



Humboldt Bay Harbor, Recreation & Conservation District

ADOPTED DRAFT FY 2017/18 Budget Report



May 2017



Adopted Draft FY 2017/18 Budget Report

May 2017

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Budget Overview and Summary

This budget represents the Humboldt Bay Harbor, Recreation and Conservation District's (District) financial plan for the upcoming fiscal year. An updated budget format is proposed for FY 2017/18 that in addition to the expense and revenues itemization, provides the community with more information on priorities, issues and the budget process. The purpose of this budget document is to provide a comprehensive picture of proposed operations, ongoing maintenance, and capital improvements for the budget year.

District Financial Highlights

- Redwood Marine Terminals (RMT) I and II Improvements for expanded tenant base
- RMT II grid-connected photovoltaic solar energy license payments
- Dredging Infrastructure – Vessels, motors, pipes
- Shelter Cove – New fish cleaning facility design and operations (Ocean Protection Council Grant)
- Cutterhead dredge operations revenue from City of Eureka and District Dredging
- Mariculture Leases for both sub-tidal and intertidal culturing
- Woodley Island – seafood market, fuel dock, dry RV parking and second restaurant permitting
- Fields Landing – new boat repair and fabrication tenant and boat sales
- King Salmon property acquisition with funding of mitigation efforts
- Revenue from fiber optic cable use of ocean outfall will be used to pay off Coast Seafoods Loan in FY 2017/18

Budget Summary

FY 2017/18 Budget Summary

	<i>GENERAL</i>	<i>MARINA</i>	<i>TOTAL</i>
REVENUE			
Operating Revenue	\$ 1,884,676	\$ 1,040,000	\$ 2,924,676
Non-Operating Revenue	\$ 3,299,326	\$ 90,000	\$ 3,389,326
TOTAL REVENUE	\$ 5,184,002	\$ 1,130,000	\$ 6,314,002
EXPENSES			
Operating Expenses	\$ 2,157,680	\$ 651,120	\$ 2,808,800
Non-Operating Expenses	\$ 2,849,989	\$ 234,217	\$ 3,084,206
TOTAL EXPENSES	\$ 5,007,669	\$ 885,337	\$ 5,893,006
EXCESS REVENUES OVER (UNDER) EXPENSES	\$ 176,333	\$ 244,663	\$ 420,996

Budget Process

The Budget is prepared annually under direction of the Executive Director. In March, the Board of Commissioners approves the budget schedule for the next fiscal year's budget at a regularly scheduled

Commission meeting and appoints a Budget Committee. The Budget Committee of two Commissioners works with staff to develop a preliminary budget and review the current year's budget and forecast. With the departure of the Director of Administrative Services, the District Planner has been tasked to assist with the FY 2017/18 budget preparation.

The preliminary budget is presented at a Commission workshop/meeting where District staff receives input from the Commission. Staff revises the budget as necessary and presents the preliminary budget for adoption at a Commission meeting on or before June 15 (in accordance with CA Harbors and Navigation Code Section 6093). A public notice is published stating: preliminary budget adoption, where the budget is available to review, and the time and place the Commission will meet to adopt the final budget.

Commissioners hear public input on the preliminary budget at the May or June meeting. Based on this comment and Commission direction, staff revises the Budget and presents it to the Commissioners. The final budget is adopted at a public hearing no later than August first of each year (per CA Harbors and Navigation Code Section 6093.3). The FY 2017/18 Budget preparation and adoption schedule follows.

FY 2017/18 Budget Schedule

ACTION ITEM	DATE (2017)	MEETING TYPE
Budget format update presented and Budget Committee appointed	March 23	regular
Preliminary budget prepared, presented, and reviewed	April 13 & 27	special / workshop
Preliminary budget adoption	May 18	special
30-day public notice period begins	May 19	n/a
Public Input, Final budget public hearing and adoption	June 22	regular

Note: Budget Committee meetings scheduled separately.

Short-Term Factors Influencing Decisions

Short-term factors influencing District decisions and projections include both internal and external factors, some of which are outside the control of the District. Factors include impact of outside economic factors, ability to receive permits from regulatory agencies, changes in land use laws that allow development, and internal resources (funding/staff) available to support District operations and maintenance. Nation-wide and State-wide economic trends that affect the financial condition of the District appear to be slowly improving.

The District

History and Overview

The Humboldt Bay Harbor, Recreation and Conservation District was created in 1973 to address the diverse management needs of Humboldt County's tidelands, bays, and estuaries. The District oversees planned development of the harbors and ports within its boundaries, as well as protection of the natural resources located here. It is a countywide agency with permit jurisdiction over all tide, submerged and other lands granted to the District, including all of Humboldt Bay. District operations focus on three primary areas: commercial use, recreational use, and conservation. These operations are managed by staff and governed by an elected board of commissioners.

District Today

Harbor/ Port

The District oversees and promotes many port development projects and programs. These include dredging, retention and improvement of commercial fishing facilities, improvement of transportation and maritime facilities, pilotage licensing, Oil Spill Co-op coordination, erosion control, shoreline protection projects, port marketing, mariculture, aquaculture and permitting for development.

Recreation

Development of recreational facilities is an important function of the District. Woodley Island Marina, King Salmon beach, and the Shelter Cove boat launching facility are examples of the District's commitment to recreational development. In addition, the District works on planning and improvements to other boat launch facilities, trails, water trails, and interpretive signage throughout its jurisdiction.

