

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

DATE: February 11, 2010
TIME: 6:00 p.m. Executive Closed Session
7:00 p.m. Regular Session
PLACE: Woodley Island Marina Meeting Room

The Meeting Room is wheelchair accessible. Accommodations and access to Harbor District meetings for people with other handicaps must be requested of the Director of Administrative Services at 443-0801 five (5) working days in advance of the meeting.

1. **Call to Order Regular Session at 7:00 p.m. and Roll Call**
2. **Pledge of Allegiance**
3. **Public Comment**

Note: This portion of the Agenda allows the public to speak to the Board on 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 an 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 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. The three (3) minute time limit for each speaker may be enforced by the President of the Board of Commissioners or the Presiding Member of the Board of Commissioners at the regular meeting of the District.

4. Consent Calendar

Note: All matters listed under the Consent Calendar are considered to be routine by the Board of Commissioners and will be enacted by one motion. There will be no separate discussion of these items. If discussion is required, that item will be removed from the Consent Calendar and considered separately.

- a. Consideration of approval of minutes from the January 14, 2010 Board meeting.
- b. Consideration of approval of minutes from the January 28, 2010 Board meeting.
- c. Consideration of approval of travel expenses for Commissioner Wilson to attend the World Aquaculture Conference, March 1-5, 2010.
- d. Consideration of approval of purchase of replacement battery charger for zero-emission security vehicle from Autowest of Roseville. \$1,011.88
- e. Consideration of budget transfer for Expenses Pending Transfer for FY 2008/09.
- f. Consideration of approval of Travelift door repairs by Fortuna Iron and Cookson Door Co. \$3,500.00

5. Communications and Reports

- a. Chief Executive Officer's Report
- b. District Counsel's Report
- c. Staff Reports
- d. Commissioner Reports
- e. Advisory Committee Reports

Agenda for February 11, 2010 Board Meeting

f. Other

1. Presentation by Stas Margaronis, President, Santa Maria Shipowning & Trading Inc.

6. Non Agenda

7. Unfinished Business

8. New Business

a. Consideration of appointment of two Board members to work with District staff on the 2010/2011 Budget.

b. Consideration of directing District staff to work with State and local air quality officials and dock owners on issues relating to impending air quality regulations and their impacts.

12. Administrative and Emergency Permits

13. ADJOURNMENT

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

February 11, 2010

PRESENT:

Commissioner Pellegrini
Commissioner Curless
Commissioner Wilson
Commissioner Higgins
Commissioner Marks

ABSENT:

None

President Curless called the regular meeting of the Board of Commissioners to order at 7:00 p.m.

President Curless led those present in the Pledge of Allegiance.

President Curless announced there was no Closed Session.

PUBLIC COMMENT

Perry Bressman asked the Board of Commissioners why the Harbor District would lease property to a company who does not utilize local longshoremen. He said Bragg Construction, who is currently contracting with PG&E on the power plant project, does not use local longshoremen as PG&E did in the early stages of the project and he said it is imperative to keep the local jobs local. Union workers from the Bay Area have come here to show solidarity and all the local unions in major California ports have been noticed of Bragg's actions. Mr. Bressman said the ILWU will not sit back and be ignored; the ILWU supports PG&E projects, but longshoremen need to be noticed and utilized.

Commissioner Pellegrini asked CEO what is the Harbor District's role in the PG&E project. CEO stated the Harbor District supports the ILWU, but PG&E's prime contractor, Wartsila, changed subcontractors to use Bragg Construction. He said he and the District's Director of Maritime Commerce worked hard to convince Bragg Construction to use the ILWU labor.

Commissioner Pellegrini asked if it was possible to require the use of local labor when leasing District property. District Counsel said he would research the subject.

Commissioner Higgins said this same situation could happen with the PG&E wave energy project.

Damien Mooney, of the ILWU, said PG&E is not to blame; Wartsila is the subject of their concern. He also said labor cannot be pre-assigned when someone else is paying the lease.

Mac Collado, a retired longshoreman, said all must work together to keep jobs local for the community.

Rick Sousa, a third generation longshoreman, stated local people support the local economy and he appreciates anything the Harbor District can do to support local labor.

Shannon Lewis, of the ILWU, said anyone can see how local labor needs living wage jobs just by looking at the empty spaces in the local malls and downtown areas. Tourism is not the savior. Local retail and families need to cut timber and catch fish – both are sustainable.

