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

September 25, 2014

PRESENT:
Commissioner Newman
Commissioner Marks
Commissioner Higgins

ABSENT:
Commissioner Dale
Commissioner Wilson

President Marks called the Executive Closed Session to order at 6:01 p.m.

President Marks adjourned the Executive Closed Session at 6:50 p.m.

President Marks called the regular meeting of the Board of Commissioners to order at 7:05 p.m.

Commissioner Higgins led those present in the Pledge of Allegiance.

District Counsel reported on the Executive Closed Session as follows: There was an error on the agenda: There was no item for Public Employee Performance Evaluation. Status of Conference with Real Property Negotiator: Timber Heritage Association purchase of Redwood Marine Terminal Berth 1 Roundhouse Real Property - No action taken.

PUBLIC COMMENT

Kent Sawatzky met with Tom Leroy of the Pacific Watershed Association regarding coho restoration in the Glendale area. With the approval of local landowners, it may be possible to put in a pond instead of a hatchery.

CONSENT CALENDAR

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

COMMUNICATIONS AND REPORTS

CEO REPORT:

- Travelled to Vancouver, WA to attend the Seagrass Conference and Trade Show. Several tenants investing in Humboldt Bay were present. The District's Mariculture Pre-Permitting project was acknowledged and CEO was able to hand out copies of the RFP for mariculture tenants.
- Liquors continue to be trucked from Redwood Terminal 2. To date, 648 truckloads have left the facility.
- Visited Astoria during the time when a Norwegian Cruise Line ship (950') was in port with 3,500 passengers. CEO talked with the captain and interviewed staff, gathering information to use when researching cruise ship activity for Humboldt Bay.

STAFF REPORTS:

Director of Facility Maintenance:
- Attended HSU's annual giveaway of surplus items for public agencies, police and fire.
- Assisted in removing floats which were creating navigation hazards.
- Acquired a crane from former Commissioner Dennis Hunter. It will be used at Berth 1 for loading crab pots.
- Repairing the end of D-dock. Maintenance staff is building the weldments and plan to rebuild many floats in the marina.
District Planner
- Reported on the progress of the Mariculture Pre-Permitting project and the beneficial reuse of dredge material.

DISTRICT COUNSEL REPORT: None.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Newman:
- Glad to see the rain – it is helpful to the rivers.

President Marks:
- Not so happy to see the rain – it creates havoc with softball season.
- Attended CMANC meeting in San Francisco. Met the new Brigadier for the US Army Corps of Engineers.

Commissioner Higgins:
- Attended an aquaponics conference at Humboldt State University.
- The Eel River is now moving out of the drought stage.
- October 11 and 26 will be river dives, as part of the Eel River Recovery, as long as there is no more rain.

OTHER: None

UNFINISHED BUSINESS

A. CONSIDERATION OF ADOPTING RESOLUTION 2014-12 WHICH ESTABLISHES FINDINGS RELATIVE TO THE APPLICATION BY SIERRA PACIFIC INDUSTRIES FOR PERMIT 14-04 FOR THE SIERRA PACIFIC DOCK MAINTENANCE DREDGING PROJECT.

COMMISSIONER HIGGINS MOVED FOR ADOPTING RESOLUTION 2014-12 WHICH ESTABLISHES FINDINGS RELATIVE TO THE APPLICATION BY SIERRA PACIFIC INDUSTRIES FOR PERMIT 14-04 FOR THE SIERRA PACIFIC DOCK MAINTENANCE DREDGING PROJECT. COMMISSIONER NEWMAN SECONDED.

The motion was withdrawn until Item 9(b) was considered.

B. CONSIDERATION OF ADOPTING THE MITIGATED NEGATIVE DECLARATION (DATED SEPTEMBER 18, 2014) FOR THE SIERRA PACIFIC DOCK MAINTENANCE DREDGING PROJECT.

COMMISSIONER HIGGINS MOVED FOR ADOPTING THE MITIGATED NEGATIVE DECLARATION (DATED SEPTEMBER 18, 2014) FOR THE SIERRA PACIFIC DOCK MAINTENANCE DREDGING PROJECT. COMMISSIONER NEWMAN SECONDED.

District Planner stated there were two (2) comments on the Mitigated Negative Declaration and the responses from Pacific Affiliates, the project manager, are included in the MND. Cory Mattson of Pacific Affiliates said he spoke with USEPA regarding dioxins and USEPA said the sediments are not substantially contaminated.
CEO said there are no real standards at this time and the Regional Water Quality Control Board needs to be clearer on their standards.

MOTION CARRIED WITHOUT DISSENT.

COMMISSIONER HIGGINS MOVED FOR ADOPTING RESOLUTION 2014-12 WHICH ESTABLISHES FINDINGS RELATIVE TO THE APPLICATION BY SIERRA PACIFIC...
INDUSTRIES FOR PERMIT 14-04 FOR THE SIERRA PACIFIC DOCK MAINTENANCE DREDGING PROJECT. COMMISSIONER NEWMAN SECONDED.

ROLL CALL VOTE:
COMMISSIONER NEWMAN – AYE
COMMISSIONER DALE – ABSENT
COMMISSIONER MARKS – AYE
COMMISSIONER WILSON – ABSENT
COMMISSIONER HIGGINS – AYE

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF GRANTING PERMIT 14-04 TO SIERRA PACIFIC INDUSTRIES FOR THE SIERRA PACIFIC DOCK MAINTENANCE DREDGING PROJECT.

COMMISSIONER NEWMAN MOVED TO GRANT PERMIT 14-04 TO SIERRA PACIFIC INDUSTRIES FOR THE SIERRA PACIFIC DOCK MAINTENANCE DREDGING PROJECT. COMMISSIONER HIGGINS SECONDED.

A Sierra Pacific Industries representative thanked the Board and staff for their time and energy. He said this permit has been 2 ½ years in the making.

MOTION CARRIED WITHOUT DISSENT.

NEW BUSINESS:

A. CONSIDERATION OF APPROVAL OF CONTRACT WITH SUSTAINABLE WORLD SOLUTIONS, LLC/ROBERT ZACK TO HOLD A GLOBAL MUSIC AND NATURAL FOOD FESTIVAL.

Robert Zack told the Board of Commissioners his vision for the Redwood Terminal 2 property is a place where aquaponics, aquaculture, float platforms, float tanks, sustainable world university, etc. can be promoted. He said these ideas would be promoted through a music/dance/food festival at the site. These types of festivals bring in revenue and calls attention to the area. Mr. Zack said he would like to pursue this concept and discuss it in more detail with the Board, including pro forma budgets, costs, people involved, etc.

Kent Sawatzky said this is a great concept, coastal dependent industrial uses would be promoted. He said it is important to assess the risks, including cash flow.

The Board agreed to move to the next step with Mr. Zack. No contract was considered at this time.


Andrew Ciocca of Sutter Securities suggested the Board table this item until their next meeting. He said he is waiting on finalizing some documents from BBVA, the funding bank.

COMMISSIONER HIGGINS MOVED TO TABLE THE ADOPTION OF RESOLUTION 2014-11, A RESOLUTION AUTHORIZING THE REFUNDING OF THE DISTRICT’S OUTSTANDING LONG-TERM INDEBTEDNESS AND APPROVING AND DIRECTING THE EXECUTION AND DELIVERY OF CERTAIN FINANCING DOCUMENTS IN CONNECTION THEREWISH, AND
C. CONSIDERATION OF RELEASE OF DREDGE PURCHASE FUNDS.

CEO explained the following: the dredge purchase price $950,000; the District has already paid $833,753, leaving a balance owing $116,247. Funds to be held for operational training $25,000; County property tax $53,000; generator/pipe $8,000. CEO recommended $30,000 to be released towards the dredge purchase.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF THE RELEASE OF $30,000 TO NEHALEM DREDGE. COMMISSIONER NEWMAN SECONDED.

Kent Sawatzky asked if there had been a search done on lien holders.

District Counsel stated the District is not required to search of liens, but must honor them if there are any. The County property taxes referred to are those assessed while the dredge was in the County for previous dredging activities.

MOTION CARRIED WITHOUT DISSENT.

D. CONSIDERATION OF CONTRACT WITH LACO ASSOCIATES FOR THE FIELDS LANDING PHASE 1.

E. CONSIDERATION OF LOAN APPLICATION TO THE NORTHERN CALIFORNIA COMMUNITY LOAN FUND.

F. CONSIDERATION OF LOAN APPLICATION TO THE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION FUND.

COMMISSIONER HIGGINS MOVED TO TABLE NEW BUSINESS ITEMS D, E & F. COMMISSIONER NEWMAN SECONDED. MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None.

