

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

**April 14, 2016**

**PRESENT:**

Commissioner Doss  
Commissioner Dale  
Commissioner Higgins  
Commissioner Wilson

**ABSENT:**

Commissioner Marks

President Higgins called the regular meeting of the Board of Commissioners to order at 6:03 p.m.

President Higgins asked Commissioner Dale to lead the Pledge of Allegiance.

**PUBLIC COMMENT**

Kent Sawatzky said he is good at crystal balls and said the Harbor District will pay to dredge the fingers at King Salmon. He also said he appreciated Congressman Huffman's efforts on the \$7.5 million to dredge the bar and entrance. People who know people have input. The military complex think Humboldt Bay is important. The Harbor District did not declare an emergency. Mr. Sawatzky said he has major concerns with the use of the fire boat – it should not be used for political campaigns. It should be used for fighting fires; without it there could be a loss of property. He recommended procedures for use of the fire boat should be developed to avoid legal issues.

**CONSENT CALENDAR**

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

**COMMUNICATIONS AND REPORTS**

**EXECUTIVE DIRECTOR REPORT**

- ❖ \$7.5 million allocated for Corps of Engineers dredging of bar and entrance, interior channels and North Jerry repairs – will start May 10
- ❖ April 26 – PG&E meeting to discuss scope, cost and responsibility of mitigation
- ❖ Redwood Marine Terminal 2 – Redwood Electric and JZ Contractors have started work
- ❖ April 21 – CDI interim use to be considered at Planning Commission meeting
- ❖ Awarded the bid for the used Cummins engine for \$21,090.00
- ❖ Officially in business at Shelter Cove
  - Rented a 3 bedroom house for \$1,200/mo for employees
  - Need 1 more good operation tractor; Director of Facility Maintenance will travel to Salinas next week to look at potential tractors
- ❖ Sad to announce the departure of Deputy Director Adam Wagschal

**STAFF REPORTS:**

Deputy Director:

- ❖ Working on the revised project description and DEIR for the Coast Seafoods Expansion Project for the expansion of the aquaculture footprint in Arcata Bay. The DEIR will be recirculated due to the revisions.
- ❖ Thanked the Board of Commissioners and staff for the opportunity of working at the Harbor District.

Director of Administrative Services:

- ❖ Presented the FY 2016/17 Budget Schedule as follows:
  - 4/21 Draft budget prepared – workshop
  - 4/28 Adoption of preliminary budget
  - 4/29 30-day public notice period begins
  - 6/9 Public Hearing and First Reading
  - 6/26 2nd reading and adoption of final budget

Committee meetings with Budget Committee will be scheduled separately.

#### **DISTRICT COUNSEL, DISTRICT PLANNER AND DISTRICT TREASURER REPORT**

District Treasurer:

- ❖ Stated there will be three extra days this year to file taxes.

#### **COMMISSIONER AND COMMITTEE REPORTS:**

Commissioner Doss:

- ❖ Attended by phone a CAPA meeting; CAPA is the lobbying organization for California ports.
- ❖ Attended a Humboldt Bay Harbor Working Group meeting; a HSU professor spoke on aquaponics.
- ❖ Stated the shoaling in Humboldt Bay is alarming and the potential impacts are to fuel prices and barge traffic. Congressman Huffman made a good first step in acquiring additional funding for dredging from the Corps of Engineers.

Commissioner Dale:

- ❖ Said he has known Deputy Director a long time and has enjoyed his expertise, intelligence and dedication. Commissioner Dale thanked Deputy Director for the time he has given to the Harbor District and is a huge asset to the community.

Commissioner Higgins:

- ❖ Said he is thrilled with the development of Shelter Cove and the citizens are happy with the Harbor District's presence.
- ❖ Stated HSU students will present to the Board in May their study on shoreline protection other than rip rap and on the management of the Woodley Island Wildlife Area.
- ❖ Said the fall-run Chinook and the Eel River salmon numbers are down from the previous years, but with the closure of the Klamath-Trinity Zone, the numbers may increase. He is working with the Eel River Recovery Project to help the Salmon habitat.

❖

Commissioner Wilson:

- ❖ Thanked Deputy Director for his second round of service to the Harbor District.

Commissioner Marks:

- ❖ Thanked Councilmember Bergel for her work with the homeless; she is a great advocate and has done a great job.
- ❖ NCRA is having problems with squatters on the tracks.
- ❖ Said the public should not be calling Board Members liars when they do not know the individual. He said he also questioned why the dredge spoils are being sent to White Slough. The pilot project was approved by several agencies.