Kevin Pinto, a commercial fisherman, said he participates on the working group for PG&E's wave energy project. He said the project doesn't seem positive for the fishing community, but could be for the local economy. The fishing community feels wave energy would be detrimental to fishing. PG&E says the pilot project will last for five years and

will then move offshore if successful; but at a public meeting, PG&E said the duration of the project could be 10 years. Also, the majority of the equipment used is not made in the United States. Mr. Pinto asked how anyone could be against "green" energy and local jobs; however he said most likely that will not be the case. The fishing community is unanimously opposed and he asked for the District's support of the opposition of the project.

Dave Bitts said PG&E is giving the appearance they are working with the community. PG&E needs to give three assurances to the fishermen: 1) a five-year, experimental project only; 2) will move the project offshore if successful; and 3) will only consume one square mile for testing. He said this will be death to crab fishing if PG&E obtains a 30-50 year license from FERC to operate in State waters.

Steve Kukis said PG&E seems to be the issue on both projects – dealing with offshore and foreign entities. He asked why local labor would picket PG&E when the hiring of non-local labor is not their responsibility.

Commissioner Higgins stated he felt there is a need to codify these stated concerns immediately.

Stan Appelar said PG&E is stating the wave energy area would be one square mile, but that is just the beginning. He is concerned the fishing community will not survive this project.

CONSENT CALENDAR

Commissioner Pellegrini asked for Items C & F to be pulled for further discussion. Commissioner Higgins asked for Item E to be pulled.

COMMISSIONER PELLEGRINI MOVED FOR APPROVAL OF THE REMAINDER OF THE CONSENT CALENDAR, ITEMS A, B, D & G. COMMISSIONER HIGGINS SECONDED. MOTION CARRIED WITHOUT DISSENT.

Item C: Commissioner Pellegrini asked how the Board could approve an estimated expense of \$2,290 for Commissioner Wilson to attend the World Aquaculture Conference when the Board could not approve a \$4,000 expense to give the District's union employees raises.

Commissioner Higgins said he and Commissioner Wilson have invested many hours in the Economic Development Committee. Aquaculture was just one area Humboldt Bay can expand. He said Ted Kuiper, formerly Kuiper Mariculture, recommended the District participate wherever they can to learn about the aquaculture business.

Commissioner Wilson said the conference was recommended by Ted Kuiper. If the District can send people to China for Economic Development, why not send him to San Diego. He said he would attend two days of the conference and intends to meet as many aquaculture people as possible. Also Commissioner Wilson said he would stay with friends, so there would be no hotel costs. He said the District has to look outside Humboldt County to move forward.

Commissioner Pellegrini said she values the advice and opinions of Ted Kuiper, but maybe someone from the Harbor District is not the best person to attend the conference; possibly someone already involved in mariculture.

Commissioner Higgins said the District needs to expand its core business base; this is an open opportunity.

Commissioner Marks said he respects Commissioner Pellegrini's comments, but Commissioner Wilson is finding ways to attend in the most cost-effective ways and is making his own personal sacrifices to attend.

COMMISSIONER HIGGINS MOVED TO APPROVE TRAVEL EXPENSES FOR COMMISSIONER WILSON TO ATTEND THE WORLD AQUACULTURE CONFERENCE, MARCH 1-5, 2010. COMMISSIONER MARKS SECONDED. MOTION CARRIED WITH COMMISSIONER PELLEGRINI DISSENTING.

Item E: Director of Administrative Services explained the Expenses Pending Transfer report itemizes the expenditures made in FY 2008/09 to be transferred to the District's capital assets, allowing depreciation in the subsequent years.

COMMISSIONER HIGGINS MOVED FOR APPROVAL OF THE BUDGET TRANSFER FOR EXPENSES PENDING TRANSFER FOR FY 2008/09. COMMISSIONER MARKS SECONDED. MOTION CARRIED WITHOUT DISSENT.

Item F: Commissioner Pellegrini asked how much it would cost to replace the Travelift building door, instead of a temporary fix. CEO responded a complete door replacement would cost approximately \$25,000-\$30,000. The temporary fix will last between 5 and 7 years. CEO stated he exercised his authority to repair the door as an emergency because the last time the door was broken and left in the open position, a strong wind blew the back of the building out.

COMMISSIONER PELLEGRINI MOVED FOR THE APPROVAL OF TRAVELIFT DOOR REPAIRS BY FORTUNA IRON AND COOKSON DOOR CO. FOR \$3,500.00. COMMISSIONER WILSON SECONDED. MOTION CARRIED WITHOUT DISSENT.

