

**AGENDA**  
**REGULAR MEETING OF THE BOARD OF COMMISSIONERS**  
**HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT**

**DATE:** September 10, 2020

**TIME:** Closed Session – 5:00 P.M.  
Regular Session – 6:00 P.M.

**PLACE:** Join Zoom Meeting  
<https://us02web.zoom.us/j/3432860852>

Meeting ID: 343 286 0852  
One tap mobile  
(669) 900-9128, 343 286 0852# US

**1. Call to Order Closed Session at 5:00 P.M.**

**2. Public Comment**

*Note: This portion of the Agenda allows the public to speak to the Board on the closed session items. Each speaker is limited to speak for a period of three (3) minutes regarding each item on the Closed Session Agenda. The three (3) minute time limit may not be transferred to other speakers. The three (3) minute time limit for each speaker may be extended by the President of the Board of Commissioners or the Presiding Member of the Board of Commissioners.*

**3. Move to Closed Session**

**a)** CONFERENCE WITH REAL PROPERTY NEGOTIATORS. Terms of potential lease of real property with Assessor's Parcel Numbers 401-111-006 on the Samoa Peninsula, Humboldt County, California pursuant to California Government Code § 54956.8. District negotiators: Larry Oetker, Executive Director and Ryan Plotz, District Counsel. Negotiating party: Simpson Paper Company. Under negotiation: price and payment terms.

**b)** CONFERENCE WITH REAL PROPERTY NEGOTIATORS. Terms of potential lease of real property with Assessor's Parcel Numbers 401-112-021 on the Samoa Peninsula, Humboldt County, California pursuant to California Government Code § 54956.8. District negotiators: Larry Oetker, Executive Director and Ryan Plotz, District Counsel. Negotiating party: Nordic Aquafarms California LLC Under negotiation: price and payment terms.

**4. Call to Order Regular Session at 6:00 P.M. and Roll Call**

5. **Pledge of Allegiance**

6. **Report on Closed Session**

7. **Public Comment**

*Note: This portion of the Agenda allows the public to speak to the Board on the **various issues NOT itemized on this Agenda**. A member of the public may also request that a matter appearing on the Consent Calendar be pulled and discussed separately. Pursuant to the Brown Act, the Board may not take action on any item that does not appear on the Agenda. Each speaker is limited to speak for a period of three (3) minutes regarding each item on the Agenda. Each speaker is limited to speak for a period of three (3) minutes during the PUBLIC COMMENT portion of the Agenda regarding items of special interest to the public NOT appearing on the Agenda that are within the subject matter jurisdiction of the Board of Commissioners. The three (3) minute time limit may not be transferred to other speakers. The three (3) minute time limit for each speaker may be extended by the President of the Board of Commissioners or the Presiding Member of the Board of Commissioners at the regular meeting of the District.*

8. **Consent Calendar**

- a) Adopt Minutes for July 23, 2020 Regular Board Meeting
- b) Adopt Minutes for August 13, 2020 Special Board Meeting
- c) Receive District Financial Reports for June 2020

9. **Communications, Reports and Correspondence Received**

- a) Executive Director's Report
- b) Staff Reports
- c) District Counsel and District Treasurer Reports
- d) Commissioner and Committee Reports
- e) Others

10. **Unfinished Business**

- a) **Consider Amending Ordinance 7 Article IV, Section 9(f) and Sections of the Humboldt Bay Management Plan to Clarify the Regulatory Standards for Signs and Related Structures**

*Recommendation:* It is recommended that the Board: review the existing standards and policies regarding signs and provide additional direction to Staff on proposed amendments to Ordinance 7.

*Summary:* Billboards occur within the District's regulatory jurisdiction. The District regularly permits construction and maintenance of similar structures below high tide level. However, no billboards around Humboldt Bay currently have District permits. There is a difference between what was drafted in 1976 Humboldt Bay

Master Plan which was adopted through Ordinance 7 and the 2007 Humboldt Bay Management Plan which was certified to follow the Ordinance 7 Master Plan.

**b) Review and provide direction as necessary on the current and potential future Humboldt Bay and Pacific Ocean discharge and intake infrastructure.**

*Recommendation:* Staff recommends the Board: Receive a presentation and provide direction as required.

*Summary:* The Humboldt Bay and Pacific Ocean discharge and intake infrastructure have and continue to be critical infrastructure for the Humboldt Bay region. There are three ocean discharge pipes on the Samoa Peninsula and the City of Arcata and City of Eureka both have wastewater treatment plant discharges pipes into the Bay. In addition, there are numerous stormwater culverts and several aquaculture and industrial intake, and discharge systems located throughout the Bay. Proper maintenance, monitoring, planning, and permitting is essential for the long-term viability of our regional economy and the continued excellent health of ecosystem.

**c) Approval of the Third Amendment to the Lease Agreement with Nordic Aquafarms California LLC at the District's Redwood Marine Terminal II Property APN's 401-112-021**

*Recommendation:* Staff recommends the Board: Direct Staff to: Approve the lease amendment and authorize Executive Director to execute all documents associated with this agreement

*Summary:* At their August 13<sup>th</sup> meeting, the Board authorized a second amendment which authorized up to 7000 GPM from the previously authorized 3500 GPM to be utilized from the District's Redwood Marine Terminal II and Red Tank Bay water sea chests. After the approval it was discovered that a corresponding increase in the amount of discharge out the ocean outfall is required.

**11. New Business**

**a) Review of the Actuarial Study of the Retiree Health Liabilities Under GASB 74/75**

*Recommendation:* Staff recommends the Board: Review the GASB 74/75 and provide direction as required

*Summary:* The GASB 74/75 actuarial analyze liabilities associated with its current retiree health program as of June 30, 2020. The District operates on a "pay-as-you-go" cost of providing retiree health benefits. In the year beginning July 1, 2020 the "pay as you go" cost is estimated to be \$62,607. The "pay-as-you-go" cost is the cost of benefits for current all retirees.

**12. Future Agenda Items**

**13. Adjournment**

**DRAFT MINUTES  
REGULAR MEETING OF THE BOARD OF COMMISSIONERS  
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT**

**July 23, 2020**

The Humboldt Bay Harbor, Recreation and Conservation District met in Regular Session on the above date at 7:00 P.M. by video conference with an option for teleconference.

**REGULAR SESSION - 7:01 P.M.**

**ROLL CALL:**

PRESENT: DOSS  
KULLMANN  
HIGGINS  
MARKS

ABSENT: DALE – Arrived at 7:20 P.M.

QUORUM: YES

**PUBLIC COMMENT:** The following individuals addressed the Commission regarding subject matters not on this meeting's agenda: Uri Driscoll.

**CONSENT CALENDAR**

- a) Adopt Minutes for June 25, 2020 Regular Board Meeting
  - b) Adopt Minutes for July 16, 2020 Special Board Meeting
  - c) Approve audit contract for one-year extension with Harshwal & Company, LLP
- II. COMMISSIONER DOSS MOVED TO APPROVE CONSENT CALENDAR ITEMS A-C.  
COMMISSIONER MARKS SECONDED.
- II. Chair Kullmann opened the item to the public comment. No one commented.
- III. Chair Kullmann moved the discussion back to the Commission.
- ROLL CALL VOTE WAS CALLED, MOTION CARRIED WITHOUT DISSENT.
- Ayes: DOSS, HIGGINS, KULLMANN, MARKS  
Noes: NONE  
Absent: DALE  
Abstain: NONE

**COMMUNICATIONS AND REPORTS**

- a) Executive Director's Report
  - I. Executive Director presented Executive Director's Report.
- b) Staff Reports
  - I. Staff presented on recent District activities.
- c) District Counsel and District Treasurer Reports
  - I. No report.
- d) Commissioner and Committee Reports
  - I. Commissioners reported on their recent activities.
- e) Others
  - I. No report.

**UNFINISHED BUSINESS**

- a) **Consider Adopting Amendment NO. 7 to Ordinance 6, An Ordinance Establishing Procedures for the Conduct of Meetings, Elections of Officers and the Passage or Approval of Ordinances and Resolutions for the Humboldt Bay Harbor, Recreation and Conservation District and Adopting Resolution 2020-09 Business Matters**
  - I. Executive Director presented the item.
  - II. The Commission discussed the item.
  - III. Chair Kullmann opened the item to public comment. No one commented.

- IV. Chair Kullmann moved the discussion back to the Commission.
- V. COMMISSIONER HIGGINS MOVED TO ADOPT AMENDMENT NO.7 TO ORDINANCE 6, AN ORDINANCE ESTABLISHING PROCEDURES FOR THE CONDUCT OF MEETINGS, ELECTIONS OF OFFICERS AND THE PASSAGE OR APPROVAL OF ORDINANCES AND RESOLUTIONS FOR THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT.  
COMMISSIONER MARKS SECONDED.  
ROLL CALL VOTE WAS CALLED, MOTION CARRIED WITHOUT DISSENT.  
Ayes: DALE, DOSS, HIGGINS, KULLMANN, MARKS  
Noes: NONE  
Absent: NONE  
Abstain: NONE
- VI. COMMISSIONER MARKS MOVED TO ADOPT RESOLUTION 2020-09 BUSINESS MATTERS, ADDING "CORRESPONDENCE RECEIVED" UNDER THE COMMUNICATIONS AND REPORTS SECTION OF THE AGENDA.  
COMMISSIONER HIGGINS SECONDED.  
ROLL CALL VOTE WAS CALLED, MOTION CARRIED WITHOUT DISSENT.  
Ayes: DALE, DOSS, HIGGINS, KULLMANN, MARKS  
Noes: NONE  
Absent: NONE  
Abstain: NONE

**NEW BUSINESS**

- a) **Consider Approving the Collective Bargaining Agreement Between the District and the Operating Engineers Local Union NO. 3, AFL-CIO**
  - I. Executive Director presented the item.
  - II. The Commission discussed the item.
  - III. Chair Kullmann opened the item to public comment. No one commented.
  - IV. Chair Kullmann moved the discussion back to the Commission.
  - V. COMMISSIONER DALE MOVED TO APPROVE THE COLLECTIVE BARGAINING AGREEMENT BETWEEN THE DISTRICT AND THE OPERATING ENGINEERS LOCAL UNION NO. 3, AFL-CIO.  
COMMISSIONER DOSS SECONDED.  
ROLL CALL VOTE WAS CALLED, MOTION CARRIED WITHOUT DISSENT.  
Ayes: DALE, DOSS, HIGGINS, KULLMANN, MARKS  
Noes: NONE  
Absent: NONE  
Abstain: NONE  
Absent: NONE

**PERMITS**

- a) **Consider Approving Resolution 2020-08 Adopting an Initial Study/ Mitigated Negative Declaration, a Mitigation Monitoring and Reporting Program, and Establishing Findings Relative to the Permit Application for the PG&E Pipeline Maintenance Project and Approve Permit 2019-02**
  - I. District Staff presented the item.
  - II. The Commission discussed the item.
  - III. Chair Kullmann opened the item to public comment. No one commented.
  - IV. Chair Kullmann moved the discussion back to the Commission.
  - V. COMMISSIONER DALE MOVED TO APPROVE RESOLUTION NO. 2020-08 ADOPTING AN INITIAL STUDY/MITIGATED NETGATIVE DECLARATION, ADOPT A MITIGATION MONITORING AND REPORTING PROGRAM, AND ESTABLISH FINDINGS RELATIVE TO THE PERMIT APPLICATION FOR THE PG&E PIPELINE MAINTENANCE PROJECT AND APPROVE PERMIT 2019-02 FOR THE PG&E PIPELINE MAINTENANCE PROJECT.  
COMMISSIONER DOSS SECONDED.  
ROLL CALL VOTE WAS CALLED SEPERATELY FOR THE TWO ITEMS, MOTIONS CARRIED WITHOUT DISSENT.  
Ayes: DALE, DOSS, HIGGINS, KULLMANN, MARKS  
Noes: NONE

Absent: NONE  
Abstain: NONE  
Absent: NONE

**ADJOURNMENT – 8:15 P.M.**

APPROVED BY:

RECORDED BY:

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Patrick Higgins  
Secretary of the Board of Commissioners

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Mindy Hiley  
Director of Administrative Services

**DRAFT MINUTES  
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS  
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT**

**August 13, 2020**

The Humboldt Bay Harbor, Recreation and Conservation District met in special session on the above date, Closed Session met at 5:00 P.M. Special Session met at 6:00 P.M via video conference with a teleconference option.

**CLOSED SESSION – 5:00 PM**

**PUBLIC COMMENT:** The following individuals addressed the Commission regarding subject matters on the closed session meeting agenda: Rich Tobin.

- a) CONFERENCE WITH REAL PROPERTY NEGOTIATORS. Terms of potential purchase of real property with Assessor's Parcel Numbers 401-011-001, 401-011-010, 401-011-012, 401-011-018, 401-011-020, 401-011-023, 401-021-011, 401-021-018, 401-021-027, 401-011-028, 401-021-029, and 401-031-045 on the Samoa Peninsula, Humboldt County, California pursuant to California Government Code § 54956.8. District negotiators: Larry Oetker, Executive Director and Ryan Plotz, District Counsel. Negotiating party: Security National and Friends of the Dunes. Under negotiation: price and payment terms.
- b) CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION (Paragraph (1) of subdivision (d) of Section 54956.9) Name of case: Humboldt Fisherman's Marketing Association, Inc. et al. v. Humboldt Bay Harbor, Recreation, and Conservation District, Court of Appeal, First District, Court Case No. A158634.
- c) CONFERENCE WITH REAL PROPERTY NEGOTIATORS. Terms of potential purchase of real property with Assessor's Parcel Numbers 401-112-021 on the Samoa Peninsula, Humboldt County, California pursuant to California Government Code § 54956.8. District negotiators: Larry Oetker, Executive Director and Ryan Plotz, District Counsel. Negotiating party: DG Fairhaven LLC. Under negotiation: price and payment terms.
- d) CONFERENCE WITH REAL PROPERTY NEGOTIATORS. Terms of potential purchase of real property with Assessor's Parcel Numbers 401-112-021 and 401-112-024 on the Samoa Peninsula, Humboldt County, California pursuant to California Government Code § 54956.8. District negotiators: Larry Oetker, Executive Director and Ryan Plotz, District Counsel. Negotiating party: Nordic Aquafarms California LLC Under negotiation: price and payment terms.