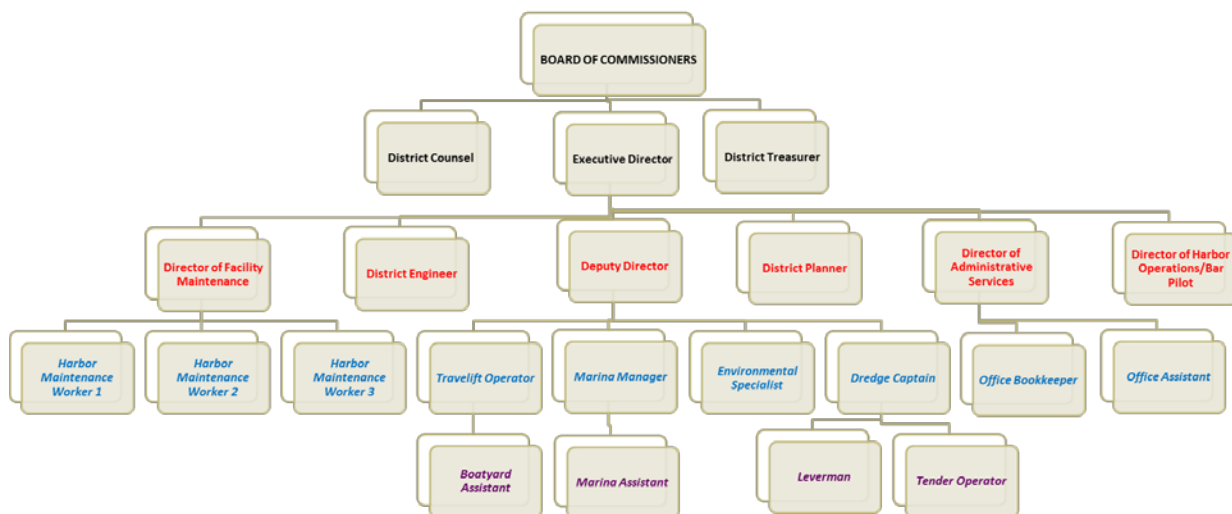
Conservation

The District is involved in many conservation activities including managing several wildlife areas, participating in or coordinating many natural resource research projects, serving as California Environmental Quality Act (CEQA) lead agency, and participating in or sponsoring many bay awareness educational events. In addition to its ongoing conservation programs, the District also manages and maintains three wildlife areas in the Humboldt Bay area.

Facilities and Services

- Woodley Island Marina
- Fields Landing Boat Yard
- Redwood Marine Terminals I and II
- Shelter Cove Boat Launch & Facilities
- King Salmon
- Mariculture Leases
- Development Permits
- Dredging
- Pilotage
- Safety and Environmental Clean-up Coordination
- Public bay access facilities and maintenance
- Wildlife area management

Staffing



Budget

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenues of the District are charges to customers for rents and tidelands leases and harbor improvement surcharges. Operating expenses include the cost of maintaining the marina and tidelands, general and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Other government grants represent non-operating revenues received from other agencies related to harbor projects and other initiatives. Capital improvement projects and debt payments are reported as non-operating expenses.

Three Year Financial Summary Annual Comparison

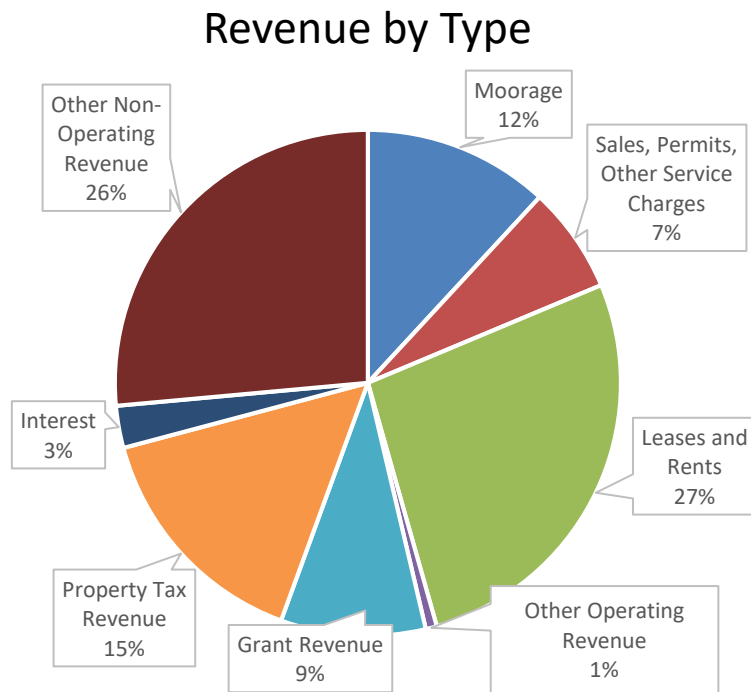
	FY 2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Projected	FY 2017/18 Budget
Revenue				
Operating	\$ 1,714,338	\$ 2,490,011	\$ 2,442,483	\$ 2,924,676
Non-Operating	\$ 1,779,303	\$ 1,567,609	\$ 1,710,734	\$ 3,389,326
Total Revenue	\$ 3,493,641	\$ 4,057,620	\$ 4,153,217	\$ 6,314,002
Expenses				
Operating	\$ 2,603,410	\$ 2,383,305	\$ 2,732,834	\$ 2,808,800
Non-Operating	\$ 1,739,976	\$ 1,652,647	\$ 741,046	\$ 3,084,206
Total Expenses	\$ 4,343,386	\$ 4,035,952	\$ 3,473,880	\$ 5,893,006
Net Income (Loss)	\$ (849,745)	\$ 21,668	\$ 679,337	\$ 420,996

