

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

October 10, 2013

PRESENT:

Commissioner Newman
Commissioner Dale
Commissioner Wilson
Commissioner Marks
Commissioner Higgins

President Wilson called the Regular Meeting of the Board of Commissioners to order at 7:07 pm.

President Wilson asked Craig Spjut to lead those present in the Pledge of Allegiance.

PUBLIC COMMENT

Craig Spjut, business agent for UA Local 290 Plumbers and Steamfitters, stated he drove by the pulp mill on October 3 and spoke with the EPA representative on-site about the use of local workers. The environment quality management representative stated EPA is not required to pay area standard wages. Mr. Spjut asked that the Harbor District create a project labor agreement requiring all work be performed at area standard wages, thereby supporting apprenticeship opportunities and our local economy.

Jack Birdwell, a retired laborer and current President of building trades union would like to see more local workers hired to support our economy versus the disturbing news that out of state people were hired.

Lawrence, a local pipe fitter and welder, thinks the bay is beautiful, but appears to be a toxic ghost town. He is curious about the price paid for the pulp mill, and is appalled that outside labor has been brought in. He suggested we all try to make this a more beautiful place together.

Commissioner Marks stated he worked as a union member at the pulp mill for 30 years. When the plant was recently purchased, it was obvious the environmental issues needed to be addressed. When the plant was closed in 2008, there were 4 million gallons of caustic liquors above ground because the plant had been "cold stopped", not knowing if the mill would open again. Since purchasing the mill, the EPA deemed it an emergency place for clean-up, a superfund site. The EPA took over the hiring of people to do the clean-up. Commissioner Marks stated the Harbor District did not hire the EPA, the USCG Pacific Rim strike force, or anyone to do the clean-up. Commissioner Marks clarified that the Harbor District did not hire the outside work force to do the clean-up work. The EPA is enforcing the clean-up and the Harbor District is doing its best, and the local work force is very important. The Harbor District is not in control of this part of the project.

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Sharon Gassoway, a local laborer, said she would like the Harbor District to notify the EPA there are local people that are qualified to do the type of jobs they are hiring outsiders to perform.

President Wilson stated that the EPA has preset contractors which allow them to act so quickly

Kent Sawatzky stated he hopes that when given the opportunity locals will be hired, and that the Harbor District better updates the public regarding the pulp mill budget and profitability.

Commissioner Higgins responded the answers to his concerns might be covered under the Public Records Act Requests he repeatedly files. Commissioner Higgins hopes the public has been reviewing those cooperatively with the other people who are hitting the Harbor District continuously with Public Records Act Requests; and in fact the Harbor District is transparent on this issue and will be discussed at Economic Development Committee meetings.

Sid Berg, Secretary/Treasurer for the local building & construction trade union is disturbed that the EPA was called in without public notice and now Mr. Berg has to see out of state vehicles driving in taking away jobs from locals. Local trade unions have spent millions training workers to do just these kinds of jobs, which also would have stimulated our local economy. The public should have been more informed; it would have been nice to see some public notices, and give the local working people a chance. Mr. Berg recommends writing a letter to the EPA suggesting they hire local workers. Mr. Berg is concerned that many locals have been driven out of Humboldt County due to the lack of employment, and will never be returning.

Tracy Antonsen said she and her family are long time residents of Humboldt County. Tracy stated that she and others are here working hard, taking classes and getting trained to help the area flourish. She said there are several local individuals with the hazardous materials training required to participate in this clean-up. She stated that this path is a life, not just a job. She wants to bring the community back to itself. Outsiders don't have the heart for this community as locals do.

President Wilson responded this is not the Harbor District's contract, but an emergency situation and is being funded by the federal government. There are some expenses to the Harbor District that will be paid from the sale of some assets (i.e. chemical boiler, turbine generator, etc.) from the site. President Wilson said he wanted to make sure the public understands the Harbor District will not have another opportunity for funding to clean the property, except through this venue, and the Harbor District is playing by the EPA's rules to take advantage of this opportunity. President Wilson said he hears what the public is saying; a recommendation has been made that a request be made to the EPA to look harder at the hiring of local people. President Wilson thinks that's a reasonable thing for the Harbor District to ask of EPA. On the other side, the Harbor District cannot look a gift horse in the mouth or get in the way of an enforcement issue. The Harbor District is doing its best to be responsible to the environment and our community, as well as the local work force that are very important. The public can expect to see a letter to EPA on the next agenda.

