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

DATE: October 8, 2015
TIME: Executive Closed Session - CANCELLED
      Regular Session — 7:00 PM
PLACE: Woodley Island Marina Meeting Room

The Meeting Room is wheelchair accessible. Accommodations and access to Harbor District meetings for people with other handicaps must be requested of the Director of Administrative Services at 443-0801 at least 24 hours in advance of the meeting.

1. Call to Order Regular Session at 7:00 P.M. and Roll Call

2. Pledge of Allegiance

3. Public Comment
   Note: This portion of the Agenda allows the public to speak to the Board on the various issues not itemized on this Agenda. A member of the public may also request that a matter appearing on the Consent Calendar be pulled and discussed separately. Pursuant to the Brown Act, the Board may not take action on any item that does not appear on the Agenda. Each speaker is limited to speak for a period of three (3) minutes regarding each item on the Agenda. Each speaker is limited to speak for a period of three (3) minutes during the PUBLIC COMMENT portion of the Agenda regarding items of special interest to the public not appearing on the Agenda that are within the subject matter jurisdiction of the Board of Commissioners. The three (3) minute time limit may not be transferred to other speakers. The three (3) minute time limit for each speaker may be extended by the President of the Board of Commissioners or the Presiding Member of the Board of Commissioners at the regular meeting of the District. The three (3) minute time limit for each speaker may be enforced by the President of the Board of Commissioners or the Presiding Member of the Board of Commissioners at the regular meeting of the District.

4. Consent Calendar
   a. Consideration of approval of minutes from April 23, 2015 Regular Board Meeting.
   b. Consideration of approval of minutes from May 14, 2015 Regular Board Meeting.
   c. Consideration of approval of minutes from June 11, 2015 Regular Board Meeting.
   d. Consideration of approval of minutes from June 25, 2015 Regular Board Meeting.
   e. Consideration of approval of minutes from the July 9, 2015 Regular Board Meeting.
   f. Consideration of approval of minutes from the July 23, 2015 Regular Board Meeting.
   g. Consideration of approval of minutes from the August 13, 2015 Regular Board Meeting.
   h. Consideration of approval of minutes from the August 27, 2015 Regular Board Meeting.
   i. Consideration of approval of minutes from the September 10, 2015 Regular Board Meeting.
   j. Consideration of one-year extension of Permit 14-06 to MLRX2, LLC for the MLRX2 Storm Water Improvement and Tide Gate Project.

5. Communications and Reports
   a. Executive Director Report
   b. Staff Reports
   c. District Counsel, District Planner and District Treasurer Reports
   d. Commissioner and Committee Reports
   e. Other

6. Non Agenda

7. Unfinished Business
Agenda for October 8, 2015 Regular Board Meeting

8. New Business
   b. Consideration of adoption of the Mitigated Negative Declaration for Redwood Marine Terminal II Coastal Development Permit/Conditional Use Permit
   c. Consideration of Alaskan Anvil, LLC Lease.
   d. Discussion of policy development for implementation of Living Shore Lines.

9. Administrative and Emergency Permits

10. Adjournment
PRESENT:

Commissioner Newman
Commissioner Dale
Commissioner Marks (arrived late)
Commissioner Higgins

ABSENT:

Commissioner Wilson

Vice President Higgins called the regular meeting of the Board of Commissioners to order at 6:04 p.m.

Commissioner Dale led those present in the Pledge of Allegiance.

PUBLIC COMMENT: None

CONSENT CALENDAR: None

COMMUNICATIONS AND REPORTS

EXECUTIVE DIRECTOR’S REPORT:

- SB 141 is not out of Committee yet, but the purpose is to add a new Sec. 28.5 to the California Harbors and Navigation Code, Appendix 2, as follows: “The district shall not make an expenditure of trust monies from the Humboldt Bay Harbor, Recreation and Conservation District Fund to purchase or otherwise acquire real property without first having obtained approval of the State Lands Commission. The district shall give the State Lands Commission at least 90 days’ written notice of its intent to make an expenditure of trust monies to acquire real property. The notice shall include the total proposed expenditure from the tideland’s trust, the location of the real property, purpose of the acquisition, and an explanation of how the acquisition is consistent with the terms of the trust grant. The State Lands Commission shall have 90 days to review and approve the proposed expenditure.”
- House and Garden- Exclusive Right to Negotiate for property at Redwood Terminal 2. Staff has been meeting with County, City, and District Planners. House and Garden is concerned that any delay will cost $2-4 million in sales. Pending purchase and lease offers have been made in Arcata. The plan is to continue the process to allow for general industrial use and to allow interim general industrial use with special conditions.

Commissioner Marks entered the meeting.

- Taylor Shellfish – operations ongoing in the warehouse building.
- Pulp Mill Clean up – Continuing to empty tanks and haul to landfill.
- Meeting w/ Fishermen Marketing Association
- Marina FLUPSY – Humboldt Bay Oyster Company has put in a flupsy in a slip at Woodley Island Marina.
- Extra Marina Security
- The storage yard and work yard on Woodley Island have been combined into one to make room for the potential building of the Oyster Bar and Restaurant on the west end of the Island.
- Plans for the fish market on Woodley Island are moving forward.

STAFF REPORTS

Deputy Director updated the Board on the following:

- Cultural Resources Inadvertent Discovery Protocol – presentation later in the meeting.
- Moorage Wait List Process – agenda item later in the meeting.
- Meetings with County, Cities and Coastal Commission regarding Coastal Dependent Industrial Zoning.
Assessing Status of Vessels and Docks in Marina.

Regulatory projects:
- Hagfish Company – Redwood Marine Terminal Berth 1
- Mariculture Pre-Permitting Project
- HSU Reverse Osmosis Project
- King Salmon Breakwater
- King Salmon Dredging

Director of Harbor Operations:

- Boat tour with Commissioner Dale for The Gospel Outreach School.
- Working with Cruise Director Bruce Conner.
- Possible Grant funding for Dock Equipment
- Ship and Dock Particulars Determining Maximum Cruise Ship Sizes.
- Trip to Astoria First Week of May to Meet with Cruise Ship Captain.
- Working in the Federal Surplus Program for Possible Acquisitions for the Harbor District.
- Water Rescue from the Port Authority Boat.

Director of Facility Maintenance:

- D-dock end tie replacement next week; dredge tender BarFly will be used.
- Assessed the work to be done on King Salmon sea wall.
- Mud wash tank project – trying to save the tank without compromising it.
- Combining the storage yard and the work yard – some of the tenants are moving their property to Redwood Marine Terminal Berth 1.

Director of Administrative Services:

- March’s unaudited financial reports were presented to the Board.

District Planner:

- The City of Eureka, County and Harbor District met to discuss using grant funds to do absorption studies required by the Coastal Commission.
- County Community Development Block Grant – a scope of work is being developed for an infrastructure study on Redwood Marine Terminal 2 wastewater issues.
- General Plan Update – a workshop will be held next week.
- Water Trails – Coastal Commission did not like the alternative analysis contained in the CEQA document.
- Executive Director and District Planner attend the Samoa Peninsula Fire District fund raiser.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Newman:
- Humboldt Bay recreational salmon fishing season will begin May 1.
- Executive Director, Deputy Director, Commissioner Marks and District Planner attended the Humboldt Fisherman’s Marketing Association meeting and talked about concerns of the new fish market on Woodley Island, storage yard access and the potential partial change of Woodley Island’s zoning to waterfront commercial.

Commissioner Dale:
- Had a fun family trip.
- Went on the boat tour with the Gospel Outreach School. It was a good opportunity to educate others about the Harbor District and Humboldt Bay.
Commissioner Marks:
- One of the items discussed at the Humboldt Fisherman's Marketing Association meeting was the many whale entanglements.
- Attended the Timber Heritage Association fundraiser, which was well-attended.
- Toured Taylor Mariculture operations at Redwood Terminal 2.

Commissioner Higgins:
- Attended the Timber Heritage Association fundraiser.
- Attended a fundraiser for the Institute of Fisheries Resources where Zeke Grader was honored.
- Participated in the yellow-legged frog survey on the south fork of the Eel River.
- Attended the Round Valley Indian Tribe Earth Day celebration.

OTHER: Albert Lemus – Lowes Enterprises – was not available for this meeting.

NON AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS

A. CONSIDERATION OF ADOPTION OF PROTOCOLS FOR “POST-REVIEW” AND INADVERTENT ARCHAEOLOGICAL DISCOVERIES FOR GROUND DISTURBING PROJECT PERMITS, LEASES OR FRANCHISES ISSUED BY THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT.

Janet Eidsness, Tribal Historical Preservation Officer (THPO) of the Blue Lake Rancheria; Erica Cooper, Tribal Historic Preservation Officer from Bear River Rancheria and Tom Torma, Cultural Director for the Wiyot Tribe were present. Ms. Eidsness said they had already developed partnerships with the local cities and county government to address their concern. Historically Wiyot tribes were sited along the still waters of Humboldt Bay and many sites have yet to be located.

Today, tribes will be notified of project referrals and the THPOs will be able to assist when the Harbor District grants leases, permits, franchises, etc. For any Native American remains found on public (not federal) or private property, the law requires the project stopped and protocols followed.

AB52 will change the CEQA requirements, requiring consultation with tribes about Native American resources.

Ms. Cooper said many of the tribal sites are located next to Harbor District properties. The earlier the notification takes place, the easier it is to protect the sites.

Mr. Torma said AB52 provides a new category of environmental resource to protect and share cultural knowledge.

COMMISSIONER HIGGINS MOVED FOR THE ADOPTION OF PROTOCOLS FOR “POST-REVIEW” AND INADVERTENT ARCHAEOLOGICAL DISCOVERIES FOR GROUND DISTURBING PROJECT PERMITS, LEASES OR FRANCHISES ISSUED BY THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT. COMMISSIONER DALE SECONDED.

Commissioners Higgins stated the speakers represent a tremendous resource and formalizing a relationship is a good thing.

MOTION CARRIED WITHOUT DISSENT.
B. CONSIDERATION OF ADOPTION OF RESOLUTION 2015-04, A RESOLUTION
ESTABLISHING A FORMALIZED PROCESS FOR THE WOODLEY ISLAND MARINA
MOORAGE WAIT LIST.

Deputy Director reported the new process will ensure that people on the wait list are serious and
formalize and increase transparency of process; and if the entrant is not ready to sign up for a
slip, they move to the bottom of the list allowing ready entrants to get moorage.

Two major new aspects to the process are 1) a one-time fee of $100 and $25 annual fee and 2)
posting of the list to the internet.

Commissioner Higgins said it is important for people to know where they are on the waiting list.

Susan Penn asked if it was necessary to charge $25 per year; it is not the person’s fault if they
did not get a slip.

COMMISSIONER HIGGINS MOVED FOR THE ADOPTION OF RESOLUTION 2015-04, A
RESOLUTION ESTABLISHING A FORMALIZED PROCESS FOR THE WOODLEY ISLAND
MARINA MOORAGE WAIT LIST. COMMISSIONER DALE SECONDED. ROLL CALL VOTE
WAS TAKEN:

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

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF APPROVAL OF PERMIT AND AGREEMENT TO OPERATE A BED
AND BREAKFAST BUSINESS WITH R. CHARLES (DOBY) AND KIM CLASS DBA FIRST
CLASS.

Mr. Class told the Board he has been operating about 2 ½ years and the tourists enjoy staying at
Woodley Island Marina. He said operating a floating bed and breakfast is part of his retirement
plan.

COMMISSIONER DALE MOVED FOR THE APPROVAL OF PERMIT AND AGREEMENT TO
OPERATE A BED AND BREAKFAST BUSINESS WITH R. CHARLES (DOBY) AND KIM CLASS
DBA FIRST CLASS. COMMISSIONER HIGGINS SECONDED.

Pete Oringer stated the Chamber of Commerce is having a mixer on May 7th, jointly sponsored by
Timber Heritage Association and the Discovery Museum. Mr. Oringer said he is on the Humboldt
County Visitors and Convention Bureau Board. He asked the Board to make sure the District
mandates payment of Transient Occupancy Tax and the TBID fees.

Mr. Class said he does pay the TOT and TBID taxes/fees. It is a requirement of having a
business license.

MOTION CARRIED WITHOUT DISSENT.

D. FY2015/16 BUDGET WORKSHOP

Director of Administrative Services reported the summary of the FY 2015/16 Budget as follows:
Revenue $7,963,822; Expenses $2,339,408; Non-Operating Expenses (Capital Expenses and
Debt Payment) $4,812,695; Excess Revenues over Expenses $811,719; Deduction of Single-Use
Revenues ($175,000) and Total Budget Balance $636,619.
Revenue includes $1,668,400 received for the sale of equipment at Redwood Terminal 2 and $3,300,000 New Market Tax Credits.

Expenses include an additional Harbor Maintenance Worker 1 employee, negotiated increase in wages for the classified employees and a 5% increase for management personnel.

Capital Improvements include $83,000 Woodley Island Facility Improvements; $430,000 Dredging Expenses; $105,000 Redwood Marine Terminal Berth 1 Improvements; and $3,310,000 Redwood Terminal 2 Improvements.

Susan Penn said she agreed with the employee raises, but does not want dock gates. She would like to see a camera that would take pictures of license plates, but Director of Facility Maintenance says they are too expensive.

Executive Director said that the cost of this type of camera is around $7,000, but can be added to the list of improvements.

Kent Sawatzky said the majority of the budget center around Redwood Terminal 2 and New Market Tax Credits. He said it is hard for the District to budget because it is unknown what if any of the equipment at Redwood Terminal 2 is going to sell. He asked about the potential liability to the USEPA and said pension liability disclosure is required.

The Regular Meeting of the Board of Commissioners adjourned at 8:02 p.m.

APPROVED BY: ____________________  
RECORDERD BY: ____________________

Greg Dale  
Secretary

Patricia Tyson  
Director of Administrative Services
PRESENT:

Commissioner Newman  
Commissioner Dale  
Commissioner Marks  
Commissioner Wilson  
Commissioner Higgins

President Marks called the Executive Closed Session to order at 6:10 p.m.

President Marks adjourned the Executive Closed Session at 6:43 p.m.

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

President Marks led those present in the Pledge of Allegiance.

District Counsel reported on Closed Session as follows: Conference with Real Property Negotiators – 1) Pre-permitted Oyster Leases: Commissioner Dale recused himself and left the room. No action was taken and 2) Exclusive Right to Negotiate with Sustainable World Solutions, LLC: Commissioner Dale returned to Closed Session. The Board of Commissioners voted unanimously they are not interested at this time to enter into negotiations for the six (6) acres with a water clarification facility at the Redwood Terminal 2 property.

PUBLIC COMMENT

Kent Sawatzky said he was at the Board of Supervisors meeting and they were discussing seismic activity. He said he appreciates when a Board member recuses themselves from participating in an agenda item that could be perceived as a conflict of interest. The rules regarding conflicts of interest are very tight.

Sebastian Elrite, Aqua-Rodeo Farms told the Board to check out the quarterly Insider. He and Commissioner Dale are included in an article. He said it was nice to see commissioners at the Timber Heritage Association Chamber mixer. Mr. Elrite said we are in a transitional period on Woodley Island and storage has been moved to Redwood Dock. He is being charged for a larger space with limited access. The shuffling is causing tenant inconvenience and staff time. The fencing has been taken down around the original storage yard and is concerned with the riff raff on the island after midnight. There should be more security considering the recent losses.

Rex Olander asked why the minutes are so far behind. Commissioner Higgins responded it is due to staff transition.

Kent Sawatzky said other agencies are behind with their minutes also.

CONSENT CALENDAR

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

COMMUNICATIONS AND REPORTS

EXECUTIVE DIRECTOR’S REPORT:

Steve Calanog, USEPA, reported to the Board extensive sludge and tank removal is ongoing. While EPA is the lead agency, USCG Pacific Strike Team and CalOSHA are supporting agencies. Only one steel tank remains standing. A total of approximately 8,000 tons of sludge has been removed. The cost of demolition of the tile and concrete tanks on the north side of the facility are lower than expected. Talks with Special Forces of the Air Force and Navy to see if the
demolition of the smoke stack would meet their training curriculum requirements. Targeting mid-July to end the project with a bang!

- Redwood Terminal 2 Substation Repairs: Energy cost to operation 20kw- $2,000/month; Circuit breaker gas leaks - $2,000 New Market Tax Credit budgeted improvements $500,000-$900,000; Substation c/month; Recent inspection 7 of 9 detected leaks; Replacement costs $12,000 each $110,000, an be “mothballed” until repaired; and additional 12kv minimum service - $15,000.

- Redwood Marine Terminal Berth 1 - Building 3 had power prior to 2005; Power restored 2013 for the aquaponics pilot project and Timber Heritage Association; Power restored 2014 to operate the hoist and lights; Building 3 needs 3 phase power; Potential Hagfish or live crab tenant; Hagfish tenant lease - $40,000/yr, revenue and Cost of power restoration - approx. $20,000.

- Community Development Block Grant Feasibility Study: County of Humboldt is advertising for RFQ/RFP for an $80,000 grant; Feasibility study only to repurpose the pulp mill water filtration plant and ocean outfall pipe; wastewater from Samoa Peninsula - outfall; wastewater from Terminal 2 tenants - outfall; wastewater from Eureka discharge - outfall; dredge slurry/sediment processing - water treatment plant and feasibility study used for EDA grant design work.

- Oyster Bar and Restaurant on Woodley Island - Executive Director presented artist's renderings of the plans for the property at the west end of Woodley Island where the storage yard was previously positioned.

**STAFF REPORTS**

Deputy Director:

- Eelgrass Management Plan EPA Proposal – requesting $80,000; with time contributions from Wiyot Tribe, CA Coastal Commission, CA Coastal Conservancy, County of Humboldt, City of Eureka, City of Arcata, National Marine Fisheries Service, Sea Grant, Humboldt Baykeeper and Hog Island Oyster Company.

- Hagfish operation project development, water quality measurements and permit applications.

- Assessing Fields Landing and White Slough as potential options for King Salmon dredge material dewatering and beneficial reuse.

- Tour with Coastal Conservancy and other agencies of restoration opportunities between Elk River and King Salmon.

Director of Harbor Operations:

- Trip to Astoria to shadow Bruce Conner during a cruise ship visit - *Golden Princess* arrived May 7th for a 9-hour visit
  - Approximately 3,000 passengers
  - 10 varieties of tours offered - Used approximately 30 Tour/School Buses
  - Local volunteers acting as Tour Guides

- Marine debris removal From King Salmon Channel.