**OTHER:** None

**NON AGENDA:** None

**UNFINISHED BUSINESS:** None

**NEW BUSINESS**

**A. CONSIDERATION OF RECEIVING AND FILING FY 2014/15 AUDIT.**

Donna Taylor and Patrick Shanahan of Hunter, Hunter & Hunt, CPAs presented to the FY2014/15 Audit to the Board of Commissioners. Operating Revenues were comparable for the last five years. Operating Expenses in 2015 realized an uptick, mostly for Redwood Terminal 2. Non-Operating Revenue and Expenses were decreased due to a refund from the bond issuance and grant revenues and expenses were down approximately \$250,000.

The Change in Net Position was a summation of the three prior years where due to a \$655,000 loss, the Net Position decreased, primarily due to Redwood Terminal 2 repairs.

Net Capital Assets were down about \$500,000; continued depreciation of assets and the offset of additional asset purchases, mainly Redwood Terminal 2 and the dredge.

Notes Payable up less than \$1 million, attributable to the Coast Seafoods loan, the refinancing of the bonds and the incorporation of the Department of Boating and Waterways loans.

Mr. Shanahan spoke on the Management Letter and the GASB68 pension liability of \$530,000.

Ms. Taylor and Mr. Shanahan stated the result of the audit was a clean, unqualified opinion.

Commissioner Doss asked about the Non-Operating Revenue and the reflection of 2014 revenue from PG&E. Mr. Shanahan said there is little more than \$1 million in unearned revenue at the end of FY 2015.

Commissioner Wilson asked about notes payable and the separation of notes payable versus net capital assets. Mr. Shanahan responded they are required to disclose collateralized assets. Commissioner Wilson said he appreciates the trending information provided.

COMMISSINER DALE MOVED TO RECEIVE AND FILE THE FY2014/15 BUDGET.  
COMMISSIONER WILSON SECONDED.

Monte Provolt said he thought the Harbor District bought the dredge with PG&E funds. There is already quite a bit spent.

Kent Sawatzky said he has major concerns on the financial situation of the Harbor District and hopes Hunter, Hunter & Hunt comes up with some honest answers. The District is broken, a non-functional entity. It is sad to be in this position. All the money has been put into a cash cow and the cow is dead. Who will pick up the entity?

Debbie Provolt said the last time she heard the audit presentation there was quite a discussion on the treatment of the trust vs. non-trust income and how it should be treated separately. Legislation requires monthly accounting between the Executive Director and the Board. Is it available? Mr. Shanahan stated Page 37 of the Supplemental Schedule on the use of restricted and non-restricted funds verifies where the funds are from and where going.

Tina Christensen said the public has the right to ask specific questions regarding the audit.

Karen Brooks asked about Note 3 on page 22 of Capital Assets and depreciation of assets. She asked how the assets are valued.

District Treasurer said equipment on the Balance Sheet is at the purchase price plus improvements. Each year the allocation remains the same unless there is an indication of a decrease in value other than depreciation.

Ms. Brooks said quarterly review by the Board of where the District is financially would be helpful. Are we meeting projections?

Commissioner Wilson asked Ms. Provolt the name of the legislation regarding tideland trust accounting. Ms. Provolt said it is a Senate or Assembly Bill for Humboldt Bay.

Executive Director reported the Board routinely receives the check register, Profit & Loss Statement and Balance Sheet.

Kevin Riley said he operates a charter fishing business in Shelter Cove and his fiscal year ends June 30. Is the part of the jetty considered a capital asset? Commissioner Wilson said he came on the Board in 2007; and at that time they were betting on ships from China. Now the District has a tangible asset and an opportunity to create jobs. It is the vision of the Board and staff that will create great dividends.

MOTION CARRIED WITHOUT DISSENT.

**B. CONSIDERATION OF LEASE WITH JOHN CASALI FOR THE USE OF HIS TRACTOR AT SHELTER COVE.**

Executive Director reported staff arrived on site at Shelter Cove and found four non-operational tractors.

Owner John Casali purchased a 1998 New Holland 8010hc. for \$21,551 with an appraised value \$20K-\$28K.

Agreement includes priority launch during the term. Very rare tractor, perfect for the job, District's staff reports tractor is in "good condition". The contract consists of 4 year lease purchase at \$5,387/yr. purchase option \$1.

Both parties option out first 2 years - District option only last 2 yrs.

Commissioner Wilson stated John Casali is a community-minded person with a good reputation in Shelter Cove.

Kevin Riles thanked the Harbor District for their diligent efforts to clean up the area. He feels comfortable taking his kids there now. He is a personal friend of John Casali; a short-term lease of the tractor is a beneficial for the community.

Commissioner Dale asked about the benefits of a skidder over a tractor.

Jerrod Morris stated in Alaska skidders are used because tractors do not last long. He said he has never seen a skidster used in Shelter Cove, but they should work. If the ramp is cleared of sand with a hose, the skidster tires won't slip. Skidsters are higher and enclosed.

