

AGENDA  
REGULAR MEETING  
OF THE BOARD OF HARBOR COMMISSIONERS  
MOSS LANDING HARBOR DISTRICT  
7881 Sandholdt Road  
MOSS LANDING, CA 95039  
October 28, 2015 7:00 P.M.

**A. CLOSED SESSION**

A closed session will be held immediately prior to the public open meeting, and is scheduled to begin at **5:30p.m.** The public open meeting will begin at **7:00 p.m., or as soon thereafter as the Closed Session is concluded**, and any action taken at the Closed Session will be reported out at that time.

1. Confer with real property negotiators pursuant to Government Code §54956.8 regarding Moss Landing Commercial Park. Negotiating parties: General Manager and District Counsel.
2. Confer with legal counsel and General Manager regarding two (2) matters of litigation pursuant to Government Code § 54956.9(a): 1. Catalano vs. MLHD and 2. Deyerle vs. MLH.
3. Confer with legal counsel and General Manager regarding one (1) matter of significant exposure to litigation pursuant to Government Code §54956.9(d)(2). (EE)
4. Confer with real property negotiators pursuant to Government Code §54956.8 regarding APN 413.022.003 (NH Restaurant). Negotiating parties: General Manager and District Counsel.

**B. OPEN SESSION CALL TO ORDER - PLEDGE OF ALLEGIANCE**

**Roll Call**

Russ Jeffries – President  
Tony Leonardini – Vice President  
Vince Ferrante – Secretary  
Andrew Amaral – Commissioner  
Peggy Shirrel - Commissioner

Linda G. McIntyre – General Manager  
Mike Rodriquez – District Counsel  
Tom Razzeca – Assistant General Manager  
Marie Della Maggiore – Executive Assistant

**C. PRESIDENT'S REMARKS**

The President will use this opportunity to inform the public of issues affecting the District and other items of a general nature not otherwise provided for on this agenda.

**D. PUBLIC COMMENTS**

Members of the general public may address the Board of Harbor Commissioners regarding any item that is not on the Agenda. The President may limit the total amount of time of testimony on particular issues and for each individual speaker.

**E. SPECIAL PRESENTATION OF ANNUAL AUDITED FINANCIAL STATEMENT**

1. Consider accepting the FYE June 30, 2015 Audited Financial Statement.
  - a. Staff report
  - b. Public comment
  - c. Board discussion
  - d. Board action

**SERVING COMMERCIAL FISHING AND RECREATIONAL BOATING SINCE 1947**

## **F. CONSENT CALENDAR**

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2. Approval of the September 16, 2015 Rescheduled Regular Meeting Minutes.

## **G. FINANCIAL REPORT**

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3. Financial report month ending September 30, 2015

## **H. MANAGER'S REPORTS**

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The General Manager will make oral or written presentations on the below subjects. The Board may take such action as deemed necessary. The Manager may present additional reports; however, the Board may not take action on any such item not on this Agenda.

4. Projects Status/Update
5. Community Relations; Requests/Issues
6. Summary of Permits Issued
7. Meeting Announcements
8. Assigned Liveboard Report
9. Slip Income Report
10. Incident Report

## **I. COMMITTEE REPORTS**

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11. Finance Committee – Ferrante/Leonardini
12. Elkhorn Slough Advisory Committee – Amaral/Leonardini
13. Special Districts – Jeffries/Ferrante
14. Liveboard Committee – Jeffries/ Amaral
15. Harbor Improvement Committee – Amaral/Shirrel
16. Real Property Committee I – Jeffries/Leonardini
17. Real Property Committee II – Ferrante/Shirrel
18. Meetings attended by Commissioners at District expense since the last regular meeting of the Board (AB 1234 requirements). Such reports may be oral or written.

## **J. NEW BUSINESS**

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19. ITEM – Consider proposed increase in water rates by Pajaro/Sunny Mesa Community Services District, provide staff with direction.

- a. Staff report
- b. Public comment
- c. Board discussion
- d. Board action

20. ITEM – Consider adopting Resolution No. 15-09 canceling the November and December regular meetings of the Board of Harbor Commissioners and fixing a substitute date therefor.

- a. Staff report
- b. Public comment
- c. Board discussion
- d. Board action

21. ITEM – Consider and provide direction to Staff concerning termination of the "Ground and Building Lease and Restaurant Operations Agreement-North Harbor Restaurant."

- a. Staff report
- b. Public comment
- c. Board discussion
- d. Board action

#### **K. COMMISSIONERS COMMENTS AND CONCERNS**

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Commissioners may address items of concern at this time, and may request that items be placed on future agendas in accordance with the By-laws of the Board.

#### **L. ADJOURN MEETING**

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The next Regular Meeting of the Board of Harbor Commissioners is scheduled for November 25, 2015 at the offices of the Moss Landing Harbor District, 7881 Sandholdt Road, Moss Landing, CA 95039. Individuals who require special accommodations are requested to contact the Executive Assistant to the General Manager by calling 831.633.5417 or by emailing [dellamaggiore@mosslandingharbor.dst.ca.us](mailto:dellamaggiore@mosslandingharbor.dst.ca.us) no less than 72 hours prior to the meeting or in the case of a Special Meeting, as soon as possible after the Agenda is posted. Copies of the Regular Meeting agenda will be available 72 hours prior to the meeting and may be obtained by logging onto [www.mosslandingharbor.dst.ca.us](http://www.mosslandingharbor.dst.ca.us) or by contacting the District at 831.633.5417. All meetings are noticed and conducted in accordance with the Ralph M. Brown Act.



BOARD OF COMMISSIONERS  
Russell Jeffries  
Tony Leonardini  
Vincent Ferrante  
Andrew Amaral  
Margaret "Peggy" Shirrel, Ph.D.

7881 SANDHOLDT ROAD  
MOSS LANDING, CA 95039

TELEPHONE – 831.633.2461  
FACSIMILE – 831.633.1201

GENERAL MANAGER/HARBOR MASTER  
**Linda G. McIntyre, Esq.**

ASSISTANT GM/ASSISTANT HM  
Tom Razzeca

## STAFF REPORT

### ITEM 1 - Accept Audited Financial Statement for FYE June 30, 2015 BOARD MEETING OF October 28, 2015

Typically, following review of the audited financial statements, the Board will move to accept the statements. There were no significant changes from prior audits and the District received a clean rating, the highest available.

After the Board has reviewed the final audited financial statement information to their satisfaction, staff recommends the Board accept the FYE June 30, 2015 audited financial statements.

*SERVING COMMERCIAL FISHING AND RECREATIONAL BOATING SINCE 1947*

**MOSS LANDING HARBOR DISTRICT**  
**MANAGEMENT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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# BRYANT L. JOLLEY

CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.  
Ryan Jolley C.P.A.  
Darryl Smith C.P.A.  
Travis Evenson

Board of Commissioners  
Moss Landing Harbor District  
Moss Landing, California

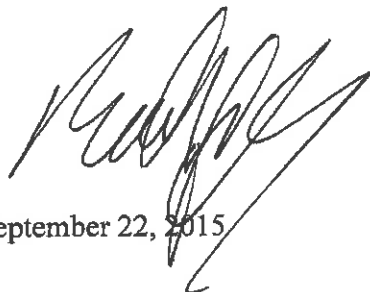
In planning and performing our audit, we considered the Moss Landing Harbor District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. 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.

We previously reported on the District's internal control in our report dated September 22, 2015. This letter does not affect our report dated September 22, 2015 on the financial statements of the Moss Landing Harbor District.

This report is intended for the use of management, the Board of Directors, and others within the organization, and it's not intended to be and should not be used by anyone other than these specified parties. We thank the District's staff for its cooperation during our audit.



September 22, 2015

Board of Commissioners  
Moss Landing Harbor District  
Moss Landing, California

We have audited the financial statements of the Moss Landing Harbor District (District) for the year ended June 30, 2015, and have issued our report thereon dated September 22, 2015. Professional standards require that we provide you with the following information related to our audit.

## Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles of the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal controls of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide assurance concerning such internal control.

## Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

## Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in the notes to the financial statements.

We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance and consensus.



### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates affecting the financial statements.

### Corrected and Uncorrected Misstatements

For purposes of this letter, professional standards define significant audit adjustments as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the District's financial reporting process (that is, cause future financial statements to be materially misstated). We did not identify any significant audit adjustments.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

### Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. Our professional standards require a consulting accountant to check with us if a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements. This is to ensure that the consultant has all of the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

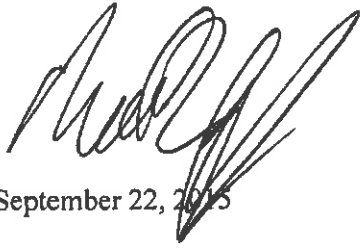
### Management Representations

We have requested certain representations from management that are included in the management representation letter.

#### Other Audit Findings and Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This report is intended for the use of management, the Board of Directors, and others within the organization, and it's not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to be 'M. P. J.', is written over the date.

September 22, 2015

**MOSS LANDING HARBOR DISTRICT**

**INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS  
JUNE 30, 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Moss Landing Harbor District  
Moss Landing, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Moss Landing Harbor District (District), which comprise the statements of net position as of June 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. 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, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Moss Landing Harbor District as of June 30, 2015 and 2014, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 6 be presented to supplement the basic financial statements. Such 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. 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.

### **Other Information**

The basic financial statements include summarized prior year comparative information. Such prior year information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's basic financial statements for the year ended June 30, 2014, from which such summarized information was derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2015 on our consideration of the Moss Landing 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 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 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 the District's internal control over financial reporting and compliance.



September 22, 2015

**MOSS LANDING HARBOR DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015 AND 2014**

Our discussion and analysis of the Moss Landing Harbor District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal years ended June 30, 2015 and 2014. Please read this in conjunction with the District's basic financial statements.

**Financial Highlights**

The District's financial statements are presented in accordance with the requirements of Governmental Accounting Standards Board Statement #34 (GASB 34). The underlying concept is that the financial statements are based on the governmental entity's assets, the liabilities related to those assets and the changes from year-to-year in those assets. The year-to-year changes result from net income, or loss, and contributions from outside sources (such as federal and state funding).

Operating revenues of were \$3,158,567 in 2015, \$2,797,728 in 2014 and \$2,700,904 in 2013. Operating revenues were above budget by \$331,523, or 11.7%, in 2015. Berthing income and related revenues increased by \$360,839, or 12.90%, in 2015, due primarily to an increase occupancy for assigned berths, and an increase in temporary berthing. Berthing and related revenues were above budget by \$153,744 or 8.24%. Rent, concessions and other income increased by \$76,188, or 8.93%, over the prior year. An increase in percentage rents, combined with greater triple net income contributed to the increase in rent income. Rent, concessions and other income were over budget by \$28,252, or 3.31%.

The District's property tax revenues increased by \$2,714. Grant revenues increased by \$318,098, due to an increase in proceeds, and the final amounts to be received, from the Federal Emergency Management Agency (FEMA) which was in response to damage incurred from the tsunami in March 2011.

Operating expenses (before depreciation) were \$1,840,125 in 2015, \$1,620,836 in 2014, and \$2,678,959 in 2013. The current year costs were higher than the prior year by \$219,289, or 13.52%, and below budget by \$114,167 or 5.94%. The increase in expenses as compared to the prior year was due to an election in 2015, which cost the District \$161,865. The District maintains a practice of budgeting annually for dredge expenses, acknowledging that dredge episodes are periodic and may only be incurred every three to five years.

**Using This Annual Report**

This annual report consists of management's discussion and analysis, the basic financial statements and notes to financial statements. Management's discussion and analysis provides a narrative of the District's financial performance and activities for the year ended June 30, 2015. The basic financial statements provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

**Statement of financial position** – presents information on all of the District's assets and liabilities, with the difference between the two reported as fund equity. Over time, increases or decreases in fund retained earnings may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**Statement of revenues, expenses and changes in retained earnings** – presents information showing how the District's retained earnings changed during the fiscal year. All changes in retained earnings are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.

**Statement of cash flows** – presents information showing how the District's cash changed during the year. It shows the sources and uses of cash and cash equivalents.

## Financial Analysis of the District as a Whole

Fund equity invested in capital assets represent the District's long-term investment in capital assets, net of accumulated depreciation and related debt, and are not available for current operations.

A summary of fund equity for years ended June 30, are presented below.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 6,074,144	\$ 4,470,227	\$ 2,650,196
Non-current assets	7,389	7,389	757,389
Capital assets, net of depreciation	<u>14,821,489</u>	<u>15,651,639</u>	<u>16,350,095</u>
 Total assets	 <u>\$ 20,903,022</u>	 <u>\$ 20,129,255</u>	 <u>\$ 19,757,680</u>
 Current liabilities	 \$ 1,218,638	 \$ 1,256,551	 \$ 1,057,109
Long-term debt	<u>4,406,076</u>	<u>4,559,371</u>	<u>4,861,561</u>
 Total liabilities	 <u>\$ 5,624,714</u>	 <u>\$ 5,815,922</u>	 <u>\$ 5,918,670</u>
 Investment in capital assets, net of related debt	 \$ 10,065,588	 \$ 10,790,078	 \$ 11,198,810
Retained earnings	<u>5,212,720</u>	<u>3,523,255</u>	<u>2,640,200</u>
 Total fund equity	 <u>\$ 15,278,308</u>	 <u>\$ 14,313,333</u>	 <u>\$ 13,839,010</u>

A summary of changes in retained earnings is presented below:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Changes in retained earnings			
Operating revenues	\$ 3,158,567	\$ 2,797,728	\$ 2,700,904
Operating expenses	(1,840,125)	(1,620,836)	(2,678,959)
Depreciation	<u>(945,417)</u>	<u>(949,096)</u>	<u>(766,841)</u>
 Net operating income	 373,025	 227,796	 (744,896)
 Non-operating revenues	 771,436	 457,040	 1,537,350
Non-operating expenses - interest	<u>(179,486)</u>	<u>(210,513)</u>	<u>(209,728)</u>
 Increase in retained earnings	 <u>\$ 964,975</u>	 <u>\$ 474,323</u>	 <u>\$ 582,726</u>



## Financial Analysis of the District as a Whole (Continued)

A statement of major revenues and expenses is presented below,

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues			
Berthing	\$ 2,182,094	\$ 2,007,651	\$ 1,932,573
Rents	598,525	546,068	552,424
District property taxes	258,407	255,693	233,341
Operations, concessions and other	377,948	244,009	215,907
Grant revenues	506,041	187,942	1,290,481
Interest income	6,988	13,405	13,528
Total revenues	<u>\$ 3,930,003</u>	<u>\$ 3,254,768</u>	<u>\$ 4,238,254</u>
Expenses			
Depreciation	\$ 945,417	\$ 949,096	\$ 766,841
Personnel	711,905	715,933	693,996
Utilities	335,274	290,924	297,850
Interest	179,486	210,513	209,728
General and administrative	441,045	271,535	303,398
Repairs and maintenance	175,069	279,930	1,366,382
District	176,832	62,514	17,333
Total expenses	<u>\$ 2,965,028</u>	<u>\$ 2,780,445</u>	<u>\$ 3,655,528</u>

## Future Plans

The District continues to be certified as a California Clean Marina, a standard that it intends to maintain for the benefit of its tenants as well as to attract new tenants. The District is continuing with infrastructure improvement projects, ongoing dock refurbishing and installing sea lion deterrent fencing. The District may attempt to locate a floating dock somewhere within the harbor to attract sea lions, thus getting them off the docks. Shoreline erosion repairs slated for future years in 3 locations were escalated because of Tsunami damage in 2011. FEMA is still considering an extension within which to conduct this project and is slated to cover 75% of the projected costs while the District will contribute the remaining 25%. The permits for construction of a new restaurant at the North Harbor were approved by the County; the District obtained a waiver of impact fees from TAMC and will negotiate a reduction in impact fees from other agencies before securing the permits. If reasonable bids are received the District should break ground on the new North Harbor Restaurant building sometime during the 2015/16 fiscal year. We continue to welcome numerous permanent slipholders who had previously been in other harbors but chose Moss Landing because of its reasonable prices and overall improvements. The District entered into a refunding agreement with Umpqua Bank resulting in interest savings of some \$20,000 annually. All of these efforts should maintain revenue and attract tenants.

## Budget Highlights

The District's budget projected operating revenues of \$2,827,044. The District finished the budget year with operating revenues of \$3,158,567, which was \$331,523 or 11.17% more than budgeted.

The District's budget projected expenditures (before depreciation) of \$1,954,292. The District finished the budget year with expenditures of \$1,840,125, which was \$114,167 or 5.94% less than budgeted.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District's capital assets, net of accumulated depreciation, at June 30, 2015, 2014 and 2013, totaled \$14,008,779, \$14,008,779, and \$14,707,235, respectively, as shown below. This amount represents a net decrease, including additions and disposals, net of depreciation, of \$830,150, or 5.92% from June 30, 2014.

#### Capital Assets (Net of Depreciation)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Buildings and improvements	\$ 16,793,849	\$ 16,747,651	\$ 16,726,970
Floating docks	9,623,001	9,623,001	9,592,114
Construction in progress	319,505	257,374	73,860
Equipment	773,609	766,671	751,113
	<u>27,509,964</u>	<u>27,394,697</u>	<u>27,144,057</u>
Less depreciation	<u>14,331,335</u>	<u>13,385,918</u>	<u>12,436,822</u>
	<u>\$ 13,178,629</u>	<u>\$ 14,008,779</u>	<u>\$ 14,707,235</u>

### Debt Administration

All of the District's debt is related to the North Harbor facilities expansion. The District's debt at June 30, 2015, 2014 and 2013, totaled \$4,755,901, \$4,861,561, and \$5,151,285, respectively. This represents a decrease of \$105,660, or 2.17%, from 2014. In July 2014, the District consolidated its existing loans in to one loan with UMPQUA Bank at a lower interest rate.

### Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's accountability for the District's assets. If you have questions about this report or need additional financial information, contact Linda G. McIntyre, General Manager, Moss Landing Harbor District, 7881 Sandholdt Road, Moss Landing, CA 95039, by calling (831) 633-5417, emailing to [mcintyre@mosslandingharbor.dst.ca.us](mailto:mcintyre@mosslandingharbor.dst.ca.us) or by visiting the District's web page at [www.mosslandingharbor.dst.ca.us](http://www.mosslandingharbor.dst.ca.us).