CEO REPORT

- ❖ 2/1: The external array proposal on the Marine Protected Area was submitted. Director of Conservation has been busy participating in a 2-day regional stakeholders meeting.
- ❖ 2/4-5: CEO attended a national port director's conference in San Diego with US Secretary of Transportation Ray LaHood. This first-time conference was called specifically for ports and was well attended.
- ❖ 2/9: Humboldt Bay Symposium planning meeting was held.
- ❖ 2/10: Representatives of the Corps of Engineers toured the District's upland disposal site.
- ❖ The Corps of Engineers permit for the Shelter Cove Breakwater Rehabilitation Project was received. CEO reported this was the last permit to obtain. Work on the project will begin after Labor Day. CEO stated this has been a project 11 years in the making.

DISTRICT COUNSEL REPORT

District Counsel reported Humboldt Bay Forest Products has the option of renewing its lease for another five years in 2011. The lease amount can be calculated through an appraisal or by increasing it by the CPI. District Counsel recommended the Board not request an appraisal and increase the lease amount by the CPI, since the cost of an appraisal would most likely offset an increase in the lease amount.

STAFF REPORT

Director of Administrative Services reported Misty Schmidt delivered Addison Joy Schmidt early this morning. Addison weighed 8 lbs. 14 oz. and was 21 3/4" long. Mom and baby are healthy and already home. Misty will return to work at the end of April.

COMMISSIONERS REPORTS

Commissioner Pellegrini:

- ❖ Reported Captain Phil of the "Deadliest Catch" television show died recently of a heart attack.
- ❖ Was happy to report a local fishermen's wives group will unveil some projects at the Board of Supervisors meeting on February 23rd.
- ❖ Stated several of the local fishermen have asked for an update on the City of Eureka's Fisherman's Terminal. She asked CEO to arrange a report from the City at the next Board meeting.

Commissioner Wilson:

- ❖ Attended the Humboldt Bay Symposium planning meeting and is excited about the agenda.
- ❖ Attended the annual Arcata Chamber of Commerce Dinner at the newly remodeled Arcata Theatre. He said it was a great event.
- ❖ Attended a meeting with Commissioner Marks on the new air quality regulations and the impacts on local businesses.

Commissioner Higgins:

- ❖ Received a phone call from local fisherman Kevin Collins regarding PG&E's wave energy project.

Commissioner Marks:

- ❖ Attended a meeting at Freshwater Tissue Company. He said the owner has active investors and is ready to begin labor negotiations. It will take approximately six months to complete the upgrades to get the mill running.
- ❖ Attended the air quality meeting with Commissioner Wilson.
- ❖ Spoke with representatives from the local longshore union and understands their concerns with some of the local projects.

ADVISORY COMMITTEE REPORTS

Commissioner Higgins:

- ❖ Reported the MPA arrays subcommittee met to discuss port safety zones and are concerned with what would cause the least economic harm and have the greatest conservation value.
- ❖ Announced the next meeting of the Economic Development Committee will be held on March 31st.

OTHER

Presentation by Stas Margaronis, President, Santa Maria Shipowning & Trading Inc.

Commissioner Wilson introduced Mr. Margaronis, whose company is currently looking for a ship building facility on the West Coast to complement short sea shipping. He has been working for 13 years to get ships built in the United States. Ship parts are built in different places/countries and then put together for the final product.

Mr. Margaronis said the Fields Landing Boat Yard would be a perfect place for the facility with the Travelift and over 600' long building areas. He estimates 250 direct jobs will be created. He said the support of the Port and Representative Thompson is what he needs to continue pursuing his project.

Approximately \$10 million is needed to get the dock, buildings and property at the Fields Landing Boat Yard ready for shipbuilding and Mr. Margaronis suggested a TIGER grant might be available for this type of work.

Discussion was held and the Board of Commissioners thanked Mr. Margaronis for his presentation.

NON-AGENDA

Commissioner Higgins said he felt PG&E's wave energy project application, to be filed on February 26th, warranted prompt action by the Board of Commissioners to be listed as an intervenor. Since the issue became known after the agenda for this meeting was published, Commissioner Higgins asked for an additional item to be added to the agenda.

COMMISSIONER HIGGINS MOVED TO ADD THE DISCUSSION OF PG&E'S WAVE ENERGY APPLICATION TO THE AGENDA. COMMISSIONER PELLEGRINI SECONDED.

Commissioner Wilson asked why this item would be considered an emergency. Commissioner Higgins said PG&E will file their wave energy application on February 26th, the day after the next Board meeting and he said their needs to be discussion by the Board prior to this date.

MOTION CARRIED WITHOUT DISSENT.

UNFINISHED BUSINESS: None

NEW BUSINESS

President Curless moved the new item (c) to the beginning of New Business.