Karen Brooks suggested an update of the Harbor District website. There might be less Public Records Act Requests if there was more accessible information on website. She suggested adding the videos of the Economic Development Committee meetings and said the site needs

to be easier to navigate. Commissioner Higgins states he has a lot of sympathy with Ms. Brooks on the topic of the need for website updating.

CONSENT CALENDAR

COMMISSIONER MARKS MOVED FOR THE APPROVAL OF THE CONSENT CALENDAR.
COMMISSIONER DALE SECONDED. MOTION CARRIED WITHOUT DISSENT.

COMMUNICATIONS REPORTS

CHIEF EXECUTIVE OFFICER REPORT

- ❖ The Emergency Response Team and USCG Strike Team arrived at Redwood Terminal 2, and has moved quickly. EPA is making recommendations on how to safely run the site, and checking for proper equipment. EPA arrived with all equipment, and are very skilled in moving hazardous materials. The old tanks are being sealed to prevent rain water overflows.

STAFF REPORTS

Director of Administrative Services:

- ❖ RFP to sell the boiler and turbine generator equipment at Redwood Terminal 2 will be distributed the week of October 14. RFPs will be due November 22; a mandatory on-site walk thru will be October 25.
Sid berg asked if the contract will fall under prevailing wage. CEO stated there will be that requirement in the contract.

Captain Petrusha:

- ❖ Stated the recent Pacific Coast Congress Conference hosted by the Harbor District was a great success. A tour on the Fire Boat was given and Coast Seafood donated oysters for a barbeque reception.

Director of Conservation:

- ❖ Grant submitted to National Marine Fisheries Service (NMFS) for the Carrying Capacity study. There may be a delay in the award due to the Federal Government shutdown.
- ❖ Federal Government Shutdown Impacts: Army Corps permits, Coordinating with USFWS on Spartina eradication, and NMFS review of permits and grants
- ❖ Spartina Grant awarded to Harbor District for \$180,000 from the CA Natural Resources Agency

DISTRICT COUNSEL REPORT: None

COMMISSIONER AND COMMITTEE REPORTS

Commissioner Dale

- ❖ Stated he initially thought the Pulp Mill clean-up whirlwind appeared to be a catastrophe, but he is now reassured by the progress.

President Wilson

- ❖ Reported he went to McDaniel's Slough after the September 26 Board Meeting and watched them open it up to tidal flow. President Wilson is still advocating for a pedestrian bridge at that site.
- ❖ Gave the opening welcome at the Pacific Coast Congress of HarborMasters and Port Captains conference.

Commissioner Marks

- ❖ Reported he has been quite busy with Redwood Terminal 2 project.
- ❖ Presented an update from the NCRA meeting he attended.

Commissioner Higgins

- ❖ Reported that the next Economic Development Committee meeting will be October 14 at 6 p.m. Commissioner Higgins reports that the meeting's topic is Aquaculture.
- ❖ Asked his fellow Commissioners if they have any ideas to reorganize the Harbor District website.

NON-AGENDA: None

UNFINISHED BUSINESS

A. CONSIDERATION OF TIDELAND LEASE AGREEMENT WITH HOG ISLAND OYSTER COMPANY.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF TIDELAND LEASE AGREEMENT WITH HOG ISLAND OYSTER COMPANY. COMMISSIONER MARKS SECONDED.

Director of Conservation stated included in the tideland lease agreement with Hog Island Oyster Company is a personal guarantee from owner of the company, a recommendation of District Counsel. In response, John Finger, the owner of Hog Island Oyster Company, provided more detailed information regarding their financial information and status to District Counsel, which he said was sufficient. Harbor District staff recommended moving forward with the signing of the lease.

