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

June 12, 2014

PRESENT:
Commissioner Newman
Commissioner Marks
Commissioner Higgins

ABSENT:
Commissioner Dale
Commissioner Wilson

President Marks called the Executive Closed Session to order at 6:12 p.m.

Kent Sawatzky asked about the USEPA Settlement Agreement being a Closed Session item. He said if the settlement is between two government agencies and does not involve litigation, it may not be a Closed Session item. District Counsel responded USEPA threatened litigation if the issue is not settled. Mr. Sawatzky then stated if the money involved is superfunded dollars, anyone involved after Phase 1 is jointly and severally responsible.

President Marks convened Closed Session at 6:15 p.m.

President Marks adjourned the Executive Closed Session at 6:52 p.m.

President Marks called the Regular Meeting of the Board of Commissioners to order at 7:01 p.m.

President Marks led those present in the Pledge of Allegiance.

District Counsel reported out of the Executive Closed Session as follows: Contrary to what was stated on the meeting agenda, there was no discussion in Closed Session involving negotiations with represented employees; Conference with Real Property Negotiator: no action taken.

PUBLIC COMMENT

Monte Provolt said he thought there was an understanding from USEPA the Harbor District would not be held liable for the clean-up of the pulp mill site. Now on the Closed Session agenda there is discussion of liability; what has changed? Is the Board trying to track down the responsible party? District Counsel stated at this time there are discussions only.

Mr. Provolt said the Board should be encouraging private buyers of the property. Grant dollars are being taken from others; tax dollars are being taken from taxpayers. The County of Humboldt lost their property tax revenue when the District purchased the property. District Counsel responded the District does not pay real property tax. When the District can lease out the property, possessor use tax equal to property tax will be paid by the tenant to the County. Enhancing the property through rehabilitation increases taxes to the County.

Debbie Provolt asked if non-profit agencies pay property tax. District Counsel responded yes. Ms. Provolt asked if Humboldt State University would pay property tax. District Counsel responded no, they are a public entity.

Ken Sawatzky asked about the recommended actions contained in the most current Humboldt Bay Management Plan and the Port of Humboldt Bay Revitalization Plan.

Debbie Provolt asked about the USEPA Settlement Agreement and if negotiations are with another government entity, are they closed or public negotiations. She also asked if this unexpected issue has
anything to do with USEPA's Superfund requirements. District Counsel said the District is evaluating USEPA’s claims against the District.

CONSENT CALENDAR

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF THE CONSENT CALENDAR. COMMISSIONER NEWMAN SECONDED. MOTION CARRIED WITHOUT DISSENT.

COMMUNICATIONS AND REPORTS

CHIEF EXECUTIVE OFFICER REPORT:

- CEO reported on Redwood Terminal 2 cleanup efforts as follows:
  - Boiler ash is being put into the tanks to solidify the liquors in the bottom of the tanks
  - Tanks are being flattened and prepared to ship; sale of scrap will be credited to the District’s account
  - KapStone operations are shut down at this time for maintenance
- The first of three truckloads of dredge equipment has been delivered; 17 more to go.
- The T-Mobile cell tower at Fields Landing has been installed; lease will be approximately $1,700 per month.

STAFF REPORTS:

Conservation Report:
- Staffed a booth representing the Harbor District at the Oyster Festival. The booth included touch tanks and posters about the mariculture pre-permitting project.
- Attended a meeting with US Fish & Wildlife regarding eelgrass monitoring.
- Public comment period near closing for both the water trails project and the revised NOP for the mariculture pre-permitting project.

District Treasurer Report:
- Compiling year end information for the upcoming audit.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Newman:
- Reported there has been a long dry spell for fishing; and if the weather behaves, fishing may start up again.

Commissioner Marks:
- Attended a NCRA meeting in Healdsburg. He said a war is brewing between NWP Co. and Smart. They share the same rail line in the southern part of the district. Smart is putting in track that will slow down the freight movement in certain areas.

Commissioner Higgins:
- Parcel 4, adjacent to Redwood Terminal 2, has been acquired by a private buyer.
- Reading previous minutes remind him of moving quickly on the reorganization of the District website.
- Has been helping with the Eel River Recovery Project, studying pike minnow. On June 22 at Tooby Park, pike minnow will be identified.

OTHER BUSINESS: None
UNFINISHED BUSINESS:

A. PUBLIC HEARING AND FIRST READING OF FY 2014/15 BUDGET.

Director of Administrative Services reported the summary of the FY 2014/15 Budget as follows: Revenue $12,167,597; Operating Expenses $2,178,700; Non-Operating Expenses $8,590,176; Deduct the Single Use Revenue ($170,000); Total Budget Balance $1,228,721.

The impact of the bond and the California Department of Boating and Waterways long-term debt refinancing are unknown at this time; therefore no change has been reflected in the proposed budget.

Susan Penn said the gangway gates have not proven to be an improvement, more of a nuisance. She said they will be in constant need of repair and will not help to keep the tenants safe.

NEW BUSINESS:

A. CONSIDERATION OF ACCEPTING FOR FILING APPLICATION FOR PERMIT 14-01 TO NORTHCOST REGIONAL LAND TRUST FOR THE MARTIN SLOUGH TIDE GATE IMPROVEMENT PROJECT.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF ACCEPTING FOR FILING APPLICATION FOR PERMIT 14-01 TO NORTHCOST REGIONAL LAND TRUST FOR THE MARTIN SLOUGH TIDE GATE IMPROVEMENT PROJECT. COMMISSIONER NEWMAN SECONDED.

Commissioner Newman stated he is on the Board of the Northcost Regional Land Trust. Since he receives no compensation for his position, District Counsel said there is no conflict of interest and Commissioner Newman is eligible to vote.

District Counsel stated the general advice is usually to be conservative, even if technically there is no conflict of interest. In this case there is no conflict because there is no expenditure of District funds and no financial remuneration to Commissioner Newman.

Director of Conservation said the applicant is eager to get started; trying to get the work done before the rain starts in the Fall.

Monte Provolt asked if the tide gate is larger, will it keep the golf course under water longer. Commissioner Higgins replied the golf course will be under water less with the new tide gate.

MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF ACCEPTING FOR FILING APPLICATION FOR PERMIT 14-02 TO CHEVRON USA, INC. FOR THE EUREKA TERMINAL REPAIR PROJECT.

COMMISSIONER NEWMAN MOVED FOR THE APPROVAL OF ACCEPTING FOR FILING APPLICATION FOR PERMIT 14-02 TO CHEVRON USA, INC. FOR THE EUREKA TERMINAL REPAIR PROJECT. COMMISSIONER HIGGINS SECONDED.

Director of Conservation reported the repairs covered by this permit have been mandated by the State; 23 pilings are to be replaced, as well as other repairs. He also said it is possible the project is qualified for a CEQA exemption since the repairs are on an existing facility and similar materials will be used.

MOTION CARRIED WITHOUT DISSENT.
President Marks called for a five-minute break at 7:50 p.m.

President Marks reconvened the meeting at 7:55 p.m.

C. CONSIDERATION OF ACCEPTING FOR FILING APPLICATION FOR PERMIT 14-03 TO COAST SEAFOODS COMPANY FOR RENEWAL AND EXPANSION OF COAST SEAFOODS SHELLFISH FARM PARCELS.

COMMISSIONER NEWMAN MOVED FOR THE APPROVAL OF ACCEPTING FOR FILING APPLICATION FOR PERMIT 14-03 TO COAST SEAFOODS COMPANY FOR RENEWAL AND EXPANSION OF COAST SEAFOODS SHELLFISH FARM PARCELS. COMMISSIONER HIGGINS SECONDED.

Coast Seafoods is requesting the renewal of the permit for the existing 296 acres of shellfish culture, requesting expansion of its farm by an additional 621 acres and add eight additional bins within its flupsy operations.

Monte Provolt asked how the Board could deny the application by Coast Seafoods since Coast Seafoods gave the District a loan of $1.25 million for the transportation of liquors from the pulp mill property.

Kent Sawatzky asked how the lease is structured and if Coast Seafoods is paying market rate for the leased acres.

Sebastian Elrite said he would like to see full utilization of the leased acres. He said Coast Seafoods has 3,400 acres and approximately 300 are usable.

MOTION CARRIED WITHOUT DISSENT.

D. CONSIDERATION OF ADOPTION OF RESOLUTION 2014-06, A RESOLUTION TO ENTER INTO A CONTRACT AND ACCEPT FUNDS FROM THE CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE FOR SECRETARIAT SERVICES FOR THE HARBOR SAFETY COMMITTEE OF THE HUMBOLDT BAY AREA.

COMMISSIONER HIGGINS MOVED FOR THE ADOPTION OF RESOLUTION 2014-06, A RESOLUTION TO ENTER INTO A CONTRACT AND ACCEPT FUNDS FROM THE CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE FOR SECRETARIAT SERVICES FOR THE HARBOR SAFETY COMMITTEE OF THE HUMBOLDT BAY AREA. COMMISSIONER NEWMAN SECONDED.

A ROLL CALL VOTE WAS TAKEN:

- COMMISSIONER NEWMAN – AYE
- COMMISSIONER DALE – ABSENT
- COMMISSIONER MARKS – AYE
- COMMISSIONER WILSON – ABSENT
- COMMISSIONER HIGGINS – AYE

MOTION CARRIED WITHOUT DISSENT.
E. CONSIDERATION OF BALLOT FOR ELECTION OF SPECIAL DISTRICT REPRESENTATIVES TO SERVE ON LAFCO.

COMMISSIONER HIGGINS MOVED TO VOTE FOR TROY NICOLINI TO BE THE SPECIAL DISTRICT REPRESENTATIVE TO SERVE ON LAFCO. COMMISSIONER NEWMAN SECONDED. MOTION CARRIED WITHOUT DISSENT.

F. CONSIDERATION OF ACCEPTING THE GRANT AGREEMENT WITH THE CALIFORNIA NATURAL RESOURCES AGENCY FOR THE HUMBOLDT BAY SPARTINA ERADICATION PROJECT.

Director of Conservation reported the grant agreement is typical of state agency grants the District has accepted in the past, with the following notable points: The Grantor may require the District record a Deed Restriction for those areas treated under this grant which would consist of: the State would have to approve any transfer or sale of the property in the future; the property could not be used again for mitigation since these are mitigation funds; and the property could not be used as security for debt. Also the District will have to pay California prevailing wages for work conducted with these grant funds.

Some of the properties contained in the agreement belong to the Cities of Arcata and Eureka; the District cannot force these agencies to sign the deed restrictions.

Staff recommended the Board of Commissioners authorize the CEO to enter into the grant agreement with the California Natural Resources Agency when the issues have been resolved and District Counsel approves.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF ACCEPTING THE GRANT AGREEMENT WITH THE CALIFORNIA NATURAL RESOURCES AGENCY FOR THE HUMBOLDT BAY SPARTINA ERADICATION PROJECT UPON RESOLUTION OF THE BOARD CONCERNS AND DISTRICT COUNSEL GIVES APPROVAL. COMMISSIONER NEWMAN SECONDED.

Monte Provolt asked if the Spartina is recurring. Director of Conservation responded this is a huge project, mostly on Refuge lands. The crews are making slow and steady progress.