**SPECIAL SESSION – 6:08 P.M.**

**ROLL CALL:**

PRESENT: DALE  
DOSS  
MARKS  
HIGGINS  
KULLMANN

ABSENT: NONE

QUORUM: YES

**REPORT ON EXECUTIVE CLOSED SESSION:** The Board of Commissions met on above items A-D, no reportable action.

**PUBLIC COMMENT:** The following individuals addressed the Commission regarding subject matters not on this meeting's agenda: None

**BUSINESS**

- a) **Consider Adopting Resolution 2020-10, Accepting Grant Funding; Resolution of Deed Acceptance; Resolution Authorizing the Transfer Property To Friends of the Dunes And Other Required Actions Associated With The Acquisition Assessor's Parcel Numbers 401-011-001, 401-011-010, 401-011-012, 401-011-018, 401-011-020, 401-011-023, 401-021-011, 401-021-018, 401-021-027, 401-011-028, 401-021-029, and 401-031-045 on the Samoa Peninsula, Humboldt County, California Commonly Referred To As The Dog Ranch.**

- I. Executive Director presented the item with input from Mike Cipra the Executive Director of Friends of the Dunes, Tim Callison from Security National and Michael Bowen from the Coastal Conservancy.
- II. The Commission discussed the item.
- III. Chair Kullmann opened the item to public comment. Uri Driscoll, Mike VanHattem, Nancy Ihara, Carol Kruger, Ray Rosveld, Susan Penn, Suzie Fortner, Emily Walters, Aldaron Laird, Benjamin Lairdier, Carla Osborn, Carol Ralph, Carol Vander Meer, John St. Marie, Dale Preston, Jessie, Emily Sinkhorn, Jennifer Savage, Rich Tobin, Kathie Kelly, Kenny Carswell, Kristen Orth, Linda Alm and Loriel Caverly commented.
- IV. Chair Kullmann moved the discussion back to the Commission.  
 COMMISSIONER HIGGINS MOVED TO ADOPT RESOLUTION 2020-10 ACCEPTING GRANT FUNDING FOR THE PURCHASE OF THE DOG RANCH PROPERTY AND TRANSFER OF THE PROPERTY TO FRIENDS OF THE DUNES, ADOPT RESOLUTION 2020-11, A RESOLUTION TO ACCEPT A GRANT DEED FOR THE PURCHASE OF THE DOG RANCH PROPERTY, AND TO ADOPT RESOLUTION 2020-12 AUTHORIZING AMENDMENTS TO THE PURCHASE AND SALES AGREEMENT OF THE DOG RANCH PROPERTY AND AN AGREEMENT TO TRANSFER REAL PROPERTY UPON SALE TO FRIENDS OF THE DUNES.  
 COMMISSIONER DALE SECONDED.

ROLL CALL VOTE WAS CALLED SEPARATELY FOR EACH RESOLUTION.

RESOLUTION 2020-10, MOTION CARRIED.

Ayes: DALE, HIGGINS, KULLMANN, MARKS  
 Noes: NONE  
 Absent: NONE  
 Abstain: DOSS

RESOLUTION 2020-11, MOTION CARRIED.

Ayes: DALE, HIGGINS, KULLMANN, MARKS  
 Noes: NONE  
 Absent: NONE  
 Abstain: DOSS

RESOLUTION 2020-12, MOTION CARRIED.

Ayes: DALE, HIGGINS, KULLMANN, MARKS  
 Noes: NONE  
 Absent: NONE  
 Abstain: DOSS

**b) Review and Provide Direction on the Samoa Peninsula Fire, Industrial Water, Wastewater, and other infrastructure that serves the Harbor District and other properties on Humboldt Bay.**

- I. Executive Director presented the item.
- II. The Commission discussed the item.
- III. Chair Kullmann opened the item to public comment. Tim Callison, Kenny Carswell, Carol Vander Meer, and Carla Osborn commented.
- IV. Chair Kullmann moved the discussion back to the Commission.
- V. Chair Kullmann appointed Commissioner Doss and Commissioner Marks to the subcommittee.

**c) Approval of the Second Amendment to the Lease Agreement with Nordic Aquafarms California LLC at the District's Redwood Marine Terminal II Property APN's 401-112-021 and 401-112-024**

- I. Executive Director presented the item.
- II. The Commission discussed the item.
- III. Chair Kullmann opened the item to public comment. No one commented.
- IV. Chair Kullmann moved the discussion back to the Commission.  
 COMMISSIONER MARKS MOVED TO APPROVE THE SECOND AMENDMENT TO THE LEASE AGREEMENT WITH NORDIC AQUAFARMS.  
 COMMISSIONER DOSS SECONDED.  
 ROLL CALL VOTE WAS CALLED, MOTION CARRIED WITHOUT DISSENT.  
 Ayes: DALE, DOSS, HIGGINS, KULLMANN, MARKS  
 Noes: NONE

Absent: NONE  
Abstain: NONE

**d) Cancel Regular August 27, 2020 Board Meeting**

- I. Executive Director presented the item.
- II. The Commission discussed the item.
- III. Chair Kullmann opened the item to public comment. No one commented.
- IV. Chair Kullmann moved the discussion back to the Commission.  
COMMISSIONER MARKED MOVED TO CANCEL THE REGULAR MEETING OF THE BOARD OF  
COMMISSIONER SCHEDULED FOR AUGUST 27, 2020.  
COMMISSIONER DALE SECONDED.  
ROLL CALL VOTE WAS CALLED, MOTION CARRIED WITHOUT DISSENT.  
Ayes: DALE, DOSS, HIGGINS, KULLMANN, MARKS  
Noes: NONE  
Absent: NONE  
Abstain: NONE

**PERMITS - NONE**

**FUTURE AGENDA ITEMS**

- a) Report from Peninsula Subcommittee
- b) Billboards
- c) Long Fin Smelt permit

**ADJOURNMENT – 8:32 P.M.**

APPROVED BY:

RECORDED BY:

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Patrick Higgins  
Secretary of the Board of Commissioners

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Mindy Hiley  
Director of Administrative Services

1:29 PM

Humboldt Bay Harbor, Recreation & Conservation District

Balance Sheet

As of June 30, 2020

09/04/20

Accrual Basis

	Jun 30, 20
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
10901 · RESTRICTED - COUNTY TREASURY	677,533.00
10600.1 · Cash in bank, Tariff BBVA	487,981.88
10700.1 · Cash in bank, Water BBVA	27,784.72
10200.1 · Cash in BBVA, Checking	13,524.71
10000 · PETTY CASH ON HAND	150.00
10100 · CHANGE FUND ON HAND	400.00
10111 · COIN MACHINE FUND	730.00
10200 · CASH IN BANK, CHECKING	9,064.11
10400 · CASH IN COUNTY - FUND 2720	103,934.08
10500 · CASH IN COUNTY - FUND 3872	35,243.42
10902 · RESTRICTED CASH OFFSET	-677,533.00
<b>Total Checking/Savings</b>	678,812.92
<b>Accounts Receivable</b>	
12000 · ACCTS RECEIVABLE	889,572.66
<b>Total Accounts Receivable</b>	889,572.66
<b>Other Current Assets</b>	
12600 · Note Receivable - NMTC	5,849,375.00
12100 · ALLOW FOR BAD DEBTS	-259,988.12
12300 · INTEREST RECEIVBLE	2,200.00
12700 · PREPAID EXPENSES	76,943.47
<b>Total Other Current Assets</b>	5,668,530.35
<b>Total Current Assets</b>	7,236,915.93
<b>Fixed Assets</b>	
14900 · DOG RANCH PROPERTY	7,507.70
14800 · SHIPWRECK PROPERTY	50,088.05
<b>CAPITAL ASSETS, NET</b>	
16900 · Dredge	1,215,423.27
16800 · REDWOOD TERMINAL 2	2,613,169.43
16700 · AQUAPONICS PILOT FACILITY	96,036.61
16600 · TABLE BLUFF LIGHTHOUSE	361.44
16500 · HOMELAND SECURITY EQUIPMENT	2,254,007.60
16400 · REDWOOD DOCK PROPERTY	3,010,194.30
16100 · MARINA DREDGE, CONSTR IN PROGRES	809,025.14
16000 · KING SALMON	15,143.99
15900 · DREDGING COSTS	215,226.78
15800 · SHELTER COVE	2,386,247.10
15700 · FL BOAT BLDG & REPAIR FACILITY	4,302,259.53
15600 · MARINA	10,529,004.29
15500 · MARINA, RESTAURANT COMPLEX	34,100.00
15200 · OPERATING EQUIPMENT	314,098.74
15100 · OFFICE EQUIPMENT	193,303.88
15000 · AUTOMOTIVE EQUIPMENT	95,639.08
17000 · ACCUMULATED DEPRECIATION	-16,998,866.17
<b>Total CAPITAL ASSETS, NET</b>	11,084,375.01
<b>Total Fixed Assets</b>	11,141,970.76
<b>Other Assets</b>	
19000 · Deferred Outflows of PERS	270,798.00
<b>Total Other Assets</b>	270,798.00
<b>TOTAL ASSETS</b>	<b>18,649,684.69</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	

## Humboldt Bay Harbor, Recreation &amp; Conservation District

## Balance Sheet

09/04/20

As of June 30, 2020

Accrual Basis

	<u>Jun 30, 20</u>
20000 · ACCOUNTS PAYABLE	111,422.70
Total Accounts Payable	111,422.70
Credit Cards	
20112 · US Bank Visa	209.83
Total Credit Cards	209.83
Other Current Liabilities	
24002 · Groundlease Current Def Income	60,092.31
24000 · Ground Lease Deferred Income	3,906,000.00
Payroll tax & Withholding Liab	
21300 · STATE UNEMPLOYMENT TAX	150.27
2100 · PAYROLL LIABILITIES	-46,766.78
Total Payroll tax & Withholding Liab	-46,616.51
20200 · NOTES PAYABLE	1,339,828.63
20400 · ACCRUED WAGES PAYABLE	21,749.14
20600 · ACCRUED VACATION PAYABLE	38,030.24
20800 · DEPOSITS ON HAND	
20808 · WAIT LIST DEPOSIT	2,000.00
20801 · KEY DEPOSITS ON HAND	13,980.00
20802 · PLUG DEPOSITS ON HAND	1,120.00
20803 · SLIP DEPOSITS ON HAND	51,822.60
20804 · STORAGE DEPOSITS	3,639.65
20806 · LEASE SECURITY DEPOSIT	60,433.42
20807 · STORAGE DEPOSIT - REDWOOD DOCK	2,750.26
Total 20800 · DEPOSITS ON HAND	135,745.93
22000 · DEFERRED LEASE INCOME	29,697.27
28000 · DEFERRED INCOME	131,588.24
28500 · OTHER DEFERRED CREDITS	723,523.92
Total Other Current Liabilities	6,339,639.17
Total Current Liabilities	6,451,271.70
Long Term Liabilities	
24003 · Groundlease Current Offset	-60,092.31
24001 · Gound Lease Amortization	-259,137.68
27200 · Deferred Inflows of PERS	137,634.00
27000 · Net Pension Liability	1,033,203.00
25700 · BOND PAYABLE 2014 REFINANCING	2,295,450.54
25800 · BBVA Loan Payable	1,196,035.63
25600 · Note Payable-Coast Seafoods Co.	1,033,767.10
25500 · OPEB Liability	342,799.00
25200 · ENVIRONMENTAL REMEDIATION LIAB	66,441.22
25900 · LESS CURRENT PORTION	-1,339,828.63
Total Long Term Liabilities	4,446,271.87
Total Liabilities	10,897,543.57
Equity	
30500 · INVESTMENT IN FIXED ASSETS	
30505 · Change In Invest Fixed Assets	253,787.69
30500 · INVESTMENT IN FIXED ASSETS - Other	9,134,021.36
Total 30500 · INVESTMENT IN FIXED ASSETS	9,387,809.05
30900 · RESTRICTED FUND BALANCE	1,149,214.00
31200 · GENERAL FUND BALANCE	
31205 · General Fund Invest Fixed Asset	-253,787.69
31000 · FUND BALANCE - TIDELANDS TRUST	-2,314,896.20
31200 · GENERAL FUND BALANCE - Other	-393,811.50
Total 31200 · GENERAL FUND BALANCE	-2,962,495.39

Humboldt Bay Harbor, Recreation & Conservation District

**Balance Sheet**

As of June 30, 2020

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	<u>Jun 30, 20</u>
Net Income	177,613.46
Total Equity	7,752,141.12
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>18,649,684.69</u></b>