Ken Bates asked if the company ever shut down, could the District require them to clean the property. Director of Conservation stated that is one of the terms of the lease agreement.

MOTION CARRIED WITHOUT DISSENT.

NEW BUSINESS

A. CONSIDERATION OF APPROVAL OF AMENDMENT 2 TO THE JUNE 13, 2013 AGREEMENT WITH NEW DIRECTIONS FOR THE *SPARTINA DENSIFLORA* ERADICATION PROJECT.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF AMENDMENT 2 TO THE JUNE 13, 2013 AGREEMENT WITH NEW DIRECTIONS FOR THE *SPARTINA DENSIFLORA* ERADICATION PROJECT. COMMISSIONER MARKS SECONDED.

Dan Berman, Director of Conservation reported on the Spartina eradication project. Mr. Berman stated there is a need to increase the amount of funds available to cover additional allowable expenses in the amount of \$10,000 with New Directions. The California Coastal Conservancy is funding the grant for *Spartina densiflora* eradication.

Sid Berg wants to know if there are prevailing wages in these contracts; and if so, if they are factored in.

Dan Berman responded that it is not a prevailing wage contract. In the past the work has been done by CalFire and prison crews. Also, New Directions used to be nonprofit, but is no longer. Mr. Berg states it should be prevailing wage if New Directions are nonprofit.

MOTION CARRIED WITHOUT DISSENT.

B. DISCUSSION OF POTENTIAL DREDGE PURCHASE.

Captain Petrusa reported staff has been researching the possible purchase of a dredge from Nehalem River Dredging Company. Harbor District staff is also considering this project in partnership with the City of Eureka. Mr. Petrusa stated the cost of the purchase of the dredge would include training by the owner, Vern Scovell, a fifty year veteran of dredging, as well as many replacement parts and supplies. Mr. Petrusa states the dredge is more than adequate for use in the Humboldt Bay and was actually used in a previous Woodley Island Marina dredging project.

The Board asked CEO what the next step would be. CEO stated the next step in the process is to write a non-binding letter of intent and craft the purchase sale agreement, partnering with the City of Eureka.

COMMISSIONER HIGGINS MOVED THE APPROVAL OF SENDING A NON-BINDING LETTER OF INTENT TO VERN SCOVELL TO PURCHASE THE DREDGE NEHALEM. COMMISSIONER MARKS SECONDED.

President Wilson expressed his concern about future permitting requirements, questioning if suction dredging is the best technology. He did agree that it would be best to move forward with this non-binding letter of intent.

Craig Spjut said he is excited about the purchase of a dredge and stated he would love a new sand bar built for surfing with the sediments.

Kent Sawatzky applauds the project, looks at it as a tool for the District to increase revenue in the future and thinks there could be a need to hire a new crew. He asked if unions will be involved; could be beneficial to train local engineers to operate the dredge creating local jobs.

Ken Bates said he was concerned about potential hang-ups if partnering with the City and suggested clearing up "issues" before proceeding with the mutual purchasing. Mr. Bates discussed agitation dredging that is done on the Mississippi and Columbia Rivers suggested the Harbor District take a strong look at what they are planning to do with the dredge sediments that are removed.

Karen Brooks suggested proactively speaking to other harbors and exploring their dredging needs as a possible way to obtain additional business. Ms. Brooks does not believe it is a good time to be purchasing anything.

Sebastian Elrite said he has researched other dredges that are for sale; Mr. Elrite feels the Nehalem dredge the Harbor District is considering purchasing is quite expensive for used equipment.

CEO stated the Harbor District is not just buying the dredging equipment, the District will also get the expertise of Mr. Scovell, who is passionate about the District's dredge success. CEO said this is the perfect situation to be in. The Harbor District can dredge 3-4 times per year, then haul the dredge and all its pipes out to be stored at the Fields Landing Boat Yard when not in use.

