

# Board Of Harbor Commissioners

## Crescent City Harbor District

1 February 2022

Regular Harbor Commission Meeting



# Regular Meeting

## Board of Harbor Commissioners of the Crescent City Harbor District

Rick Shepherd, President Harry Adams, Secretary  
Wes White, Commissioner; Brian Stone, Commissioner; Gerhard Weber, Commissioner

### AGENDA

**Date:** Tuesday, February 1, 2022

**Time:** Open Session 2:00 p.m.

**Place:** 101 Citizens Dock, Crescent City, CA 95531 and via Zoom Webinar

**PURSUANT TO AB 361, THE PUBLIC AND BOARD MAY PARTICIPATE IN THIS MEETING VIA TELECONFERENCE AS SOCIAL DISTANCING MEASURES ARE RECOMMENDED BY STATE OFFICIALS.**

#### Virtual Meeting Options

Link for Zoom Webinar: <https://us02web.zoom.us/j/82717545424?pwd=aExZeTRuL0VreFVEZGwweUR2TEpldz09>

Please enter passcode: 182536

## **Call to Order**

## **Roll Call**

## **Pledge of Allegiance**

## **Public Comment**

*This portion of the Agenda allows the public to comment to the Board on any issue not itemized on this Agenda, however, the Board may not take action or engage in discussion on any item that does not appear on the Agenda. Periods when public comments are allowed, Harbor Commissioners will allow attendees to submit questions and/or comments using the Zoom in-meeting chat function. The Harbor Commission asks that members of the public keep questions and comments succinct and relevant.*

## **REGULAR SESSION**

### **1. Consent Calendar**

*Consent Calendar items are considered routine and will be approved by one Motion, with no separate discussion prior to voting. The public, staff, or members of the Harbor Commission may request specific items be removed from the Consent Agenda for separate consideration or action.*

- a. Approval of the Meeting Minutes of the January 4, 2022 Regular Meeting.**
- b. Approval of the Warrant List from January 14, 2021 through January 27, 2021.**
- c. Approval of Resolution No. 2022-02 Making Findings and Determinations Under AB 361 for Continued Virtual Meetings.**

## **2. Financial Report**

- a. Account Balances**

## **3. New Business**

- a. Approve Payment to the Special District Risk Management Authority (SDRMA) in the Amount of \$73,067.12 for Workers Compensation Coverage (Program Year 2021-22).**
- b. Long-term Residents Transition Plan.**
- c. Update from Ad Hoc Committee on Harbor Property Assessment.**
- d. Review and vote to approve Badawi & Associates CPA for FY 2021 Audit.**

## **4. Unfinished Business**

- a. Dredge Permit Update**

## **5. Communications and Reports**

- a. CEO/Harbormaster Report**
- b. Harbor Commissioner Reports**

## **6. ADJOURNMENT**

*Adjournment of the Board of Harbor Commissioners will be until the next meeting scheduled for Tuesday, February 15, 2022, 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.*



## 1. Consent Calendar

*Consent Calendar items are considered routine and will be approved by one Motion, with no separate discussion prior to voting. The public, staff, or members of the Harbor Commission may request specific items be removed from the Consent Agenda for separate consideration or action.*

- a. Approval of the Meeting Minutes of the January 4, 2022 Regular Meeting.**
- b. Approval of the Warrant List from January 14, 2021 through January 27, 2021.**
- c. Approval of Resolution No. 2022-02 Making Findings and Determinations Under AB 361 for Continued Virtual Meetings.**

***Public Comment?***



<b>Regular Meeting Minutes of the Board of Harbor Commissioners of the Crescent City Harbor District</b>	
--	--

Harbor District Office, 101 Citizens Dock Road Crescent City, CA 95531	January 4, 2022 2:00 p.m.
---	------------------------------

## Board of Harbor Commissioners of the Crescent City Harbor District

### MINUTES

*Regular Meeting, Tuesday January 4, 2022 at 2:00 P.M.*

**CALL TO ORDER:**      2:00 PM

**ROLL CALL:**

<i>PRESENT:</i>	<i>President</i>	RICK SHEPHERD
	<i>Secretary</i>	HARRY ADAMS
	<i>Commissioner</i>	WES WHITE
	<i>Commissioner</i>	BRIAN STONE
	<i>Commissioner</i>	GERHARD WEBER

*ABSENT:*      NONE

*QUORUM:*      YES

**PLEDGE OF ALLEGIANCE:** *led by President Shepherd*

**Consideration of a Special Resolution to Continue Virtual Meetings:**

The Board discussed provisions of the Ralph M. Brown Act (“Brown Act”) that allow a legislative body to act on items of business not previously disclosed on the agenda in cases where there is a public health emergency (see Gov. Code § 54954.2(b)). Commissioner White then **moved** the Board to add a new agenda item to consider discussion of the COVID-19 pandemic and the continuing need for virtual meetings. Commissioner Adams **seconded** the motion. President Shepherd then opened up public comment. Roger Gitlin expressed his support for virtual meetings as a permanent option for public participation. President Shepherd then moved the discussion back to the Board.

**POLLED VOTE** was called, **MOTION CARRIED.**

*Ayes: ADAMS, WEBER, WHITE, SHEPHERD / Nays: NONE*

*Absent: NONE / Abstain: STONE*

*(Commissioner Stone abstained because he was participating from a teleconference location that had not been publicly disclosed in advance, Gov. Code § 54953(b)(3))*

The Board then discussed amendments to the Brown Act provided by AB 361. The amendments allow governing boards to continue holding virtual meetings outside the requirements of Government Code section 54953(b), if there is a proclaimed State of Emergency. Commissioner White **moved** to approve CCHD Resolution No. 2022-01 which recognized the State of Emergency from the COVID-19 pandemic, and authorized virtual meetings. Commissioner Adams **seconded** the motion. President Shepherd then opened up public comment. No members of the public commented. President Shepherd then moved the discussion back to the Board.

**POLLED VOTE** was called, **MOTION CARRIED.**

*Ayes: WHITE, WEBER, ADAMS, SHEPHERD / Nays: NONE*

*Absent: NONE / Abstain: STONE*

**GENERAL PUBLIC COMMENT:** The following individuals addressed the Board regarding subject matters not on the meeting agenda:

Leonard Franklin urged the Board to avoid any future business dealings with Alex Lemus, CEO of Renewable Energy Capital, because Mr. Franklin believed he was disreputable. Mr. Lemus was proposing to redevelop portions of the Harbor, and Mr. Franklin opposed this redevelopment.

A resident of the Bayside RV Park voiced concern over potential redevelopment that she believed would terminate RV park operations. She asked the Board to allow the Bayside RV Park to continue operating unchanged, so that residents would not be displaced.

Roger Gitlin discussed the termination of lease agreements with former operators of the Harbor's two RV parks. Mr. Gitlin believed there were improprieties surrounding the termination agreements.

Linda Sutter urged the Board to conduct due diligence before committing to any redevelopment plans.

## **1) CONSENT CALENDAR**

### ***(1A) Approval of the Warrant List from December 17, 2021 through December 30, 2021.***

The Board reviewed various entries on the warrant list, and received clarification from CEO/Harbor Master Tim Petrick. Commissioner White **moved** to approve the consent calendar. Commissioner Stone **seconded** the motion. President Shepherd then opened up public comment on the agenda item. No members of the public commented. President Shepherd then moved the discussion back to the Board.