1:31 PM

## Humboldt Bay Harbor, Recreation &amp; Conservation District

## Profit &amp; Loss YTD Comparison

09/04/20

July 2019 through June 2020

Accrual Basis

	Jul '19 - Jun 20	Jul '19 - Jun 20
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
Discount	19.55	19.55
Dredging Revenue		
41318 · Dredging Surcharge - T	93,623.88	93,623.88
<b>Total Dredging Revenue</b>	<b>93,623.88</b>	<b>93,623.88</b>
Float Replacement Account		
41418 · Float Replacement	59,693.61	59,693.61
<b>Total Float Replacement Account</b>	<b>59,693.61</b>	<b>59,693.61</b>
Harbor Surcharge		
40908 · Harbor Improvement Surcharge-T	117,556.98	117,556.98
<b>Total Harbor Surcharge</b>	<b>117,556.98</b>	<b>117,556.98</b>
Utility Surcharge		
40409 · Utility Surcharge - NT	62,510.29	62,510.29
40418 · Utility Surcharge, Marina Dock	58,259.45	58,259.45
<b>Total Utility Surcharge</b>	<b>120,769.74</b>	<b>120,769.74</b>
Grant Revenue		
Harbor Grants		
45208 · Harbor Grants, Other - T	675,890.19	675,890.19
45208.1 · Harbor Grants, Gov't - T	19,701.83	19,701.83
<b>Total Harbor Grants</b>	<b>695,592.02</b>	<b>695,592.02</b>
<b>Total Grant Revenue</b>	<b>695,592.02</b>	<b>695,592.02</b>
Tax Revenue		
43809 · TIMBER YIELD TAX GUAR G/NT	12,000.00	12,000.00
43609 · HOMEOWNERS EXEMPT G/NT	14,004.00	14,004.00
43509 · Property Tax Revenues	1,131,590.29	1,131,590.29
45009 · Other Federal Tax Revenue	49.80	49.80
<b>Total Tax Revenue</b>	<b>1,157,644.09</b>	<b>1,157,644.09</b>
Other Revenue		
45909 · Other Revenue - NT	42,462.81	42,462.81
45908 · Other Revenue - T	58,693.13	58,693.13
<b>Total Other Revenue</b>	<b>101,155.94</b>	<b>101,155.94</b>
Interest Revenue		
43109 · Interest Income - NT	164,102.38	164,102.38
43108 · Interest Income - T	6,418.12	6,418.12
43318 · Interest On Del Accts - T	0.00	0.00
<b>Total Interest Revenue</b>	<b>170,520.50</b>	<b>170,520.50</b>
Rent Income		
41108 · Rents, Tidelands Leases - T	358,128.37	358,128.37
40318.1 · Transient Rentals - T	43,529.24	43,529.24
40519 · Equipment Rent - NT	4,214.85	4,214.85
40709 · FL BUILDING SPACE RENT G/NT	9,722.00	9,722.00
40809 · Yard Rent - NT	66,690.24	66,690.24
41309 · Storage - NT	70,116.32	70,116.32
41409 · Upland Rent - NT		
41409.2 · Redwood Terminal 2 - NMTC	60,092.28	60,092.28
41409 · Upland Rent - NT - Other	649,551.91	649,551.91
<b>Total 41409 · Upland Rent - NT</b>	<b>709,644.19</b>	<b>709,644.19</b>
40218 · Slip Rents - T	458,159.06	458,159.06
<b>Total Rent Income</b>	<b>1,720,204.27</b>	<b>1,720,204.27</b>

## Humboldt Bay Harbor, Recreation &amp; Conservation District

## Profit &amp; Loss YTD Comparison

July 2019 through June 2020

09/04/20

Accrual Basis

	Jul '19 - Jun 20	Jul '19 - Jun 20
<b>Fees</b>		
40108 · PERMITS-T	3,500.00	3,500.00
41818 · Late Charges/Interest - T	9,163.94	9,163.94
45608 · Chevron - Ports O&M - T	32,350.00	32,350.00
41819 · Late Charges/Interest - NT	23,338.06	23,338.06
40808 · Pilotage Services - T	857.25	857.25
40509 · Travel Lift Fees - T	2,434.00	2,434.00
40609 · Haul Out Fees - T	20,027.16	20,027.16
41308.1 · Poundage - T	6,428.58	6,428.58
41308 · Moorage - T	31.36	31.36
<b>Total Fees</b>	<b>98,130.35</b>	<b>98,130.35</b>
<b>Sales</b>		
40109 · Sales, Retail - NT	3,950.00	3,950.00
40119 · Concession Sales - NT	24,583.15	24,583.15
<b>Total Sales</b>	<b>28,533.15</b>	<b>28,533.15</b>
<b>Donations</b>		
46519 · Donations - Lighthouse	17.40	17.40
<b>Total Donations</b>	<b>17.40</b>	<b>17.40</b>
<b>Total Income</b>	<b>4,363,461.48</b>	<b>4,363,461.48</b>
<b>Gross Profit</b>	<b>4,363,461.48</b>	<b>4,363,461.48</b>
<b>Expense</b>		
66900 · Reconciliation Discrepancies	200.00	200.00
57018 · Bank Service Charges	1.35	1.35
<b>Personnel Expenses</b>		
<b>Salaries/Wages</b>		
50100 · Salaries & Wages - NT	776,226.72	776,226.72
50108 · Salaries & Wages - T	1,176.96	1,176.96
Salaries/Wages - Other	0.00	0.00
<b>Total Salaries/Wages</b>	<b>777,403.68</b>	<b>777,403.68</b>
<b>Payroll Burden</b>		
6560 · Workers' Comp	34,958.07	34,958.07
50500 · Payroll Benefits, Other - NT	422,037.13	422,037.13
50508 · Payroll Benefits, Other - T	113,285.48	113,285.48
50510 · PAYROLL BENEFITS M/A	17,516.76	17,516.76
<b>Total Payroll Burden</b>	<b>587,797.44</b>	<b>587,797.44</b>
<b>Commissioners Fees</b>		
50200 · Commissioner's Salaries - NT	17,640.00	17,640.00
50208 · Commissioner's Salaries - T	7,560.00	7,560.00
<b>Total Commissioners Fees</b>	<b>25,200.00</b>	<b>25,200.00</b>
<b>Total Personnel Expenses</b>	<b>1,390,401.12</b>	<b>1,390,401.12</b>
<b>Advertising &amp; Promotion</b>		
51000 · Advertising & Promotion - NT	1,281.52	1,281.52
51008 · Advertising & Promotion - T	313.18	313.18
51018 · ADVERTISING & PROMOTION M/T	678.38	678.38
<b>Total Advertising &amp; Promotion</b>	<b>2,273.08</b>	<b>2,273.08</b>
<b>Communications</b>		
51400 · Communications - NT	20,901.44	20,901.44
51408 · Communications - T	4,448.29	4,448.29
<b>Total Communications</b>	<b>25,349.73</b>	<b>25,349.73</b>
<b>Conference &amp; Meetings</b>		
51500 · Conferences & Meetings - NT	17,299.36	17,299.36

## Humboldt Bay Harbor, Recreation &amp; Conservation District

## Profit &amp; Loss YTD Comparison

09/04/20

July 2019 through June 2020

Accrual Basis

	Jul '19 - Jun 20	Jul '19 - Jun 20
51508 · Conferences & Meetings - T	993.81	993.81
<b>Total Conference &amp; Meetings</b>	18,293.17	18,293.17
<b>Dues, Subscriptions &amp; Licences</b>		
51600 · Dues & Subscriptions - NT	37,851.62	37,851.62
51608 · Dues & Subscriptions - T	367.50	367.50
<b>Total Dues, Subscriptions &amp; Licences</b>	38,219.12	38,219.12
<b>Elections &amp; Government Fees</b>		
51700 · Elections & Prop Tax Assess-NT	91,851.06	91,851.06
<b>Total Elections &amp; Government Fees</b>	91,851.06	91,851.06
<b>Insurance</b>		
51800 · Insurance - NT	88,533.80	88,533.80
51808 · Insurance - T	11,626.99	11,626.99
<b>Total Insurance</b>	100,160.79	100,160.79
<b>Office Supplies</b>		
52100 · Outside Services - NT	16.13	16.13
51900 · Office Supplies - NT	27,376.05	27,376.05
51908 · Office Supplies - T	8,223.93	8,223.93
51918 · OFFICE EXPENSE M/T	442.90	442.90
<b>Total Office Supplies</b>	36,059.01	36,059.01
<b>Maintenance Supplies</b>		
53209 · SHELTER COVE OPER EXP G/NT	0.00	0.00
53200 · SHELTER COVE OPER EXP G/A	0.00	0.00
52010 · Maintenance Supplies - NT	19,352.22	19,352.22
52008 · Maintenance Supplies - T	136.13	136.13
<b>Total Maintenance Supplies</b>	19,488.35	19,488.35
<b>Permits</b>		
51618 · Permits - T	25,165.73	25,165.73
51610 · Permits - NT	250.00	250.00
<b>Total Permits</b>	25,415.73	25,415.73
<b>Utilities</b>		
52909 · Utilities - NT	216,246.29	216,246.29
52918 · Utilities - T	40,636.85	40,636.85
53000 · Water, Sewer, & Refuse - NT	177,039.64	177,039.64
53008 · Water, Sewer, & Refuse - T	61,103.40	61,103.40
<b>Total Utilities</b>	495,026.18	495,026.18
<b>Fuel</b>		
50400 · IMPUTED AUTO VALUE G/A	1,019.20	1,019.20
51208 · Vessel Fuel	3,397.54	3,397.54
51218 · Automotive, Fuel - T	8,098.34	8,098.34
51200 · Automotive, Fuel- NT	7,879.25	7,879.25
<b>Total Fuel</b>	20,394.33	20,394.33
<b>Accounting/Auditing Services</b>		
52500 · Accounting Fees - T	31,182.00	31,182.00
52508 · Accounting Fees - NT	11,894.00	11,894.00
<b>Total Accounting/Auditing Services</b>	43,076.00	43,076.00
<b>Legal Services</b>		
52300 · Legal Fees - NT	27,539.78	27,539.78
52308 · Legal Fees - T	9,117.08	9,117.08
<b>Total Legal Services</b>	36,656.86	36,656.86
<b>Planning Services</b>		

## Humboldt Bay Harbor, Recreation &amp; Conservation District

## Profit &amp; Loss YTD Comparison

09/04/20

July 2019 through June 2020

Accrual Basis

	Jul '19 - Jun 20	Jul '19 - Jun 20
52208 · Planning Fees - T	29,824.43	29,824.43
52200 · Planning Fees - NT	23,031.76	23,031.76
<b>Total Planning Services</b>	<b>52,856.19</b>	<b>52,856.19</b>
<b>Engineering Services</b>		
52400 · Engineering Fees - NT	26,212.63	26,212.63
52408 · Engineering Fees - T	13,271.54	13,271.54
<b>Total Engineering Services</b>	<b>39,484.17</b>	<b>39,484.17</b>
<b>Other Professional/Outside Serv</b>		
52110 · OUTSIDE SERVICES M/A	2,158.42	2,158.42
52109 · Outside Services, Other - NT	5,876.89	5,876.89
52118 · Outside Services, Other - T	61,080.96	61,080.96
<b>Total Other Professional/Outside Serv</b>	<b>69,116.27</b>	<b>69,116.27</b>
<b>Small Tools</b>		
52800 · Small Tools - NT	1,534.33	1,534.33
52808 · Small Tools - T	475.38	475.38
<b>Total Small Tools</b>	<b>2,009.71</b>	<b>2,009.71</b>
<b>Maintenance - Facilities</b>		
52708 · Repairs & Maint, Facilities - T	102,916.48	102,916.48
52709 · REPAIRS & MAINTENANCE G/NT	4,034.00	4,034.00
52719 · Repairs & Maint, Facilities - N	37,031.15	37,031.15
<b>Total Maintenance - Facilities</b>	<b>143,981.63</b>	<b>143,981.63</b>
<b>Maintenance - Equipment</b>		
52718 · Repairs & Maint, Equip - T	8,895.29	8,895.29
52710 · Repairs & Maint, Equip - NT	19,042.49	19,042.49
51209 · Automotive, Repairs - NT	10,230.23	10,230.23
<b>Total Maintenance - Equipment</b>	<b>38,168.01</b>	<b>38,168.01</b>
<b>Maintenance - IT</b>		
57008 · Maintenance, IT Equip - T	2,482.01	2,482.01
57009 · Maintenance, IT Equip - NT	6,730.37	6,730.37
<b>Total Maintenance - IT</b>	<b>9,212.38</b>	<b>9,212.38</b>
<b>Dredging Expense</b>		
55608 · Dredging Expense - T	0.00	0.00
56708 · Dredging - GT	0.00	0.00
56718 · Dredging - MT	0.00	0.00
<b>Total Dredging Expense</b>	<b>0.00</b>	<b>0.00</b>
<b>Capital Outlay</b>		
53609 · Expenses Pending Transfer-Bldg	0.00	0.00
<b>Total Capital Outlay</b>	<b>0.00</b>	<b>0.00</b>
<b>Rent Expense</b>		
54308 · Redwood Terminal 2 Lease Expens	219,159.74	219,159.74
<b>Total Rent Expense</b>	<b>219,159.74</b>	<b>219,159.74</b>
<b>Interest Expense</b>		
55119 · INTEREST EXPENSE M/NT	37,650.95	37,650.95
55109 · Interest Expense - NT	80,263.89	80,263.89
55108 · Interest Expense - T	119,364.02	119,364.02
<b>Total Interest Expense</b>	<b>237,278.86</b>	<b>237,278.86</b>
<b>Other Expenses</b>		
55419 · Other Expenses - NT	494.06	494.06

## Humboldt Bay Harbor, Recreation &amp; Conservation District

09/04/20

## Profit &amp; Loss YTD Comparison

Accrual Basis

July 2019 through June 2020

	Jul '19 - Jun 20	Jul '19 - Jun 20
Total Other Expenses	494.06	494.06
<b>Grant Expenses</b>		
<b>Harbor Grant Expenses</b>		
54408.1 · Harbor Grant Exp	485.00	485.00
Total Harbor Grant Expenses	485.00	485.00
<b>Recreation Grant Expenses</b>		
54408.2 · Recreation Grant Exp	0.00	0.00
Total Recreation Grant Expenses	0.00	0.00
<b>Conservation Grant Expenses</b>		
54408.3 · Conservation Grant Exp	129,737.51	129,737.51
Total Conservation Grant Expenses	129,737.51	129,737.51
<b>Total Grant Expenses</b>	130,222.51	130,222.51
<b>Bad Debts</b>		
51308 · Bad Debts - T	13,145.34	13,145.34
51309 · Bad Debts - NT	61,006.27	61,006.27
<b>Total Bad Debts</b>	74,151.61	74,151.61
<b>Depreciation</b>		
53509 · Depreciation - NT	826,847.00	826,847.00
<b>Total Depreciation</b>	826,847.00	826,847.00
<b>Total Expense</b>	4,185,848.02	4,185,848.02
<b>Net Ordinary Income</b>	177,613.46	177,613.46
<b>Net Income</b>	<b>177,613.46</b>	<b>177,613.46</b>

