commissioners
Crescent City Harbor District
Crescent City, California

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and question costs. The District's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Roseville, California
January 17, 2025



7. Communications and Reports

b. CEO/Harbormaster Report

Public Comment?



8. Adjourn to Closed Session

CONFERENCE WITH LEGAL COUNSEL

Initiation of Litigation

Pursuant to Cal. Gov. Code Section 54956.9(d)(4)

(1 potential case)

Public Comment?



9. Resume Open Session and Provide Report from Closed Session

Public Comment?

10. MEETING ADJOURNMENT

*Adjournment of the Board of Harbor Commissioners will be until the next meeting scheduled for **Tuesday, March 4, 2025**, at 2 p.m. PDT. The Crescent City Harbor District complies with the Americans with Disabilities Act. Upon request, this agenda will be made available in appropriate alternative formats to person with disabilities, as required by Section 12132 of the Americans with Disabilities Act of 1990 (42 U.S.C. §12132). Any person with a disability who requires modification in order to participate in a meeting should direct such request to (707) 464-6174 at least 48 hours before the meeting, if possible.*

