



## Staff Report

**To:** Board of Commissioners

**From:** Sandy Moreno, Contract Fiscal Officer

**Date:** May 9, 2026

**Subject:** Request to Use USDA Debt Service Reserve

**Background:**

For approximately the past six months, CEO/Harbormaster Rademaker and Contract Fiscal Officer Sandy Moreno have been working with USDA staff regarding potential options to address the District's current loan-payment challenges and to support a broader debt restructuring strategy. The District's primary point of contact at USDA has been April Dahlager, Asset Risk Management Specialist.

Through those discussions, USDA representatives have indicated preliminary support for allowing the District to use the Debt Service Reserve Fund to satisfy the currently delinquent amount, with the reserve then replenished over a ten-year period. This is a substantially more favorable framework than the three-year replenishment period that was initially contemplated at the outset of discussions. In addition, USDA staff understands that, if necessary, the District may also qualify for a separate workout arrangement for the FY 2026/2027 annual payment.

**Discussion:**

Staff is requesting Board approval of the attached letter to USDA seeking formal authorization to use the Debt Service Reserve Fund to bring the loan current. The payment proposed in the attached letter relates to the annual payment that became due on September 1, 2025. Including additional accrued interest in the amount of

\$3,585, the total amount requested to be paid from the Debt Service Reserve Fund is \$263,888.01.

Under the proposed arrangement, the District would replenish the Debt Service Reserve Fund over a ten-year period by setting aside \$26,030 annually. Staff believes this approach provides the District with important near-term financial relief while preserving a workable path toward restoring the reserve over time.

A revised loan amortization schedule is attached to support the calculation of the additional accrued interest and the total payment amount.

**Fiscal/Operational Impact:**

Approval of this request would help relieve immediate pressure on the District's available operating and restricted funds. As reflected in the attached "*Projection of TOT Funds Available for Harbor Maintenance FY 2026/2027*" worksheet, this approach is estimated to leave approximately **\$129,841** available for harbor maintenance purposes.

In practical terms, use of the Debt Service Reserve Fund in this manner would improve the District's short-term financial flexibility at a time when available resources remain constrained. It would also allow the District to continue working with USDA and its advisors on longer-term restructuring solutions, rather than exhausting funds that may be needed for ongoing maintenance and operational priorities.

Importantly, approval of this request would not foreclose future discussions with USDA regarding additional relief. If conditions warrant, the District may still request a separate workout arrangement for the FY 2026/2027 annual payment.

**Conclusion:**

Staff believes the proposed request represents a prudent and constructive interim step in the District's broader financial recovery efforts. It would allow the District to bring the loan current, spread reserve replenishment over a manageable ten-year period, and preserve limited funds for necessary harbor maintenance and operations.

**Recommendation:**

Approve the attached letter to USDA requesting authorization to use the Debt Service Reserve Fund to make the payment necessary to bring the loan current, and to replenish the reserve over a ten-year period through annual set-asides of \$26,030.

Last Revised : 5/9/26

Date	Q1 Jul - Sept	Q2 Oct - Dec	Q3 Jan - Mar	Q4 Apr - Jun	Total TOT\$	TOT Deposit	Tsf In - Interest	Tsf Out	Warrant	Other	DNCO Balance	Note
06/30/19	0.00	0.00	0.00	17,483.59	17,483.59	17,483.59	43.70				17,527.29	5/1/19 1st deposit
06/30/20	47,000.24	84,381.26	23,900.11	42,084.20	197,365.81	197,365.81	1,573.67	(5,000.00)	(163,446.07)		48,020.70	
06/30/21	13,753.75	87,655.04	37,451.09	34,310.09	173,169.97	173,169.97	868.04		(61,774.45)		160,284.26	
06/30/22	77,099.22	111,849.16	46,890.93	38,287.06	274,126.37	274,126.37	1,195.03		(236,304.88)		199,300.78	
06/30/23	76,683.25	119,779.45	41,096.40	28,308.18	265,867.28	265,867.28	7,963.22		0.00		473,131.28	
06/30/24	77,800.92	118,064.34	41,334.83	35,689.91	272,890.00	272,890.00	7,376.47		(520,605.62)		232,792.13	
06/30/25	95,284.79	137,422.66	44,225.09	35,205.30	312,137.84	312,137.84	8,501.73	**<---	(260,302.84)		293,128.86	
06/30/26	100,666.30	143,793.86	63,800.34	1,006.35	309,266.85	309,266.85					602,395.71	Per D Rushing Email 4/6/26

\*\*FY25/26 amounts by quarter include interest. Until more detail reports are provided by the County I am unable to breakout interest vs TOT proceeds.