Kent Sawatzky said there is no sunset provision on deed restrictions.

MOTION CARRIED WITHOUT DISSENT.


COMMISSIONER HIGGINS MOVED FOR THE ADOPTION OF RESOLUTION 2014-07, A RESOLUTION AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS IN CONNECTION WITH THE REFINANCING OF CERTAIN LONG-TERM DEBT OBLIGATIONS, AND APPOINTING THE WEIST LAW FIRM AS BOND COUNSEL AND STERN BROTHERS & CO. AS PLACEMENT AGENT IN CONNECTION THERewith. COMMISSIONER NEWMAN SECONDED.
Monte Provolt said if the refinancing is going to save the District $200,000, then the money should be earmarked for marina improvement.

A ROLL CALL VOTE WAS TAKEN:

COMMISSIONER NEWMAN – AYE
COMMISSIONER DALE – ABSENT
COMMISSIONER MARKS – AYE
COMMISSIONER WILSON – ABSENT
COMMISSIONER HIGGINS – AYE

MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None.

The Regular Meeting of the Board of Commissioners adjourned at 8:20 p.m.

APPROVED BY: [Signature]  
RECORDED BY: [Signature]

Patrick Higgins, Vice President
Greg Dale, Secretary

Patricia Tyson
Director of Administrative Services
MINUTES
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

June 4, 2014

PRESENT
Commissioner Newman
Commissioner Dale
Commissioner Wilson
Commissioner Marks

ABSENT
Commissioner Higgins

President Marks called the Special Meeting of the Board of Commissioners to order at 12:07 P.M.

President Marks asked Pete Oringer to lead those present in the Pledge of Allegiance.

PUBLIC COMMENT

Kent Sawatzky said as a point of order that special meeting requirements are that all applicable documents are to be available to the public when the agenda is made available. Regarding the Option Agreement for Parcels B&C, he asked where the $320,000.00 escrow money was coming from; is it currently available. He asked the Board to provide the option agreement map attachment so the public could review it.

Pete Oringer echoed Mr. Sawatzky’s concerns about not having the documents to study prior to the meeting. He asked the Board to comment on the savings that will be accrued from the bond issue and what the Board’s goals are.

Susan Penn said there was language missing in the Stern Brothers agreement.

The Board of Commissioners adjourned to Executive Closed Session at 12:15 p.m.

President Marks adjourned the Executive Closed Session at 1:05 p.m.

President Marks called to order the Regular Meeting of the Board of Commissioners at 1:10 p.m.

District Counsel reported on Closed Session as follows: Conference with Real Property Negotiator – no action taken.

NEW BUSINESS

A. CONSIDERATION OF APPROVAL OF OPTION AGREEMENT TO PURCHASE FRESHWATER TISSUE COMPANY SAMOA PULP MILL PARCELS B, C AND 4.

CEO reported the Board had in front of them the Option Agreement for Parcels B & C. The Agreement provides for a $320,000, 2-year option, fully refundable after the first year and preserves the rights of the Harbor District to negotiate for the purchase of the property.
COMMISSIONER WILSON MOVED FOR THE APPROVAL OF OPTION AGREEMENT TO PURCHASE FRESHWATER TISSUE COMPANY SAMOA PULP MILL PARCELS B AND C. COMMISSIONER DALE SECONDED.

Pete Oringer asked why all the agenda items are being presented at a special meeting. What is the immediacy of the decision – it is not apparent.

Karen Brooks said there was no parcel map attached to the copy of the document available at the meeting. Information for the public would be helpful.

Kent Sawatzky reiterated the statements of the previous speakers. He suggested the Board re-notice the meeting since 24 hours was not given to providing the documents. He asked how Parcel 4 fit in the plan since it was not part of the motion. Where is the money coming from? Is it being co-mingled within the District’s funds. He urged the Board to provide a public record of where the money will come from prior to making their decision.

Debbie Provolt asked why the hurry of a special meeting and where is the money coming from.

Commissioner Wilson stated the special meeting was called because there are timing issues. Negotiation of Real Property is allowed in Closed Session, but is in the best interest of transparency to bring to the public in an open forum. There are many confidential issues from Closed Session the Board is prohibited from discussing in public and the details of the timing is confidential; there are other parties involved. He said acquiring this property is the best the District can do to move forward and create opportunity for job growth; and it does not cost a lot of money.

President Marks said there are timing and confidential issues involved. The Option Agreement gives the Board leverage for opportunities. There is no real risk other than losing interest on the $320,000.

Monte Provolt asked what percentage is the $320,000 of the District’s general funds. CEO responded 10%.

Commissioner Dale showed the audience the map of the parcels, approximately 60 acres of industrial, water-dependent property.

Karen Brooks asked why Parcel 4 is not included in the Option Agreement. Commissioner Dale replied that is part of the Closed Session discussions.

Kent Sawatzky said the appraisal of the property should be available for review by the public.

Monte Provolt asked what guarantees does the Harbor District if the other party goes bankrupt. District Counsel stated the District has the first position on Parcel C and the second position on Parcel B.

COMMISSIONER WILSON AMENDED HIS MOTION TO AUTHORIZE THE EXECUTION OF THE OPTION AGREEMENT SUBJECT TO THE APPROVAL OF THE CHIEF EXECUTIVE OFFICER AND THE DISTRICT COUNSEL PENDING THE NEGOTIATIONS FOR A BETTER DEAL. COMMISSIONER DALE AGREED TO AMEND HIS SECOND. MOTION CARRIED WITHOUT DISSENT.
B. CONSIDERATION OF APPROVAL OF AGREEMENT FOR BOND COUNSEL SERVICES WITH THE WEIST LAW FIRM.

CEO reported there is one modification in Section 2 Compensation of the agreement – Mr. Weist has agreed to include services for refunding of the District’s bond obligation, long-term loan and the placement of the New Markets Tax Credits for a fee of $37,500.

COMMISSIONER NEWMAN MOVED FOR THE APPROVAL OF AGREEMENT FOR BOND COUNSEL SERVICES WITH THE WEIST LAW FIRM. COMMISSIONER DALE seconded.

Kent Sawatzky asked why this item needed to be considered at a special meeting. He said the Board should delay their decision so that the public could review the document.

Karen Brooks cautioned the Board to be aware of the ancillary costs (travel, mileage, copies) associated with the agreement. She also asked the Board to not include the fees in the 20-year bond payment structure.

Debbie Provolt commented bond law is very specialized and it is wise to include bond counsel for these types of transactions. She asked how the Board will use the additional funds acquired as a result of the refunding.

District Counsel stated the existing bonds will be restructured at a lower interest rate, lower payments with a projected savings of approximately $200,000.

Kent Sawatzky asked if the original end date will be extended. CEO stated that will be determined through the RFP process.

Pete Oringer asked for the total amount being borrowed. CEO replied approximately $5.1 million ($3.8 million in bonds; $1.3 million in loans to the CA Department of Boating and Waterways).

Monte Provolt said he thinks it is a great idea. He is hoping the Board earmarks a large percentage of the savings to go to the fishermen to offset some of their expenses.

Commissioner Wilson said competing for allocations are timely.

Monte Provolt asked if there were going to be any more Economic Development Committee meetings. What if there are new suggestions? Commissioner Marks said there would most likely be another meeting, but he and Commissioner Higgins are hoping to wrap it up and provide a report to the Board. He said Monte can give his suggestions to any Board member at any time.

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF APPROVAL OF INVESTMENT BANKING SERVICES AGREEMENT WITH STERN BROTHERS & COMPANY.

CEO stated Stern Brothers & Company was chosen through a RFP process for the District’s bonds refunding.

COMMISSIONER DALE MOVED FOR THE APPROVAL OF INVESTMENT BANKING SERVICES AGREEMENT WITH STERN BROTHERS & COMPANY. COMMISSIONER NEWMAN seconded.

Susan Penn asked about the refunding process. District Counsel said the District’s existing bonds can be called as early as July 1, 2014. Current bond prices are at a rate lower than the District is paying.
Pete Oringer asked if the refunding has to be implemented by July 1, 2014.

MOTION CARRIED WITHOUT DISSENT.

D. CONSIDERATION OF APPROVAL OF NEW MARKETS TAX CREDITS CONSULTING AGREEMENT WITH LOWES ENTERPRISES REAL ESTATE GROUP.

COMMISSIONER WILSON MOVED FOR THE APPROVAL OF NEW MARKETS TAX CREDITS CONSULTING AGREEMENT WITH LOWES ENTERPRISES REAL ESTATE GROUP. COMMISSIONER NEWMAN SECONDED.

CEO stated through the RFP process, Lowes Enterprises brought to the table reservations in the amount of $3m from Chase Bank. There will be a $25,000 retainer up front plus 2.5% not to exceed $200,000. Funding could be available as soon as October, need to be spent within one year and jobs creation has to happen within that first year.

Kent Sawatzky asked what would hold up the process — appraisal? What does a one-day credit line mean?

Karen Brooks asked why Lowes Enterprises was chosen and will final proposal be publicly vetted? CEO stated they were chosen through the RFP process. Commissioner Marks said a non-profit organization will be established and it is the intention that members of the public will participate on the Board.

MOTION CARRIED WITHOUT DISSENT.

President Marks adjourned the Special Meeting of the Board of Commissioners at 2:00 P.M.

APPROVED BY: Patricia Tyson

Greg Dale
Secretary

RECORDERED BY:

Patricia Tyson
Director of Administrative Services
MINUTES
REGULAR MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT
May 8, 2014

PRESENT:
Commissioner Newman
Commissioner Dale
Commissioner Marks
Commissioner Wilson
Commissioner Higgins

President Marks called the Executive Closed Session to order at 6:05 p.m.

President Marks adjourned the Executive Closed Session at 6:55 p.m.

President Marks called the Regular Meeting of the Board of Commissioners to order at 7:03 p.m.

President Marks led those present in the Pledge of Allegiance.

District Counsel reported on the Executive Closed Session as follows: Status of negotiations with the Harbor District Labor Negotiator: no action taken; Status on Conference with Real Property Negotiator Freshwater Pulp Mill boiler sale and EPA provisions and remediation costs: no action taken.

PUBLIC COMMENT:

Kent Sawatzky stated he has a correspondence from the Harbor District to Mike Wheeler, County of Humboldt, regarding the General Plan amendment for sewer treatment on the Samoa Project. He is concerned about the low-income housing aspect using coastal land. He said he supports having moderate-income housing on the peninsula to support the workforce needed there, but the coastal-dependent industrial property should not be used for low-income housing.

CONSENT CALENDAR:

COMMISSIONER HIGGINS MOTIONED FOR THE APPROVAL OF MINUTES FROM THE NOVEMBER 14, 2013 BOARD MEETING. COMMISSIONER NEWMAN SECONDED. MOTION CARRIED WITHOUT DISSENT.