**POLLED VOTE** was called, **MOTION CARRIED.**

*Ayes:* WEBER, WHITE, STONE, ADAMS, SHEPHERD / *Nays:* NONE

*Absent:* NONE / *Abstain:* NONE

## **2) NEW BUSINESS**

### ***(2A) Review and Discuss Ordinance Amendment to conduct a single monthly Board meeting.***

President Shepherd provided background and explained his proposal to move from two monthly meetings to a single monthly meeting, with an optional workshop as needed. He explained this would be more efficient for Harbor staff, Commissioners, and the public. Ideally, Harbor staff would be relieved from some of the repetitious elements of meeting preparations, thereby freeing up more time to conduct daily Harbor business. Less frequent meetings might also allow more time to prepare staff reports, conduct research, and assemble background materials that inform Commissioners. These briefing materials could be released to Commissioners earlier, to allow more time for Commissioners to consider them in advance of Board meetings.

Commissioner Stone was sympathetic to the goal of increasing efficiency, but he was opposed to the idea of a single monthly meeting. He anticipated that some meetings would end up running 6 to 7 hours in length, which he felt would be a disservice to the public and unduly burdensome on Commissioners. Instead of having a single monthly meeting, Commissioner Stone suggested that the responsibilities of Harbor staff might be reorganized to better manage meeting preparations. If necessary, a new Harbor staff member might be hired and specifically tasked with meeting preparations.

Commissioner White explained that he was not certain a single meeting would achieve the desired goal of increased efficiency, but he was open to new ideas and new formats, and so he was willing to implement the change on a trial basis.

Commissioner Weber echoed some of the concerns expressed by Commissioner Stone, such as the concern that the length of a single meeting might become excessive and overly burdensome. Commissioner Weber noted that the Harbor was already considering hiring a CFO/Comptroller, and so the help from an additional staff person might allow for redistribution of the workload associated with meeting preparations. Therefore, he was not supportive of the proposal to change to a single monthly meeting, at least not until staff workload was re-evaluated after hiring the CFO/Comptroller.

President Shepherd then opened up public comment. Roger Gitlin opposed the idea of a single monthly meeting. He was concerned about transparency to the public, explaining that 30 days was a long time for the public to wait for updates on Harbor activities. Linda Sutter expressed opposition to the idea of a single monthly meeting. She agreed with earlier concerns that a single meeting might end up being 7 to 8 hours in length, which would burden the public. President Shepherd then moved the discussion to the next agenda item.



***(2B) Review and vote to approve increasing funding for the Del Norte County Visitors Bureau.***

Cindy Vosburg, Executive Director of the Crescent City/Del Norte Chamber of Commerce and Visitor Bureau provided background and explained that the Bureau was seeking an increase from the existing \$6,000 per year in funds provided by the Harbor. The Bureau proposed that the Harbor provide \$10,000 per year going forward. For comparison, Del Norte County provides \$114,000 per year of funding (\$92,000 of which goes to the Visitor Bureau, and \$22,000 goes to the Chamber of Commerce). Crescent City provides \$100,000 per year of funding (\$18,000 of which is in-kind contributions, \$72,000 of direct funding goes to the Visitor Bureau, and \$10,000 goes to the Chamber of Commerce).

Ms. Vosburg then introduced Lynnette Braillard, Founder and Creative Director of the marketing agency LuLish, which the Visitor Bureau had contracted to promote local tourism. Ms. Braillard reviewed metrics that demonstrated the economic value to the local economy from investments in tourism marketing. For example, Ms. Braillard noted that revenue from room tax (from hotels/motels/etc.) had increased dramatically in Q4 2021, up 63% compared to the same period in 2018. The room tax (officially named the “transient occupancy tax”) directly benefits the Harbor by providing revenue. Ms. Braillard explained that marketing efforts had led to increased website traffic, up 157% for FY20/21 compared to FY19/20.

President Shepherd then opened up discussion of the matter. Commissioner Adams recused himself from the Board’s discussion, based on a potential financial conflict of interest. Commissioner Adams owns Stella’s Adventures, a charter boat business that could potentially benefit from tourism marketing efforts.

Commissioner Stone expressed his strong support for the Visitor Bureau, and credited their marketing efforts as largely responsible for increasing revenue from the transient occupancy tax. In 2021, it generated \$238,000 in revenue for the Harbor, compared to approximately \$138,000 in the prior year.

President Shepherd then opened up public comment. Roger Gitlin objected to the increase in funding, explaining that a 40% increase seemed excessive. Linda Sutter criticized the marketing metrics used to support the proposed budget increase. She opposed any increase in funding. Annie Nehmer suggested that the increase in tourism was an anomaly related to the COVID-19 pandemic, and the increase could not be attributed to marketing success. Ms. Nehmer suggested that tourists temporarily preferred rural areas over urban areas in order to avoid COVID-19 exposure. President Shepherd then moved the discussion back to the Board.

Commissioner Stone **moved** to fund the Visitor Bureau at the amount of \$10,000 per year. Commissioner White **seconded** the motion, explaining that the increase in funding aligned with the Harbor’s strategic goal of increasing tourism (referring to the CCHD 10-Year Strategic Plan 2018-2028). Commissioner White further explained that the \$4,000 funding increase would essentially pay for itself because marketing efforts would increase revenue from the transient occupancy tax.

**POLLED VOTE** was called, **MOTION DID NOT CARRY.**

*Ayes:* STONE, WHITE / *Nays:* WEBER, SHEPHERD

*Absent:* NONE / *Abstain:* ADAMS

Commissioner White **moved** to table the agenda item for further consideration at a future meeting. Commissioner Weber **seconded** the motion.

**POLLED VOTE** was called, **MOTION CARRIED.**

*Ayes:* WHITE, WEBER, SHEPHERD / *Nays:* STONE

*Absent:* NONE / *Abstain:* ADAMS

**\*\*\* At this point Commissioner Adams resumed his participation in the meeting \*\*\***

***(2C) Review and vote to approve Fiscal Year 2019/2020 Audit.***

President Shepherd provided background and thanked the efforts of Commissioner White and Commissioner Stone towards improving the fiscal position of the Harbor. New revenue sources had been identified, and expenses had been managed more prudently thanks to their efforts. President Shepherd also noted that the Harbor had implemented new internal controls to ensure improved fiscal oversight and accountability thanks to the efforts of Commissioners Weber and White as part of an ad hoc committee. Furthermore, a financial consultant, Stephen Denny, had been hired by the Harbor to restructure financial accounting procedures for greater efficiency and accountability.

President Shepherd then opened up public comment. Linda Sutter asked if the financial audit was available to the public for review. CEO/Harbormaster Tim Petrick responded that the complete audit was available for download at: <https://www.ccharbor.com/financial-reports> Commissioner White then **moved** to approve the audit. Commissioner Stone **seconded** the motion.