The Regular Meeting of the Board of Commissioners adjourned at 7:56 p.m.

APPROVED BY: [Signature]
Greg Dale
Secretary

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

September 11, 2014

PRESENT:
Commissioner Newman
Commissioner Dale
Commissioner Marks
Commissioner Higgins

ABSENT:
Commissioner Wilson

President Marks called the Executive Closed Session to order at 6:00 p.m.

President Marks adjourned the Executive Closed Session at 6:50 p.m.

President Marks called the regular meeting of the Board of Commissioners to order at 7:05 p.m.

Commissioner Dale led those present in the Pledge of Allegiance.

District Counsel reported on the Executive Closed Session as follows: Status of Conference with Real Property Negotiator: Timber Heritage Association purchase of Redwood Marine Terminal Berth 1 Roundhouse Real Property - No action taken; Status of Public Employee Performance Evaluation: District Counsel reported personnel items are confidential; however the Board wanted to report out that in evaluating the Chief Executive Officer, they are very pleased in his job performance and feel he is doing a great service to the Commission, the employees, the District and the community and they have every confidence in his abilities. Commissioner Wilson was absent during the CEO’s evaluation; and the action of the other four Commissioners was unanimous.

PUBLIC COMMENT: None

CONSENT CALENDAR: None

COMMUNICATIONS AND REPORTS

CEO REPORT:

- Fisherman’s Channel Dredging
  - Positive direction for a disposal site for the Fisherman’s Channel dredging. Exploring use of existing cells on King Salmon beach, which is very close to the entrance of the channel.
  - Eelgrass mitigation is a challenge for the dredging project.
  - Several of the PG&E representatives introduced themselves.
  - The next step is to reach out to local agencies regarding the concept of the King Salmon beach disposal. The previous permitting documents were reviewed; but the permitting was 25 years ago and the cells were never filled. The cells have now filled in with vegetation.
- Announced Congressman Huffman released the notice that the liquors have all been removed from the pulp mill site. The cost of transportation came in under $1.25 million, which was the total amount of the Coast Seafoods loan.
- Three items came in after the agenda was distributed and are time sensitive: Advanced Appraisal International $8,000 for the Fields Landing appraisal; MM Diving $9,000 for the outfall pipe buoy and testing fire boat jet for cleaning pipe; and Robert Colburn Electric $11,000 for Berth 1 electrical service for lights and hoist. These items need Commission approval since they exceed the CEO’s authorization limit.
COMMISSIONER HIGGINS MOVED TO ADD THESE THREE ITEMS TO THE AGENDA AS NEW BUSINESS ITEMS 10E, 10F AND 10G FOR CONSIDERATION. COMMISSIONER DALE SECONDED. MOTION CARRIED WITHOUT DISSENT.

STAFF REPORTS:

Director of Harbor Operations/Bar Pilot:
- Trucks were in today with the final load of the dredge equipment.
- As part of the debris removal project, 13 floats were removed near the ice plant within the last two days; loaded on trucks and transported for disposal.

District Planner
- Continuing to receive RFPs for Redwood Terminal 2 improvements and there is a voluntary site visit next Monday. There has been good interest in the site.
- Continuing to look at the beneficial reuse; White Slough is an option.

District Treasurer
- Has been working on the District’s year end accounting issues and readying for the annual audit.
- Has been responding to information requests for the bond refunding.

DISTRICT COUNSEL REPORT: None.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Higgins:
- Interested in the New Markets Tax Credit project
- Helped with the press article to welcome the new Lt. Colonel of the US Army Corps of Engineers.
- Suggested Commissioners thank USEPA for their work cleaning up the pulp mill site.
- Flew in an airplane to view the Eel River for the Eel River Recovery Project. The river has disconnected near Fortuna.

President Marks:
- Assisted with tours at Redwood Terminal 2. There are many prospective tenants.
- Working with the committee for cruise ship itinerary sites.
- Working with Timber Heritage Association on the purchase of property.
- NCRA meeting – Karen Diemer talked about the Rails with Trails from Arcata to south of Target in Eureka.

Commissioner Dale:
- Met with an individual who had interesting suggestions for Redwood Terminal 2.

Commissioner Newman:
- Toured Timber Heritage Association’s facility at Berth 1.
- Tomorrow is opening day of commercial salmon season in Humboldt Bay.

OTHER

Albert Lemus from Loews Enterprises updated the Board on the New Market Tax Credits program process. Currently there are two commitments from two intermediaries for a total of $12 million. He is also working with three lenders to secure the loan to facilitate the transactions. The next steps are to finalize the project scope and budget (September 22), present the progress to the Board (October 15) and finalize the loan and close (November 15).
UNFINISHED BUSINESS

A. DISCUSSION OF REVISED DISTRICT PERSONNEL POLICIES AND JOB CLASSIFICATION DESCRIPTIONS.

CEO stated there have been some changes to the classification descriptions and position titles. He said having an Executive Director instead of a CEO is more consistent in the port world and he suggests creating a Deputy Director position as second in charge. Director of Conservation will be eliminated; the Environmental Specialist would cover the majority of the job responsibilities. Director of Harbor Operations replaces Director of Maritime Commerce. The Harbor District continues to certify Bar Pilots, but the job title will be eliminated. CEO talked about several other positions that have been eliminated and created through the recent employee union negotiations.

B. DISCUSSION OF FINANCIAL SUPPORT OF SAMOA FIRE DISTRICT.

CEO stated recently the Harbor District was invoiced $5,000 by the County of Humboldt for Samoa peninsula property taxes now that the District purchased the pulp mill property. The Harbor District and the Samoa Fire District (SFD) have appreciation for each other’s responsibilities and want to work out an agreement that would benefit both, other than simply paying the property taxes. SFD waived the 2012/13 property taxes assessed to the Harbor District, which was appreciated. CEO said if the pulp mill property was full of tenants, the property taxes paid to the County would be helpful to SFD; currently the Fire Chief is not being paid due to expenses are more than revenues. Both agencies have assets and staff that complement each other and are wanting to support each other.

District Counsel stated generally speaking government agencies are not taxes (i.e. property taxes) and he will do more research. He also said as long as there are no gifts of public funds by either entity, an agreement for mutual support could be developed.

President Marks said he is a past Board member of the SFD and realizes the hardship SFD faces to keep operating. He asked staff to bring back this item as an action item for the Board’s consideration at the next Board meeting.

NEW BUSINESS:

A. CONSIDERATION OF APPROVING FUNDING IN THE AMOUNT OF $10,000 TO SUPPORT THE HUMBOLDT BAY EELGRASS MANAGEMENT WORKSHOP.

Adam Wagschal from HT Harvey & Associates said eelgrass is a native seagrass plant in Humboldt Bay. In California, there has been a major decline in seagrass from a variety of reasons; however, in Humboldt Bay, eelgrass is well distributed and is the most dominant intertidal habitat. Permitting for projects, especially the upcoming dredging projects, affect eelgrass and there is no consistent policy.

The draft goals of the Eelgrass Management Plan are: develop consistent, effective and broadly applied policies for eelgrass management, including for how eelgrass impacts are minimized, assessed and mitigated; and development mechanisms for effective and predictable mitigation and conservation.

Mr. Wagschal said holding a two-day workshop would accomplish these goals. The workshop would consist of presentations from eelgrass experts nationwide, state and federal regulatory agencies, and a boat tour of the bay. The anticipated workshop outcomes are 1) a common understanding regarding eelgrass and eelgrass ecology in Humboldt Bay and elsewhere, eelgrass management in Humboldt Bay and elsewhere, past eelgrass restoration efforts in
Humboldt Bay, effects of human activity on eelgrass and existing laws and regulations pertaining to eelgrass management in Humboldt Bay; and 2) agreement regarding options that would potentially improve eelgrass management in Humboldt Bay and agreement regarding a process for developing a Humboldt Bay Comprehensive Eelgrass Management Strategy.

CEO said funds were received from PG&E for dredging activities and this eelgrass workshop would be a good fit. It is time to get the agencies to roll up their sleeves and find a solution to this problem of eelgrass mitigation. He has been asked if the Harbor District will do another symposium; if so, he would like to do one on eelgrass.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF FUNDING IN THE AMOUNT OF $10,000 TO SUPPORT THE HUMBOLDT BAY EELGRASS MANAGEMENT WORKSHOP. COMMISSIONER NEWMAN SECONDED.

Commissioner Dale said this is the beginning of a process to develop a regional eelgrass mitigation plans and hopefully the state and federal regulatory agencies will come through with some monetary help. He also said he would make sure the shellfish industry contributes as well.

MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION TO OF APPROVING FUNDING NOT TO EXCEED $10,000 TO SUPPORT HIRING OF A CRUISE SHIP DIRECTOR.

CEO reported there has not been much marketing since 2010. He learned what has to be marketed and who to market to during his time in Astoria. Astoria has a Cruise Ship Director who caters to the itinerary planners, excursion planners, bookings, etc.

Bruce Conner is the Cruise Ship Director in Astoria since 2004. It takes 1-2 years in order to get bookings. His cost to provide services is $25,000 and renewal of the Cruise the West membership. The City of Eureka has agreed to contribute $10,000 and the County of Humboldt would consider the expense in October.

The three most important things to attract cruise ships are to keep the ship captain happy, keep the passengers happy and protect the financial interests of the ship company.

COMMISSIONER DALE MOVED TO APPROVE FUNDING TO SUPPORT HIRING OF A CRUISE SHIP DIRECTOR. COMMISSIONER NEWMAN SECONDED.

Commissioner Higgins asked CEO about the infrastructure. CEO said there have been many conversations with Dave and Ryan Schneider regarding the use of his dock. The Schneiders are willing to work around the log ships. A 75’ gangway is needed to make the dock area useable for cruise ships.

COMMISSIONER DALE AMENDED HIS MOTION TO APPROVE FUNDING NOT TO EXCEED $10,000 TO SUPPORT HIRING OF A CRUISE SHIP DIRECTOR. COMMISSIONER NEWMAN SECONDED. MOTION CARRIED WITH COMMISSIONER HIGGINS DISSENTING.

C. CONSIDERATION OF ADOPTION OF RESOLUTION 2014-10 WHICH ESTABLISHES FINDINGS RELATIVE TO THE APPLICATION BY CHEVRON USA, INC. FOR THE EUREKA TERMINAL REPAIR PROJECT.

COMMISSIONER HIGGINS MOVED FOR THE ADOPTION OF RESOLUTION 2014-10 WHICH ESTABLISHES FINDINGS RELATIVE TO THE APPLICATION BY CHEVRON USA, INC. FOR THE EUREKA TERMINAL REPAIR PROJECT. COMMISSIONER DALE SECONDED.
District Planner reported the permit is for repairs at the Chevron dock. The repairs are consistent with the Humboldt Bay Management Plan.

ROLL CALL VOTE:
COMMISIONER NEWMAN – AYE
COMMSSIONER DALE – AYE
COMMISIONER MARKS – AYE
COMMISIONER WILSON – ABSENT
COMMISIONER HIGGINS – AYE

MOTION CARRIED WITHOUT DISSENT.

D. CONSIDERATION OF GRANTING PERMIT 14-02 TO CHEVRON USA, INC. FOR THE EUREKA TERMINAL REPAIR PROJECT.

COMMISIONER HIGGINS MOVED FOR GRANTING PERMIT 14-02 TO CHEVRON USA, INC. FOR THE EUREKA TERMINAL REPAIR PROJECT. COMMISIONER NEWMAN SECONDED. MOTION CARRIED WITHOUT DISSENT.

E. CONSIDERATION TO AUTHORIZE PAYMENT OF THE FOLLOWING EXPENSES WHICH HAVE BEEN IDENTIFIED AS BEING BEYOND THE CEO’S AUTHORIZATION LIMIT:
ADVANCED APPRAISAL INTERNATIONAL $8,000; MM DIVING $9,000; AND ROBERT COLBURN ELECTRIC $11,000.

COMMISIONER HIGGINS MOVED TO AUTHORIZE PAYMENT OF THE FOLLOWING EXPENSES WHICH HAVE BEEN IDENTIFIED AS BEING BEYOND THE CEO’S AUTHORIZATION LIMIT: ADVANCED APPRAISAL INTERNATIONAL $8,000; MM DIVING $9,000; AND ROBERT COLBURN ELECTRIC $11,000. COMMISIONER NEWMAN SECONDED.

ADMINISTRATIVE AND EMERGENCY PERMITS: None.

The Regular Meeting of the Board of Commissioners adjourned at 8:40 p.m.

APPROVED BY: [Signature]
Greg Dale
Secretary

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

August 28, 2014

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

President Marks called the Executive Closed Session to order at 6:00 p.m.

President Marks adjourned the Executive Closed Session at 6:50 p.m.

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

Captain John Powell led those present in the Pledge of Allegiance.

District Counsel reported on the Executive Closed Session as follows: Status of Conference with Real Property Negotiator: No action taken; Status on Conference with Legal Counsel – Existing Litigation: District Counsel reported the case has been resolved and settled. Full payment and back rent has been approved by general consensus of all Board members.

PUBLIC COMMENT:

Debbie Provolt asked how much the USEPA wants for the cleanup compensation from the Harbor District. She said she is not asking for disclosure of confidential information, but she heard the cost of the cleanup was approximately $5m and she was wondering who they were going to collect from.

Karen Brooks announced on September 28 at 10 a.m. there would be a 2 or 5 mile waterfront run and she invited everyone to attend. The money raised will be used to purchase youth running shoes and to promote the bay trail. Also in April and September the Six Rivers Running Club Marathon from Elk River to Arcata and back will be to support bay trails.

Kent Sawatzky said he and others are willing to donate/grant funds to Timber Heritage Association, but the main criteria is that they must own the property. He also said he support enabling coastal dependent industrial properties to be used short-term for other uses; however he does not support those properties being converted to residential.

CONSENT CALENDAR: None

COMMUNICATIONS AND REPORTS

CEO REPORT:

- CEO wished Captain John Powell well in his retirement from the Harbor District and his new private endeavor as Humboldt Bar Pilots Association and thanked him for his years of service to the Harbor District.
Redwood Terminal 2 Cleanup: CEO reported he saw the first couple of tanks, originally brought in for additional storage capacity, leaving today by truck. He said the vacant spots are very obvious looking down from the top of the boiler. USEPA will be gone for about one month and then will return to start removing the sludge. There are less than 1,100 gallons of liquors left to be transported and they should be gone the first week of September.

Vic Markytan, President of MM Diving, gave the Board a report. He said the GPS coordinates were good and the diver found the pipe on the first try. There is 864’ of clogged pipe. It will cost $12-14,000 per day, plus the cost of a boat, to dig out the pipe and will take approximately one week. It is critical to put a buoy on to mark the end of the pipe as soon as possible.

**STAFF REPORTS:**

- Adam Wagschal – HT Harvey & Associates
  - Reported interested mariculture growers were taken on a site visit as part of the mariculture pre-permitting project.
  - Reported on the Eelgrass Management Plan for Humboldt Bay
    - The current management of eelgrass is not working; there are too many differing policies and the mitigation plans are failing.
    - A two-day workshop is being planned for October 6-7 to address eelgrass issues. Non-governmental organizations, regulatory agencies, stakeholders and experts are being invited.

District Planner
- Fisherman's Channel Dredging
  - PG&E staff took District Planner on a site visit August 21. The primary dredging need is at the channel entrance. PG&E estimates 560 cy of sediment will need to be removed to achieve a design depth of 8’. A biological survey noted the presence of 0.14 acres of eelgrass and it is anticipated that a 4:1 eelgrass mitigation plan will be required.
  - A potential dredge material disposal site is at King Salmon Beach. An alternative site is the District's Fields Landing site for temporary dredge material dewatering.
  - Staff seeks direction from the Board to hold a meeting for the regulatory agencies for project review and early consultation.

**DISTRICT COUNSEL REPORT:** None.

**COMMISSIONER AND COMMITTEE REPORTS:**

Commissioner Dale:
- Met with the new Port Commission Officer in Coos Bay, Oregon.

President Marks:
- Reported the tanks at the pulp mill site are being quickly moved out. He thanked the Board, District staff and USEPA for all the hard work accomplishing this clean-up project.

Commissioner Wilson:
- Attended a barbeque luncheon sponsored by the District and the US Coast Guard – a thank you to the USEPA and agency staff.
- Attended the shellfish growers tour. Heard compliments about how this is the most business friendly area.
- Attended the Humboldt Bay Harbor Working Group meeting - Andrew Sturmfels, the Legislative and Intergovernmental Affairs representative from GOBiz was the guest speaker.
Commissioner Higgins:
- Had a great time at the barbeque.
- Met the new US Army Corps of Engineers Lt. Col. John Morrow
- Pacific halibut – Even though there is plenty of halibut, the August closure will most likely continue for years.