# MOSS LANDING HARBOR DISTRICT

## STATEMENTS OF NET POSITION JUNE 30, 2015 AND 2014

	2015	2014
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 4,491,726	\$ 3,112,201
Restricted cash and cash equivalents	1,437,675	68,340
Investments	-	750,000
Accounts receivable, net	134,283	90,926
Grant receivable	-	286,344
Prepaid expenses and other current assets	10,460	162,416
Total current assets	6,074,144	4,470,227
<b>Non-current assets</b>		
Investments	7,389	7,389
Capital assets, net of allowance for depreciation	14,821,489	15,651,639
Total non-current assets	14,828,878	15,659,028
Total assets	20,903,022	20,129,255
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	70,195	117,113
Accrued wages and vacation	104,623	102,688
Accrued interest	56,478	94,902
Deposits	397,645	400,872
Current portion of long-term debt	349,825	302,190
Total current liabilities	978,766	1,017,765
<b>Non-current liabilities</b>		
Long-term debt	4,406,076	4,559,371
Total non-current liabilities	4,406,076	4,559,371
Total liabilities	5,384,842	5,577,136
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unearned berth fees and lease receipts	239,872	238,786
Total deferred inflow of resources	239,872	238,786
<b>NET POSITION</b>		
Net investment in capital assets	10,065,588	10,790,078
Restricted for public land use	431,095	68,340
Restricted for debt service	1,006,580	-
Unrestricted	3,775,045	3,454,915
Total net position	\$ 15,278,308	\$ 14,313,333

See accompanying notes

# MOSS LANDING HARBOR DISTRICT

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
<b>Operating Revenues</b>		
Berthing	\$ 2,182,094	\$ 2,007,651
Rent	598,525	546,068
Operations	227,177	106,982
Concessions and other revenues	150,771	137,027
Total operating revenues	<u>3,158,567</u>	<u>2,797,728</u>
<b>Operating Expenses</b>		
Personnel	711,905	715,933
Utilities	335,274	290,924
General and administrative	196,079	155,716
Insurance	114,425	115,819
Repairs and maintenance	175,069	279,930
Operating supplies	23,121	22,371
Bad debt	21,250	14,870
Commissioner	176,832	13,620
Miscellaneous	86,170	11,653
Depreciation	945,417	949,096
Total operating expenses	<u>2,785,542</u>	<u>2,569,932</u>
Operating income/(loss)	<u>373,025</u>	<u>227,796</u>
<b>Nonoperating Revenues/(Expenses)</b>		
Grant revenues	506,041	187,942
Property taxes	258,407	255,693
Interest income	6,988	13,405
Interest expense	(179,486)	(210,513)
Total non-operating revenues/(expenses)	<u>591,950</u>	<u>246,527</u>
<b>Change in Net Position</b>	<u>964,975</u>	<u>474,323</u>
<b>Net Position</b>		
Beginning of year	14,313,333	13,839,010
End of year	<u>\$ 15,278,308</u>	<u>\$ 14,313,333</u>

# MOSS LANDING HARBOR DISTRICT

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
<b>Operating Activities</b>		
Receipts from customers and users	\$ 3,113,069	\$ 2,886,203
Payments to suppliers for goods and services	(1,023,182)	(946,111)
Payments to employees for services	(709,970)	(715,843)
Net cash provided by operating activities	1,379,917	1,224,249
<b>Noncapital Financing Activities</b>		
Property taxes received	258,407	255,693
Net cash provided by noncapital financing activities	258,407	255,693
<b>Capital and Related Financing Activities</b>		
Acquisition of capital assets	(115,267)	(250,640)
Receipts from capital grants	792,385	51,456
Principal paid on long-term debt	(105,660)	(289,724)
Interest paid on long-term debt	(217,910)	(216,627)
Net cash provided by (used in) capital and related financing activities	353,548	(705,535)
<b>Investing Activities</b>		
Maturities of investments	750,000	250,000
Interest received	6,988	13,405
Net cash provided by investing activities	756,988	263,405
<b>Net Increase in Cash and Cash Equivalents</b>	2,748,860	1,037,812
<b>Cash and Cash Equivalents</b>		
Beginning of year	3,180,541	2,142,729
End of year	\$ 5,929,401	\$ 3,180,541
<b>Cash Flows from Operating Activities</b>		
Operating income (loss)	\$ 373,025	\$ 227,796
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	945,417	949,096
(Increase) Decrease in accounts receivable	(43,357)	(19,817)
(Increase) Decrease in prepaid expenses	151,956	(125,916)
Increase (Decrease) in accounts payable	(46,918)	84,708
Increase (Decrease) in accrued wages and vacation	1,935	90
Increase (Decrease) in customer deposits	(3,227)	84,580
Increase (Decrease) in deferred inflows	1,086	23,712
<b>Net Cash Provided by Operating Activities</b>	\$ 1,379,917	\$ 1,224,249

# **MOSS LANDING HARBOR DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015**

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### **Note 1 – Summary of Significant Accounting Policies**

#### **Reporting Entity**

The Moss Landing Harbor District (the "District") was formed in 1947 as a non-taxable government entity under the California Senate Bill 1116 to provide for harbor and port facilities. It was formed for the purpose of creating a legal entity to negotiate with various governmental agencies for the financing and construction of a small craft harbor and subsequent operation of the facility. The District is governed by an elected Board of five Commissioners. The District derives its revenues principally from fees charged to users of the harbor facilities, rent and concessions.

The accompanying financial statements include all the accounts of the District. There are no component units included in the District financial statements nor has the District been determined to be a component unit of any other entity.

#### **Basis of Accounting and Measurement Focus**

The District accounts for its operations in enterprise funds using the economic resources measurement focus and the accrual basis of accounting. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific government activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

An enterprise fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are generated by the berthing, rental, concessions and other operations of the harbor facilities. Operating expenses for the District include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

# MOSS LANDING HARBOR DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 1 – Summary of Significant Accounting Policies (Continued)

#### Financial Statement Amounts

*Cash and cash equivalents* – The District considers all highly liquid assets, which have a term of less than ninety days to maturity as cash equivalents.

*Investments* – Investments consist of certificates of deposit held at local financial institutions. Investments are stated at their original deposit amount. The investments are insured in full under FDIC and Certificates of Deposit Registry Service (CDARS) coverage.

*Accounts Receivable* – Accounts receivable are composed of amounts due from customers for berthing fees. Accounts receivable are recorded net of an allowance for doubtful accounts. The allowance is estimated from historical experience and management's analysis of individual customer balances. The allowance for doubtful accounts was \$6,052 at June 30, 2015.

*Capital Assets* – Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the assets constructed.

Capital assets in service are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	10 - 40
Buildings and improvements	10 - 40
Furniture, equipment and vehicles	3 - 20

# MOSS LANDING HARBOR DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 1 – Summary of Significant Accounting Policies (Continued)

*Compensated Absences* – The District allows employees to accumulate unused vacation leave and sick leave. Upon termination, accumulated vacation that was not taken will be paid to the employee. One-half of the employee's sick leave is paid upon termination.

Accumulated vacation leave that is expected to be paid with expendable available financial resources is recorded as an expense and liability as the benefits accrue.

*Long-Term Obligations* – Long-term debt and other obligations are reported as District liabilities. Loan fees are deferred and amortized over the life of the loan using the effective interest method.

*Deferred Inflows of Resources* – Deferred inflows of resources represents berth fees and lease payments collected before year-end which were not earned as of June 30, 2015. All deferred inflows of resources is expected to be earned within the following year.

*Net Position/Fund Equity* - The financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position - This category presents external restrictions on net position imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This category represents net position of the District not restricted for any project or other purpose.

*Property Tax Revenue* – Property tax revenue is composed of property taxes received from the County of Monterey. Property tax revenue is recognized when it is available from the County.

### Note 2 – Cash and Investments

California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposits or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all public agency deposits. Under California law this collateral remains with the institution but is held in the District's name and places the District ahead of general creditors of the institution. The District has waived collateral requirements for the portion of deposits covered by federal deposit insurance.



# MOSS LANDING HARBOR DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 2 – Cash and Investments (Continued)

Cash and Investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and cash equivalents	\$ 4,491,726
Restricted cash and cash equivalents	1,437,675
Investments	<u>7,389</u>
	<u>\$ 5,936,790</u>

Cash and Investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	5,928,901
Principal Financial Common Stock	<u>7,389</u>
Total Cash and Investments	<u>\$ 5,936,790</u>

### Investments Authorized by the District's Investment Policy

The District's Investment Policy and the California Government Code allows the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District. The following also identifies certain provisions of the District and California Government Code that address interest rate risk, credit risk, and concentration of credit risk. The District's Investment Policy authorizes the following:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Minimum Credit Quality
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
State of California Obligations	5 Years	None	None
California Local Agency Obligations	5 Years	None	None
U.S. Agency Obligations	5 Years	None	None
Bankers Acceptances	180 Days	40%	None
Commercial Paper	270 Days	25%	A-1
Negotiable Certificates of Deposit	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Medium Term Notes	5 Years	30%	A or >
Money Market Mutual Funds	N/A	20%	A
Collateralized Bank Deposits	5 Years	None	None
Time Deposits	2 Years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

# MOSS LANDING HARBOR DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 2 – Cash and Investments (Continued)

#### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution to the District's investments by maturity:

Investment Type	12 Months or less	13 to 24 Months	25 to 84 Months	Total
Common Stock	\$ 7,389	\$ -	\$ -	\$ 7,389
Total Investments	<u>\$ 7,389</u>	<u>\$ -</u>	<u>\$ -</u>	<u>7,389</u>
Cash in bank and on hand				5,929,401
Total Cash and Investments				<u>\$ 5,936,790</u>

#### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Negotiable certificates of deposit do not have a minimum credit rating.

#### Concentration of Credit Risk

At June 30, 2015, in accordance with State law and the District's Investment Policy, the District did not have 5% or more of its net investment in commercial paper, corporate bonds or medium term notes of a single organization. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

#### Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's Investment Policy limits its exposure to custodial credit risk by requiring that all security transactions entered into by the District, including collateral for repurchase agreements, be conducted on a delivery-versus-payment basis. Securities are to be held by a third party custodian.

# MOSS LANDING HARBOR DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

### Note 3 – Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
Capital assets, not being depreciated				
Land	\$ 1,642,860	\$ -	\$ -	\$ 1,642,860
Construction in progress	257,374	62,131	-	319,505
Total capital assets, not being depreciated	1,900,234	62,131	-	1,962,365
Capital assets, being depreciated				
Buildings and improvements	26,370,652	46,198	-	26,416,850
Equipment and machinery	766,671	6,938	-	773,609
Total capital assets, being depreciated	27,137,323	53,136	-	27,190,459
Less accumulated depreciation for				
Buildings and improvements	(12,653,677)	(927,545)	-	(13,581,222)
Equipment and machinery	(732,241)	(17,872)	-	(750,113)
Total accumulated depreciation	(13,385,918)	(945,417)	-	(14,331,335)
Total capital assets, being depreciated, net	13,751,405	(892,281)	-	12,859,124
Total capital assets, net	\$ 15,651,639	\$ (830,150)	\$ -	\$ 14,821,489

### Note 4 – Long-Term Debt

The District generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The District's debt issues and transactions are summarized below and discussed in detail thereafter.

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Current Portion
Department of Boating and Waterways Loan	\$ 857,886	\$ -	\$ (857,886)	\$ -	\$ -
CIEDB Installment Sale Loan	3,251,668	-	(3,251,668)	-	-
Union Bank Note Payable	441,089	-	(441,089)	-	-
Municipal Finance Corporation Lease	310,918	-	(310,918)	-	-
2014 Harbor Enterprise Revenue Refunding Loan	-	4,755,901	-	4,755,901	349,825
Total Long-term Debt	\$ 4,861,561	\$ 4,755,901	\$ (4,861,561)	\$ 4,755,901	\$ 349,825

### State of California Department of Boating and Waterways (DBAW) Loans

The District obtained loans from the State of California Department of Boating and Waterways (DBAW) with a maximum commitment of \$2,850,000 for the purpose of funding the North Harbor Expansion project. The loans are secured by assignment of the District's berthing revenues and by its authority to levy taxes. The loan was retired in fiscal year ending June 30, 2015, in correlation with the refinancing agreement of the 2014 Harbor Enterprise Revenue Refunding Loan.

# **MOSS LANDING HARBOR DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015**

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### **Note 4 – Long-Term Debt (Continued)**

#### **California Infrastructure and Economic Development Bank (CIEDB) Loan**

The District obtained an installment sale loan from California Infrastructure and Economic Development Bank with a maximum commitment of project funds totaling \$4,500,000, for the purposes of funding K-dock Renovation, North Harbor, and Elkhorn Slough Shoreline Protection Project. The loan was retired in fiscal year ending June 30, 2015, in correlation with the agreement of the 2014 Harbor Enterprise Revenue Refunding Loan.

#### **Union Bank Note Payable**

In November 2006, the District obtained an unsecured term note payable from Union Bank, formerly Santa Barbara Bank & Trust, with a maximum commitment of \$750,000. The note was retired in fiscal year ending June 30, 2015, in correlation with the refinancing agreement of the 2014 Harbor Enterprise Revenue Refunding Loan.

#### **Municipal Finance Corporation Lease**

In November 2006, the District entered into a lease agreement totaling \$500,000 from Municipal Finance Corporation, to provide additional funding for the North Harbor Expansion project. The agreement is secured by a site lease covering an undeveloped 5-acre parcel. The lease was retired in fiscal year ending June 30, 2015, in correlation with the refinancing agreement of the 2014 Harbor Enterprise Revenue Refunding Loan.

#### **2014 Harbor Enterprise Revenue Refunding Loan**

In July 2014, the District refinanced all of its outstanding debt and obtained a loan agreement from Umpqua Bank for the amount of \$4,755,901. The principal payments are made each August 1 beginning in 2015 through 2030. Interest is to be paid semi-annually on February 1 and August 1 through 2030 and has a stated interest rate of 2.85 percent. The District covenants that it shall prescribe, revise and collect such charges for the services and facilities of the harbor which shall produce revenues sufficient in each fiscal year to provide net revenues equal to at least 1.25 times debt service coming due and payable during such fiscal year. In addition, the District covenants and agrees to maintain during the term of the Loan Agreement a ratio of Funded Debt to Net Position of the District not greater than 2.0:1.0 for each fiscal year. The loan also requires that the District shall maintain a deposit relationship with Umpqua Bank in an amount not less than \$1,000,000.

#### **Deposit and Loan Covenant Requirements**

As noted above the District has pledged future revenues, net of specified operating expenses, to repay debt in the original amount of \$4,755,901. Net Revenues, defined as all revenues less all maintenance and operating costs, were equal to at least 1.25 times the Debt Service for the fiscal year endings June 30, 2015. The District is also in compliance with the deposit requirement and the funded debt limitation requirement noted above.

# MOSS LANDING HARBOR DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 4 – Long-Term Debt (Continued)

#### Debt Service Requirements

The annual requirement to amortize the principal and interest on the above long-term debt at June 30, 2015 were as follows:

Years ending June 30,	Principal	Interest	Total
2016	349,825	130,559	480,384
2017	359,358	120,453	479,811
2018	369,147	110,071	479,218
2019	379,197	99,407	478,604
2020	389,516	88,453	477,969
2021 - 2025	1,543,499	293,027	1,836,526
2026 - 2030	1,132,174	112,599	1,244,773
2031	233,185	3,323	236,508
	<u>\$ 4,755,901</u>	<u>\$ 957,892</u>	<u>\$ 5,713,793</u>

### Note 5 – Grant Revenues

Grant revenues recognized during the year ended June 30, 2015 and 2014, were comprised of grant awards received for the repair of tsunami damage. The District sustained damages as a result of the March 2011 tsunami. In July 2011, the District received an Approval of Request for Public Assistance from the Federal Emergency Management Agency (FEMA) through its state agency the California Emergency Management Agency (CalEMA). In April 2012, the District received a Notification of Obligation and Public Assistance Grant Summary from CalEMA stating that six of the District's seven project applications for damage repairs had been approved. As of the year ended June 30, 2015, the District had submitted reimbursements for \$2,248,568. As of the date of the report, the District had received all reimbursements obligated under the grant.

### Note 6 – Retirement Plans

Moss Landing Harbor District provides benefits to full time employees hired prior to January 1, 2013 through defined contribution plans. The plans cover full-time employees including those working under the collective bargaining agreements.

In July 2000, the District established a 457/401(a) define contribution plan for its non-union employees and continued the SEP-IRA for its union employees. The Plan offers each participating employee the ability to select various investment options. Employees are eligible to participate upon the completion of six months of employment. Participants are vested in the District contributions of 20% per year after the first year of service and are fully vested after five years of service.

The District makes contributions based on 11% of base salaries for union employees and 6% of base salaries for non-union employees. Also, if the non-union employees elect to contribute to the 457 plan, the District contributes up to an additional 6%.

## **MOSS LANDING HARBOR DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015**

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#### **Note 7 – Risk Management**

The District is exposed to various risks of loss to torts; theft of, damage of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District pays an annual premium for its general insurance coverage. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation, and employee health and accident insurance. There have been no significant reductions in insurance coverage in the current year.

#### **Note 8 – Subsequent Events**

The District evaluated subsequent events for recognition and disclosure through September 22, 2015, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2015 that required recognition or disclosure in such financial statements.

**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  
Moss Landing Harbor District

We have audited, 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, the financial statements of the Moss Landing Harbor District (District), which comprise the statement of net position as of June 30, 2015, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 22, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Moss Landing Harbor 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.

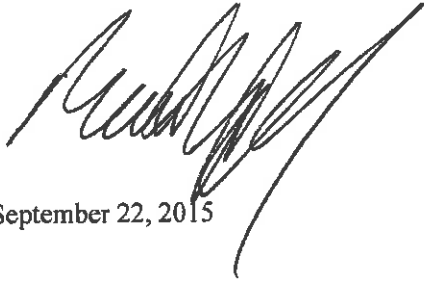
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Moss Landing Harbor 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 determination of financial statement amounts. 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to be "Randy" followed by a stylized surname, written over the date.