District Revenue

The Harbor District's principal sources of income include a small portion of Humboldt County property taxes; tideland leases from dock operators and mariculture operations; rents and leases from Woodley Island Marina, Woodley Island commercial spaces, the Fields Landing Boat Yard, and Redwood Marine Terminals I and II; permitting fees; and other service charges including the Harbor Improvement Surcharge—a general charge levied on cargo and deep draft vessels. In addition, the Harbor District supplements its principal revenue by securing grant funds from various sources to further its mission.

The FY 2017/18 revenues below include tenant expansion at District facilities including at RMT I and II; and 'Other Non-Operating Revenue' includes revenue from fiber optic cable use of the RMT II ocean outfall pipe (\$1.25 million). The table and chart below show revenue sources by type, followed by revenue details, which are further described in the Revenue Narrative.

FY 2017/18 Revenue by Type	
Moorage	750,000
Sales, Permits, Other Service Charges	430,000
Leases and Rents	1,699,676
Other Operating Revenue	45,000
Grant Revenue	584,326
Property Tax Revenue	965,000
Interest	170,000
Other Non-Operating Revenue	1,670,000
Total Revenue	\$ 6,314,002



REVENUE

Line #				2017-18 Proposed Budget		
	2015-16 <i>Actual</i>	2016-17 <i>Budget</i>	2016-17 <i>Total Projected</i>	<i>General</i>	<i>Marina</i>	<i>TOTAL</i>
Operating Revenues						
R2 Sales & Permits	17,548	90,854	70,784	60,000	10,000	70,000
R3 Harbor Surchg	62,271	60,000	92,965	100,000	-	100,000
R4 Pilotage Tariff	-	-	-	-	-	-
R5 Slip Rents	743,045	510,000	678,531	-	650,000	650,000
R6 Trans Rental	included above	40,000	102,357	-	100,000	100,000
R7 WIM Dredge Srchg	included above	96,000	94,086	-	95,000	95,000
R8 WIM Float Replace	included above	64,000	63,141	-	65,000	65,000
R9 Tenant Utilities Reimb.	included above	66,500	58,680	-	100,000	100,000
R10 Fields Landing	included below	212,826	171,817	345,450	-	345,450
R11 RMT Berth I	included below	85,000	-	61,000	-	61,000
R12 RMT Berth II	included below	387,000	362,039	570,500	-	570,500
R13 Shelter Cove	included below	109,400	132,037	121,875	-	121,875
R14 Rents and concessions	866,290	176,000	212,670	174,600	10,000	184,600
R15 Tideland/Upland Leases	included above	310,456	349,285	416,251	-	416,251
R16 Late Fees/Interest	included above	15,675	30,678	10,000	10,000	20,000
R17 Other Operating Revenue	25,184	264,500	23,413	25,000	-	25,000
Total Operating Revenues	1,714,338	2,490,011	2,442,483	1,884,676	1,040,000	2,924,676
Non-Operating Revenues						
R1 Tax Revenue	974,197	932,081	966,250	875,000	90,000	965,000
R18 Investment Interest	60,790	20,000	170,000	170,000	-	170,000
R19 Grant Revenue	179,258	365,528	55,491	584,326	-	584,326
R20 Mitigation Reimbursemt	-	250,000	450,000	-	-	-
R21 Dredging Revenue	-	-	-	350,000	-	350,000
R22 Other Non-Operating Revenue	565,058	-	68,993	1,320,000	-	1,320,000
Total Non-Operating Revenue	1,779,303	1,567,609	1,710,734	3,299,326	90,000	3,389,326
TOTAL REVENUE	3,493,641	4,057,620	4,153,217	5,184,002	1,130,000	6,314,002

Revenue (R) Narrative

R1 - Property Tax Revenue

Property Tax Revenue apportionment received from County of Humboldt - District's portion of property taxes paid.

R2 - Sales and Permit Fees

General - Estimated income from permit fees.

Marina - Estimated income from coin-operated showers, washers, and dryers, vending machines, ice machine, charter service, permits for fish sales and other business permits and forklift fees.

R3 - Harbor Surcharge

Anticipated Harbor Improvement Surcharge generated revenues t. The Harbor District collects a Harbor Surcharge Fee for each commercial vessel transiting the bay based on draft and tonnage. With new contracts in place, expectations from terminal operators and continued facility improvements the District expects tonnage volumes to increase in 2017. Using estimates from the dock operators along with historical fuel import estimates, Humboldt Bay cargo volumes are anticipated to be approximately 1,000,000 metric tons in 2017.

R5 - Slip Rentals

Estimated income from the rental of slips at Woodley Island Marina.

R6 - Transient Slip Rentals

Estimated income from transient slips rentals at Woodley Island Marina.

R7 - Woodley Island Marina Maintenance Dredging Surcharge

Charge assessed toward Woodley Island Marina maintenance dredging.

R8 - Woodley Island Marina Float Replacement

Charge for all Woodley Island Marina tenants/transients, deposited into a specifically designated dock/float replacement fund.