- U.S.S. Champion arriving May 28th from San Diego, transiting to Fleet Week in Portland

- Working with California Redwood Company on a trip to Washington D.C.

- Continued work on new and renewing leases for the District properties.

- Divers to Marker 5 in South Bay for PORTS inspection and maintenance.

Director of Facility Maintenance:

- D-dock end tie replacement is complete; dredge tender Bar Fly was used.

- The storage yard cleanup project was mostly favorable with the tenants; most of the spaces are now slightly larger.

- A forklift was stolen from Redwood Marine Terminal Berth 1 on May 7th. It is a felony to steal public property. The Harbor District is offering $1,000 reward for information leading to the recovery of the forklift.

District Planner:

- Met with PG&E representatives and revised the Initial Study and Mitigated Negative Declaration based on the comments received during the public comment period.

- A meeting will be held next week with the Cities, County, property owners and Harbor District on the LCP amendment.
The RFQ will be distributed on May 18 for the Community Development Block Grant.
Starting tomorrow, a full-time intern will be working on harbor projects.
Attended the THA Chamber mixer with some of the commissioners.

District Treasurer
New accounting standards requires public agencies to report their unfunded pension liabilities. CalPERS does the computation and the report will be available in June. The cost of the report is $850.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Newman:

- Sorry to report the commercial salmon fishing season is not a good one.

Commissioner Marks:
- Attended the THA Chamber mixer.
- Attended a NCRA Board meeting where removing billboards between Arcata and Eureka were discussed. CalTrans has requested NCRA to resubmit information because they lost the original submittal. Also discussed were NCRA locomotives on the Balloon Track. Security National is removing/refurbishing some of the locomotives.
- Humboldt Redwood Company wants to remove the rails on their property as they are a hazard with forklifts. This would relieve NCRA of a $250,000 debt.

Commissioner Wilson
- Attended the THA Chamber mixer
- Attended a Woodley Island Wildlife Area subcommittee meeting.

Commissioner Higgins:
- Researching the salmon runs as an incubator in main stem of Eel River.
- Attended the THA Chamber mixer.
- Eel River Recovery Project – free consult on water pollution prevention and water conservation.

OTHER

Albert Lemus – Lowes Enterprises

New Market Tax Credit update - $3.5 billion is expected to be released at the end of May and there are 100 firms (Community Development Enterprises (CDE)) involved. Mr. Lemus has received strong interest in the Harbor District’s project from four CDEs and feels good that the District will receive an allocation in the 2015 round. Key tasks pending are finalizing the EPA settlement, obtaining construction contracts of $3,000,000 and issuing conditional awards based on the New Market Tax Credit process.
The schedule for the project is as follows:

June/July – secure allocations from CDEs - $50,000 deposit will be owed
September (closing) $3 million deposited in construction account; administrative fee due $200,000

Commissioner Higgins asked if plans can be adapted to new prospective tenants. Mr. Lemus replied there are 100 items to be performed and they can be revised if similar and on the same parcel (change orders).

Allocation of $9.8 million in credits. Harbor District’s contribution: Collateral Parcels A & B, seven-year commitment; $1.5 million borrowed. The benefit is $3 million in improvements.

Kent Sawatzky asked if the $1.5 million borrowed is second to the Coast Seafoods loan. Mr. Lemus replied the Coast Seafoods loan would be senior to the New Market Tax Credits.
NON AGENDA: None

UNFINISHED BUSINESS

A. STATUS OF COASTAL DEVELOPMENT PERMIT, WATER BOARD 401 PERMIT AND ARCATA USE PERMIT FOR WATER TRAILS PROJECT.

District Planner reported the design is in, the environmental documents and review are complete, a lengthy list of additional request from agencies regarding bay impact and other issues were received. He said there will be coordination with City of Arcata on the Use Permit.

B. CONSIDERATION OF ADOPTION OF FY 2015/16 PRELIMINARY BUDGET

Director of Administrative Services reported the FY 2015/16 Preliminary Budget being presented at this meeting is the same one presented during the Board’s Budget Workshop held on April 23.

Commissioner Wilson said he was not in favor of splitting out the improvements to Woodley Island into the General category. He said all of Woodley Island’s improvement expenses should be left in the Marina category.

Commissioner Newman said many tenants feel raising the rates at this time is unreasonable due to the rising increase in rates over the last couple of years. The assumption was that there would be no incremental raises for a time. Also the off-boat sales permits have been free up until now, where the budgeted amount is $250/yr. At times the season is very short and there is not much product. Commissioner Newman suggested $100/yr. He said he felt the increase in rates for Fields Landing Boat Yard are appropriate.

Commissioner Wilson said he agrees with the $100/yr. for off-boat sales; the charter boats pay $250/yr. but their season is longer.

Executive Director stated tenant electrical use is down approximately 40% due to the fact they now pay for their electrical use.

Commissioner Newman said some of the tenants feel many of the services are going away and the rates are increasing.

COMMISSIONER HIGGINS MOVED FOR THE ADOPTION OF FY 2015/16 PRELIMINARY BUDGET. COMMISSIONER WILSON SECONDED.

Commissioner Dale said he would support the motion if it was amended to $100/yr. for off-boat sales permits and a 1% increase to marina rates.

Commissioner Higgins said he would not accept Commissioner Dale’s suggestion.

Kent Sawatzky said he appreciated Commissioner Dale’s suggestion; it is a good compromise. Woodley Island Marina was originally designed for the fishermen. It’s a small amount of money when the District has so many large projects.

Sebastian Eilte said as a business owner he applied for the no cost permit to sell shellfish off his boat. Having that permit, the Harbor District should get something.

Susan Penn asked where are the projected capital expenses and debt payments? Maintenance of Woodley Island marina is the largest concern. Tenant restrooms are not cleaned; make sure the facilities are appropriately attended to.

Mike Cunningham, commercial fisherman, said services have plateaued or decreased and rates have been increased. He cannot get out of his slip 10-20% of the time due to the silt. The last
crab season was poor and the upcoming salmon season may not be better. Retail sales draw people to the island and other services are utilized. What are the fishermen getting for the $250/yr.?

COMMISSIONER HIGGINS AMENDED HIS MOTION TO ADOPT THE FY2015/16 PRELIMINARY BUDGET TO INCLUDE $100/yr FOR AN OFF-BOAT SALES PERMIT AND A 1% INCREASE IN MARINA RATES. COMMISSIONER WILSON ACCEPTED THE AMENDMENT. MOTION CARRIED WITH COMMISSIONER NEWMAN DISSENTING.

NEW BUSINESS

A. DISCUSSION – WOODLEY ISLAND WILDLIFE COMMITTEE – COMMISSIONER HIGGINS

Commissioner Higgins reported when the Woodley Island Wildlife Area committee met on April 28, it had been 22 years since their last meeting. The committee took a field trip around Woodley Island and some expressed concern with the non-native vegetation removal by the Conservation Corps without agency knowledge/participation.

The committee discussed the non-native trees, such as the Eucalyptus trees, and some root growth around water pipes. Several artifacts dredged from the bay sit near the weather service office. Donating the artifacts to Timber Heritage Association would require a permit from the Coastal Commission.

Many areas of the fencing are gone or need replacement.

Rex Olander asked how far back does one figure out what is native. Eucalyptus trees were grown to make pilings because they grow fast and do not rot. Eucalyptus trees are grown in many ports.

Susan Penn said she participated as non-voting, a volunteer. She said some agency members thought the meeting was closed and she probably will not be invited back, but does feel there is a place for public involvement.

Commissioner Newman said public involvement should be embraced.

Commissioner Wilson said it is the Harbor District’s obligation to run the committee. The last time the committee met the Brown Act did not exist. The committee is a condition of the Coastal Development Permit to manage the wildlife area.

District Counsel said if the committee is a standing one for the Harbor District, the Brown Act would apply and transparency and openness would be welcome.

B. CONSIDERATION OF ACCEPTING FOR FILING PERMIT APPLICATION 15-04 FROM THE HUMBOLDT BAY HARBOUR, RECREATION AND CONSERVATION DISTRICT FOR A HAGFISH HOLDING FACILITY AT REDWOOD MARINE TERMINAL BERTH 1 (REDWOOD DOCK).

Deputy Director reported accepting for filing the permit begins the 30-day public review period. The District is the permittee and the project would relocate the hagfish holding and packing facility from Fields Landing to Redwood Marine Terminal Berth 1.

Director of Facility Maintenance stated the dock has been repaired in order to handle the crossing traffic.
Deputy Director reported water samples of existing facility were taken and there was confirmation today from Regional Water Quality Control Board that they do not consider the discharge as something to require a permit.

MOTION CARRIED WITHOUT DISSENT.


Commissioner Wilson reported Senator McGuire is putting forth a bill to help block offshore oil drilling in California.

Executive Director said he originally put out a letter of support, but Commissioner Wilson asked for it to be brought before the Board for approval since the subject is not on the District’s Legislative Priorities.

COMMISSIONER DALE MOVED FOR THE APPROVAL OF LETTER OF SUPPORT FOR SB788, THE CALIFORNIA COASTAL PROTECTION ACT OF 2015. COMMISSIONER WILSON SECONDED.

Commissioner Higgins said he worked on this very issue in 1976. Seismic activity and offshore oil drilling are not compatible.

MOTION CARRIED WITHOUT DISSENT.

D. CONSIDERATION OF SECURING CREDIT CARD INFORMATION FROM TENANTS TO ALLOW FOR AUTOMATIC PAYMENTS.

Executive Director reported 200+ tenants pay monthly or annually and the District does not currently retain credit card information from tenants, so card information is provided separately for each transaction. He said staff is considering securing credit card information; collect automatic payments if tenants choose this option and collect payments using credit card if tenant is past due. This new process will require new tenants and transients to provide credit card information and agree to future charges.

E. CONSIDERATION OF RATES FOR OFFLOADING SEAFOOD AT DISTRICT PROPERTIES.

Executive Director reported fees would only be collected when hoist is used and proposed the following fee schedule:

a. Bottom Fish = $.025/lb (under 5,000 lb)
b. Bottom Fish = $.020/lb (5,000-10,000 lb)
c. Bottom Fish = $.015/lb (10,000 lb+)
d. Crab = $.050/lb (under 5,000 lb)
e. Crab = $.040/lb (5,000 lb-10,000 lb)
f. Crab = $.030/lb (10,000 lb+)
g. Salmon = $.075/lb
h. Shellfish = $.25/bushel

F. CONSIDERATION OF COSTS AND INSURANCE REQUIREMENTS FOR DIRECT SALES OF FISH FROM VESSELS AT WOODLEY ISLAND MARINA.

Executive Director reported that costs for direct sales from vessels is currently required for other businesses, including boats selling seafood they didn’t catch and land. Other businesses have a $250 annual fee, permit and insurance requirements. He suggested a $100 annual fee plus Permit and insurance requirements.

Executive Director stated formal resolutions for items D, E and F will be brought back to the Board at the next meeting if there is consensus.
Sebastian Elite said pertaining to Item E, there are no real Department of Fish & Wildlife landing requirements for shellfish. He says he does keep his sales receipts. If there is a fee to sell produce to the public, will there be a credit to use the hoist?

The Board agreed to consider Items D, E and F at the next Board meeting.

**ADMINISTRATIVE AND EMERGENCY PERMITS**

Deputy Director reported Administrative Permit A-2015-01 was issued to Chevron USA for removal of four abandoned concrete floats in Humboldt Bay.

The Regular Meeting of the Board of Commissioners adjourned at 10:05 p.m.

**APPROVED BY:**

Greg Dale  
Secretary

**RECORDED BY:**

Patricia Tyson  
Director of Administrative Services
PRESENT:
Commissioner Newman
Commissioner Dale
Commissioner Marks
Commissioner Wilson
Commissioner Higgins

President Marks called the Executive Closed Session to order at 6:02 p.m.

President Marks adjourned the Executive Closed Session at 6:15 p.m.

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

Commissioner Newman led those present in the Pledge of Allegiance.

District Counsel reported on Closed Session as follows: Threatened Litigation – USEPA Settlement Agreement – No action taken.

PUBLIC COMMENT

Susan Penn thanked the Board for the current minutes to be approved this meeting. Also the recycling bins have been removed from Woodley Island and the regular users are not happy.

CONSENT CALENDAR

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

COMMUNICATIONS AND REPORTS

EXECUTIVE DIRECTOR’S REPORT:

- Chris Wedon, USEPA, told the Board they are in the final stretch of getting the toxic sludge out of the big tanks and will start to transport by truck next week. The total final cost is estimated to be approximately $8.5 million. The lime silo is expected to be demolished mid-July. The smoke stacks and tile tanks all need to be demolished. He suggested a celebration party be held.
- USEPA Settlement Agreement: Samoa Pulp Mill cleanup costs- owner responsibility- current estimates $8.5 million; Recognition of District’s efforts- $1.25 million & future investment in redevelopment; Based on MUNIPay model- reimbursement based on salvage value; First $1.25 million to Coast Seafood Loan- no real property collateral and term of agreement- 7 years.
- There have been several complaints about transient traffic in the east restroom on Woodley Island. The restrooms are now closed during the day and require a key card to enter, recycle bins have been removed, the water spout on the outside of the building has been removed and electrical outlet blocked. The tenants have felt threatened. Closing the restrooms has helped slow down the traffic.
Commissioner Wilson said as a civil society, public restrooms are important. This is a good topic for the 2x2 Committee.
President Marks said he would like as an agenda item on the next agenda the placement of a B&B on Woodley Island and funding a B&B for 1-2 years behind the Bayshore Mall.
Executive Director said some of the tenants on H & I docks agree to gangway gates for security reasons. Staff will survey the tenants to see what percent want the gangway gates.

STAFF REPORTS

Director of Harbor Operations:
- Manson dredge BAYPORT is dredging Humboldt Bay’s bar and entrance. 750,000 cy is to be removed. Approximately 300,000 cy have been removed to date.
Minutes (Subject to Approval)
Regular Meeting of the Board of Commissioners
Humboldt Bay Harbor, Recreation and Conservation District
June 11, 2015
Page 2 of 6

- Toured the bay with USACOE Deputy Commander Lt. Col. Czekanski, Commissioners and local officials.
- Used the District’s fire boat to extinguish a fire on the north end of Woodley Island.
- USS Champion stopped overnight on May 28. It is travelling up the coast to Fleet Week in Portland.
- A log ship will be at Schneider dock next week.

Director of Facility Maintenance:
- Annual haul out for maintenance of District’s fire boat. All electronics are in good shape.
- Bagfish operation pump repurposed from the pulp mill.
- King Salmon seawall repair will begin July. Hoops have been made in-house in preparation.

District Planner:
- Harbor District received the permit filing for Humboldt Bay Power Plant Final Site Restoration Plan. It has been reviewed, the Draft Initial Study and Draft Mitigated Negative Declaration have been prepared, posted and currently in the 30-day review process. This will be back to the Board for the permit in July.
- Executive Director, Deputy Director and District Planner met with County Planning Department and discussed broader uses for the Local Coastal Plan.
- Harbor District is collaborating with City of Eureka on the General Plan Update.
- Helping with Coast Seafoods Environmental Impact Report (EIR). The document has been broadened based on public comment. The Draft EIR will be out for review next month.
- Water trails – submitted comments to the Regional Water Quality Control Board and Coastal Commission.
- Website Assistance.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Newman:
- Salmon are not biting.

Commissioner Marks:
- The Board is receiving ‘tire kickers’ for projects at Redwood Terminal 2, but few are following through.
- Attended a NCRA meeting yesterday. Finalizing the sale of property at Healdsburg depot; there are issues with the operator.
- Humboldt Domestic Violence Services, of which he is a Board member, is looking for new Board members.

Commissioner Wilson
- Spent several days with grandparents to celebrate his grandfather’s 100 birthday, his grandmother’s 95 birthday and their 78th wedding anniversary. Also there was a celebration honoring labor leaders for their years of service. Labor leaders from as far away as New Zealand attended. His grandfather was a labor leader.
- Participated in a second grade camping trip on the Eel River.
- Committee discussion on land uses related to Woodley Island and Eureka Waterfront. Working waterfronts these days are not in conflict with other uses.

Commissioner Higgins:
- Eel River Recovery Project – kick-off workshops on water conservation and pollution prevention.
- Has attended several meetings to encourage best practices on cannabis cultivation.
- 140 monitors have been put in the Eel River; spoke about the different types of fish found in areas of the Eel River.

OTHER: None

NON AGENDA: None
Minutes (Subject to Approval)
Regular Meeting of the Board of Commissioners
Humboldt Bay Harbor, Recreation and Conservation District
June 11, 2015
Page 3 of 6

UNFINISHED BUSINESS: None

NEW BUSINESS

A. CONSIDERATION OF A PROCLAMATION IN SUPPORT OF THE VESSEL GOLDEN RULE.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF A PROCLAMATION IN SUPPORT OF THE VESSEL GOLDEN RULE. COMMISSIONER DALE SECONDED.

Chuck DeWitt said he appreciates the energy and support of the community. The relaunch of the GOLDEN RULE will be June 20 at 4 p.m. when it will sail to HSU’s Aquatic Center. A Hiroshima survivor and speakers from around the world will attend the celebration. Zerlang & Zerlang Marine Services have been the biggest donor and workers have been there working seven days a week, 12 hours per day. Leroy Zerlang gathered the history of the GOLDEN RULE and there will be an article in the National Geographic.

Commissioner Dale said this boat did not look saveable. God Bless Leroy for saying this boat is not going away five years ago.

Dr. AJ Oliver, Heidelberg University in Ohio, said Chuck and Leroy are relentless and there has been a significant amount of support from the community.

Helen Jackard, Chair of the program and Logistics Committee, said in attendance at the celebration will be: one member of the original crew and some descendants and a Hiroshima survivor among others. She said the original crew members were Quakers who travelled to the Marshall Islands to educate people on the dangers of nuclear weapons and the results of Hiroshima and Nagasaki.

MOTION CARRIED WITHOUT DISSENT.

Commissioner Wilson presented the District’s Proclamation to Mr. DeWitt and Mr. Zerlang.

B. CONSIDERATION OF APPROVAL OF SETTLEMENT AGREEMENT FOR RECOVERY OF PAST RESPONSE COSTS WITH UNITED STATES ENVIRONMENTAL PROTECTION AGENCY REGION IX.