COMMISSIONER DALE MOVED FOR THE APPROVAL OF LEASE WITH JOHN CASALI FOR THE USE OF HIS TRACTOR AT SHELTER COVE. COMMISSIONER DOSS SECONDED.

Commissioner Doss asked about gross revenue that could be generated. Executive Director responded it is hard to know exactly, but \$60,000 is an accurate estimate.

MOTION CARRIED WITHOUT DISSENT.

**C. DISCUSSION OF RATES AND FEES FOR SHELTER COVE BOAT LAUNCHING AND STORAGE.**

Executive Director reported this item is for discussion at this meeting and then will be brought to the Board of Commissioners on April 28 as an action item.

The history of the launching and storage activity in Shelter Cove is as follows: Poor records of history rates and fees - lots of side deals and cash; tips to drivers and anyone "in charge" drove costs higher; launch fees ranged from \$20-\$40 plus tips; commercial Charters and Fishermen received a discount and priority; boat storage has ranged from Free to \$50/month; and commercial Charters and Fishing have paid 8% gross-historic Mario. The goal is to make charging as clear and fair as possible.

Commissioner Wilson said he likes the idea of simplifying fees; saves time in administration.

Commissioner Dale said he agrees, but make sure the fees are not too high; at least break even.

Jerrold Morris said it is good to see the Harbor District stepping up. The only concern he sees with the self- parking is that BLM might hassle parkers that don't want to pay their \$5 and park by the lighthouse.

Kevin Riley said four years ago he was going to do this by himself. He has a detailed business plan from 2012 with very similar information. He also owns a tractor with a partner. If the District's tractor breaks down, his is available.

Jerry Chapman said he has been fishing in and out of Shelter Cove for 30 years. He suggested season passes for the local fisherman. Self-launchers cause difficulties because they can block the whole ramp at the bottom.

Tina Christensen said holiday weekends are a mess. Commercial fishing fees for commercial boats? Why charge a fee for the product; all docks have fees. When you go down to fish, commercial fishermen have a hard enough time – they already pay taxes. She said it might be more beneficial to charge more on the boat fees.

Commissioner Doss asked when the Board could expect to see a monthly report on Shelter Cove. Executive Director stated there should be a report to the Board by April 28 so that the Board can make an informed decision on the rates presented at this meeting.

**D. CONSIDERATION OF PURCHASE OF A BACKHOE.**

Executive Director reported the District spends \$8,000-\$10,000/year to rent a backhoe. Dredging will increase the rental to move pipe- \$3,000/month. Green Diamond auctioned a 1989 Caterpillar 416 in excellent condition that was valued between \$12,000-\$19,000. The Winning Bid was \$13,000. Executive Director requested authorization to purchase with fees \$15,100.

COMMISSIONER WILSON MOVED FOR THE PURCHASE OF A BACKHOE. COMMISSIONER DALE SECONDED.

Commissioner Doss asked if the backhoe was already purchased. Executive Director replied it was. Commissioner Doss congratulated staff on the great price. He suggested an alternative would have been to contact John Deere or CAT to negotiate a long term lease with maintenance.

Commissioner Wilson said the backhoe provides diversity for the workforce and enhances the capabilities of staff.

Monte Provolt asked if the backhoe will help with the dredging, if it is four wheel drive and how many hours it has in use. Executive Director responded it is not four wheel drive and has 9,000

hours of use, which is why the price is low. Mr. Provolt said that answers his question and the backhoe will not be the piece of equipment that will do what is expected.

Jim Roberts asked if he could provide Public Comment at this point because he showed up at 7 p.m., the normal time of the Board meetings, and the meeting started at 6 p.m. tonight. He asked the Board if they did not lie to the residents of King Salmon two years ago, what is the answer now. Why does the Board keep changing the time of the meetings. Someone needs to be held accountable.

Kent Sawatzky said when procedure change, people get irritable. He asked if the backhoe is valued at \$12-19,000 and the winning bid is \$13,000, why was it purchased for \$15,100? What is the additional \$2,100 for. Executive Director responded it is for auction fees and taxes.

MOTION CARRIED WITHOUT DISSENT.

#### **E. DISCUSSION OF HUMBOLDT BAY BAR AND ENTRANCE SHOALING.**

Executive Director reported annually the Harbor bar entrance needs dredging of 500K-700K cubic yards.

Prior to reopening of California Redwood's Chip facility, draft limitations had very little impact to half loaded log ships. Humboldt Bay is now a 7 month shipping Port for deep draft vessels. The lack of year round shipping and high loading costs makes local shippers non-competitive with other West Coast Ports. Global warming and extreme weather conditions are increasing the frequency of major flooding events from the Eel River system. The goal is to find solutions to the entrance channel shoaling; this is critical for survival of the shipping industry.