OTHER

Larry Henderson, Humboldt Bay Harbor Working Group, spoke about interagency harbor collaboration. The goal is to create new jobs. The harbor is underutilized – there should be one vision, one strategy, one priority and one plan of action for the harbor portion of the bay. He said the District, City and County should all adopt the same plan so that there would be one guiding document.

Susanna Munsell said Mr. Sturmfels (GOBiz) said businesses look for a united community.

Commissioner Higgins asked Mr. Henderson what he thought of the two recent rail studies. Mr. Henderson said his purpose of this presentation was not to debate the benefits of the railroad, but that he understood the results of the study was that the study was made to determine whether the District should spend money at this time and the study said no, the rail should not be a high priority at this time.

Commissioner Wilson spoke about the many ways the District is collaborating with others on various planning processes, studies, etc. He said he doesn’t see any conflict with the agencies the District is already collaborating with.

Commissioner Dale said he was offended by the notion the Harbor District does not currently, or has not in the past, collaborate with others. He said the District Board is just not doing what the Harbor Working Group wants them to do.

Mr. Henderson said the District is out of compliance with planning laws. Commissioner Wilson said he spoke with Dr. Chad Roberts, who said the District is in compliance. District Planner agreed as well.

UNFINISHED BUSINESS

President Marks acknowledged a number of people in the audience wishing to speak on the Fisherman’s Channel dredging project. He said normally Public Comment is where this should take place, but there was some confusion about the item being under District Planner’s report. He allowed public comment at this time.

Monte Provolt asked about the time frame on the dredging now that the District has received money from PG&E. He asked who is responsible for what pieces of the dredging project. Dredging is imperative because the banks are sloughing in and at low tide the channel is silted in. He asked how many more phases have to be completed before the dredging can begin.

NEW BUSINESS:

A. CONSIDERATION OF ACCEPTING FOR FILING APPLICATION FOR PERMIT 14-06 TO MLRX2, LLC FOR THE MLRX2 STORMWATER IMPROVEMENT AND TIDE GATE PROJECT.

COMMISSIONER HIGGINS MOVED TO ACCEPT FOR FILING THE APPLICATION FOR PERMIT 14-06 TO MLRX2, LLC FOR THE MLRX2 STORMWATER IMPROVEMENT AND TIDE GATE PROJECT. COMMISSIONER WILSON SECONDED. MOTION CARRIED WITHOUT DISSENT.
B. CONSIDERATION OF ADOPTION OF REVISED DISTRICT PERSONNEL POLICIES.

COMMISSIONER WILSON MOVED TO TABLE THE ADOPTION OF REVISED DISTRICT PERSONNEL POLICIES. COMMISSIONER HIGGINS SECONDED.

Commissioner Wilson suggested the position of Director of Conservation should remain since the Environmental Specialist does not have the authority or weight to represent the District.

President Marks suggested Commissioner Wilson work with CEO to finalize the document for Board consideration.

MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS

Administrative Permit A-2014-04 to Wiyot Tribe for Debris Cleanup on Indian Island was issued.

The Regular Meeting of the Board of Commissioners adjourned at 9:04 p.m.

APPROVED BY:  
Greg Dale  
Secretary

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

August 14, 2014

PRESENT:
Commissioner Dale
Commissioner Marks
Commissioner Wilson
Commissioner Higgins

ABSENT:
Commissioner Newman

President Marks called the Executive Closed Session to order at 6:04 p.m.

Larry Doss and Pete Oringer, Timber Heritage Association, addressed the Board prior to commencing Executive Closed Session. Mr. Oringer said the approval of an Exclusive Right to Negotiate for the purchase of the Redwood Marine Terminal Berth 1 Roundhouse Real Property will help their organization obtain grants and establish permanency, while preserving local history.

President Marks adjourned the Executive Closed Session at 6:53 p.m.

President Marks called the regular meeting of the Board of Commissioners to order at 7:05 p.m.

President Marks lead those present in the Pledge of Allegiance.

District Counsel reported on the Executive Closed Session as follows: Status of Conference with Real Property Negotiator: There was unanimous consent to direct CEO and District Counsel to respond to Timber Heritage Association regarding matters associated with the ERTN and there was no action taken on the Sale of the Boiler item; Status on Conference with Legal Counsel – Existing Litigation: no action taken.

PUBLIC COMMENT:

Kent Sawatzky said if the drought continues, one of the few areas with industrial property with water access. He suggested stockpiling five-years’ worth of water for municipalities. Some coastal dependent industrial property may be needed to be used as coastal dependent non-industrial on a temporary basis. Mr. Sawatzky also said he appreciated the Board’s consideration of the Timber Heritage Association’s ERTN. The Harbor District will enjoy good Karma by facilitating the transfer of ownership of the property in order for the THA to obtain grants.

CONSENT CALENDAR

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

COMMUNICATIONS AND REPORTS

CEO REPORT:

- CEO wished Dan Berman, Director of Conservation, well in his new position as Trinidad City Manager and thanked him for his years of service to the Harbor District.
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- Redwood Terminal 2 Cleanup: Steve Calanog, USEPA, reported as of today approximately 2.3 million gallons of pulping liquors have been transported to Longview, WA; signaling 85% completion. Six tanks have been removed, 3 completely. It is estimated the completion of the liquor transfer will happen on September 5. Tank demolition is estimated to be complete by January 2015.

STAFF REPORTS:

Director of Harbor Operations/Bar Pilot:
- Three ships are scheduled to dock at Schneider dock within the next 45 days.
- By the end of next week, all the dredge equipment should be at the Fields Landing Boat Yard.

District Planner
- Two of three agencies have responded regarding the water trails permitting.
- Has been learning firsthand about Director of Conservation’s responsibilities.
- The RFP for the bathymetric survey of 13 Humboldt Bay dock sites has been distributed.
- Developing the RFP for improvements at Redwood Terminal 2 using New Markets Tax Credits. Director of Facility Maintenance has been very helpful.

District Treasurer
- Has been working on the District’s year end accounting issues and readying for the annual audit.

DISTRICT COUNSEL REPORT: None.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Dale:
- Reported it is an odd year for oyster seed growth – very slow.

President Marks:
- Travelled to Redway with CEO to make a presentation to the Garberville/Redway Rotary.

Commissioner Wilson:
- Said he happy to help THA to obtain grants, even if they are only leasing the Berth 1 property.

Commissioner Higgins:
- Eel River and Pt. Seward may disconnect causing ecological stress.
- Has been working on MLPA issues and fish management

UNFINISHED BUSINESS: None

NEW BUSINESS:

A. CONSIDERATION OF ADOPTION OF RESOLUTION 2014-10, A RESOLUTION REAFFIRMING THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT’S COMMITMENT TO CREATING JOBS AND SUSTAINABLE ECONOMIC GROWTH THROUGH HUMBOLDT BAY AND ITS HARBOR.

COMMISSIONER HIGGINS MOVED FOR THE ADOPTION OF RESOLUTION 2014-10, A RESOLUTION REAFFIRMING THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT’S COMMITMENT TO CREATING JOBS AND SUSTAINABLE
ECONOMIC GROWTH THROUGH HUMBOLDT BAY AND ITS HARBOR. COMMISSIONER DALE SECONDED.

District Counsel commended the Board for not rubber-stamping the resolution as other agencies did. This is a much more coherent and consistent resolution, closely aligned to what the Board adopted the first time around.

President Marks said the Humboldt Bay Working Waterfront Opportunities Committee was given counsel by three different counsels to come together untied.

Kent Sawatzky applauded everyone – the resolution is heading towards the first plan, the creation of jobs overall. It is good to see the agencies working towards the same result.

Commissioner Wilson said he disagreed that the agencies are butting heads and said that at the staff and policy level, there was unity.

ROLL CALL VOTE WAS TAKEN:
- COMMISSIONER NEWMAN - ABSENT
- COMMISSIONER DALE - AYE
- COMMISSIONER MARKS - AYE
- COMMISSIONER WILSON - AYE
- COMMISSIONER HIGGINS = AYE

MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION TO AWARD 2014 REFUNDING REVENUE BONDS TO BBVA COMPASS BANK.

COMMISSIONER WILSON MOVED FOR THE APPROVAL OF AWARDING THE 2014 REFUNDING REVENUE BONDS TO BBVA COMPASS BANK. COMMISSIONER HIGGINS SECONDED.

Kent Sawatzky asked the Board if they were casting aside their safety net by no longer being required to keep the reserve fund as the former bonds required. He cautioned the Board to find another way to retain reserves.