R9 - Tenant Utilities Reimbursement

Revenue received from the metering of electrical use by Harbor District facilities tenants.

R10 - Fields Landing

Revenue received from storage (boats and trailers) utilities, forklift, and equipment rentals, building space rent, and Travelift haul out fees and usage.

R11 - Redwood Marine Terminal I (RMT I)

Revenue received from building space rent, terminal lease, wharfage, dock use, forklift fees, unloading live crab/eels, dockage fees, and crab pots/other storage.

R12 - Redwood Marine Terminal II (RMT II)

Revenue estimated to be received from the property tenants including, but not limited to: Taylor Mariculture, DG Power and Coast Seafoods Company. Also revenue from solar license fee.

R13 - Shelter Cove

Revenue from tractor launches, storage (proposed fee increase), and parking. New ice and bait sales revenue anticipated for FY 2017-18.

R14 - Rents and Concessions

Money to be received by the District for rents and concessions including: Café Marina Restaurant; office spaces; work yard rent/ storage on Woodley Island; and proposed dry RV parking use.

R15 - Tideland Leases

Money to be received by the District for tidelands leases held throughout the Humboldt Bay area including new subtidal mariculture tenants.

R16 - Late Fees and Interest on Delinquent Accounts

Late fees and interest collected on delinquent accounts.

R17 - Other Operating Revenue

Revenue received from Secretarial Services for Harbor Safety Committee, Chevron's payment for the PORTS O&M costs, other government agencies and miscellaneous operating revenue. Also monies received for fire boat operation and maintenance support.

R18 – Investment Interest

Interest earned by the District on monies presently deposited in the Humboldt County Treasury and interest income related to the New Market Tax Credit.

R19 - Grant Revenue

Monies from grant-funded projects expected to be received in FY 2017/18. See projected grant activity in 'Grants Summary' section below.

R20 - Mitigation Reimbursement

Monies received for payment of mitigation expenses for Fisherman's Channel dredging project.

R21 - Dredging Revenue

Revenue received from reimbursement of dredging expenses by City of Eureka for dredging 50,000 cubic yards @\$7/yd.

R22 - Other Non-Operating Revenue

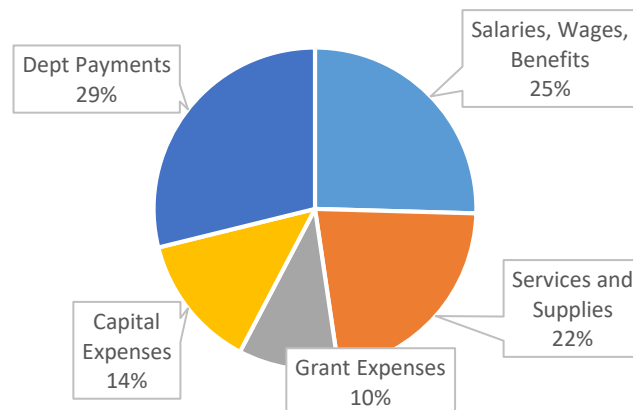
Revenue received from other non-operating sources. Includes FY2017-18 revenue from fiber optic cable placement in and use of ocean outfall pipe (\$1.25 million from Inyo Networks).

District Expenditures

Salaries, wages, benefits, services and supplies are almost 50% of the District's expenses. FY 2017/18 debt payments include paying off the Coast Seafoods Loan as further discussed in the debt section. The table and chart below show expenses by type, followed by expense details; which are further described in the Operating and Non-Operating Expenses Narratives.

FY 2017/18 Expenses by Type	
Salaries, Wages, Benefits	1,499,400
Services and Supplies	1,309,400
Grant Expenses	591,338
Capital Expenses	793,000
Debt Payments	1,699,868
Total Expenses	\$ 5,893,006

