



STAFF REPORT

TO: Board of Commissioners

FROM: Chris Munson, Facilities Manager
Natalie Teeter, Planner Analyst

DATE: June 28, 2022

SUBJECT: Harbor Terrace Gear Storage Budget Adjustment

Recommendation / Proposed Motion

Recommendation: Allocate an additional \$16,400 to the Capital Project line item “Harbor Terrace Gear Storage” and increase use of Operating Reserves by an equal amount (totaling \$51,400 in Operating Reserves).

Motion: Move to approve a budgetary transfer allocating additional funding for Capital Project Harbor Terrace Gear Storage, in the amount of \$16,400, funding source Operating Reserves. Allow Harbor Director or designee to approve contracts for stated improvements.

Policy Implications

- Harbor Commission approves expenditures over \$5,000 that have not been included in the approved budget.

District Major Objective/Goal

Objective 2: Maintain and enhance a boater friendly atmosphere at PSL for both commercial and recreational boaters.

Fiscal Implications / Budget Status

The FY 2021-22 Capital Projects budget includes \$35,000 for the completion of the Gear Storage area, funded from Operating Reserves. This budget adjustment would increase the use of the Harbor District’s Operating Reserves by \$16,400, increasing the total Operating Reserves use to \$51,400.

Alternatives Considered

The following actions were considered but are not recommended at this time:

- None at this time.

Background/Discussion

At the July 27, 2021, Board Meeting, the Board approved the allocation of an additional \$35,000 toward the completion of the Gear Storage area. This allocation covered the expenses associated with:

- preparing and painting gear storage containers,
- relocating containers,
- fencing the Gear Storage area, and
- completing initial site preparations needed to establish electric service at the Gear Storage area.

However, improvements to the Gear Storage area incurred additional unanticipated expenses, including:

- the cost of moving storage containers to and from Wild Cherry Canyon storage,
- the rental expense for that additional storage space,
- increased material costs; and
- painting and relocating patrons' secondary gear storage units.

These additional expenses were necessary to keep the project moving. However, there is not enough project budget remaining to cover the planned electrical connection cost after paying for unanticipated expenses. Staff is requesting a budget adjustment to permit payment of the remaining PG&E balance for the installation of electric equipment at the site, which totals \$16,325.42, plus any outstanding incidental costs.

The District did recover \$3,905.50 for relocating and painting Patrons' secondary gear storage units. These funds were recognized in operating revenue, rather than credited to the Harbor Terrace Gear Storage budget line item. Similarly, the District successfully auctioned off the old, surplus gear storage containers for a total of \$33,075.00; however, these surplus proceeds were allocated to miscellaneous non-operating revenue. If the revenue from cost recovery and surplus sales are considered along with expenses, the Gear Storage project remains well under the expected net cost.

Conclusion

Staff recommends the Board approve the proposed budget adjustment by allocating the additional \$16,400 of Operating Reserves to the FY 2021-22 Capital Project line item "Harbor Terrace Gear Storage" and increase the use of project Operating Reserves in an equal amount (totaling \$51,400 in Operating Reserves). Providing additional funds for the Gear Storage area will provide patrons and the commercial fishing industry with a secure, quality facility.