## HUMBOLDT BAY HARBOR, RECREATION, AND CONSERVATION DISTRICT

Monthly Cash Flow Analysis

For The Months Ended June 30, 2020 and May 31, 2020

	<u>6/30/20</u>	<u>5/31/20</u>
<b><u>Account Balances</u></b>		
Checking	\$ 22,589	\$ 13,316
Savings	27,785	6,259
Tariff	487,982	434,436
County Treasury	139,178	420,304
Cash on hand	1,280	1,513
<b>Total Cash</b>	<b><u>678,814</u></b>	<b><u>875,828</u></b>
Add: Accounts Receivable (less doubtful accounts)	629,585	720,576
Less: Accounts Payable	(111,423)	(210,816)
Available Cash and Receivables	<u>\$ 1,196,976</u>	<u>\$ 1,385,588</u>
<b><u>Change in Cash Balance</u></b>		
Balance, Beginning of Month	\$ 875,828	\$ 645,305
Monthly Deposits	408,487	656,623
Monthly Payments	(605,501)	(426,100)
Balance, End of Month	<u>\$ 678,814</u>	<u>\$ 875,828</u>
<b><u>Monthly Payments Summary</u></b>		
Significant/Unusual Expenses:		
Humboldt Bay Development Assoc lease payment		\$ 50,649
Liability & workers' comp insurance annual payment	\$ 108,593	
BBVA bond and loan payment	233,837	
RMT2 Brownfield expenses		37,514
Payment of 6/30/19 audit fee		11,280
Property tax adjustment for redevelopment agencies		12,625
Two monthly insurance payments in same month		32,066
Sub-total, Significance/Unusual Expenses	<u>342,430</u>	<u>144,134</u>
General operating expenses and other misc. expense	263,071	281,966
Total Cash Payments	<u>\$ 605,501</u>	<u>\$ 426,100</u>
<b><u>Monthly Deposits Summary</u></b>		
Significant/Unusual Revenues:		
Property taxes and interest income	\$ 78,874	
Interest Payment on NMTC note receivable	40,187	
FEMA grant	103,977	\$ 415,908
Lump sum lease payment		38,724
Sub-total, Significant/Unusual Revenues	<u>223,038</u>	<u>454,632</u>
General revenues	185,449	201,991
Total Cash Receipts	<u>\$ 408,487</u>	<u>\$ 656,623</u>

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**Humboldt Bay Harbor, Recreation & Conservation District  
Account QuickReport**

09/04/20

As of June 30, 2020

Accrual Basis

Type	Date	Num	Name	Memo	Amount
<b>10200.1 - Cash in BBVA, Checking</b>					
Liability Check	06/11/2020		QuickBooks Payroll Service	Created by Payroll Service on 06/10/...	-19,589.03
Liability Check	06/25/2020		QuickBooks Payroll Service	Created by Payroll Service on 06/23/...	-21,500.46
Check	06/15/2020			Service Charge	-176.40
Bill Pmt -Check	06/12/2020	EFT	CalPERS 457 Program	457Match 06/12/2020	-300.00
Liability Check	06/12/2020	EFT	PERS Unfunded Accrued Liab	2233447024	-4,054.75
Liability Check	06/12/2020	EFT	CalPERS 457 Program	450348	-1,050.00
Liability Check	06/12/2020	EFT	State Disbursement Unit	0230000067964	-233.53
Liability Check	06/26/2020	EFT	State Disbursement Unit	0230000067964	-233.53
Bill Pmt -Check	06/26/2020	EFT	CalPERS 457 Program	457Match 06/26/2020	-300.00
Bill Pmt -Check	06/26/2020	EFT	PERS Unfunded Accrued Liab	2233447024	-5,033.55
Liability Check	06/26/2020	EFT	CalPERS 457 Program	450348	-1,050.00
Liability Check	06/26/2020	EFT	PERS Unfunded Accrued Liab	2233447024	-4,054.75
Bill Pmt -Check	06/29/2020	EFT	Francotyp-Postalia	466106100	-300.00
Liability Check	06/10/2020	E-pay	Employment Development Department	499-0307-3 QB Tracking # -1391155...	-1,232.45
Liability Check	06/10/2020	E-pay	Tri Counties Bank	94-2262845 QB Tracking # -139112...	-2,926.28
Liability Check	06/23/2020	E-pay	Employment Development Department	499-0307-3 QB Tracking # -9966501...	-1,252.38
Liability Check	06/23/2020	E-pay	Tri Counties Bank	94-2262845 QB Tracking # -996635...	-3,244.96
Bill Pmt -Check	06/12/2020	60287	Advanced Security Systems		-391.50
Bill Pmt -Check	06/12/2020	60288	Arcata Chamber of Commerce	2020 Membership Dues	-450.00
Bill Pmt -Check	06/12/2020	60289	AT&T Phone	707 443-0801 071 7	-868.76
Bill Pmt -Check	06/12/2020	60290	B & B Portable Toilets	RWD	-105.78
Bill Pmt -Check	06/12/2020	60291	California Redwood Co.		-1,890.90
Bill Pmt -Check	06/12/2020	60292	CAPA	June, July & August 2020 Membersh...	-3,195.25
Bill Pmt -Check	06/12/2020	60293	City of Eureka (Water)	WIM	-10,198.25
Bill Pmt -Check	06/12/2020	60294	Coast Seafood Co.	June 2020 Interest and Principal pay...	-13,000.00
Bill Pmt -Check	06/12/2020	60295	Don's Rent-All	7197	-265.82
Bill Pmt -Check	06/12/2020	60296	Humboldt Bay Municipal Water Dist.	9002.001 RMT2	-755.70
Bill Pmt -Check	06/12/2020	60297	Humboldt Bay Solar Fund LLC	April 2020	-14,121.47
Bill Pmt -Check	06/12/2020	60298	Nylex.net	VPN for Adam Wagschal	-52.50
Bill Pmt -Check	06/12/2020	60299	Pacific Gas & Electric (3494-4)	6598073494-4	-152.91
Bill Pmt -Check	06/12/2020	60300	Phillis Appraisal Service		-2,500.00
Bill Pmt -Check	06/12/2020	60301	Pintermedia LLC		-60.00
Bill Pmt -Check	06/12/2020	60302	Planwest Partners, Inc.	April 2020 District Planner Services	-6,057.50
Bill Pmt -Check	06/12/2020	60303	Razursharp	HUMBOLBOX	-65.07
Bill Pmt -Check	06/12/2020	60304	Redwood Electrical Services		-2,339.48
Bill Pmt -Check	06/12/2020	60305	Security Lock & Alarm		-16.28
Bill Pmt -Check	06/12/2020	60306	SHN Consulting Engineers & Geologists		-16,316.52
Bill Pmt -Check	06/12/2020	60307	Southwest Answering Service		-172.70
Bill Pmt -Check	06/12/2020	60308	Mitchell Law Firm, LLP		-3,813.50
Bill Pmt -Check	06/12/2020	60309	Tony Gosselin & Sons		-9.71
Bill Pmt -Check	06/12/2020	60310	US Bank Corporate Payment System	4246044555706765	-2,225.84
Bill Pmt -Check	06/12/2020	60311	Valley Pacific Petroleum Services, Inc	114137	-879.12
Bill Pmt -Check	06/12/2020	60312	World Oil Enviromental Services		-595.00
Bill Pmt -Check	06/12/2020	60313	Verizon Wireless		-353.60
Bill Pmt -Check	06/12/2020	60315	Humboldt County Tax Collector	DEF150001034 401-031-058-000	-6,897.78
Bill Pmt -Check	06/12/2020	60316	Alliant Insurance Services, Inc.	Commercial Liability FY 20/21	-16,596.02
Bill Pmt -Check	06/12/2020	60317	Pacific Gas & Electric (1906-4)	Acct #0670491906-4	-3,165.35
Bill Pmt -Check	06/12/2020	60318	Pacific Gas & Electric (8259-4) address	0074698259-4	-7,864.11
Bill Pmt -Check	06/12/2020	60319	Verizon Wireless		-77.08
Bill Pmt -Check	06/17/2020	60320	California State Lands Commission	Outfall Pipe Sublease Deposit	-2,500.00
Bill Pmt -Check	06/26/2020	60321	BBVA Compass		-153,488.62
Bill Pmt -Check	06/26/2020	60322	BBVA Compass		-80,348.24
Bill Pmt -Check	06/26/2020	60323	SDRMA	Property/Liability Insurance 2020-2021	-75,887.82
Check	06/26/2020	60324	Kelley, Brian (Rian Faith)	Tenant Refund	-327.60
Bill Pmt -Check	06/26/2020	60325	ACWA JPIA	July 2020	-33,423.64
Bill Pmt -Check	06/26/2020	60326	SDRMA	Worker's Compensation FY 2020-20...	-32,705.46
Bill Pmt -Check	06/26/2020	60328	101Netlink	WIM & FL	-220.00
Bill Pmt -Check	06/26/2020	60329	Advanced Security Systems	WIM Cameras	-118.75
Bill Pmt -Check	06/26/2020	60330	AT&T Internet	831-000-8571 571	-933.88
Bill Pmt -Check	06/26/2020	60331	David L. Moonie & Company		-2,040.00
Bill Pmt -Check	06/26/2020	60332	Englund Marine Supply		-17.90
Bill Pmt -Check	06/26/2020	60333	Eureka Oxygen Company		-229.41
Bill Pmt -Check	06/26/2020	60334	High Rock Conservation Camp	PO 1565	-1,600.00
Bill Pmt -Check	06/26/2020	60335	HSU Sponsored Programs Foundation	Ports, Account 000818	-3,864.03
Bill Pmt -Check	06/26/2020	60336	Humboldt Bay Solar Fund LLC	April 2020	-15,150.43
Bill Pmt -Check	06/26/2020	60337	Humboldt Community Services District	3165	-377.36
Bill Pmt -Check	06/26/2020	60338	Humboldt Waste Management Authority		-202.48
Bill Pmt -Check	06/26/2020	60339	Mendes Supply Company	2705	-136.95
Bill Pmt -Check	06/26/2020	60340	Mission Uniform & Linen	299313	-210.39
Bill Pmt -Check	06/26/2020	60341	Mr. Rooter Plumbing	Hydro Scrub	-587.06
Bill Pmt -Check	06/26/2020	60342	Nylex.net	Virus Scan, Britni's Computer	-52.50
Bill Pmt -Check	06/26/2020	60343	Pape Material Handling	340686, 490169, 1101058	-441.70
Bill Pmt -Check	06/26/2020	60344	Pierson Building Center	1297	-834.20
Bill Pmt -Check	06/26/2020	60345	Planwest Partners, Inc.		-3,293.93
Bill Pmt -Check	06/26/2020	60346	Recology Eel River	061097997	-402.17
Bill Pmt -Check	06/26/2020	60347	Recology Humboldt County (060339473)	060339473	-865.84
Bill Pmt -Check	06/26/2020	60348	Recology Humboldt County (061218064)	061218064	-668.90
Bill Pmt -Check	06/26/2020	60349	Recology Humboldt County (A00600002...)	A0060000265	-2,207.70

**Humboldt Bay Harbor, Recreation & Conservation District  
Account QuickReport**

Accrual Basis

As of June 30, 2020

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	06/26/2020	60350	Security Lock & Alarm		-21.70
Bill Pmt -Check	06/26/2020	60351	Shelter Cove Fishing Preservation Inc	SC Janitorial June 2020	-2,083.33
Bill Pmt -Check	06/26/2020	60352	Shelter Cove Resort Improvement District	SC	-173.02
Bill Pmt -Check	06/26/2020	60353	Staples Credit Plan	6035 5178 1247 5530	-256.42
Bill Pmt -Check	06/26/2020	60354	State Water Resource Control Board	Red Tank Dock 01/01/20 - 03/31/20...	-186.61
Bill Pmt -Check	06/26/2020	60355	Tony Gosselin & Sons		-140.00
Bill Pmt -Check	06/26/2020	60356	Western Chainsaw		-86.79
Bill Pmt -Check	06/26/2020	60357	Coastal Business Systems, Inc.	WIM Copier Lease 06/20/20-07/20/20	-268.22
Bill Pmt -Check	06/26/2020	60358	Daily Journal of Commerce	WIM Dredging RFP	-53.24
Bill Pmt -Check	06/26/2020	60359	Pacific Gas & Electric (Non-Energy)	2072047	-407.12
Bill Pmt -Check	06/26/2020	60360	Security Lock & Alarm		-43.40
Bill Pmt -Check	06/26/2020	60361	Standard Insurance Company	ST 908447 0001	-202.60
Total 10200.1 · Cash in BBVA, Checking					-599,044.98
<b>TOTAL</b>					<b>-599,044.98</b>



**STAFF REPORT**  
**HARBOR DISTRICT MEETING**  
**September 10, 2020**

**TO:** Honorable Board President and Harbor District Board Members

**FROM:** Larry Oetker, Executive Director

**DATE:** September 3, 2020

**TITLE:** Consider Amending Ordinance 7 Article IV, Section 9(f) and Sections of the Humboldt Bay Management Plan to Clarify the Regulatory Standards for Signs and Related Structures

---

**STAFF RECOMMENDATION:** It is recommended that the Board: review the existing standards and policies regarding signs and provide additional direction to Staff on proposed amendments to Ordinance 7.

**SUMMARY:** Billboards occur within the District's regulatory jurisdiction. The District regularly permits construction and maintenance of similar structures below high tide level. However, no billboards around Humboldt Bay currently have District permits. There is a difference between what was drafted in 1976 Humboldt Bay Master Plan which was adopted through Ordinance 7 and the 2007 Humboldt Bay Management Plan which was certified to follow the Ordinance 7 Master Plan.