**POLLED VOTE** was called, **MOTION CARRIED.**

*Ayes:* WEBER, WHITE, STONE, ADAMS, SHEPHERD / *Nays:* NONE

*Absent:* NONE / *Abstain:* NONE

***(2D) Update from Financial Ad Hoc, Commissioners White and Weber.***

Commissioner Weber provided background and explained that it was critical for the Harbor to learn lessons from inadequate financial management in the past, so that mistakes are not repeated in the future. To that end, Commissioner Weber highlighted a new financial reform initiative supervised by himself and Commissioner White as part of an ad hoc committee. Working together with financial consultant Stephen Denny, a public accountability document was prepared and titled "Crescent City Harbor District Plan of Action & Milestones." The document describes concrete and measurable reform milestones with specific dates for completion of each milestone. The document will be updated as progress is made. Commissioner Weber invited the public to track the progress of financial reform by visiting the Harbor's website ( <https://www.ccharbor.com/financial-reports> )

***(2E) Solar Update and SLA Payment Agreement.***

The Board reviewed a letter sent from Alex Lemus, CEO and Managing Member of Renewable Energy Capital (REC). In the letter, Mr. Lemus explained that the legal owner of the Harbor's solar installation was ADE-Crescent City (ADECC). ADECC's responsibilities were to collect revenue under a power purchase agreement with the Harbor and to pay all of the solar installation operating expenses, including the Solar Licensing Agreement (SLA) payment to CCHD. Given that ADECC was insolvent, REC proposed to assist CCHD in collecting the monetary value of the SLA by adding it to the redevelopment costs for phase one of the Harbor redevelopment project under consideration by the Board. It was anticipated that phase one would involve ten million dollars of financing, and REC could add the SLA Payment to their development budget without negatively impacting their debt service ratios on the project.

Commissioner Stone explained that it was his recollection that Mr. Lemus had placed REC in the position of guarantor of the SLA payment. As such, Commissioner Stone believed that REC had promised to fulfill ADECC's obligation to make the SLA payment if ADECC failed to perform. Commissioner Stone was expecting to receive a check from REC instead of the proposal from REC to add the SLA payment to its development budget.

Commissioner White had a recollection that was similar to that of Commissioner Stone, specifically that Mr. Lemus put his company in the position of being a guarantor of the amount of the SLA payment (approximately \$300K), such that REC now had an obligation to make the SLA payment directly to the Harbor because ADECC had failed to do so. Commissioner Adams added that his recollection matched that of Commissioners Stone and White, and Commissioner Adams expected the Harbor to receive a check from REC in the amount of the SLA payment without further delay.

Commissioner White felt the financing arrangement proposed in the December 30, 2021 letter from REC would be a circuitous arrangement to get the SLA funds to the Harbor. Commissioner White preferred a more direct approach in which REC simply wrote a check to the Harbor.

Mr. Lemus apologized if he had left the Board with a mistaken impression of his obligation. Although he wanted to help the Harbor get the SLA payment as an act of goodwill, it was legally the obligation of ADECC to make the payment, and not REC. Nonetheless, REC was prepared to have the money paid out of its redevelopment project financing as a "qualified expense." This would allow the Harbor to receive the SLA money up front, upon closing of REC's financing agreement with its lenders. REC would then finance the cost of the SLA payment over 30 years, bundled together with its other redevelopment project costs.

Mr. Lemus further explained that the redevelopment project would be financed by pledging the assets of the project and future revenue of the project as collateral for the loan that would fund the redevelopment project. In this way, the Harbor would be shielded from all financial risk of the project, even if the revenue generating entities from the project one day became insolvent.

Commissioner Stone requested an accounting of actual solar production, which formed the basis to calculate the amount of the SLA payment. Alex Lemus then presented an analysis of actual solar production, beginning with the first month of solar production in February 2021 and

continuing to December 2021. President Shepherd advised Mr. Lemus that the Board would need to give the matter further consideration before making a final decision on his SLA payment proposal.

President Shepherd then opened up public comment. Roger Gitlin expressed skepticism of the proposal from Mr. Lemus to finance the cost of the SLA payment. Mr. Gitlin believed the arrangement was still opaque, and required further explanation as to how Mr. Lemus stood to benefit from the arrangement. Commissioner White attempted to respond to skepticism from the public by explaining that Mr. Lemus' company REC would lease land from the Harbor and make a monthly lease payment for the privilege. REC would then invest money to redevelop the land for new revenue generating enterprises. REC would operate the enterprises and be permitted to keep a portion of the revenue, while sharing a portion of the revenue with the Harbor.

Commissioner Weber reminded the public that the Harbor benefited by working with private developers because the Harbor did not have a favorable credit rating that would otherwise enable it to finance such a large-scale project on its own.

Commissioner Stone explained that one incentive for REC to pursue redevelopment of the Harbor was that it would be eligible to receive a tax credit from the federal government, dollar for dollar, pursuant to terms of the Tax Cuts and Jobs Act of 2017 that incentivizes investments in designated "opportunity zones" in lower income areas [capital gain taxes are deferred for investments in these zones and, if the investment is held for ten years, all capital gains taxes on the new investment are waived].

President Shepherd called for Harbor staff to prepare a report to explain clearly to the public how the Harbor would receive the SLA payment, and to explain how REC and the Harbor would both benefit from redevelopment, which would in turn benefit the public at large.

***(2F) Approve Resolution No. 2022-001 Authorizing The CEO & Harbormaster To Execute A Ground Lease With Renewable Energy Capital, LLC For The Development Of The Bayside RV Park And Determining that the Project Is Categorically Exempt From CEQA.***

President Shepherd announced that a legal review of the resolution was pending, and for that reason the agenda item would be continued to a future meeting. President Shepherd then opened public comment. No members of the public commented. President Shepherd then moved the discussion to the next agenda item.

**3) UNFINISHED BUSINESS**

***(3A) Review Letter to the Regional Water Board.***

President Shepherd thanked CEO/Harbormaster Tim Petrick for preparing the letter to the Regional Water Board and President Shepherd then inquired whether the concerns of the Harbor would be placed on the agenda for an upcoming meeting of the Water Board. Mr. Petrick responded that because the Harbor did not have an active permit application with the Water Board, it was very unlikely the Water Board would place CCHD matters on their agenda. However,

representatives from the Harbor would be entitled to speak during the public comment period at the Water Board meeting.

Commissioner Stone felt it was premature to send a letter to the Water Board. He preferred to wait until preparatory work for the permit application had been completed. Commissioner Stone felt that some of the text in the letter expressed claims that could not be verified by the Harbor. On that basis, Commissioner Stone felt some of the text should be stricken. Commissioner White stated that the letter could be improved with minor edits. Commissioner Adams urged the Board not to remove any text from the letter. Commissioner Weber also supported the letter without any changes. Commissioner Weber called for a public relations campaign to marshal public support to help voice concerns to the Water Board. President Shepherd supported the letter without any changes.

President Shepherd then opened up public comment on the agenda item. Roger Gitlin urged the Board to send the letter without any changes, and as quickly as possible. President Shepherd then moved the discussion to the next agenda item.

***(3B) Review and discuss modernization of the Harbor District's vehicle fleet.***

CEO/Harbormaster Tim Petrick reported that an additional quote had been received from another vendor after the Board briefing materials had been distributed. Mr. Petrick requested that the agenda item be continued to a future meeting so that all quotes could be considered.

President Shepherd then opened up public comment on the agenda item. No members of the public commented. President Shepherd then moved the discussion to the next agenda item.

***(3C) COVID Grant Award Update.***

Assistant Harbormaster Todd Garrett provided clarification on grant funding received from the State of California on December 21, 2021, in the amount of \$486,658.00, after the Harbor submitted a grant funding request pursuant to California State Budget Act Item 9210-101-0001. The Act set aside \$100 million to provide fiscal relief to California independent special districts that had not received other forms of COVID-19 fiscal relief directly from the state or federal government, and which had incurred revenue losses or unanticipated costs due to the COVID-19 public health emergency. A condition of the grant award was that CCHD was not permitted to receive any other funding for COVID-19 fiscal relief, including other state or federal funding. Nonetheless, there were no restrictions on how the grant funds could be used, and there was no deadline for when funds needed to be expended.