CEO REPORT:

CEO reported the Redwood Terminal 2 cleanup is going well.
- The 200-truck contract for the pulp liquor transporting is complete and the 500 truck contract with MP Environmental Services is signed. The first empty tank has been cut down.
- Recology is exercising their jurisdiction on non-hazardous material regarding the EPA’s RFP for 1,000 tons.
- The Regional Water Board NPDES has been terminated and they are requesting more testing of the demolition piles and dioxin.
- The EPA Director of the Superfund Division and the Chief of Emergency Management visited the site and the Congressman Huffman has requested additional funding.
- The ERTN for Energistycs Inc. has been signed and the deposit received for the Wood Pellet Mill Project.
- CEO reported he made a trip to Nehalem Dredging to document the dredge equipment and organize the loading and hauling.
- There is currently a RFP for a Forklift for Redwood Terminal 2, a RFP for Trucking Services to transport dredge equipment, and a RFP for Financial Services for the Bond and New Market Tax Credits, all of which will be under Board consideration May 22, 2014.
- There are also Dredge Disposal Permits, which will go out next week.

Commissioner Higgins asked if things were fairly organized at Redwood Terminal 2. CEO responded yes, very organized.
STAFF REPORTS:

Director of Conservation:

- Reported the scope of work for the dredge material disposal is being finalized and a RFP for permitting the site will be distributed soon.
- Sent a letter to Caltrans requesting them to clean up two billboards that had fallen in the marsh along HWY 101.
- Had a meeting with the California Department of Public Health to talk about the Pre-permitting project. Had a discussion today about coming up with mitigation options for Caltrans to restore and create salt marsh habitats.

Director of Facility Maintenance:

- Reported that CEO had put him on a task to lower water and sewage bills. A new meter was installed and now the Harbor District will be paying for the discharge only and he hopes to lower the bill by 2/3.
- Maintenance crew went down to Shelter Cove for the annual cleaning and servicing of the discharge pipe. There has been concern about buildup of sand in the parking lot, but after checking it out crew found no buildup or need for debris removal. A full cable replacement on the discharge pipe is necessary because the anchor pin is worn away. Crew is going back next week to replace approximately 270 ft of cable. Commissioner Higgins asked if they will have to re-drill holes. Director of Facilities Maintenance said that is a possibility.
- He thanked Commissioner Dale and his crew who helped with the F Dock replacement project.

District Counsel:

- Reported he has been spending a lot of time on the Coast Seafoods Loan Agreement.

District Planner:

- Said the Water Trails environmental document is ready to go. He has a letter out to City of Arcata and Humboldt County asking to allow for a consolidated coastal permit process.
- Was asked to write a comment letter responding to the County referral on the Samoa Town Master Plan. It is a timing issue. The multi-family project which is a very small portion, will be located away from the industrial area, and had already been approved. Land uses were approved several years ago. Commissioner Higgins asked if the comments were about Danco and their property and not about the Harbor District property. District Planner said yes. Commissioner Wilson said it is regarding a ½ acre of conversion of coastal and industrial property for the waste-water treatment part, but that it actually services the coastal dependent portion rather than the industrial land. It is not changing the use and it is only enhancing the ability of the coastal dependent industrial property. They will address it more directly at the next meeting. District Planner said he would be happy to help with that.
- He reported that they wrapped up the Tiger Grant application and thanked Director of Administrative Services for "pushing the button."
- There was a cultural resources determination for the marina building at Shelter Cove potentially requiring cultural resources investigation. He was asked to reach out to a cultural resources specialist. He met with Jamie Roscoe and they came up with a strategy to do some auguring in from the edges to do a characterization at a much lower cost and to assist the applicant to distribute a request for bids for the work.

District Treasurer:

- Reported that he has met with staff to schedule timeframes for completion of monthly financials. Commissioner Marks asked if everything looked good. Treasurer said yes, there is a lot going on.
COMMISSIONERS REPORTS

Commissioner Higgins:

- Participated in the Budget Committee Meeting on Monday.

Commissioner Wilson:

- Attended the EPA tour of the Redwood Terminal 2 property on Tuesday with Commissioner Marks. He said both he and Commissioner Marks were concerned by the extent of contamination, but were jazzed about the forward movement of the site.
- Attended the reception for the Fisheries Joint SubCommittee in Sacramento. He invited the Fisheries Joint SubCommittee Chair, Bonnie Lowenthal, to visit Humboldt Bay.
- Attended a multi-agency meeting of the Working Waterfronts Opportunities Collaboration Committee.

Commissioner Marks:

- Also attended the EPA tour.
- Went to Fields Landing to look at a sunken boat and worked with others to figure out a resolution.

Commissioner Dale:

- Went to the Joint SubCommittee meeting on Fisheries and Aquaculture. He really appreciates that Humboldt County was represented so well.

Commissioner Newman:

- He attended the Joint SubCommittee Meeting in Sacramento.

OTHER

PRESENTATION BY HUMBOLDT STATE UNIVERSITY SENIOR PRACTICUM STUDENTS ON SEA LEVEL RISE

Yvonne Everett’s, HSU Department of Environmental Science and Management students: Jim Finn, Sydney Stuart, and Denise Chong made a presentation on how sea level rise might affect Humboldt Bay.

Commissioner Dale said that he met with the students several times and thinks the Sea Level Rise Program is of great value.

Commissioner Higgins said they were very detailed and their diction was excellent.

Commissioner Wilson asked if there was any opportunity for expanded aquaculture. Mr. Finn said there is a lot of opportunity for expanded mariculture and aquaponics. Ms. Chong said the Brownfields would be less of a threat if they are monitored and then in turn could be used as sites for aquaponics.

Kent Sawatzky asked what benchmark they used to base their research upon and asked what kind of an impact a natural disaster could have on the rest of the Bay if those areas were to wash out into the Bay. Mr. Finn said it was not quantified in time and that there are many things that could happen, but possible future natural disasters should not limit planning efforts for the future of the bay.

Lonnie Hollenbeck said the Pine Island Glacier has grown in speed by 74% in the last 10 years. He is impressed that the Board brought in the HSU students and every available resource to gather information.
PRESENTATION BY ANDREW CIOLCA, STERN BROTHERS – BOND REFINANCING

Mr. Ciocca, Stern Brothers, said his father handled the Harbor Districts’ bond refunding in 2004. He has over $10 billion in California municipal debt experience and also has local experience serving the City of Eureka in 2010 and Humboldt Bay Harbor, Recreation and Conservation District in 2004. Mr. Ciocca introduced attorney Cameron Weiss, who deals mainly with tax exempt matters. Mr. Weiss helped the Port of Santa Cruz with refinancing and ultimately saved them enough money to purchase a dredge. He has 24 years of experience in California public finance law as well as local experience serving Del Norte County and Humboldt County.

Mr. Ciocca said that compared to traditional underwritings, private placements are competitively priced, faster, cheaper, and require less continuing disclosure. Private placements are usually purchased by one investor or bank. There are no underwriter fees, lower legal and document fees, and often there are no rating agency fees. There is a shorter marketing term, less legal documentation, and often, rating agency presentations are not required. Private placement allows the District the opportunity to access $217,000 in current reserves and reduce outstanding debt, to save $215,000 over the life of the debt, to level outstanding debt service, and to eliminate onerous terms in current indentures. It also requires less staff time.

The proposed schedule is as follows: week 1, District meeting to review proposed refunding; week 2, kick-off conference call discussing financing strategy and discuss circulation of Request for Proposals to placement banks; week 3, call review circulation of Request for Proposals to placement banks and circulate RFP to placement banks; week 4, receive clarification questions regarding RFP from placement banks, review and discuss questions received, and issue responses to clarification requests; week 5, receive bids to RFP, call to discuss bids and choose placement bank, inform placement banks of award, and Trustee Issues call on bonds and loan; week 6, first round of document review; week 7, second round of document review and agreement with investor is submitted for District Board approval; week 8, final document review and documents are signed; week 10, close bond sale.

New Market Tax Credits, Federal Guarantees and Direct Loans, State Economic Development Loans, and Private Activity Bonds or Debt are available to the District for the proposed Private Activity Financing. The purpose of the New Market Tax Credits program is to encourage private investment in economically disadvantaged areas and communities. Stern Brothers has worked with multiple clients in the placement of New Market Tax Credits to complement traditional municipal debt. There are a broad range of Federal programs which should be investigated as both credit enhancement and as direct loans. An avenue of investigation into State Economic Development Loans would be the California Infrastructure and Economic Development Bank (CIEDB), which makes direct loans to job creating projects. Mr. Ciocca has structured four CIEDB loans for a broad range of uses including port facilities.

Commissioner Higgins said Mr. Ciocca caught his interest with the bond restructuring. He said it seems very complicated, but they did a great job with the presentation.

Commissioner Wilson recommended that a subcommittee be created to hear the pitches and to work with the CEO on refinancing and future financing. CEO said he and the Board are also building a relationship with bond counsel. Commissioner Marks asked CEO if the RFP would come out before the next meeting. CEO said yes, the responses would come in on May 21, 2014.

Commissioner Dale asked if the bond refinancing expense is paid up front. Mr. Weiss said they work on a fully contingent basis. They want to develop a relationship with their clients to continue business with them. Commissioner Dale asked if the cost would be greater than the savings, Mr. Weiss said the service is all factored in after the fact and there is no out of pocket expense.

District Treasurer said he thinks the bond refinancing is a great idea and there is a lot of information available for research.
Kent Sawatzky asked if the refinancing was long term, if there are prepayment penalties, and if the rate is locked in. Mr. Weiss said the bond buying program is tapering and will ultimately conclude sometime around November 2014, which will spur the fear of inflation. Prepayment penalties are negotiable.

Karen Brooks said she would like to see the pay-off done within a shorter timeline.

President Marks suggested creating a committee to review the bond refinancing and New Market Tax Credits. Commissioner Wilson said he would like to be on the committee as long as it is defined and the RFP is reviewed. CEO said the RFP is already out and will be reviewed. Commissioner Dale said he would also be on the committee.

NON-AGENDA: None

UNFINISHED BUSINESS

A. CONSIDERATION OF ADOPTION OF FY 2014/15 PRELIMINARY BUDGET.

Director of Administrative Services said the Board of Commissioners recently held a Budget Workshop. This is the consideration of the FY 2014/15 Preliminary Budget; and if it is adopted tonight with or without changes, then it goes to the public for a 30-day public comment period. It will then be reviewed again in a public hearing and first reading by the Board on the first meeting in June. The second meeting in June will be the second reading and adoption. The summary of the FY 2014/15 Preliminary Budget is as follows: total revenue is $6,862,597; the operating expenses are $2,259,024; the non-operating expenses (capital expenses, debt payment) are $4,400,048; the excess revenues over (under) expenses are $203,525; deduct single-use revenues (Woodley Island Marina Dredge Surcharge and Float Replacement) of $170,000; the total budget balance is $33,525. The revenue does include $2.4 million for Redwood Terminal 2, which includes the sale of the boiler and will also off-set the non-operating expenses. The annual tax revenue is the same as the last fiscal year because updated figures are not yet available. There are no proposed increases in slip rent, transient rentals, dredge surcharge, or float replacement fees for the marina. Borrowing and New Market Tax Credits are included at $1.3 million as well as the Brownfields Loan at $500,000. The salaries and wages were left at last fiscal years’ dollar amount until the Union Contract is finalized. Included is the cost for two new Harbor Maintenance 1 employees. CEO explained that if the funding is not there, improvement projects will not begin.

COMMISSIONER HIGGINS MOTIONED FOR THE ADOPTION OF FY 2014/15 PRELIMINARY BUDGET. COMMISSIONER NEWMAN SECONDED.

