

Guest Column: Clarifying changes at the Crescent City Harbor

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I am writing to clarify some facts about the Crescent City Harbor District. When I became CEO/Harbormaster in 2004 the Harbor District was in a financial crisis. The Harbor's core business, commercial and recreational fishing, had collapsed. Groundfish landings were down 90% from their peak in the early 80's. There had not been a commercial Salmon season since 1990. Recreational Salmon fishing was severely restricted after 1994. Our salmon fishery, and the entire West Coast Groundfish fishery were declared federal disasters. The West Coast salmon fleet declined from over 11,000 vessels in 1980 to 1,400 in 2004. During the groundfish buyback in 2003, more vessels sold their permits in Crescent City than any other port on the west coast. Fishing really was a disaster.

The fishery crisis affected more than just fishermen. One of the Harbor District's two fish processors went bankrupt, the other permanently closed their doors. Other Harbor tenants, the RV parks, restaurants, fuel dock, and icehouse saw revenue declines as salmon and groundfish collapsed. The Harbor District's cash

reserves were rapidly declining because income from moorage and tenant leases did not cover operating expenses. Something had to change, or the Harbor District would go bankrupt.

One of my first tasks was reviewing District finances. The Harbor District is an independent, enterprise special district. It is independent because it is governed by its' own elected officials, and it is an enterprise district because it generates most of its' revenue from business activities. Without sufficient lease and moorage revenue the Harbor District cannot survive. Since it was clear the Harbor could no longer depend solely on fishing, the Commission adopted a new vision: the Harbor would continue supporting the fishing industry, but it would also welcome tourists, visitors, and the businesses they generate.

Turning the vision of a multi-use harbor into a reality takes a lot of work. That work got more difficult in 2006 when a tsunami badly damaged the inner boat basin. It got even more difficult in 2011 when another tsunami destroyed the inner boat basin. Repairs for these disasters were partially funded by the California Office of Emergency Services and the Federal Emergency Management Agency. Even with state and federal support, the Harbor's share of repair costs amounted to several million dollars –which we did not have. Fortunately, the Del Norte County Board of Supervisors helped the Harbor District obtain a five-million-dollar Community Development Block Grant and the District was able to borrow the remainder of our share of repair cost. Without that grant and that loan, the harbor you see today would not exist.

Rebuilding the harbor without changing the business model would have left us in the same position as before the tsunamis. Part of changing the business model involved developing a procedure for analyzing leases. The goal was achieving fair market rents, while also considering the public benefit a tenant would bring to the Harbor. When a lease was good for the Harbor and good for the tenant, we renewed the lease. When a lease was not good for the Harbor, we let it expire. If a tenant wanted to sell the remainder of their lease, we considered their proposal from the same point of view. Both parties to a lease always understood that when a lease expired, control of the leased property reverted to the Harbor.

It's unfortunate that we could not come to agreement with every tenant, but sometimes two parties are so far apart they cannot reach common ground. Acceding to a tenant's request for a lease benefitting the tenant, but not the Harbor, would be irresponsible management of public assets and a failure of the fiduciary duty the management and elected Commissioners owe the taxpayers of Del Norte County.

While Harbor leases are public documents, lease negotiations are confidential. I will not comment on any specific lease, but I can say with absolute certainty that at no time were there bad faith negotiations, unethical behavior, or illegal acts by myself or anyone under my supervision at the Crescent City Harbor District. Anyone alleging otherwise is, at best, willfully ignorant of the Harbor's lease practices and of sound business management.