**DISCUSSION:** On January 23, 2020, the Board directed Staff to prepare a billboard permitting policy clarifying that the District cannot permit the following items within District Jurisdiction:

- a) Construct new Billboards
- b) Expand footprint of existing billboard
- c) Re-erect Billboard that has collapsed
- d) Routine maintenance of existing billboards

The District's regulatory permitting authority is derived from Article II Section 32 of the California Harbors and Navigation Code. Section 19 requires the District to have a "Master Plan". The 1976 Humboldt Bay Master Plan which was adopted through Ordinance 7 and the 2007 Humboldt Bay Management Plan which was certified to be in compliance with the Ordinance 7 Master Plan are the regulatory framework for Humboldt Bay. Section 24 of the Harbors and Navigation Code establishes "findings" which must be made when approving permits.

Careful consideration must be given to the rights of the public and the rights of the property owner. We need to carefully consider the many of sides and not immediately state that we have unlimited power to deny everything. A draft amendment to Ordinance 7 will be available on Wednesday September 16<sup>th</sup> on the District's website:

<http://humboldtbay.org/>

HUMBOLDT BAY HARBOR, RECREATION,  
AND CONSERVATION DISTRICT

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AMENDMENT NO. 2 ORDINANCE NO. 7

AN ORDINANCE IMPLEMENTING  
CERTAIN PORTIONS OF THE  
HUMBOLDT BAY MASTER PLAN

THE BOARD OF COMMISSIONERS OF THE HUMBOLDT BAY HARBOR, RECREATION, AND CONSERVATION DISTRICT, DOES HEREBY AMEND ARTICLE IV SECTION 9. ENVIRONMENTAL QUALITY OF ORDINANCE NO. 7 AS FOLLOWS:

(f) Signs and related structures, other than those that are necessary and approved by the District for navigational, public safety, resource management and identification purposes shall be eliminated and prohibited from the tidal and submerged lands within the jurisdiction of the District.

The following words shall be inserted:

- 1) **Billboards and Off Premises Signs:** Billboards and off premises signs and structures are inconsistent with the purposes and standards of this Humboldt Bay Master Plan and are, therefore, prohibited in all Planning Designations in Article III.
  - a) *New Billboards and Off Premises signs and structures:* No new billboards and off premises signs and structures shall be permitted.
  - b) *Illegal Billboards and Off Premises Signs and Structures:* A billboard or off premises signs and structure, that has not been continuously occupied a site since September 16, 1976, and does not have an active permit from the District, shall be deemed an illegal sign and should be either eliminated in compliance with the Humboldt Bay Master Plan.
  - c) *Existing Non-conforming Billboards and Off Premises Signs and Structures:* A billboard or off premises signs and structure, that has continuously occupied a site since September 16, 1976, but does not have an active permit from the District, shall be deemed to be a non-conforming sign. The elimination of existing non-conforming billboards and off premises signs is as important to the Humboldt Bay aesthetic and public health, safety, and welfare as the prohibition of new billboards and off premises signs that would violate the provisions of this section. It is also recognized that non-conforming billboards and off premises signs should be eliminated in a manner that avoids an unreasonable invasion of established property rights. With these goals in mind, the District regulates non-conforming billboards and off premises signs as outlined below.
    - 1) *Non-conforming Billboards and Off Premises Signs Elimination.* Nonconforming billboards and off premises signs shall be discontinued and removed from their sites by January 1, 2026.
    - 2) *Continuation and maintenance.* Until January 1, 2026, a nonconforming billboard or off premises sign may be continued in operation and maintained, but may not be:

- i. Replaced with another nonconforming billboard or off premises sign;
  - ii. Moved to another location on the property; or
  - iii. Expanded or enlarged.
- 3) *Allowed change in copy.* The copy on a non-conforming billboards and off premises signs may be changed before the January 1, 2026 scheduled date of elimination without a permit provided that the change of copy does not increase the sign area or make the sign more non-conforming.
- d) *Maintenance, Repair or Reconstruction.* Provided that repair or reconstruction is started within one year and diligently pursued to completion, non-conforming billboards and off premises signs may be reconstructed and the nonconforming use may be resumed until January 1, 2026 as follows:
- 1) Ministerial Permit approved by the Executive Director.
    - i. Structures may have “like for like” repair work completed, as long as there is no enlargement or expansion of the structure or use and all repair is completed above the water level at the time repair work is completed.
    - ii. Structures which are damaged by high winds, destroyed by fire, or other calamity may with have the portions of the damaged structure above water level at the time the repair work is completed restored.
    - iii. Structures which are damaged by vandalism may be repaired or replaced and existing piles and anchors reattached provided that the applicant provides documentation that the work is not in any way enlarged over the existing structure and the work will have no significant impact on biological resources.
  - 2) All reconstruction not completed under section d)1) above shall require an Administrative Permit.
  - 3) All permits shall contain at a minimum condition(s):
    - i. Giving notice that the sign, structure and use remain nonconforming to the Humboldt Bay Master Plan.
    - ii. Requiring the applicant to provide financial surety in an amount and form acceptable to the Executive Director to ensure that the billboard is removed by January 1, 2026.



# Regular Meeting of the Board of Commissioners

September 10, 2020  
6:00 PM



**9-10-20**

**Item 10 a)**

**Consider Amending Ordinance 7 Article IV, Section 9(f) and Sections of the Humboldt Bay Management Plan to Clarify the Regulatory Standards for Signs and Related Structures**

*Recommendation:* It is recommended that the Board: review the existing standards and policies regarding signs and provide additional direction to Staff on proposed amendments to Ordinance 7.

# Humboldt Bay Management Plan Policy RVR-7 Discussion

**Discussion:** To protect sensitive habitat and species, and to protect aesthetic and economic values, the management and control of billboards in tidelands subject to the District's jurisdiction may be appropriate, particularly with respect to billboards sited in Humboldt Bay's tidelands in the future. **Currently, however, the District does not assert authority regarding billboard siting or management.** Additional investigation and stakeholder involvement is required to identify possible legal issues, management alternatives, and appropriate strategies.

# Humboldt Bay Management Plan Policy RVR-7

## May 2007

The District shall investigate its responsibilities with respect to billboard management issues affecting the Humboldt Bay area, including regulatory and legal issues related to possible control measures. Based on this investigation, **the District may develop, if appropriate, policy alternatives with respect to the future siting or construction of billboards in areas subject to the District's jurisdiction.**

# Humboldt Bay Management Plan

## Section 2.2.2 Bay Conservation

### **(B) Uses Authorized Within This Designation.**

The following uses are examples of the kinds of uses that are expected to occur within the ***Bay Conservation*** use designation with a Use Permit from the District:

- (1) Educational/scientific studies that include manipulating the environment
- (2) Restoration and /or enhancement of environmental and natural resources, including fish and wildlife habitat, where such activities involve environmental manipulation
- (3) Recreational activities that include or involve structures, organized group activities, or environmental manipulation
- (4) **Maintenance of existing structures**, shoreline protection, and similar activities for existing structures or uses
- (5) Other types of conservation-related or maintenance-related activities or proposals not specifically identified above.

Management Plan Policies are consistent with Master Plan

The Humboldt Bay Management Plan has been prepared within the framework established by the Humboldt Bay Master Plan (1975). (Page 60)

District Ordinance 7 Article IV, Section 9(f)  
“Master Plan”  
September 16, 1976

Signs and related structures, other than those that are necessary and approved by the District for navigational, public safety, resource management and identification purposes **shall be eliminated and prohibited from the tidal and submerged lands within the jurisdiction of the District.**



Figure 2-1: Humboldt Bay Water Use Designations



# Balance property owners rights with public interest

- Government's powers are not unlimited
- Conflict between 1976 Master Plan and Humboldt Bay Management Plan

**Currently, however, the District does not assert authority regarding billboard siting or management.** Additional investigation and stakeholder involvement is required to identify possible legal issues, management alternatives, and appropriate strategies.

# Balance property owners rights with public interest

- Do not recommend one sentence amendment banning all billboards immediately
- Instead of a hard immediate billboard elimination Staff proposes a phased elimination which:
  - Provides property owner time to plan for removal
  - Generate income for specific time period allowing owner to amortize their investment
  - Provides for financial surety to remove billboards if improvements are made during the phased elimination period.

# Proposed amendments

- No new billboards
- Establishes illegal versus nonconforming billboards
- Requires elimination by January 1, 2026 (5 years)
- Allowed continued use and change of sign copy

# Proposed amendments

- Maintenance, repair, and reconstruction requires permit
  - Permit
    - “like for like” repairs above water level
    - Damage by high winds, destroyed by fire or other calamity above water level
    - Discourage vandalism by allowing reconstruction as long as no enlargement and work will have no significant impact on biological resources
  - Required permit conditions
    - Notice that sign, structure, and use are nonconforming
    - Requiring the applicant to provide financial surety to ensure that the billboard is removed by January 1, 2026.



**STAFF REPORT – HARBOR DISTRICT MEETING**  
**September 10, 2020**

**TO:** Honorable Board President and Harbor District Board Members

**FROM:** Larry Oetker, Executive Director

**DATE:** September 4, 2020

**TITLE:** **Review and provide direction as necessary on the current and potential future Humboldt Bay and Pacific Ocean discharge and intake infrastructure.**

---

**STAFF RECOMMENDATION:** Staff recommends the Board: Receive a presentation and provide direction as required.

**SUMMARY:** The Humboldt Bay and Pacific Ocean discharge and intake infrastructure have and continue to be critical infrastructure for the Humboldt Bay region. There are three ocean discharge pipes on the Samoa Peninsula and the City of Arcata and City of Eureka both have wastewater treatment plant discharges pipes into the Bay. In addition, there are numerous stormwater culverts and several aquaculture and industrial intake, and discharge systems located throughout the Bay. Proper maintenance, monitoring, planning, and permitting is essential for the long-term viability of our regional economy and the continued excellent health of ecosystem.

**DISCUSSION:** The Board has been holding a series of meetings regarding infrastructure that is directly and indirectly necessary for the local and regional economies around Humboldt Bay. The Harbor District is an active partner in the Samoa Peninsula Infrastructure Working Group. At your August 13<sup>th</sup> meeting, the Board reviewed the domestic, fire suppression, industrial water systems, as well as, the new Samoa Peninsula wastewater treatment plant which utilizes the District's ocean outfall to discharge. The focus of this meeting will be on water intake and discharge pipes in the Ocean and Bay. The Board formed an Infrastructure Subcommittee with Commissioners Doss and Marks.

The property owners on the Samoa Peninsula, other governmental organizations around the Bay, as well as, several organizations and citizens have expressed a need for coordinated planning of our region's infrastructure. This has been a long-standing goal, and regionally we have made some progress, however it has and continues to be painstakingly slow and remains largely uncoordinated. Each governmental organization independently plans and manages their own assets. The Coastal Commission, City of Eureka, City of Arcata, and County of Humboldt each regulate the areas under their jurisdiction. The Harbor District has leasehold control over much of the Bay and regulatory

authority over all waters below high tide. However, the District is a major upland property owner as well and the District is legislatively charged with:

*It is hereby declared to be the policy of the State of California to develop the harbors and ports of this state for multiple purpose use for the benefit of the people. A necessary exists within Humboldt County for such development. Because of the separate cities and unincorporated populated areas in the area hereinafter described, only a specially created district can operate effectively in developing the harbors and port facilities and in developing and protecting the natural resources of the area. Because of the unique problems presented by this area, and the facts and circumstances relative to the development of harbor and port facilities, and to the development and protection of the natural resources of the area, the adoption of a special act and the creation of a special district is required.*

The balance between development and protecting natural resources is critical to the success of the Harbor District and our region. This mandate, included in Appendix II of California's Harbors and Navigation Code, states in part that the District was created with the power and authority for the acquisition, construction, maintenance, operation, development and regulation of harbor works and improvements, including rail, water and air terminal facilities for the promotion of national and international commerce, navigation, fisheries and recreation and for the development and protection of the natural resources of Humboldt Bay.

Ordinance 7 Section 2 states that:

SECTION 2. The jurisdictional authority of the Humboldt Bay Harbor, Recreation and Conservation District for the implementation of this Master Plan for Humboldt Bay is limited to Humboldt Bay up to the mean higher high water level except for Indian, Woodley, and Daby Islands where the District jurisdiction is up to the mean high water level. Implementation of this Master Plan on the adjacent upland areas around Humboldt Bay will require cooperative efforts with other local jurisdictions.

The Districts mandate is to upland infrastructure such as port, airports and railroads, however our jurisdiction only goes to high water. The question of which agency is taking the lead in our cooperative efforts remains a major obstacle to the revitalization of our port. Staff intends to go over railroad right of way and other infrastructure at future meetings.



**STAFF REPORT – HARBOR DISTRICT MEETING  
September 10, 2020**

**TO:** Honorable Board President and Harbor District Board Members

**FROM:** Larry Oetker, Executive Director

**DATE:** September 4, 2020

**TITLE:** **Approval of the Third Amendment to the Lease Agreement with Nordic Aquafarms California LLC at the District’s Redwood Marine Terminal II Property APN’s 401-112-021 (Roll Call Vote)**

---

**RECOMMENDATION:** Staff recommends the Board: Direct Staff to: Approve the lease amendment and authorize Executive Director to execute all documents associated with this agreement

**SUMMARY:** At their August 13<sup>th</sup> meeting, the Board authorized a second amendment which authorized up to 7000 GPM from the previously authorized 3500 GPM to be utilized from the District’s Redwood Marine Terminal II and Red Tank Bay water sea chests. After the approval it was discovered that a corresponding increase in the amount of discharge out the ocean outfall is required.

**DISCUSSION:** The purpose of this Amendment is to increase the discharge from the ocean outfall from the current 6 million gallons per day to 12.5 million gallons per day of the 40 million gallons per day capacity of the District’s ocean outfall pipe. All discharges will require regulatory permits prior to discharge.

**Attachments**

A Third Amendment to Sublease

### THIRD AMENDMENT TO SUBLEASE

This **THIRD AMENDMENT TO SUBLEASE** (“**Third Amendment**”) is dated as of this \_\_\_ day of \_\_\_\_\_, 2020 (the “**Effective Date**”), by and between **HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT**, a California public entity (“**Landlord**”), and **NORDIC AQUAFARMS CALIFORNIA, LLC**, a Delaware limited liability company, f/k/a California Marine Investments LLC (“**Tenant**”).