Executive Director stated this is in response to the $8.5 million cleanup. USEPA has recognized the harbor District’s investment of $1.25 million and future commitments. The settlement is based on the Munipay model and salvage value of turbine/generator andParcel A. Coast Seafoods $1.25 million loan repayment is senior to the USEPA and there will be no obligation to USEPA after seven years even if Parcel A is sold.

Executive Director thanked Congressman Huffman and his staff as well as others for their assistance.

COMMISSIONER DALES MOVED FOR THE APPROVAL OF SETTLEMENT AGREEMENT FOR RECOVERY OF PAST RESPONSE COSTS WITH UNITED STATES ENVIRONMENTAL PROTECTION AGENCY REGION IX. COMMISSIONER NEWMAN SECONDED.

Commissioner Wilson stated Nancy Pelosi and Senator Feinstein both lobbied on the Harbor District’s behalf. It is rare to find the ability where a loan of $1.25 million leverages an $8.5 million cleanup.

Commissioner Newman thanked the congressional representatives. The community is in better shape and the Harbor District is able to move forward.
Commissioner Dale thanked USEPA. They stepped up, were genuine, did a good job and stood by their word.

President Marks thanked his fellow Commissioners. He worked at the pulp mill for about 30 years and he said the management were bad stewards. When the mill stopped cold, there was over 3 million caustic chemicals and a disaster waiting to happen. Now there is a clean piece of property.

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION TO HIRE ADVANCED APPRAISAL INTERNATIONAL TO APPRAISE 771 ACRES OF HUMBOLDT BAY TIDELANDS FOR $7,500.

Executive Director stated as part of the mariculture pre-permitting project, the District will have to lease tidelands from the City of Eureka and private owners and then sublet them back to operators. Advanced Appraisal International has extensive experience throughout California appraising tidelands and there are not many to be found with this type of experience.

COMMISSIONER NEWMAN MOVED FOR THE APPROVAL TO HIRE ADVANCED APPRAISAL INTERNATIONAL TO APPRAISE 771 ACRES OF HUMBOLDT BAY TIDELANDS FOR $7,500. COMMISSIONER WILSON SECONDED. MOTION CARRIED WITHOUT DISSENT.

D. CONSIDERATION OF ADOPTION OF RESOLUTION 2015-10, A RESOLUTION ESTABLISHING RULES AND FEES FOR DIRECT SALES FROM VESSELS AT WOODLEY ISLAND MARINA.

Executive Director stated the Seller signs wavier and is responsible for all licenses and permits, there is an $100 annual fee and an insurance requirement is not recommended because 1) Existing insurances are for “on-boat” only, 2) it is cost prohibitive for fishermen: $800-$1,000 / year and 3) additional District risks are low.

COMMISSIONER HIGGINS MOVED FOR THE ADOPTION OF RESOLUTION 2015-10, A RESOLUTION ESTABLISHING RULES AND FEES FOR DIRECT SALES FROM VESSELS AT WOODLEY ISLAND MARINA. COMMISSIONER DALE SECONDED.

Commissioner Wilson said potential customers are covered under the District’s property/liability policy.

Commissioner Higgins said he thinks it is a good idea to not require insurance – too cost prohibitive.

Sebastian Eirite said he is a tenant of B-dock at Woodley Island Marina and is happy the District provides the opportunity to sell fish from boats. He asked if there will additional signage, possibly in the main lobby of the District office.

ROLL CALL VOTE WAS TAKEN:
COMMISSIONER NEWMAN – AYE
COMMISSIONER DALE – AYE
COMMISSIONER MARKS – AYE
COMMISSIONER WILSON – AYE
COMMISSIONER HIGGINS – AYE
MOTION CARRIED WITHOUT DISSENT.
E. FIRST READING OF ORDINANCE NO. 19, RIGHT TO FISH ORDINANCE.

Executive Director stated ordinance will have a second reading and 30-day public notice period prior to adoption, the Ordinance protects commercial fishing and seafood industry as a priority use on Woodley Island and provides resolution mechanism for complaints.

Commissioner Wilson affirmed this ordinance applies to the entire Humboldt Bay working waterfront.

Sebastian Elrite said he is concerned about the contradictory statement regarding zoning. Executive Director assured Mr. Elrite that wording has been removed.

F. CONSIDERATION OF APPROVAL OF CONTRACT WITH REDWOOD ELECTRICAL SERVICES FOR RESTORATION OF POWER TO REDWOOD MARINE TERMINAL BERTH 1 – BUILDING 3 FOR $19,999.00.

Executive Director reported the responses to the first RFP were too high. A second RFP not to exceed $20,000 was distributed. Only one bid was received – Redwood Electrical Services $19,999.00.

COMMISSIONER WILSON MOVED FOR THE APPROVAL OF CONTRACT WITH REDWOOD ELECTRICAL SERVICES FOR RESTORATION OF POWER TO REDWOOD MARINE TERMINAL BERTH 1 – BUILDING 3 FOR $19,999.00. COMMISSIONER HIGGINS SECONDED.

Sebastian Elrite asked about the scope of services. Executive Director responded that it is significant power restoration. The power is now adequate, but not when the pumps are running for the hagfish project.

MOTION CARRIED WITHOUT DISSENT.

G. DISCUSSION – WOODLEY ISLAND OYSTER BAR RESTAURANT.

Executive Director said he visited Tomales Bay and Hog Island Oyster Bars to view how their operations worked. He presented conceptual designs of the Oyster Bar and Restaurant for the west end of Woodley Island, which would provide indoor and outside seating, a public barbeque area and some covered structures. He stated such an operation is already a principally permitted business on Woodley Island.

Once the Board approves the concept, staff will apply for the permit from the Coastal Commission.

Commissioner Higgins said there is enormous potential, he likes the indoor/outdoor idea and this type of restaurant would bring people to this beautiful area.

Commissioner Wilson said he would feel more comfortable to see a well-delineated process on how the area would be developed and what the permit would entail. He said he is not adverse to the idea of seeing if a second story would be of value and may not be too expensive. He suggested a Board subcommittee to work with Executive Director.

Commissioner Dale said it is a good idea and Hog Island’s enterprise is a class act. He said he does not care for the architectural design.

President Marks said he has not heard anything negative about the idea.

Erik Schlagenauf, Hog Island Oyster Company, stated their facilities have worked well for them. He said this new venture could showcase Hog Island’s and others’ oysters. He said he likes the concept and is interested in a conversation about the second story.
Sebastian Elrite said it is a good concept and he has been thinking about something like this for a while. It is a good fit for the space on Woodley Island and hopes it would bring back security to the Island.

Susan Penn asked if there is enough parking on the Island.

President Marks appointed Commissioners Dale and Wilson to work with Executive Director.

**ADMINISTRATIVE AND EMERGENCY PERMITS:** None

The Regular Meeting of the Board of Commissioners adjourned at 8:52 p.m.

APPROVED BY: 

RECORDERED BY:

__________________________  ______________________________
Greg Dale                    Patricia Tyson
Secretary                    Director of Administrative Services
PRESENT:
Commissioner Newman
Commissioner Dale
Commissioner Marks
Commissioner Wilson
Commissioner Higgins

President Marks called the regular meeting of the Board of Commissioners to order at 6:05 p.m.

President Marks led those present in the Pledge of Allegiance.

PUBLIC COMMENT: None

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

COMMUNICATIONS AND REPORTS

EXECUTIVE DIRECTOR’S REPORT:

- Green Diamond Road and Right of Way Easement and Red Tank Fire System MOU
  - Vance Road Easement from Harbor District to Green Diamond- LP Drive south to Schneider Property Line - 3,000 feet; Parcel B northern access road (crossing over ditch paved)
  - Easement from Green Diamond to Harbor District- 560 feet. Green Diamond requires fencing on east side of old wood storage building, Western beach section for Ocean outfall line Easement from Green Diamond to Harbor District- 225 feet.
  - Red Tank fire system stores 500,000 gallons of water for fire protection for town of Samoa and Cal. Redwood saw mill. Prior to Freshwater’s ownership of the Pulp mill, the Red Tank was supplied with industrial water from the 2 million storage tank. Due to leaks in the system, in 2010, Freshwater disconnected the pulp mill system from the Red Tank forcing Samoa Pacific Group to connect to the domestic water system to keep the tanked filled.
  - Reciprocal Easements Agreements and maintenance agreements since 1998 from LP, Simpson Samoa, Samoa Pacific and Harbor District that acknowledges District ownership, but requires Cal. Redwood to maintain the Red Tank Facility.
  - Parties to Agreement: Harbor District, Green Diamond, Samoa Pacific and Samoa Fire District.
  - Work together to improve the system: stop tank leaks, repair connection to 2 million gallon storage at pulp mill.
  - Reduce or eliminate the domestic water connection.
  - Rebuild or replace pumps and generators.
  - Harbor District and Fire District take over control and operation.
  - Harbor District access power for subtidal areas 1 and 2.

- Samoa Wood Pellets Exclusive Right to Negotiate
  - Warehouse, Drying Building, Shop Building, and Outside area potential lease $388,000/yr
  - Terms and rates need to be negotiated: Lease payments during permitting and construction-performance criteria
  - Staff requesting President to appoint negotiation committee.
  - President Marks appointed Commissioners Dale and Wilson to work with Executive Director.

- RFQ for Diving Services for Outfall Pipe Inspection and Maintenance – Received three responses. Interviews will be conducted starting June 28. Recommendation will be brought to the Board for consideration on July 9.

STAFF REPORTS
Deputy Director:
- Receiving applications/deposits for Woodley Island moorage wait list.
- Online and automatic credit card services now being used.
- Store at Fields Landing Boat Yard being used.
- Developing Storm Water Pollution Prevention Plans for Terminal 2 and Fields Landing to comply with new General Permit.
- Coastal Development Permit approved for Spartina Eradication Project.
- Awarded $90k from EPA for development of Elgrass Management Plan. Deputy Director thanked agencies for their in-kind contributions.

Director of Harbor Operations:
- Dredging of the bar and entrance nearing completion; 750,000 cy removed; Dredge is leaving by the end of the weekend; Draft restriction to be removed once soundings are received.
- California Redwood Chip Export ready to go. Two Chip Ships on the schedule for July
- Log Ship GLOBAL ENDEAVOR Schneider Dock; Approximately 3.2 million board feet for export, left Tuesday; 4.5 days of loading.

Director of Facility Maintenance:
- Maintenance staff inspected the fish cleaning station in Shelter Cove and installed MLPA signs.
- Participated with the fire boat in the boat parade celebrating the launch of the GOLDEN RULE.
- Preparations on Woodley Island for 4th of July. Sea Scouts will assist with parking.
- Infrastructure is in place for the hagfish operation at Redwood Marine Terminal Berth 1 and a pump system has been located.

District Planner:
- District Participation in Eureka’s General Plan Update process and proposed Woodley Island land use designation, priority uses, policy & zoning.
  - City of Eureka has designated Woodley Island as an opportunity area as part of the General Plan Update process.
  - City & District representatives have met to review General Plan land use diagram, use designation, policy and zoning.
  - The City is considering District request as well as Fisherman’s Marketing Association request for no change.
  - The proposed Woodley Island General Plan Waterfront Commercial (WFC) provisions & zoning that incorporate commercial fishing as priority use: Waterfront Commercial Use Description; List of Primary and Secondary Uses allowed; Land Use Diagram showing physical area designated; Policy Language; and Subsequent to the General Plan adoption a Zoning Update with: Commercial Waterfront (CW-Q) Zoning District uses applied to WFC portion of Woodley Island
  - Waterfront Commercial Uses for Woodley Island
    - Primary Uses: commercial fishing industry facilities, marine & boat sales, services & repairs as the priority uses, visitor serving developments such as, restaurants (2), commercial recreation facilities.
    - Secondary Uses: coastal-related establishments catering to visitors, including lodging, restaurants (3+), recreation facilities, variety shops, offices, public works projects & storage.
    - This designation provides for a variety of primary commercial uses for fishing-related activities & to promote coastal-related establishments catering to visitors, including markets, boat landings, restaurants, and tourist accommodations.
  - The City shall continue to work with the Humboldt Bay Harbor, Recreation, and Conservation District to implement the projects listed: Economic Development for the Eureka waterfront with Commercial fishing as a priority use; Establishment of a comprehensive wetland management program for restored and natural wetland areas; Development of a Wetland Mitigation Bank as a comprehensive tool for mitigating wetland loss due to development; Cruise Ship Attraction; Dredging of City and District Docks and Marinas including
collaboration on Sampling Analysis Plan; Sea Level Rise Adaptation; and Eelgrass Management Plan. Commissioner Wilson said to think about the opportunities for the District to serve the commercial fishermen and for the City to have infrastructure. Susan Penn said public access or a park is what the majority of the GPU meeting attendees want. Downtown Eureka has room for shops; consider what the public wants. Charge fees to groups who use the Island to bring in revenue.

District Treasurer:
- Getting ready for the audit, which should be easier this year.
- CalPERS valuation report showing the liability assigned to the District for employee retirement.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Newman:
- Fished in Shelter Cove for three days and caught few fish. Fished in Oregon for three days and caught 2 fish. Winds are blowing and fish are not biting.

Commissioner Dale:
- Attended the San Francisco CENCOOS meeting. CENCOOS is funded by NOAA and monitors ocean water quality.
- Was in Olympia, WA this week and was amazed at the number of logs stacked on decks.
- Oyster Festival – hats off to the organizer and Arcata Main Street. 18,000 people attended.

Commissioner Marks:
- Attended the Farm to Table event at Redwood Acres, along with Commissioner Higgins, Executive Director and Deputy Director.

Commissioner Wilson
- Met with Commissioner Dale on the concept of the Oyster Bay and Restaurant. He does not think surrounding shops are in the vision even though they are on the list of uses. Feels there needs to be more usable public space on the Island.

Commissioner Higgins:
- Enjoyed the Farm to Table event.
- Thanked the Harbor District for their participation in the GOLDEN RULE launch.
- Took a cannabis farm tour; water conservation model was in practice.
- Last Tuesday, in Fortuna on the Eel River, 2 toxic algae sensors were installed.

OTHER: None

NON AGENDA: None

UNFINISHED BUSINESS

A. PUBLIC HEARING AND FIRST READING OF 2015/16 BUDGET.

Director of Administrative Services stated there would be one more meeting after this to discuss the FY 2015/16 Budget, unless the Board schedules an extra meeting.
NEW BUSINESS

A. CONSIDERATION OF CALIFORNIA MARITIME INFRASTRUCTURE AUTHORITY MEMBERSHIP.

Executive Director reported the California Maritime Infrastructure Authority (CMIA) was created through legislation in 1995 by Senator Milton Marks and is a “Conduit Issuer” that assists groups in underwriting debt by giving them a “flag” or recognizable name, options for Joint Powers financings.

Members are: Humboldt, Stockton, Dana Point, Santa Cruz, San Diego, Hueneme, Fort Bragg, Santa Monica. Membership is free, but fees are charged for underwriting. CMIA has completed four projects totaling $210 million, including Humboldt Bay channel deepening and their last project was in 2003. David Hull has been the only paid staff since 2012.

Recent member withdrawal: San Mateo Harbor District and Port of West Sacramento. Humboldt Bay Harbor District is a member of the authority, but only participated in several conference calls. Staff has determined that the District has all necessary borrowing authority and the CMIA/Bank may be an unnecessary duplication, exceptions with Joint Powers borrowing.

Staff is looking for direction on membership participation 1) Maintain status, 2) Terminate membership 3) increase participation with being on executive board.

COMMISSIONER HIGGINS MOVED TO TERMINATE THE DISTRICT’S MEMBERSHIP IN CALIFORNIA MARITIME INFRASTRUCTURE AUTHORITY. COMMISSIONER WILSON SECONDED.

Commissioner Wilson said he spoke with Commissioner Sabrina Brennan to ask her why their Board voted to resign from CMIA. She told him CMIA has not done anything since 2006. CMIA has a budget of $72,000 and paying $12,000 per year to staff will cause them to zero out.

President Marks asked if there was an opportunity for the District to meet with other districts and have some good dialogue. Executive Director stated CMIA had trouble putting together their phone conferences.

Commissioner Newman said he did not know enough about CMIA to vote. He asked about other ports associated with CMIA. Executive Director said CMIA wants to charge their membership, but there is a credibility issue.

Commissioner Wilson said CMIA is not a place for meet and greet networking. Their function is to be a “go between” and offer services; the District does not need them now. Commissioner Wilson offered to reform CMIA, but to what end?

Commissioner Dale said maybe CMIA is a dinosaur that does not need to exist.

Susan Penn said CMIA seems like a waste of time if the District is not making use of their services.

MOTION CARRIED WITHOUT DISSENT.

B. SECOND READING AND ADOPTION OF ORDINANCE NO. 19, RIGHT TO FISH ORDINANCE.

Deputy Director reported this is the 2nd reading and adoption, which then begins the 30 day public notice period. Ordinance No. 19 will be effective and enforced beginning July 27. It protects commercial fishing and seafood industry as a priority use on Woodley Island and provides a resolution mechanism for complaints.
COMMISSIONER HIGGINS MOVED FOR THE ADOPTION OF ORDINANCE NO. 19, RIGHT TO FISH ORDINANCE. COMMISSIONER DALE SECONDED.

Commissioner Newman stated Ordinance No. 19 is an important gesture to the fishing industry, demonstrating they will be protected by the District Board of Commissioners.

COMMISSIONER WILSON MADE A FRIENDLY AMENDMENT TO ADD “DIRECT STAFF TO SEND A LETTER TO THE CITY OF EUREKA AND ASK THAT THEY CONSIDER THE SAME TYPE OF ACTION.” COMMISSIONERS HIGGINS AND DALE ACCEPTED THE FRIENDLY AMENDMENT.

ROLL CALL VOTE WAS TAKEN:

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

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF ADOPTION OF RESOLUTION 2015-12, A RESOLUTION TO ENTER INTO A CONTRACT AND ACCEPT FUNDS FROM THE CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE FOR SECRETARIAT SERVICES FOR THE HARBOR SAFETY COMMITTEE OF THE HUMBOLDT BAY AREA.

Deputy Director reported the total grant is $23,714, which includes $360 for website and $22,814 for staff services.

COMMISSIONER HIGGINS MOVED FOR THE ADOPTION OF RESOLUTION 2015-12, A RESOLUTION TO ENTER INTO A CONTRACT AND ACCEPT FUNDS FROM THE CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE FOR SECRETARIAT SERVICES FOR THE HARBOR SAFETY COMMITTEE OF THE HUMBOLDT BAY AREA. COMMISSIONER DALE SECONDED.