Kent Sawatzky said between one half and one third of the projected income is accounted for as being received. He urged the Board to be conservative and said that a lack of accuracy can lead to questions. He asked if $700,000 was a down payment for parcels B, C & 4 or are they going to pay for it in cash. There will be time to go over it later as it is a preliminary budget and not a final.

Karen Brooks asked for more clarification on the difference between the projected numbers and the actual numbers. She said Fields Landing seems to have more revenue than projected. CEO stated that is due to new renters on the site. Ms. Brooks asked why there was nothing in the capitol columns. Director of Administrative Services said that was due to an oversight.

President Marks reminded the public that it was a preliminary budget and not final.

MOTION CARRIED WITHOUT DISSENT.
NEW BUSINESS

A. DISCUSSION OF DEDICATED OF KING SALMON FISHERMAN’S CHANNEL AND BEACH – LONNIE HOLLENBECK.

Lonnie Hollenbeck said he is a King Salmon resident on the King Salmon Improvement Committee and is proposing the Board consider dedications to former District CEO Jack Alderson and former District Commissioner Jimmy Smith.

Commissioner Newman said it was a great idea and asked how to move forward. President Marks said it would be on the next agenda.

Commissioner Wilson said he knows the history and out of respect for Mr. Alderson, this project needs to be well thought out.

Kent Sawatzky said he strongly supports the project. He spoke to Jack Alderson and said he is very interesting. He said it is very appropriate for a contribution to the community of King Salmon.

President Marks asked when the appropriate time would be. District Counsel said the appropriate time would be when we close with PG&E and have the title. The Harbor District will rename the bridge and issue a press release so the public uses the new name. Mr. Hollenbeck asked if the bridge can be renamed through Escrow. District Counsel said Escrow can only change the description, not the name.

President Marks said the Board will move forward when appropriate.

B. CONSIDERATION OF COAST SEAFOODS COMPANY NOTE LEASE SECURITY.

CEO said the Board of Commissioners has discussed this several times. The District’s commitments are to extend the tideland lease through 2055. Upon payment of the note, the lease reverts to five years and has an option for another five years. Coast Seafoods may apply their lease payments to the note balance in lieu of payment to the District if the District defaults. Upon the District receipt of a.) grant funds for addressing the pulping liquors, or b.) proceeds from site improvements (boiler sale); the District shall immediately apply 90% of such revenues toward the Coast Seafoods Note.

District Counsel said the pay off period is 2 years. The 40-year pay -off is formal and an incentive to pay the note in full within 2 years.

COMMISSIONER WILSON MOTIONED FOR APPROVAL OF THE COAST SEAFOODS COMPANY NOTE LEASE SECURITY. COMMISSIONER HIGGINS SECONDED.

Commissioner Newman said 2055 is concerning, but he is comfortable with it.

Commissioner Higgins said the points have been resolved to his satisfaction.

District Counsel said the trucking contract would be held in limbo if the Coast Seafoods Company Note Lease Security does not get approved. The Harbor District must continue the transport of the liquors from the Pulp Mill.

Kent Sawatzky recommended finding out exactly how much the lease is. He said it is extremely irresponsible to make a decision without knowledge of the numbers.

Commissioner Higgins asked if the lease prices are fixed and known. CEO said yes.

Director of Conservation said this item is entirely separate from the Pre-permitting project. The Pre-permitting project and the Coast Seafoods lease do not interact at all.
Debbie Provolt said only the promissory note document was made public and asked if any of the other documents would be made public as well. CEO said all the documents are public and were in the last meeting’s packet. Mrs. Provolt asked if the lease payments would be going into restricted public trust accounts and if the funds are used to repay debt on the Pulp Mill will that transfer public trust rights to the Pulp Mill site. District Treasurer said the payments will be treated as tideland revenue just as if we had received the regular lease payments. Mrs. Provolt said the Harbor District is using the funds to pay off a loan that uses property as collateral on which a majority is not subject to public trust rights. Mrs. Provolt suggested to ask the question to the State Lands Commission. Even if it did subject a portion of the property to be subject to public trust, it would not be a bad thing as long as the funds were treated properly. She said the Harbor District Board should know the answer to her question.

Karen Brooks said it is absolutely critical to transport the liquors off of the property. She applauds Coast Seafoods for stepping up to the plate, but she thinks that lease extensions should be offered to other lessees. She said it does not seem fair. She said she is concerned with the $2.2 million for improvements on the property.

Commissioner Wilson said that 3.5% on an unsecured loan is very unusual. He said there is a risk in every decision, but he said the Board and staff has been doing their due diligence.

President Marks said that as long as he is on the Commission he will do his best to expedite the transportation of the liquors off of the site. He said they have explored this and discussed it many times.

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF ESTABLISHING SHELLFISH RAFT USE AT WOODLEY ISLAND MARINA.

Director of Administrative Services said staff has looked at the marina’s waiting list and have determined that the majority of people on the waiting list are waiting for smaller slips. Six slips are available for flupsy placement. This will provide the ability to increase marina occupancy and generate an additional $15,000 revenue per year and allow smaller shellfish producers to occupy space at a reasonable cost - $300 per month. The flupsies will be required to have CF numbers, be movable by an outboard motor, and they do have to obtain an operating permit from the District for $250/yr. Bodega Bay also offers this option. Director of Conservation said the flupsies would need proper screening on pumping intake, carrying capacity, and they would require that equipment is new or sanitized. CEO said he does not see it being any issue.

Commissioner Wilson asked what the staff was asking for. CEO said for direction to move forward and the next thing the Board will consider is a Negative Declaration at a future meeting.

COMMISSIONER HIGGINS MOVED FOR THE ESTABLISHMENT OF SHELLFISH RAFT USE AT WOODLEY ISLAND MARINA. COMMISSIONER WILSON SECONDED.

Todd VanHerpe, Humboldt Bay Oyster Company, said he would like to sign up to rent a slip for flupsies. It works in other places, why not here at Woodley Island Marina. He said if there is an ability to move the flupsies to good water, then that is a great opportunity. It will give him some seed security. Seed is not always available. Redwood Terminal Berth 2 would be the best location. Commissioner Higgins asked if Redwood Dock 1 would be a good location. Mr. VanHerpe said Redwood Dock 1 would also be a good location.

Sebastian Elrite, Aqua-Rodeo Farms, said he thinks the CF number and steering consol requirements can be accommodated. He said tying it in with standard marina practices with a Negative Declaration makes a lot of sense.

MOTION CARRIED WITHOUT DISSENT.
D. CONSIDERATION OF APPROVAL OF A LETTER TO HUMBOLDT WASTE MANAGEMENT AUTHORITY REQUESTING A WAIVER OF FEES.

COMMISSIONER NEWMAN MOTIONED FOR THE APPROVAL OF A LETTER TO HUMBOLDT WASTE MANAGEMENT AUTHORITY REQUESTING A WAIVER OF FEES. COMMISSIONER DALE SECONDED.

CEO said the standard HWMA fee is $25.38 per ton for solid waste leaving the County. The fee supports HWMA programs and facilities. The District has 5,000 to 10,000 tons at Redwood Berth 2, resulting in a potential $120,000-$240,000 in fees. The Staff recommends submitting a letter requesting a waiver of these fees for the Pulp Mill based on the public benefit of the site cleanup, one time nature of the project, and the District’s substantial investment in the cleanup. The letter of request would be an agenda item for the HWMA Board.

District Counsel said the EPA is really stepping up to the plate. He said any local contribution gives the District more leverage.

Commissioner Wilson spoke to Jill Geist from HWMA. He said the letter should make clear the waste is on public property.

COMMISSIONER NEWMAN ACCEPTED THE FRIENDLY AMENDMENT. COMMISSIONER DALE SECONDED THE FRIENDLY AMENDMENT.

Karen Brooks suggested to have a sign that thanks all those who have participated in the project. Commissioner Higgins said the Trinity Restoration program made an acknowledgment sign and it was great.

MOTION CARRIED WITHOUT DISSENT.

E. CONSIDERATION OF APPROVAL OF QUIT CLAIM DEED TO CALIFORNIA REDWOOD COMPANY FOR ROAD EASEMENT.

CEO said the easement was given to the Harbor District by Simpson with a clause that if not used within 5 years, it would be terminated. District Counsel said the District did not use the easement within the designated 5 years. The Quit Claim Deed would help California Redwood clean up their property.

COMMISSIONER HIGGINS MOTIONED FOR THE APPROVAL OF QUIT CLAIM DEED TO CALIFORNIA REDWOOD COMPANY FOR ROAD EASEMENT. COMMISSIONER DALE SECONDED.

Commissioner Wilson said it is useless to the Harbor District due to the location.

President Marks said it is a good neighbor gesture so that California Redwood does not have to file a bunch of other paperwork.

MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

The Regular Meeting of the Board of Commissioners adjourned at 9:37 p.m.

APPROVED BY: Greg Dale
Secretary

RECORDED BY: Megan Smith
Clerk
MINUTES
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOUR, RECREATION AND CONSERVATION DISTRICT

April 29, 2014

PRESENT:
Commissioner Newman
Commissioner Marks
Commissioner Wilson
Commissioner Higgins

ABSENT:
Commissioner Dale

President Marks called the Special Meeting to order at 12:02 p.m.

Commissioner Wilson led those present in the Pledge of Allegiance.

District Counsel reported on the Executive Closed Session as follows: Status of negotiations with the Harbor District Labor Negotiator: no action taken; Status on Conference with Real Property Negotiator Freshwater Pulp Mill boiler sale and EPA provisions and remediation costs: no action taken.

PUBLIC COMMENT: None

NEW BUSINESS

A. CONSIDERATION OF ADOPTION OF RESOLUTION 2014-05, A RESOLUTION APPROVING SALE OF LIMITED OBLIGATION NOTE PURSUANT TO HARBOUR AND NAVIGATIONS CODE SECTION 6084.2 TO COAST SEAFOODS INC.

CEO reported he and District Counsel have been working with Coast Seafoods’ legal counsel to write the documents within the bounds of the District’s Enabling Legislation. There will be two documents: the Limited Obligation Note and the Secured Lease Security Agreement.

CEO said the District has offered to assist Coast Seafoods with their future permitting, which is something the District does for all leasees/permittees. The District would not be giving Coast Seafoods any preferential treatment as a result of the loan.

CEO also stated that real property cannot be offered as collateral, only future revenues. If the sources that are identified within the documents do not generate enough revenue to pay the loan payment, then other District revenue sources can be accessed.

District Counsel said if the Board authorizes the Limited Obligation Note through the adoption of the resolution, they will be authorizing the signing of additional loan documents.

COMMISSIONER HIGGINS MOVED FOR THE ADOPTION OF RESOLUTION 2014-05, A RESOLUTION APPROVING SALE OF LIMITED OBLIGATION NOTE PURSUANT TO HARBOUR AND NAVIGATIONS CODE SECTION 6084.2 TO COAST SEAFOODS INC. WITH THE AMENDMENT MADE TO PARAGRAPH #6 TO REFLECT THE WORDING FROM THE LIMITED OBLIGATION NOTE. COMMISSIONER NEWMAN SECONDED.

District Counsel stated USEPA will be looking for security on the same items that are being pledged in the Note. Commissioner Wilson said the USEPA will not generate income by liening District property; they will go after assets not encumbered.