PROJECTION OF TOT FUNDS AVAILABLE FOR HARBOR MAINTENANCE IN FY26/27

Balance as of 4/6/26	602,396
05/15/26 payment to USDA (use of reserve)	(263,888)
06/30/26 additional TOT proceeds/interest - estimated	34,000
09/01/26 annual payment due	(260,303)
09/01/26 reserve replenishment set aside	(26,030) **
FY26/27 TOT proceeds/interest - estimated	330,000
<b>Estimated Balance as of 6/30/27</b>	<b>416,174</b>
09/01/27 annual payment due	(260,303)
09/01/27 reserve replenishment set aside	(26,030) **
<b>Estimated TOT proceeds available for Maintenance in FY26/27</b>	<b>129,841</b>

\*\*Meets \$50,000 TOT MOU Reserve requirement.



Re: TOT Trust Account for Crescent City Harbor District

From Donna Rushing <d.rushing@co.del-norte.ca.us>  
Date Mon 4/6/2026 9:25 AM  
To Sandy Moreno <smoreno@ccharbor.com>  
Cc Irene McAleenan-Moreno <irene.mcaleenan@co.del-norte.ca.us>; Kristina Hanks <khanks@ccharbor.com>; Clinton Schaad <cschaad@co.del-norte.ca.us>

1 attachment (162 KB)  
Harbor TOT June 2025 - April 2026.pdf

Caution: External (d.rushing@co.del-norte.ca.us)  
First-Time Sender Details

Safe Spam Phish More... FAQ Protection by INKY

Hello Sandy,

Attached are the Balance Sheet from June 2025 and the total transactions for each month from July 2025 to the April 2026. We will not have other reports available until after our audit is complete.

Thank you,  
Donna

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Donna Rushing  
Fiscal Officer  
Auditor-Controller's Office  
County of Del Norte  
981 H Street Suite 140  
Crescent City, CA 95531  
707-464-7202

On Sat, Apr 4, 2026 at 2:33 PM Sandy Moreno <smoreno@ccharbor.com> wrote:  
Hi Donna,

Just following up on this email.  
Please provide a GL Transaction Listing for Fund 635.  
Looking for Doc Dates of 7/1/25 thru 12/31/25 if available.

Thank you and Happy Monday,

Sandy Moreno  
707.954.3161

From: Donna Rushing <d.rushing@co.del-norte.ca.us>  
Sent: Wednesday, January 14, 2026 4:01 PM  
To: Sandy Moreno <smoreno@ccharbor.com>  
Cc: Irene McAleenan-Moreno <irene.mcaleenan@co.del-norte.ca.us>  
Subject: Re: TOT Trust Account for Crescent City Harbor District

Hi Sandy,

Please see below for current balances:

June 30, 2025 ending balance= \$293,128.86  
Received Since July 1, 2025= \$244,460.16  
Total=\$537,589.02

Below is a screenshot of the revenue, in detail, received since 7/1/25

Yr/Mo	Journal	Eff Dt	Post Date	Src	Ref1	Project String	PO/Ref2	Ref3	Ref4	Amount	Check #	Warrant	Vendor
2026/06	1282	12/18/25	12/29/25	CRP						3,190.06			
2026/05	458	11/05/25	11/12/25	CRP						135,781.40			
2026/04	573	10/06/25	10/15/25	CRP						4,821.80			
2026/03	2143	09/04/25	10/13/25	CRP						3,957.61			
2026/02	1524	08/11/25	10/30/25	CRP						96,597.67			
2026/01	1107	07/11/25	10/22/25	CRP						111.02			

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Donna Rushing  
Fiscal Officer  
Auditor-Controller's Office  
County of Del Norte  
981 H Street Suite 140  
Crescent City, CA 95531  
707-464-7202

On Wed, Jan 14, 2026 at 1:27 PM Donna Rushing <d.rushing@co.del-norte.ca.us> wrote:  
Hi Sandy,

It is not yet ready. I do know budgets are being worked on in the new system. I have you on my list, and I will send you a report as soon as I am able. Please feel free to reach out for an update or any other questions.

Thank you for your patience,  
Donna

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Donna Rushing  
Fiscal Officer  
Auditor-Controller's Office  
County of Del Norte  
981 H Street Suite 140  
Crescent City, CA 95531  
707-464-7202

On Wed, Jan 14, 2026 at 11:52 AM Sandy Moreno <smoreno@ccharbor.com> wrote:  
Hi Donna,

Can you please September's balance sheet if ready?