ROLL CALL VOTE WAS TAKEN:

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

MOTION CARRIED WITHOUT DISSENT.

D. CONSIDERATION OF ADOPTION OF RESOLUTION 2015-13, WHICH ESTABLISHES FINDINGS RELATIVE TO THE APPLICATION BY THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT FOR A HAGFISH HOLDING FACILITY AT REDWOOD MARINE TERMINAL BERTH 1 (REDWOOD DOCK).

Deputy Director reported the hagfish project will be placed in Building 3 at Redwood Marine Terminal 1 and will consist of water intake, withdrawal and tanks. Intake screened to CA Department of Fish and Wildlife standards for salmonids and longfin smelt. The discharge will be to deep channel so as not to scour mudflat. The Coastal Commission Administrative Permit was issued on July 8. Army Corps processing through Nationwide Permit 7 and Regional Water Quality Control Board indicated no permit is needed.
COMMISSIONER NEWMAN MOVED FOR THE ADOPTION OF RESOLUTION 2015-13, WHICH ESTABLISHES FINDINGS RELATIVE TO THE APPLICATION BY THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT FOR A HAGFISH HOLDING FACILITY AT REDWOOD MARINE TERMINAL BERTH 1 (REDWOOD DOCK). COMMISSIONER DALE SECONDED.

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

MOTION CARRIED WITHOUT DISSENT.

E. CONSIDERATION OF GRANTING PERMIT 15-04 TO THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT FOR A HAGFISH HOLDING FACILITY AT REDWOOD MARINE TERMINAL BERTH 1 (REDWOOD DOCK).

COMMISSIONER NEWMAN MOVED TO APPROVE GRANTING PERMIT 15-04 TO THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT FOR A HAGFISH HOLDING FACILITY AT REDWOOD MARINE TERMINAL BERTH 1 (REDWOOD DOCK). COMMISSIONER WILSON SECONDED. MOTION CARRIED WITHOUT DISSENT.

F. CONSIDERATION OF PROVIDING PUBLIC NOTIFICATION PRIOR TO USE OF HERBICIDES ASSOCIATED WITH THE HUMBOLDT BAY REGIONAL INVASIVE SPARTINA ERADICATION PROJECT.

Deputy Director stated the EIR and permits for the Spartina eradication thus far would allow for application of Imazapyr under certain circumstances and with mitigation. The District received a request for consideration from Californian’s for Alternatives to Toxics for the following prior to use of herbicides for Spartina eradication:

- Media release to local newspapers, radio, TV and internet media outlets.
- Letters to interested member of the public, Tribes, local government agencies and NGOs.
- Opportunity for public response through letters or public meetings.

Deputy Director also reported final approval has not been received from the Regional Water Quality Control Board. He said he does not have a specific recommendation for the Board except that the more transparent the better. There are no near-term plans to use herbicides; it is just a tool in the kit.

District Counsel recommended this item return to staff to develop specifics on amount of time for notification, identification of interested members of the public, etc. The District is not legally obliged, but this level of transparency fits in with the Board’s style of operations.

COMMISSIONER NEWMAN MOVED TO TABLE THIS ITEM. COMMISSIONER HIGGINS SECONDED.

Sebastian Elrite said he is in favor of the notification; it is prudent to go above and beyond – the more people know, the more people will like it.

MOTION CARRIED WITHOUT DISSENT.
G. CONSIDERATION OF PROVIDING PORTABLE TOILETS AT VARIOUS LOCATIONS TO PROTECT HUMBOLDT BAY’S WATER QUALITY – COMMISSIONER MARKS.

There are no facilities behind the Bayshore Mall for the homeless to use, so they use the land surrounding the bay. President Marks spoke to the EPD Chief of Police about placing B&Bs near the area and there is concern they will be destroyed. Others have tried this same thing. The homeless and their destruction of property has become a social issue.

Commissioner Higgins asked about the cost and the high amount of maintenance. This is a new area of responsibility with complications.

Director of Facility Maintenance said the use of the B&B on the Samoa Peninsula has dropped off in recent days. In the beginning, there was a lot of usage and some vandalism; need for extra service, but now it is lightly used.

Executive Director said one consideration is will the B&B actually provide the service for rent or should the District purchase the B&B. He said details on the location, costs and partners will be brought back to the Board for consideration.

Commissioner Wilson said support from the Eureka City Council would be helpful.

President Marks requested staff to research this issue with help from the City of Eureka/City Manager and Bayshore Mall.

Commissioner Wilson said he would consider a B&B on Woodley Island if the restrooms are locked at night. Executive Director said since the transient traffic on the Island has slowed, the restrooms will be open at regulated hours.

Sebastian Elrite asked about the B&B behind Berth 1. Director of Facility Maintenance responded it is used by staff and workers at Berth 1; it is not mobile. Mr. Elrite suggested looking at private partnerships to help build the B&Bs.

Susan Penn said the restrooms at the Hiksari’ Trail are only sometimes open and one is needed closer to Del Norte Street. She said the restrooms on the east end of Woodley Island get used by lots of visitors.

H. DISCUSSION OF CALIFORNIA ASSOCIATION OF PORT AUTHORITIES MEMBER COST AND INSURANCE.

Executive Director reported the current CAPA membership cost is $12,420/ year for State Legislative lobbying and tariff rate notification and approvals. Humboldt Bay is the ONLY Harbor District Members: Hueneme, Long Beach, Los Angeles, Oakland, Redwood City, Richmond, San Diego, San Francisco, Stockton, West Sacramento. The main benefit is access to a $150 million insurance liability coverage - Secondary umbrella coverage. Important coverage when District was directly providing Pilot Services. The cost of the policy to the District is $12,442/ year.

California Special Districts Association provides primary liability coverage up to $2.5 million. Can increase maximum limits to $5 million for $1,500/year-starting July 1.

Discussion points: 1) Keep membership only and purchase additional insurance. 2) Drop membership and purchase more additional insurance.

Commissioner Higgins said if the association is not serving the District, we should get rid of it. He asked if more than $5 million in coverage is necessary.

Commissioner Newman said he would like more information about CAPA and options offered.
ADMINISTRATIVE AND EMERGENCY PERMITS: None

The Regular Meeting of the Board of Commissioners adjourned at 8:00 p.m.

APPROVED BY: RECORDED BY:

______________________________  ________________________________
Greg Dale                      Patricia Tyson
Secretary                      Director of Administrative Services
PRESENT:

Commissioner Newman
Commissioner Dale
Commissioner Marks
Commissioner Wilson
Commissioner Higgins

President Marks called the Executive Closed Session to order at 6:25 p.m.

President Marks adjourned the Executive Closed Session at 7:00 p.m.

President Marks called the regular meeting of the Board of Commissioners to order at 7:07 p.m.

President Marks led those present in the Pledge of Allegiance.

District Counsel reported on Closed Session as follows: Conference with Real Property Negotiators – Samoa Wood Pellets Lease – No action taken.

PUBLIC COMMENT: None

CONSENT CALENDAR: None

COMMUNICATIONS AND REPORTS

EXECUTIVE DIRECTOR’S REPORT:

- Responses to the RFQ for Community Development Block Grant Consultant Services have been received from SHN Engineers, LACO, GHD and Oscar Larson and Associates. The successful respondent will conduct a Feasibility study for infrastructure reuse at Redwood Terminal 2 on the wastewater, ocean outfall and filtration plant. Executive Director and Andrew Whitney from County of Humboldt interviewed and ranked all respondents on July 2. SHN scored the highest; their team consists of Ch2M Hill and Hemphill water engineering and Microfloc. The County of Humboldt is working on the scope and contract, which will pay $70,000-$80,000. An Economic Development Association representative will tour the facility on July 28. A contract will be brought to the Board for consideration on July 9.
- Pictures of fuel being taken to boats moored at Woodley Island Marina, indicating the need for a fuel dock.
- Showed an example of wildlife-friendly fencing for Woodley Island. The Woodley Island Wildlife Area Committee will meet on September 9.
- July 3 – Three State Senators – Lara, Leyva and McGuire – the Governor’s Ports and Goods Movement Committee toured Humboldt Bay and local infrastructure and held a press conference on the importance of California ports to the State’s economy.

STAFF REPORTS

Deputy Director:
- Bay tour with Food and Drug Administration and State Department of Health Officials.
- Tour of White Slough with Wildlife Refuge, Regional Water Board and PG&E.
- Fourth of July on Woodley Island was a success. The Island was full of people and there were no incidents.
- Kayak storage is now available on Woodley Island.

Director of Facility Maintenance:
- Woodley Island has been plagued with a sewer backup for years that Maintenance staff could not find, until a complete day of digging and the mystery was solved. He thanked City of Eureka for the use of their vacuum truck and the two-man crew for the day.
- The dredge engine was received from CumminsWest. Installation will take place in early August by District staff.
The conex box on the Island has been set up for kayak storage.

District Counsel:
- Spoke with a woman from USEPA on a flight from Sacramento to Los Angeles, who was on her way to a superfund site in Southern California. He told her how beneficial the cleanup by USEPA has been to Humboldt County.

District Planner:
- Conditional Use and Coastal Development Permits for Redwood Terminal 2 have been filed with and accepted by the County of Humboldt. Michael Wheeler, County staff, sent over the draft project referral today. The District will provide the CEQA determination.
- Will attend the water trails agency meeting next week.
- Comments are due tomorrow on the Mitigated Negative Declaration for the permit for PG&E Humboldt Bay Power Plant Final Site Restoration Project.

District Treasurer:
- Thanked Executive Director and Director of Administrative Services for their work on the FY2015/16 Budget.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Newman:
- Frustrating salmon season so far. Commercial salmon season opens in Fort Bragg on Sunday.

Commissioner Dale:
- Spent the week at Trinity Lake.

Commissioner Marks:
- Watched the fireworks through the fog.
- Thanked his fellow commissioners for the porta-potty approval.
- Enjoyed the bay tour with the Senators – they were stunned by the beauty of the bay – too bad it rained that day.

Commissioner Wilson
- Suggested pictures of the kayak storage, dredge engine, Senators' visit be put on the District's Facebook page.

Commissioner Higgins:
- Attended the world's largest salmon barbeque in Fort Bragg.
- Participated in the bay tour with the Senators, who were impressed with the area and the Commissioners' knowledge. Senator Lara is very interested in short sea shipping/marine highway.
- Eel River grade has lots of resilience and areas of recovery.

OTHER: None

NON AGENDA: None

UNFINISHED BUSINESS

A. SECOND READING AND ADOPTION OF 2015/16 BUDGET.

Director of Administrative Services stated the summary of the FY 2015/16 Budget as follows:
- Revenue $8,804,370; Operating Expenses $2,871,090; Non-Operating Expenses $4,809,111; Excess Revenues Over Expenses $1,124,169; Deduct Single-Use Revenues ($175,100); Total Budget Balance $949,069.
COMMISSIONER WILSON MOVED FOR THE ADOPTION OF THE FY 2015/16 BUDGET. COMMISSIONER HIGGINS SECONDED. MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF PROVIDING PUBLIC NOTIFICATION PRIOR TO SUE OF HERBICIDES ASSOCIATED WITH THE HUMBOLDT BAY REGIONAL INVASIVE SPARTINA ERADICATION PROJECT.

Deputy Director reported the standard public notice venues would be used to notify interested parties three weeks prior to treatment of the use of herbicide Imazapyr to eradicate Spartina – Times-Standard, website, email list, etc. The costs associated with notification will be built into the grant application.

COMMISSIONER HIGGINS MOVED THE APPROVAL OF PROVIDING PUBLIC NOTIFICATION PRIOR TO USE OF HERBICIDES ASSOCIATED WITH THE HUMBOLDT BAY REGIONAL INVASIVE SPARTINA ERADICATION PROJECT. COMMISSIONER WILSON SECONDED.

President Marks said this does not represent an endorsement by the Board of the use of herbicides; it is setting the process for notification.

MOTION CARRIED WITHOUT DISSENT.

NEW BUSINESS

A. CONSIDERATION OF SELECTION FOR DIVING SERVICES FOR OCEAN OUTFALL PIPE INSPECTION, MAINTENANCE AND REPAIR.

Executive Director reported RFQs were distributed on June 5 and due June 22. M&M Diving, Global Diving and DRS Marine were the three submittals. All companies were interviewed and have experience on the ocean, bay and river outfall pipes. MM Diving is the only company with direct experience with the Redwood Terminal 2 line and has worked for the District in the past with good results.

Staff recommended selection of MM Diving and to start contract negotiations with draft contract back to the Board on July 23.

COMMISSIONER NEWMAN MOVED FOR THE APPROVAL OF MM DIVING FOR DIVING SERVICES FOR OCEAN OUTFALL PIPE INSPECTION, MAINTENANCE AND REPAIR TO START CONTRACT NEGOTIATIONS TO BE APPROVED BY THE BOARD ON JULY 23. COMMISSIONER DALE SECONDED.

Commissioner Newman said it is important to keep this asset in good working condition.

MOTION CARRIED WITHOUT DISSENT.

B. DISCUSSION OF ELIMINATION OF STATE AND COUNTY VESSEL MOORAGE DISCOUNT.

Executive Director reported the original marina loan document from California Department of Boating and Waterways (CDBAW) required a moorage fee waiver for all State-owned vessels. District historically charged 50% rate to cover electrical, security, and other costs. The discount was also offered to the County Sheriff vessel. In 2014 the Harbor District paid off all CDBAW loans including the original loan with the moorage fee waiver. Current vessels are paying 50%.

Executive Director said these agencies should pay the same as everyone else for moorage at Woodley Island Marina.
Commissioner Dâles asked if the District receives any services from these vessels. Executive Director replied the Sheriff's vessel responds if available. Commissioner Dale said it is a benefit to have the Sheriff's presence.

President Marks asked how the District justifies not charging the full price to all.

Commissioner Wilson said the vessels are from non-profit agencies and do provide educational benefits.

Executive Director said this is just a discussion item for this meeting and will bring back to the Board for consideration at the next meeting. He suggested letters will be sent out to the agencies regarding this issue and inviting them to attend the next meeting. Not charging the agencies was one of the original loan conditions. The City of Eureka's loan is newer and does not have this condition.

A representative of HSU's research vessel CORAL SEA told the Board the vessel is used for research projects and sampling areas around the bay.

**ADMINISTRATIVE AND EMERGENCY PERMITS:** None

The Regular Meeting of the Board of Commissioners adjourned at 7:45 p.m.

**APPROVED BY:**

Greg Dale  
Secretary

**RECORDED BY:**

Patricia Tyson  
Director of Administrative Services
PRESENT:

Commissioner Dale
Commissioner Marks
Commissioner Higgins

ABSENT:
Commissioner Newman
Commissioner Wilson

President Marks called the Regular Meeting of the Board of Commissioners to order at 6:05 p.m.

President Marks led those present in the Pledge of Allegiance.

PUBLIC COMMENT

Susan Penn said there is a swallow nest on the marina building. One of the staff talked about removing the nest because of the mess, but there are babies here now. She thanked staff for not removing the nest.

Sebastian Elrite read a portion of the CA Public Trust Doctrine of the State Lands Commission, Section 5 on mixed use development. He said it was not his opinion, merely informational.

CONSENT CALENDAR: None

COMMUNICATIONS AND REPORTS

EXECUTIVE DIRECTOR’S REPORT:

- EPA Cleanup Phase 2 complete: "Steel Tanks and Sludges"; EPA Cleanup Phase 3 - Tile Tanks, smoke stack and lime silo. EPA wants better settlement clarification that fully releases District.
- County Health directed to remove remaining hazardous material within one year. Regional Water Quality Control Board will issue a NFA on the eastern half by 3/2016 and wants Louisiana-Pacific to remove the "mud pond" as the area of concern for dioxins.
- Staff is working on options to remove the 30,000 tons of construction debris from the site.

STAFF REPORTS

Deputy Director:
- Three comments on the revised Wait List procedure. The list is being narrowed down to those who are actually waiting for a list – all three were accommodated.
- Further assessing eelgrass mitigation options and comparing to mitigation demand. Finalizing grant agreement with EPA for Eelgrass Management Plan.
- Mariculture Pre-Permitting Project meetings: San Francisco – August 11; Humboldt – to be determined.

Director of Facility Maintenance:
- Introduced Amanda from Eureka Main Street. She thanked the District for their participation in the boat parade during Relay for Life. The Fire Boat led the parade. She presented a plaque for Third Place for Best Decoration.
- Redwood Marine Terminal Berth 1 – The hagfish project will be moved in the first week of August. All improvements have been made to Berth 1.
- Redwood Terminal 2 – The final cleanup and report has been delivered to the County Health Department. There are still gallon jugs of Sulphuric acid and other substances.
- Walk-through's will be conducted tomorrow for potential bidders on the five projects at Redwood Terminal 2. Contracts will be awarded contingent upon obtaining funding.
A new product has been installed over the old decking at the entrance to the District’s main building.

District Planner:
- Samoa Peninsula Fire District held a Board meeting earlier this week to discuss reorganizing to Community Services District. Troy Nicolini and Dale Unea were appointed as the Board’s subcommittee to research this idea. Supervisor Bass spoke positively to the full house and this would be good for the Harbor District because it would be a new service provider.
- Went with Deputy Director to the City of Eureka agency meeting to discuss their design charrette for C-F Streets next week. Talked about the District’s interest and to make sure what happens at the City connects with what is happening on Woodley Island.
- Attended the water trails agency meeting last week.
- Met with Timber Heritage Association regarding their progress on the Lot Line Adjustment.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Dale:
- Painted his house.

Commissioner Marks:
- Attended the Samoa Peninsula Fire District meeting – he served as Director for a couple of years and they have been discussing for years reorganizing to a Community Services District. He said he is not sure what is holding the community up from making this decision.
- Fortunate to have the support and backing of the Board and staff to place the porta-potty’s behind the Bayshore Mall. An eviction notice came out from the City and the B&Bs were used for retaliation. The B&Bs have been removed.

Commissioner Higgins:
- Received commendation from the Board of Supervisors for the Eel River Cyanotoxin studies by the Eel River Recovery Project.
- Showed videos of fish in the Eel River.

OTHER: None

NON AGENDA: None

UNFINISHED BUSINESS

A. DISCUSSION OF PERMIT APPLICATION 15-01 BY PACIFIC GAS AND ELECTRIC COMPANY FOR THE HUMBOLDT BAY POWER PLANT DECOMMISSIONING PROGRAM FINAL SITE RESTORATION PLAN IMPLEMENTATION AND PUBLIC COMMENTS ON THE MITIGATED NEGATIVE DECLARATION.