CEO said he was led to believe the District’s line of credit from Coast Seafoods to pay for the transport of the liquors was the extent of the District’s obligation.
ROLL CALL VOTE WAS TAKEN:

COMMISSIONER NEWMAN – AYE
COMMISSIONER DALE – ABSENT
COMMISSIONER MARKS – AYE
COMMISSIONER WILSON – AYE
COMMISSIONER HIGGINS – AYE

MOTION CARRIED WITHOUT DISSENT.

The Special Meeting of the Board of Commissioners adjourned AT 12:29 p.m.

APPROVED BY: [Signature]
Patrick Higgins, Vice President
For
Greg Dale, Secretary

RECORDED BY: [Signature]
Patricia Tyson
Director of Administrative Services
MINUTES
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

April 25, 2014

PRESENT:
Commissioner Newman
Commissioner Marks
Commissioner Higgins

ABSENT:
Commissioner Dale
Commissioner Wilson

President Marks called the Special Meeting to order at 12:06 p.m.

NEW BUSINESS

A. FY 2014/15 BUDGET WORKSHOP

CEO and Director of Administrative Services presented revenue-enhancing ideas and the projects for the Board to consider during this workshop.

Some of the revenue-enhancing proposals: Woodley Island – flupsy leases, cold storage revenue and expanded storage area; Redwood Marine Terminal Berth 1 – dockage/crab pot storage and forklift fees, building lease, fuel dock; Redwood Terminal Berth 2 – boiler sale, surplus equipment sale, Energistycs/Taylor/DG Power/ New Leases; Fields Landing Boat Yard – T-Mobile/Zerlang leases; King Salmon – new tideland leases for commercial users; Tideland Leases – new aquaculture leases.

New Operating and Capital Improvement Expenses: Administration – website development and computer upgrades; Woodley Island – 2 new Maintenance employees, marina float replacement, tenant restrooms upgrades, gangway gates, wildlife area trails, expansion of storage area, and cold storage; Redwood Marine Terminal Berth 1 – dock hoist/crane, decking, forklift, power and lights, fuel dock and fencing; Redwood Terminal Berth 2 – purchase Freshwater Parcels B, C and 4, new electrical and substation repair, new domestic water, industrial water/fire protection, sewer/leach field improvements, building improvements/roof repairs, road improvements, flupsy marina, outfall pipe repairs and environmental cleanup; Fields Landing Boat Yard – installation of lower dock, expand yard – fencing/rock, improve SeaScouts building for dredge storage, increased lighting/security cameras, and backhoe purchase; King Salmon – dredging costs, sea wall repair and Port Authority dock; Shelter Cove – freezer, solid waste separator and sewer collector.

The Board thanked staff for the innovative ideas presented and said the budget was presented in a positive fashion.

The Special Meeting of the Board of Commissioners adjourned at 1:25 p.m.

APPROVED BY:
[Signature]
Patrick Higgins, Vice President
For
Greg Dale, Secretary

RECORDED BY:
[Signature]
Patricia Tyson
Director of Administrative Services
MINUTES
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT
April 15, 2014

PRESENT:
Commissioner Newman
Commissioner Dale
Commissioner Marks
Commissioner Wilson
Commissioner Higgins

President Marks called the Special Meeting to order at 12:10 p.m.

Commissioner Newman led those present in the Pledge of Allegiance.

PUBLIC COMMENT: None

NEW BUSINESS

A. CONSIDERATION OF PURCHASE OF A DREDGE.

Bar Pilot Tim Petrusha reported to the Board of Commissioners the original RFP for the purchase of a dredge was distributed February 10th. Five responses were received by the due date of February 24th. The Board hired Leroy Zerlang to help complete the survey of two of the dredges proposed.

Mr. Zerlang spoke to the Board about his surveys, detailing costs and comparisons and discussing California compliance requirements on some of the equipment, particularly with the Nehalem dredge, which appears to be the more superior equipment for the type of work needed in Humboldt Bay.

CEO suggested staff meet with Nehalem Dredging Company and make an offer within the bounds of the budget.

The Board also discussed the need for clear approval of a dredge disposal site.

Chet Albin, Eureka City Councilmember, said he supports the dredge purchase, but does not speak for the City Council as a whole.

COMMISSIONER HIGGINS MOVED TO EMPOWER THE CEO TO MAKE AN OFFER ON THE NEHALEM DREDGE EQUIPMENT. COMMISSIONER NEWMAN SECONDED.

COMMISSIONER HIGGINS ACCEPTED A FRIENDLY AMENDMENT AS FOLLOWS: MOVE TO EMPOWER THE CEO TO NEGOTIATE AN OFFER ON THE NEHALEM DREDGE EQUIPMENT. COMMISSIONER NEWMAN SECONDED THE FRIENDLY AMENDMENT.

Commissioner Dale said there is a line item in the District's dredge purchase budget for a 20% contingency and he would like to know more exact motor costs and installation charges from local vendors.

The Board expressed their thanks to staff for the extensive information provided and all agreed that they wanted the best product and price for the District.

CEO said he would return to the Board on April 24 for consideration of a purchase offer.

MOTION CARRIED WITHOUT DISSENT.

The Special Meeting of the Board of Commissioners adjourned at 1:10 p.m.

APPROVED BY: 
Greg Dale, Secretary

RECORDED BY: 
Pamela Tyson, Director of Administrative Services
MINUTES
REGULAR MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOUR, RECREATION AND CONSERVATION DISTRICT

April 24, 2014

PRESENT:

Commissioner Marks
Commissioner Higgins
Commissioner Dale
Commissioner Newman

ABSENT

Commissioner Wilson

President Marks called the Executive Closed Session to order at 6:05 p.m.
President Marks adjourned the Executive Closed Session at 6:55 p.m.
President Marks called the regular meeting of the Board of Commissioners to order at 7:04 p.m.
President Marks asked Scott Pesch to lead those present in the Pledge of Allegiance.

District Counsel reported on the Executive Closed Session as follows: Status of negotiations with the Harbor District labor union: no action taken; Under Negotiation: Freshwater Tissue Company property acquisition: no action taken.

PUBLIC COMMENT:

Karen Brooks, stated that the draft restriction letter on the Harbor District website is an unwelcome mat for the Harbor and she suggested removing it.

Daniel Pierce suggested that burning the weeds across from Jacob's Avenue would be more efficient than using a weed wacker. He thanked the Harbor District for purchasing the Pulp Mill, as it serves as a major asset to the community.

Kent Sawatzky reported that the City of Arcata currently owes money, which is to be a claw back to be disbursed amongst Humboldt County. He has a public records request to find out why the city of Arcata owes approximately $16,000,000. The judgment could come out to approximately $2000 per person.

CONSENT CALENDAR: None

CEO REPORT: Deferred.

STAFF REPORTS: Deferred.

REDWOOD TERMINAL 2 CLEANUP UPDATE:

Steve Calanog, EPA Federal On-scene Coordinator:

- Reported 500,000 gallons have been removed and transported to Longview, Washington; three green liquor tanks are now empty. He stated over 10,000 gallons of acid have been removed and no bulk volume of acid remains. The pipeline removal continues, and all deck headers have been removed. Tank removal has begun. They are able to transfer five truckloads per day.

Commissioner Higgins thanked Mr. Calanog for keeping the Board of Commissioners updated.
COMMISSIONERS REPORTS

Commissioner Higgins:

- Reported he thinks it will be a good charter fishing season this year.
- The Economic Development Committee is doing well and there is an economic development opportunity at Woodley Island, which will be addressed at the next meeting.
- He thanked Karen Brooks for the website suggestion.

Commissioner Marks thanked Commissioner Higgins for his leadership on two Economic Development Committees.

OTHER

PRESENTATION BY LOWES ENTERPRISES REAL ESTATE GROUP – NEW MARKET TAX CREDITS

Albert Lemus, Lowes Enterprises Real Estate Group Representative, stated that Lowes is a private company that has managed over $16 billion in assets since its inception. They are headquartered in Los Angeles, California. The New Market Tax Credit is a federal program, $3 - $5 Billion Allocated Annually for a total of $33 Billion allocated since program's inception in 2000. It is a location-based credit that provides Federal Tax Credits to encourage investment in economically distressed areas. The Tax Credit is administered by the U.S. Department of Treasury and then allocated to the intermediaries (Community Development Entities). The government will select an estimated 70 intermediaries, who in turn select projects. Lowes Enterprises Real Estate Group recently completed the Port of Hueneme, which produced $3.3 million net proceeds.

Commissioner Higgins asked how the proceeds were distributed. Mr. Lemus stated the majority goes to keep revenue structured and 40-50% goes to legal costs.

Commissioner Dale asked if the Harbor District would have any further obligations once the Tax Credit was awarded. Mr. Lemus said there would still be taxes, corporate standings, restrictions, and more. It takes seven years to fully absorb the Tax Credit.

Commissioner Higgins thanked Mr. Lemus for the detail and asked if the Harbor District will still owe a fee if the project does not get completed. Mr. Lemus said the Harbor District would not owe if the project was not completed. He said they take pride in working with counties and cities. They are also currently working with the Port of San Diego.

CEO asked how the Harbor District could get the asset back after seven years. Mr. Lemus said loan agreements have a put-call ratio to buy the loan at a predetermined price. He said assets could be purchased after seven years.

Commissioner Higgins asked if the Port of San Diego posed a conflict. Mr. Lemus explained that the Port of San Diego project would go well into 2015, so it would not pose a conflict.

Mark Wetzel asked about the timing of re-contribution. Mr. Lemus said they would take a home equity line of credit, which would generate credits to automatically repay loan-monitized equity.

President Marks asked if it is too good to be true. Mr. Lemus stated that there are a series of requirements to maintain the documents and regulations. President Marks asked how long the process would take. Mr. Lemus said it is usually a twelve-month process and the funds become available within the three to five month range.

District Counsel asked what are the chances of being successful. Mr. Lemus said there is a good chance of being successful. The intermediaries like when job creation is a part of the contract. He said 25% of the
credit must go to rural census tracts. Humboldt County is one of four that meets the rural designation requirement.

Commissioner Dale asked if the nonprofit has control over the proceeds and what they can use the proceeds for. Mr. Lemus said it is the operating business and real property that controls the proceeds, which can be used for anything that involves improvement.

Commissioner Higgins asked if the Port of Hueneme had been working on their project for years before Lowes Enterprises Real Estate Group became involved. Mr. Lemus stated the Port of Hueneme was trying to figure out how to complete their project without depleting funds.

Commissioner Newman asked about the nature of the Tax Credits for the corporations. Mr. Lemus said there is a 7-10% return for the government, the policy goal is met, and it is similar to low income housing credits.

CEO stated the reason for the appraisal was to estimate about the equity.

Debbie Provolt asked if funding is available to other entities such as private corporations; and if so, is it out of the same pot. Mr. Lemus said yes, they all compete.

Craig Spjut asked if the money is public funds, if it is federal or state, and if it circumvents Davis Macon Laws. Mr. Lemus said it is the election of sponsors’ responsibility. Mr. Spjut said he would like to see a Project Labor Agreement on the funds and that the Davis Macon Laws are adhered to.