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION TO ACCEPT AND DEPOSIT THE RETAINER FOR JPMCHASE, THE PROPOSED NEW MARKETS TAX CREDIT INVESTOR, IN THE AMOUNT OF $50,000 IN EXCHANGE FOR $3 MILLION IN NEW MARKETS TAX CREDITS ALLOCATION.

COMMISSIONER HIGGINS MOVED TO ACCEPT AND DEPOSIT THE RETAINER FOR JPMCHASE, THE PROPOSED NEW MARKETS TAX CREDIT INVESTOR, IN THE AMOUNT OF $50,000 IN EXCHANGE FOR $3 MILLION IN NEW MARKETS TAX CREDITS ALLOCATION. COMMISSIONER WILSON SECONDED.

Albert Lemus, Lowes Enterprises, told the Board if they invested $3.8M in Parcel A improvements and $2.5M in acquisition of Parcels B & C, for $6.3M investment the District would only borrow $3.5M. Therefore, the District would have a $10M asset and only $3.5M debt. There would be approximately $150,000 worth of costs associated with the process. As the facility is cleaned up and improved, more tenants will be attracted.
Kent Sawatzky said when a public agency borrows over $700,000, they must have a feasibility study done by a licensed engineer. Caution is justified. In the feasibility study it must state the designation of coastal dependent industrial and abide by all legal uses.

MOTION CARRIED WITHOUT DISSENT.

D. CONSIDERATION TO ACCEPT AND DEPOSIT THE RETAINER FOR THE CSCDA ALLOCATION $25,000 IN EXCHANGE FOR $9 MILLION IN NEW MARKETS TAX CREDIT ALLOCATION

COMMISSIONER DALE MOVED TO ACCEPT AND DEPOSIT THE RETAINER FOR THE CSCDA ALLOCATION $25,000 IN EXCHANGE FOR $9 MILLION IN NEW MARKETS TAX CREDIT ALLOCATION. COMMISSIONER WILSON SECONDED. MOTION CARRIED WITHOUT DISSENT.

E. CONSIDERATION TO ACCEPT LACO ASSOCIATES UPDATED PHASE 1 FOR PARCELS A, B AND C FOR $25,000.

COMMISSIONER HIGGINS MOVED TO ACCEPT LACO ASSOCIATES UPDATED PHASE 1 FOR PARCELS A, B AND C FOR $25,000. COMMISSIONER DALE SECONDED.

Kent Sawatzky said if the update on Phase 1 says you need a Phase 2, does this slow down the New Markets Tax Credit project? Commissioner Wilson replied Phase 2 has been done from the previous Phase 1; since much of the high ticket Phase 2 works has been done, clean up will be specifically documented.

CEO said the Water Board is aware of the data gaps and are following the progress.

COMMISSIONER HIGGINS AMENDED HIS MOTION AS FOLLOWS: TO ACCEPT LACO ASSOCIATES UPDATED PHASE 1 FOR PARCELS A, B AND C FOR $30,000. COMMISSIONER DALE ACCEPTED THE AMENDMENT. MOTION CARRIED WITHOUT DISSENT.

F. CONSIDERATION TO ACCEPT KELLY-O’HERN ASSOCIATES ALTA SURVEY PROPOSAL OF PARCEL A FOR $22,500.

COMMISSIONER HIGGINS MOVED TO ACCEPT KELLY-O’HERN ASSOCIATES ALTA SURVEY PROPOSAL OF PARCEL A FOR $22,500. COMMISSIONER WILSON SECONDED. MOTION CARRIED WITHOUT DISSENT.

G. CONSIDERATION OF LEASE TO MCKENNY’S INSULATION DIVISION OF 13,000 SF, WEST END OF REDWOOD TERMINAL 2 SHOP FOR TRUCK AND FOAM STORAGE.

COMMISSIONER WILSON MOVED FOR THE APPROVAL OF LEASE TO MCKENNY’S INSULATION DIVISION OF 13,000 SF, WEST END OF REDWOOD TERMINAL 2 SHOP FOR TRUCK AND FOAM STORAGE. COMMISSIONER DALE SECONDED.

Kent Sawatzky asked if McKenny’s Insulation Division was a legal use of the property. He said the rate at $.20 sf is half the price of private rates and cautioned the Board to not undercut private business.
COMMISSIONER WILSON AMENDED HIS MOTION TO ADD THE FOLLOWING: GIVE CEO DIRECTION WITH DISTRICT COUNSEL OVERSIGHT. COMMISSIONER DALE ACCEPTED THE AMENDMENT.

MOTION CARRIED WITH COMMISSIONER WILSON ABSTAINING.

ADMINISTRATIVE AND EMERGENCY PERMITS: None.

The Regular Meeting of the Board of Commissioners adjourned at 9:25 p.m.

APPROVED BY: 

Signature on File
Greg Dale
Secretary

RECORDED BY: 

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

July 24, 2014

PRESENT:
Commissioner Marks
Commissioner Wilson
Commissioner Higgins
Commissioner Newman

ABSENT:
Commissioner Dale

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

President Marks adjourned the Executive Closed Session at 6:53 p.m.

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

President Marks asked Sebastian Elrite 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 Negotiator: no action taken; Status on Threatened Litigation: no action taken; Status on Conference with Legal Counsel: no action taken.

PUBLIC COMMENT:

Sebastian Elrite, Aqua-Rodeo Farms, said he mentioned at the previous Board meeting his concerns about the sizes of the Mariculture subleases. He asked if there is a way to break the parcels down more to be more affordable. Commissioner Wilson said the RFP was distributed, but it is not final yet. He said his advice is for the lessees to propose what they want and the District will try to accommodate. Commissioner Higgins asked if the meeting on August 15, 2014 would address these concerns. Director of Conservation said that meeting is a tour of the sites and interested parties should RSVP.

CONSENT CALENDAR: None

COMMUNICATIONS AND REPORTS

CEO REPORT:

- There is a new updated photo of the Pulp Mill property on Google Earth now.
- Redwood Terminal 2 Cleanup: Steve Calanog, USEPA, reported as of today approximately 1.83 million gallons of pulping liquors have been transported to Longview, WA, equating 435 truckloads. There are 4 out of the 11 tanks left to empty. Shipping will continue to Kapstone Paper Company throughout August. The estimated completion date is set for October 1, 2014. Tank demolition will continue and the estimated completion date for that is January 2015. Sludge solidification has begun and hoping to complete that task by March 2015. President Marks said delays were expected, but the progress is great. The EPA has done a phenomenal job. Mr. Calanog said they have a great team with the Harbor District as their partner.
- CEO said the ocean outfall pipe was inspected. Director of Harbor Operations/Bar Pilot operated the Fire Boat, which saved the District approximately $5,000 in vessel costs. The four divers went down for an hour at a time; an impressive operation. The GPS coordinates used were extremely
accurate because they had inspected the pipe before. The divers decompressed for about a half hour after each dive. The operation was very successful, they had a perfect weather window and the condition of the pipe seemed to be better than anticipated. A presentation regarding the findings will be given to the Board soon.

- It is estimated by August 1, 2014, a Community Development Entity letter of commitment should be issued and a accounting firm should be hired to prepare a financial model. The New Markets Tax Credit (NMTC) closing process should begin with the CDE letter and investor announced by August 15, 2014. Phase 1 analysis of the pulp mill property and the financial analysis will have to begin without knowing the full process. The EPA and the Harbor District needs to finalize the cost sharing agreement. The Harbor District and the Regional Water Quality Control Board are working on completing a final draft of the Remedial Action Plan (RAP) by September 1, 2014. The RAP public comment period is 30 days starting October 1, 2014. The NMTC closing date is November 14th. Construction work will begin December 1, 2014. There will be approximately 18 months to finish the work.

**STAFF REPORTS:**

Director of Facility Maintenance:

- The dredge arrived in various pieces and was assembled by staff completely. The test drive was done at the dock site. Dredge is now resting comfortably in the boat yard at Fields Landing. The engine in it will get documented by a certified technician then will attempt to sell in Oregon and Washington; it is not California emissions-ready. Staff will continue to maintain the dredge and get it ready to run. It is a working man’s dredge; very easy to service. The dredge came with a work boat called the Bar Fly and it performs well also. A cutter welder also came with the dredge, which has the pipe for discharging and is in good working condition.

Director of Harbor Operations/Bar Pilot:

- The Corps of Engineers dredge finished just in time; dredged the entrance and bar to approximately 75% of project depth. They left as the vessel Crimson Polaris was entering the bay.
- Went on a tour of the Crimson Polaris; loading is going great; beyond expectations. They should be ready to head out this weekend.