September 22, 2015





MINUTES  
RESCHEDULED REGULAR MEETING  
OF THE BOARD OF HARBOR COMMISSIONERS  
MOSS LANDING HARBOR DISTRICT  
7881 Sandholdt Road  
MOSS LANDING, CA 95039  
September 16, 2015 7:00 P.M.

**A. CLOSED SESSION**

The Board adjourned to closed session at 6:00 p.m. to discuss the following:

1. Confer with real property negotiators pursuant to Government Code §54956.8 regarding Moss Landing Commercial Park. Negotiating parties: General Manager and District Counsel.
2. Confer with legal counsel and General Manager regarding two (2) matters of potential litigation pursuant to Government Code § 54956.9(a): Claim of Catalano and Claim of Adventure Alley, LLC.
3. Confer with legal counsel and General Manager regarding one (1) matter of significant exposure to litigation pursuant to Government Code §54956.9(d)(2).
4. Confer with real property negotiators pursuant to Government Code §54956.8 regarding APN 413.022.003 (NH Restaurant). Negotiating parties: General Manager and District Counsel.

**B. OPEN SESSION CALL TO ORDER - PLEDGE OF ALLEGIANCE**

The meeting was called to order at 7:15 p.m. After the Pledge of Allegiance, roll was called.

Commissioners present:

Russ Jeffries – President  
Tony Leonardini – Vice President  
Vince Ferrante – Secretary  
Andrew Amaral – Commissioner  
Peggy Shirrel - Commissioner

Staff present:

Linda G. McIntyre – General Manager  
Mike Rodriquez – District Counsel  
Tom Razzeca – Assistant General Manager  
Marie Della Maggiore – Executive Assistant

**C. PRESIDENT'S REMARKS**

President Jeffries reported that the Board met in closed session; no reportable action was taken and direction was given to the General Manager and District Counsel.

President Jeffries put the regular meeting on hold and opened the annual meeting of the Moss Landing Harbor District Financial Corporation.

The Board returned to the regular meeting at 7:21 p.m.

**D. PUBLIC COMMENTS**

No public comment.

**E. CONSENT CALENDAR**

1. A motion was made by Commissioner Ferrante and seconded by Commissioner Leonardini to approve the August 26, 2015 Regular Meeting Minutes. The motion passed 3-0-2 on a roll call vote; Commissioners Jeffries, Leonardini and Ferrante voting aye; Commissioners Shirrel and Amaral abstaining.

**F. FINANCIAL REPORT**

2. GM McIntyre gave the financial report month ending August 31, 2015. She noted the following;
  - Marina Revenues are higher than budgeted by \$5k. Most of the higher than budget revenue is from South Harbor Parking.
  - Marina Expenses are lower than budgeted by \$63k. The variance is a largely due to a combination of repairs and maintenance costs, utilities, personnel, general and administrative expenses under budget by \$19k, \$21k, \$12k and \$10k. I think almost all of these expenses will be incurred later this year, but for right now they are running lower than budgeted.

**SERVING**

**COMMERCIAL FISHING AND RECREATIONAL BOATING SINCE 1947**

- Marina operations show a year to date profit of \$74k, which is higher than budgeted by \$72k.
- Lease and other operating revenue are still in line with budget.
- Lease and other operating expenses almost exactly in line with budget.
- Lease and other operations shows a year to date profit of 51k, which is just higher than budget by \$1k. It's nice to see our budgeted numbers fall so close to actual.
- Overall for the one month period combined operations show a profit of \$124k, higher than budget by \$74k.

A motion was made by Commissioner Shirrel and seconded by Commissioner Jeffries to accept the month ending August 31, 2015 financial report. The motion passed 5-0-0 on a roll call vote.

## **G. MANAGER'S REPORTS**

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3. Projects Status/Update - Written report, no additional comments.
4. Community Relations; Requests/Issues - Written report, no additional comments.
5. Summary of Permits Issued - Written report, no additional comments.
6. Meeting Announcements - Written report, no additional comments.
7. Assigned Liveaboard Report - Written report, no additional comments.
8. Slip Income Report - Written report, no additional comments.
9. Incident Report - Written report, no additional comments.

## **H. COMMITTEE REPORTS**

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10. Finance Committee – No meetings reported.
11. Elkhorn Slough Advisory Committee – No meetings reported.
12. Special Districts – Commissioner Ferrante reported that he, President Jeffries and Commissioner Leonardini attended the July 21, 2015 meeting of the Special Districts Association of Monterey County.
13. Liveaboard Committee – No meetings reported.
14. Harbor Improvement Committee – No meetings reported.
15. Real Property Committee I – No meetings reported.
16. Real Property Committee II – No meetings reported.
17. Meetings attended by Commissioners at District expense since the last regular meeting of the Board (AB 1234 requirements). No additional meetings reported.

## **I. NEW BUSINESS**

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18. ITEM – Discuss potential draft Ordinance for Charter Vessel Fee.

a. Staff report - GM McIntyre gave the staff report. She elaborated on the possible implementation options.

b. Public comment - Harbor tenant Vicki Crow commented that there are no dedicated facilities for charter vessels and said facilities are deteriorating. She wants the Board to read the State charter. Carol Jones of Kahuna Sportfishing said she thinks enough money is made from parking revenues to cover the expenses and that the only reason people come here (ML) is because of the tour boat operators. Brian Ackerman of Whisper Charters said the facilities in the harbor are not adequate and for that reason, he uses the yacht club facilities. He agrees parking revenues should be adequate to cover maintenance costs. Joe Mancini of Elkhorn Slough Safari said the proposed fee seems like a drastic hike to start with. He asked if any other avenues will be explored before imposing fees on charter vessels. Harbor tenant Jed Beck of the fishing vessel FAITH said he agrees with previous speakers and thinks some money goes to waste. He compared the facilities to other harbors that charge more. Kate Spencer of Fast Raft said Moss Landing wildlife is the best and would like to see something fair and reasonable put into a fund for facilities upgrades. Jim Davis of Blue Ocean Whale Watch asked what happened to bring this up. President Jeffries answered they are aware of the need for upgrading the facilities and future parking lot maintenance. Mr. Davis said he estimates 2,800 cars parked here annually just from his business alone and also thinks parking revenues should be sufficient. He said he would

**SERVING**

**COMMERCIAL FISHING AND RECREATIONAL BOATING SINCE 1947**

gladly pay any amount if the harbor actively advertised and brought more visitors. Austin Shenk of Elkhorn Slough Safari said an annual fee would make sense for long term facility improvement planning. John Carlo Tomei of Sanctuary Cruises said he would rather see parking increased than a tax on tour operators.

c. Board discussion - President Jeffries addressed the audience. He said this Board has been very conservative so as to keep fees down. He appreciates all the activity tour operators bring to the harbor but maintaining facilities has become more and more expensive. He said it is a goal of the Board to be able to offer better facilities. He added the GM is looking out for all tenants and visitors and that there are a lot of associated costs that can't all be put on parking. He asked that anyone wanting to do so please email comments to the GM. Mr. Davis suggested a committee involving some of the tour operators and President Jeffries said it will be considered. Commissioner Amaral asked if the permit fee of \$500 would be paid on top of the passenger rating fee; GM said yes and explained that the permit fee is to reimburse the cost of the GM and Executive Assistant's time in reviewing and responding to applications for permits as well as issuing and monitoring them. He asked if the operator is rated for 50 passengers but only takes out 25 would they still pay the 50-passenger rating. The GM replied in the affirmative. Commissioner Ferrante said the District cannot raise parking fees because we have to abide by Coastal Commission guidelines which limit parking fees. Commissioner Amaral suggested the Harbor Improvement Committee should look into the issue to which President Jeffries said no, he wanted to direct it to the GM to bring back a recommendation; that the Harbor Improvement Committee is an altogether different issue.

d. Board action - Direction given to GM to review comments and bring back recommendations to the Board at a future meeting.

19. ITEM – Discuss potential draft Ordinance for Landing Fees.

a. Staff report - GM McIntyre gave the staff report.

b. Public comment - Harbor tenant Vicki Crow said the harbor is supposed to maintain the docks and facilities for the purpose of boating and commerce without discrimination and to her that means not charging commercial fishermen more than anyone else. Roger Whitney of Roger's Bay Fresh Seafood said if we're going to charge a fee for any business conducted over the water then the boat yard and fuel dock should also pay. He said he already pays fees to Fish and Game and other agencies and now the District is trying to get into his pockets too and he's being run out of business. Harbor Tenant Jed Beck of the fishing vessel FAITH asked what purpose the fees would be used for and how is fish offloading wear and tear on the facilities. GM McIntyre suggested Mr. Faith would be a useful resource going forward.

c. Board discussion - There was discussion of some proposed intent and implementation ideas.

d. Board action - Direction was given to the GM to consider these issues and comments and bring back a recommendation to the Board at a future meeting. .

**J. COMMISSIONERS COMMENTS AND CONCERNS**

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No comments.

**K. ADJOURN MEETING**

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President Jeffries adjourned the meeting at 8:25 pm.

Respectfully submitted.

ATTEST:

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Vince Ferrante, Secretary  
Board of Harbor Commissioners

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Linda G. McIntyre, Deputy Secretary  
Board of Harbor Commissioners

**Moss Landing Harbor District**  
**Balance Sheet**  
**As of September 30, 2015**

Hi

	Sep 30, 15	Sep 30, 14	\$ Change
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Checking/Savings</b>			
1018 · Union Bank- Trust Account	329,229	180,455	148,774
1002 · Petty Cash	500	500	-
1010 · Union - M.M.	2,830,860	1,042,598	1,788,262
1009 · Union - Operating	54,837	118,384	(63,548)
1011 · Union - Payroll	62,020	18,378	43,642
1015 · 1st Capital Bank	1,539,520	1,536,444	3,076
1016 · Pinnacle Bank Interest Account	22,922	22,571	350
1020 · Umpqua - Restricted	1,006,961	1,005,057	1,904
1021 · Umpqua - CIEDB Reserved	-	3,137,188	(3,137,188)
<b>Total Checking/Savings</b>	<b>5,846,847</b>	<b>7,061,576</b>	<b>(1,214,729)</b>
<b>Accounts Receivable</b>			
<b>11290 · Leases</b>			
1282 · NNN Receivable	61,424	27,362	34,062
<b>Total 11290 · Leases</b>	<b>61,424</b>	<b>27,362</b>	<b>34,062</b>
1200 · Marina Receivables	51,906	45,431	6,475
1201 · Marina - Allow for Bad Debt	(12,427)	(12,125)	(302)
<b>Total Accounts Receivable</b>	<b>100,903</b>	<b>60,668</b>	<b>40,235</b>
<b>Other Current Assets</b>			
<b>1271 · Prepaid Expenses</b>			
1270 · Insurance	18,466	86,493	(68,027)
1280 · Other	266	743	(477)
<b>Total 1271 · Prepaid Expenses</b>	<b>18,731</b>	<b>87,235</b>	<b>(68,504)</b>
1210 · Grants Receivable	-	286,344	(286,344)
<b>Total Other Current Assets</b>	<b>18,731</b>	<b>373,580</b>	<b>(354,848)</b>
<b>Total Current Assets</b>	<b>5,966,481</b>	<b>7,495,824</b>	<b>(1,529,343)</b>
<b>Fixed Assets</b>			
1650 · Construction in Progress	319,505	257,375	62,130
1670 · Equipment	773,609	766,671	6,938
<b>1700 · Improvements</b>			
1710 · NH Buildings & Improvements	7,868,580	7,868,580	-
1720 · NH Floating Docks	524,675	524,675	-
1725 · NH Offsite Improvements	632,218	632,218	-
1730 · SH Buildings & Improvements	8,256,228	8,246,852	9,376
1740 · SH Floating Docks	9,135,149	9,098,326	36,823
<b>Total 1700 · Improvements</b>	<b>26,416,851</b>	<b>26,370,652</b>	<b>46,199</b>
1900 · Land	1,642,860	1,642,860	-
<b>1800 · Less - Depreciation</b>			
1805 · Equipment	(755,213)	(737,340)	(17,873)
1810 · NH Buildings & Improvements	(3,060,297)	(2,801,303)	(258,994)
1820 · NH Floating Docks	(477,036)	(465,056)	(11,980)

3:22 PM  
10/22/15  
Accrual Basis

**Moss Landing Harbor District**  
**Balance Sheet**  
**As of September 30, 2015**

Hi

	Sep 30, 15	Sep 30, 14	\$ Change
1825 · NH Offsite Improvements	(401,667)	(373,333)	(28,334)
1830 · SH Buildings & Improvements	(5,422,355)	(5,211,242)	(211,113)
1840 · SH Floating Docks	(4,450,765)	(4,033,642)	(417,123)
Total 1800 · Less - Depreciation	(14,567,333)	(13,621,916)	(945,417)
Total Fixed Assets	14,585,491	15,415,641	(830,150)
Other Assets			
1530 · Principal Financial CS	7,389	7,389	-
1320 · Workers Comp Deposit	200	200	-
Total Other Assets	7,589	7,589	-
TOTAL ASSETS	20,559,561	22,919,053	(2,359,492)

**Moss Landing Harbor District**  
**Balance Sheet**  
**As of September 30, 2015**

Hi

	Sep 30, 15	Sep 30, 14	\$ Change
<b>LIABILITIES &amp; EQUITY</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
<b>Accounts Payable</b>			
2010 · Accounts Payable	1,216	9,997	(8,780)
<b>Total Accounts Payable</b>	<u>1,216</u>	<u>9,997</u>	<u>(8,780)</u>
<b>Other Current Liabilities</b>			
2082 · MLCP Cost Reimb. Deposit	116,617	73,143	43,474
2020 · Accrued Salaries Payable	2,285	-	2,285
2021 · Accrued Vacation	78,788	83,226	(4,438)
2023 · Accrued Payroll Taxes	(0)	-	(0)
2030 · Customer Deposits	287,312	275,315	11,997
2080 · Prepaid Berth Fees	158,784	179,014	(20,230)
2087 · Lease Deposits	42,289	40,371	1,918
2086 · Prepaid Leases			
20861 · Duke	36,083	34,980	1,104
20862 · MBARI	15,060	14,150	910
<b>Total 2086 · Prepaid Leases</b>	<u>51,143</u>	<u>49,129</u>	<u>2,014</u>
2051 · Note Interest Payable			
2062 · Umpqua Accrued Interest	11,298	22,590	(11,292)
2055 · CIEDB Accrued Interest	-	9,888	(9,888)
<b>Total 2051 · Note Interest Payable</b>	<u>11,298</u>	<u>32,478</u>	<u>(21,180)</u>
2072 · Current Portion			
2075 · CIEDB Current Portion	-	140,429	(140,429)
<b>Total 2072 · Current Portion</b>	<u>-</u>	<u>140,429</u>	<u>(140,429)</u>
<b>Total Other Current Liabilities</b>	<u>748,516</u>	<u>873,105</u>	<u>(124,590)</u>
<b>Total Current Liabilities</b>	<u>749,732</u>	<u>883,102</u>	<u>(133,370)</u>
<b>Long Term Liabilities</b>			
2605 · Umpqua Loan	4,406,076	4,755,901	(349,825)
2600 · CIEDB LOAN	-	2,970,810	(2,970,810)
<b>Total Long Term Liabilities</b>	<u>4,406,076</u>	<u>7,726,711</u>	<u>(3,320,635)</u>
<b>Total Liabilities</b>	<u>5,155,808</u>	<u>8,609,813</u>	<u>(3,454,005)</u>
<b>Equity</b>			
3050 · Prior Year Earnings	8,822,078	7,857,104	964,974
3020 · Retained Net Assets	6,456,231	6,456,231	-
Net Income	125,445	(4,094)	129,539
<b>Total Equity</b>	<u>15,403,753</u>	<u>14,309,240</u>	<u>1,094,513</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>20,559,561</u></u>	<u><u>22,919,053</u></u>	<u><u>(2,359,492)</u></u>

**Moss Landing Harbor District**  
**Statement of Cash Flows**  
July through September 2015

Jul - Sep 15

**OPERATING ACTIVITIES**

Net Income	125,444.58
Adjustments to reconcile Net Income	
to net cash provided by operations:	
11290 · Leases:1291 · Monterey Bay Kayak	8,593.64
11290 · Leases:1299 · Pottery Planet	7,474.08
1200 · Marina Receivables	-637.96
1201 · Marina - Allow for Bad Debt	6,375.00
11290 · Leases:1282 · NNN Receivable	11,575.74
1271 · Prepaid Expenses:1270 · Insurance	-18,465.72
1271 · Prepaid Expenses:1280 · Other	-265.50
1800 · Less - Depreciation:1805 · Equipment	5,100.27
1800 · Less - Depreciation:1810 · NH Buildings & Improvements	64,748.49
1800 · Less - Depreciation:1820 · NH Floating Docks	3,009.24
1800 · Less - Depreciation:1825 · NH Offsite Improvements	7,345.74
1800 · Less - Depreciation:1830 · SH Buildings & Improvements	52,194.51
1800 · Less - Depreciation:1840 · SH Floating Docks	103,599.99
2010 · Accounts Payable	-58,718.17
2020 · Accrued Salaries Payable	-12,312.10
2021 · Accrued Vacation	-5,194.39
2023 · Accrued Payroll Taxes	-6,042.99
2030 · Customer Deposits	1,317.75
2080 · Prepaid Berth Fees	-8,683.00
2086 · Prepaid Leases:20861 · Duke	-15,165.63
2086 · Prepaid Leases:20862 · MBARI	-6,096.97
2082 · MLCP Cost Reimb. Deposit	47,254.83
2051 · Note Interest Payable:2062 · Umpqua Accrued Interest	-45,180.00

Net cash provided by Operating Activities	267,271.43
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**FINANCING ACTIVITIES**

2605 · Umpqua Loan	-349,825.00
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Net cash provided by Financing Activities	-349,825.00
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Net cash increase for period	-82,553.57
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Cash at beginning of period	5,929,401.05
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Cash at end of period	5,846,847.48
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**Moss Landing Harbor District**  
**Profit & Loss Budget vs. Actual**  
July through September 2015