President Shepherd suggested that a future Harbor meeting should consider the best uses for the funds, and he emphasized the need to consider capital asset depreciation, which was not adequately funded in the Harbor's budget. Commissioner Stone and Commissioner White supported the creation of a new capital asset fund, in a restricted account, for expenditures to offset depreciation. President Shepherd directed staff to add an agenda item for an upcoming meeting that would allow the Board to establish a capital asset fund as suggested.

President Shepherd then opened up public comment on the agenda item. No members of the public commented. President Shepherd then moved the discussion to the next agenda item.

***(3D) Dredge Permit Update.***

CEO/Harbormaster Tim Petrick reported that the Army Corps of Engineers provided an estimated completion date for their bathymetric survey and offshore current survey, estimated to be completed in March. Both surveys were prerequisites to the designation of an offshore dredge disposal site. The Army Corps was also working to replace wave hazard warning signs on the jetty.

President Shepherd then opened up public comment on the agenda item. No members of the public commented. President Shepherd then moved the discussion to the next agenda item.

**4) COMMUNICATIONS AND REPORTS**

***(4A) Commissioner Reports.***

(a) Commissioner White: reported that Humboldt Bay received \$576,000 in grant funding from the State Lands Commission, and CCHD staff should look into whether similar funding might be available for CCHD. Commissioner White addressed prior public inquiries relating to the rate of return from the Local Agency Investment Fund (LAIF). Since 2014, the average monthly effective yields varied between 0.2% and 2.5%.

(b) Commissioner Stone: reported on his communications with staff at the office of U.S. Congressman Jared Huffman related to tenant concerns at the Harbor's RV parks. Commissioner Stone was investigating the potential to procure FEMA trailers for RV tenants. Commissioner Stone then discussed the Infrastructure Investment and Jobs Act of 2021 (Public Law No: 117-58), which designated \$81 billion in funding for ports and harbors. Commissioner Stone directed staff to research whether such funding might be used to fund seawall construction, groin improvements, or other infrastructure needs in the Harbor.

(c) Commissioner Weber: no report for this meeting.

(d) Secretary Adams: encouraged the Board to consider the need for capital improvements at an upcoming meeting to ensure the Harbor continued to meet the needs of the public.

(e) President Shepherd: suggested that Harbor staff needed to focus on grant applications. If necessary, the expense of an outside consultant might be justified.

**5) ADJOURNMENT**

*ADJOURNMENT TO THE BOARD OF HARBOR COMMISSIONERS NEXT REGULAR MEETING SCHEDULED FOR TUESDAY, JANUARY 18, 2022 AT 2 P.M., VIA ZOOM WEB CONFERENCE AND IN-PERSON AT THE MAIN HARBOR OFFICE, LOCATED AT 101 CITIZENS DOCK ROAD.*

Approved this \_\_\_\_ day of \_\_\_\_\_, 2022

\_\_\_\_\_  
Rick Shepherd, President

\_\_\_\_\_  
Harry Adams, Secretary

**Crescent City Harbor District**  
**Check Detail**  
January 14 - 27, 2022

Type	Num	Date	Name	Item	Account	Original Amount
Check	1384	01/26/2022	KENNETH BRUCE DWELLEY	BAYSIDE PAYMENT	1047 · BAYSIDE- RV PARK-1766	-4,190.50
Check	1385	01/26/2022	ROBERT J. FRAZIER	BAYSIDE PAYMENT	1047 · BAYSIDE- RV PARK-1766	-4,190.50
Bill Pmt -Check	1386	01/26/2022	PACIFIC POWER	BAYSIDE POWER USAGE	1047 · BAYSIDE- RV PARK-1766	-6,324.04
Bill Pmt -Check	1387	01/26/2022	RECOLOGY DN	BAYSIDE GARBAGE SERVICE	1047 · BAYSIDE- RV PARK-1766	-2,299.28
Bill Pmt -Check	1388	01/26/2022	SUBURBAN PROPANE	BAYSIDE PROPANE USAGE	1047 · BAYSIDE- RV PARK-1766	-404.67
Check	2093	01/26/2022	CHARLES HUTCHINS	RHV BATHROOM KEY REFUND	1045 · REDWOOD HARBOR VILLAGE 0707	-25.00
Bill Pmt -Check	2094	01/26/2022	PACIFIC POWER	RHV POWER USAGE	1045 · REDWOOD HARBOR VILLAGE 0707	-6,400.98
Bill Pmt -Check	2095	01/26/2022	RECOLOGY DN	RHV GARBAGE SERVICE	1045 · REDWOOD HARBOR VILLAGE 0707	-2,583.48
Check	ACH	01/25/2022	US BANK	CREDIT CARD PAYMENT	1040 · CCHD US BANK OPERATING 4766	-657.89
Check	6252	01/18/2022	CARPENTERS LOCAL 751	UNION DUES FOR MAINTENANCE	1040 · CCHD US BANK OPERATING 4766	-60.00
Bill Pmt -Check	6269	01/18/2022	DN COUNTY ENV. HEALTH	ANNUAL HAZMAT SURCHARGE	1040 · CCHD US BANK OPERATING 4766	-625.00
Bill Pmt -Check	6270	01/18/2022	GEORGE'S AUTO INC	RAD. CAP FOR LANDING CRAFT	1040 · CCHD US BANK OPERATING 4766	-6.03
Bill Pmt -Check	6271	01/18/2022	MENDES SUPPLY CO	CCHD JANITORIAL SUPPLIES	1040 · CCHD US BANK OPERATING 4766	-277.56
Bill Pmt -Check	6272	01/18/2022	COUNTRY MEDIA INC	JOB POSTING/BATHROOM BID	1040 · CCHD US BANK OPERATING 4766	-1,164.90
Bill Pmt -Check	6273	01/26/2022	ACCONTEMPS	FINANCIAL SERVICES	1040 · CCHD US BANK OPERATING 4766	-8,603.60
Bill Pmt -Check	6274	01/26/2022	BEST BEST & KRIEGER, LLP	ATTORNEY FEES	1040 · CCHD US BANK OPERATING 4766	-9,275.00
Bill Pmt -Check	6275	01/26/2022	HI-TECH SECURITY	FOB SYSTEM ON SHOWERS	1040 · CCHD US BANK OPERATING 4766	-4,125.00



**Crescent City Harbor District**  
**Check Detail**  
January 14 - 27, 2022

Bill Pmt -Check	6276	01/26/2022 INDUSTRIAL STEEL & SUPPLY	PIPE FOR C RENNER FUEL DOCK	1040 · CCHD US BANK OPERATING 4766	-3,357.27
Bill Pmt -Check	6277	01/26/2022 MOUNTAIN VIEW PAVING INC.	RESTOCK COLD MIX DELIVERY	1040 · CCHD US BANK OPERATING 4766	-1,064.55
Bill Pmt -Check	6278	01/26/2022 QUILL	OFFICE SUPPLIES/LAMINATOR	1040 · CCHD US BANK OPERATING 4766	-729.11
Bill Pmt -Check	6279	01/26/2022 XEROX	COPIER RENTAL	1040 · CCHD US BANK OPERATING 4766	-389.93
Bill Pmt -Check	6280	01/26/2022 RECOLOGY DN	CCHD GARBAGE SERVICE	1040 · CCHD US BANK OPERATING 4766	-7,526.82
				<b>TOTAL</b>	<b>-64,281.11</b>

**RESOLUTION NO. 2022-02**

**A RESOLUTION OF THE BOARD OF HARBOR  
COMMISSIONERS OF THE CRESCENT CITY HARBOR  
DISTRICT MAKING FINDINGS AND DETERMINATIONS  
UNDER AB 361 FOR CONTINUED VIRTUAL MEETINGS**