#### RECITALS

**A.** Landlord and Tenant are parties to that certain Sublease dated as of February 11, 2019 (the “**Original Sublease**”), as amended by that certain First Amendment to Sublease dated as of March 15, 2020 (the “**First Amendment**”); certain Second Amendment dated as of August 14, 2020 (the “**Second Amendment**”); and collectively with the Original Sublease, the “**Sublease**”), wherein Landlord has granted to Tenant the right to sublease certain improved real property in Humboldt County, California (as more particularly described and depicted in the Sublease, the “**Demised Premises**”). The Sublease was memorialized by Landlord and Tenant in that certain Memorandum of Option to Sublease dated as of February 11, 2019 and recorded in the Official Records of Humboldt County, California on April 10, 2019 as Document Number 2019-006258.

**B.** Landlord and Tenant now desire to amend the Sublease according to the terms and conditions set forth herein. Capitalized terms used in this Third Amendment and not otherwise defined herein shall have the meaning assigned to them in the Sublease.

#### AGREEMENT

**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

- 1. Amendment of Section 5.1 of Rider A to the Original Sublease.** The first sentence of Section 5.1 of Article Five of Rider A of the Original Sublease is hereby deleted in its entirety and replaced with the following text: “Landlord hereby grants to Tenant the non-exclusive right throughout the Term to access and use Landlord’s ocean outfall pipe as identified and depicted on Exhibit B to discharge up to twelve million five hundred thousand (12,500,000) gallons per day of the more than thirty (30)million gallons per day capacity of such pipe.”
- 2. Brokers.** Each party hereby represents and warrants to the other party that it has not dealt with any broker or agent in connection with this Third Amendment and covenants to pay, hold harmless and indemnify the other party from and against any and all cost, expense or liability (including legal fees incurred in defending against any claim) for any compensation, commission and charges claimed by any broker or agent with respect to this Third Amendment or the negotiation hereof or otherwise arising from a breach of the foregoing warranty.
- 3. No Further Modification; Conflict.** Except as set forth in this Third Amendment, all of the terms and provisions of the Sublease shall remain unmodified and in full force and effect. Effective as of the date first written above, all references to the “Sublease” shall refer to the Sublease as amended by this Third Amendment. In the event of any conflict between the terms, covenants and conditions of the Sublease, and the terms, covenants and conditions of this Third Amendment, the terms, covenants and conditions of this Third Amendment shall govern and control.
- 4. Miscellaneous.**

**(a) Voluntary Agreement.** The parties have read this Third Amendment, and on the advice of counsel they have freely and voluntarily entered into this Third Amendment. This Third Amendment shall be interpreted neutrally between the parties regardless of which party drafted or caused to be drafted this Third Amendment.

**(b) Attorneys' Fees.** If either party commences an action against the other party arising out of or in connection with this Third Amendment, the prevailing party shall be entitled to recover from the non-prevailing party, reasonable attorneys' fees and costs of suit.

**(c) Successors.** Subject to the assignment and subletting provisions of the Sublease, this Third Amendment shall be binding on and inure to the benefit of the parties and their successors, legal representatives and assigns.

**(d) Counterparts; Signatures.** This Third Amendment may be signed in two or more counterparts. When at least one such counterpart has been signed by each party, this Third Amendment shall be deemed to have been fully executed, each counterpart shall be deemed to be an original, and all counterparts shall be deemed to be one and the same agreement. This Third Amendment may be executed by a party's signature transmitted by facsimile or by electronic means, and copies of this Third Amendment executed and delivered by means of faxed or electronic signatures shall have the same force and effect as copies hereof executed and delivered with original signatures. All parties hereto may rely upon faxed or electronic signatures as if such signatures were originals. All parties hereto agree that a faxed or electronic signature page may be introduced into evidence in any proceeding arising out of or related to this Third Amendment as if it were an original signature page.

**IN WITNESS WHEREOF,** Landlord and Tenant have executed this Third Amendment as of the date first written above.

**LANDLORD:**

**HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT,**  
a California public entity

By: \_\_\_\_\_

Name: Larry Oetker

Title: Executive Director

**TENANT:**

**NORDIC AQUAFARMS CALIFORNIA, LLC,**  
a Delaware limited liability company,  
f/k/a California Marine Investments LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**STAFF REPORT – HARBOR DISTRICT MEETING  
September 10, 2020**

**TO:** Honorable Board President and Harbor District Board Members

**FROM:** Larry Oetker, Executive Director

**DATE:** September 4, 2020

**TITLE: Review of the Actuarial Study of the Retiree Health Liabilities Under GASB 74/75**

---

**RECOMMENDATION:** Staff recommends the Board: Review the GASB 74/75 and provide direction as required

**SUMMARY:** The GASB 74/75 actuarial analyze liabilities associated with its current retiree health program as of June 30, 2020. The District operates on a "pay-as-you-go" cost of providing retiree health benefits. In the year beginning July 1, 2020 the "pay as you go" cost is estimated to be \$62,607. The "pay-as-you-go" cost is the cost of benefits for current all retirees.

**DISCUSSION:**

This actuarial study is intended to serve the following purposes:

- To provide information to enable Humboldt Bay Harbor Recreation and Conservation District to manage the costs and liabilities associated with its retiree health benefits.
- To provide information to enable Humboldt Bay Harbor Recreation and Conservation District to communicate the financial implications of retiree health benefits to internal financial staff, the Board, employee groups and other affected parties.
- To provide information needed to comply with Governmental Accounting Standards Board Accounting Standards 74 and 75 related to "other postemployment benefits" (OPEB's).

**Attachments**

- A Retiree Health Liabilities Under GASB 74/75 Roll Forward Valuation

**Humboldt Bay Harbor Recreation and  
Conservation District  
Actuarial Study of  
Retiree Health Liabilities Under GASB 74/75  
Roll-forward Valuation  
Valuation Date: June 30, 2019  
Measurement Date: June 30, 2020**

*Prepared by:  
Total Compensation Systems, Inc.*

*Date: August 31, 2020*

Table of Contents

**PART I: EXECUTIVE SUMMARY ..... 1**

A. INTRODUCTION ..... 1

B. GENERAL FINDINGS ..... 2

C. DESCRIPTION OF RETIREE BENEFITS ..... 3

D. RECOMMENDATIONS..... 3

E. CERTIFICATION..... 4

**PART II: BACKGROUND..... 6**

A. SUMMARY..... 6

B. ACTUARIAL ACCRUAL ..... 6

**PART III: LIABILITIES AND COSTS FOR RETIREE BENEFITS ..... 8**

A. INTRODUCTION. .... 8

B. LIABILITY FOR RETIREE BENEFITS..... 8

C. COST TO PREFUND RETIREE BENEFITS ..... 8

    1. Service Cost..... 8

    4. Adjustments ..... 10

**PART IV: "PAY AS YOU GO" FUNDING OF RETIREE BENEFITS..... 11**

**PART V: RECOMMENDATIONS FOR FUTURE VALUATIONS..... 12**

**PART VI: APPENDICES ..... 13**

APPENDIX A: MATERIALS USED FOR THIS STUDY ..... 13

APPENDIX B: EFFECT OF ASSUMPTIONS USED IN CALCULATIONS ..... 14

APPENDIX C: ACTUARIAL ASSUMPTIONS AND METHODS ..... 15

APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE ..... 18

APPENDIX E: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES ..... 19

APPENDIX F: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES ..... 23

APPENDIX G: GLOSSARY OF RETIREE HEALTH VALUATION TERMS ..... 26

**Humboldt Bay Harbor Recreation and Conservation District  
Actuarial Study of Retiree Health Liabilities**

**PART I: EXECUTIVE SUMMARY**

**A. Introduction**

Humboldt Bay Harbor Recreation and Conservation District engaged Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program as of June 30, 2020 (the measurement date). This valuation report is based on an earlier GASB 75 valuation as of June 30, 2019. We used standard actuarial “roll-forward” methodology to estimate the Total OPEB Liability (TOL) as of the measurement date. The numbers in this report are based on the assumption that they will first be used to determine accounting entries for the fiscal year ending June 30, 2020. If the report will first be used for a different fiscal year, the numbers may need to be adjusted accordingly.

This report does not reflect any cash benefits paid unless the retiree is required to provide proof that the cash benefits are used to reimburse the retiree’s cost of health benefits. Costs and liabilities attributable to cash benefits paid to retirees are reportable under applicable Governmental Accounting Standards Board (GASB) Standards.

This actuarial study is intended to serve the following purposes:

- To provide information to enable Humboldt Bay Harbor Recreation and Conservation District to manage the costs and liabilities associated with its retiree health benefits.
- To provide information to enable Humboldt Bay Harbor Recreation and Conservation District to communicate the financial implications of retiree health benefits to internal financial staff, the Board, employee groups and other affected parties.
- To provide information needed to comply with Governmental Accounting Standards Board Accounting Standards 74 and 75 related to "other postemployment benefits" (OPEB's).

Because this report was prepared in compliance with GASB 74 and 75, Humboldt Bay Harbor Recreation and Conservation District should not use this report for any other purpose without discussion with TCS. This means that any discussions with employee groups, governing Boards, etc. should be restricted to the implications of GASB 74 and 75 compliance.

We calculated the following estimates separately for active employees and retirees. As requested, we also separated results by the following employee classifications: Classified and All Non-Represented Employees. We estimated the following:

- the total liability created. (The actuarial present value of total projected benefit payments or APVPBP)
- ten years of projected benefit payments.
- the "total OPEB liability (TOL)." (The TOL is the portion of the APVPBP attributable to employees’ service prior to the measurement date.)
- the “net OPEB liability” (NOL). For plans funded through a trust, this represents the unfunded portion of the liability.

## Total Compensation Systems, Inc.

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- the service cost (SC). This is the value of OPEB benefits earned for one year of service.
- deferred inflows and outflows of resources attributable to the OPEB plan.
- “OPEB expense.” This is the amount recognized in accrual basis financial statements as the current period expense. The OPEB expense includes service cost, interest and certain changes in the OPEB liability, adjusted to reflect deferred inflows and outflows. This amount may need to be adjusted to reflect any contributions received after the Measurement Date.
- Amounts to support financial statement Note Disclosures and Required Supplementary Information (RSI) schedules.

We summarized the data used to perform this study in Appendix A. No effort was made to verify this information beyond brief tests for reasonableness and consistency.

All cost and liability figures contained in this study are estimates of future results. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. Service costs and liabilities could easily vary by 10 - 20% or more from estimates contained in this report.

### **B. General Findings**

We estimate the "pay-as-you-go" cost of providing retiree health benefits in the year beginning July 1, 2020 to be \$62,607 (see Section IV.A.). The “pay-as-you-go” cost is the cost of benefits for current retirees.

For current employees, the value of benefits "accrued" in the year beginning July 1, 2020 (the service cost) is \$3,771. This service cost would increase each year based on covered payroll. Had Humboldt Bay Harbor Recreation and Conservation District begun accruing retiree health benefits when each current employee and retiree was hired, a substantial liability would have accumulated. We estimate the amount that would have accumulated at June 30, 2020 to be \$342,799. This amount is called the "Total OPEB Liability" (TOL).

Based on the information we were provided, the OPEB Expense for the fiscal year ending June 30, 2020 is *negative* \$32,798.

We based all of the above estimates on employees as of July, 2019. Over time, liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

# Total Compensation Systems, Inc.

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## C. Description of Retiree Benefits

Following is a description of the current retiree benefit plan. These benefits are available only to employees hired through July 1, 2010.

	<u>Classified</u>	<u>Non-Represented</u>
Benefit types provided	Medical, dental and vision	Medical, dental and vision
Duration of Benefits	To age 65	To age 65
Required Service	10 years	10 years
Minimum Age	55	55
Dependent Coverage	Yes	Yes
District Contribution %	100% for employee 50% for dependent	100% for employee 50% for dependent
District Cap	None	None

## D. Recommendations

It is outside the scope of this report to make specific recommendations of actions Humboldt Bay Harbor Recreation and Conservation District should take to manage the liability created by the current retiree health program. Total Compensation Systems, Inc. can assist in identifying and evaluating options once this report has been studied. The following recommendations are intended only to allow the District to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of Humboldt Bay Harbor Recreation and Conservation District’s practices, it is possible that Humboldt Bay Harbor Recreation and Conservation District is already complying with some or all of our recommendations.

- We recommend that Humboldt Bay Harbor Recreation and Conservation District maintain an inventory of all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, Humboldt Bay Harbor Recreation and Conservation District should determine whether the benefit is material and subject to GASB 74 and/or 75.
- We recommend that Humboldt Bay Harbor Recreation and Conservation District conduct a study whenever events or contemplated actions significantly affect present or future liabilities, but no less frequently than every two years, as required under GASB 74/75.
- Under GASB 75, it is important to isolate the cost of retiree health benefits. Humboldt Bay Harbor Recreation and Conservation District should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – ***even on a retiree-pay-all basis*** – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, Humboldt Bay Harbor Recreation and Conservation District should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.
- Humboldt Bay Harbor Recreation and Conservation District should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for District-paid OPEB benefits; employees who exceed the

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termination age for OPEB benefits, etc.

- Several assumptions were made in estimating costs and liabilities under Humboldt Bay Harbor Recreation and Conservation District's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Appendices B and C for a list of assumptions and concerns.) For example, Humboldt Bay Harbor Recreation and Conservation District should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for Humboldt Bay Harbor Recreation and Conservation District to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

### **E. Certification**

The actuarial information in this report is intended solely to assist Humboldt Bay Harbor Recreation and Conservation District in complying with Governmental Accounting Standards Board Accounting Statements 74 and 75 and, unless otherwise stated, fully and fairly discloses actuarial information required for compliance. Nothing in this report should be construed as an accounting opinion, accounting advice or legal advice. TCS recommends that third parties retain their own actuary or other qualified professionals when reviewing this report. TCS's work is prepared solely for the use and benefit of Humboldt Bay Harbor Recreation and Conservation District. Release of this report may be subject to provisions of the Agreement between Humboldt Bay Harbor Recreation and Conservation District and TCS. No third party recipient of this report product should rely on the report for any purpose other than accounting compliance. Any other use of this report is unauthorized without first consulting with TCS.