	<u>Jul - Sep 15</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>4000 · MARINA REVENUES</b>				
<b>4100 · Berthing Income</b>				
4110 · Assigned Berthing	374,543	383,459	-8,916	98%
4115 · Temporary Berthing	55,259	59,858	-4,599	92%
4130 · Transient Berthing	13,061	14,499	-1,438	90%
4112 · Qtrly/Annual Discount	-1,689	-1,813	124	93%
4113 · Commercial Vessel Dscnt	-4,347	-3,750	-597	116%
4114 · Away (1 mnth) Dscnt	-435	-186	-249	234%
4120 · Liveaboard Fees	26,156	25,500	656	103%
4260 · Towing - Intra Harbor	600	249	351	241%
4270 · Pumpouts	0	201	-201	0%
4140 · Non Operable Surcharge	0	87	-87	0%
4220 · Wait List	2,350	1,749	601	134%
4282 · Recovered Lien Costs	0	250	-250	0%
4280 · Late Fees	7,950	7,500	450	106%
<b>Total 4100 · Berthing Income</b>	<u>473,448</u>	<u>487,603</u>	<u>-14,155</u>	<u>97%</u>
<b>4200 · Other Income - Operations</b>				
4301 · Cost Reimbursement	0	0	0	0%
4225 · Merchandise	298	126	172	237%
4285 · Dog Fee	425	240	185	177%
4230 · SH Parking	44,049	21,000	23,049	210%
4290 · Misc	-461	600	-1,061	-77%
<b>Total 4200 · Other Income - Operations</b>	<u>44,311</u>	<u>21,966</u>	<u>22,345</u>	<u>202%</u>
<b>Total 4000 · MARINA REVENUES</b>	<u>517,759</u>	<u>509,569</u>	<u>8,190</u>	<u>102%</u>



**Moss Landing Harbor District**  
**Profit & Loss Budget vs. Actual**  
July through September 2015

Expense	Jul - Sep 15	Budget	\$ Over Budget	% of Budget
<b>5200 · General &amp; Administrative</b>				
<b>5100 · Advertising</b>	1,325	500	825	265%
<b>5921 · Internet Billing Service</b>	470	453	17	104%
<b>5210 · Dues &amp; Subscriptions</b>	2,747	1,365	1,382	201%
<b>5220 · Office Supplies</b>				
<b>5223 · Administration</b>	569	1,212	-643	47%
<b>5225 · Operations</b>	3,020	4,017	-997	75%
<b>Total 5220 · Office Supplies</b>	3,589	5,229	-1,640	69%
<b>5230 · Postage &amp; Equip Lease</b>				
<b>5232 · Meter Lease</b>	120	141	-21	85%
<b>5235 · Postage</b>	528	372	156	142%
<b>Total 5230 · Postage &amp; Equip Lease</b>	648	513	135	126%
<b>5240 · Copier Lease &amp; Supplies</b>				
<b>5242 · Copier Lease</b>	1,150	927	223	124%
<b>5245 · Toner &amp; Supplies</b>	0	48	-48	0%
<b>Total 5240 · Copier Lease &amp; Supplies</b>	1,150	975	175	118%
<b>5250 · Telephone &amp; Communications</b>				
<b>5253 · Administration</b>	2,594	2,247	347	115%
<b>5255 · Operations</b>	324	309	15	105%
<b>Total 5250 · Telephone &amp; Communications</b>	2,918	2,556	362	114%
<b>5260 · Professional Services</b>				
<b>5269 · Payroll Processing</b>	793	762	31	104%
<b>5263 · Audit fees</b>	0	5,000	-5,000	0%
<b>5262 · Accounting</b>	9,585	11,500	-1,915	83%
<b>5265 · Legal</b>	30,470	25,002	5,468	122%
<b>5268 · Computer Consulting</b>	0	519	-519	0%
<b>Total 5260 · Professional Services</b>	40,848	42,783	-1,935	95%
<b>5270 · Licenses &amp; Permits</b>	73			
<b>5281 · Resale Merchandise</b>	1,226			
<b>5290 · Credit Card Fees</b>	2,598	2,004	594	130%
<b>Total 5200 · General &amp; Administrative</b>	57,592	56,378	1,214	102%
<b>5300 · Personnel</b>				
<b>5310 · Salaries</b>				
<b>5313 · Administration</b>	57,170	57,822	-652	99%
<b>5315 · Operations</b>	29,821	37,584	-7,763	79%
<b>5318 · Maintenance</b>	15,898	23,203	-7,305	69%
<b>Total 5310 · Salaries</b>	102,889	118,609	-15,720	87%
<b>5330 · Payroll Taxes</b>				
<b>5333 · Administration</b>	4,645	4,417	228	105%
<b>5335 · Operations</b>	2,458	3,270	-812	75%
<b>5338 · Maintenance</b>	1,429	1,747	-318	82%
<b>Total 5330 · Payroll Taxes</b>	8,532	9,434	-902	90%
<b>5340 · Employee Benefits</b>				
<b>5343 · Administration</b>	19,258	18,828	430	102%

**Moss Landing Harbor District**  
**Profit & Loss Budget vs. Actual**  
July through September 2015

	<u>Jul - Sep 15</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
5345 · Operations	10,719	10,602	117	101%
5348 · Maintenance	11,909	12,873	-964	93%
Total 5340 · Employee Benefits	41,886	42,303	-417	99%
5350 · Workers Compensation				
5353 · Administration	900	975	-75	92%
5355 · Operations	1,761	1,908	-147	92%
5358 · Maintenance	2,001	2,166	-165	92%
Total 5350 · Workers Compensation	4,662	5,049	-387	92%
5360 · Education & Training				
5363 · Administration	0	186	-186	0%
Total 5360 · Education & Training	0	186	-186	0%
Total 5300 · Personnel	157,969	175,581	-17,612	90%
5400 · Insurance				
5410 · Liability Insurance	27,974	28,749	-775	97%
Total 5400 · Insurance	27,974	28,749	-775	97%
5500 · Utilities				
5540 · Sewer	5,860	10,764	-4,904	54%
5510 · Garbage	13,007	12,813	194	102%
5520 · Gas and Electric	32,077	48,687	-16,610	66%
5530 · Water	6,416	7,944	-1,528	81%
Total 5500 · Utilities	57,360	80,208	-22,848	72%
5600 · Operating Supplies				
5610 · Vehicles	1,792	900	892	199%
5620 · Vessels	0	0	0	0%
5625 · Operations	5,026	5,349	-323	94%
Total 5600 · Operating Supplies	6,818	6,249	569	109%
5700 · Depreciation	117,999	118,125	-126	100%
5800 · Repairs & Maintenance				
5810 · Vehicles	546	648	-102	84%
5820 · Vessels	0	126	-126	0%
5830 · Equip Rental	825	2,073	-1,248	40%
5840 · Small Tools	0	1,434	-1,434	0%
5850 · Repair Materials	8,324	20,721	-12,397	40%
5860 · Outside Service Contracts	8,180	15,000	-6,820	55%
5870 · Derelict Disposal	16,580	5,000	11,580	332%
Total 5800 · Repairs & Maintenance	34,455	45,002	-10,547	77%
5900 · Financial Expenses				
5920 · Bank Service Charges	1,388			
5990 · Bad Debt	6,375	6,249	126	102%
Total 5900 · Financial Expenses	7,763	6,249	1,514	124%
Total · MARINA EXPENSES	467,930	516,541	-48,611	91%
Net Ordinary Income - Marina Operations	49,829	-6,972	56,801	-715%

**Moss Landing Harbor District**  
**Profit & Loss Budget vs. Actual**  
July through September 2015

	<u>Jul - Sep 15</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>4400 · LEASE AND OTHER INCOME</b>				
<b>4050 · Trust Lands Lease Revenue</b>				
4051 · Dynegey Outfall	15,166	15,636	-470	97%
4052 · MBARI - MARS Cable	0	0	0	0%
4053 · MBARI	6,097	6,198	-101	98%
<b>Total 4050 · Trust Lands Lease Revenue</b>	<u>21,263</u>	<u>21,834</u>	<u>-571</u>	<u>97%</u>
<b>4500 · Leases</b>				
4501 · K-Pier Lease	4,063	3,950	113	103%
<b>4502 · Cannery Building</b>				
4518 · Suite 5	5,754	5,754	0	100%
4510 · Suite 6	6,028	6,028	0	100%
4520 · Suite 9	662	1,932	-1,270	34%
4504 · Suite 3	20,371	19,809	562	103%
4511 · Suite 1 & 10	4,145	4,030	115	103%
4515 · Suite 4	19,701	19,157	544	103%
4517 · Suite 2	7,367	7,163	204	103%
4523 · Canery NNN	355	7,500	-7,145	5%
<b>Total 4502 · Cannery Building</b>	<u>64,383</u>	<u>71,373</u>	<u>-6,990</u>	<u>90%</u>
4530 · RV Lot	7,553	7,344	209	103%
4540 · Martin & Mason	0	0	0	0%
4541 · SH Spare Office	1,275	1,240	35	103%
<b>4560 · North Harbor</b>				
4562 · Sea Harvest	9,594	8,880	714	108%
4568 · Monterey Bay Kayaks	3,639	7,389	-3,750	49%
4572 · Pottery Planet	9,215	10,449	-1,234	88%
<b>Total 4560 · North Harbor</b>	<u>22,448</u>	<u>26,718</u>	<u>-4,270</u>	<u>84%</u>
<b>Total 4500 · Leases</b>	<u>99,722</u>	<u>110,625</u>	<u>-10,903</u>	<u>90%</u>
<b>4600 · District Property Taxes</b>	0	0	0	0%
<b>4700 · Other Revenues &amp; Concessions</b>				
4727 · Key Sales	1,951	750	1,201	260%
4125 · Amenity Fee	71,210	69,096	2,114	103%
<b>4710 · Vending Activities</b>				
4711 · Washer/Dryer	2,388	1,875	513	127%
<b>Total 4710 · Vending Activities</b>	<u>2,388</u>	<u>1,875</u>	<u>513</u>	<u>127%</u>
4720 · Dry Storage	14,971	10,500	4,471	143%
4725 · North Harbor Use Fee	22,282	19,997	2,285	111%
4726 · Annual Launch Fee (Sm. Water)	0	0	0	0%
4730 · NH Washdown	1,048	628	420	167%
4735 · Camp/RV	2,178	1,003	1,175	217%
4740 · Equipment Rental	660			
4751 · Permits	2,021	1,500	521	135%
4765 · Faxes, Copies & Postage	4	30	-26	13%
4770 · Surplus Auction/Sales	0	0	0	0%
<b>Total 4700 · Other Revenues &amp; Concessions</b>	<u>118,713</u>	<u>105,379</u>	<u>13,334</u>	<u>113%</u>
<b>4800 · Interest</b>				

**Moss Landing Harbor District**  
**Profit & Loss Budget vs. Actual**  
July through September 2015

	<u>Jul - Sep 15</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
4846 · Umpqua Interest	381			
4843 · First Capital Bank	776			
4841 · Union Bank Interest	5	312	-307	2%
4845 · SBB Interest	694			
<b>Total 4800 · Interest</b>	<u>1,856</u>	<u>312</u>	<u>1,544</u>	<u>595%</u>
<b>Total 4400 · LEASE AND OTHER INCOME</b>	<u>241,554</u>	<u>238,150</u>	<u>3,404</u>	<u>101%</u>
<b>7000 · LEASE AND OTHER EXPENSES</b>				
7100 · Interest Expense				
7134 · Umpqua Accrued Interest	22,592	32,415	-9,823	70%
<b>Total 7100 · Interest Expense</b>	<u>22,592</u>	<u>32,415</u>	<u>-9,823</u>	<u>70%</u>
7200 · Other Financial Expenses				
7230 · LAFO Administrative Charges	5,637	5,400	237	104%
7221 · CSDA Dues	0	0	0	0%
<b>Total 7200 · Other Financial Expenses</b>	<u>5,637</u>	<u>5,400</u>	<u>237</u>	<u>104%</u>
<b>5700 · Depreciation</b>	<u>117,999</u>	<u>118,125</u>	<u>-126</u>	<u>100%</u>
7300 · Commissioner Expenses				
7320 · Monthly Stipend	3,100	5,001	-1,901	62%
7321 · Employer Payroll Taxes	237			
7330 · Incurred Expenses	733			
<b>Total 7300 · Commissioner Expenses</b>	<u>4,070</u>	<u>5,001</u>	<u>-931</u>	<u>81%</u>
<b>Total 7000 · LEASE AND OTHER EXPENSES</b>	<u>150,298</u>	<u>160,941</u>	<u>-10,643</u>	<u>93%</u>
<b>Net Ordinary Income - Lease &amp; Other Operations</b>	<u>91,256</u>	<u>77,209</u>	<u>14,047</u>	<u>118%</u>
<b>Net Ordinary Income - Combined Operations</b>	<u>141,085</u>	<u>70,237</u>	<u>70,848</u>	<u>201%</u>
<b>Other Income/Expense</b>				
Other Expense				
9000 · CAPITAL PROJECT EXPENSES				
5880 · Dredging	9,003	10,000	-997	90%
9050 · Project Consultant	693			
9565 · Miscellaneous Capital Projects	5,945			
<b>Total 9000 · CAPITAL PROJECT EXPENSES</b>	<u>15,641</u>	<u>10,000</u>	<u>5,641</u>	<u>156%</u>
<b>Total Other Expense</b>	<u>15,641</u>	<u>10,000</u>	<u>5,641</u>	<u>156%</u>
<b>Net Other Income</b>	<u>-15,641</u>	<u>-10,000</u>	<u>-5,641</u>	<u>156%</u>
	<u><b>125,444</b></u>	<u><b>60,237</b></u>	<u><b>65,207</b></u>	<u><b>208%</b></u>

**Moss Landing Harbor District**  
**Profit & Loss YTD Comparison**  
**July through September 2015**

	<u>Jul - Sep 15</u>	<u>Jul - Sep 14</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>4000 · MARINA REVENUES</b>				
<b>4100 · Berthing Income</b>				
4110 · Assigned Berthing	374,543	390,280	-15,737	-4%
4115 · Temporary Berthing	55,259	63,360	-8,101	-13%
4130 · Transient Berthing	13,061	13,992	-931	-7%
4112 · Qtrly/Annual Discount	-1,689	-615	-1,074	-175%
4113 · Commercial Vessel Dscnt	-4,347	-3,872	-475	-12%
4114 · Away (1 mnth) Dscnt	-435	-1,098	663	60%
4120 · Liveaboard Fees	26,156	25,867	289	1%
4260 · Towing - Intra Harbor	600	450	150	33%
4270 · Pumpouts		-200	200	100%
4220 · Wait List	2,350	2,000	350	18%
4282 · Recovered Lien Costs				
4280 · Late Fees	7,950	6,647	1,303	20%
<b>Total 4100 · Berthing Income</b>	<u>473,448</u>	<u>496,811</u>	<u>-23,363</u>	<u>-5%</u>
<b>4200 · Other Income - Operations</b>				
4225 · Merchandise	298	167	131	78%
4285 · Dog Fee	425	355	70	20%
4230 · SH Parking	44,049	32,007	12,042	38%
4290 · Misc	-461	780	-1,241	-159%
<b>Total 4200 · Other Income - Operations</b>	<u>44,311</u>	<u>33,309</u>	<u>11,002</u>	<u>33%</u>
<b>4300 · Operating Grant Revenues</b>		30,000	-30,000	-100%
<b>Total 4000 · MARINA REVENUES</b>	<u>517,759</u>	<u>560,120</u>	<u>-42,361</u>	<u>-8%</u>

**Moss Landing Harbor District**  
**Profit & Loss YTD Comparison**  
**July through September 2015**

Expense	Jul - Sep 15	Jul - Sep 14	\$ Change	% Change
<b>5200 · General &amp; Administrative</b>				
5100 · Advertising	1,325	338	987	292%
5921 · Internet Billing Service	470	450	20	4%
5210 · Dues & Subscriptions	2,747	2,990	-243	-8%
5220 · Office Supplies				
5223 · Administration	569	1,035	-466	-45%
5225 · Operations	3,020	4,065	-1,045	-26%
Total 5220 · Office Supplies	3,589	5,100	-1,511	-30%
5230 · Postage & Equip Lease				
5232 · Meter Lease	120	120		
5235 · Postage	528	557	-29	-5%
Total 5230 · Postage & Equip Lease	648	677	-29	-4%
5240 · Copier Lease & Supplies				
5242 · Copier Lease	1,150	784	366	47%
Total 5240 · Copier Lease & Supplies	1,150	784	366	47%
5250 · Telephone & Communications				
5253 · Administration	2,594	2,289	305	13%
5255 · Operations	324	303	21	7%
Total 5250 · Telephone & Communications	2,918	2,592	326	13%
5260 · Professional Services				
5269 · Payroll Processing	793	715	78	11%
5262 · Accounting	9,585	9,518	67	1%
5265 · Legal	30,470	17,917	12,553	70%
Total 5260 · Professional Services	40,848	28,150	12,698	45%
5270 · Licenses & Permits	73		73	100%
5281 · Resale Merchandise	1,226		1,226	100%
5290 · Credit Card Fees	2,598	2,525	73	3%
Total 5200 · General & Administrative	57,592	43,606	13,986	32%
<b>5300 · Personnel</b>				
5310 · Salaries				
5313 · Administration	57,170	52,568	4,602	9%
5315 · Operations	29,821	35,324	-5,503	-16%
5318 · Maintenance	15,898	22,087	-6,189	-28%
Total 5310 · Salaries	102,889	109,979	-7,090	-6%
5330 · Payroll Taxes				
5333 · Administration	4,645	4,326	319	7%
5335 · Operations	2,458	2,879	-421	-15%
5338 · Maintenance	1,429	1,666	-237	-14%
Total 5330 · Payroll Taxes	8,532	8,871	-339	-4%
5340 · Employee Benefits				
5343 · Administration	19,258	15,355	3,903	25%
5345 · Operations	10,719	9,191	1,528	17%
5348 · Maintenance	11,909	11,672	237	2%
Total 5340 · Employee Benefits	41,886	36,218	5,668	16%
5350 · Workers Compensation				