**WHEREAS**, the Crescent City Harbor District (“District”) is committed to preserving and nurturing public access and participation in meetings of the Board of Harbor Commissioners (“Board”); and

**WHEREAS**, all meetings of District’s legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963)(the “Brown Act”), so that any member of the public may attend, participate, and watch the District Board meetings or any meetings where District legislative bodies conduct their business; and

**WHEREAS**, starting in March 2020, in response to the spread of COVID-19 in the State of California, the Governor issued a number of executive orders aimed at containing the COVID-19 virus; and

**WHEREAS**, among other things, these orders waived certain requirements of the Brown Act to allow legislative bodies to meet virtually; and

**WHEREAS**, on September 16, 2021 the Governor signed Assembly Bill 361 (“AB361”)(in effect as of October 1, 2021), which allows legislative bodies to meet virtually provided there is a state of emergency, and either: (1) state or local officials have imposed or recommended measures to promote social distancing; or (2) the legislative body determines by majority vote that meeting in person would present imminent risks to the health and safety of attendees; and

**WHEREAS**, the California Health Officer issued an order on December 22, 2021 that the recent emergency of the Omicron variant has further emphasized the importance of prevention efforts;

**WHEREAS**, social distancing is form of prevention that allows for the participation of the community, staff, presenters, and legislative body members in a safe environment, with no risk of contagion and it is recommended that legislative bodies continue to implement 100% of remote meetings; and

**WHEREAS**, on January 4, 2022, the Board adopted Resolution 2022-01 authorizing remote teleconference meetings of the Crescent City Harbor District; and

**WHEREAS**, the Board has reconsidered the circumstances of the state of emergency and finds that state officials continue to recommend measures to promote social distancing; and

**WHEREAS**, the Board desires that the District shall continue to hold virtual meetings pursuant to AB 361 and Government Code section 54953(e).

**NOW, THEREFORE, THE BOARD OF HARBOR COMMISSIONERS OF THE CRESCENT CITY HARBOR DISTRICT DOES HEREBY RESOLVE AND FIND AS FOLLOWS:**

**Section 1.** The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

**Section 2.** The Board of Harbor Commissioners of the Crescent City Harbor District shall be authorized to continue to meet virtually in accordance with Government Code section 54953(e) and without compliance with section 54953(b)(3).

**Section 3.** This Resolution does not prevent or prohibit the Board from holding hybrid meetings (containing both virtual and in-person components) or from meeting in-person, provided such meetings comply with AB 361 and with all state and local health orders.

**Section 4.** The Board shall take action to renew this Resolution every 30 days for as long as any state or local officials continue to recommend any measures to promote social distancing, but the Board may terminate the Resolution at any time. In the event that more than 30 days pass between regular Board meetings, the Board shall take action to renew this Resolution prior to taking any action or engaging in any deliberation or discussion in a virtual meeting; renewal of this Resolution may occur either at the beginning of the next regular meeting or at a special meeting called for such purposes. In the event this Resolution has lapsed, and the Board has not terminated it, the Board shall be authorized to, and shall, make any required findings in order to meet virtually under AB 361.

**Section 5.** If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Board declares that the Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

**Section 6.** This Resolution shall take effect immediately upon its adoption.

APPROVED, ADOPTED AND SIGNED this 1st day of February 2022.

---

Rick Shepherd, President  
Board of Harbor Commissioners  
Crescent City Harbor District

ATTEST:

---

Mike Rademaker, Clerk  
Board of Harbor Commissioners  
Crescent City Harbor District

AYES:

NOES:

ABSENT:

ABSTAIN:



## **2. Financial Report**

### **a. Account Balances**

***Public Comment?***

<b>BANK BALANCES AS OF 1.13.22</b>		<b>BANK BALANCES AS OF 1.27.22</b>		<b>DIFFERENCE</b>
CCHD OPERATING	\$547,080.87	CCHD OPERATING	\$721,887.10	\$174,806.23
CCHD SAVINGS	\$30,021.29	CCHD SAVINGS	\$30,021.29	\$0.00
REDWOOD HARBOR	\$57,230.81	REDWOOD HARBOR	\$59,740.43	\$2,509.62
BAYSIDE RV PARK	\$10,315.11	BAYSIDE RV PARK	\$8,382.65	-\$1,932.46
LAIF ACCOUNT	\$1,395,806.52	LAIF ACCOUNT	\$1,396,610.08	\$803.56
<b>TOTALS</b>	<b>\$2,040,454.60</b>	<b>TOTALS</b>	<b>\$2,216,641.55</b>	<b>\$176,186.95</b>



### **3. New Business**

- a. Approve Payment to the Special District Risk Management Authority (SDRMA) in the Amount of \$73,067.12 for Workers Compensation Coverage (Program Year 2021-22).**

***Public Comment?***

# Workers' Compensation Program Invoice



Program Year 2021-22

## Crescent City Harbor District

101 Citizens Dock Road  
Crescent City, California 95531

Invoice Date: 05/18/2021  
Invoice Number: 69816  
Member Number: 7423

Class Code	Classification Description	Reported Payroll	Rate per \$100	Annual Contribution
8742-D	Paid Governing Body Members	\$36,000	\$0.63	\$226.80
8810	Clerical/Office Employees	\$132,474	\$0.58	\$768.35
9015	Building Operations including Janitorial	\$192,645	\$8.39	\$16,162.92
9016	Boat Anchorage and Rentals; Marinas	\$97,584	\$6.03	\$5,884.32
9410	Non-Manual Labor; including Agency Managers and Recreation Person	\$174,855	\$1.90	\$3,322.25
9420	Manual Labor; including Park and Landscape Maintenance Personnel	\$3,425	\$8.83	\$302.43

\*\* Indicates per capita rate class code

Total Estimated Annual Contribution Based on Manual Rates	\$26,667.05
Contribution as Adjusted by the Experience Modification Factor of 282%	\$75,201.08
Less: *8% Credit Incentive Program Discount	-2,133.36
Estimated Annual Adjusted Contribution	\$73,067.72
Less: Longevity Distribution Credit	0.00
Less: 5% Multi-Program Discount	0.00
Net Estimated Annual Contribution	\$73,067.72

**Total Contribution Amount Due by July 15**

**\$73,067.72**

Please pay in full by the due date. If not, a late charge of one percent (1%) per month, twelve percent (12%) per annum, will be assessed on all sums past due. Imposition of this charge does not extend the due date for payment. For invoice questions call the SDRMA Finance Department.







### **3. New Business**

#### **b. Long-term Residents Transition Plan.**

***Public Comment?***

Crescent City Harbor District  
Long Term Resident  
Transition Plan



January 27, 2022

## Project History

In December 2020, Crescent City Harbor District (CCHD) after issuing a Land Development RFP and evaluating all of the proposals to develop the Crescent City Harbor property, awarded the development rights to Renewable Energy Capital, LLC (REC).

In January of 2021, REC began the development process by creating multiple renderings of the existing RV parks and sharing those with the commissioners.

There were many different concepts presented, showing what potentially could be done with the existing RV parks and the Redwood Overflow lot to attract additional tourism dollars and to increase TOT revenue for the county and CCHD.

As the local press and more people became aware of the CCHD development plans, many rumors, assumptions and false statements have been made about CCHD and REC and the future status of the Long-Term Residents (LTR) who currently live in the two RV Parks.