Kris Vargas and Mark Smith from Pacific Gas and Electric Company spoke to the Board on the progress of the power plant decommissioning. The permit application has been submitted to the Harbor District. The Draft Mitigated Negative Declaration was distributed and two comments (California Coastal Commission and Humboldt Baykeeper) were received. On July 25 at midnight, it will be 1,000 days of working safely – a great compliment to the project and they are very proud of that milestone.

The Humboldt Bay Power Plant Decommissioning began in 2014 and will continue through 2018. Final site restoration activities will be completed in 2019. Mid-2020 the final status survey will be documented.

Final site restoration plan objectives are: determine restoration areas/subareas, refinements per Coastal Commission and plan design with resulting storm water management system. The plan requires a total of eight permits.
The next steps are for the District to develop the responses to the comments and have a hearing for the adoption of the Mitigated Negative Declaration and issue the Harbor District permit. On September 9-11, the California Coastal Commission will tour the Humboldt Bay Power Plan site. Then in the first quarter of 2016, permits will be obtained.

On August 19, PG&E will host an open house at the Wharfinger Building from 4:30-6:30 p.m.

Commissioner Higgins said the accommodations for environmental needs are admirable.

Commissioner Dale said PG&E should be proud of their accomplishments.

This is the 7th decommissioning in the United States and this one is at the top for dose minimization.

NEW BUSINESS

A. CONSIDERATION OF ELIMINATION OF STATE AND COUNTY VESSEL MOORAGE DISCOUNT.

Executive Director reported the original marina loan documents from California Department of Boating and Waterways required a moorage fee waiver for all State and Federal owned vessels. The District offered the discount to the County Sheriff’s Department as well.

COMMISSIONER HIGGINS MOVED FOR THE ELIMINATION OF STATE AND COUNTY VESSEL MOORAGE DISCOUNT. COMMISSIONER DALE SECONDED. MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF A LEASE WITH HAGFISH CORPORATION FOR OPERATION OF A HAGFISH HOLDING AND PACKING FACILITY AT REDWOOD MARINE TERMINAL BERTH 1.

Deputy Director reported the base rent during the original term is $1,715 per month which includes: $0.35 per square foot for 4,500 square feet of warehouse space ($1,575 total); $0.35 per square foot for 144 square feet of office space ($50 total); and $0.15 per square foot for 600 square feet of outside storage ($90 total). Boat Moorage: tenant shall pay $311 / month ($4.15 / foot / month for a 75 foot boat). Landing Fees: tenant shall pay $0.015 / lb. of hagfish that is landed at the dock using the District’s hoist.

District Counsel stated built in to the lease is one one-year option to renew, CPI increase for year 2.

COMMISSIONER DALE MOVED FOR THE APPROVAL OF A LEASE WITH HAGFISH CORPORATION FOR OPERATION OF A HAGFISH HOLDING AND PACKING FACILITY AT REDWOOD MARINE TERMINAL BERTH 1. COMMISSIONER HIGGINS SECONDED.

Commissioner Dale said the slime from the eels has the potential to replace egg whites as a source of protein.

Sebastian Eirite said currently he has a rental agreement at Redwood Marine Terminal for storage. If there is water in the pipe, could he tap into it? Deputy Director responded initially it is the tenant’s water, but could produce more water for others. He said he has the water quality data from the hagfish tenant’s previous location.

MOTION CARRIED WITHOUT DISSENT.
C. CONSIDERATION OF ADDITIONAL ELECTRICAL COSTS TO THE REDWOOD MARINE TERMINAL BUILDING 3.

Executive Director asked for this item to be pulled from the agenda. The costs will be passed along to the tenant.

D. CONSIDERATION OF PERMIT AND AGREEMENT TO OPERATE A CHARTER SERVICE WITH LUKE COCHRAN DBA SILVER STAR SPORTFISHING.

Deputy Director reported this is the District’s standard agreement for $250 per year.

COMMISSIONER DALE MOVED FOR THE APPROVAL OF PERMIT AND AGREEMENT TO OPERATE A CHARTER SERVICE DBA SILVER STAR SPORTFISHING. COMMISSIONER HIGGINS SECONDED.

Sebastian Elrite said Mr. Cochran is doing a good job.

MOTION CARRIED WITHOUT DISSENT.

E. CONSIDERATION OF US GOVERNMENT LEASE FOR REAL PROPERTY FOR THE US COAST GUARD.

Deputy Director reported this lease is for the US Coast Guard’s exclusive use of their boat slip, office space and storage.

COMMISSIONER HIGGINS MOVED FOR APPROVAL OF US GOVERNMENT LEASE FOR REAL PROPERTY FOR THE US COAST GUARD. COMMISSIONER DALE SECONDED. MOTION CARRIED WITHOUT DISSENT.

F. CONSIDERATION OF COMMERCIAL LEASE WITH HUMBOLDT STATE UNIVERSITY DEPARTMENT OF FISHERIES BIOLOGY FOR THE AQUAPONICS PILOT PROJECT, GREENHOUSE AND AQUAPONICS SYSTEM.

Executive Director said the HSU class will use the greenhouse to grow vegetables and fish for education / research purposes during the Fall and Spring Semesters. There will be no cost, but HSU pays all utilities. The pilot project was successful, but the equipment is not currently being used.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF COMMERCIAL LEASE WITH HUMBOLDT STATE UNIVERSITY DEPARTMENT OF FISHERIES BIOLOGY FOR THE AQUAPONICS PILOT PROJECT, GREENHOUSE AND AQUAPONICS SYSTEM. COMMISSIONER DALE SECONDED.

Commissioner Dale asked if the property could be transferred to the school’s physical location. Executive Director said it could be moved from the coastal depending property; but suggested Harbor District maintaining control. Commissioner Dale said it does not seem to be a commercially viable project; it is good to see the equipment used.

Commissioner Higgins said he is disappointed there is not more capitalists interested; the quality of the produce is unbelievable.

Sebastian Elrite asked it is was publicly noted after the pilot project went down.

Commissioner Higgins said every rock was turned over.

MOTION CARRIED WITHOUT DISSENT.
G. CONSIDERATION OF MM DIVING, INC. CONTRACT FOR DIVING SERVICES FOR OCEAN OUTFALL PIPE INSPECTIONS, MAINTENANCE AND REPAIR.

Executive Director reported the work would be done August-September depending on weather. District will provide Fire Boat and support “taxi” to shuttle divers. District will provide anchors and chamber location at CC station.

The Scope of Work: Expose 800 ft. of diffusers, establish flow between diffusers, high priority inshore set. Add zinc’s as necessary during inspection. Four divers, one master diver and necessary equipment at $12,500/day. Work is to cover seven days, not to exceed $87,500.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF MM DIVING, INC CONTRACT FOR DIVING SERVICES FOR OCEAN OUTFALL PIPE INSPECTIONS, MAINTENANCE AND REPAIR. COMMISSIONER DALE SECONDED.

Susan Penn asked what the diffusers do. Executive Director responded the diffusers allow the flow to go out through the pipe. The original design is for 30,000 gallons a day to flow through the pipe.

Sebastian Elrite said the MM Diving crew are good guys.

MOTION CARRIED WITHOUT DISSENT.

H. DISCUSSION OF RELOCATION FOR FORMER NAVAL VESSEL 1091.

Executive Director stated the Harbor District is helping the City develop a docking facility for visiting research vessels, large trawl vessels and military. It might be possible to relocate the 1091 at Redwood Terminal 1 in association with the Maritime Museum and Timber Heritage. The vessel is owned by a small non-profit group trying to restore and preserve the vessel’s long history. They have not paid moorage for years and the City is ready to evict, which has helped stimulate the group for a solution.

The vessel was inspected on 7/17 by the City Manager and Harbor District Staff. The hull leaks, filling 20% of center hatches. Vessel needs to be removed from the water. Best interest of the Bay is for the Harbor District to help remove the vessel. The vessel could be continued as a restoration project or scrap work. It would have to be removed on the boat ramp under the Samoa Bridge using logs and dozers.

Commissioner Dale said he is in favor of helping the City get the Former Naval Vessel 1091 restored.

President Marks said he would like to have it moved to Redwood Marine Terminal Berth 1 once it is seaworthy.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

The Regular Meeting of the Board of Commissioners adjourned at 7:45 p.m.

APPROVED BY: Patricia Tyson
RECORDED BY: Director of Administrative Services

Greg Dale
Secretary
PRESENT:

Commissioner Newman
Commissioner Dale
Commissioner Marks
Commissioner Wilson
Commissioner Higgins

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

Kent Sawatzky handed out a paper on Government Code 1090 regarding Conflict of Interest. He said he feels Commissioner Dale has a conflict of interest regarding the current and past Coast Seafoods Company issues before the Board.

President Marks adjourned to Executive Closed Session at 6:09 p.m.

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

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

President Marks led those present in the Pledge of Allegiance.

District Counsel reported on Closed Session as follows: Public Employee Performance Evaluations – Director of Administrative Services, Director of Facility Maintenance and Director of Harbor Operations/Bar Pilot – there was no action taken. Conference with Real Property Negotiators – Coast Seafoods Company Tidelands Lease Values – No action taken. District Counsel stated Commissioner Dale recused himself and left the room during this item. Commissioners Newman and Wilson were appointed by consensus as the subcommittee to work with staff on lease evaluations.

PUBLIC COMMENT

Kent Sawatzky said if a Board member has to recuse himself from agenda items as often as Commissioner Dale does, it may not be appropriate for him to sit on the Board. Mr. Sawatzky read from a document he provided to the Board earlier on CA Government Code Section 1090 regarding conflict of interest.

Susan Penn thanked the Director of Facility Maintenance for hiring a very bright, young lady to work in maintenance. She is very effective in kicking people off the Island at night who do not belong.

CONSENT CALENDAR

COMMISSIONER DALE MOVED FOR THE APPROVAL OF THE CONSENT CALENDAR.
COMMISSIONER HIGGINS.

Commissioner Higgins said staff did a good job on the minutes.

Commissioner Wilson said while he would like to have the minutes soon, they are very complete.

Kent Sawatzky said he was glad to see the minutes getting caught up. It is difficult to rely on memory to make sure the minutes are accurate, although they appear to be. He suggested contracting with someone from the public to watch the meetings and provide the minutes; many public agencies' minutes are not current.
COMMUNICATIONS AND REPORTS

EXECUTIVE DIRECTOR’S REPORT:

- Samoa Wood Pellet (SWP) Update: SWP partners have reviewed the lease and are “OK with the basic terms”. Conference call with SWP and United Energy Trading regarding environmental understanding of site conditions. A Drop Box has been created with all important environmental documents. United Energy Trading may fund the project—waiting for a signed Letter of Intent. It is SWP’s intent to sign the District lease for Commission’s August 27th meeting.

- New Market Tax Credits Update: Two Community Development Entities (CDE) are interested in providing tax credits - Chase and Community Capital Solutions. BBVA, Compass Bank approved first phase of finance and forwarded leverage loan to underwriting subject to Pellet Mill Lease. Closing transaction items: leverage loan, EPA settlement, east half RAP completed, ownership transfer of Parcel B and bid contracts. CDE’s are holding $9 million in allocation until mid- September.


STAFF REPORTS

Deputy Director:
- Hagfish farm is operating.
- Received fully executed State Lands lease for outfall pipe.
- Received Coastal Commission waiver for Humboldt State University Aquaponics research and education project at Redwood Dock.
- Hosted Mariculture Pre-Permitting project meeting in San Francisco.
- Have moorage available for 20’-70’ vessels, will be advertising on website.

Director of Harbor Operations:
- Assisted with the diving inspection and maintenance of the outfall pipe. Used the Port Authority boat.
- Within the last month, two ships were in port. While the second one, CRIMSON POLARIS was here, the US Army Corps of Engineers Col. Morrow and his staff were here. A tour was arranged to take the Colonel and his staff to talk with the Captain. Commissioner Newman gave fresh tuna to the Captain and Commissioner Dale provided oysters. It was a good opportunity for the Corps staff to listen to the ship’s Captain talk about the needs of the shipping industry for Humboldt Bay.

Director of Facility Maintenance:
- Hagfish offloading at Redwood Marine Terminal Berth 1
- Dredge engine replacement next week with Vern Scovell, the previous owner of the dredge.
- King Salmon Breakwater repairs next project.
- Dock floats will arrive in two weeks for repair and replacement.

District Planner:
- Filed Redwood marine Terminal 2 Conditional Use/Coastal Development Permit application. Finished the Draft Initial Study and Mitigated Negative Declaration. There is good information included for the Samoa Wood Pellet project. County has sent out referrals; two comments were received for minor clarifications.
- Filed a grant application for interpretive signage through the California Fish & Wildlife Advisory Council. If funded, HSU students would like to design the signs as a class assignment at no charge. The grant monies would be used to make the signs.
- Coast Seafoods Company permits are on track for the Notice of Preparation for the Environmental Impact Report and Final Initial Study to be sent out next week for the 30-day comment period.
Responding to comments received on the PG&E Humboldt Bay Power Plant Final Site Restoration Plan Implementation. Hoping to have the Board consider granting the permit on August 27.

Attended the final presentation of the C-F Streets charrette sponsored by City of Eureka. Many of the designs look across at Woodley Island and include much activity and exposure of Eureka’s waterfront area.

Working on some website content with his staff.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Newman:
- Missed the last meeting because he was fishing for ten days; then returned to Woodley Island and sold his product for ten days.
- Participated on the Fisherman’s Advisory Council for the North Coast MPA Baseline Program Socioeconomic Human Dimensions Project looking at the effects of before and after the MPA — little effect on fishing grounds.

Commissioner Dale:
- Toured the CRIMSON POLARIS with Colonel Morrow, his staff, District staff and watch the ship load from the CA Redwood Company dock. He said the facility is incredible and fun to watch in action.

Commissioner Marks:
- Toured the pulp mill property with Executive Director and Security National staff. Commissioner Newman joined them when they went to tour Security National’s facility. SN is looking for ways to participate in the oyster expansion and to add a causeway to make them more competitive.
- Serves on the Board of Humboldt Domestic Violence Services and they are looking for volunteers to serve on the Board.
- Attended a NCRA meeting in Novato. NWPCo presented an update of their progress. They are putting spurs in Sonoma County, hoping to serve Kendall Jackson Winery and completing a spur to Laganitas. Looking at moving forward North to Island Mountain, which was a surprise.
- Miraculous things are happening at the Balloon Tract — the engines that have been sitting there for years drained of all their liquids suddenly are leaking diesel. The diesel was tested and found to be new. Someone apparently filled the tanks then popped them so that they would leak and then filed an environmental disaster claim. Therefore, the engines continue to sit and will remain until the investigation is complete.

Commissioner Wilson:
- Did not attend the last Board meeting — he was in Scotland, traveling and visiting friends, touring the Outer Hebrides Islands.

Commissioner Higgins:
- Last year went fishing for salmon 17 times and caught one. Fished off Shelter Cove recently and caught one. The wait at the boat launch was two hours. It helped to have a fiberglass boat that could be pushed into the water and bypass the wait.
- Halibut season closed last night at midnight.
- Attended a North Coast Collaborative meeting for the Klamath River — another iteration of the MLPA. Kiosks are being made to say “you cannot fish here”; but Woodley Island needs the kiosks that promote economic development for the charter services, kayak rentals, etc. — not just the ones that say no fishing period. Deputy Director is going to assist in getting the revised kiosks.
- Humboldt State University is collecting data which will be a benefit for us to manage fisheries. Need to integrate the data into the community. The results will be available in 6-9 months.
- Regional Water Quality Control Board decided today they are going to regulate marijuana growers. Rates will be deliberated at the State Water Quality Control Board meeting on December 17.
• Susan Penn has initiated contact with Audubon regarding the Woodley Island Wildlife Area – offering to do a wildlife survey.

OTHER: None

NON AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS

A. CONSIDERATION OF EMPLOYMENT CONTRACTS FOR DIRECTOR OF ADMINISTRATIVE SERVICES, DIRECTOR OF FACILITY MAINTENANCE AND DIRECTOR OF HARBOR OPERATIONS/BAR PILOT.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF EMPLOYMENT CONTRACTS FOR DIRECTOR OF ADMINISTRATIVE SERVICES, DIRECTOR OF FACILITY MAINTENANCE AND DIRECTOR OF HARBOR OPERATIONS/BAR PILOT. COMMISSIONER DALE SECONDED.

Commissioner Higgins said the District is very lucky to have these staff members.

Executive Director reported three employee contracts are due for renewal: Director of Administrative Services - Patti Tyson; Director of Facilities Maintenance - Alan Bobillot and Director of Harbor Operations/Bar Pilot- Tim Petrusha. All satisfactory annual evaluations with improvements. The FY2015/16 Budget includes 5% raises for these employees.

Executive Director recommended a 1-year contract with 2% CPI and 3% merit increase effective 7/1/2015 for the three employees.

Kent Sawatzky said the District has a fantastic staff and the raises are justified. He strongly applauds these staff members and said if the District loses them, it would be a detriment.

MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF AMENDMENT TO SETTLEMENT AGREEMENT WITH UNITED STATES ENVIRONMENTAL PROTECTION AGENCY REGION IX FOR EMERGENCY RESPONSE REMOVAL ACTIONS AT THE SAMOAN PULP MILL SITE.

Executive Director reported that the agreement is based on our model agreement with MUNIPay analysis with a broader covenant – “site wide” to include existing contamination. The Agreement is more realistic to the recovery as the recovery value decreases and the costs have increased. Intentions are clearer as the recovery agreement terminates at the end of 7 years.

District Counsel stated since the beginning of these negotiations, USEPA has come around 180 degrees, fortunately. Originally USEPA said they would help clean the property for no charge; then half-way through they wanted the District to sign the Agreement that said they would collect reimbursement from the District even though they said they would not. This new edition is very clear in the District is only liable if 1) excess funds received from the boiler salvage after the Coast Seafoods Company loan is paid or 2) District sells the property within seven years. After the seven years, that requirement sunsets. Once per year, the District has to send a report on the status of efforts to sell the boiler. It is important to approve this Agreement in order for the New Market Tax Credit project to move forward.

COMMISSIONER NEWMAN MOVED TO APPROVE THE OF AMENDMENT TO SETTLEMENT AGREEMENT WITH UNITED STATES ENVIRONMENTAL PROTECTION AGENCY REGION IX FOR EMERGENCY RESPONSE REMOVAL ACTIONS AT THE SAMOAN PULP MILL SITE. COMMISSIONER DALE SECONDED.
Commissioner Higgins said the Board has been criticized for a perceived lack of transparency; however these negotiations had to be done behind closed doors. He thanked the District’s Congressional and Senate representatives for their work on the District’s behalf.