**Moss Landing Harbor District**  
**Profit & Loss YTD Comparison**  
**July through September 2015**

	<u>Jul - Sep 15</u>	<u>Jul - Sep 14</u>	<u>\$ Change</u>	<u>% Change</u>
5353 · Administration	900	900		
5355 · Operations	1,761	1,761		
5358 · Maintenance	2,001	2,001		
Total 5350 · Workers Compensation	4,662	4,662		
Total 5300 · Personnel	157,969	159,730	-1,761	-1%
5400 · Insurance				
5410 · Liability Insurance	27,974	28,970	-996	-3%
Total 5400 · Insurance	27,974	28,970	-996	-3%
5500 · Utilities				
5540 · Sewer	5,860	6,157	-297	-5%
5510 · Garbage	13,007	13,135	-128	-1%
5520 · Gas and Electric	32,077	60,000	-27,923	-47%
5530 · Water	6,416	6,908	-492	-7%
Total 5500 · Utilities	57,360	86,200	-28,840	-33%
5600 · Operating Supplies				
5610 · Vehicles	1,792	2,172	-380	-17%
5625 · Operations	5,026	3,794	1,232	32%
Total 5600 · Operating Supplies	6,818	5,966	852	14%
5700 · Depreciation	117,999	117,999		
5800 · Repairs & Maintenance				
5810 · Vehicles	546	134	412	307%
5830 · Equip Rental	825	-2,316	3,141	136%
5850 · Repair Materials	8,324	8,694	-370	-4%
5860 · Outside Service Contracts	8,180	21,051	-12,871	-61%
5870 · Derelict Disposal	16,580	32	16,548	51,713%
Total 5800 · Repairs & Maintenance	34,455	27,595	6,860	25%
5900 · Financial Expenses				
5928 · Loan Issuance Costs		73,463	-73,463	-100%
5920 · Bank Service Charges	1,388	557	831	149%
5990 · Bad Debt	6,375	2,125	4,250	200%
Total 5900 · Financial Expenses	7,763	76,145	-68,382	-90%
Total · MARINA EXPENSES	467,930	546,211	-78,281	-14%
Net Ordinary Income - Marina Operations	49,829	13,909	35,920	258%

**Moss Landing Harbor District**  
**Profit & Loss YTD Comparison**  
July through September 2015

	Jul - Sep 15	Jul - Sep 14	\$ Change	% Change
<b>4400 · LEASE AND OTHER INCOME</b>				
<b>4050 · Trust Lands Lease Revenue</b>				
4051 · Dynegy Outfall	15,166	14,991	175	1%
4053 · MBARI	6,097	5,939	158	3%
<b>Total 4050 · Trust Lands Lease Revenue</b>	<b>21,263</b>	<b>20,930</b>	<b>333</b>	<b>2%</b>
<b>4500 · Leases</b>				
4501 · K-Pier Lease	4,063	3,950	113	3%
<b>4502 · Cannery Building</b>				
4518 · Suite 5	5,754		5,754	100%
4510 · Suite 6	6,028	1,954	4,074	208%
4512 · Suites 7		3,907	-3,907	-100%
4520 · Suite 9	662	1,932	-1,270	-66%
4504 · Suite 3	20,371	13,206	7,165	54%
4511 · Suite 1 & 10	4,145	4,030	115	3%
4515 · Suite 4	19,701	19,157	544	3%
4517 · Suite 2	7,367	7,163	204	3%
4523 · Canery NNN	355	470	-115	-24%
<b>Total 4502 · Cannery Building</b>	<b>64,383</b>	<b>51,819</b>	<b>12,564</b>	<b>24%</b>
4530 · RV Lot	7,553	7,344	209	3%
4541 · SH Spare Office	1,275	1,240	35	3%
<b>4560 · North Harbor</b>				
4562 · Sea Harvest	9,594	14,823	-5,229	-35%
4568 · Monterey Bay Kayaks	3,639	4,391	-752	-17%
4572 · Pottery Planet	9,215	9,636	-421	-4%
<b>Total 4560 · North Harbor</b>	<b>22,448</b>	<b>28,850</b>	<b>-6,402</b>	<b>-22%</b>
<b>Total 4500 · Leases</b>	<b>99,722</b>	<b>93,203</b>	<b>6,519</b>	<b>7%</b>
<b>4700 · Other Revenues &amp; Concessions</b>				
4727 · Key Sales	1,951		1,951	100%
4125 · Amenity Fee	71,210	65,423	5,787	9%
<b>4710 · Vending Activities</b>				
4711 · Washer/Dryer	2,388	3,065	-677	-22%
<b>Total 4710 · Vending Activities</b>	<b>2,388</b>	<b>3,065</b>	<b>-677</b>	<b>-22%</b>
4720 · Dry Storage	14,971	11,328	3,643	32%
4725 · North Harbor Use Fee	22,282	21,722	560	3%
4730 · NH Washdown	1,048	558	490	88%
4735 · Camp/RV	2,178	3,638	-1,460	-40%
4740 · Equipment Rental	660		660	100%
4751 · Permits	2,021	1,700	321	19%
4755 · Floating Docks				
4765 · Faxes, Copies & Postage	4	15	-11	-73%
<b>Total 4700 · Other Revenues &amp; Concessions</b>	<b>118,713</b>	<b>107,449</b>	<b>11,264</b>	<b>10%</b>
<b>4800 · Interest</b>				
4846 · Umpqua Interest	381	596	-215	-36%
4843 · First Capital Bank	776	774	2	0%
4841 · Union Bank Interest	5	247	-242	-98%
4845 · SBB Interest	694		694	100%



**Moss Landing Harbor District**  
**Profit & Loss YTD Comparison**  
**July through September 2015**

	Jul - Sep 15	Jul - Sep 14	\$ Change	% Change
<b>Total 4800 · Interest</b>	<u>1,856</u>	<u>1,617</u>	<u>239</u>	<u>15%</u>
<b>Total 4400 · LEASE AND OTHER INCOME</b>	<u>241,554</u>	<u>223,199</u>	<u>18,355</u>	<u>8%</u>
<b>7000 · LEASE AND OTHER EXPENSES</b>				
<b>7100 · Interest Expense</b>				
7134 · Umpqua Accrued Interest	22,592	22,590	2	
7132 · Municipal Finance		674	-674	-100%
7135 · Union Bank Interest		2,910	-2,910	-100%
7110 · DBAW Loans		6,365	-6,365	-100%
7130 · CIEDB		29,751	-29,751	-100%
<b>Total 7100 · Interest Expense</b>	<u>22,592</u>	<u>62,290</u>	<u>-39,698</u>	<u>-64%</u>
<b>7200 · Other Financial Expenses</b>				
7230 · LAFO Administrative Charges	5,637	5,303	334	6%
<b>Total 7200 · Other Financial Expenses</b>	<u>5,637</u>	<u>5,303</u>	<u>334</u>	<u>6%</u>
<b>5700 · Depreciation</b>	<u>117,999</u>	<u>117,999</u>		
<b>7300 · Commissioner Expenses</b>				
7310 · Election Costs		-150	150	100%
7320 · Monthly Stipend	3,100	1,700	1,400	82%
7321 · Employer Payroll Taxes	237		237	100%
7330 · Incurred Expenses	733	505	228	45%
<b>Total 7300 · Commissioner Expenses</b>	<u>4,070</u>	<u>2,055</u>	<u>2,015</u>	<u>98%</u>
<b>Total 7000 · LEASE AND OTHER EXPENSES</b>	<u>150,298</u>	<u>187,647</u>	<u>-37,349</u>	<u>-20%</u>
<b>Net Ordinary Income - Lease &amp; Other Operations</b>	<u>91,256</u>	<u>35,552</u>	<u>55,704</u>	<u>157%</u>
<b>Net Ordinary Income - Combined Operations</b>	<u>141,085</u>	<u>49,461</u>	<u>91,624</u>	<u>185%</u>
<b>Other Income/Expense</b>				
<b>Other Expense</b>				
<b>9000 · CAPITAL PROJECT EXPENSES</b>				
9054 · Sea Lion Deterrent Fencing		5,970	-5,970	-100%
5880 · Dredging	9,003	4,025	4,978	124%
9050 · Project Consultant	693		693	100%
9302 · Tsunami shoreline repairs		5,796	-5,796	-100%
9800 · Dock Replacement		4,500	-4,500	-100%
9309 · New NH Restaurant		27,272	-27,272	-100%
9565 · Miscellaneous Capital Projects	5,945	5,995	-50	-1%
<b>Total 9000 · CAPITAL PROJECT EXPENSES</b>	<u>15,641</u>	<u>53,558</u>	<u>-37,917</u>	<u>-71%</u>
<b>Total Other Expense</b>	<u>15,641</u>	<u>53,558</u>	<u>-37,917</u>	<u>-71%</u>
<b>Net Other Income</b>	<u>-15,641</u>	<u>-53,558</u>	<u>37,917</u>	<u>71%</u>
	<u><b>125,444</b></u>	<u><b>-4,097</b></u>	<u><b>129,541</b></u>	<u><b>3,162%</b></u>

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## Moss Landing Harbor District

### A/P Aging Summary

As of September 30, 2015

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
Airgas	71.54	0.00	0.00	0.00	0.00	71.54
AT&T	88.90	0.00	0.00	0.00	0.00	88.90
Auto Care Towing	472.50	0.00	0.00	0.00	0.00	472.50
Board of Equalization	32.00	0.00	0.00	0.00	0.00	32.00
California Association of Harbor Masters	0.00	0.00	-350.00	0.00	0.00	-350.00
Carmel Marina Corporation	1,010.54	0.00	0.00	0.00	0.00	1,010.54
Cintas	569.75	0.00	0.00	0.00	0.00	569.75
Dana Gordon	0.00	0.00	500.00	0.00	0.00	500.00
Integral Consulting, Inc.	6,000.00	3,696.00	0.00	0.00	0.00	9,696.00
Jarvis, Fay, Doporto & Gibson, LLP	13,380.00	0.00	0.00	0.00	0.00	13,380.00
Kevin Marlais	333.00	0.00	0.00	0.00	0.00	333.00
Linda G. McIntyre	0.00	-400.00	0.00	0.00	0.00	-400.00
MBS Business Systems	103.36	0.00	0.00	0.00	0.00	103.36
Monterey Regional Waste Management Dist.	988.30	0.00	0.00	0.00	0.00	988.30
MRWPCA	0.00	44.25	0.00	0.00	0.00	44.25
Pajaro/Sunny Mesa C.S.D.	2,102.56	0.00	0.00	0.00	0.00	2,102.56
PG&E	0.00	-20,000.00	0.00	0.00	0.00	-20,000.00
Premium Assignment Corporation	0.00	-10,328.12	0.00	0.00	0.00	-10,328.12
Principal Financial	0.00	-465.73	0.00	0.00	0.00	-465.73
Rabobank	325.93	0.00	0.00	0.00	0.00	325.93
Ralph Greenwood	36.00	0.00	0.00	0.00	0.00	36.00
Robert Laubach	430.50	0.00	0.00	0.00	0.00	430.50
Royal Wholesale Electric	1,959.31	0.00	0.00	0.00	0.00	1,959.31
Scroggins Marine Electronics	0.00	584.00	0.00	0.00	0.00	584.00
Sea Engineering, Inc.	161.00	0.00	0.00	0.00	0.00	161.00
Social Vocational Services, Inc.	0.00	-929.50	0.00	0.00	0.00	-929.50
Unisource Worldwide, Inc.	152.06	0.00	0.00	0.00	0.00	152.06
VALIC	3,804.36	-3,247.97	0.00	0.00	0.00	556.39
Verizon Wireless	219.63	0.00	0.00	0.00	0.00	219.63
Vision Sevice Plan	0.00	-127.88	0.00	0.00	0.00	-127.88
<b>TOTAL</b>	<b>32,241.24</b>	<b>-31,174.95</b>	<b>150.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,216.29</b>

# Moss Landing Harbor District Warrant Listing

As of September 30, 2015

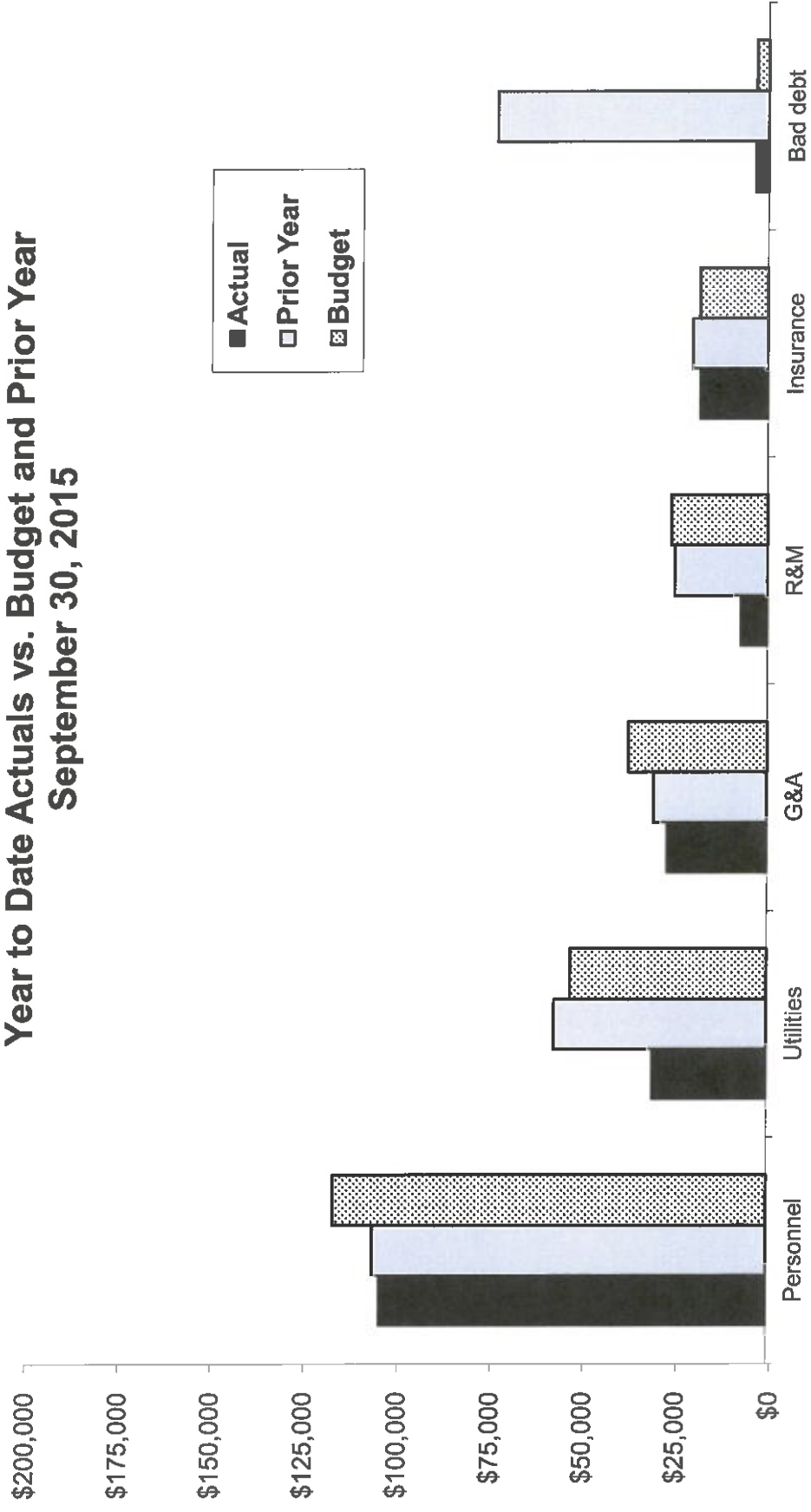
Type	Date	Num	Name	Amount
<b>1009 - Union - Operating</b>				
Bill Pmt -Check	09/10/2015	16004	Acorn Media	-196.09
Bill Pmt -Check	09/10/2015	16005	Aspen Enviornmental Group	-7,745.17
Bill Pmt -Check	09/10/2015	16006	AT&T	-97.98
Bill Pmt -Check	09/10/2015	16009	Byte Technology	-187.50
Bill Pmt -Check	09/10/2015	16010	Carmel Marina Corporation	-2,021.08
Bill Pmt -Check	09/10/2015	16011	Carrot-Top Industries, Inc.	-226.45
Bill Pmt -Check	09/10/2015	16012	Cintas	-459.37
Bill Pmt -Check	09/10/2015	16013	Interstate Battery System of SJ	-395.84
Bill Pmt -Check	09/10/2015	16014	Les Holbrook	-873.10
Bill Pmt -Check	09/10/2015	16015	Mike Signs	-230.00
Bill Pmt -Check	09/10/2015	16016	MP Express	-92.76
Bill Pmt -Check	09/10/2015	16017	Nelson Borges	-500.00
Bill Pmt -Check	09/10/2015	16018	Pajaro/Sunny Mesa C.S.D.	-2,233.22
Bill Pmt -Check	09/10/2015	16019	PG&E	-20,000.00
Bill Pmt -Check	09/10/2015	16020	Premium Assignment Corporation	-10,328.12
Bill Pmt -Check	09/10/2015	16021	Principal Financial	-465.73
Bill Pmt -Check	09/10/2015	16022	Rabobank	-258.96
Bill Pmt -Check	09/10/2015	16023	Redshift	-136.85
Bill Pmt -Check	09/10/2015	16024	Revel Enviornmental Manufacturing , Inc.	-577.34
Bill Pmt -Check	09/10/2015	16025	Royal Wholesale Electric	-244.50
Bill Pmt -Check	09/10/2015	16026	SDRMA	-2,583.39
Bill Pmt -Check	09/10/2015	16027	Social Vocational Services, Inc.	-929.50
Bill Pmt -Check	09/10/2015	16028	U.S. Bank	-370.87
Bill Pmt -Check	09/10/2015	16029	U.S. Bank Equipment Finance	-260.59
Bill Pmt -Check	09/10/2015	16030	Unisource Worldwide, Inc.	-804.06
Bill Pmt -Check	09/10/2015	16031	United Site Services of Calif., Inc.	-111.54
Bill Pmt -Check	09/10/2015	16032	VALIC	-3,517.23
Bill Pmt -Check	09/10/2015	16033	Verizon Wireless	-214.06
Bill Pmt -Check	09/10/2015	16034	Vision Sevice Plan	-127.88
Bill Pmt -Check	09/10/2015	16035	WASH	-202.08
Bill Pmt -Check	09/10/2015	16036	Carmel Marina Corporation	-640.96
Bill Pmt -Check	09/10/2015	16037	Carmel Marina Corporation	-1,281.92
Bill Pmt -Check	09/17/2015	16038	Carmel Marina Corporation	-640.96
Bill Pmt -Check	09/17/2015	16039	Rabobank	-133.94
Bill Pmt -Check	09/28/2015	16040	Airgas	-73.72
Bill Pmt -Check	09/28/2015	16041	Anacapa Fishing LLC	-1,362.00
Bill Pmt -Check	09/28/2015	16042	AT&T	-472.07
Bill Pmt -Check	09/28/2015	16043	Big Bear Bottled Water	-59.10
Bill Pmt -Check	09/28/2015	16044	Carmel Marina Corporation	-106.12
Bill Pmt -Check	09/28/2015	16045	Castroville "ACE" Hardware	-25.14
Bill Pmt -Check	09/28/2015	16046	Castroville Plumbing & Heating	-212.52
Bill Pmt -Check	09/28/2015	16047	DMV	-48.00
Bill Pmt -Check	09/28/2015	16048	Doctors on Duty	-40.00