## Current RV Parks Project Status

1. REC has a development plan for the RV parks and is willing to accept the commercial terms in the long-term leases that were prepared by CCHD counsel.
2. REC would like to begin the development work on the two existing RV Parks, Bayside and Redwood.
3. REC and CCHD agree that the development work on the two RV parks CANNOT begin without a written agreed upon Transition Plan for how the Long-Term Residents of the RV parks will be transitioned into suitable housing.
4. Our understanding is that as of today, there are 44 LTRs in Bayside and 42 LTRs in Redwood.

## CCHD Transition Plan for LTRs

1. There is no current plan for the transition of the CCHD RV parks from LTRs to tourists.
2. The CCHD Land Development RFP did not address the Long-Term Residents at all or how the developer should handle the transition from residents to visitors.

## REC's LTR Proposal

1. REC proposes creating and integrating a written Transition Plan for the existing Long-Term Residents into the development plan for the RV parks.
2. The two plans will be integrated in one master RV Park development plan.
3. The RV Park Development plan cannot move forward without the LTR Transition Plan.

## REC's LTR Transition Plan

1. REC will provide all of the development services and financing required for the Transition Plan for both Bayside and Redwood RV Parks.
2. REC will provide long term development capital if the project requires it to achieve the CCHD land development goals.
3. The REC Transition Plan will actually consist of Eighty-Six (86) individual plans tailored to each individual resident.
4. REC will meet with each long-term resident.
5. REC will have a written plan for each long-term resident
6. REC will meet/coordinate with all of the city, county, state, federal AHJs.
7. REC will provide complete transparency of the Transition Plan with CCHD.
8. REC will NOT take possession of either property, Bayside or Redwood, or break ground on any construction UNTIL CCHD signs off on the completion of the Transition Plan

## REC LTR Transition Plan Next Steps

1. CCHD commissioners approve signing of the Bayside and Redwood RV Park leases.
2. The Parties will add contingency language that states REC cannot assume lease or the two existing RV parks **without** two separate events taking place:
  - a) REC completes its due diligence and is ready to assume the operations
  - b) CCHD signs off on the completion of the Transition Plan





### **3. New Business**

- c. Update from Ad Hoc Committee on Harbor Property Assessment.**

***Public Comment?***



### **3. New Business**

- d. Review and vote to approve Badawi & Associates CPA for FY 2021 Audit.**

***Public Comment?***



January 21, 2022

Mr. Tim Petrick  
CEO/Harbormaster  
Crescent City Harbor District  
101 Citizens Dock Road  
Crescent City, CA 95531

Dear Mr. Petrick:

Badawi & Associates (B&A), Certified Public Accountants (the "Firm") is pleased to have the opportunity to respond to your request for a proposal to provide external audit services and to submit its qualifications to perform an independent audit of the financial statements of the Crescent City Harbor District (the "District") for the fiscal year ending June 30, 2021. The objective of our audit is to issue an opinion regarding the fairness of presentation of the financial position of the District in accordance with generally accepted accounting principles. This audit is to be performed in accordance with the *Minimum Audit Requirements and Reporting Guidelines for California Special Districts* as required by the State Controller's Office and with Generally Accepted auditing Standards (GAAS), as well as any other applicable federal, state, local or programmatic audit requirements.

We will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information. In addition, we will prepare the management letter containing comments and recommendations regarding our review and evaluation of the systems of internal control and accounting procedures.

This proposal will highlight the background of the partners and staff assigned to the engagement, summarize our experience in the governmental area, and describe our approach to auditing the District.

This proposal demonstrates our ability to render the quality examination and to perform the necessary accounting and auditing services requested by the District on a timely basis.

As a partner of the Firm, I will be the primary contact for negotiation of the contract. Additionally, I have been authorized to legally bind the Firm. You may contact me at the following address and phone number:

Mr. Ahmed Badawi, CPA  
Badawi & Associates  
Certified Public Accountants  
2855 Telegraph Avenue, Suite 312  
Berkeley, CA 94705  
Telephone: (510)768-8244  
E-mail: [abadawi@b-acpa.com](mailto:abadawi@b-acpa.com)

Mr. Tim Petrick  
CEO/Harbormaster  
Crescent City Harbor District  
Page 2

We are committed to performing the required work, completing the audit, and issuing the necessary auditors' reports.

We believe we are the best qualified to perform the audit because our audit staff includes individuals well versed in municipal auditing and reporting requirements. We have performed auditing and consulting engagements for numerous special districts and cities throughout California. We will be responsive to the needs of the District, we understand the District's operational environment, and pledge to you our complete commitment to providing a quality product that meets the District's requirements.

The approach to the audit has been designed to meet the audit requirements with the least disruption to the District's office operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of the District's operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and District Management and staff throughout the engagement eliminate "surprises". Initial planning and proper assignment of duties to experienced personnel provide for an effective and efficient audit process. Consequently, inefficiencies and disruptions are kept to a minimum. In addition, we perform almost half of the audit tasks during the interim phase to minimize any unforeseen delays during the year-end phase and to ensure a smooth and timely audit process.

The Firm maintains liability insurance coverage for professional liability, Workers' Compensation, Comprehensive General Liability and Auto as part of our comprehensive insurance policy.

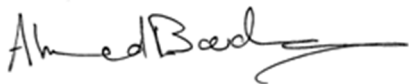
The Firm is an Equal Opportunity employer and complies with all Federal and State hiring requirements. The Firm also supports Affirmative Action philosophies and works hard to provide disadvantaged groups with opportunities for self enhancement.

This proposal is a firm and irrevocable offer for 180 days.

We are confident that you will find our organization offers the required expertise, technical knowledge, and business understanding to perform an audit of the District. Our past experience provides us with a thorough understanding of the needs and requirements of the District, as well as the technical knowledge to perform such services in accordance with the accounting and auditing guidelines as published by the various authoritative entities.

We welcome your inquiries and look forward to further discussions with you.

Sincerely,



Ahmed Badawi  
Partner  
Badawi & Associates  
Certified Public Accountants

**Firm  
Qualifications  
and  
Experience****Independence**

The Firm is independent of the Crescent City Harbor District as defined by the GAO's Standards for Audit of Governmental Organizations, Programs, Activities and Functions, and the AICPA and California State Society of Certified Public Accountants as promulgated in various auditing and professional standards.

**Insurance**

The Firm maintains professional liability insurance and other coverage as part of our comprehensive insurance policy. Upon selection as District's independent auditor, the Firm and our insurance provider will provide a certificate of insurance to District which shows the minimum requirements identified by District have been met.

**License to Practice in California**

The Firm and all key professional staff assigned to District's audit are properly licensed to practice as Certified Public Accountants in the State of California and comply with GAO Government Auditing Standards.

The Firm is registered with the California State Board of Accountancy. Its State number is COR6823.

The Firm has met all required State and local laws, rules, and regulations.

**Firm Qualifications**

Badawi & Associates was founded by Mr. Ahmed Badawi. Mr. Badawi has over 20 years of experience working with state and local government. Prior to founding B&A, Mr. Badawi was a partner with several local and national firms, where he headed their government practice in Northern California. Mr. Badawi founded Badawi & Associates to serve the fast-paced needs of California's local governments. The goal is to build a proactive, client-focused culture from the ground up and to eliminate the entrenched bureaucratic culture and intrinsic limitations of the big audit firms.

Located in Berkeley, CA, the Firm serves a variety of municipalities throughout California. Names and phone numbers of several of our current and past clients and other references are provided for your inquiries. We encourage you to contact these individuals to obtain information on the quality of the audit and the ability of the audit staff.