Commissioner Wilson said staff and Commissioners lobbied actively locally and in Washington DC. Also the local representatives did their own lobbying on the District’s behalf and did a great job representing the District.

Commissioner Dale thanked the staff of USEPA for all their hard work to get to this point.

Commissioner Newman said this was a great effort for the community.

Kent Sawatzky said he appreciated Commissioner Higgins’ acknowledgment of transparency. He formally requested a submission be given to USEPA with the Agreement. He gave his written paper to Executive Director. Mr. Sawatzky commended the Board for doing “God’s” work on the cleanup of the site and said he hopes the property will be put back on the public tax rolls, not become a cash cow for the District. He said the citizens of the United States are not getting reimbursed for the cleanup costs.

Monte Provolt asked if the USEPA knows the District is trying to purchase the other parcel, but is too broke to pay for the cleanup.

President Marks said this situation was caused by Lee & Mann, who didn’t follow through properly and stuck the public with an environmental mess when they closed the mill. He said he can sleep easier knowing the District did what they could to rectify the situation and created revenue, not a cash cow, so that the District did not go broke.

President Marks called for the question as it looked as though people wanted to rebut his comments.

MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

The Regular Meeting of the Board of Commissioners adjourned at 8:08 p.m.

APPROVED BY: Patricia Tyson
RECORDER BY: Director of Administrative Services

Greg Dale
Secretary
MINUTES (Subject to Approval)
REGULAR MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

August 27, 2015

PRESENT:
Commissioner Newman
Commissioner Marks
Commissioner Wilson
Commissioner Higgins

ABSENT:
Commissioner Dale

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

Kent Sawatzky said he supports the raise for the Executive Director. He deserves 20% for "hazard" pay. He does what he is told by the Board of Commissioners. Under the Real Property Negotiators for Coast Seafoods Company Tideland Lease Values, Mr. Sawatzky said the "per acre" price is $170-$175. He asserted there is a conflict of interest with Commissioner Dale sitting on the Board. Nobody else in Humboldt County could have any more of a "dog in the fight" than Commissioner Dale. Long-term contracts are not in the best interest of the Harbor District. Nobody should have more than 50% of the available acres; no overwhelming advantage. There should be open competition.

Jim Roberts said he is running for 1st Division Commissioner. Executive Director is paid by the taxpayers and fishermen. $130,000 per year is too high. The District should get back in the black before giving him a raise. The District just entered into a $1.25 million loan. Run the Harbor District as a business. He no longer has his boat moored here – the rates are outrageous.

President Marks adjourned to Executive Closed Session at 6:11 p.m.

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

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

Commissioner Wilson led those present in the Pledge of Allegiance.

District Counsel reported on Closed Session as follows: Public Employee Performance Evaluation – Executive Director – there was no action taken. However, the Board by consensus, directed staff to return with a proposed contract for the Executive Director at the next meeting. Conference with Real Property Negotiators – Coast Seafoods Company Tideland Lease Values – No action taken. However the Board by consensus, directed staff to continue negotiations with Coast Seafoods Company for their tideland lease.

PUBLIC COMMENT

Kent Sawatzky said if any special Board meeting is scheduled between now and September 5, staff should contact him by mail. He said he has not seen more of a conflict of interest than with Coast Seafoods Company tideland lease and Greg Dale as a Commissioner. Mr. Dale’s involvement in the Harbor District is of great magnitude. It is in the Harbor District’s and Coast Seafoods Company’s best interest that Mr. Dale not be making any decisions as a Commissioner. He urged the Board to go to the mat to get the maximum tideland lease revenue. He said he would also like to see the Board’s direction be that no one has more than 50% of the available tidelands.

President Marks cautioned Mr. Sawatzky that he was skirting an agenda item and it was not the appropriate time.

Susan Rotwein introduced herself to the Board and said she is a candidate for 5th Division Commissioner. She said she attended the recent California Department of Boating and Waterways meeting where they discussed the weather buoys. She said it is a necessity to keep the buoys intact and functional for the fishermen and US Coast Guard.
Susan Penn said she feels there is a strong conflict of interest with Commissioner Dale on the Board. Although she personally likes Commissioner Dale, it looks ugly that he is on the Board while they are discussing loans, leases, etc. for Coast Seafoods Company. The Board needs to talk without breaking the Brown Act – Commissioner Dale should step down – he is out of order.

Jim Roberts said since the marina rates have been increased, the Board should have no problem increasing lease rates.

CONSENT CALENDAR

President Marks said he was tabling the Consent Calendar since the minutes were not ready for approval by the Board.

COMMUNICATIONS AND REPORTS

EXECUTIVE DIRECTOR’S REPORT:

- Red Tank Status at Redwood Terminal 2: In 1998 a Shared Services, Facilities Access and Use Agreement was approved with LP Samoa, Simpson Samoa, Simpson Timber and Simpson Investment for a term of 99 years. Simpson is responsible for the Fire System including Red Tank and the responsibility is binding on successors and assigns. Simpson properties sold to California Redwood, Samoa Pacific Group and Harbor District. Access, Use and Maintenance Agreement approved September 2004 between Samoa Pacific and the Harbor District. Red Tank is on Harbor District property and District owns the asset. Samoa Pacific is responsible for the Red Tank operation and maintenance, per 1998 and 2004 agreement. California Redwood has been paying all costs- $20K-$30K/year. System pumps 24 hours from Samoa Township and the line leaks. California Redwood wants District to take over operation and Samoa Pacific wants to wait till new system is installed.
- Purchased a trailer at auction for $2,500 at Myrtleowne Lumber. Also purchased supplies for the small retail store at the Fields Landing Boat Yard.
- Toured the bay on the Port Authority boat with the Department of Boating and Waterways staff.

STAFF REPORTS

Deputy Director:
- Met and toured the bay with Department of Boating and Waterways staff, Commissioners. The group also toured the facilities at Woodley Island and Fields Landing Boat Yard. One of the discussion items was abandoned vessels and how to obtain assistance for removal.
- Sediment sampling will be conducted next week at Fisherman’s Channel, King Salmon to see if it would be compatible to use in the White Slough Restoration Project.
- Expect to submit sediment sampling analysis plan for North Bay dredging to the Regional Water Quality Control Board next week.

Director of Harbor Operations:
- New tenant at Redwood Marine Terminal Berth 1 – 4 outdoor spaces for commercial fishing gear
- Working on new tariff for District terminals to be ready for Commission consideration on September 10.
- Dive on outfall pipe complete: 7 Days - $87,500; 8 Pairs of diffusers open with flow; Next 16 have flow and are capped; Remainder partially cleared and capped; New zincs and new buoy placed at end of pipe.

Director of Facility Maintenance:
- Received bids for Redwood Terminal 2 repairs.
- Dredge engine is installed.
- Hagfish operation is doing well.
- Securing Redwood Terminal 2 and ready for winter rain storm water management.
- Marina repairs and float replacement in September.
District Planner:
- Coast Seafoods Company Lease – Harbor District received their application for a permit for mariculture expansion. Environmental Impact Report has been prepared. Responses to agency comments on the Initial Study have been prepared. The Notice of Completion and Final Initial Study have been distributed for the 30 day review period to end on September 21.
- Samoa Peninsula Fire District released the environmental document for the 30 day review period for their reorganization to a Community Services District.
- Internal review of Initial Study and Draft Mitigated Negative Declaration for the Conditional Use/Coastal Dependent Permit for Redwood Terminal 2 is ongoing. It has been sent as a courtesy to the County of Humboldt. Favorable comments were received. The Notice of Intent will be distributed next week.
- Coordinated with staff the review of the Timber Heritage Association’s Lot Line Adjustment document.
- Applied for California Fish and Wildlife Advisory Council grant funding for Woodley Island interpretive signs and was unsuccessful.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Newman:
- Participated in the 2x2 Committee meeting with the City of Eureka. They are moving forward on a presentation to the Eureka City Council on the dredge progress.
- Engaged in longlining for black cod.

Commissioner Marks:
- Hagfish operation – the slime eels made it across the ocean.
- 2x2 Committee meeting – good communication on issues; productive.

Commissioner Wilson:
- 9/18 – Oysters and Ale will be held on Woodley Island to benefit Humboldt Made.
- 8/24 – Met with Shatz Energy Lab regarding a visit by the CA Energy Commission. The Blue Lake Rancheria is building a micro-grid, separate from the main grid, to create, generate and store renewable power.

Commissioner Higgins:
- Kayaked Trinidad Bay; caught Chinook Salmon near shore.
- Eel River has all-time record low flows.
- Good to hear about King Salmon Fisherman’s Channel and White Slough; preparations for Sea Level Rise.
- Harbor District Divisions 1, 2 and 5 have challengers to the incumbents this year. Election Day is November 3.
- Regarding Commissioner Dale – leases are about 5% of what the Harbor District does.
- Wildlife Area Committee – lots of non-native species on Woodley Island – Audubon has offered assistance.

OTHER – Samoa Wood Pellets LLC

Executive Director reported the Exclusive Right to Negotiate with Samoa Wood Pellets LLC is for 60 days at $5,000. A new financial company is involved; therefore, an extension to the ERTN has been granted for an additional $2,500.

Kevin Leary reported they are doing their due diligence with United Energy Corporation (UEC). The changes to the site lease have been reviewed and they are waiting for UEC’s attorney response. Concerns about environmental and health issues are holding up the progress.

Mr. Leary said they are expecting to ship pellets to Asia in 2017.

NON AGENDA: None
UNFINISHED BUSINESS

A. CONSIDERATION OF ADOPTING THE MITIGATED NEGATIVE DECLARATION FOR THE APPLICATION BY PACIFIC GAS AND ELECTRIC COMPANY FOR THE HUMBOLDT BAY POWER PLANT FINAL SITE RESTORATION PLAN IMPLEMENTATION.

Commissioner Wilson recused himself and left the room; he was employed as a subcontractor on the project.

District Planner reported the Mitigated Negative Declaration review has been completed. Two comment letters were received; extensive responses were prepared by PG&E. Since no new information is evident there is no need to recirculate.

Kris Vardas of PG&E sincerely thanked Executive Director and staff for the time afforded PG&E and the level of professionalism shown during this project. The site overview, plan overview and permits have all been completed and the net effect is the project is beneficial for the environment.

COMMISSIONER HIGGINS MOVED FOR THE ADOPTION OF THE MITIGATED NEGATIVE DECLARATION FOR THE APPLICATION BY PACIFIC GAS AND ELECTRIC COMPANY FOR THE HUMBOLDT BAY POWER PLANT FINAL SITE RESTORATION PLAN IMPLEMENTATION. COMMISSIONER NEWMAN SECONDED.

Jen Kalt of Humboldt Baykeeper thanked PG&E for meeting with her regarding informational data on sediments. 25 past Coastal Development Permits called for mitigation measures; Coastal Commission has not accepted the applications as completed as there is still work that needs to be done. More work is needed on the environmental impacts of the red legged frog, for instance. Mitigation is inadequate; a repository for materials is needed. She urged the Board to wait until the Coastal Commission determination of their application is complete.

Kent Sawatzky said he doesn’t like PG&E and where they allow pot growers to grow in houses. He trusts Jen Kalt and the Harbor District Board to out for the environment.

Commissioner Higgins asked what bearing does the Coastal Commission requirement have; is there need to revisit before considering this item.

Deputy Director responded the Coastal Act is different from CEQA and the Harbors & Navigation Code. It states if the project changes with significant impacts, the document should be recirculated.

Commissioner Higgins said he has been in Humboldt County since 1972 and has been concerned about the nuclear waste problems. The condition of the facility has advanced to a high degree.

Kris Vardas said they are working with the Coastal Commission staff to address the issues. The Coastal Commission requires the Harbor District permit to be issued before they will finalize their permit. The main issues are the red legged frog impact, a buffer of 100’, mitigation measures and a truck turnaround.

MOTION CARRIED WITHOUT DISSENT.
B. CONSIDERATION OF ADOPTION OF RESOLUTION 2015-14, WHICH ESTABLISHES FINDINGS RELATIVE TO THE APPLICATION BY PACIFIC GAS AND ELECTRIC COMPANY FOR THE HUMBOLDT BAY POWER PLANT FINAL SITE RESTORATION PLAN.

COMMISSIONER NEWMAN MOVED FOR ADOPTION OF RESOLUTION 2015-14, WHICH ESTABLISHES FINDINGS RELATIVE TO THE APPLICATION BY PACIFIC GAS AND ELECTRIC COMPANY FOR THE HUMBOLDT BAY POWER PLANT FINAL SITE RESTORATION PLAN. COMMISSIONER HIGGINS SECONDED. ROLL CALL VOTE WAS TAKEN:

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

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF GRANTING PERMIT 15-01 TO PACIFIC GAS AND ELECTRIC COMPANY FOR THE HUMBOLDT BAY POWER PLANT FINAL SITE RESTORATION PLAN IMPLEMENTATION.

COMMISSIONER HIGGINS MOVED TO GRANT PERMIT 15-01 TO PACIFIC GAS AND ELECTRIC COMPANY FOR THE HUMBOLDT BAY POWER PLANT FINAL SITE RESTORATION PLAN IMPLEMENTATION. COMMISSIONER NEWMAN SECONDED. MOTION CARRIED WITHOUT DISSENT.

NEW BUSINESS

A. CONSIDERATION OF AWARDING CONTRACTS TO SUCCESSFUL BIDDERS SUBJECT TO FUNDING FOR REDWOOD TERMINAL 2 DOOR REPLACEMENT; REDWOOD TERMINAL 2 ELECTRIC POWER SUPPLY; REDWOOD TERMINAL 2 WAREHOUSES, SHOP, LABORATORY, STORAGE & OFFICE SIDING AND WINDOW REPLACEMENT; REDWOOD TERMINAL 2 WAREHOUSES, SHOP, LABORATORY & OFFICE ROOF REPAIRS; AND REDWOOD TERMINAL 2 MACHINE BUILDING REPAIRS.

Executive Director reported out of five projects advertised, three projects were bid. There were no bidders on the electrical power supply or the machine building repairs. Director of Facility Maintenance thoroughly reviewed the bids.

The low bidders were: Alves Inc. $932,500 for the Redwood Terminal 2 Warehouses, Shop, Laboratory & Office Roof Repairs; Thomas Home Center $305,521.20 for Redwood Terminal 2 Door Replacement and ACGC Inc. $871,286 for the Redwood Terminal 2 Warehouses, Shop, Laboratory, Storage & Office Siding and Window Replacement.

Staff recommended awarding bids to lowest bidders, with contracts subject to funding. Bids are good for 90 days. Upon receipt of funding contracts will be brought for Board consideration.

COMMISSIONER HIGGINS MOVED TO AWARD CONTRACTS TO SUCCESSFUL LOW BIDDERS SUBJECT TO FUNDING FOR REDWOOD TERMINAL 2 DOOR REPLACEMENT; REDWOOD TERMINAL 2 WAREHOUSES, SHOP, LABORATORY, STORAGE & OFFICE SIDING AND WINDOW REPLACEMENT; AND REDWOOD TERMINAL 2 WAREHOUSES, SHOP, LABORATORY & OFFICE ROOF REPAIRS. COMMISSIONER NEWMAN SECONDED.

Commissioner Higgins said the bids are competitive, local and there is no obligation if the funding is not obtained.
Commissioner Wilson said the District is providing function to a place that could have been lost to the community.

Commissioner Newman said he has faith and trust in staff.

President Marks said this is a good step forward in repurposing the pulp mill.

Kent Sawatzky requested Commissioner Wilson recuse himself when voting on the award of the bids as he has worked as a consultant for Danco Builders.

Commissioner Wilson said he worked as a subcontractor for Danco Builders at least eight years ago.

Jim Roberts asked how big the largest door was being replaced because he thought he could get a better price than the bid. Director of Facility Maintenance said the doors are large enough to drive a semi-truck through; and within ¼ of a mile from the ocean it is required the doors are commercial grade.

Susan Rotwein asked if ACGC Inc. is a local, qualified contractor. Executive Director replied Will Adams (ACGC Inc.) is local and qualified. She also asked about power to the terminal. Executive Director stated it is complicated when you add secondary services. The District cannot break up power and sell to tenants. It did create confusion with the bidders; they were nervous about the primary service. Ms. Rotwein asked if there was an option to meter separately. Executive Director replied the cost of the meters is higher.

Debbie Provolt asked if there is an “as built” appraisal for when the property is done. Executive Director said it is not a requirement to do an “as built” appraisal. The portion of the property that can be occupied has been appraised. Ms. Provolt asked if the only part usable will be collateral. Executive Director stated it is valued at a value of $3.8 million.

MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF RENEWAL OF COAST SEAFOODS COMPANY TIDELAND LEASE.

COMMISSIONER HIGGINS MOVED TO TABLE THE RENEWAL OF COAST SEAFOODS COMPANY TIDELAND LEASE. COMMISSIONER NEWMAN SECONDED.

Kent Sawatzky said the public has great interest in the item. Will there be a special Board meeting? He requested he be contacted by phone if there is a special Board meeting as he does not use a computer.

Debbie Provolt asked if there were maps available for the lease lands. She said it would be helpful to have them prior to the meeting when this item would be considered.

Deputy Director said there are maps in both the Mariculture Pre-Permitting Project and Coast Seafoods Initial Study.

Monte Provolt said the total lease property available should be included in the map.

Susan Rotwein said the CA Department of Fish & Wildlife has good maps also.

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF EXCLUSIVE RIGHT TO NEGOTIATE WITH ALASKAN ANVIL, LLC.

Bud Hoy, Alaskan Anvil, LLC, participated by phone.
Executive Director said the Exclusive Right to Negotiate with Alaskan Anvil, LLC is for 60 days with an option to extend and they are hoping to move in to the Fields Landing Boat Yard by November 1.
Mr. Hoy said his company is a smaller boat repair business; his two sons work with him.

Commissioner Higgins said when the Economic Development Committee was meeting, this was the type of tenant recommended for the boat yard.

COMMISSIONER NEWMAN MOVED TO APPROVE THE EXCLUSIVE RIGHT TO NEGOTIATE WITH ALASKAN ANVIL, LLC. COMMISSIONER WILSON SECONDED.