Expenses by Type



EXPENSES

Line #				2017-18 Proposed Budget		
	2015-16 Actual Audited	2016-17 Budget	2016-17 Total Projected	General	Marina	TOTAL
Operating Expenses						
E1 Salaries/Wages	1,331,465	911,242	849,672	720,000	220,000	940,000
E2 Commish Fees	25,400	25,200	24,600	17,780	7,620	25,400
E3 Temp Svcs	-	20,000	-	45,000	-	45,000
E4 Payroll Burden	included above	398,122	429,100	375,000	114,000	489,000
E5 Advert/Promo	9,828	7,000	9,211	6,000	3,000	9,000
E6 Auto/Vessel	51,781	61,000	35,790	30,000	5,000	35,000
E7 Communications	12,811	14,000	11,376	7,000	6,000	13,000
E8 Conf/Mtgs	25,204	28,000	30,911	25,000	3,000	28,000
E9 Dues/Subs	34,725	34,000	54,820	40,000	10,000	50,000
E10 Elect/Gov. Fees	24,461	25,000	45,399	20,000	5,000	25,000
E11 Insurance	52,012	62,500	56,577	30,000	30,000	60,000
E12 Office Expense	49,767	41,000	42,349	25,000	16,000	41,000
E13 Oper Supplies	8,882	7,000	17,952	6,000	6,000	12,000
E14 Security Guards	2,640	-	-	-	-	-
E15 Legal Services	184,583	30,000	40,178	55,000	5,000	60,000
E16 Acctg/Audit	44,093	48,000	40,050	40,000	10,000	50,000
E17 Planner	included above	40,000	included below	100,000	-	100,000
E18 Engineer	-	-	included below	60,000	-	60,000
E19 Prof. / Outside Svcs	2,640	60,000	198,831	75,000	10,000	85,000
E20 Utilities	164,617	185,000	160,258	60,000	150,000	210,000
E21 Repairs and Maintenance	131,113	107,490	79,033	70,000	50,000	120,000
E22 Fields Landng	58,476	56,000	63,482	50,000	-	50,000
E23 Shelter Cove	81,992	61,000	39,394	30,000	-	30,000
E24 King Salmon	-	7,000	4,194	5,000	-	5,000
E25 RMT Berth I	-	45,000	11,573	10,000	-	10,000
E26 RMT Berth II	301,199	90,000	350,813	50,000	-	50,000
E27 HBDA - RMT II Rent	-	-	137,025	185,400	-	185,400
E28 Marcltre Lse Fee	-	19,751	-	20,000	-	20,000
E29 Other Operating Expenses	5,721	-	246	500	500	1,000
TOTAL OPERATING EXPENSES	2,603,410	2,383,305	2,732,834	2,157,680	651,120	2,808,800
Non-Operating Expenses						
NOE1 Grant Expense	197,099	365,528	150,000	591,338	-	591,338
NOE2 Capital Expenses	981,276	726,500	30,000	688,000	105,000	793,000
NOE3 Debt Payments	559,224	560,619	559,214	1,570,651	129,217	1,699,868
NOE4 Other Non-Operating Expense	2,377	-	1,832	-	-	-
TOTAL NON-OPERATING EXPENSES	1,739,976	1,652,647	741,046	2,849,989	234,217	3,084,206
TOTAL EXPENSES	4,343,386	4,035,952	3,473,880	5,007,669	885,337	5,893,006

Operating Expenses (E) Narrative

E1 - Salaries and Wages

Salaries and wages paid to Harbor District employees. Includes the negotiated increase (COLA) for the District's represented employees. Includes hiring HMWIII-Dredge Captain (\$90,000) in FY2017-18.

E2 - Commissioners Fees

Fees paid for the service of Commissioners on the Board.

E3 - Temporary Services

Expenses paid for additional temporary services as needed; includes seasonal dredge crew (\$25,000) and seasonal administrative assistant (\$20,000).

E4 - Payroll Burden

Payroll Burden consists of employer-paid taxes and employer-paid benefits and insurances provided for in the District's Personnel Policy. The Employer Contribution Rate for PERS for FY 2017/18 is 8.418% for employees hired prior to January 1, 2013 and 6.533% for employees hired on or after January 1, 2013, plus \$2,850 per month for PERS unfunded liability.

E5 - Advertising and Promotion

General - Allocation for the printing of legal notices in the local newspapers required by laws and permit procedures of the State and the District. This line item also funds the printing and distribution of notices to inform the public of special interest items concerning the District's meeting and projects. There is also an amount included for the publication and for additional port, Marina and District marketing and promotional materials.

Marina – Allocation for the printing of notices, newsletters, Marina advertisements etc. to inform the Marina tenants and/or the general public of items which may be of special interest to them.

E6 - Automotive Expense

Cost of maintaining and fueling the District's automobiles, vessels, electric trucks, security vehicles, forklift, and other operating equipment.

E7 - Communications

Telephones and Cell Phones - This amount includes the costs for the FAX, modem, E-mail and Website hosting, offsite Web link, wifi and cell phones.

E8 - Conferences & Meetings

Approves travel expenses for attendance at the following up to the total budget amount: (1) CMANC conferences; (1) legislative trips to Washington DC; (1) CSDA training conference, (1) Pacific Coast Congress of Harbor Masters, (1) Northern Area Port Security meetings, and (4) Conservation-related meetings. Additional conferences or travel that would exceed the budget require individual approval by the Board.

E9 - Dues & Subscriptions

This category includes dues for membership in the following organizations: California Marine Affairs and Navigation Conference, California Association of Port Authorities, California Special District Association, Association of California Water Agencies, Pacific Coast Congress of Harbor Managers and Port Masters, California Association of Harbor Masters and Port Captains, Fishing News, Pacific Fishing, Costco and various other subscriptions. Dues/Subscription costs vary by a variety of factors and amounts shown are estimated. Dues and subscriptions expenses that would exceed the budget require individual approval by the Board.

E10 - Elections and Fees Paid to Other Governmental Entities

There are no Board seats slated for election for the District in FY 2017/18. Also includes property tax administration fees.

E11 - Insurance

The Special Districts Risk Management Authority (SDRMA) policy combines several of the individual property, liability, bonds and other miscellaneous policies into one, plus the Marina Operator's Liability policy. The CAPA excess insurance through Alliant Insurance Services is still in order. The District's Fireboat and Port Security/Work boat are insured through Poseidon Insurance. Insurance for RMT II is also included. Insurance expenses that would exceed the budget require individual approval by the Board.

E12 - Office Expense

Expenses include office supplies, postage and other expenses necessary for the operation of the office.

E13 - Operating Supplies

Expenses for janitorial and other operating supplies.

E14 - Security Guards

Security expenses – none anticipated for FY 2017/18.