Kent Sawatzky said he is hoping for the appraisal to turn the assets into cash and asked what the return is for the brokers. Mr. Lemus said there is no magic process and the return is up to negotiation and is based on the proposal. CEO said the brokers return is 1-2.1% and asked if it has to be a land or property based asset.

Director of Facility Maintenance asked if the intermediaries are paying for the tax credits. Mr. Lemus said no, the fee is negotiable to deploy capital. The physical nature of the property must be looked at carefully and must be unencumbered and tangible. Director of Conservation stated that it is a complicated mechanism and asked if the government will be following through with watching the results. Mr. Lemus said the intermediaries would still have the responsibility to report after the project is completed.

NON-AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS

A. CONSIDERATION OF APPROVAL FOR THE PURCHASE OF A DREDGE AND ASSOCIATED EQUIPMENT FROM NEHALEM RIVER DREDGING INC. FOR $950,000.

COMMISSIONER DALE MOVED FOR THE APPROVAL FOR THE PURCHASE OF A DREDGE AND ASSOCIATED EQUIPMENT FROM NEHALEM RIVER DREDGING INC. FOR $950,000.
COMMISSIONER HIGGINS SECONDED.

CEO reported that the Purchase Sales Agreement is for $950,000. There is a $5,000 Earnest Deposit after the seller signs the Purchase Sales Agreement, $500,000 down after the Board of Commissioners approval, $400,000 payment after all the equipment is delivered, a $45,000 balance after 80 hours of setup and training plus 4 consultation trips over 2 years. Additional costs include: $40,000 for 17 truckloads to Fields Landing, $200,000 for two new 750 hp engines, and $100,000 for upgrades to cooling, hydraulic and electrical systems. The total cost is $1,290,000. The staff recommends the approval of the Purchase Sales Agreement.
District Counsel said the Harbor District and CEO have been working very hard on the timing. He said the Purchase Sales Agreement is a draft, not final.

Commissioner Dale said he would like to see the dredge transportation done by local trucking companies and the dredge engines bought from local companies as well.

Commissioner Higgins stated that he appreciates Zerlang & Zerlang for their contribution as well as the Commissioners. He said it looks like good equipment, it creates local jobs, and it benefits Eureka and the community.

President Marks said he realizes there is risk involved, but said it is worth it to control the District’s own destiny by not outsourcing.

Kent Sawatzky appreciates Commissioner Newman and Zerlang & Zerlang having done due diligence. The RFP’s were necessary and he hopes it works out. He asked about the cost of finishing the dredge and if the excess money could go toward helping the people of King Salmon dredge their fingers.

Karen Brooks suggested that Director of Conservation master a permit to dredge the bay, stated that she is not crazy about the dredge spoils going into the main channel, and said that a dredge report needs to be done. CEO asked Mrs. Brooks to set up a time to meet with him to discuss what the Harbor District is working on.

Chet Albin reported that he went to Nehalem, Oregon to check the dredge out personally. He said $200,000 is a good deal for the new motors. He stated the dredge would help the community. President Marks thanked Mr. Albin for taking the time to check out the dredge personally.

Sebastian Elrite, Aqua-Rodeo Farms, said he is glad the Harbor District made the process open. He is concerned about additional costs for the new motors and asked if there is room for cost overruns.

Commissioner Newman said it is less complicated than re-powering a fishing boat

MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF APPROVAL TO ISSUE LIMITED OBLIGATION NOTES TO COAST SEAFOODS COMPANY FOR $1,250,000.

CEO stated the purpose of the limited obligation notes is to pay for transportation of pulping liquor from Samoa to Longview, Washington. The Note Amount is $1,250,000. Collateral and repayment includes revenues from Fields Landing Boat Yard and Woodley Island tenant leases. The Fields Landing Boat Yard may also be pledged as collateral if legally permitted. There is a 3.5% maturity date, 24-48 months, under discussion. Other considerations include: Lease Security Agreement, which extends the existing tideland lease from 2015 to 2055 until the note is paid - once paid, the lease term is reduced to a 5 year period with a 5 year renewal option; the Harbor District uses best efforts to help the Coast expand current lease footprint. Other sources of repayment include the Power Boiler Sale and Brownfields Loan Program.

District Counsel said this is a work in progress. He reported the District could issue bonds or limited obligation notes up to $10 million. Coast Seafood’s legal counsel is working on the agreement. The Harbor District Board of Commissioners will hold a Special Meeting for a Resolution.

Commissioner Dale recused himself as he is an employee of Coast Seafoods.

PRESIDENT MARKS STATED THE CONSIDERATION OF APPROVAL TO ISSUE LIMITED OBLIGATION NOTES TO COAST SEAFOODS COMPANY FOR $1,250,000 HAS BEEN TABLED.

CEO reported that the Harbor District hopes to have the limited obligation notes drawn up by early May. There will be a Special Meeting held soon to discuss the resolution.
Kent Sawatzky said the draft does not include all that has been discussed. He asked what the value is on a 10-40 year lease agreement extension.

Debbie Provolt stated that transporting the liquor has become a mandatory project. She asked if the note supported the tideland trust aspect for the Pulp Mill property and if it was created by tideland trust money. She said the documents have not been made available to the public. District Council thanked Mrs. Provolt for her comments.

C. CONSIDERATION OF AWARD OF CONTRACT TO MP ENVIRONMENTAL FOR TRUCKING SERVICES NOT TO EXCEED $1,250,000.

CEO reported the purpose of the contract is to pay for the transportation of the pulp liquors from Samoa to Longview, Washington. The cost is not to exceed $1,250,000. The trucks will be transporting a total of 2 million gallons within eight weeks. All certifications are current and insurance coverage is for $5 million. The Harbor District Staff recommended Board approval and to authorize signing the contract once funding is in place.

COMMISSIONER HIGGINS MOVED FOR THE AWARD OF CONTRACT TO MP ENVIRONMENTAL FOR TRUCKING SERVICES NOT TO EXCEED $1,250,000. COMMISSIONER NEWMAN SECONDED.

District Council pointed out the fact that the contract is only a draft and the indemnity clause would be rewritten to be equitable for both parties.

Commissioner Higgins asked if the item needed to be tabled until the final contract was written. District Council said it did not need to be tabled.

Kent Sawatzky asked for disclosure of the amount of liability insurance.

MOTION CARRIED WITHOUT DISSENT.

D. CONSIDERATION OF APPLYING FOR US DOT TIGER GRANT FUNDS FOR PLANNING, PERMITTING AND ENVIRONMENTAL REVIEW OF THE ROADWAY SEGMENTS IDENTIFIED IN THE SAMOA WATERFRONT INDUSTRIAL TRANSPORTATION PLAN.

COMMISSIONER DALE MOVED FOR THE APPLICATION FOR US DOT TIGER GRANT FUNDS FOR PLANNING, PERMITTING AND ENVIRONMENTAL REVIEW OF THE ROADWAY SEGMENTS IDENTIFIED IN THE SAMOA WATERFRONT INDUSTRIAL TRANSPORTATION PLAN. COMMISSIONER HIGGINS SECONDED.

District Planner said the Harbor District is requesting $959,400 for planning and design. The project has job-generating potential and the grant opens it up for subsequent funding. The project should be construction ready within two years. District Planner thanked CEO and Director of Administrative Services for their assistance.

Commissioner Dale asked if this project is part of the project that started with the CalTrans Grant and if it benefits all property owners on the peninsula. CEO said this is the first year US DOT has had this type of grant. The project has to be shovel ready and now has a planning component.

Mr. Sawatzky stated he strongly supports the project especially since it is shovel ready, it has a railroad component, and that it has been developed to support coastal dependent industries.

Karen Brooks asked what the Tiger Grant is for. Commissioner Higgins said it is mainly for Easements.

MOTION CARRIED WITHOUT DISSENT.
E. CONSIDERATION OF SELECTION OF BUDGET COMMITTEE MEMBERS TO SERVICE FOR FY 2014/15.

Commissioner Dale said he would like to serve on the committee again. Commissioner Newman said he would like to as well. Commissioner Higgins said he would be more than happy to be an alternate.

COMMISSIONER HIGGINS MOVED FOR THE SELECTION OF BUDGET COMMITTEE MEMBERS TO SERVICE FOR FY 2014/15. COMMISSIONER DALE SECONDED.

Mr. Sawatzky said he would like CEO to receive more compensation.

MOTION CARRIED WITHOUT DISSENT.

F. CONSIDERATION OF ADMINISTRATIVE RAISES FOR FY 2013/14.

COMMISSIONER HIGGINS MOVED FOR THE ADMINISTRATIVE RAISES FOR FY 2013/14. COMMISSIONER DALE SECONDED.

Kent Sawatzky said he would like to see CEO receive more salary and is glad to see the staff being compensated for their hard work. President Marks said the staff has been given a lot more tasks than usual.

MOTION CARRIED WITHOUT DISSENT.

G. CONSIDERATION OF APPROVAL OF CONTRACT WITH SCOTT PESCH, COLDWELL BANKER FOR COMMERCIAL REAL ESTATE BROKER SERVICES.

COMMISSIONER HIGGINS MOVED FOR THE CONSIDERATION OF APPROVAL OF CONTRACT WITH SCOTT PESCH, COLDWELL BANKER FOR COMMERCIAL REAL ESTATE BROKER SERVICES. COMMISSIONER DALE SECONDED.

Captain Petrusha stated as a result of a RFP process, the Staff previously recommended to the Board of Commissioners to contract with Scott Pesch of Coldwell Banker Commercial, Pacific Partners Real Estate to market Redwood Terminal 2 property. The Board approved and directed Staff to negotiate the contract. Mr. Pesch will compare Redwood Terminal 2’s commercial warehouse space and industrial yard area with similar properties that have been recently leased in order to determine its competitive market price; he will market available commercial warehouse space and industrial yard area through electronic media and non-electronic media; act as an intermediary in negotiations with potential tenants over lease prices and other lease details; monitor lease contract terms to ensure that they are handled in a timely manner; and complete lease agreements between parties in order to reflect the contractual obligations by each party (landlord and tenant). Tideland leases are not a part of the Broker Services. There is a possible addition of Berth 1 warehouses and land as well as a possible addition of available Fields Landing warehouses and land. The contract has been reviewed by District Counsel and Staff, which recommends approval to move forward with the contract with Scott Pesch.

Scott Pesch, Broker/Owner Coldwell Banker Commercial Pacific Partners, said there are two forms the Harbor District must complete: the Agency Relationship and the Lease Listing Agreement. There is a 6-month listing agreement. The goal is for 1-5 year lease agreements. The lease commission fee is 6% based on total rents and is paid monthly. There is no fee on extensions or option periods and no fee on defaults or early termination. 90% of the transactions will be smaller warehouse users of 10,000 square feet or less. The lease commission tier is as follows: 6% commission fee with less than a $20,000 commission; 5% commission fee between $20,000 - $40,000 commission; and 4% commission fee over $40,000 commission. Marketing including internet packets, signage, and mailers are paid at the Broker’s expense. The Broker would like to propose its leasing services to other properties that are currently owned by Humboldt Bay Harbor District.
District Counsel stated that not having a huge commission up front would benefit the cash flow standpoint.

Commissioner Dale said the entire proposal should be made available to tenants as well. District Counsel said the listing agreements have to be kept separate to stay in accordance with the Brown Act.