Kent Sawatzky said he strongly supported this and a business like this is much needed.
Susan Penn asked how much the lease is. Executive Director replied negotiations are ongoing.
Monte Provolt asked the Board to keep in mind the taxpayers when negotiating the lease.

DISTRICT COUNSEL PULLED EXHIBIT B FROM THE EXCLUSIVE RIGHT TO NEGOTIATE BECAUSE THE LEASE HAS NOT YET BEEN NEGOTIATED. THE BOARD AGREED BY CONSENSUS.

MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

The Regular Meeting of the Board of Commissioners adjourned at 8:50 p.m.

APPROVED BY:                  RECORDERD BY:

Patrick Higgins, Vice President  Patricia Tyson
For Greg Dale, Secretary                   Director of Administrative Services
PRESENT:

Commissioner Newman
Commissioner Marks
Commissioner Wilson
Commissioner Higgins

ABSENT:
Commissioner Dale

President Marks called the Executive Closed Session to order at 6:03 p.m.

Ken Sawatzky said he has a major reservation regarding the Coast Seafoods Company lease. There are too many open-ended items. The lease does not seem to be in the public’s best interest. The inflation clause does not value property effectively. He would like to see a rate of return comparable to the price of a truck garden. The Board should table the item even though the lease is on a timeline.

Commissioner Wilson asked Mr. Sawatzky if his main point is that the rate is too low or is there anything else. Mr. Sawatzky said tying up almost 200 acres with no commitment to develop in the future is an issue to him. Coast Seafoods Company should be forced to pay a good rate for those acres. He also objected to not forcing them to do so in a timely manner. There are major players coming in to a very profitable arena. He said he would not get into his concerns of conflict of interest at this time.

President Marks adjourned to Executive Closed Session at 6:12 p.m.

President Marks adjourned Executive Closed Session at 6:42 p.m.

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

President Marks led those present in the Pledge of Allegiance.

District Counsel reported on Closed Session as follows: Public Employee Performance Evaluation – Executive Director; Conference with Real Property Negotiators – Coast Seafoods Company Tideland Lease and Sven Kahle and GM Gabrych Family LP – No action taken on any of the items.

PUBLIC COMMENT

Julie Williams asked to speak on New Business - Consideration of Coast Seafoods Company Amended and Restated Tide and Submerged Land Lease. President Marks allowed Ms. Williams to speak on the item out of turn since she was unable to stay for the rest of the meeting. Ms. Williams said she represents the Northern California Association of Home Builders (NCHB) and read a letter to the Board regarding their concern of a conflict of interest with Commissioner Dale on the Board. She noted that while Commissioner Dale was not on the Board during the original contractual lease between the Harbor District and Coast Seafoods, he is now in a position to participate in a decision to modify, extend or renegotiate a contract, which constitutes involvement in the making of a contract under Section 1090 of the Government Code. NCHB requested the Board table the agenda item and not take any action until the matter is thoroughly vetted and resolved through due process in plain view of the public.

Pete Oringer thanked Commissioners Newman and Dale for their support of the Timber Heritage Association fundraiser. About 400 people enjoyed their Albacore and oysters, among other food items. They helped make a successful event.

Karen Brooks announced the Waterfront Run and Fitness Fair. The proceeds will go to Humboldt Trails Council and to purchase new tennis shoes for children. Ms. Brooks asked for the Board to pull Consent Calendar Item (a) because she wanted clarification on the Board’s voting during the April 9 meeting.
Kent Sawatzky said he has concerns regarding happenings in the community. He feels the Executive Director was brought to the Harbor District for a purpose – favoritism for oyster beds over the rest of the bay. Colluding and conspiring for oyster concerns in the bay; the bay should be used for multiple uses.

Jim Roberts said his dad owns a parcel in King Salmon. PG&E gave the Harbor District $2 million and the District invested $1.2 million into a homemade dredge. Now the District borrowed $1.2 million from Coast Seafoods; where is the other $800,000? When will King Salmon canal be dredged? Jack Crider should not get a raise. $126,000 to take care of a marina is excessive. The District should stand up to PG&E to get the permit; they have not.

Nick Angeloff announced he is running for the 2nd Division District office. His impetus for running is to refocus the efforts of the Harbor District. The conflict of interest issued needs to be addressed. Shipping industry needs to be addressed; an economic driver is needed. Harbor, recreation and conservation are mandates; shipping will pay for recreation and conservation. The District will not have to rely on grants. He has been working with agricultural vendors in the Central Valley and they are not aware that Humboldt Bay is a deepwater port. Humboldt Bay needs to be established for the future.

CONSENT CALENDAR

COMMISSIONER HIGGINS MOVED FOR CONSENT CALENDAR ITEM (A) TO BE PULLED FOR DISCUSSION AND APPROVE THE REMAINDER OF THE CONSENT CALENDAR. COMMISSIONER WILSON SECONDED.

Karen Brooks said she wanted to make clear for the benefit of the public that New Business Item A from the April 9, 2015 Board Meeting, Consideration of Exclusive Right to Negotiate with Humboldt Wholesale for Redwood Terminal 2 Warehouse, this is to establish an industrial grow on the Samoa Peninsula. Ms. Brooks said she wanted the minutes to reflect who voted and how in the April 9 meeting. Also the Humboldt Wholesale’s ERTN 120 days expired and she said she has not seen any forward movement.

It was explained that when the minutes reflect “MOTION CARRIED WITHOUT DISSENT”, it reflects that all Commissioners present voted to approve the motion. If the minutes state that all members were present for the meeting and a Commissioner did not recuse himself, then all Commissioners voted.

Executive Director stated that the Humboldt Wholesale project is not Coastal Dependent; therefore they could not move forward with the ERTN.

Commissioner Wilson clarified the Humboldt Wholesale lease project was for fertilizer import and processing, not establish an industrial grow.

Commissioner Higgins stated that since the minutes were not going to be amended, he would add item back in to his motion.

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

COMMUNICATIONS AND REPORTS

EXECUTIVE DIRECTOR’S REPORT:

- Shelter Cove meeting on October 22 with Resort Improvement District; David Smollet and Pat O’Shea
  - Fish Cleaning Station only - Access road & State lease are part of a grant; so a change cannot be effected.
Grand Jury response is due September 19; the Grand Jury recommends a dedicated dredging reserve fund and for the District to pursue new revenues and economic development.

Substation RF6 gas leaks costs approximately $2,000/month
- Our evolution camera scan in April 2016 showed 7 of 9 breakers leaked. The breaker sealing company could not give a guarantee for repair or costs. A new camera scan is needed for the guarantee at a cost of $4,500. It is scheduled for September 15.
- Kick off meeting with SHN on the Community Development Block Grant for the Redwood Terminal 2 (RT2) Revitalization of assets. The work will center on RT2 tenants and aquaculture waste water discharge to outfall/Dredge slurry water treatment and discharge to outfall/City of Eureka waste water discharge to outfall and Fairhaven and Samoa waste water discharge to outfall. (Danco)
- Samoa Wood Pellets & United Energy Trading (UET) conference call. UET is satisfied with the environmental conditions of the site and are moving ahead with letter of intent to fund project. The Samoa Wood Pellet lease will come to the Board for consideration on Sept. 24.

STAFF REPORTS

Deputy Director:
- Met with HSU and Director of Facility Maintenance regarding project design and permitting for desalination study at Redwood Terminal 2.
- Represented District at multi-agency meeting in Santa Rosa regarding Coast Seafoods’ proposed expansion project.
- Attended County Planning Commission hearing regarding acquisition of property to north of Redwood Terminal 2.
  - Exempt from Sub-Division Map Act
  - Planning Commission considered General Plan Conformance Review and Coastal Development Permit Issuance. The Planning Commission approved the project, with a conveyance of development rights until County staff makes findings consistent with General Plan Provisions for new development.
  - General Plan Provision categories: water supply, sewage disposal, access, fire, geologic, flood, noise, airport safety, water resources, biological resources and cultural and historic resources.
  - Options: 1) Appeal to Board of Supervisors or 2) work with County staff to identify the analysis that will be needed for likely uses (e.g., to deck wood products, vehicle use). Conduct analysis now to remove the conveyance of development rights for these anticipated uses. **Staff recommends the second approach and will move ahead unless otherwise directed by Commission at a future meeting**

Director of Harbor Operations:
- Dive completed on Outfall Line. Report and video should arrive soon.
- Leaving on September 23 to Seattle.
  - Meeting with the Marketing Coordinator from Holland America on September 24th
  - 5 Year Certification for Emergency Ship Handling Simulator and Bridge Recourse Management for Pilots
- No ships this month, California Redwood Co. has three ship loads of chips ready for export
- Writing a new Tariff for District Terminals
- Conducting a Parking Lot Occupancy Survey to determine the adequacy of public parking on new developments.

Director of Facility Maintenance:
- Conducting assessment of security needs at Woodley Island Marina, Fields Landing Boat Yard, and Redwood Marine Terminal 1 due to current incidents of vandalism.
- Redwood Marine Terminal 2
  - Increased patrolling
  - Adding alarm system to boiler tower
  - Installing "off limits" signage
District Planner:
- The Initial Study/Draft Mitigated Negative Declaration for the Redwood Terminal 2 Conditional
  Use/Coastal Development Permit is out for the 30-day comment period. Harbor District is the lead
  agency.
- Attended meetings with City of Eureka and County of Humboldt on the results of a study the City
  commissioned for the amount of Coastal Dependent Industrial uses of Redwood Terminal 2 as a
  part of the General Plan Update process. Still at staff level working its way through the hearing
  process.
- General Plan Update – Harbor District proposals are moving forward.
- Samoa Peninsula Fire District is having a reorganization hearing next week.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Newman:
- Attended the Planning Commission meeting. Encouraged people to watch the videos of the
  meeting where the land transfer that Deputy Director reported on is on the agenda. Legal
  Counsel directed the Commission clearly, but it seems politics became a part of the game.

Commissioner Marks:
- Softball season – time for playoffs and tournaments.
- Participated in the phone call with United Energy Trading and Samoa Wood Pellets. It sounded
  encouraging that Samoa Wood Pellets would get their funding.
- Attended a Labor Day picnic; and as a former union president and union organizer, he was
  encouraged.
- Sent a Letter to the Editor of the Mad River Union outlining the District's positive advancements in
  the last four years.
- As a NCRA Director, he updated on the Rails to Trails project in Eureka and Arcata. The license
  for Eureka is moving ahead. NCRA received a proposal from a local builder to renovate the
  NCRA office at the Balloon Tract. The manufacturing project at Pacific Lumber Company property
  in Scotia is moving ahead and wants to make sure they do not encroach on the rail spurs. He
  read some items from the 1956 Western Railroader newsletter.

Commissioner Wilson:
- Attended a reception last night for the Coastal Commission. Toured with the Commission on the
  CORAL SEA around Humboldt Bay. He was the District's representative and spoke about
  projects on the bay. Timber Heritage Association representatives spoke on the land use changes
  for the Samoa Shops property. The City of Eureka representative also spoke on their projects.
- Perceived conspiracy for aquaculture – the staff work tirelessly to bring all business ventures
  forward to the Board. The conspiracy is one of the marketplace. United States exports 92% of its
  seafood. When the Economic Development Committee was convened, the aquaculture industry
  said they would develop all of Humboldt Bay possible for aquaculture – the market is there and
  ready. The Board is just doing their job to enable the growth of aquaculture on Humboldt Bay.

Commissioner Higgins:
- Said he is grieving over the death of Zeke Grader, who died on September 8. Mr. Grader was a
  battler for rivers and fishermen.
- Is the Managing Director for the Eel River Recovery Project – they are measuring the river's flow
  for more accurate information.
- Said the results of the Economic Develop Committee, those which are viable, are being pursued
  and they are diverse.

Kent Sawatzky asked for a point of order regarding staff comments.

District Counsel said staff and Commissioner Reports cannot be a point of discussion.

President Marks denied Mr. Sawatzky's request.

OTHER: None
NON AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS

A. CONSIDERATION OF COAST SEAFOODS COMPANY AMENDED AND RESTATE TIDE AND SUBMERGED LAND LEASE.

The General Provisions of the Lease:10-Year Lease with four five-year options; automatic extension to September, 2055 or until District’s limited obligation note with Coast Seafoods is paid; rent increased based on increases in Consumer Price Index; Coast waived the fixed rent previously attached to the limited obligation note. The lease rates are as follows: $100 / Acre for intertidal areas in production; $15 / Acre for areas not in production and $1 / Square foot of raft surface. The cost per acre falls in line with other shellfish companies leasing in Humboldt Bay.

Commissioners Newman and Wilson comprise the Board’s committee and they determined a reasonable fee as follows: Intertidal Culture Areas: Coast’s annual harvest level is approximately 43,256 oysters / acre. For this area, rent is based on the Fish and Game Commission’s policy of $100 / acre / year for production between 20,000-90,000 oysters / acre / year. Lease Area without Culture. District staff is unaware of any precedent for lease values within tidelands that are leased for mitigation. The District Commission Committee identified a reasonable rate of $15 / acre / year. Raft Culture: Fish and Game Commission leases do not require additional rent for rafts within a lease area. However, for rafts, the District Commission Committee identified a recommended rate of $1 / square foot / year. Coast’s current lease rate: consist of $12,000 base rent + $0.42 / gallon shucked product and $0.06 / dozen whole shellfish harvested. Between 2012 and 2015 Coast paid a total annual average of $21,671. The new lease rate based on current culture is $35,879. The new lease rate based on the expansion of culture consistent with current permitting efforts is $58,477.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF COAST SEAFOODS COMPANY AMENDED AND RESTATE TIDE AND SUBMERGED LAND LEASE. COMMISSIONER NEWMAN SECONDED.

Commissioner Wilson said initially the rates seemed low in general, but now he understands the District is the highest on the West Coast. The issue is these are unpermitted sites. There is a huge capital expense amortized over time. A few months ago, the City of Eureka renewed a tideland lease at $12 per acres total on areas in production. There was no controversy. The District has definitely increased the rate, but is still inexpensive. The difference is in the tens of thousands of dollars — not a big dent in a company if it is a profitable venture.

Commissioner Newman said the rates seem low, but there are a lot of variables to be successful.

Commissioner Wilson said the value to the District will be large when the pre-permitting is complete.

Commissioner Higgins said Coast Seafoods Company has been paying lease fees on all property leased since 1093 on only part of what is usable. This is a competitive price; innovative to increase fee structure on rafts.

Monte Provot said Coast Seafoods is not here making their case. Looks like the Board is doing their dirty work. He asked the Board to take Ms. Williams’ comments seriously and said she was treated rudely. This contract is being made in violation of Government Code Section 1090 and is void. Payments are void and not future payments should be made. Take this issue seriously. Commissioner Dale should resign.

Kent Sawatzky said he echoed Mr. Provot’s words. No Request for Proposals was put out for bid. He said he would be willing to pay twice and can facilitate two years’ of payments. He requested
an RFP be put out instead of granting Commissioner Dale the business. Allow the public to bid. Leaving too much of the table. There is a conflict of interest here.

Debbie Provolt asserted a conflict of interest exists by virtue of Greg Dale being on the Board of Commissioners. If issuing a permit, it is appropriate for Commissioner Dale to leave the room. If Greg Dale was a lesser employee with Coast Seafoods, he holds a managerial position. The Board needs to look into and understand Government Code 1090. The Attorney General interpretation is that a contract made in violation of Government Code 1090 is void and must be returned with no future. Coast Seafoods could not collect on the loan; it is void and now a gift to the District. This is all part of the same transaction.

Nick Angeloff said his main concern is the $1.2 million loan with Coast Seafoods, which is also included in the agreement. There is a perception of a conflict of interest with a sitting Commissioner as an employee of Coast Seafoods. In the pre-permitting project, there are comments in the Environmental Impact Report by Greg Dale. Put off the decision; take your time.

Jim Roberts said he disagreed with the 20-year deal. It does not make sense. Leaving money on the table. The annual lease does not even pay Jack Crider's salary. There is no separate accounting for anything.

Karen Brooks referred to Section 3.5 of the agreement regarding payments on the Coast Seafoods note. Why is the loan with Coast Seafoods? The Harbor District has dug a hole for itself. It seems like there is a relationship and this offer was not offered to others. The District is in a corner and desperate. District Counsel could be sued. The District is giving Coast Seafoods an unfair advantage because the note is attached to the lease; need to unravel this situation.

Duane Rigge, former City Manager of Fortuna and Blue Lake, has personal experience with a conflict of interest violation and it is a serious matter; consequences are huge. Putting the agency and selves at risk. The Board needs more information before a decision is made. He has seen the State take radical action in these situations and he would hate to see the Board and District go through that.

Commissioner Higgins said it is not out of the norm to continue a relationship with a partner like Coast Seafoods. Negotiations have been done with good faith. This is an election issue and he values Commissioner Dale as a colleague.

Commissioner Newman asked for advice from District Counsel.

District Counsel stated whether or not a conflict of interest exists, it is a personal obligation, an individual decision, of each Commissioner; not up to the Board to decide. He is not aware of Commissioner Dale at any time participating in discussions of Coast Seafoods' transactions. The Board can take action.

Commissioner Wilson said this is a renewal; the District does not put renewals out on the street for Requests for Proposals. The highest bidder does not win; the most qualified does. The lease rates are being raised higher than elsewhere; he feels the Board is on sound footing. Regarding the connection with the loan, the line of credit is at 3% interest. Coast Seafoods is losing money, the public is benefitting. Also, the loan leveraged $8.5 million more of cleanup of the pulp mill property. We have a cleaner and safer Humboldt Bay. Coast Seafoods did that because the reputation of a clean bay is important to their business. Recreation and shipping are also dependent on a clean bay. The public got a great deal, huge benefit. The return on financing for the public is huge.

Debbie Provolt handed the District Counsel information on the Government Code 1090 Conflict of Interest.

President Marks said he worked in the pulp mill for 30 years and there was deep danger when the plan shut down cold. Three million gallons above-ground liquors were stored. Tanks leaked
and there was imminent danger to the Bay. He feels it is important in his position on the Board to keep the Bay safe. If the Bay gets wiped out, Humboldt County is in trouble.

MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF MODIFYING THE AGREEMENT WITH REDWOOD COMMUNITY ACTION AGENCY (RCAA) TO ALLOW RCAA TO CONTINUE SERVING AS SPARTINA DENSIFLORA ERADICATION PROJECT COORDINATOR BY EXTENDING THE AGREEMENT UNTIL SEPTEMBER 10, 2017 AND INCREASING THE AGREEMENT’S BUDGET BY $167,500.