**DISTRICT COUNSEL REPORT:** None.

**COMMISSIONER AND COMMITTEE REPORTS:**

Commissioner Newman:

- Has been commercial fishing in Shelter Cove.

President Marks:

- Has been involved in quite a few meetings.
- Went on a tour of the vessel Crimson Polaris. Director of Harbor Operations and Bar Pilot was put to work. He had to pilot the vessel to reposition due to the wind.

Commissioner Wilson:

- Had a meeting with John Driscoll, Representative for Congressman Jared Huffman.
- Met with representatives of Shatz Energy Lab regarding a study to look at a site for potential wave energy research.
Commissioner Higgins:
- Attended a meeting with EPA and had very productive discussions.
- Has been monitoring the Eel River and does not recommend swimming in it because it is getting low and algae is forming.
- Attended the Northern Nights Music Festival on the Eel River. Talked to a lot of young people about the river and how to take care of it.

UNFINISHED BUSINESS:

A. CONSIDERATION OF ADOPTION OF RESOLUTION 2014-09, A RESOLUTION ESTABLISHING FINDINGS RELATIVE TO THE PERMIT APPLICATION BY NORTH COAST REGIONAL LAND TRUST FOR THE MARTIN SLOUGH TIDE GATE IMPROVEMENT PROJECT, ELK RIVER, CALIFORNIA.

COMMISSIONER HIGGINS MOVED FOR THE ADOPTION OF RESOLUTION 2014-09, A RESOLUTION ESTABLISHING FINDINGS RELATIVE TO THE PERMIT APPLICATION BY NORTH COAST REGIONAL LAND TRUST FOR THE MARTIN SLOUGH TIDE GATE IMPROVEMENT PROJECT, ELK RIVER, CALIFORNIA. COMMISSIONER WILSON SECONDED.

Director of Conservation said there are two linked items: the adoption of the item and then granting the permit. The project is to replace an existing tide gate. It will significantly improve fish passage. It qualifies for categorical exemption from the CEQA process because it is only replacing an existing structure. Maintaining the existing tidal regime is priority. He recommends that the Board adopts the resolution.

Commissioner Newman said he is supportive as a Board member of the North Coast Regional Land Trust, but he will be recusing himself.

Don Allen, Redwood Community Action Agency, said he was approached in 2001 about replacing the tide gates. It has taken 13 years to get to this point. He appreciates the consideration and thanked all the staff who worked on the project. Commissioner Higgins said Mr. Allen deserves gratitude for all of his hard work. This is good for whole system and good for the community.

MOTION CARRIED WITHOUT DISSENT, WITH COMMISSIONER NEWMAN RECUSED.

B. CONSIDERATION OF GRANTING PERMIT 14-01 TO NORTH COAST REGIONAL LAND TRUST FOR THE MARTIN SLOUGH TIDE GATE IMPROVEMENT PROJECT.

COMMISSIONER WILSON MOVED FOR THE APPROVAL OF PERMIT 14-01 TO NORTH COAST REGIONAL LAND TRUST FOR THE MARTIN SLOUGH TIDE GATE IMPROVEMENT PROJECT. COMMISSIONER HIGGINS SECONDED. MOTION CARRIED WITHOUT DISSENT.

NEW BUSINESS:

A. CONSIDERATION OF ACCEPTING FOR FILING PERMIT APPLICATION 14-04 TO EUREKA FOREST PRODUCTS FOR MAINTENANCE DREDGING OF THE SIERRA PACIFIC DOCK.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF FILING PERMIT APPLICATION 14-04 TO EUREKA FOREST PRODUCTS FOR MAINTENANCE DREDGING OF THE SIERRA PACIFIC DOCK. COMMISSIONER NEWMAN SECONDED.
Director of Conservation said this is the final step in the process for filing for the permit. The Board accepted the permit application for the same project a year ago, but a new round of sediment data was necessary, which has now been completed. Harbor District Staff recommended accepting the filing of this permit.

MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF ACCEPTING FOR FILING PERMIT APPLICATION 14-05 TO THE HUMBOLDT BAY HARBOR DISTRICT FOR THE HUMBOLDT BAY REGIONAL INVASIVE SPARTINA ERADICATION AND NATIVE SALT MARSH RESTORATION PROJECT.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF FILING PERMIT APPLICATION 14-05 TO THE HUMBOLDT BAY HARBOR DISTRICT FOR THE HUMBOLDT BAY REGIONAL INVASIVE SPARTINA ERADICATION AND NATIVE SALT MARSH RESTORATION PROJECT. COMMISSIONER WILSON SECONDED.

Director of Conservation said this is the Spartina eradication work that has been ongoing for years. It is under a set of permits that authorized work on existing lands. The job now is to expand the work area. The District is doing its own permit process to finish the work with the Coastal Commission.

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF A 90-DAY EXTENSION TO THE EXCLUSIVE RIGHT TO NEGOTIATE WITH ENERGISTYCS, INC. FOR A PORTION OF REDWOOD TERMINAL 2 PARCEL A FOR PURPOSES OF A PELLET MILL OPERATION.

COMMISSIONER NEWMAN MOVED FOR THE APPROVAL OF A 90-DAY EXTENSION TO THE EXCLUSIVE RIGHT TO NEGOTIATE WITH ENERGISTYCS, INC. FOR A PORTION OF REDWOOD TERMINAL 2 PARCEL A FOR PURPOSES OF A PELLET MILL OPERATION. COMMISSIONER WILSON SECONDED.

CEO stated the initial 180 days have gone by quickly and recommends an additional 90 day extension to the Exclusive Right to Negotiate with Energistycs, Inc.

Kevin Leary, Energistycs Inc., said they are considering three different viable methods of financing. The financing is contingent on obtaining the applicable permits. Mr. Leary said they are finalizing terms with Sierra Pacific, Schmidbauer, South Coast Lumber, and Simpson. Representatives from Mitsubishi, who could be an offtake purchaser, is expected to be here mid-September. Currently they are working on completing a lease agreement, complete with permit requirements and should be done with the document soon.

Commissioner Higgins said he is very optimistic. He is impressed with their drive and attention to detail. It is within bounds of reason to reward hard work with a no cost extension. Mr. Leary thanked Commissioner Higgins. He said their biggest concern right now is obtaining their permit from the Coastal Commission. Commissioner Higgins acknowledged the projectis being proposed on coastal dependent industrial land and a lot of the project will be indoors and with low pollution risk.

Commissioner Wilson said he hopes they have an expert on their team who is familiar with permits. Mr. Leary said Scott Foster is their primary permit expert.
President Marks said this is the perfect footprint for this type of project. Replacing coal with wood pellets would be a lot better for the environment; he is very supportive.

Mr. Leary said within 18 months they will be able to sell the pellets within California.

MOTION CARRIED WITHOUT DISSENT.

D. DISCUSSION OF PERSONNEL POLICIES UPDATE.

Director of Administrative Services said the Harbor District Staff has been working on revisions to update wording. Wording regarding step raises have been removed and replaced with performance evaluation raises. An employee’s sick leave will not be charged for a medical appointment during the work day; it will be paid time off. There will be an education incentive of $.25/unit raise upon receiving a passing grade.

CEO said the new positions and union negotiations with be discussed with the Board in the near future.

Commissioner Higgins said he is most pleased that staff was receptive and that raises will be awarded on an incentive based process; it is a better motivator for employees. Commissioner Higgins urged Staff to “Keep up the good work and thanks for these changes.”

President Marks said when he was first elected he was put in a position to negotiate union issues. He said he is very happy that a consistent contract has been negotiated so that everyone can understand their roles and responsibilities. He is thrilled about the process.

ADMINISTRATIVE AND EMERGENCY PERMITS: None.

The Regular Meeting of the Board of Commissioners adjourned at 7:58 p.m.

APPROVED BY: [Signature]
Greg Dale
Secretary

RECORDED BY: [Signature]
Patricia Tyson
Clerk
MINUTES
REGULAR MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

July 10, 2014

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

President Marks called the Executive Closed Session to order at 6:15 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 led those present in the Pledge of Allegiance.

District Counsel reported out of the Executive Closed Session as follows: Public Employee Performance Evaluation – No action taken; Threatened Litigation – No action taken.