Mr. Sawatzky said a couple months of vacancies would pay for it and the best thing to do would be to take it slow.

Debbie Provolt said she worked with Mr. Pesch before and he is a professional. She said it is a good thing to have other properties available for lease.

MOTION CARRIED WITHOUT DISSENT.

H. CONSIDERATION OF APPROVAL FOR TIDELAND LEASE ADDENDUM WITH CALIFORNIA REDWOOD COMPANY.

COMMISSIONER MARKS MOVED FOR THE APPROVAL OF TIDELAND LEASE ADDENDUM WITH CALIFORNIA REDWOOD COMPANY. COMMISSIONER NEWMAN SECONDED.

Captain Petrusha said this item is the Addendum to the 2007 Lease Agreement with The California Redwood Company for the five-year period: February 1, 2013-January 31, 2018. The District has the right to renegotiate the rent for each subsequent five-year period. There is a CPI Index increase of 1.7% for the five-year period, totaling approximately 8.5%. Monthly rent will now be $5,100.00, which is an increase of $400 per month. The new lease amount will begin May 1, 2014 if approved. Staff has notified California Redwood Company of the increase and recommends approval of the addendum.

Commissioner Dale asked how many leased acres there are. Captain Petrusha said he did not know the exact acreage.

Kent Sawatzky said he would like to know the exact acreage because it sets the terms and price of the lease.

MOTION CARRIED WITHOUT DISSENT.

I. CONSIDERATION OF PERMIT AND AGREEMENT TO OPERATE A CHARTER SERVICE WITH JOHN W. KRAMER, DBA JOLI TIME SPORT FISHING.

COMMISSIONER NEWMAN MOVED FOR THE APPROVAL OF THE PERMIT AND AGREEMENT TO OPERATE A CHARTER SERVICE WITH JOHN W. KRAMER, DBA JOLI TIME SPORT FISHING. COMMISSIONER HIGGINS SECONDED.

Commissioner Higgins said it is great for the community.

MOTION CARRIED WITHOUT DISSENT.

J. CONSIDERATION OF PERMIT AND AGREEMENT TO OPERATE A CHARTER SERVICE WITH CLIFF FRIEDELEY, DBA FOREEL SPORT FISHING.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF THE PERMIT AND AGREEMENT TO OPERATE A CHARTER SERVICE WITH CLIFF FRIEDELEY, DBA FOREEL SPORT FISHING. COMMISSIONER NEWMAN SECONDED.

Commissioner Higgins said we need to keep the Halibut season open to make sure six-pack guys stay in business.

MOTION CARRIED WITHOUT DISSENT.
K. CONSIDERATION OF LETTER OF SUPPORT FOR THE NORTH COAST RAILROAD AUTHORITY TIGER GRANT APPLICATION FOR THE “HUMBOLDT BAY DIVISION COMPREHENSIVE PLANNING STUDY”.

COMMISSIONER DALE MOVED TO APPROVE THE LETTER OF SUPPORT FOR THE NORTH COAST RAILROAD AUTHORITY TIGER GRANT APPLICATION FOR THE “HUMBOLDT BAY DIVISION COMPREHENSIVE PLANNING STUDY”. COMMISSIONER NEWMAN SECONDED.

District Counsel stated it is in accordance with the Brown Act and that previously Commissioner Wilson sent in his comments.

Commissioner Higgins said there was a similar proposal in 2008, but there were feasibility issues. He said it is a very competitive grant.

Commissioner Marks said the grant is more for the trails with rails component rather than shipping goods. The intent is to look at the TIGER Grant for overlay.

Chet Albin said the main emphasis for the grant application is to make the opportunity to get a cruise ship in for train excursions. Commissioner Higgins thanked Commissioner Marks and Mr. Albin and said their explanation was very helpful.

Commissioner Marks said we want trail, we want rail, marry the two.

CEO suggested to rewrite the letter to be more supportive of the railroad aspect. Commissioner Marks agreed.

COMMISSIONER DALE MOTIONED TO MAKE A FRIENDLY AMENDMENT TO INCLUDE TRAILS. COMMISSIONER NEWMAN SECONDED.

Kent Sawatzky said the TIGER Grant is the magic key to the kingdom of rail expansion. He said he has reviewed Arcata’s TIGER Grant. The application the Harbor District has needs more review so that the grant does not fail.

Karen Brooks said the Harbor District wears many hats and asked if there was direct competition between NCRA and the Samoa Industrial Waterfront Transportation Access Plan.

Commissioner Marks said he talked to Commissioner Wilson who was concerned about the trails aspect not being included in the letter. Commissioner Marks said the omission of the trails aspect was an accident made by the volunteers preparing the letter.

CEO said he is a supporter of the Rail Authority and he does not see there being an issue with competition. He has faith in the District Planner.

MOTION CARRIED WITH COMMISSIONER HIGGINS DISSENTING.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

The Regular Meeting of the Board of Commissioners adjourned at 9:42 p.m.

APPROVED BY: 

Greg Dale
Secretary

RECORDED BY: 

Megan Smith
Clerk
MINUTES
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

April 15, 2014

PRESENT:

Commissioner Newman
Commissioner Dale
Commissioner Marks
Commissioner Wilson
Commissioner Higgins

President Marks called the Special Meeting to order at 12:10 p.m.
Commissioner Newman led those present in the Pledge of Allegiance.

PUBLIC COMMENT: None

NEW BUSINESS

A. CONSIDERATION OF PURCHASE OF A DREDGE.

Bar Pilot Tim Petrusha reported to the Board of Commissioners the original RFP for the purchase of a dredge was distributed February 10th. Five responses were received by the due date of February 24th. The Board hired Leroy Zerlang to help complete the survey of two of the dredges proposed.

Mr. Zerlang spoke to the Board about his surveys, detailing costs and comparisons and discussing California compliance requirements on some of the equipment, particularly with the Nehalem dredge, which appears to be the more superior equipment for the type of work needed in Humboldt Bay.

CEO suggested staff meet with Nehalem Dredging Company and make an offer within the bounds of the budget.

The Board also discussed the need for clear approval of a dredge disposal site.

Chet Albin, Eureka City Councilmember, said he supports the dredge purchase, but does not speak for the City Council as a whole.

COMMISSIONER HIGGINS MOVED TO EMPOWER THE CEO TO MAKE AN OFFER ON THE NEHALEM DREDGE EQUIPMENT. COMMISSIONER NEWMAN SECONDED.

COMMISSIONER HIGGINS ACCEPTED A FRIENDLY AMENDMENT AS FOLLOWS: MOVE TO EMPOWER THE CEO TO NEGOTIATE AN OFFER ON THE NEHALEM DREDGE EQUIPMENT. COMMISSIONER NEWMAN SECONDED THE FRIENDLY AMENDMENT.

Commissioner Dale said there is a line item in the District’s dredge purchase budget for a 20% contingency and he would like to know more exact motor costs and installation charges from local vendors.

The Board expressed their thanks to staff for the extensive information provided and all agreed that they wanted the best product and price for the District.

CEO said he would return to the Board on April 24 for consideration of a purchase offer.

MOTION CARRIED WITHOUT DISSENT.

The Special Meeting of the Board of Commissioners adjourned at 1:10 p.m.

APPROVED BY: ___________________________  RECORDED BY: ___________________________

Signature on File
Greg Dale, Secretary

Signature on File
Patricia Tyson, Director of Administrative Services
MINUTES
REGULAR MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

April 10, 2014

PRESENT:

Commissioner Marks
Commissioner Wilson
Commissioner Higgins
Commissioner Dale
Commissioner Newman

President Marks called the Executive Closed Session to order at 6:05 p.m.

Executive Closed Session adjourned at 6:55 p.m.

President Marks called the regular meeting of the Board of Commissioners to order at 7:04 p.m.

Commissioner Higgins led those present in the Pledge of Allegiance.

In District Counsel’s absence, CEO reported on the Executive Closed Session as follows: Status of negotiations with the Harbor District labor union – No action taken.

PUBLIC COMMENT: None

CONSENT CALENDAR: None

COMMUNICATIONS AND REPORTS

CHIEF EXECUTIVE OFFICER REPORT

- Stated he is extremely happy to be making progress getting all of the liquors off of the Pulp Mill property.
- Was impressed that close to 100 people were transported by the Harbor Districts’ Fire Boat to Indian Island for the Wiyot World Renewal Ceremony.
- Reported the Tiger Grant application is in the works. Environmental planning allows for an available $4.5 million. He will present the application for approval at the next meeting.
- Researching moving Osprey nests away from Redwood Marine Terminal Berth 1 to new locations to allow the birds more nesting privacy.
- Attended the annual PORTS meeting. Reported that the traffic on PORTS website is down, but thinks that with advertisement, the hits on the site will increase.

REPORT ON REDWOOD TERMINAL 2 ACTIVITY BY EPA REPRESENTATIVE

Christopher Wheaton, EPA Representative, reported that they were experiencing some difficulty removing the liquors and said Steve Calanog, EPA, did an emergency evacuation of the worst of the liquors. Some of the tanks are being moved to the other side of the mill to help make the trucking easier. It takes roughly 6-8 minutes to load per 4,000 gallon truck. 260,000 gallons have been transported so far. The original plan was to use a barge to transport the liquors, but after the recent earthquake, they decided trucking them out would be a quicker alternative. There is constant onsite monitoring. To date, 18 trucks of white, 29 green, and 19 black liquors have been transported. Liquors are being circulated through the tanks to help remove the buildup of sediment on the bottom of the containers.

Commissioner Dale asked if the sediment could be used to neutralize soil. Mr. Wheaton said he was not sure, but that is an option being researched.
Chief Executive Officer Cont’d
   • Reported that he is working to satisfy the Regional Water Quality Control Board requirements to split the Redwood Terminal 2 well between domestic and industrial and may also install an additional monitoring well. He has a meeting April 11, 2014, with Freshwater Tissue Company to discuss well issues.

STAFF REPORTS

Director of Facility Maintenance
   • Reported that he was asked by the Wiyot Tribe to help transport people over to the World Renewal Ceremony on Indian Island.
   • He attended the annual Yacht Club Event, which raised money to give back to the children in the community.
   • Reported that half of “F” Dock was hauled out for repairs and that the Fields Landing Boat Yard is at capacity.

Bar Pilot
   • Captain Petrusha reported that he received the signed one-year contract from AgriMarine for the aquaponics facility at Redwood Marine Terminal Berth 1.

Director of Conservation
   • Reported that contractors removed and transported two dock blocks to the County’s Samoa parking lot, where they will be picked up at a later date. He said the dock blocks were not leaking Styrofoam.
   • Reported that the Spartina eradication workers are using the Marsh Master to till in the Eureka Slough.
   • Is working on the RFP for dredge workers.

DISTRICT COUNSEL AND DISTRICT PLANNER REPORTS:

District Planner
   • Said that he is assisting with the Tiger Grant application and is hoping to move forward in a timely manner. There is no benefit cost analysis.
   • Is awaiting public review of the Humboldt Bay Water Trails Initial Study
   • Is working on the Community Development Block Grant and said it is on track.