C. CONSIDERATION OF THE HARBOR DISTRICT'S ROLE IN RESPONSE TO PG&E'S WAVE ENERGY APPLICATION.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF DISCUSSION REGARDING THE HARBOR DISTRICT'S ROLE IN RESPONSE TO PG&E'S WAVE ENERGY APPLICATION.
COMMISSIONER WILSON SECONDED.

Dave Bitts asked the Harbor District to meet with PG&E and get satisfaction on four issues: 1) ensure maximum employment of local union labor; 2) ensure a 5-year sunset to operate in state waters; 3) ensure the project area is no more than one square mile; and 4) ensure the development will be moved offshore if it advances to the commercial level.

Kevin Pinto said he feels the intent of the project has changed and PG&E has not met any concerns of the fishermen. Mr. Pinto said the fishermen have hired an attorney to meet with PG&E to discuss the cost and safety issues concerning the fishermen. Mr. Pinto said the Harbor District should take action to be an intervenor, be a part of the process.

Dave Bitts said all negotiations and decisions should be in writing. He said ideally the FERC license would be conditioned on the four issues he mentioned earlier.

Sid Berg asked if the Harbor District has authorization or jurisdiction. CEO stated as long as the project is in state waters, it is within the District's territory.

COMMISSIONER WILSON MOVED TO CREATE AN AD HOC COMMITTEE TO WORK WITH THE FISHERMEN AND LONGSHORE TO MEET WITH PG&E TO DISCUSS THE FOUR CONDITIONS.
COMMISSIONER HIGGINS SECONDED.

COMMISSIONER PELLEGRINI OFFERED A FRIENDLY AMENDMENT TO ADD A FIFTH CONDITION: MINIMIZE AND MITIGATE TO OPPOSE ADVERSE ACTIONS TO LOCAL FISHERMEN.
COMMISSIONER WILSON ACCEPTED THE FRIENDLY AMENDMENT.

Damien Mooney said the local longshoreman union is ready to help in any way.

MOTION CARRIED WITHOUT DISSENT.

President Curless appointed Commissioners Pellegrini and Higgins to the committee and directed staff to meet with PG&E and the fishermen.

Kevin Pinto thanked the Board for their assistance.

A. CONSIDERATION OF APPOINTMENT OF TWO BOARD MEMBERS TO WORK WITH DISTRICT STAFF ON THE 2010/11 BUDGET.

President Curless appointed Commissioner Wilson and himself as the committee to work with staff.

B. CONSIDERATION OF DIRECTING DISTRICT STAFF TO WORK WITH STATE AND LOCAL AIR QUALITY OFFICIALS AND DOCK OWNERS ON ISSUES RELATING TO IMPENDING AIR QUALITY REGULATIONS AND THEIR IMPACTS.

Commissioner Wilson said the impending statewide air quality regulations and potential impacts on dockside owners relative to drayage and cargo movement across the docks can be detrimental. The upgrades are cost-significant. He said there needs to be decent data collection to see how big the problem really is in Humboldt County.

COMMISSIONER WILSON MOVED TO CREATE AN AD-HOC COMMITTEE TO WORK WITH DISTRICT STAFF AND STAKEHOLDERS ON THE POTENTIAL PROBLEMS CAUSED BY THE STATEWIDE AIR QUALITY REGULATIONS AND REPORT TO THE BOARD OF COMMISSIONERS WITH RECOMMENDATIONS ON ACTION. COMMISSIONER HIGGINS SECONDED.

Theresa Livingston, Sierra Pacific Industries (SPI), said the regulations were meant to target ports the size of Los Angeles and Long Beach and requires replacement of existing equipment with compliant equipment or purchase new. She said within the next two years, SPI will have to spend \$2 million or cease operations.

Bob Phipps, Bettendorf Trucking, said the law does grant exempt opportunities relative to facilities vs. the entire port. He said if Humboldt County has to maintain Port of Los Angeles emission requirements, short sea shipping will likely not happen in Humboldt Bay.

Rick Martin, Air Pollution Officer for North Coast Air Quality Control Board (NCAQCB), said the requirements were developed for areas of poor air quality, but Port of Humboldt Bay is included.

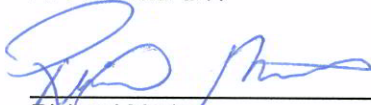
President Curless appointed Commissioners Wilson and Marks to work with District staff , dock owners and NCAQCB staff to explore solutions.

MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None


The Regular Meeting of the Board of Commissioners adjourned at 9:40 p.m.

APPROVED BY:



Richard Marks
Secretary

RECORDED BY:



Patricia L. Tyson
Director of Administrative Services