Sid Berg asked for clarification on the staffing of the dredge. Mr. Berg wanted to know if the Harbor District will be using existing staff, or hiring new people. CEO stated that the Harbor District will probably hire some new staff from ILWU affiliates.

Captain Petrusha mentioned that at the recent Pacific Coast Congress meeting, it was reported the latest industry trend is for harbors to purchase their own dredge.

Rex Olander asked for clarification of the letter of intent. Mr. Olander feels the Harbor District is jumping ahead too fast. CEO explained the letter is not binding on the District and is required by Mr. Scovell's bank since there is a lien against the vessel.

CEO stated if the letter of intent is approved, financing, a Purchase Sale Agreement and an agreement with the City of Eureka are the next steps.

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF EXERCISING LETTER OF CREDIT WITH PACIFIC CHOICE SEAFOODS.

Commissioner Dale recused himself since his employer, Coast Seafoods, is an affiliate of Pacific Choice Seafoods.

CEO stated that Pacific Choice Seafoods offered the District a \$1,250,000 letter of credit. CEO explained the Harbor District has met the two conditions required to receive said letter of credit, the funds to be used only for the removing of liquors from the Redwood Terminal 2 Site. First, the Harbor District needed to demonstrate their financial ability to transport the liquors to northern pulp mills. Second the Harbor District was asked to extend Coast Seafoods tideland lease for an additional 10 years, as a fall back plan for payment. Currently Coast Seafoods' lease expires in 2015. Annual payments are ~22,000/yr, with a CPI adjustment.

CEO stated the main mechanisms for repayment are the sale of assets, grant funds, and the credit against the Coast Seafood Lease (which would cover half of the annual interest payments.) CEO said the letter of credit needs to be reviewed by District Counsel and asked the Board to move ahead finalizing the line of credit agreement.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF EXERCISING LETTER OF CREDIT WITH PACIFIC CHOICE SEAFOODS PENDING DISTRICT COUNSEL'S REVIEW. COMMISSIONER NEWMAN SECONDED.

Kent Sawatzky highly recommended seeking District Counsel review of the letter of credit so as to avoid potential legal ramifications.

Ken Bates asked for clarification of the letter of credit.

President Wilson explained the letter of credit is a bridge loan that is tied with the sale of the recovery boiler and other assets at the Redwood Terminal 2.

CEO stated the EPA will be handling the issue of the black liquor. There is an industry-wide obligation to take care of the liquors to make sure they are taken care of properly. An economic analysis has been done to determine the money that will have to be put into this to get usable caustic material.

Sid Berg said he is supportive of the letter of credit and suggested getting some kind of ruling/approval from the State. He also asked for more public information from the District.

Commissioner Higgins stated this is a complicated issue and the public will be able to learn more about it at the Economic Development Committee meetings.

Susan Penn asked for clarification of what the sales of assets were covering.

President Wilson stated the letter of credit is a bridge loan to get the project going; what the District will owe is what can be pulled out of the sale of the assets. The Harbor District anticipates the liquidation of some assets.

Monte Provolt said lending money exposes Pacific Coast Seafoods.

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Commissioner Higgins responded that once the Redwood Terminal 2 is cleaned up, it will be worth much more money.

CEO said the Harbor District is aware of Mr. Provolt's concern and Pacific Choice Seafoods has been named an additional insured on a \$100 million insurance policy.

MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

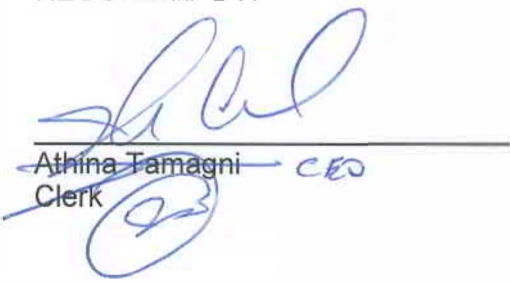
The Regular Meeting of the Board of Commissioners was adjourned at 9:15 p.m.

APPROVED BY:



Patrick Higgins
Secretary

RECORDED BY:



Athina Tamagni
Clerk