COMMISSIONERS REPORTS

Commissioner Newman:
   • Reported he met with representatives from Ellicott Dredges. He said after the meeting, he realized that the dredge was not big enough, it was hydraulically driven, and did not have enough horse power to dredge Humboldt Bay’s channels. Ellicott thought that the bigger dredge would be too big.
   • Also visited Nehalem Dredging and spoke with the owner and even “crawled” the equipment. He said he thought the Nehalem Dredge would serve Humboldt’s needs best and thinks the District should move forward by putting the purchase on the next agenda or making a special meeting specifically to discuss the purchase.

Commissioner Dale:
   • Is excited for the truck loads of liquors to leave the Pulp Mill and thanked Christopher Wheaton of USEPA for all of his hard work.
   • Reported he and Commissioner Wilson attended the Sea Level Rise Analysis Meeting with HSU students.
   • Attended the tour of the boiler at the Pulp Mill with prospective buyers.
Commissioner Marks:

- Met with prospective buyers for the boiler and is excited to see the cleanup effort at the Pulp Mill.
- Attended the North Coast Railroad Authority Meeting. NCRA is hoping to expand and develop a line from Cloverdale to San Rafael, which would hold 178 sitting and 150 standing people. He stated that one gallon of diesel can fuel the train for 500 miles.
- Reported that the Tiger Grant for a rail trail from Eureka to Fortuna is moving forward. It will be an excursion train and may help the transition into getting cruise ships to Humboldt Bay.

Commissioner Wilson:

- Reported that he attended the Grand Jury’s tour of the Pulp Mill.
- Helped staff with the Fire Boat when transporting people to the Wiyot World Renewal Ceremony.
- Expressed having a mobile PORTS application would be very useful.
- Is working with the County of Humboldt on the EDA Grant. The housing element must be approved before they can move forward. He encouraged the Board of Supervisors to move forward with the application.

Commissioner Higgins:

- Announced that Water Day on the Eel River will be held April 13, 2014 at the Mateel Community Center in Redway. It is a free event with catering by Pacific Seafoods. Donations are welcome.
- He said Humboldt County is still battling drought, but is trying to improve the water supply.

OTHER

PRESENTATION BY SAMOA FIRE DISTRICT REGARDING THEIR TAX WAIVER TO THE DISTRICT

Troy Nicolini, Warning Coordination Meteorologist for the National Weather Service, stated that the Samoa Peninsula Fire District’s funding comes from property tax, which has decreased over the years and they are facing annual budget shortfalls. He also thanked the Board of Commissioners and staff for allowing them to train during the propane fire at the Pulp Mill.

Commissioner Marks and CEO thanked Samoa Peninsula Fire District.

NON-AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS

A. CONSIDERATION OF APPROVAL OF CONTRACT WITH MP ENVIRONMENTAL SERVICE TO TRANSPORT HAZARDOUS MATERIAL

The two responses to the RFP previously distributed by the District were from PSC and MP Environmental. MP Environmental was more cost effective and recommended by the Staff. CEO stated that he is looking to move things forward with Board approval at the meeting on April 24, 2014.

COMMISSIONER HIGGINS MOTIONED FOR THE APPROVAL OF CONTRACT WITH MP ENVIRONMENTAL SERVICES TO TRANSPORT HAZARDOUS MATERIAL. COMMISSIONER NEWMAN SECONDED.

Commissioner Wilson asked about the time frame. CEO said transportation of the liquors should start next month. Commissioner Dale asked how many truck loads will be needed. CEO said he will not know the total number until later.

MOTION WAS CARRIED WITHOUT DISSENT.
B. CONSIDERATION OF APPROVAL OF CONTRACT WITH MM DIVING INC. TO INSPECT THE OCEAN OUTFALL

COMMISSIONER HIGGINS MOVED FOR APPROVAL OF CONTRACT WITH MM DIVING INC. TO INSPECT THE OCEAN OUTFALL. COMMISSIONER DALE SECONDED.

CEO reported that there would be no long-term contracts made until there is a maintenance analysis. Commissioner Higgins asked about bad weather costs as the listed fee margin was large. CEO explained that the inspection has to be done, so they will have to take the risk of bad weather regardless.

MOTION WAS CARRIED WITHOUT DISSENT

C. CONSIDERATION OF APPROVAL OF EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT WITH ENERGISTYCS INC. FOR FACILITIES LEASE AT REDWOOD TERMINAL 2

COMMISSIONER NEWMAN MOVED FOR APPROVAL OF EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT WITH ENERGISTYCS INC. FOR FACILITIES LEASE AT REDWOOD TERMINAL 2. COMMISSIONER HIGGINS SECONDED.

Tim Crowley, North Coast Fabricators, introduced Ravi Aluru who is familiar with the pellet energy industry. Mr. Aluru said the world market for this kind of energy is growing. He also said Kyoto Protocol is helping keep it green, renewable, and sustainable.

Tim Crowley said he is a 3rd generation local and is excited and honored to create jobs in Humboldt County. He, Kevin Leary, and Ravi Aluru are looking to expand manufacturing to Brookings, Hoopa Valley, and Ukiah. They are estimating 8-10 ships the first year and 14 the 2nd year. There is a potential to create approximately 300 jobs. Phase 1 - 140,000 tons to be shipped out. Phases 2-5 would be the expansion of plants up and down the West Coast.

Commissioner Dale offered to help on the project, if needed, with policies, approvals, etc.

Commissioner Wilson voiced his concern about ships being too large for the channel.

Captain Petruska said that tug companies will come knocking once the project gets underway and that smaller ships are available if the larger ships are too big.

Commissioner Marks said that he appreciates the creation of jobs.

Virginia Bass, County Supervisor, spoke of the project as "the little engine that could" and said this type of energy production has been proven successful. She encouraged the Board to move forward.

Chet Albin, Eureka Councilmember, suggested Energistycs make a presentation in Eureka.

A local commercial fisherman expressed that he is grateful for ships because it means more business in the Bay and more dredging.

MOTION WAS CARRIED WITHOUT DISSENT.

D. CONSIDERATION OF APPROVAL OF CONTRACT FOR COMMERCIAL REAL ESTATE BROKER SERVICES

Tim Petruska explained that there are two qualified brokers, Scott Pesch with Coldwell Banker Commercial Real Estate and David Wells with Wells Commercial Real Estate. Staff recommended the Board contract with Mr. Pesch.

CEO stated that Scott Pesch is the best fit for the Harbor District's needs.
COMMISSIONER HIGGINS MOVED FOR APPROVAL OF CONTRACT FOR COMMERCIAL REAL ESTATE BROKER SERVICES WITH SCOTT PESCH, COLDWELL BANKER COMMERCIAL REAL ESTATE. COMMISSIONER DALE SECONDED.

Commissioner Wilson said he would like to see the contract.

Sebastian Elrée, Aqua-Rodeo Farms, said he knows Scott Pesch and has worked with him in the past. He said Scott Pesch has done great work in the community.

MOTION CARRIED WITH COMMISSIONERS MARKS AND NEWMAN ABSTAINING.

E. CONSIDERATION OF APPROVAL OF PURCHASING FLOAT REPLACEMENT PARTS FROM BELLINGHAM MARINE SERVICES

Director of Facility Maintenance reported that he is currently assessing the dock site at Fields Landing as well as the marina, for repair and overhaul.

He said that Bellingham Marine is pricing the floats at approximately $1600 per marina dock. He would like to buy enough for one end dock and then leapfrog down to the other docks.

CEO said it is part of the Float Replacement Program, which has gained approximately $50,000.00 to date. Staff is requesting $7600.00 to purchase the floats, which is enough for four docks.

COMMISSIONER HIGGINS MOVED FOR APPROVAL OF PURCHASING FLOAT REPLACEMENT PARTS FROM BELLINGHAM MARINE SERVICES. COMMISSIONER WILSON SECONDED.

Commissioner Newman said the forty-year old marina needs repair.

Commissioner Dale asked is the docks have to come out of the water to be repaired and if they all needed replacing. Director of Facility Maintenance explained that the docks do need to come out of the water and not all of them need to be replaced. CEO reported that the Harbor District still has some unused piling material.

Commissioner Wilson suggested that more than normal wear and tear on the docks should have larger consequences for tenants. Director of Facility Maintenance said that the end ties are the worst because the wind sometimes pushes the boats into the docks.

Commissioner Higgins thanked Director of Facility Maintenance for his handiness.

MOTION CARRIED WITHOUT DISSENT.

F. DISCUSSION OF BIDDING AND LEASING OPTIONS FOR THE MARICULTURE PRE-PERMITTING PROJECT

Director of Conservation reported that the Harbor District would like to award leases to shellfish operators, but no decisions need to be made tonight. The primary goal is to create jobs. Staff is working with shellfish growers to develop options. He said that issues may vary between intertidal and subtidal leases. He suggested using just one lease type to simplify things because subleasing can be complicated. To minimize costs, staff is writing a draft Project Description that will list and map all the dredge sites, list and map the key disposal sites and options, include recent SAP and available results, describe the dredge equipment and methods, and specify the key tasks needed. Key consultant tasks would be to collect and analyze sediment samples at disposal sites to establish guidelines for what material can go there, conduct sampling at Woodley Island Marina and City of Eureka basin so leasing can start there as soon as possible, refine draft project description provided by District, and secure permits based on it (Coastal Commission, Army Corps of Engineers, Regional Water Quality Control Board). Permits need to allow XX yds/year, allow
disposal at a range of sites based on sediment quality, provide a process for additional disposal options to be added as they become available, and approve SAP to be used for sampling future sites.

Commissioner Dale said the goal is to give everyone the opportunity to succeed and that financial and permitting help would be beneficial to lessees. He also suggested help for start-up businesses.

Commissioner Wilson said he was curious about the process. CEO said the Board can make decisions after they've seen and discussed all the options.

Commissioner Dale explained that this is the brainstorming phase, and next they will discuss options and make decisions.

Commissioner Higgins said he would like to see some of the permits to go to smaller entrepreneurs.

Commissioner Wilson said he would like to discuss commercial space and lease time. He thinks there should be more qualifications for longer lease times. He would also like to see adaptive lease management with flexibility. Commissioner Dale said that the original leases would eventually pay for additional leases.

Commissioner Higgins asked for the final number for oyster limiting. Dan Berman said that he is working on it for the EIR and they won't have a final number until the final permitting is done.

Ted Kuiper thanked the Commissioners and staff for all the work they have done on the project so far. He reported that two growers have already put in bids. It is the largest aquaculture project in California and it is creating a great marketing tool; a huge investment and creates a lot of jobs. He urged the Board to support the project. It is creating worldwide contacts, which is also attracting future tenants. President Marks thanked Ted Kuiper.

Sebastian Elrite, Aqua-Rodeo Farms, said he was grateful for the project and thinks that enforcing qualifications is a good step to ultimately having the best growers.

Todd VanHerpe, Humboldt Bay Oysters, thanked everyone who has been involved with the project. He said he understands it is a complicated process and that Dan Berman and Adam Wagschal have done a good job making things clear.

Jen Kalt, Humboldt BayKeeper, said she is curious about the quality standards for oysters and hopes it is kept as a priority for the Harbor District and its lessees.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

The Regular Meeting of the Board of Commissioners adjourned at 9:18 p.m.

APPROVED BY:                     RECORD BY:

[Signature]
Greg Dale
Secretary

[Signature]
Megan Smith
Clerk