Our Berkeley office will be the Engagement Office assigned to the District.

In addition to specific district financial statements, the Firm members have also audited numerous redevelopment agencies, public financing authorities, hospitals, housing authorities, transportation authorities, special districts, water districts, OCJP grants, self-insurance pools, joint power authorities and has also performed numerous compliance audits in accordance with the Single Audit Act, childcare regulations, TOT regulations, AQMD regulations, franchise requirements, RDA compliance, and other special projects. Additionally, the Firm has significant experience in bond offerings, post closure landfill costs, and recent changes to redevelopment agency reporting requirements

The Engagement Partner assigned to the District, Mr. Ahmed Badawi. Mr. Badawi has over 20 years of government audit and accounting experience. He is a member of various governmental committees, has actively participated in the development of accounting and audit guidelines for the governmental sector, and is an instructor for the California Society of Municipal Finance Officers.

The professional staffs assigned to the Engagement are qualified and experienced. Each individual of the Engagement Team has several years of experience and has conducted or participated in numerous municipal audits of various sizes. Their understanding of governmental operations and the various authoritative guidelines will provide the where-with-all to perform the audit in an efficient and effective manner with minimal disruption to the District's finance department.

### **Technical Approach**

The approach to the audit has been designed to meet the audit requirements of various agencies with the least disruption to the District's operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of District operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and District Management and staff throughout the engagement eliminate "surprises". Initial planning and proper assignment of duties to experienced personnel provide for an effective and efficient audit process. Consequently, inefficiencies, disruptions, and lack of understanding are kept to a minimum.

The audit approach will consist of four phases:

1. **Initial Planning Meeting:**

The Engagement Partner and Manager will meet with District Management to discuss the audit approach, identify specific needs of District Management, and familiarize themselves with District policies and practices.

2. **Interim:**

The Engagement Team members including the Engagement Team Partner will perform the internal control reviews, test transactions, and identify potential audit issues that need to be addressed, perform limited confirmation procedures, and develop a clear understanding between the Engagement Team and District Management of the year-end audit responsibilities and assignments. **In addition, we strive to complete many of the year-end audit tasks during the interim phase to ensure a smoother audit process. We will work with the District on providing a list of those tasks that we will target to complete during interim and work with the District on how to complete them to minimize the amount of effort and time needed at year-end which in turn will assist the District in meeting its goal of issuing the report by the desired deadline.**

3. **Year end:**

The Engagement Team members including the Engagement Team Partner will conduct validation procedures on general ledger account balances, complete confirmation procedures, perform analytical procedures on revenue and expenditures, perform search for unrecorded liabilities, complete compliance work on Federal Assistance, and wrap up audit field work.

4. **Reporting:**

Auditor's reports for all District reporting entities and compliance requirements will be finalized along with the Management Letter comments. The Partner and Manager will be available to make presentations to the Board and/or designated bodies.

### Firm Experience

The Firm is located in Berkeley and provides a full range of accounting services to governmental agencies throughout California, including audit, tax and accounting. The Firm's professional staff members provide the financial background and specific experience to meet the District's operational needs. Additionally, this situation provides the District with an auditing firm that has depth in capabilities to address any financial issue the District may need assistance with, and the quality audit approach that you expect.

Our Berkeley office will be the Engagement Office assigned to the District.

Firm policy requires that the Engagement Partner, during the first year of the engagement, be actively involved in the daily fieldwork. This means to the District that Mr. Badawi will actually be on-site during the audit coordinating the audit process, supervising the audit staff, gaining a hands-on understanding of District processes, and benefiting the District with his broad municipal experience. We have found that this effort benefits the District and the Firm through developing a thorough knowledge of the District's practices and issues and establishing a close working relationship with the District's Management. Additionally, continuity of audit personnel is assured because of the hands on involvement of the Partner.

We are committed to providing appropriate and related experience, personal involvement, and a broad business perspective to produce a quality end product within the time frames required.

The Firm provides financial and compliance auditing services to governmental agencies throughout California. We are a governmental agency auditing firm and our professional staff members have been performing these services for many years. As a result, we have performed financial and compliance audits on most, if not all, types of governmental agencies and operations including:

- |                          |   |                             |
|--------------------------|---|-----------------------------|
| • Cities                 | • Waste Management Authorities and Operations | • Investment Activities     |
| • Redevelopment Agencies | • Pension Plans                               | • Landfills                 |
| • Financing Authorities  | • Child Care Operations                       | • Enterprise Funds          |
| • Housing Authorities    | • Joint Power Authorities                     | • Airports                  |
| • Special Districts      |   | • Transportation Operations |
| • Water Districts        |   | • Federal and State Grants  |

### Additional Activities

We offer a full range of accounting and finance services to the governmental sector. These services include:

- |   |   |
|---|---|
| • Financial audits  | • Operational reviews   |
| • Compliance audits   | • Technical guidance on existing and upcoming accounting issues |
| • Tax advice  | • Training seminars   |
| • Development of financial and accounting policies and procedures | • Pension/profit-sharing plans                                  |
| • Investment review and compliance evaluation                     | • Performance audits  |
|   | • Business consulting   |

Consequently, Firm personnel are well qualified to perform the services expected by the District.

---

**Client Training Seminar**

The Firm hosts an annual update on recent technical accounting and finance issues affecting the governmental area. This all day session reviews new and anticipated pronouncements from GASB, discusses future issues under consideration by GASB, reviews accounting treatment of various transactions where issues may arise, and provides a general overview of state and federal compliance issues. All of our clients are invited to attend, free of charge. The one day session qualifies for CPE under the rules of the State Board of Accountancy and is held in the Bay Area.

**GASB 68 Firm Developed Tools and Assistance**

The Firm has developed tools to assist our clients with preparation of GASB 68 journal entries for the CalPERS' Cost Sharing Plans (for which individualized actuarial valuations are no longer prepared) and the CalPERS' Agent Multiple Employer Plans. In addition to providing our clients with these tools and instructions on how to use them, we are available to answer any questions on how to prepare and complete the GASB 68 journal entries.

**Quality Control Review**

According to Government Auditing Standards, firms who perform audits under the Yellow Book are required to have a peer review once every three years. We received a report with a rating of pass with no deficiencies which we attached for your review.



## Audit Schedule

2022 Period	Audit Tasks
February	<p><b>- <i>Planning and Administration</i></b></p> <ul style="list-style-type: none"> <li>▶ Review and obtain copies of key work papers of prior audit firm</li> <li>▶ Entrance conference with District Management to discuss audit approach, timing, assistance, and issues</li> <li>▶ Review and evaluate the District's accounting and financial reporting. Prepare an overall memo of recommendations, potential issues, and suggestions for improvements</li> <li>▶ Prepare overall memo to District confirming audit procedures, timing, and assistance</li> <li>▶ Prepare detailed audit work plan and audit programs, audit budget and staffing schedule, and list of schedules to be prepared by District staff, and provide it to District Management</li> <li>▶ Send the Organizer to the District that will include all request items considered to be necessary for the audit</li> </ul>
February	<p><b>- <i>Internal Control Evaluation</i></b></p> <ul style="list-style-type: none"> <li>▶ Meeting with General Manager</li> <li>▶ Attending Board of Director meetings</li> <li>▶ Meeting with off-site locations (if any)</li> <li>▶ Meeting with key Finance Division personnel</li> <li>▶ Obtain and document understanding of key internal control systems through walk-throughs, interviews of staff, and review of supporting documentation <ul style="list-style-type: none"> <li>○ General ledger system</li> <li>○ Budgeting system</li> <li>○ Revenue, accounts receivable, and cash collections Purchasing, expenditures, accounts payable, and cash disbursements</li> <li>○ Payroll</li> <li>○ Federal Financial Assistance</li> <li>○ Other systems</li> </ul> </li> <li>▶ Identify control risks</li> <li>▶ Evaluate IT control environment</li> <li>▶ Perform testing of the internal control system and evaluate the effectiveness of the District's systems. Select large dollar and random samples of transactions in key operating systems. Sample size to meet required level for determined degree of risk. Review supporting documentation of selected transactions, evaluate adequacy of support and approvals, and conclude on degree of adherence to accuracy and compliance with District policies</li> <li>▶ Conduct fraud assessment procedures</li> <li>▶ Assess degree of risk for material misstatement</li> <li>▶ Provide to the District's management a memo concerning management letter points and identify issues, if any</li> <li>▶ Interim exit conference with District Management</li> </ul>