PUBLIC COMMENT: None

CONSENT CALENDAR: None

COMMUNICATIONS AND REPORTS

CHIEF EXECUTIVE OFFICER REPORT:

- Redwood Terminal 2
  - CEO reported on Redwood Terminal 2 cleanup efforts that 1.5 million gallons of caustic liquors have been shipped and the District has paid $200,000 in trucking services to date. The District has been reimbursed $140,000 through the Coast Seafoods loan. EPA has cut back to shipping one green tank per day and are now blending solids with fly ash to get the pH level lower in order to transport the solids to Washington.
  - The Taylor Shellfish operation is up and running.
  - CEO thanked President Marks for taking the Redwood Region Economic Development Commission on a tour of the Pulp Mill.
  - The “For Lease” signs are out.
- The dredge was completely disassembled in order to transport it to Fields Landing. The reassembling was difficult, but is approximately 95% done. There is still equipment remaining in Oregon due to trucking delays. The seller has requested the District pay his bank to stop accruing interest and file lien releases.
- Staff is waiting on good weather to do the diving inspection on the outfall pipe.
- The new forklift has been delivered.
- CEO has devoted a lot of his time on the New Markets Tax Credit project.

STAFF REPORTS:

Director of Conservation Report:
- Participated with California Fish and Wildlife staff in a round of eelgrass monitoring. Former Conservation Specialist Jeff Robinson set it up years ago.
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- Attended a Sea Level Rise Adaptation meeting.
- Working with PG&E on King Salmon dredging.
- Has been working on several permit applications: The Martin Slough Tide Gate Replacement, Coast Seafoods Expansion, and Chevron Dock Repairs are all in the works and are up on the District's website.

Bar Pilot Report:
- The US Army Corps of Engineers dredge is here and is pushing hard in the bar and entrance channel. They are trying to get areas down to a depth of 44 ft. to start and then finally to 48 ft.
- First ship ship, NYK Lines, is due next Monday at 5:00 a.m. at California Redwood. K line, another large shipping carrier, might also start shipping chips.

District Planner Report:
- Working with the Humboldt County Economic Development staff. The EDA grant was filed, asking to provide more detail on infrastructure. The EDA, CDBG, and the TIGER Grants are all in the works.
- Working on a reuse permitting for the Shelter Cove building. He has been asked to find a competitive bid. The good news is the price is down and there is a good local Cultural Resources Consultant who has a great working relationship with Tribal Historic Preservation Officers.
- The Coastal Development Permit will proceed.
- Has been helping out on the New Market Tax Credit project.

District Treasurer Report:
- His staff is assisting District staff during District Bookkeeper’s absence.

COMMISSIONER AND COMMITTEE REPORTS:

President Marks:
- Enjoyed leading the tour of the Pulp Mill for the RREDC.
- Attended North Coast Railroad Authority meeting. Northwestern Pacific Corporation (NWP Co) celebrated their 3rd year of successfully moving freight. They talking about doing some repair work between Windsor and Healdsburg for $1.25M, but are waiting until their budget is in the black before they take on any other projects. Talked about cleaning up some of their property, which NWP Co. said they could do for $250K, but then raised the price to $600K. They had an agreement for a cell tower in Willits and are going to renegotiate.
- Said Cameron Renner from Renner Petroleum had some safety issue with trucks being able to drive through without stopping in some areas.

Commissioner Wilson:
- Said it is the 100 year anniversary of NWP Co.

Commissioner Higgins:
- Attended the Fort Bragg Salmon Festival, promoting the Eel River Recovery Program.
- Attended the Marine Life Protection Act meeting.
- Has been spending time on the New Market Tax Credit project.

OTHER BUSINESS:

E. ALBERT LEMUS (BY PHONE) – UPDATE ON NEW MARKETS TAX CREDIT PROGRAM

Via conference call Albert Lemus of Lowes Enterprises updated the Board of Commissioners on the New Markets Tax Credit project. He said he will be able to provide an answer for funding on July 25, 2014. The Harbor District is in a very enviable position to have 5 interested
intermediaries. The appraisal of Parcel A came in at $3.8M, which is lower than expected. Lowes Enterprises is working to restructure the leverage loan to adjust to the shortfall. The current shortfall is $1M. Mr. Lemus asked for direction on whether or not to include parcels B and C, which would exacerbate leverage shortfalls to approximately $3M. The Harbor District has the option to secure a loan to cover the shortfall secured by parcels A, B, and C.

Commissioner Higgins said the property is worth $3.8M blighted; if it were cleaned up and developed, it might be a whole different number. Mr. Lemus said the appraisal is without any contaminants on the property.

Mr. Lemus has been working with CEO to put together a project scope to make the building economically viable for tenants. Should they also include the acquisition of Parcels B and C into the appraisal? Adding those parcels into the appraisal would add to the shortfall, however the additional loans would be included into the paperwork.

CEO said he informed the Board of Commissioners that Mr. Lemus would be here next week and they could refine the details then.

Mr. Lemus said Option A is a $13M tax credit transaction and does not include Parcels B and C. The total leverage is approximately $8.842M which generates the New Markets benefit of $4.1M. The Coast Seafoods loan has been considered for additional leverage. The gap is approximately $1.1M. There are a number of options to fill the gap; details will be discussed next week.

CEO asked how much capital will be generated for improvements on the property for $1M. Mr. Lemus said the District will receive a $3.563M benefit.

Mr. Lemus said Option B has one significant difference. In this scenario the District would acquire Parcels B and C for $2.38M and the District would have $270,000 for improvements on the site. The total would change to $16.2M from $13M. The benefits grow to approximately $6.1M, which is substantial. Mr. Lemus said he is in discussion with a couple of lenders who are interested. He asked the Board for approval to explore both options.

President Marks asked if the District went with the second option, would it mean more pressure on the project? He said while the benefits are great, the Board does not want to hinder the process. Mr. Lemus asked if money was not an issue, how long would it take to close on Parcels B and C. CEO said it would happen extremely fast. The seller is extremely motivated. Mr. Lemus said there is no timing difference between Options A and B other than the closing time on Parcels B and C. He is looking forward to spending more time with the Board next week and clarifying the process.

President Marks thanked Mr. Lemus for his time and the call ended.

UNFINISHED BUSINESS:

A. SECOND READING AND ADOPTION OF FY 2014/2015 BUDGET.

Director of Administrative Services said the Total Budget Balance amount has not changed since the first reading done on June 12, 2014. The only change was the dollar amounts for revenue for the Brownfields loan and TIGER Grant, which in turn changed the expenditures under non-operating expenses on property improvement. CEO said the reason for the change on the Brownfields loan was that the District had a two year allocation and did not get the first year so the District reduced the first year and excluded the TIGER Grant from the budget. Director of Administrative Services stated the FY 2014/15 Budget totals as follows: total revenue:
$12,876,997; total operating expenses: $2,178,700; total non-operating expenses: $9,299,576; total excess revenue over (under) expenses: $1,398,721; total deduction of single-use revenues: $170,000; Total Budget Balance: $1,228,721.

COMMISSIONER HIGGINS MOVED FOR THE ADOPTION OF FY 2014/2015 BUDGET. COMMISSIONER DALE SECONDED. MOTION CARRIED WITHOUT DISSENT.

NEW BUSINESS:

A. CONSIDERATION OF ADMINISTRATIVE CONTRACTS FOR DIRECTOR OF ADMINISTRATIVE SERVICES, DIRECTOR OF CONSERVATION, DIRECTOR OF FACILITIES MAINTENANCE, DIRECTOR OF HARBOR OPERATIONS AND BAR PILOT, AND BAR PILOT.

CEO explained that this is an annual process of renewing the contracts for management employees.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF THE ADMINISTRATIVE CONTRACTS FOR DIRECTOR OF ADMINISTRATIVE SERVICES, DIRECTOR OF CONSERVATION, DIRECTOR OF FACILITIES MAINTENANCE, DIRECTOR OF HARBOR OPERATIONS AND BAR PILOT, AND BAR PILOT. COMMISSIONER NEWMAN SECONDED. MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF PERMIT AND AGREEMENT TO OPERATE A CHARTER SERVICE WITH SILVER STAR SPORT FISHING LLC DBA SILVER STAR SPORT FISHING.

COMMISSIONER NEWMAN MOVED FOR THE APPROVAL OF PERMIT AND AGREEMENT TO OPERATE A CHARTER SERVICE WITH SILVER STAR SPORT FISHING LLC DBA SILVER STAR SPORT FISHING. COMMISSIONER WILSON SECONDED. MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF LEGAL SERVICES WITH NIXON PEABODY FOR A YET TO BE FORMED NONPROFIT ORGANIZATION THAT WILL BE THE NEW MARKETS TAX CREDIT QUALIFIED BORROWER.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF CONTRACT FOR LEGAL SERVICES WITH NIXON PEABODY FOR A YET TO BE FORMED NONPROFIT ORGANIZATION THAT WILL BE THE NEW MARKET TAX CREDIT QUALIFIED BORROTHE DISTRICTR. COMMISSIONER NEWMAN SECONDED.