This report is for fiscal year July 1, 2019 to June 30, 2020, using a measurement date of June 30, 2020. The calculations in this report have been made based on our understanding of plan provisions and actual practice at the time we were provided the required information. We relied on information provided by Humboldt Bay Harbor Recreation and Conservation District. Much or all of this information was unaudited at the time of our evaluation. We reviewed the information provided for reasonableness, but this review should not be viewed as fulfilling any audit requirements. Information we relied on is listed in Appendix A.

All costs, liabilities, and other estimates are based on actuarial assumptions and methods that comply with all applicable Actuarial Standards of Practice (ASOPs). Each assumption is deemed to be reasonable by itself, taking into account plan experience and reasonable future expectations.

This report contains estimates of the Plan's financial condition only as of a single date. It cannot predict the Plan's future condition nor guarantee its future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. Determining results using alternative assumptions (except for the alternate discount and trend rates shown in this report) is outside the scope of our engagement.

Future actuarial measurements may differ significantly from those presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the measurement methodology (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or

## Total Compensation Systems, Inc.

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applicable law. We were not asked to perform analyses to estimate the potential range of such future measurements.

The signing actuary is independent of Humboldt Bay Harbor Recreation and Conservation District and any plan sponsor. TCS does not intend to benefit from and assumes no duty or liability to other parties who receive this report. TCS is not aware of any relationship that would impair the objectivity of the opinion.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this report is complete and has been prepared in accordance with generally accepted actuarial principles and practices and all applicable Actuarial Standards of Practice. My experience and continuing education are consistent with the requirements described for actuaries under the Qualification Standards of the American Academy of Actuaries.

Respectfully submitted,



Geoffrey L. Kischuk  
Actuary  
Total Compensation Systems, Inc.  
(805) 496-1700

## PART II: BACKGROUND

### A. Summary

Accounting principles provide that the cost of retiree benefits should be “accrued” over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in June of 2015 Accounting Standards 74 and 75 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees), whether they pay directly or indirectly (via an “implicit rate subsidy”).

### B. Actuarial Accrual

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an “actuarial cost method.”

The actuarial cost method mandated by GASB 75 is the “entry age actuarial cost method”. Under this method, there are two components of actuarial cost – a “service cost” (SC) and the “Total OPEB Liability” (TOL). GASB 75 allows certain changes in the TOL to be deferred (i.e. deferred inflows and outflows of resources).

The service cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. Under the entry age actuarial cost method, the actuary determines the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. This amount is the service cost. Under GASB 75, the service cost is calculated to be a level percentage of each employee’s projected pay.

The service cost is determined using several key assumptions:

- The current *cost of retiree health benefits* (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the service cost.
- The “*trend*” rate at which retiree health benefits are expected to increase over time. A higher trend rate increases the service cost. A “cap” on District contributions can reduce trend to zero once the cap is reached thereby dramatically reducing service costs.
- *Mortality rates* varying by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.
- *Employment termination rates* have the same effect as mortality inasmuch as higher termination rates reduce service costs. Employment termination can vary considerably between public agencies.
- The *service requirement* reflects years of service required to earn full or partial retiree benefits. While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

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- **Retirement rates** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase service costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.
- **Participation rates** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.
- The **discount rate** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the real rate of return expected for plan assets plus the long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20 year General Obligation municipal bonds. For partially funded plans, the discount rate is a blend of the funded and unfunded rates.

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. If all actuarial assumptions are exactly met and an employer expensed the service cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the Total OPEB Liability (TOL). The excess of TOL over the value of plan assets is called the Net OPEB Liability (NOL). Under GASB 74 and 75, in order for assets to count toward offsetting the TOL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

The total OPEB liability (TOL) can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience.

Under GASB 74 and 75, a portion of actuarial gains and losses can be deferred as follows:

- Investment gains and losses can be deferred five years
- Experience gains and losses can be deferred over the expected average remaining service lives (EARSL) of plan participants. In calculating the EARSL, terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSL quite short.
- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the EARSL.
- Liability changes resulting from plan changes, for example, cannot be deferred.

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## PART III: LIABILITIES AND COSTS FOR RETIREE BENEFITS

### A. Introduction.

The liability for OPEB benefits was calculated in the valuation as of June 30, 2019 and the methodology used was described in our GASB 75 valuation report dated August 18, 2020. In Part III, we show the tables included in our August 18, 2020 valuation report and provide details of our roll-forward valuation.

We summarized actuarial assumptions used for this study in Appendix C.

### B. Liability for Retiree Benefits.

Below is the actuarial present value of projected benefit payments (APVPBP) table presented in our August 18, 2020 valuation report.

#### **Actuarial Present Value of Projected Benefit Payments at June 30, 2019**

	<i>Total</i>	<i>Classified</i>	<i>All Non-Represented Employees</i>
Active: Pre-65	\$93,033	\$93,033	\$0
Post-65	\$0	\$0	\$0
Subtotal	\$93,033	\$93,033	\$0
Retiree: Pre-65	\$342,541	\$342,541	\$0
Post-65	\$0	\$0	\$0
Subtotal	\$342,541	\$342,541	\$0
Grand Total	\$435,574	\$435,574	\$0
Subtotal Pre-65	\$435,574	\$435,574	\$0
Subtotal Post-65	\$0	\$0	\$0

### C. Cost to Prefund Retiree Benefits

#### 1. Service Cost

Below is the service cost table included in our August 18, 2020 valuation report. This service cost is used in calculating the OPEB expense.

#### **Service Cost Year Beginning July 1, 2019**

	<i>Total</i>	<i>Classified</i>	<i>All Non-Represented Employees</i>
# of Employees	2	1	1
<b>Per Capita Service Cost</b>			
Pre-65 Benefit	N/A	\$3,771	\$0
Post-65 Benefit	N/A	\$0	\$0
<b>First Year Service Cost</b>			
Pre-65 Benefit	\$3,771	\$3,771	\$0
Post-65 Benefit	\$0	\$0	\$0
Total	\$3,771	\$3,771	\$0

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### 2. Total OPEB Liability (TOL) and Net OPEB Liability (NOL)

The table below shows the TOL included in the August 18, 2020 valuation report. This TOL is used as the beginning of year TOL to roll forward the TOL to June 30, 2020.

#### Total OPEB Liability (TOL) and Net OPEB Liability (NOL) as of June 30, 2019

	<i>Total</i>	<i>Classified</i>	<i>All Non-Represented Employees</i>
Active: Pre-65	\$52,346	\$52,346	\$0
Active: Post-65	\$0	\$0	\$0
Subtotal	\$52,346	\$52,346	\$0
Retiree: Pre-65	\$342,541	\$342,541	\$0
Retiree: Post-65	\$0	\$0	\$0
Subtotal	\$342,541	\$342,541	\$0
Subtotal: Pre-65	\$394,887	\$394,887	\$0
Subtotal: Post-65	\$0	\$0	\$0
Total OPEB Liability (TOL)	\$394,887	\$394,887	\$0
Fiduciary Net Position as of June 30, 2019	\$0		
Net OPEB Liability (NOL)	\$394,887		

In order to determine the June 30, 2020 NOL, we used a “roll-forward” technique for the TOL. The FNP is based on the actual June 30, 2020 FNP. The following table shows the results of the roll-forward.

#### Changes in Net OPEB Liability as of June 30, 2020

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
<b>Balance at June 30, 2019</b>	<b>\$394,887</b>	<b>\$0</b>	<b>\$394,887</b>
Service Cost	\$3,771	\$0	\$3,771
Interest on Total OPEB Liability	\$7,841	\$0	\$7,841
Expected Investment Income	\$0	\$0	\$0
Administrative Expenses	\$0	\$0	\$0
Employee Contributions	\$0	\$0	\$0
Employer Contributions to Trust	\$0	\$0	\$0
Employer Contributions as Benefit Payments	\$0	\$75,367	(\$75,367)
Actual Benefit Payments from Trust	\$0	\$0	\$0
Actual Benefit Payments from Employer	(\$75,367)	(\$75,367)	\$0
Expected Minus Actual Benefit Payments*	(\$5,321)	\$0	(\$5,321)
<b>Expected Balance at June 30, 2020</b>	<b>\$325,811</b>	<b>\$0</b>	<b>\$325,811</b>
Experience (Gains)/Losses	\$0	\$0	\$0
Changes in Assumptions	\$16,988	\$0	\$16,988
Changes in Benefit Terms	\$0	\$0	\$0
Investment Gains/(Losses)	\$0	\$0	\$0
Other	\$0	\$0	\$0
Net Change during 2019-20	(\$52,088)	\$0	(\$52,088)
<b>Balance at June 30, 2020 **</b>	<b>\$342,799</b>	<b>\$0</b>	<b>\$342,799</b>

\* Deferrable as an Experience Gain or Loss.

\*\* May include a slight rounding error.

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### 3. OPEB Expense

Changes in the NOL arising from certain sources are recognized on a deferred basis. The deferral history for Humboldt Bay Harbor Recreation and Conservation District is shown in Appendix F. The following table summarizes the beginning and ending balances for each deferral item. The current year expense reflects the change in deferral balances for the measurement year.

#### Deferred Inflow/Outflow Balances Fiscal Year Ending June 30, 2020

	<i>Beginning Balance</i>	<i>Newly Created</i>	<i>Recognition</i>	<i>Ending Balance</i>
Experience (Gains)/Losses	(\$52,475)	(\$5,321)	\$55,432	(\$2,364)
Assumption Changes	\$1,584	\$16,988	(\$11,022)	\$7,550
Investment (Gains)/Losses	\$0	\$0	\$0	\$0
Deferred Balances	(\$50,891)	\$16,988	\$44,410	\$5,186

The following table shows the reconciliation between the change in the NOL and the OPEB expense.

#### OPEB Expense Fiscal Year Ending June 30, 2020

	<i>Beginning Net Position</i>	<i>Ending Net Position</i>	<i>Change</i>
Net OPEB Liability (NOL)	\$394,887	\$342,799	(\$52,088)
Deferred Balances	(\$50,891)	\$5,186	\$56,077
Change in Net Position	\$445,778	\$337,613	(\$108,165)
Employer Contributions			\$75,367
Other			\$0
OPEB Expense			(\$32,798)

Under GASB 74 and 75, OPEB expense includes service cost, interest cost, change in TOL due to plan changes; all adjusted for deferred inflows and outflows. Following is the OPEB expense for the fiscal year ending June 30, 2020.

#### OPEB Expense Fiscal Year Ending June 30, 2020

	<i>Total</i>
Service Cost	\$3,771
Interest on Total OPEB Liability (TOL)	\$7,841
Employee Contributions	\$0
Recognized Experience (Gains)/Losses	(\$55,432)
Recognized Assumption Changes	\$11,022
Expected Investment Income	\$0
Recognized Investment (Gains)/Losses	\$0
Contributions After Measurement Date*	\$0
Other	\$0
Administrative Expense	\$0
OPEB Expense**	(\$32,798)

\* Should be added by Humboldt Bay Harbor Recreation and Conservation District if reporting date is after the measurement date.

\*\* May include a slight rounding error.

The above OPEB expense does not include \$75,367 in employer contribution.

### 4. Adjustments

We are unaware of any adjustments that need to be made.

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### PART IV: "PAY AS YOU GO" FUNDING OF RETIREE BENEFITS

We used the actuarial assumptions shown in Appendix C to project the District's ten year retiree benefit outlay, including any implicit rate subsidy. Because these cost estimates reflect average assumptions applied to a relatively small number of employees, estimates for individual years are **certtain** to be *in*accurate. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District's share of retiree health costs, including any implicit rate subsidy, that was included in the August 18, 2020 valuation report.

<i>Year Beginning July 1</i>	<i>Total</i>	<i>Classified</i>	<i>All Non- Represented Employees</i>
2019	\$80,688	\$80,688	\$0
2020	\$62,607	\$62,607	\$0
2021	\$43,159	\$43,159	\$0
2022	\$44,627	\$44,627	\$0
2023	\$46,137	\$46,137	\$0
2024	\$47,689	\$47,689	\$0
2025	\$24,872	\$24,872	\$0
2026	\$30,668	\$30,668	\$0
2027	\$6,713	\$6,713	\$0
2028	\$8,590	\$8,590	\$0

### PART V: RECOMMENDATIONS FOR FUTURE VALUATIONS

To effectively manage benefit costs, an employer must periodically examine the existing liability for retiree benefits as well as future annual expected premium costs. GASB 74/75 require biennial valuations. In addition, a valuation should be conducted whenever plan changes, changes in actuarial assumptions or other employer actions are likely to cause a material change in accrual costs and/or liabilities.

Following are examples of actions that could trigger a new valuation.

- An employer should perform a valuation whenever the employer considers or puts in place an early retirement incentive program.
- An employer should perform a valuation whenever the employer adopts a retiree benefit plan for some or all employees.
- An employer should perform a valuation whenever the employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- An employer should perform a valuation whenever the employer introduces or changes retiree contributions.
- An employer should perform a valuation whenever the employer forms a qualifying trust or changes its investment policy.
- An employer should perform a valuation whenever the employer adds or terminates a group of participants that constitutes a significant part of the covered group.

We recommend Humboldt Bay Harbor Recreation and Conservation District take the following actions to ease future valuations.

- We have used our training, experience and information available to us to establish the actuarial assumptions used in this valuation. We have no information to indicate that any of the assumptions do not reasonably reflect future plan experience. However, the District should review the actuarial assumptions in Appendix C carefully. If the District has any reason to believe that any of these assumptions do not reasonably represent the expected future experience of the retiree health plan, the District should engage in discussions or perform analyses to determine the best estimate of the assumption in question.

**PART VI: APPENDICES**

**APPENDIX A: MATERIALS USED FOR THIS STUDY**

We relied on the following materials to complete this study.

- We used paper reports and digital files containing employee demographic data from the District personnel records.
- We used relevant sections of collective bargaining agreements provided by the District.