Executive Director stated a non-committal letter requested a long-term shoal study has been drafted, stating no financial obligation at this time. The study will likely cost \$3 million and will be a three year project. The District will pay half and will continue to pay on the deepening project.

Commissioner Doss said there are many safety concerns, not just to commercial ships. He said the letter is a good start. The Senate has authorized a bill that matches the Assembly Bill and this is a positive move in Humboldt County's direction. He said he cringes every time he hears about the angst of costs of the deepening – the District needs to manage the bar and entrance and keep it dredged. Continue to move forward for safety and commercial activity. Keep the docks and the upland ready for commercial use. Humboldt Bay is a national security asset. Don't angst about the \$200,000 to keep the bay deep and ready for shipping. He would approve three times that amount. The Army Corps of Engineers will be here in early May – will they be able to dredge from the outside going in?

Commissioner Dale said he is in support of the letter for the long term sediment management study.

Executive Director said there will be a series of alternatives. The \$3 million study will vet the alternative and come up with a plan that Congress will go after funding for. There will be a match.

Commissioner Wilson said the original deepening was \$20 million. The average paid per year is \$5 million. The long term management study was tied to another study in 2006 and that did not work out. Back then the State would not give any funds toward the study; it might be time to ask again. It could cost 10% of the total to get private consultants to give virtually the same answers; but the Corps may not be able to get the funding. Commissioner Wilson asked staff to ask Moffitt and Nichols for a cost estimate.

Commissioner Higgins said the change in the sediment process were unintended consequences of the deepening.

Tina Christensen said she has relatives that were Harbor Commissioners when Woodley Island was born. Is the Harbor District in charge of dredging? Executive Director responded the Corps of Engineers is in charge of dredging the navigation channels and the District is in charge of its own facilities. Ms. Christensen said the Coast Seafoods dock on the City's side should be at 20-25', but is only at 11'. Currently this is a working harbor, but is underutilized. Ships wait 3-4 days out to offload in Los Angeles and San Francisco. The problem with the Eel River is that the marijuana cultivation is creating some of the sediment, but not all. Ships could be brought in to transport the marijuana out. The Board of Commissioners is charged with the trust of Humboldt County residents to make sure the harbor and marina operates for all. That is what you were elected to do. She formerly had a business located near the shipping channel and there were lots of ships in and out; make the harbor function in this way again.

Monte Provolt said you can use global warming as an excuse, but it is not the problem. Sediment is a huge problem. As long as there is the sand bar on the south side of the south jetty, eventually the harbor will close. Does the Board tell the Washington DC lobbyists this is a problem? Other places are telling shipping companies that Humboldt Bay is closed six months out of the year. Thank goodness there was no crab season due to the unsafe conditions.

Kent Sawatzky said the Eel River should be undammed. It is the Board's duty to help solve the problem. Declare an emergency when this happens. The list the Board sent to Humboldt County did not include dredging. We have a strategic harbor; the military wants it operational. We should work with them and mitigate the impact of the Eel River.

Debbie Provolt said she agrees with everything Ms. Christensen said. The importance of Humboldt Bay is to its economy. Shipping channels dredged and safety of fishing fleet are more important than anything else the Board does. She said she appreciates Commissioner Doss' comments in that there should be no angst about the cost of dredging. Has the Board told the lobbyists how vital increased shipping is to the Humboldt County economy? The letter and document may have been part of the packet, but the public did not get to see them. Available?

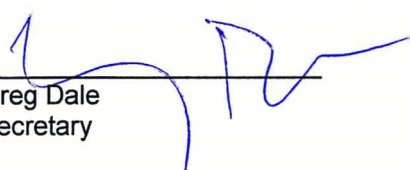
Vivian Helliwell said she appreciates the efforts to get the channels dredged. If the bay is only open for seven months, this is bad timing for the crabbers. Ms. Helliwell then went on to speak about artificial reefs and sediment from the Elk River.

Karen Brooks said an engineering study is important, could be more cost efficient. Artificial reefs have been discussed for at least 20 years – they could be manufactured here using upland property. There is a HASA dinner on April 30. Department of Boating and Waterways has money invested in this harbor and the Department of Defense could allocate money. This should be a standing agenda item.

**ADMINISTRATIVE AND EMERGENCY PERMITS: None**

The Regular Meeting of the Board of Commissioners adjourned at 8:47 p.m.

APPROVED BY:

  
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Greg Dale  
Secretary

RECORDED BY:

  
\_\_\_\_\_  
Patricia Tyson  
Director of Administrative Services