# Moss Landing Harbor District Warrant Listing

As of September 30, 2015

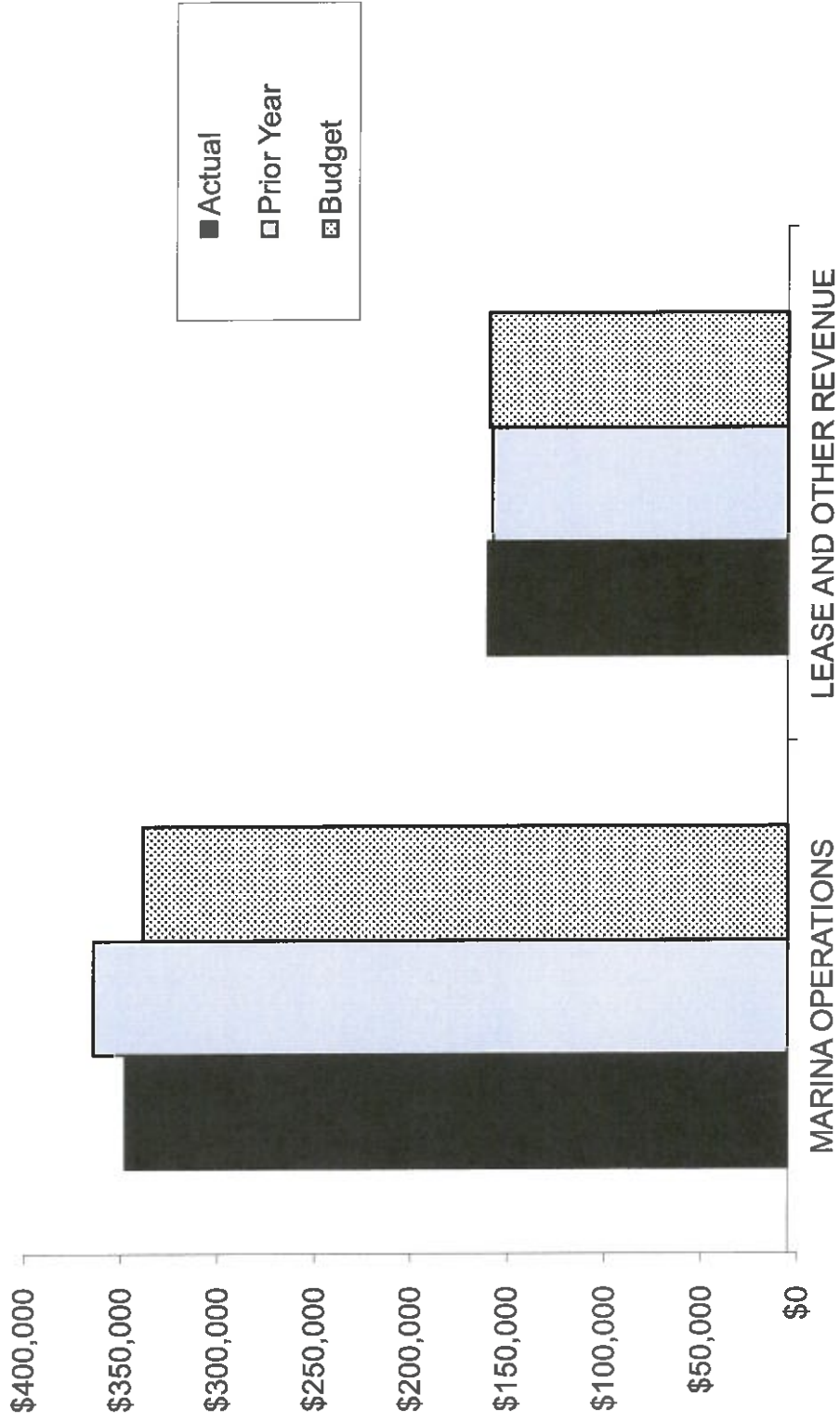
Type	Date	Num	Name	Amount
Bill Pmt -Check	09/28/2015	16049	Great American Insurance Co.	-5,000.00
Bill Pmt -Check	09/28/2015	16050	Green Line	-708.00
Bill Pmt -Check	09/28/2015	16051	Henderson Marine Supply	-607.43
Bill Pmt -Check	09/28/2015	16052	Home Depot	-975.80
Bill Pmt -Check	09/28/2015	16053	Jarvis, Fay, Doportto & Gibson, LLP	-7,780.00
Bill Pmt -Check	09/28/2015	16054	Jeffrey Musal	-333.00
Bill Pmt -Check	09/28/2015	16055	Linda G. McIntyre	-400.00
Bill Pmt -Check	09/28/2015	16056	MBS Business Systems	-264.87
Bill Pmt -Check	09/28/2015	16057	Michael McLenaghan	-500.00
Bill Pmt -Check	09/28/2015	16058	Monterey Bay Diving	-11,580.38
Bill Pmt -Check	09/28/2015	16059	Paul Berger	-25.00
Bill Pmt -Check	09/28/2015	16060	Pete Yost	-383.00
Bill Pmt -Check	09/28/2015	16061	Reserve Account	-500.00
Bill Pmt -Check	09/28/2015	16062	Secretary of State	-25.00
Bill Pmt -Check	09/28/2015	16063	Steve Brenner	-524.00
Bill Pmt -Check	09/28/2015	16064	Sunrise Express	-86.66
Bill Pmt -Check	09/28/2015	16065	The Salinas Callifornian	-912.33
Bill Pmt -Check	09/28/2015	16066	U.S. Bank	-2,381.57
Bill Pmt -Check	09/28/2015	16067	Unisource Worldwide, Inc.	-1,397.84
Bill Pmt -Check	09/28/2015	16068	United Site Services of Calif., Inc.	-120.57
Bill Pmt -Check	09/28/2015	16069	Valero Marketing and Supply Company	-389.34
Bill Pmt -Check	09/28/2015	16070	VALIC	0.00
Bill Pmt -Check	09/28/2015	16071	Anacapa Fishing LLC	-681.00
Bill Pmt -Check	09/28/2015	16072	AT&T	-179.25
Bill Pmt -Check	09/28/2015	16073	Anacapa Fishing LLC	-351.85
Bill Pmt -Check	09/28/2015	16074	VALIC	-3,775.37
Bill Pmt -Check	09/28/2015	16075	Wendy L. Cumming, CPA	-4,590.00
Total 1009 - Union - Operating				-105,959.97
<b>TOTAL</b>				<b>-105,959.97</b>

# Operating Expenses Year to Date Actuals vs. Budget and Prior Year September 30, 2015



**\*\* Expenses Exclude Dredging, Depreciation and Interest Expenses\*\***

Marina, Lease and Other Revenue  
 Year to Date Actual vs. Budget and Prior Year  
 September 30, 2015



# Moss Landing Harbor District Marina Revenue\* (Berthing) 3 Year Comparison





BOARD OF COMMISSIONERS  
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 Margaret "Peggy" Shirrel, Ph.D.

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GENERAL MANAGER  
 HARBORMASTER  
 Linda G. McIntyre, Esq

## PROJECT STATUS REPORT

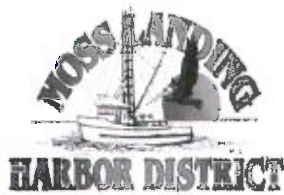
ITEM NUMBER 4

BOARD MEETING OF OCTOBER 28, 2015

WHEN	WHAT	STATUS			COMMENTS
		DONE	ON TARGET	REVISED	
During NH Restaurant	Install electrical lights around the perimeter of NH parking lot as budget permits.			X	Awaiting relocation of electrical box in conjunction with NH Restaurant project. This will be an ongoing project. We will commence obtaining new permits as appropriate.
After NH Restaurant	Postponed due to budget constraints* Repair Cannery Building unimproved parking lot Lease proposal for site is pending.				Lease proposal for this site is pending as of June 2015.
After NH Restaurant	Postponed due to budget constraints* Install hardwood in Assistant GM's, Executive Assistant's and the GM's offices			X	Postponed to next FY due to budgeting constraints.
2015 - 2017?	Improve area around B dock entrance to a park-like setting			X	Follows undergrounding of electric pole next to B Dock by PG&E.
After NH Restaurant	Postponed due to budget constraints* Magnetic Key Card system installation		X		B, C & J Docks completed; Next Docks: G & I dock @ \$3K per gate plus \$2200 if a relay is needed.
Sometime in 2015 if extension granted	Tsunami Shoreline Erosion Project			X	FEMA granted extension of completion deadline to 12.31.14; impossible to meet deadline; requested additional extension. Also renewing permits.
After NH Restaurant	Postponed due to budget constraints* NH pedestrian wharf and gangway access erosion		X		Purchased steel plate as temporary fix to erosion. Capital project to be included in a future FY budget.
Ongoing (started 2014)	Sea Lion deterrent fencing as needed. Alternative deterrent methods being employed with better success (constant Labor Ready shooing coupled with constant paintball gun use)		X		B Dock: Completed from the end tie (B178) to B165. Fingers on B131 and B137 + 6 or 7 other trouble spots on B dock. A Dock: Completed from the end tie (A100) to A98; Maintenance Dock; most of E Dock. Discovered fencing doesn't work except in limited circumstances.
Ongoing (started July 2015)	Replacement of three (3) HVAC Units SC Cannery Bldg (one unit replaced in October 2015)		X		One unit immediately in need of replacement was replaced October 2015.
After NH Restaurant	Postponed due to budget constraints* NH visitor dock replacement		X		Visitor dock at NH destroyed by sea lions – obtained replacement quote with different structural engineering (no pilings). \$450,000 estimate.

**\*NORTH HARBOR RESTAURANT HAS PRIORITY.**





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EXECUTIVE  
GENERAL MANAGER

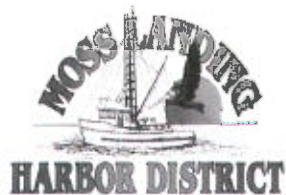
HARBORMASTER  
Linda G. McIntyre, Esq.

## STAFF REPORT

### ITEM NUMBER 5 – COMMUNITY RELATIONS REPORT BOARD MEETING OF OCTOBER 28, 2015

1. The GM and Assistant GM attended the California Association of Harbor Masters & Port Captains annual training conference and trade show during the week of October 5. There were a number of sessions that provided information pertinent to the Harbor District; for example the US Geological Survey will conduct an informal assessment of the Harbor's infrastructure, free of charge, for purposes of showing our weaknesses in the event of another Tsunami or El Nino flood event. This will enable us to prioritize our maintenance and preventive maintenance projects. Overall the conference was great.
2. Assistant GM Razzeca mounted an aggressive sea lion deterrent effort consisting of hiring Labor Ready workers to man the docks with sticks, herding sea lions into the water; then he and other staff went around the Harbor in the skiff shooting sea lions with the paintball gun. This intense and protracted activity caused almost every sea lion to leave the docks! They ended up on the jetty rocks and on MBARI's rocks by their pier. Although this was very successful while it was taking place, we are evaluating the options of keeping up this sustained effort; otherwise they will no doubt return in droves. It may take a year to "retrain" them. Staff received many accolades and expressions of appreciation; all should be directed to Assistant GM Tom Razzeca!
3. An underground water leak occurred in Pajaro Sunny Mesa's pipeline on District property near the maintenance dock and pumpout facility. It began to flood the area; PSM spent all day October 21 working on digging up the parking lot, finding the leak, repairing the pipe and covering everything back up. Traffic through the parking lot continued unabated. They are scheduled to have new asphalt installed Friday and we should be as good as new.
4. Management is pleased to announce the addition of Ronnie Troy to our maintenance staff. Ronnie is a Navy veteran with an impressive history in maintenance and some construction trades; he has hit the ground running and we encourage you to welcome Ronnie to the team if you get a chance.

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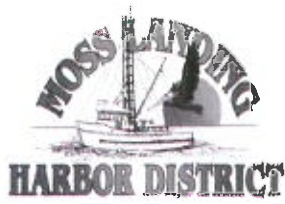
## STAFF REPORT

### ITEM NUMBER 6 – SUMMARY OF PERMITS ISSUED BOARD MEETING OF OCTOBER 28, 2015

As of October 21, 2015

<u>Permittee</u>	<u>Issue Date</u>	<u>Status</u>	<u>Permit Type</u>	<u>Exp. Date</u>
Meridian Charters - Brian Ackerman	10/15/2014	Renewing	Facilities Use	10/15/2015
Blue Water Ventures	10/31/2014	Renewing	Facilities Use	10/31/2015
Wild Fish - Vicki Crow	11/20/2014	Current	Peddlers	11/20/2015
Ray McDonnell - Crab	12/30/2014	Current	Peddlers	12/30/2015
Pacific Yachts - Chris Chrones	1/1/2015	Current	Facilities Use	01/1/2016
Elkhorn Slough Research Foundation	1/1/2015	Current	Facilities Use	1/1/2016
Blue Ocean Whale Watch	2/18/2015	Current	Facilities Use	2/18/2016
Whisper Charters	2/22/2015	Current	Facilities Use	2/22/2016
Kahuna Sportfishing	3/19/2015	Current	Facilities Use	3/19/2016
REI Outdoor School	3/26/2015	Current	Facilities Use	3/26/2016
Mtry Bay Aquarium Otter Studies	4/1/2015	Current	Facilities Use	4/1/2016
Mtry Bay Salmon & Trout Project	5/14/2015	Current	Facilities Use	5/14/2016
Venture Quest Kayaking	5/16/2015	Current	Facilities Use	5/16/2016
Kayak Connection	5/18/2015	Current	Facilities Use	5/18/2016
Sanctuary Cruises	6/6/2015	Current	Facilities Use	6/6/2016
Sea Goddess Whale Watching	6/10/2015	Current	Facilities Use	6/10/2016
Fast Raft	7/8/2015	Current	Facilities Use	7/8/2016
MLML San Jose State - R. Starr	8/16/2015	Current	Facilities Use	8/16/2016
Long Marine Lab/U.S. Geo Survey	9/1/2015	Current	Facilities Use	9/1/2016
Elkhorn Slough Safari - merchandising	10/1/2015	Current	Peddlers	10/1/2016
Elkhorn Slough Safari - tours	10/1/2015	Current	Facilities Use	10/1/2016

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## STAFF REPORT

### ITEM NUMBER 7 – MEETING ANNOUNCEMENTS BOARD MEETING OF OCTOBER 28, 2015

October 26 - 28, 2015 - Marina Recreation Association's 44th Annual Educational Conference and Trade Show. Santa Barbara, CA

Saturday, November 7, 2015 - 37th Annual Monterey Bay Salmon and Trout Project Albacore Feed Fundraiser. Castroville Recreation Center, 11621 Crane Street Castroville, CA.  
[https://mbstp.org/events\\_items/38th-annual-albacore-feedsaturday-november-7-2015/](https://mbstp.org/events_items/38th-annual-albacore-feedsaturday-november-7-2015/)

2015 Meeting Schedule Monterey Bay National Marine Sanctuary Advisory Council. For more information please contact Erin Ovalle at (831) 647-4206. <http://sanctuaries.noaa.gov>

Friday, October 23, 2015 - Cambria  
Friday, December 11, 2015 - Monterey

Monterey County Fish and Game Advisory Commission – Meetings are on the 2nd Tuesday of even months. <http://www.co.monterey.ca.us/bcandc/fishgame.html>

2015/2016 Meeting Schedule Special Districts Association of Monterey County  
(Tuesdays)

January 19, 2016  
April 19, 2016  
July 19, 2016  
October 18, 2016

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HARBORMASTER**

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**ITEM NUMBER 8 - ASSIGNED LIVEBOARD REPORT  
BOARD MEETING OF OCTOBER 28, 2015**

Pursuant to Ordinance Code §6.110 D) 1), attached is the report containing the names of all permitted liveboard vessels and all persons living aboard. The permits for these liveboards have automatically renewed through the last day of this month. As of this writing, there is one (0) revocation actions pending.