**APPENDIX B: EFFECT OF ASSUMPTIONS USED IN CALCULATIONS**

While we believe the estimates in this study are reasonable overall, it was necessary for us to use assumptions which inevitably introduce errors. We believe that the errors caused by our assumptions will not materially affect study results. If the District wants more refined estimates for decision-making, we recommend additional investigation.

## APPENDIX C: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District's assessment of its underlying experience. It is important for Humboldt Bay Harbor Recreation and Conservation District to understand that the appropriateness of all selected actuarial assumptions and methods are Humboldt Bay Harbor Recreation and Conservation District's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 74 and 75, applicable actuarial standards of practice, Humboldt Bay Harbor Recreation and Conservation District's actual historical experience, and TCS's judgment based on experience and training.

### ACTUARIAL METHODS AND ASSUMPTIONS:

*ACTUARIAL COST METHOD:* GASB 74/75 require use of the entry age actuarial cost method.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on an employee by employee basis and then aggregated.

To the extent that different benefit formulas apply to different employees of the same class, the service cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees). This greatly simplifies administration and accounting; as well as resulting in the correct service cost for new hires.

*SUBSTANTIVE PLAN:* As required under GASB 74 and 75, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Humboldt Bay Harbor Recreation and Conservation District regarding practices with respect to employer and employee contributions and other relevant factors.

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### ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.75% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 2.2% per year net of expenses. This is based on the Bond Buyer 20 Bond Index.

TREND: We assumed 4% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), using an aggregate payroll assumption for the purpose of calculating the service cost results in a negligible error.

FIDUCIARY NET POSITION (FNP): The following table shows the beginning and ending FNP numbers that were provided by Humboldt Bay Harbor Recreation and Conservation District.

#### **Fiduciary Net Position as of June 30, 2020**

	<u>06/30/2019</u>	<u>06/30/2020</u>
Cash and Equivalents	\$0	\$0
Contributions Receivable	\$0	\$0
Total Investments	\$0	\$0
Capital Assets	\$0	\$0
Total Assets	<u>\$0</u>	<u>\$0</u>
Benefits Payable	\$0	\$0
Fiduciary Net Position	<u>\$0</u>	<u>\$0</u>

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### **NON-ECONOMIC ASSUMPTIONS:**

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35). See Appendix E, Paragraph 52 for more information.

### **MORTALITY**

<i>Participant Type</i>	<i>Mortality Tables</i>
Miscellaneous	2014 CalPERS Active Mortality for Miscellaneous Employees

### **RETIREMENT RATES**

<i>Employee Type</i>	<i>Retirement Rate Tables</i>
Miscellaneous	2009 CalPERS 2.0% @55 Rates for Miscellaneous Employees

### **SERVICE REQUIREMENT**

<i>Employee Type</i>	<i>Service Requirement Tables</i>
Miscellaneous	100% at 10 Years of Service

### **COSTS FOR RETIREE COVERAGE**

Retiree liabilities are based on actual retiree premium plus an implicit rate subsidy of 34.2% of non-Medicare medical premium. Liabilities for active participants are based on the first year costs shown below, which include the implicit rate subsidy. Subsequent years' costs are based on first year costs adjusted for trend and limited by any District contribution caps.

<i>Participant Type</i>	<i>Future Retirees Pre-65</i>	<i>Future Retirees Post-65</i>
Miscellaneous	\$20,172	N/A

### **PARTICIPATION RATES**

<i>Employee Type</i>	<i>&lt;65 Non-Medicare Participation %</i>	<i>65+ Medicare Participation %</i>
Miscellaneous	100%	100%

### **TURNOVER**

<i>Employee Type</i>	<i>Turnover Rate Tables</i>
Miscellaneous	2009 CalPERS Turnover for Miscellaneous Employees

### **SPOUSE PREVALENCE**

To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

### **SPOUSE AGES**

To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

### **AGING FACTORS**

We used aging factors from "Health Care Costs - From Birth to Death" prepared by Dale Yamamoto and published in 2013 by the Society of Actuaries as part of the Health Care Cost Institute's Independent Report Series - Report 2013-1.

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## APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

### **ELIGIBLE ACTIVE EMPLOYEES**

<i>Age</i>	<i>Total</i>	<i>Classified</i>	<i>All Non-Represented Employees</i>
Under 25	0	0	0
25-29	0	0	0
30-34	0	0	0
35-39	0	0	0
40-44	0	0	0
45-49	1	1	0
50-54	0	0	0
55-59	0	0	0
60-64	1	0	1
65 and older	0	0	0
Total	2	1	1

### **ELIGIBLE RETIREES**

<i>Age</i>	<i>Total</i>	<i>Classified</i>	<i>All Non-Represented Employees</i>
Under 50	0	0	0
50-54	0	0	0
55-59	2	2	0
60-64	2	2	0
65-69	0	0	0
70-74	0	0	0
75-79	0	0	0
80-84	0	0	0
85-89	0	0	0
90 and older	0	0	0
Total	4	4	0

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## APPENDIX E: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES

This report does not necessarily include the entire accounting values. As mentioned earlier, there are certain deferred items that are employer-specific. The District should consult with its auditor if there are any questions about what, if any, adjustments may be appropriate.

GASB 74/75 include a large number of items that should be included in the Note Disclosures and Required Supplementary Information (RSI) Schedules. Many of these items are outside the scope of the actuarial valuation. However, following is information to assist the District in complying with GASB 74/75 disclosure requirements:

**Paragraph 50:**                    **Information about the OPEB Plan**

Most of the information about the OPEB plan should be supplied by Humboldt Bay Harbor Recreation and Conservation District. Following is information to help fulfill Paragraph 50 reporting requirements.

50.c: Following is a table of plan participants

	Number of Participants
Inactive Employees Currently Receiving Benefit Payments	4
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments*	0
Participating Active Employees	2
Total Number of participants	6

\*We were not provided with information about any terminated, vested employees

**Paragraph 51:**                    **Significant Assumptions and Other Inputs**

shown in Appendix C.

**Paragraph 52:**                    **Information Related to Assumptions and Other Inputs**

The following information is intended to assist Humboldt Bay Harbor Recreation and Conservation District in complying with the requirements of Paragraph 52.

52.b: Mortality Assumptions Following are the tables the mortality assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Mortality Table Disclosure	2014 CalPERS Active Mortality for Miscellaneous Employees The mortality assumptions are based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.
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## Total Compensation Systems, Inc.

Mortality Table	2014 CalPERS Retiree Mortality for Miscellaneous Employees
Disclosure	The mortality assumptions are based on the 2014 CalPERS Retiree Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

52.c: Experience Studies Following are the tables the retirement and turnover assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

### Retirement Tables

Retirement Table	2009 CalPERS 2.0% @55 Rates for Miscellaneous Employees
Disclosure	The retirement assumptions are based on the 2009 CalPERS 2.0% @55 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

### Turnover Tables

Turnover Table	2009 CalPERS Turnover for Miscellaneous Employees
Disclosure	The turnover assumptions are based on the 2009 CalPERS Turnover for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

For other assumptions, we use actual plan provisions and plan data.

52.d: The alternative measurement method was not used in this valuation.

52.e: NOL Using alternative trend assumptions The following table shows the Net OPEB Liability with a health care cost trend rate 1% higher and 1% lower than assumed in the valuation.

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	\$331,307	\$342,799	\$354,442

### **Paragraph 53:**

#### **Discount Rate**

The following information is intended to assist Humboldt Bay Harbor Recreation and Conservation District to comply with Paragraph 53 requirements.

53.a: A discount rate of 2.2% was used in the valuation.

## Total Compensation Systems, Inc.

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53.b: We assumed that all contributions are from the employer.

53.c: There are no plan assets.

53.d: The interest assumption reflects a municipal bond rate. We used the Bond Buyer 20 Index at June 30, 2020 and rounded the rate resulting in a rate of 2.20%.

53.e: Not applicable.

53.f: There are no plan assets.

53.g: The following table shows the Net OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation.

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	\$353,017	\$342,799	\$333,577

### **Paragraph 55:** **Changes in the Net OPEB Liability**

Please see reconciliation on page 9. Please see the notes for Paragraph 244 below for more information.

### **Paragraph 56:** **Additional Net OPEB Liability Information**

The following information is intended to assist Humboldt Bay Harbor Recreation and Conservation District to comply with Paragraph 56 requirements.

56.a: The valuation date is June 30, 2019.

The measurement date is June 30, 2020.

56.b: We are not aware of a special funding arrangement.

56.c: The interest assumption changed from 3.50% to 2.20%.

56.d: There were no changes in benefit terms since the prior measurement date.

56.e: Not applicable

56.f: To be determined by the employer

56.g: To be determined by the employer

56.h: Other than contributions after the measurement, all deferred inflow and outflow balances are shown in Appendix F

56.i: Future recognition of deferred inflows and outflows is shown in Appendix F

### **Paragraph 57:** **Required Supplementary Information**

57.a: Please see reconciliation on page 9. Please see the notes for Paragraph 244 below for more information.

57.b: These items are provided on page 9 for the current valuation, except for covered payroll, which should be determined based on appropriate methods.

57.c: We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 7 years.

57.d: We are not aware that there are any statutorily or contractually established contribution requirements.

## **Total Compensation Systems, Inc.**

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**Paragraph 58:**            **Actuarially Determined Contributions**

We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 7 years.

**Paragraph 244:**        **Transition Option**

Prior periods were not restated due to the fact that prior valuations were not rerun in accordance with GASB 75. It was determined that the time and expense necessary to rerun prior valuations and to restate prior financial statements was not justified.

# Total Compensation Systems, Inc.

## APPENDIX F: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

### EXPERIENCE GAINS AND LOSSES

**Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of  
Experience Gains and Losses  
(Measurement Periods)**

Measurement Period	Experience (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2019	2020	Amounts to be Recognized in OPEB Expense after 2020	2021	2022	2023	2024	2025	Thereafter
2018-19	(\$118,069)	1.8	(\$65,594)	(\$52,475)	\$0						
2019-20	(\$5,321)	1.8	\$0	(\$2,957)	(\$2,364)	(\$2,364)					
<b>Net Increase (Decrease) in OPEB Expense</b>			<b>(\$65,594)</b>	<b>(\$55,432)</b>	<b>(\$2,364)</b>	<b>(\$2,364)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Total Compensation Systems, Inc.

## CHANGES OF ASSUMPTIONS

### Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Changes of Assumptions (Measurement Periods)

Measurement Period	Changes of Assumptions	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2019	Amounts to be Recognized in OPEB Expense after 2020							
				2020	2021	2022	2023	2024	2025	Thereafter	
2018-19	\$3,564	1.8	\$1,980	\$1,584	\$0						
2019-20	\$16,988	1.8	\$0	\$9,438	\$7,550	\$7,550					
<b>Net Increase (Decrease) in OPEB Expense</b>			<b>\$1,980</b>	<b>\$11,022</b>	<b>\$7,550</b>	<b>\$7,550</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Total Compensation Systems, Inc.

## INVESTMENT GAINS AND LOSSES

### Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Investment Gains and Losses (Measurement Periods)

Measurement Period	Investment (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2019	2020	Amounts to be Recognized in OPEB Expense after 2020	2021	2022	2023	2024	2025	Thereafter
2019-20	\$0	0	\$0	\$0	\$0						
<b>Net Increase (Decrease) in OPEB Expense</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Total Compensation Systems, Inc.

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## APPENDIX G: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

Note: The following definitions are intended to help a *non*-actuary understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

<u>Actuarial Cost Method:</u>	A mathematical model for allocating OPEB costs by year of service. The only actuarial cost method allowed under GASB 74/75 is the entry age actuarial cost method.
<u>Actuarial Present Value of Projected Benefit Payments:</u>	The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation or measurement date.
<u>Deferred Inflows/Outflows of Resources:</u>	A portion of certain items that can be deferred to future periods or that weren't reflected in the valuation. The former includes investment gains/losses, actuarial gains/losses, and gains/losses due to changes in actuarial assumptions or methods. The latter includes contributions made to a trust subsequent to the measurement date but before the statement date.
<u>Discount Rate:</u>	Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and total OPEB liability.
<u>Fiduciary Net Position:</u>	Net assets (liability) of a qualifying OPEB "plan" (i.e. qualifying irrevocable trust or equivalent arrangement).
<u>Implicit Rate Subsidy:</u>	The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees and the employer is expected, in the long run, to pay the underlying cost of retiree benefits.
<u>Measurement Date:</u>	The date at which assets and liabilities are determined in order to estimate TOL and NOL.
<u>Mortality Rate:</u>	Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.
<u>Net OPEB Liability (NOL):</u>	The Total OPEB Liability minus the Fiduciary Net Position.
<u>OPEB Benefits:</u>	Other Post Employment Benefits. Generally medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>OPEB Expense:</u>	This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Service Cost plus interest on the Total OPEB Liability (TOL) plus change in TOL due to plan changes minus projected investment income; all adjusted to reflect deferred inflows and outflows of resources.
<u>Participation Rate:</u>	The proportion of retirees who elect to receive retiree benefits. A lower

## Total Compensation Systems, Inc.

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participation rate results in lower service cost and a TOL. The participation rate often is related to retiree contributions.

Retirement Rate:

The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with the service requirement to reflect both age and length of service). The more likely employees are to retire early, the higher service costs and actuarial accrued liability will be.

Service Cost:

The annual dollar value of the “earned” portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.

Service Requirement:

The proportion of retiree benefits payable under the OPEB plan, based on length of service and, sometimes, age. A shorter service requirement increases service costs and TOL.

Total OPEB Liability (TOL):

The amount of the actuarial present value of projected benefit payments attributable to employees’ past service based on the actuarial cost method used.

Trend Rate:

The rate at which the employer’s share of the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher service costs and TOL.

Turnover Rate:

The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce service costs and TOL.

Valuation Date:

The date as of which the OPEB obligation is determined by means of an actuarial valuation. Under GASB 74 and 75, the valuation date does not have to coincide with the statement date, but can’t be more than 30 months prior.