2022 Period	Audit Tasks
February	<p><b>- Other Tasks</b></p> <ul style="list-style-type: none"> <li>▶ Review minutes of Board meetings and other key committees</li> <li>▶ Perform preliminary substantive procedures, which would include tests of: <ul style="list-style-type: none"> <li>○ Vendor and contractor payments</li> <li>○ Payroll expense</li> <li>○ Pension testing</li> <li>○ Capital asset acquisitions</li> <li>○ Journal entries</li> <li>○ Retrospective review of accounting estimates</li> </ul> </li> <li>▶ Financial statement database management and other setup, in addition to drafting of all necessary report templates</li> <li>▶ Coordinate with District staff and prepare of all appropriate confirmation requests including: <ul style="list-style-type: none"> <li>○ Bank accounts</li> <li>○ Investment pool accounts</li> <li>○ Accounts receivable</li> <li>○ Federal grants</li> <li>○ Revenue from governmental agencies</li> <li>○ Bond and other debts</li> <li>○ Pension plan</li> <li>○ Attorney letters</li> <li>○ Others, as required</li> </ul> </li> </ul>
February - March	<p><b>- Final Field work</b></p> <ul style="list-style-type: none"> <li>▶ Entrance conference with District Management</li> <li>▶ Follow-up on all outstanding confirmations</li> <li>▶ Verify and validate account balances by reviewing supporting documentation including invoices, vouchers, board resolutions, minutes, and other documents, as required</li> <li>▶ Perform analytical review of revenue and expenditures. Determine reason for material differences between budget and actual</li> <li>▶ Perform a search for unrecorded liabilities by reviewing disbursements subsequent to June 30, testing terms of contractual obligations, and interviewing District staff</li> <li>▶ Perform review of subsequent events by discussions with District Management and update all minutes of District Board and key committees</li> <li>▶ Exit conference with District Management</li> </ul>

2022 Period	Audit Tasks
March	<p><b>- Audit Reports</b></p> <ul style="list-style-type: none"> <li>▶ Complete preliminary drafts of financial statements</li> <li>▶ Prepare other reports as required</li> <li>▶ Provide drafts of reports to District Management for review</li> <li>▶ Provide revised final drafts of all required reports to the District for approval</li> </ul>
April	<p><b>- Final Audit Reports and Financial Statements delivered</b></p>

**Estimated Hours by Audit Phase**

Position	Planning	Interim Fieldwork	Year End Fieldwork	Reporting	Total
Partner	4	10	7	2	23
Audit Senior	6	21	23	3	53
Professional Audit Staff	-	33	31	4	68
Administrative Assistant	2	3	-	2	7
Total	12	67	61	11	151

**Comprehensive  
Cost Bid**

**Schedule of Professional Fee**

Service	2021 Hours	2021
Financial Statements Audit	151	\$ 13,475

Position	Hours	Quoted Hourly Rates	Quoted Fee
Partner	23	\$ 150	\$ 3,450
Audit Senior	53	85	4,505
Professional Audit Staff	68	75	5,100
Administrative Assistant	7	60	420
<b>Total</b>	<b>151</b>		<b>\$ 13,475</b>

**Manner of Payment:**

Each Engagement Team member maintains detailed time sheets describing work performed, date of work, and amount of time spent on each task for the Engagement. The Firm will bill the District after completion of each phase of the audit and bill the District up to a maximum of 90%. The remaining 10% of the proposal amount will not be due until all final reports are delivered and accepted by the District. The District can anticipate three billings as follows:

Work Performed	% of Proposal Amount
For interim work	45%
For year-end work	45%
At presentation and acceptance of final reports	10%
<b>Total</b>	<b>100%</b>

**Rates for Additional Professional Services:**

Any services outside the scope of our engagement will be promptly identified before the services are rendered. Upon mutual agreement, the out-of-scope services will be separately billed at our standard hourly rates. While it can be difficult to simply state hourly rates, as often times the needs of the client and the specific tasks directly impact the billing rates for our services, we want to provide the following information regarding our published billing rates:

Position	Hourly Rate
Partner	\$ 200
EQR	200
Manager	150
Senior	125
Staff	100
Admin.	75

**Our Standard Hourly Rates are adjusted annually by 3% for Cost of Living and Inflation Adjustments**



## **4. Unfinished Business**

### **a. Dredge Permit Update**

***Public Comment?***



## **5. Communications and Reports**

### **a. CEO/Harbormaster Report**

Bellingham Marine has arrived to begin repairs to the spalling concrete on the docks. They will also be adjusting the docks and whalers and training our maintenance crew in the adjustments as well. The project should take 4-6 weeks.

Marinesync is tentatively scheduled to arrive and install the electrical metering systems on Monday 2/21. Install should take 1 week. My suggestion is that we use the month of March to work out bugs and verify that the meters are properly feeding into our marina management system and begin the billing cycle on April 1<sup>st</sup>. The first power bills would then be received by slip renters on May 1<sup>st</sup> for power used during the month of April.

The herring run is just around the corner and the sea lions have begun to crowd the docks and parking lots in force. In conjunction with the marine mammal center we will be putting up some more signage warning visitors of the dangers posed by 1000lb sea lions.



## 5. Communications and Reports

### a. CEO/Harbormaster Report *(continued)*

Thursday 1/27 I attended the USACE virtual open house for the San Francisco District for Dredging and Material Management. During the meeting they laid out the federal dredging schedule for 2022 as well as the funding and survey schedules. CCHD isn't due for dredging in the federal channel till 2023 or 2024. We are scheduled for a survey of the channel in late February.

Over the last two weeks I have attended 7 meetings regarding impacts and debriefs from the 1/15/22 Tsunami. While CCHD did not sustain any new damage parts of the outer harbor experienced additional degradation to already failing infrastructure. In conjunction with Santa Cruz Harbor and other harbors which sustained damage we have reached out to Congressman Panetta and Congressman Huffman to request funds from the Congressional Disaster Response budget for CA Harbor repairs.



## **5. Communications and Reports**

### **b. Harbor Commissioner Reports**

Pursuant to the Brown Act, this item allows the Commissioners to briefly discuss activities engaged in since the previous public meeting.

**Commissioner Wes White**

**Commissioner Brian Stone**

**Commissioner Gerhard Weber**

**Commissioner Harry Adams, Secretary**

**Commissioner Rick Shepherd, President**



## 6. ADJOURNMENT

*Adjournment of the Board of Harbor Commissioners will be until the next meeting scheduled for Tuesday, February 15, 2022, 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.*