E15 - Legal Services

Fees paid to District Counsel Paul Brisso, Michell Brisso Delaney & Vrieze LLP, for work in connection with the Woodley Island Marina and other District legal assistance. Including, but not limited to, reviewing/preparing ordinances, permits, agreements, leases etc. between the District and other agencies/entities, attending Commissioner meetings, and all other general legal and litigation work needed by the District.

E16 - Accounting/Auditing Services

Fees paid for the services of District Treasurer Mark Wetzel, David Mooney LLP, for service in a controllership capacity, supervision of bookkeeping functions, statements and reports and monitoring all District cash transactions. Fees paid to independent accounting firm to perform the District's annual certified audit.

E17 - District Planner Services

Fees paid for the services of District Planner George Williamson, Planwest Partners Inc., for service in all aspects of planning associated with District projects. Also provides administrative support services.

E18 - District Engineer

Fees paid for the services of District Engineer Mike Foget, SHN, for service in all aspects of engineering associated with District projects.

E19 - Professional/Outside Services

This account includes funds for website revision, appraisal services, engineering and environmental consultant services required and transportation (marine/roads/rail) study support that have not been covered in any other category. Professional services may be hired to assist with Ordinance revisions, asset inventory, and dredging-related projects.

E20 - Utilities

Expenses for electricity, gas, water, sewer and refuse for the District office, Marina docks, lights, office spaces, and buildings. This expense will be offset by revenue received from water and electrical meter installation and billing.

E21 - Repairs and Maintenance

Estimated expenses for repairs and maintenance to Marina docks, light fixtures, compressor, miscellaneous equipment, facilities and roof repairs to the main building, as well as other District facilities. Also includes all tools less than \$2,500 and annual maintenance agreements on office equipment.

E22 - Fields Landing Expense

This is to cover any expenses of the District for the repair and maintenance of the District's Fields Landing property including storm water filters, repairs to buildings and yard lighting. Also included are insurance, utilities, water, sewer, refuse, and telephone service.

E23 - Shelter Cove Expense

Expenses/miscellaneous items needed for the repair and maintenance of the District's facilities at Shelter Cove (includes Insurance Expense). Also includes repairs to breakwater, roads, fencing and new fish cleaning station expenses.

E24 - King Salmon Expense

Estimated expenses for maintaining the King Salmon Beach area, including replacing signage, vegetation maintenance, and breakwater repair.

E25 - Redwood Marine Terminal Berth I Expense

Estimated expenses for maintaining the Redwood Dock/Berth 1 property (planking, roadway upgrade, power).

E26 - Redwood Marine Terminal Berth II Expense

Estimated expenses for maintaining the Redwood Marine Terminal II property, utilities and minor repairs.

E27 - HBDA - RMT II Rent

Rent paid to Humboldt Bay Development Association (HBDA) for RMT II.

E28 - Mariculture Lease Fees

Fees paid to private tidelands owners for mariculture leases.

E29 - Other Operating Expenses

Other miscellaneous operating expenses.

Non-Operating Expenses (NOE) Narrative**NOE1 - Grant Expense**

Expenses associated with grant-funded projects expected to occur in FY 2017/18 are summarized in 'Grants Summary' section below.

NOE2 - Capital Expenses

Capital improvement expenditures are summarized and described in the 'Capital Projects' section below.

NOE3 - Debt Payments

Debt payments are summarized and described in 'Debt' section below.

Grants Summary

The table below summarizes projected FY 2017/18 grant activity. Grant revenue varies from year to year based on available grant funding.

Title	Grant Total	FY17/18 Revenue	FY17/18 Expenses
US Army Corps of Engineers - Spartina control	\$299,000	\$135,000	\$150,000
Natural Resources Agency - Spartina control*	\$180,000	\$26,067	\$11,079
Natural Resources Agency - Shelter Cove	\$228,072	\$63,000	\$70,000
CA Dept. Fish & Wildlife - Secretariat Service*	\$23,274	\$23,274	\$23,274
EPA Humb. Bay Eel Grass Management Plan*	\$89,874	\$64,985	\$64,985
Sediment Management Plan*	\$200,000	\$200,000	\$200,000
Humboldt County/EPA – Samoa Shops Clean-up*	\$72,000	\$72,000	\$72,000
TOTALS	\$1,092,220	\$584,326	\$591,338
*Grants end during fiscal year 2017-2018. The rest are ongoing.			

Capital Expenses

Estimated expenses for FY 2017/18 capital projects are summarized by facility in the table below and itemized in the following section.

Facility/Project	FY 2017/18 Funding
Woodley Island Facility Improvement	\$ 105,000
Dredging Expenses	\$ 390,000
Fields Landing Boat Yard	\$ 20,000
Redwood Marine Terminal Berth I Improvement	\$ 25,000
Redwood Marine Terminal II - Property Improvement	\$ 60,000
King Salmon	\$ 48,000
Shelter Cove	\$ 35,000
Mariculture Pre-Permitting (Subtidal and Intertidal)	\$ 75,000
Harbor District Economic Impact Analysis	\$ 20,000
Humboldt Bay Management Plan Update	\$ 15,000
Total Capital Expenses	\$ 793,000