Commissioner Wilson asked for the staff report.

CEO said it had been an intense day with interviews from accounting and legal firms. The interview team consisted of Commissioner Higgins, District Planner, and CEO. They selected Novogradac and Company LLP for the financial consulting firm. Nixon Peabody, as the legal consulting firm, is a large firm with a strong environmental component. CEO asked the Board to approve Nixon Peabody as legal counsel to represent Qualified Active Low Income Community Business non-profit and Novogradac and Company LLP for the accounting firm. There is a $2500 retainer for Nixon Peabody and a smaller retainer for Novogradac.

Commissioner Wilson said if the District is going through the time and expense of creating a non-profit, consideration should be given to the idea of making the mission broader to possibly be a tool for other products and things that the District does. District Counsel said when you form a
corporation, the mission is usually broad. There should not be much of anything to restrict what the corporation can legally do.

Commissioner Dale asked if the corporation has a lifespan. District Counsel said no, it does not have a lifespan.

President Marks said it does not have to be non-profit, it can be for profit but that carries more complications.

Commissioner Higgins said it is a complicated game. The District cannot just go recruit any lawyer to do New Markets Tax Credits. They are highly qualified and have seasoned teams. Albert Lemus has a track record with a capacity to perform. Building a foundation is a step in the right direction. He said he likes the idea of Nixon Peabody having a background in economic development.

COMMISSIONER HIGGINS ACCEPTED THE FRIENDLY AMENDMENT TO INCLUDE ITEM 10.
D. APPROVAL OF ACCOUNTING SERVICES WITH NOVOGRADAC & COMPANY FOR FINANCIAL CONSULTING FOR NEW MARKET TAX CREDIT PROGRAM. COMMISSIONER NEWMAN SECONDED. MOTION CARRIED WITHOUT DISSENT.

D. CONSIDERATION OF ACCOUNTING SERVICES WITH NOVOGRADAC & COMPANY FOR FINANCIAL CONSULTING FOR NEW MARKET TAX CREDIT PROGRAM.

This item was discussed under item 10 C, see motion above.

E. CONSIDERATION OF RELEASE OF RFP FOR LEASES FOR THE HUMBOLDT BAY MARICULTURE PRE-PREMITTING PROJECT.

Adam Wagchal, HT Harvey & Associates, reported the project is funded through the Headwaters Fund and the Humboldt Bay Harbor, Recreation and Conservation District. The District is obtaining all required regulatory permits to lease out sites to local shellfish growers. The goal is to have the permits in hand within the next year. There is some chance the project description will change as the District goes through the process. Selections need to be made about who will lease the sites. The District started a planning process to educate people about the sites and is now looking at releasing Requests for Proposals. The three parts of the RFP include: how to divide the parcels for leasing, base costs for bids on the parcels, and proposed advertising through the RFP. The District has been pursuing permits for larger areas. The District has determined minimum costs for each parcel using lease costs in the bay and other places in the country as a basis for determination. Administrative costs will be incurred by the Harbor District and City of Eureka. Ted Kuiper helped compile much of the information. There is a lot of variability in terms of cost. California Department of Fish and Wildlife has been the best source for site lease costs. The District decided to come up with one minimum cost for bidding for intertidal sites. The District has been looking at advertising by notifying existing shellfish growers, putting ads in various magazines, and using an extensive email distribution and mailing list.

CEO said staff is asking the Board to approve the RFP as it has been developed. This does not guarantee the proposers have a lease and the Harbor District does have the right to reject. Staff is looking to distribute the RFP and see what kind of response is received. There is still at least a whole year worth of permitting to do. The response from the RFP will give a strong indication if there is a demand for the property. CEO stated the District does not want to get into tracking production; just simple leases.
Commissioner Dale said there should be some language in the RFP which requires production. Mr. Wagschal said the state does require production on their leases. CEO said even though, the District should include production in the lease.

COMMISSIONER NEWMAN MOVED FOR THE APPROVAL OF RELEASE OF RFP FOR LEASES FOR THE HUMBOLDT BAY MARICULTURE PRE-PERMITTING PROJECT. COMMISSIONER DALE SECONDED.

Commissioner Wilson there should be some communication with the Wiyot Tribe about the RFP and maybe asking them for some comment.

Ted Kuiper thanked District Staff for their great effort and well written RFP. He said he likes how the parcels have been subdivided. The timeline for the proposals should be discussed prior to the release of the RFP. He suggested the comment period should be extended to two periods of 30 days each. There are several publications that would be beneficial to advertise in. Mr. Kuiper suggested the District push back the deadline for receipt of proposals in order to get a bigger response. Subdivisions of subtidal 3, B, and C is recommended. These sites should be cut in half for smaller parcels for flupsy growers.

CEO said this is an ongoing process and is not final. The intertidal sites will go fast, then the District can focus more on the subtidal sites. Commissioner Wilson said proposals will be accepted after the deadline as well.

Commissioner Higgins said an extension would be reasonable with other factors left to the discretion of staff. CEO said there is not a lot of time, so staff is trying to expedite this process. Mr. Wagschal said the end date does have real implications. Commissioner Wilson said he is scheduled to present at the Shellfish Growers meeting.

Todd VanHerpe, Humboldt Bay Oyster Company, asked for more consideration to be given to the smaller operators that could benefit from flupsy sites.

Sebastian Elrite, Aqua-Rodeo Farms, said he has been following the process and is pleased with how it is starting to shape up. He would like to see intertidal 2 divided up into smaller parcels. He has 10 acres, but is probably only using 3 acres of it. Smaller parcels mean bigger opportunity for smaller shellfish growers. Commissioner Dale said it is also a good idea for intertidal 1.

Commissioner Wilson asked if staff can slice it up more? CEO said the District has 6 areas at Woodley Island Marina that are small and available to smaller growers. Mr. VanHerpe said the water quality is not as great at the Marina as it is at the other parts of the bay. It is better than nothing, but ideally other areas of the bay would be better. CEO stated these are $200-$300/month tideland leases. Staff is thinking to keep the larger sizes, but let smaller growers get together and share the sites. Commissioner Wilson said the District could still have smaller spaces for the same price and there could be a minimum price for acreage. Commissioner Higgins said CEO suggested a collaborative strategy where small growers can get in. It sounded reasonable to him. CEO said extending out another 30 days to the 10th of October would would fit in the schedule.

COMMISSIONER NEWMAN PROPOSED A FRIENDLY AMENDMENT TO EXTEND THE COMMENT PERIOD BY 30 DAYS. COMMISSIONER HIGGINS SECONDED. MOTION CARRIED WITHOUT DISSENT.
F. CONSIDERATION OF ADOPTING RESOLUTION NO. 2014-08, A RESOLUTION ADOPTING AN INITIAL STUDY WITH MITIGATED NEGATIVE DECLARATION AND ADOPTING A MITIGATION MONITORING AND REPORTING PROGRAM FOR THE HUMBOLDT BAY WATER TRAILS PROJECT.

COMMISSIONER WILSON MOVED FOR THE ADOPTION OF RESOLUTION NO. 2014-08, A RESOLUTION ADOPTING AN INITIAL STUDY WITH MITIGATED NEGATIVE DECLARATION AND ADOPTING A MITIGATION MONITORING AND REPORTING PROGRAM FOR THE HUMBOLDT BAY WATER TRAILS PROJECT. COMMISSIONER HIGGINS SECONDED.

District Planner said three sites have been identified. Improvements at Woodley Island, Fields Landing, and Arcata. Moffitt and Nichols was retained to do the CEQA process and responses to the comments are available. The mitigation report has been modified to take into consideration Eelgrass concerns. District Planner recommended the Board accept the adoption of the CEQA documents.

Commissioner Wilson said it is great to have three projects shovel ready.

Commissioner Higgins said this project preceded his joining the Board.

Sebastian Elrite, Aqua-Rodeo Farms, said he is excited about the I Street location in Arcata because he uses that location frequently.

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.

G. CONSIDERATION OF HUMBOLDT BAY WATER TRAILS PROJECT CEQA DOCUMENTS (SCH#2014052065) FOR ADOPTION.

COMMISSIONER DALE MOVED FOR ADOPTION OF THE HUMBOLDT BAY WATER TRAILS PROJECT CEQA DOCUMENTS (SCH#2014052065). COMMISSIONER WILSON SECONDED. MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None.

The Regular Meeting of the Board of Commissioners adjourned at 8:58 p.m.

APPROVED BY:  

RECORDERED BY:

Patricia Tyson
Director of Administrative Services