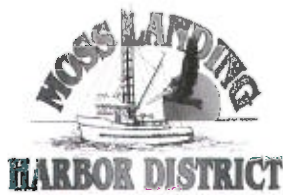
**LIVEBOARDS**

<b><u>Name</u></b>	<b><u>Vessel</u></b>
1. Avis, S.	<i>Sportfisher</i> , ON 556296
2. Anderson, Taylor	<i>Lanikai</i> CF 4134N
3. Auten, D.	<i>Serenity</i> , CF 8246 VH
4. Bohigian, D.	<i>Finesse</i> , CF 3764 ET
5. Burns, P.	<i>Tralfamadore</i> , CF 9430 GL
6. Byrnes, K.	<i>Grand Slam</i> , CF 4540 FE
7. Callahan, T.	<i>Deb on Air</i> , CF 3174 HA
8. Cayuela, R.	<i>Rachel Angelet</i> , CF 6969 UB
9. Chojnowski, G.	<i>Moon Shadow</i> , CF 2325 SZ
10. Clark, N.	<i>China Cloud</i> , ON 999772
11. Cloer, J./Ajuria M.	<i>Laurie</i> , CF 2688 EX
12. Chambers, B.	<i>Pyxis</i> , ON 984193
13. Comendant, T.	<i>Mariah</i> , CF 9747 GR
14. Crow, F.	<i>Tortuga</i> , ON 1190479
15. Degnan, P.	<i>No Name</i> , CF 8344 GT
16. Delahanty, Glen	<i>Dreamer</i> 8370 EA
17. Elwell, G.	<i>Pearl</i> , ON 557575
18. Faneuf, Clifford L.	<i>Sandpiper</i> , CF 6280 EU
19. Felicano, J.	<i>Takara</i> , CF 3767 AS
20. Graham, D.	<i>Shelter Dog</i> , ON 593068
21. Harrington, H.	<i>Isle of View</i> , ON 997142
22. Ho, R.	<i>Carolynn Ann</i> CF 5796 FG
23. Heatley, J.	<i>Darla Jean</i> , CF 2303 UN
24. Jerred, D.	<i>Westwind</i> , CF8564 GM
25. Groom D	<i>Phoenix</i> , CF 5084 GJ
26. Jones, H.	<i>Laetare</i> , CF 5495 YB
27. Jones, T.	<i>Sanity</i> , CF 5249 SC
28. Johnson, J. /LaFever M.	<i>Aztlan</i> , ON 281903

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29. Kampas,B.	<i>Tee-Time</i> CF 5670 UY
30. Knudson L./Knudson A.	<i>Spellbound</i> , ON 082155
31. Kurle L.	<i>Sweet Liberty</i> ON 105217
32. Larke, R.	<i>Rhiannon</i> , CF 8551 CA
33. Larmour J.	<i>The Mar</i> , CF 0113 UP
34. Maris, T.	<i>Nimble</i> , CF 3730 KB
35. Markley, S.	<i>Olivia</i> , CF 0322 VP.
36. Nieman J.	<i>Inia</i> , ON 1074183
37. Niswonger, R.	<i>Illusion</i> , CF 0836 TA
38. Nunes, D.	<i>Auroora</i> , ON 676686
39. Otis, T.	<i>Blue Moon</i> , CF 1886 GT
40. Phelps, B.	<i>Shadow II</i> , ON 661129
41. Phillips A/Flavin S./Flavin C .Flavin S.	<i>Odyle</i> , ON 559168
42. Power, O.	<i>La Haina</i> , CF 1275 CV
43. Raaphorst, D./Raaphorst M.	<i>Spirit</i> , ON 664971
44. Reins, D.	<i>Second Paradise</i> , ON 912484
45. Rodrigues, W.	<i>Anam Cara</i> , CF 3367 TJ
46. Rotger, M.	<i>Raven</i> , ON 241650
48. Roulet, J.	<i>Double Eagle</i> , ON 519846
49. Scagliotti, B./Powers G.	<i>Breezing Up</i> , ON 559013
50. Schuber, T.	<i>Bulldog</i> , ON 1219673
51. Stegmann, R.	<i>Wild Goose</i> , ON 589319
52. Stark, Howard	<i>Outta Here</i> , CF 8370 EA
53. Snyder, R.	<i>Jeannie B</i> , ON 261236
54. Thomas, B.	<i>Coho</i> , CF 9974 KK
55. Tufts, M.	<i>Enchantress</i> , CF 0878 SX
56. Warren, R./Malendrez R.	<i>La Wanda</i> , CF 5014 FR
57. Whaley, C/ Whaley C.	<i>Karuna</i> , ON 653218
58. Woytek, B.	<i>Menez La Vie</i> , ON 6700921
59. Wolinski, Peter	<i>Ramona</i> , ON 1114657
60. Waters Jared/ Mia	<i>No Name</i> CF 5670 GD

Total Number Vessels:	60
Total Number Persons:	68
Pending Applications:	0



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## STAFF REPORT

### ITEM NUMBER 9 - SLIP INCOME REPORT BOARD MEETING OF OCTOBER 28, 2015

Slip Rates 2015/2016 per linear foot:

Assigned: \$7.15/ft./month  
Temporary: \$11.35/ft./month  
Transient: \$1.00/ft./day

#### INCOME

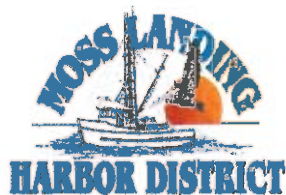
<u>September 2015</u>	<u>September 2014</u>	<u>Budget</u>
\$145,477	\$154,235	\$150,666

We are slightly lower than last year by \$3,189 and lower than budget by \$8,758.

Most of the decrease appears to be in Temporary berthing, which can fluctuate from month to month. We have been better than budget in all previous months so slip income should ultimately meet or exceed budget by the end of the FY.

In addition, there were a number of delinquencies on which we are working and some of those have been paid but won't show up until next month's report and finally, we have recently seen an influx of vessels from Santa Cruz Harbor which will show up in future months' reports.

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**HARBORMASTER**  
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## **STAFF REPORT**

### **ITEM NUMBER 10 – INCIDENT REPORT BOARD MEETING of OCTOBER 28, 2015**

9/28/15 - Staff received a report of an intoxicated male threatening a Harbor tenant with a knife on H Dock. Staff contacted MCSO; when deputies arrived they found the man aboard another vessel on H Dock and Deputies placed the man under arrest. Staff has since contacted the Monterey County District Attorney's office and requested that a Stay Away Order be issued to keep this man from returning to Moss Landing Harbor.

10/10/15 - Night staff received a report of a generator stolen from an RV in the South Harbor parking lot during the previous night. Staff reviewed video surveillance and was able to identify the make and model of the involved vehicle which was reported to the Monterey County Sheriff's Department.

10/13/15 - Staff received a report that a man had boarded another tenant's vessel and removed his clothing; the tenant was awakened by the intruder and reported the incident to the Monterey County Sheriff's department. Deputies were dispatched and upon arrival they found the suspect in the South Harbor parking lot and placed him under arrest. Staff has since contacted the Monterey County District Attorney's office and requested that a stay away order be issued to keep this man from returning to Moss Landing Harbor.

10/14/15 - Staff received a phone call requesting a welfare check of a tenant on B dock, when staff arrived at the vessel the tenant was found to be sick and unable to get out of his bed. Staff contacted emergency medical assistance and the tenant was taken to the hospital.

10/19/15 - Staff received a report of an unresponsive male aboard a fishing vessel on E dock, CPR was being performed by fellow crew members of the vessel while emergency crews were enroute. The man was taken to the hospital and from the information we have received is expected to survive.

No additional incidents as of October 22, 2015 (date of this report).

***SERVING COMMERCIAL FISHING AND RECREATIONAL BOATING SINCE 1947***





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**GENERAL MANAGER  
HARBORMASTER**

Linda G. McIntyre, Esq.

## STAFF REPORT

### ITEM NUMBER 19 – Consider Pajaro/Sunny Mesa's Proposed Water Rate Increase BOARD MEETING OF October 28, 2015

Attached is a Public Hearing Notice from Pajaro/Sunny Mesa Community Services District on a proposal to increase water rates and fees within their District.

The proposal would increase fees incrementally over a period of 5 years and total 38% after year 5. By comparison, over the past 5 years the CPI for this region has been under 3% per year; a total of less than 15% over a period of 5 years.

The Services District indicates it owns and is responsible for maintenance and repair for a number of structures, wells, pumps, pipelines and vehicles and that "pumps can fail at any time, there is a possibility of having to drill a new well or wells, tanks nearing the end of life cycle will need to be replaced."

Staff does not dispute that the Services District is responsible for such expenses but questions whether all efforts to reduce costs, practice preventive and practice deferred maintenance have been exhausted before implementing a 15% increase in year one which translates to \$3800 dollars to the Harbor District.

The Harbor District passes through the costs of its utilities and similar expenses to its slipholders. On behalf of our slipholders, staff believes some communication from the Harbor District to the Services District expressing our concerns with such a hefty rate hike is warranted.

The Board should consider the attached materials and give staff direction accordingly.

*SERVING COMMERCIAL FISHING AND RECREATIONAL BOATING SINCE 1947*



RECEIVE

SEP 22 2015

**PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT**  
**136 SAN JUAN ROAD**  
**ROYAL OAKS, CALIFORNIA 95076**  
**831-722-1389**

**PUBLIC HEARING NOTICE:**  
**PROPOSED INCREASES IN WATER RATES AND FEES**

A public hearing on a proposal to increase water rates and fees within the Pajaro/Sunny Mesa Community Services District ("District") will be held as follows:

- **Date:** Wednesday, November 4, 2015
- **Time:** 6:30 p.m.
- **Place:** Assumption Church 100 Salinas Road, Royal Oaks, CA 95076

This notice provides information concerning the proposed rate increases, the place to contact for more information and the process to be followed if you wish to protest the proposed increases.

At the public hearing, the Board of Directors of the District will consider adopting a resolution amending Ordinance No. 88-4-01 which will authorize the implementation of the proposed rate increases. The Board will only consider adoption of the Resolution after the public hearing is completed, and fewer than 50% of the affected customers protest the rate increases.

If approved by the Board of the District, the rate increases will become effective on January 1<sup>st</sup>, 2016, and will be in effect for the following five (5) fiscal years. If more than 50% of the affected customers of the District protest the increases, it will be rejected and will not go into effect.

Copies of the complete proposed Resolution and the amended Ordinance are available at the District's office located at 136 San Juan Road, Royal Oaks, and CA 95076.

The proposed increases are as follows:

Year #1	15%
Year #2	8%
Year #3	5%
Year #4	5%
Year #5	5%

*\$300/mo*  
*3600/yr*  
*38%*  
*1st yr*

The rate increases are being proposed in order to defray ongoing costs incurred by the District in providing water services to its customers including, but not limited to, the repair, maintenance and operation of such water systems as are necessary for such purposes. Also reserves need to be brought up to sustainable levels.

The Study Report: Water Rate and Capacity Fee Analysis can be viewed on our website [www.pajarosunnymesa.com](http://www.pajarosunnymesa.com) also copies are available at the District office in Pajaro.

September 17, 2015

## **PROCEDURE TO PROTEST THE PROPOSED RATE INCREASES**

Proposition 218 requires that a notification of the proposed rate increases be sent to all affected rate payers forty-five (45) days prior to the public hearing.

The Board invites all affected customers to comment on the proposed increases. Rate payers' comments must be submitted in writing, even if the commenter is attending the public hearing, by 6:30 p.m. on Wednesday, November 4<sup>th</sup>, 2015. Any rate payer subject to the proposed increases may protest the increases by filing a **written protest** with the District at or before the close of the public hearing. The written protest must include the rate payer name and signature, and the property address or Assessor Parcel Number. If you are not in opposition to the proposed water rates and fees increases, no action is required on your part.

Written comments and protests should be submitted to the Pajaro/Sunny Mesa Community Services District, Attn: General Manager, 136 San Juan Road, Royal Oaks, CA 95076.

The Board will consider all written protests against the proposed rate increases. If written protests are filed by a majority of the affected rate payers, the proposed rate increases will not be imposed. If there is no majority protest, the Board may consider and approve the proposed rate increases.

### **Attached:**

- District Fact Sheet
- Figure 10 Current vs. Proposed New Water Rates
- Figure 11 Monthly Water Bill Comparison for SFR Customers
- Capital Improvement Program Costs (in Current Year Dollars)
- Capital Improvement Program Costs (in Future-Year Dollars)

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## Fact Sheet

Pajaro/Sunny Mesa Community Services District (District) owns and operates 10 individual, non-contiguous water systems in Northern Monterey County, including Pajaro, Sunny Mesa, Vega, Moss Landing and Prunedale areas.

The District is currently faced with repair, maintenance and possible replacement of aging infrastructure to varying degrees. There are known deficiencies as well as unknown, throughout our water systems and we are committed to rectifying the known, and being prepared for the unknown and unexpected by insuring that District reserves are kept at sustainable levels.

The District owns and is responsible for maintenance and repair for:

- 16 Ground water wells
- 21 Water Storage Tanks
- 25 Booster/Pressure pumps
- 40 Miles of pipeline (approximate)
- 18 Buildings
- 7 Service Vehicles

- ❖ Pumps can fail at any given time
- ❖ There is possibility of having to drill a new well or wells
- ❖ Tanks nearing end of life cycle will need to be replaced

### Examples of Recent incurred projects:

Cost of latest well drilled in Moss Landing	250,000
Pajaro Storage Tank (addition) Grant Funded	1.77 Million

### Projected expenses and potential infrastructure failures in the near future

Arrowhead Storage Tanks replacement estimate	200,000
NORMCO Storage Tank #1 replacement estimate	300,000
Blackie Road Storage Tanks replacement estimate	200,000
Langley/Valle Pacifico Storage Tank replacement estimate	200,000
Sunny Mesa Treatment for Chromium VI (Both Wells) estimate	2 Million
Pajaro Water Treatment for Manganese (Well #1) estimate	1 Million
Springfield Water (New Well, Tank and pipelines) potential for Grant Funding	5 Million
Vega Road Water possible treatment for Chromium VI estimate	1 Million
NORMCO treatment for Copper Leaching (in progress)	100,000
Langley/Valle Pacifico Arsenic Removal Facility (in service) cost	50,000
• Ongoing maintenance and media replacement annually	15,000
Vierra Estates Iron and Manganese Removal Facility (in service) cost	120,000

# PAJARO/SUNNY MESA COMMUNITY SERVICES DISTRICT

136 SAN JUAN ROAD  
ROYAL OAKS, CALIFORNIA 95076  
831-722-1389

## Datos Informativos

Pájaro/Sunny Community Services District (el Distrito) es dueño de 10 sistemas de agua, en el norte del Condado de Monterey, incluyendo Pájaro, Sunny Mesa, Vega, Moss Landing y áreas de Prunedale.

Actualmente enfrentamos la reparación, el mantenimiento y posible remplazo de infraestructura envejecida en diversos grados. Hay deficiencias conocidas, así como desconocidas a lo largo de nuestros sistemas de agua. Estamos comprometidos a rectificar la deficiencias conocidas, al igual que estar preparados para lo desconocido e inesperado al asegurar que las reservas del distrito se mantengan en niveles sostenibles.

El Distrito posee y es responsable del mantenimiento y reparación de:

- 16 pozos de agua
- 21 Tanques de Agua
- 25 Bombas elevadoras de presión
- 40 millas de tuberías (aproximadamente)
- 18 Edificios
- 7 Vehículos de Servicio

- ❖ Las bombas pueden fallar en cualquier dado momento
- ❖ La necesidad de perforar un nuevo pozo o pozos es posible
- ❖ Tanques que se acercan a final de su ciclo de vida tendrá que ser reemplazados

### Proyectos recientemente incurridos

Costo del pozo perforado en Moss Landing recientemente	250,000
Tanque (adicional) de agua en Pájaro financiado por una beca	1.77 Millones

### Gastos proyectados y gastos de posible fracasos de infraestructura

Remplazo de tanques de agua en Arrowhead estiman	200,000
Remplazo de tanque #1 de agua en NORMCO estima	300,000
Remplazo de tanques de agua en Blackie estima	200,000
Remplazo de tanques de agua en Langley/Valle Pacifico estima	200,000
Tratamiento de Cromo VI en Sunny Mesa (2 pozos) estiman	2 Millones
Tratamiento de Agua para remover manganeso en Pajaro (Pozo # 1) estima	1 Millón
Springfield (Nuevo Pozo, Tanques y tuberías) podría ser financiado por una beca	5 Millones
Posible tratamiento en Vega para Cromo VI estima	1 Millón
Tratamiento de cobre en NORMCO (en curso)	100,000
Tratamiento de Arsénico en Langley/Valle Pacifico (en servicio) costo	50,000
• Costo del mantenimiento continuo y la sustitución de medios anualmente	15,000
Tratamiento de hierro y manganeso en Vierra Estates (en servicio) costo	120,000

Figure 10. Current vs. Proposed New Water Rates

Current vs. Proposed Rates <sup>1</sup>	Current Rates Varies by Area	Rates Based on 30% Fixed / 70% Variable				
		FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Increases in Annual Rate Revenue:		15.00%	8.00%	5.00%	5.00%	5.00%
<b>Fixed Charges - All Users (Excl. Commercial Fire)</b>						
5/8 x 3/4 inch	\$11.77 - \$23.01	\$13.48	\$14.56	\$15.29	\$16.06	\$16.86
3/4 inch	\$11.77 - \$34.51	\$13.48	\$14.56	\$15.29	\$16.06	\$16.86
1 inch	\$23.98 - \$57.52	\$24.82	\$26.80	\$28.14	\$29.55	\$31.03
1.5 inch	\$34.65 - \$115.03	\$43.70	\$47.20	\$49.56	\$52.04	\$54.64
2 inch	\$48.90 - \$184.04	\$66.37	\$71.68	\$75.26	\$79.03	\$82.98
3 inch	\$64.74 - \$345.61	\$138.14	\$149.20	\$156.66	\$164.49	\$172.71
4 inch	\$100.96 - \$507.18	\$243.92	\$263.43	\$276.60	\$290.43	\$304.95
6 inch	\$201.57 - \$668.75	\$497.02	\$536.78	\$563.62	\$591.80	\$621.39
8 inch	\$463.05 - \$830.32	\$1,063.66	\$1,148.75	\$1,206.19	\$1,266.50	\$1,329.82
<b>Volumetric Rates</b>						
<b>Current Rates</b>						
<b>Domestic Users - Tiered Rates:</b>						
0 - 5 hcf (per hcf)	\$2.39 - \$2.90	—	—	—	—	—
5+ hcf (per hcf)	\$2.49 - \$3.02	—	—	—	—	—
<b>Other Users - Uniform Commodity Charge:</b>						
Rate per hcf	\$2.78 - \$3.77	—	—	—	—	—
<b>New Volumetric Rates (Uniform/Single Tier)</b>						
<b>All Users Commodity Charge:</b>						
Rate per hcf	—	\$4.52	\$4.88	\$5.13	\$5.38	\$5.65

1. An additional PVWMA and PSMCSD Collection Fee is also charged for Pajaro, Sunny Mesa, Bayfarms & Hillcrest and Vega. This charge per hcf is composed of PVWMA charge of \$0.39/hcf and PSMCSD collection fee of \$0.10/hcf.