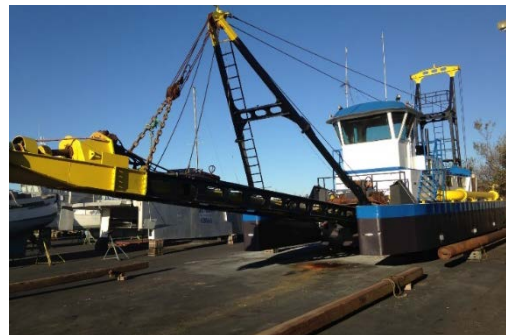
Woodley Island Facility Improvement

1) Roof repairs and Coast Guard deck	\$ 15,000
2) Float replacement	\$ 50,000
3) Bilge system repairs	\$ 10,000
4) Oyster Bar and Fish Market permitting	\$ 10,000
5) 30 dry RV parking spaces in existing lots	\$ 20,000
Total Costs	\$ 105,000



Dredging Expenses

1) Electric booster pump variable drive	\$ 20,000
2) Booster pump engine	\$ 40,000
3) 5,000 feet of dredge pipe	\$ 40,000
4) RMTII electrical connections	\$ 5,000
5) Booster pump rental	\$ 20,000
6) Permitting (District share, includes ITP)	\$ 115,000
7) District dredging costs of 50K cu.yds. @ \$3/yd	\$ 150,000
Total Costs	\$ 390,000



Fields Landing Boat Yard

1) Stormwater sprinkler system	\$	10,000
2) Yard sweeper	\$	10,000
Total Cost	\$	20,000



Redwood Marine Terminal Berth I Improvement

1) Terminal building improvements	\$	10,000
2) Electrical upgrades- pump	\$	5,000
3) Dock repairs- lumber, CalFire	\$	10,000
Total Cost	\$	25,000



Redwood Marine Terminal II - Property Improvement

1) Warehouse Lighting	\$	20,000
2) Warehouse added doors	\$	10,000
3) Road improvements, tarmac and rock	\$	10,000
4) Permitting CDI and new tenants	\$	20,000
Total Costs	\$	60,000



King Salmon

1) Clam Island mitigation site, ISM sampling	\$	20,000
2) Dredging and mitigation permits	\$	20,000
3) Railroad Ave. dredge pipe culvert	\$	3,000
4) Breakwater repairs	\$	5,000
Total Costs	\$	48,000



Shelter Cove

1) Fish Cleaning Station 30'x40' concrete slab	\$	30,000
2) 20 ft. freezer and cooler	\$	50,000
3) Electrical, plumbing & solid waste separator	\$	20,000
4) Lighting	\$	5,000
Total	\$	105,000
Less grant contribution	\$	(70,000)
Net Cost to General Fund	\$	35,000

**Mariculture Pre-Permitting (Subtidal and Intertidal)**

Estimated expenses for red tank dock improvements (\$5,000), subtidal mitigation- 21 pilings removal (\$20,000), and intertidal permitting (\$50,000).

Harbor District Economic Impact Analysis

Humboldt Bay Harbor District Economic Impact Analysis (\$20,000).

Humboldt Bay Management Plan Update

Humboldt Bay Management Plan Update (\$15,000).

Harbor Improvement

Payments for harbor improvement projects such as channel deepening, shoreline protection, shoal abatement and navigation aid improvement. None anticipated in FY 2017/18.

Property Acquisition

None anticipated in FY 2017/18.

Recreational Enhancements

None anticipated in FY 2017/18.

Conservation Enhancements

None anticipated in FY 2017/18.

Auto/Operating Equipment

None anticipated in FY 2017/18.

Office Equipment

None anticipated in FY 2017/18.

Debt

The table below shows the debt payments summary for FY 2015/16, FY 2016/17, and FY 2017/18. The following narrative provides a discussion and projected pay down amounts for each loan/lease.

DEBT PAYMENTS SUMMARY						
	2015/16 Actual	2016/17 Budget	2016/17 Projected	2017-18 Proposed Budget		
				General	Marina	TOTAL
Refunding Bonds: Series 2014	307,570	307,570	307,570	208,570	99,000	307,570
Tri-Counties Bank - Electric Meters Loan	45,920	45,920	45,920	-	30,217	30,217
Tractor Lease – Shelter Cove	5,387	5,387	5,387	5,387	-	5,387
Coast Seafood Repay	39,600	39,600	39,600	1,195,957	-	1,195,957
Compass BBVA Bank - NMTC Loan repay	160,747	160,747	160,737	160,737	-	160,737
TOTAL DEBT PAYMENTS	559,224	566,006	526,395	1,570,651	129,217	\$ 1,699,868

Debt Payments Narrative

Refunding Bonds: Series 2014

In FY 2014/15, the District completed a Bond refinance to reduce the District's total debt service. The District issued revenue bonds to pay off CA Dept. of Boating and Waterways loans that were originally incurred to build Woodley Island Marina and dry stack storage and to pay for the deepening of Humboldt Bay's bar and entrance channel. The following table presents the projected pay down amounts:

Year Ending

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 179,648	\$ 127,922	\$ 307,570
2018	187,089	120,481	307,570
2019	194,838	112,732	307,570
2020	202,909	104,661	307,570
2021	211,313	96,257	307,570
2022 to 2026	1,195,335	342,515	1,537,850
2027 to 2030	<u>993,387</u>	<u>82,074</u>	<u>1,075,461</u>
Total	<u>\$ 3,164,519</u>	<u>\$ 986,642</u>	<u>\$ 4,151,161</u>

Electric Meter Loan Payments

Monthly payments on the Woodley Island Marina electric meter loan. In February 2013, the District obtained a loan from Tri Counties Bank (formerly North Valley Bank) for \$200,000, at a fixed interest rate of 5.5%, due February 2018. The following table presents the projected pay down amounts:

Year Ending

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 43,002	\$ 2,918	\$ 45,920
2018	<u>29,166</u>	<u>1,051</u>	<u>30,217</u>
Total	<u>\$ 72,168</u>	<u>\$ 3,969</u>	<u>\$ 76,137</u>

Shelter Cove Tractor Lease

In FY 2015/16 the District assumed responsibility for the operations of the boat launching facility in Shelter Cove, California, to maintain access to fishing and recreation in the Shelter Cove area. The District entered into a capital lease for the purchase of a tractor for the Shelter Cove boat launching operation. The lease requires four annual payments of \$5,387 at 5.5% annual interest. The following table presents the projected pay down amounts:

Year Ending June 30	Principal	Interest	Total
2017	\$ 4,588	\$ 799	\$ 5,387
2018	4,840	547	5,387
2019	5,107	281	5,388
Total	<u>\$ 14,535</u>	<u>\$ 1,627</u>	<u>\$ 16,162</u>

Coast Seafoods Repayment

Repayment of loan to Coast Seafoods for the trucking of the liquors from Redwood Terminal 2 to KapStone. The primary purpose of this letter of credit was to finance the trucking of the hazardous materials from the Humboldt Bay Region to a pulp mill in the state of Washington, which began in April 2014 and completed in September 2014. As of June 30, 2016, the District had borrowed \$1.16 million from Coast Seafoods Company, at 3.5% annual interest. The District intends to use a portion of the projected fiber optic cable revenue to pay off the remaining Coast Seafoods loan in FY 2017/18.

Compass BBVA Bank Loan - New Market Tax Credits Program

The District obtained funding through the New Market Tax Credit (NMTC) program to complete restoration and renovation of the buildings on the RMT II site. The NMTC program will result in an estimated \$5 million in renovation and improvements to the site by the Humboldt Bay Development Association (HBDA) a not-for-profit entity. The District entered into a long-term ground lease with the HBDA for leasing RMT II. During the year ended June 30, 2016, the District borrowed \$1,560,000 from Compass BBVA Bank, at a 5.99% annual interest rate to fund its required contribution to the transaction. Payments of principal and interest are due semi-annually with the first payment due July 1, 2016. The following table presents the projected pay down amounts:

Year Ending June 30	Principal	Interest	Total
2017	\$ 86,212	\$ 74,525	\$ 160,737
2018	73,542	87,195	160,737
2019	78,013	82,724	160,737
2020	82,756	77,981	160,737
2021	87,787	72,950	160,737
2022 to 2026	525,787	277,896	803,683
2027 to 2030	<u>625,903</u>	<u>97,411</u>	<u>723,314</u>
Total	<u>\$ 1,560,000</u>	<u>\$ 770,682</u>	<u>\$ 2,330,682</u>

Appendix A - Revenue Details by Type/Facility

TIDELAND LEASES (Annual) - Revenue	
DG Fairhaven Power	\$ 83,000
Chevron	\$ 37,580
Humboldt Bay Forest Products	\$ 20,180
Sequoia Investments Dock	\$ 27,600
California Redwood	\$ 61,200
Redwood Marine Terminal 2 tenants	\$ 75,800
No name Dock Tenants	\$ 2,000
Red Tank Dock Tenants	\$ 4,000
Pre-Permitting Tenants	\$ 50,000
Coast Seafood	\$ 36,400
Taylor Mariculture (Kuiper)	\$ 2,300
Humboldt Bay Oyster	\$ 7,900
Hog Island	\$ 7,426
PG&E	\$ 490
Pacific Bell	\$ 375
Total Tideland Leases (Non-marina)	\$ 416,251

FIELDS LANDING LEASES - Revenue	
Reincke Marine	\$30,000
T-Mobile	\$22,250
MSRC	\$7,200
Storage (30)	\$41,000
Travel lift services	\$230,000
Building rental	\$15,000
Total Fields Landing Leases	\$ 345,450

REDWOOD MARINE TERMINAL I - Revenue	
Hag Fish Corp. lease	\$27,000
Hag Fish Corp. poundage fee	\$12,000
Fisherman storage	\$18,500
Humboldt Seafood Unloaders lb fee	\$3,500
Total RMT I	\$ 61,000

Dredging Revenue		
City of Eureka	50K cuys @ \$7/yd	\$350,000

REDWOOD MARINE TERMINAL II - Revenue	
Tenants	\$230,500
Utility rebill	\$90,000
Solar License Fee	\$250,000
Total RMT II	\$ 570,500
WOODLEY ISLAND MARINA - Revenue	
Café Marina	\$110,000
US Army Corp. Engineers	\$22,500
US Coast Guard	\$17,700
Ship Shack	\$2,600
Fisherman Storage	\$8,500
Permits	\$2,500
Kayak Storage	\$1,200
RV Parking 480 unit/days@ \$20/day	\$9,600
Woodley Island Rents subtotal	\$ 174,600
Moorage	\$750,000
Total Woodley Island Marina	\$ 924,600
SHELTER COVE - Revenue	
Launch services	\$70,000
Boat storage (includes increase)	\$30,000
Charter Boat Fees	\$16,000
Commercial Fisherman lb fees	\$875
Ice and Bait sales (new)	\$5,000
Total Shelter Cove	\$ 121,875