Thank you,

Sandy

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**From:** Donna Rushing <d.rushing@co.del-norte.ca.us>  
**Sent:** Wednesday, October 29, 2025 3:27 PM  
**To:** Sandy Moreno <smoreno@ccharbor.com>  
**Subject:** Re: TOT Trust Account for Crescent City Harbor District

**Infinite Consulting Services**

**Warning:** Sender d.rushing@co.del-norte.ca.us is not yet trusted by your organization.  
Please be careful before replying or clicking/downloading the attachment.

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Hi Sandy,

Here is June's Balance Sheet. September's Balance Sheets are not yet ready.

See you soon.

Thanks,  
Donna

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Donna Rushing  
Fiscal Officer  
Auditor-Controller's Office  
County of Del Norte  
981 H Street Suite 140  
Crescent City, CA 95531  
707-464-7202

On Tue, Oct 28, 2025 at 11:22 AM Sandy Moreno <smoreno@ccharbor.com> wrote:  
Hi Donna,

Can you please provide a copy of the Trust Account Balance Sheet for the Crescent City Harbor District for both periods June 30, 2025 and Sept 30, 2025. Our auditors are here this week and I'll need to record our balances.

Thank you for your assistance in this regard.

See you on Saturday.

Sandy Moreno,  
Contract Fiscal Officer

Crescent City Harbor District Trust  
**Balance Sheet**  
June 30, 2025

**Unaudited**

**ASSETS**

635 010 00000	Cash CC Harbor District	293,128.86
	Total Assets	<u>293,128.86</u>

**LIABILITIES AND FUND EQUITY**

635 010 07100	Fund Balance Available	293,128.86
	Revenue	0.00
	Expenditure	0.00
	Total Liabilities and Fund Equity	<u>293,128.86</u>

<b>Period</b>	<b>CY Actual</b>
JUL	-111.02
AUG	-96,597.67
SEP	-3,957.61
OCT	-4,821.80
NOV	-135,781.40
DEC	-3,190.66
JAN	-543.93
FEB	-50,000.07
MAR	-13,256.34
APR	-1,006.35
	<b>-309,266.85</b>

RICK SHEPHERD  
Chair

JOHN EVANS  
Vice Chair

GERHARD WEBER  
Secretary

DAN SCHMIDT  
Commissioner

ANNIE NEHMER  
Commissioner

## Crescent City Harbor District

Phone (707) 464-6174 Fax (707) 465-3535  
101 Citizen's Dock Road  
Crescent City, California 95531  
www.ccharbor.com



MIKE RADEMAKER  
CEO/Harbormaster

May 13, 2026

U.S. Department of Agriculture  
Rural Housing Service  
1400 Independence Avenue, SW  
Washington, DC 20250

Attention: April Dahlager, Asset Risk Management Specialist  
Community Facilities

**Re: USDA Loan No. 718669850 – Request for Authorization to Use Debt Service Reserve Funds**

Dear Ms. Dahlager:

As you are aware, the Crescent City Harbor District has been experiencing significant financial challenges arising from an arbitration award and settlement in FY 2023–2024 in the amount of \$5,227,677. To meet its annual financial obligations, the District has drawn upon available reserves, which will be nearly exhausted by the end of the current fiscal year. In addition, the District remains under a State of Emergency as a result of the July 30, 2025 tsunami. In light of these circumstances, the District has been developing a debt restructuring plan. To assist in that effort, the District has engaged CalMuni Advisors and The Weist Law Firm.

Consistent with discussions held between the USDA, the District, and its advisors, the District hereby respectfully requests authorization to use funds from the USDA debt service reserve account to bring the above-referenced loan current. Specifically, the District proposes to make a payment of \$263,888.01 on May 15, 2026, and to replenish the reserve account over a ten-year period through annual payments of \$26,030.

The District greatly appreciates the assistance and guidance that you and your staff have provided over the past several months. Approval of this request will allow the District to move forward with its broader debt restructuring efforts and continue working toward long-term financial stability.

## 12. MEETING ADJOURNMENT

*Adjournment of the Board of Harbor Commissioners will be until the next meeting scheduled for **Wednesday, May 27, 2026**, at 2 p.m. The Crescent City Harbor District complies with the Americans with Disabilities Act. Upon request, this agenda will be made available in appropriate alternative formats to person with disabilities, as required by Section 12132 of the Americans with Disabilities Act of 1990 (42 U.S.C. §12132). Any person with a disability who requires modification in order to participate in a meeting should direct such request to (707) 464-6174 at least 48 hours before the meeting, if possible.*