Note as of July 1<sup>st</sup>, 2015 the PVWA charge is \$0.44 and PSMCSD collection fee is \$0.11

hcf/100 cubic feet = 748 gallons

Figure 11. Monthly Water Bill Comparison for SFR Customer

New 30% Fixed/70% Volumetric Alternative (Uniform Volumetric Rates, 20% Conservation)											
Area	Meter Size	Current Rates			FY 15/16 15% Increase From Prev Yr <sup>b</sup>		FY 16/17 8% Increase From Prev Yr	FY 17/18 5% Increase from Prev Yr	FY 18/19 5% Increase From Prev Yr	FY 19/20 5% Increase From Prev Yr	5-Year Total % Change
		Base	Usage Rate <sup>a</sup>	Avg Bill Per Month	Avg Bill Per Month	% Change from Current	Avg Bill Per Month	Avg Bill Per Month	Avg Bill Per Month	Avg Bill Per Month	
PAJARO	5/8 - 3/4"	\$11.77	\$17.52	\$39.55	\$40.81	32.93%	\$43.85	\$46.05	\$48.35	\$50.77	66.20%
	1"	\$23.98	\$37.52	\$111.60	\$51.94	25.17%	\$56.40	\$58.90	\$61.85	\$64.94	49.04%
VEGA	5/8 - 3/4"	\$11.77	\$14.44	\$27.47	\$40.61	47.84%	\$43.36	\$46.05	\$48.35	\$50.77	76.03%
	1"	\$23.98	\$34.44	\$68.42	\$51.94	35.20%	\$56.40	\$58.90	\$61.85	\$64.94	60.98%
PRUNEDALE	5/8 - 3/4"	\$11.77	\$22.52	\$34.55	\$40.61	18.09%	\$43.36	\$46.05	\$48.35	\$50.77	40.61%
	1"	\$23.98	\$32.52	\$40.28	\$40.61	0.82%	\$43.36	\$46.05	\$48.35	\$50.77	20.05%
MOSS LANDING	5/8 X 3/4"	\$11.77	\$16.58	\$30.55	\$40.61	2.32%	\$43.36	\$46.05	\$48.35	\$50.77	21.83%
	1"	\$23.98	\$31.58	\$71.19	\$51.94	-29.67%	\$56.40	\$58.90	\$61.85	\$64.94	-18.64%

a. Assumed consumption = 6 units (hcf)

b. 15% increase is not effective until January 1, 2016.

Capital Improvement Program Costs (in Current-Year Dollars) <sup>(1)</sup>:

Project Description	2015	2016	2017	2018	2019	2020
<i>Pajaro</i>						
60 HP Well Pump 200 ft	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -
100 HP Vertical Turbine Pump	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -
<i>Sunny Mesa</i>						
<i>Vega</i>						
<i>Blackie #18</i>						
7.5 HP Well Pump (378 ft)	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ -
<i>Langley / Valle Pacifico</i>						
Langley/Valle Pacifico - Well Abandonment (2 ea.)	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -
<i>Moss Landing</i>						
<i>Springfield Water</i>						
<i>Normco</i>						
7.5 HP Well Pump (280 ft), Coker Road	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -
<i>Vierra Matterhorn</i>						
Demo Wells 1 & 2	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ -
Estimated Future Capital Expenditures (2)	\$ -	\$ 33,972	\$ 67,944	\$ 101,915	\$ 135,887	\$ 135,887
Total: Capital Improvement Program Costs (Current-Year Dollars)	\$ -	\$ 66,472	\$ 117,944	\$ 101,915	\$ 145,887	\$ 135,887

Capital Improvement Program Costs (in Future-Year Dollars) <sup>(2)</sup>:

Project Description	2015	2016	2017	2018	2019	2020
<i>Pajaro</i>						
60 HP Well Pump 200 ft	\$ -	\$ -	\$ 5,369	\$ -	\$ -	\$ -
100 HP Vertical Turbine Pump	\$ -	\$ -	\$ 26,843	\$ -	\$ -	\$ -
<i>Sunny Mesa</i>						
<i>Vega</i>						
<i>Blackie #18</i>						
7.5 HP Well Pump (378 ft)	\$ -	\$ 2,591	\$ -	\$ -	\$ -	\$ -
<i>Langley / Valle Pacifico</i>						
Langley/Valle Pacifico - Well Abandonment (2 ea.)	\$ -	\$ 20,724	\$ -	\$ -	\$ -	\$ -
<i>Moss Landing</i>						
<i>Springfield Water</i>						
<i>Normco</i>						
7.5 HP Well Pump (280 ft), Coker Road	\$ -	\$ -	\$ -	\$ -	\$ 11,529	\$ -
<i>Vierra Matterhorn</i>						
Demo Wells 1 & 2	\$ -	\$ -	\$ 21,474	\$ -	\$ -	\$ -
Estimated Future Capital Expenditures (2)	\$ -	\$ 35,202	\$ 72,952	\$ 113,389	\$ 168,658	\$ 162,329
Total: Capital Improvement Program Costs (Future-Year Dollars)	\$ -	\$ 58,516	\$ 126,637	\$ 113,389	\$ 168,187	\$ 162,329
Cumulative Total		\$ 58,516	\$ 185,153	\$ 298,542	\$ 466,729	\$ 629,059



**BOARD OF COMMISSIONERS**  
Russell Jeffries  
Tony Leonardini  
Vincent Ferrante  
Andrew Amaral  
Margaret "Peggy" Shirrel, Ph.D.

7881 SANDHOLDT ROAD  
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**GENERAL MANAGER/HARBOR MASTER**  
Linda G. McIntyre, Esq.

**ASSISTANT GM/ASSISTANT HM**  
Tom Razzeca

## STAFF REPORT

### ITEM NUMBER 20 - CANCELING NOV & DEC 2015 REGULAR MEETINGS BOARD MEETING OF OCTOBER 28, 2015

Regularly scheduled Board meetings are on the 4<sup>th</sup> Wednesday of each month. The fourth Wednesday in November falls the day before Thanksgiving Day and the fourth Wednesday in December falls on the day before Christmas Eve.

Historically the Board has canceled the regular meetings and fixed one day in early December to accomplish the November and December business of the District.

Staff proposes that the Board adopt Resolution No. 15-09 fixing the date of December 9<sup>th</sup> or 16<sup>th</sup> as a Special Meeting to accommodate the November and December regular meetings. Regardless of the date chosen for that meeting, staff recommends setting the time of the closed session of the special meeting at 2:00 p.m., and the open session at 2:30 p.m.

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## **RESOLUTION NO. 15-09**

### **A RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS OF THE MOSS LANDING HARBOR DISTRICT CANCELING THE NOVEMBER AND DECEMBER 2015 MEETINGS AND FIXING A SUBSTITUTE DATE THEREFOR**

**WHEREAS**, the Moss Landing Harbor District Board of Commissioners does not anticipate the need for the regular November 25<sup>th</sup> meeting which falls on the day before the Thanksgiving holiday, and

**WHEREAS**, the following regularly scheduled meeting of the Board is December 23, 2015, and

**WHEREAS**, the public would not be served by holding a regular meeting either the day before a 2-day holiday or the day before Christmas Eve, and

**WHEREAS**, historically the Commissioners, District Counsel and General Manager have all agreed to a rescheduled meeting sometime early in December.

**NOW THEREFORE, BE IT RESOLVED**, that the Board of Harbor Commissioners of the Moss Landing Harbor District hereby cancels the regularly scheduled meetings of November 25<sup>th</sup> and December 23<sup>rd</sup>, 2015 and fixes the date of December \_\_, 2015 as the substitute meeting date for both.

\* \* \* \* \*

#### **CERTIFICATION**

Resolution 15-09 was duly adopted by the Board of Harbor Commissioners of the Moss Landing Harbor District at a regular meeting of the Board held on the 28<sup>th</sup> day of October, 2015, a quorum present and acting throughout, by the following vote, to wit:

AYE:

NOES:

ABSENT:

ABSTAIN:

---

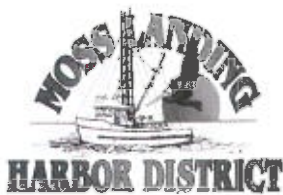
Russ Jeffries, President  
Board of Harbor Commissioners

ATTEST:

---

Linda G. McIntyre, Deputy Secretary  
Board of Harbor Commissioner





BOARD OF COMMISSIONERS  
Russ Jeffries  
Tony Leonardini  
Vincent Ferrante  
Frank Gomes, Jr.  
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EXECUTIVE  
GENERAL MANAGER

HARBORMASTER  
Linda G. McIntyre, Esq.

## STAFF REPORT

### ITEM NUMBER 21 - NORTH HARBOR RESTAURANT BOARD MEETING OF OCTOBER 28, 2015

The District invited bids for the North Harbor Restaurant project in April, 2015 with an extended bid opening date of Friday, June 12, 2015. The architect's estimate was \$4,615,395.00. One bid was received from Dilbeck & Sons, Inc. in the amount of \$4,722,245.00. The bid exceeded the architect's estimate by \$106,850.00. At its August 24, 2015 Regular meeting, the Board formally rejected the bid.

Background: In 2012 when the District entered into a 30-year lease agreement with the Deyerle Brothers for the operation of the new NH restaurant, we agreed to pay all costs associated with the design and construction of the restaurant except for interior finishes and kitchen equipment, and we agreed to pay all costs to bring all utilities to the building. At that time the Board estimated the cost of the project at \$2M, possibly as high as \$2.5M. The District intended to use cash on hand in the form of CD's and savings to pay for the restaurant without incurring additional debt. We and Deyerle anticipated a 12,000 sf building and he proposed to pay approximately \$1.00 psf plus a percentage of the gross.

Intent: The Board's intentions in expending District funds to rebuild the Harbor Inn restaurant were several including but not limited to: replace the previous restaurant, continue with the development of the North Harbor property; improve the gateway to Moss Landing and the Monterey Peninsula; generate income that will (a) help keep slip fees from rising at a faster pace and (b) for other Harbor related purposes, among others.

Changes: After hiring an architect and pursuing a development permit it came to light that the District has an existing Development Permit that would allow the construction of a 9500 sf building. In order to build a 12,000 sf building, the District would have had to pursue a Coastal permit which would delay the project indefinitely and very likely would ultimately be denied. The Board approved the development of a 9500 sf building, the tenant was informed and he agreed but said the rent would have to be adjusted accordingly. We have not negotiated the proposed change at this time.

The Board received a conceptual design of the restaurant building and the architect prepared a cost estimate.

March 2013 cost estimate: \$3.323M

April 2014 cost estimate: 4.263M

**Current cost estimate: 4.615M**

The Board was not unduly alarmed that the estimates exceeded cash on hand because we could not know the actual cost of construction until we went out to bid. If the bids came in higher than

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the District's funds, there were a number of options to consider to attempt to reduce the costs to bring it in line with revenue available for this project.

The drawings and building permit application had gone through all of the County departments required to review and comment upon it, the District incurred some additional costs for a landscape plan that should have been included but wasn't; once the landscape plan was approved by the County the building permit was ready and remains ready to issue.

Subsequently the GM was informed that the building permit will not be issued until impact fees are paid to the following agencies: Transportation Agency of Monterey County, Castroville CSD and Monterey Regional Water Pollution Control Agency in the total amount of **\$220,000.00**. This amount was not included in the cost estimate. Also not included in the cost estimate are connection fees to Pajaro Sunny Mesa CSD for water and PG & E for electricity and gas in the total amount of **\$100,000.00**. More recently the GM was informed of one more inspection fee payable to the County in the amount of approximately **\$10,000.00**, and hopefully the final surprise fee about which the GM was informed thereafter, a "special" inspection fee payable to a private inspection company for specialized inspections throughout the construction in the amount of **\$44,000.00**. Project Support fees payable to the architect outside the existing architectural services contract amount to **\$35,000.00**.

<b>\$4,722,245</b>	Bid received
<b>220,000</b>	Impact Fees
<b>100,000</b>	Connection fees
<b>89,000</b>	Inspection & Project Support fees
<b>\$5,131,245</b>	Total costs

The Harbor District has a total of only approximately \$3M for this project. Included as part of the \$3M is approximately \$500,000 in the Trust Lands account which the District would have to "borrow" with permission from the State Lands Commission and would be required to pay interest on the funds borrowed.

In order to continue with the project in its current description and based on the one bid received, the District would need to borrow approximately \$2M. Borrowing options listed below under "Efforts to Explore Financing" have been reviewed; however keep in mind that the Harbors & Navigation Code limits our conventional borrowing (i.e., borrowing from non-government agencies) to \$1M.

Repayment from rent: Base rent of \$9500 plus percentage rent of \$2600 is \$12,144 per month. With an interest rate of .25% assuming rent is paid at the rate of \$12,000 per month, it would take 21.5 years to repay \$3M and 36.5 years to repay \$5M. The depreciation schedule applicable to the building is 35 years. The building would therefore be fully depreciated and theoretically in need of replacement before the \$5M was repaid.

Because the bid came back in an amount greater than what the District is able to pay, the Board considered several alternatives to reduce costs or increase the Lessee's contribution. In an effort to reduce costs the Real Property Committee (RPC) met with TAMC regarding their \$79,000 impact fee and TAMC graciously waived the fee. The Committee has yet to meet with Castroville Community Services District (\$66,000 impact fee) and with MRWPCA (\$74,000 impact fee) but intends to. The RPC also met with the Lessee requesting that they review the drawings and make suggestions on any cost-saving measures or reduce or eliminate certain non-essential items and

get back to them in a few days. The Lessee responded essentially that they could not come up with any cost saving measures but wanted to proceed with existing drawings and expenses borne by the Harbor District. To date the District has expended approximately \$300,000 on architectural, consulting and county application fees.

#### Lease Termination Provision:

The Lease agreement with the Deyerle Brothers provides the district with the sole discretion to determine whether adequate funding was available sufficient to construct the building pursuant to Section 2.1.6 of the lease which states, "Landlord and Tenant acknowledge and agree that commencement of the term set forth herein is conditioned on 1) Landlord acquiring financing or funding satisfactory to Landlord necessary to construct the building;..... In the event any of these conditions are unmet, regardless of the reason for said failure, this Lease Agreement will, in Landlord's sole discretion, terminate immediately by delivery of written notice to Tenant, whereupon, each party shall be released from any and all obligations and liabilities created under this Lease Agreement, and any and all related liabilities resulting directly or indirectly from the termination of this Lease Agreement." The termination provision in the lease is there to protect the District in just such a case as this when the architect's estimate and the bid received were well beyond the District's ability to pay.

#### Efforts to Explore Financing:

1. Staff contacted the District's bond counsel from a loan consolidation transaction the previous year. Bond counsel informed staff that bond funding is a taxable event if the purpose of the offering is for a private benefit/revenue purpose. The privately leased and operated restaurant would be for private benefit rather than public benefit and would therefore be a taxable event and carry a higher interest rate as well. He said the interest rate would probably be low 4%.
2. Staff met with the Vice President of Commercial Underwriting for Umpqua Bank, the holder of the District's bond financing debt consolidation. We were told that the interest rate for a straight note would be between 4% and 4.5% and would require repayment within 15 years. As previously stated, the Harbors & Navigation Code limits our conventional borrowing (i.e., borrowing from non-government agencies) to a maximum of \$1M.
3. The District looked at a financing mechanism commonly used by school districts known as a lease-leaseback arrangement. Under such arrangements, a contractor actually finances and carries out the construction of a facility while leasing the involved property site from the governmental entity for a nominal fee. The completed facility is then leased back by the contractor to the entity with lease payments being set at roughly the equivalent of payments that would be made for borrowed funds including principal and interest similar to financing through a straight note with a bank. While District Staff reviewed some paper work concerning this mechanism, it was ultimately concluded that the total cost of the restaurant, \$5M, mitigated any benefit from deferring initial out of pocket expenses for the building. Staff was also concerned about recent litigation that appeared to cast some doubt upon and potentially constrain the use of this funding mechanism.

#### Conclusion:

Based on the fact that the costs associated with building a full blown restaurant, including all the elements (both essential and non-essential) requested by the Lessee would cost at least \$5M

when the District only has \$3M; and based on the costs of financing, accelerated repayment schedule and depreciation period, borrowing or otherwise financing \$2M on top of expending \$3M cash reserves on a private, for-profit business would be very ill-advised regardless of how well-intentioned the District was.

At this time the District has no prospective tenants, developers, interested parties or inquiries with regard to the North Harbor building site. However, because we have expended a great deal of time, effort and money obtaining preliminary soils tests for the site, obtaining permits and securing County approvals, should the Board direct the General Manager to notify the Lessee of termination of the existing Lease, the Board may wish to consider at a future Board meeting options for use of the premises including but not limited to an office building (Harbor District administrative offices or for lease to the public or both), tourism businesses such as kayak rental, charter vessel ticket sales, souvenir shops, snack shop, etc. When the District publishes a Request for Proposals, nothing precludes the current Lessee from submitting a proposal along with any other interested party. However, future considerations for such use and expense attributable thereto may be tempered by recent reports that an El Nino is predicted which may significantly impact the District's infrastructure. It is anticipated that some portion of the District's reserves would be spent on preventive maintenance or repair in the event of such an El Nino, thus reducing the amount of revenue available to spend on this project.

Staff recommends that the Board exercise its right to terminate the lease based on its finding that financing satisfactory to it sufficient to construct the building is not feasible and direct the General Manager to notify the Lessee in writing in accordance with the terms of the Lease.