Staff Report

To: Board of Harbor Commissioners

From: Mike Rademaker, CEO/Harbormaster

Date: July 13, 2026

Subject: Superseding Recommendation Concerning Appointment of District Treasurer; Appointment of Board Secretary as District Treasurer

Background

A report from the CCHD "Committee on Legal Affairs, Policies, and Procedures" dated December 14, 2024 stated that:

"*The California Harbors and Navigation Code stipulates that a Treasurer must be appointed by the Board and must not be a member of the Board*."

This understanding substantially influenced the initial proposal to appoint the CEO/Harbormaster as District Treasurer. If a commissioner were categorically ineligible, the consolidated executive position appeared to be the next most practical internal appointment, particularly because the CEO/Harbormaster already coordinates the District's fiscal personnel, accountants, auditors, financial institutions, and financial advisors. In addition, the CEO/Harbormaster is already among the positions covered by the District's faithful-performance insurance.

Nevertheless, given the extensive responsibilities already assigned to the consolidated executive position, the CEO/Harbormaster expressed concerns to the Chair of the Board that assuming the additional statutory office of Treasurer might pose practical time challenges.

Fortunately, further review of the statutory text quoted in the 2024 committee report has revealed that there appears to be greater legal flexibility in Harbors and Navigation Code section 6071. Section 6071 requires the Board to appoint a Treasurer who serves at the pleasure of the Board, but it does not expressly say that the Treasurer must be an employee, an outside professional, or a person who is not a commissioner. Apparently, the inferred prohibition was made after considering H&N Code section 6055, which expressly requires the Board to select its President and Secretary from among the commissioners, while this requirement is absent for the Treasurer. However, there is not an express prohibition in section 6071, and some Harbor Districts have appointed Board members to the Treasurer position.

David Negus, the District's former Director of Operations, was previously appointed to serve as District Treasurer. As part of a subsequent organizational restructuring intended to streamline operations and reduce payroll expenses, the Director of Operations position was eliminated and its responsibilities were subsumed into the CEO/Harbormaster position. In implementing that restructuring, it was understood by staff that the Treasurer responsibilities would be absorbed as part of the consolidated executive position. The prior draft of Resolution 2026-14 was intended to make that understanding explicit through a formal Board appointment.

Nonetheless, after discussions between the CEO/Harbormaster and the Chair of the Board, the CEO/Harbormaster expressed concerns about whether the duties assigned to the CEO/Harbormaster are becoming excessive and unrealistic, especially given the substantial hours of service already required of the CEO/Harbormaster.

An alternative recommendation is to appoint the current Secretary of the Board as District Treasurer, so that the offices would be held by a single Secretary/Treasurer. This alternative recognizes that the duties formerly divided among the CEO/Harbormaster, Assistant Harbormaster, and Director of Operations have been consolidated into one CEO/Harbormaster position, which already carries an unusually broad portfolio of executive, operational, financial, regulatory, personnel, grant, emergency-management, and public-facing responsibilities.

Discussion

Nature of the Treasurer Office

California Harbors and Navigation Code section 6071 assigns the Treasurer legal responsibility for receiving and safely keeping District moneys, complying with laws governing the deposit and security of public funds, paying money only pursuant to duly authorized warrants, and providing written accountings of receipts, disbursements, and fund balances at least monthly. The office also carries oath and faithful-performance protection requirements.

In the District's current operating structure, however, most routine financial processing, bookkeeping, reconciliation, document preparation, banking coordination, and audit support are performed by fiscal personnel, outside consultants, financial institutions, and professional advisors. Section 6071 permits the Treasurer to appoint one or more deputies. Accordingly, the additional day-to-day workload for the appointed Treasurer can be limited and primarily oversight, review, certification, and reporting oriented.

Operational Basis for a Secretary/Treasurer Model

From an operational standpoint, combining the Board Secretary and District Treasurer functions would place the statutory Treasurer office with a Board officer who already has responsibility for official Board records, attestations, and coordination. This type of approach has been used by other California harbor districts. For example, the San Mateo County Harbor District has elected commissioners to serve as Treasurer.

This model would avoid adding another statutory office to the CEO/Harbormaster after the consolidation of three executive functions into that position. The CEO/Harbormaster and fiscal personnel would continue to prepare financial information, coordinate with professional service providers, and implement Board-approved fiscal policy, while the Treasurer would perform the oversight and reporting functions assigned by law.

Monthly Reporting

The revised structure provides some efficiency and simplicity gains, because H&N Section 6071 requires the Treasurer to submit the monthly written accounting to the District Secretary and file a copy with the Board. If the same individual serves as both Secretary and Treasurer, an internal transmittal step is avoided for efficiency, while the report is still presented to the full Board as required. Logically, the report could be prepared by fiscal staff or a Deputy Treasurer, reviewed by the Treasurer, included in the public Board packet, and affirmatively received by the full Board. Existing financial controls concerning authorization, disbursement, reconciliation, check signatures, and independent audit should remain unchanged.

Deputy Treasurer Authority and Staff Support

Section 6071 expressly permits the Treasurer to appoint one or more deputies and makes the Treasurer responsible for their acts. The resolution recognizes this authority while preserving the District's administrative chain of command. Any appointment of a District employee as Deputy Treasurer would be made in writing, in consultation with the CEO/Harbormaster, and would not authorize an individual commissioner to direct or supervise staff outside the authority specifically conferred by law and the written deputy designation. No additional compensation would be paid unless separately approved by the Board.

Faithful-Performance and Oath

Section 6071 requires the Treasurer to execute faithful-performance bond protection in an amount fixed by Board resolution and to take and file the constitutional oath of office. Government Code section 53226.3 permits a local agency to maintain insurance against losses caused by officers or employees in lieu of individual bonds when the coverage provides equivalent or greater protection. The Board previously elected that approach through Resolution No. 2026-02.

The existing CCHD policy materials identify the CEO/Harbormaster and Commissioners as scheduled covered positions and include faithful-performance coverage. Nonetheless, before the appointment becomes operative, the District should obtain a specific written coverage confirmation or endorsement naming the Secretary of the Board while acting as District Treasurer, or procure a separate Treasurer bond approved by the Board. The appointee may also need to take and file the additional oath required for the Treasurer office.

Fiscal Impact

No additional salary or stipend is proposed for the Secretary/Treasurer appointment. The District may incur a modest premium or bond expense to obtain coverage specifically applicable to the appointed Treasurer. Routine staff support would be provided within existing assignments, and any additional compensation for a Deputy Treasurer would require separate Board approval.

Conclusion

The earlier CEO/Harbormaster recommendation was logically based on the accepted premise that a commissioner could not serve as Treasurer. However, further review of Harbors and Navigation Code appears to allow greater flexibility. Furthermore, a Secretary/Treasurer model has an operational efficiency gain. Adoption of the proposed resolution will formally identify the District Treasurer according to the Board's preference, which previously has been the CEO/Harbormaster in practice, following prior consolidation of executive positions.