Deputy Director reported in 2014 RCAA was awarded the position of Spartina eradication coordinator. RCAA has been proficient in this position. District has been awarded $180,000 from Natural Resources Agency. $12,500 will be the District’s portion for Administration and Project Management.

He recommended the Board consider $167,500 to RCAA for continued Spartina control and extension to September 10, 2017.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF MODIFYING THE AGREEMENT WITH REDWOOD COMMUNITY ACTION AGENCY (RCAA) TO ALLOW RCAA TO CONTINUE SERVING AS SPARTINA DENSIFLORA ERADICATION PROJECT COORDINATOR BY EXTENDING THE AGREEMENT UNTIL SEPTEMBER 10, 2017 AND INCREASING THE AGREEMENT’S BUDGET BY $167,500. COMMISSIONER WILSON SECONDED.

Karen Brooks asked for an explanation of how this benefits the public and is there monitoring for subduction in light of sea level rise.

Deputy Director responded this is a continuation of the ongoing Spartina eradication in the marshes of Humboldt Bay. Follow up treatment is required. There is ongoing monitoring of post treatment. The involved agencies are constantly seeking new funding to control new areas. Maintenance will be carried into perpetuity. Native vegetation is occurring in these areas. There is some question about subduction; there will be some initial loss, but then the marshes return.

Pete Oringer asked about coordination between the different agencies and areas yet to be identified.

Deputy Director responded there are monthly meetings with the Wiyot Tribe, Harbor District, Coastal Commission, City of Arcata and Humboldt Bay Wildlife Refuge. They are constantly reprioritizing what is next. During most weeks, treatment is on the Refuge and City of Arcata marshes. A grant is being sought for work on Indian Island, but nothing yet. Private lands are not being treated. Freshwater Slough to McDaniel Slough, Mad River Slough and South Bay are all receiving lots of treatment.

Executive Director stated the funding is slowing and priority is being given to areas already treated to keep the seed populations down.

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF CONTRACT WITH HARBOR DISTRICT EXECUTIVE DIRECTOR JACK CRIDER.

Executive Director stated the contract is based on a successful evaluation given August 27th. It is a one- year contract May 1, 2015 to April 30, 2016. Salary is $126,000, which includes a 5% raised (2% CPI & 3% merit). Four weeks of vacation- Flexible schedule that allows 10 days on- 4 days off. Standard benefit package. At will status, contract maybe terminated with or without cause at any time. No severance package.
COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF CONTRACT WITH HARBOR DISTRICT EXECUTIVE DIRECTOR JACK CRIDER. COMMISSIONER NEWMAN SECONDED.

Commissioner Higgins said he could not be more pleased. Cleaning up the pulp mill and trucking the liquors to Washington was Executive Director’s vision. He said he hopes the District can retain Jack Crider as long as possible.

Commissioner Wilson said this is the District’s standard management contract with a raise based on performance. The District is successful because of Jack’s transparency, diligence and hard work.

Commissioner Newman said one of his first errors in judgment was that Jack Crider was too good to be true, but he is.

President Marks said Executive Director has a great ability to multi-task. He is open to the public at any time. Staff is doing a great job under his leadership.

Jim Roberts said the current Board does the exact opposite of what the public wants. Commissioner Higgins and Jack Crider danced around the room when the District received the PG&E check. Where is it? The District is more in debt now. Where is the money coming from for his raise?

MOTION CARRIED WITHOUT DISSENT.

D. CONSIDERATION OF APPROVAL OF PAY SCHEDULE FOR HARBOR DISTRICT PERSONNEL.

Director of Administrative Services reported CalPERS requires a Publicly Available Pay Schedule stating the pay rate for agency employees with the following requirements: Approved and adopted by employer’s governing body during a public meeting; Identifies the position title for every employee position; Shows the pay rate for each identified position; Indicates the time base (i.e. hourly, monthly, annually, etc.); Posted at employers office or available for public review during business hours; Indicates an effective date/date of revisions; Retained by employers and available for public inspection for not less than five years; and Does not reference another document in lieu of disclosing the pay rate.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF PAY SCHEDULE FOR HARBOR DISTRICT PERSONNEL. COMMISSIONER NEWMAN SECONDED. MOTION CARRIED WITHOUT DISSENT.

E. DISCUSSION OF DRAFT TERMINAL TARIFF.

Director of Harbor Operations stated he is in the process of updating the tariff portion of District Ordinance 16. Not all new; parts are updated and re-written using today’s standards and he used a combination of different ports’ tariffs to re-write the District’s Tariff. General Rules & Regulations have been listed. A new schedule of Dockage rates for deep draft vessels (ships) has been added. Wharfage rates and demurrage have been defined. New pilotage rates and labor service rates have been added. (Stevedoring Standard on the West Coast). Also added are new service charges such as fresh water hook up rates, electrical fees, gangway fee and security fees. Pellet fees need to be added.

Executive Director said that California Association of Port Authorities membership also has to approve the tariff. The official tariff will be before the Board for approval within the next couple of meetings. Dockage fees have been way under market price.

Kent Sawatzky said he hates to say this but the District is wasting their time. The District now has bad Karma. Anything the District touches will fail. Jack Crider is a fantastic Executive Director and he appreciates Commissioners Marks and Newman. But the Board is wasting their time.
Karen Brooks said updating the tariff is good and proactive. She recommended staff have an incentive to shippers to bring more ships in; i.e. lower fees for future shipping.

Commissioner Higgins said the potential pellet shipper will be using Redwood Terminal 2. Shipper will be here; commodities will be here.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

The Regular Meeting of the Board of Commissioners adjourned at 9:11 p.m.

APPROVED BY:  

Patrick Higgins, Vice President  
For Greg Dale, Secretary

RECORDED BY:  

Patricia Tyson  
Director of Administrative Services
From: Adam Wagschal [mailto:awagschal@humboldtbay.org]
Sent: Friday, September 18, 2015 9:37 AM
To: 'Patti Tyson' <ptyson@humboldtbay.org>
Subject: FW: Harbor District Permit No. 14-06 Renner MLRX2, LLC tidegate work

Can you please add this to the consent calendar? I requested a signed letter.

Adam

From: Stein Coriell [mailto:scoriell@shn- engr.com]
Sent: Tuesday, September 15, 2015 10:22 AM
To: awagschal@humboldtbay.org
Cc: 'mfoget' <mfoget@shn- engr.com>; 'Michael Renner' <MRenner@rennerpetroleum.com>
Subject: Harbor District Permit No. 14-06 Renner MLRX2, LLC tidegate work

Adam,
We would like to request a one year extension of Permit No. 14-06, which is currently set to expire on October 23, 2015. Is anything required beyond this email request?
Thank you,
Stein

Stein Coriell
Project Planner

SHN Consulting Engineers & Geologists, Inc.
812 W. Wabash Avenue, Eureka, CA 95501
Phone: 707-441-8855
scoriell@shn- engr.com
www.shn- engr.com

From: Adam Wagschal [mailto:awagschal@harveyecology.com]
Sent: Wednesday, December 03, 2014 9:16 AM
To: Stein Coriell
Cc: 'mfoget'; 'Michael Renner'
Subject: RE: Permit application for Renner Bulk Plant Stormwater Improvement and Tide Gate Project

Thank you Stein. You are correct that the District Permit is now in effect.
COMMERCIAL LEASE

Date: December 1, 2015

Between: Humboldt Bay Harbor, Recreation & Conservation District
P.O. Box 1030
Eureka, CA 95502-1030
("District")

And: Alaskan Anvil, LLC
C/O: Bud Hoy guyhoy69@yahoo.com
P.O. Box 791
Port Townsend, WA 98368
("Tenant")

Area: Fields Landing Boat Yard

District leases to Tenant and Tenant leases from District the following described property (the "Premises") on the terms and conditions stated below:

2,185 Square Feet of Shop Space attached to main building. 7,000 square feet of designated yard space. 170 square feet of office space located in main building. Access and use of Travel Lift building (main building) at a daily use rate.

Section 1. Occupancy

1.1 Original Term. The term of this lease shall be December 1, 2015, to November 30, 2016, unless sooner terminated as hereinafter provided.

1.2 Possession. Tenant's right to possession and obligations under the lease shall commence on December 1, 2015.

1.3 Renewal Option. If the lease is not in default at the time each option is exercised or at the time the renewal term is to commence, Tenant shall have the option to renew this lease for two successive terms, as follows:

Page 1 – Commercial Lease
(1) Each of the renewal terms shall commence on the day following expiration of the preceding term.

(2) The option may be exercised by written notice to District given not less than 120 days prior to the last day of the expiring term. The giving of such notice shall be sufficient to make the lease binding for the renewal term without further act of the parties. District and Tenant shall then be bound to take the steps required in connection with the determination of rent as specified below.

(3) The terms and conditions of the lease for each renewal term shall be identical with the original term except for rent and except that Tenant will no longer have any option to renew this lease that has been exercised. Rent for a renewal term shall be the greater of (a) the rental during the preceding original or renewal term increased as set forth in Section 2 or (b) a fair market value of similar land.

Section 2. Rent

2.1 Base Rent. During the original term, Tenant shall pay to District as base rent the sum of $2,269 per month (Shop space $1,092, Yard space $1,050, Office space $127). Rent shall be payable on the first day of each month.

2.2 Security Deposit. Tenant will pay District the sum of $1,000 as a deposit at the signing of this lease to secure the lease. The deposit is nonrefundable if the tenant decides not to commence on December 1, 2015. The District shall have the right to offset against the deposit any sums owing from Tenant to District and not paid when due, any damages caused by Tenant's default, the cost of curing any default by Tenant should District elect to do so, and the cost of performing any repair or cleanup that is Tenant's responsibility under this lease. Offset against the deposit shall not be an exclusive remedy in any of the above cases, but may be invoked by District, at its
option, in addition to any other remedy provided by law or this lease for Tenant's nonperformance. District shall give notice to Tenant each time an offset is claimed against the deposit, and, unless the lease is terminated, Tenant shall within 10 days after such notice deposit with District a sum equal to the amount of the offset so that the total deposit amount, net of offset, shall remain constant throughout the lease term.

2.3 Additional Rent for Travel Lift Building. Additional use of Travel Lift building space, 2,520 square feet, available at a monthly rate of $3,024 or a daily rate of $100. Area consists of space under Travel Lift, any size vessel, not restricting the mobility or use of the Travel Lift. Rate available only as part of long term lease.

2.4 Additional Charges. All taxes, insurance costs, utility charges that Tenant is required to pay by this lease, and any other sum that Tenant is required to pay to District or third parties shall be additional rent. Power meters will be purchased and installed by the District. Meters will be read monthly by District Staff and will be billed to the Tenant based on PG&E advertised rate. Haul out for any size vessel is $200 for the round trip with Tenant providing as minimum of two (2) spotters. Interior Yard move $150 with Tenant providing two (2) spotters.

2.5 Late Charges. Tenant acknowledges that late payment of any rent or other payment required by this lease from Tenant to District will result in costs to District, the extent of which is extremely difficult and economically impractical to ascertain. Tenant therefore agrees that if Tenant fails to make any rent or other payment required by this lease to be paid to District within ten days of the date it is due, District shall impose a late charge of five percent (5%) of the overdue payment, to reimburse District for the cost of collecting the overdue payment. District may levy and collect a late charge in addition to all other remedies available for Tenant's default, and collection of a late charge shall not be in lieu of nor shall it waive the breach caused by the late payment.

2.6 Escalation

(1) The base rent provided in Section 2.1 shall be increased beginning the month of December of each year by a percentage equal to the percentage
change in the Consumer Price Index published by the United States Bureau of Labor Statistics of the United States Department of Labor for the most recent twelve months available as of November 15. Comparisons shall be made using the index entitled U.S. City Average—All Items and Major Group Figures for All Urban Consumers (1982-84=100), or the nearest comparable data on changes in the cost of living if such index is no longer published. The change shall be determined by comparison of the figure for the date of the term (or renewal term) with that of each succeeding year. In no event, however, shall base rent be reduced below that of the prior year.

(2) In lieu of a rent adjustment pursuant to the Consumer Price Index as set forth in 2.5(1), on each fifth annual anniversary of the commencement date of this lease, the District shall have to option to increase the Base Rent to reflect the increase in the fair market rental value of the Premises disregarding the existence of this lease and any improvements on the Premises constructed by Tenant. Fair market rental value shall be determined by an appraiser jointly hired by the parties or, if Tenant elects not to participate, by the District. District shall give Tenant a copy of the appraisal and 60 days written notice of the increase in rent. If Tenant does not accept the increase in rent, it may terminate this lease by giving District written notice and vacating the Premises prior to the date the increased rate becomes effective.

Alternate (2) In lieu of a rent adjustment pursuant to the Consumer Price Index as set forth in 2.5(1), on each fifth annual anniversary of the commencement date of this lease, the District shall have to option to increase the Base Rent to reflect any increase in the fair market value of the Premises disregarding the existence of this lease and any improvements on the Premises constructed by Tenant. If the parties cannot agree on the fair
market value of the Premises, then the matter shall be settled by final binding arbitration. The parties shall select an arbitrator, and if the parties cannot agree, then the parties will request that an arbitrator be appointed by the judge of the Humboldt County, California Superior Court who has the primary responsibility for hearing civil matters, or by the presiding judge of that court. Each party shall submit its proposed rental value to the arbitrator with the supporting information for that value, and the jurisdiction of the arbitrator shall be limited to selecting as the prevailing position the value proposed by one of the parties. The losing party shall pay all the costs of the arbitration and the reasonable attorney fees incurred in the arbitration by the prevailing party. Except as otherwise provided, the procedures for the arbitration shall be in accordance with the provisions of the California Code of Civil Procedure relating to arbitration.

Section 3. Use of the Premises

3.1 Permitted Use. The Premises shall be used for boat fabrication, maintenance, re-fitting and launch, and for no other purpose without the consent of Landlord, which consent shall not be withheld unreasonably. If this use is prohibited by law or governmental regulation, or if a higher and better use required by the zoning of the Premises is developed, this lease shall terminate on 180 days notice to Tenant.

3.2 Restrictions on Use. In connection with the use of the Premises, Tenant shall:

(1) Conform to all applicable laws and regulations of any public authority affecting the premises and the use, and correct at Tenant's own expense any failure of compliance created through Tenant's fault or by reason of Tenant's use, but Tenant shall not be required to make any structural changes to effect such compliance [unless such changes are required because of Tenant's specific use].
(2) Refrain from any activity that would make it impossible to insure the Premises against casualty, would increase the insurance rate, or would prevent District from taking advantage of any ruling of the California Insurance Rating Bureau, or its successor, allowing District to obtain reduced premium rates for long-term fire insurance policies, unless Tenant pays the additional cost of the insurance.

(3) Refrain from any use that would be reasonably offensive to other tenants or owners or users of neighboring premises or that would tend to create a nuisance or damage the reputation of the Premises.

(4) Refrain from loading the electrical system or floors beyond the point considered safe by a competent engineer or architect selected by District.

(5) Refrain from making any marks on or attaching any sign, insignia, antenna, aerial, or other device to the exterior or interior walls, windows, or roof of the premises without the written consent of District.

(6) Tenant shall not cause or permit any Hazardous Substance to be spilled, leaked, disposed of, or otherwise released on or under the Premises. Tenant may use or otherwise handle on the Premises only those Hazardous Substances typically used or sold in the prudent and safe operation of the business specified in Section 3.1. Tenant may store such Hazardous Substances on the Premises only in quantities necessary to satisfy Tenant's reasonably anticipated needs. Tenant shall comply with all Environmental Laws and exercise the highest degree of care in the use, handling, and storage of Hazardous Substances and shall take all practicable measures to minimize the quantity and toxicity of Hazardous Substances used, handled, or stored on the Premises. Upon the expiration or termination of this lease, Tenant shall remove all Hazardous Substances from the Premises. The term Environmental Law shall mean any federal, state, or local statute, regulation, or ordinance or any judicial or other governmental order pertaining to the protection of health, safety
or the environment. The term Hazardous Substance shall mean any hazardous, toxic, infectious or radioactive substance, waste, and material as defined or listed by any Environmental Law and shall include, without limitation, petroleum oil and its fractions.

3.3 Fields Landing Boat Yard Rules and Regulations. Tenant will abide by yard rules and Regulations as defined in appendix A

Section 4. Common Areas

4.1 Tenant’s Use. Tenant, its customers, agents and invitees shall have the non-exclusive right to use areas designated by District as common areas. “Common areas” means any parking areas, roadways, sidewalks, landscaped areas, security areas and any other areas owned by District where such areas have been designated or may be designated in the future by District as areas to be used by the general public or in common by tenants.

4.1 District’s Rights. With respect to the common areas the District reserves the following rights;

(1) To establish reasonable rules and regulations for the use of the common areas;

(2) To close all or any portion of the common areas to make repairs or changes;

(3) To construct, alter, or remove buildings or other improvements in the common areas and to change the layout of such common areas, including the right to add to or subtract from their shape and size or to eliminate such common areas;

(4) To exercise any of District’s governmental powers over the common areas; and

(5) To grant the right to use the common areas to third parties.
Section 5. Insurance

5.1 Insurance Required. District shall keep the Premises insured at District's expense against fire and other property damage and loss risks covered by a standard fire insurance policy with an endorsement for extended coverage. Tenant shall bear the expense of any insurance insuring the personal property, equipment and fixtures of Tenant on the Premises against such risks but shall not be required to insure. District shall not be liable to Tenant for any loss or damage to Tenant's personal property, equipment or fixtures.

5.2 Waiver of Subrogation. Tenant shall not be liable to the District or to its successors or assigns for any loss or damage caused by fire or any of the risks enumerated in a standard fire insurance policy with an extended coverage endorsement, and in the event of insured loss, District's insurance company shall not have a subrogated claim against the Tenant. This waiver shall be valid only if the insurance policy in question expressly permits waiver of subrogation or if the insurance company agrees in writing that such a waiver will not affect coverage under the policies. Nothing in this provision shall be construed to waive any rights of District against Tenant for losses or damages to the premises that are caused by Tenant's negligence or for which the Tenant is otherwise legally liable, if such damage or loss is not covered by insurance.

Section 6. Taxes; Utilities

6.1 Property Taxes and Assessments. Tenant shall pay as due all taxes on its personal property located on the Premises. Tenant shall pay as due all real property taxes and special assessments levied against the Premises before the same become past due. As a public entity, District does not pay property taxes, but Tenant will be assessed directly by the County a possessory use tax on the leasehold premises. Tenant shall provide District, on or before May 15 of each year, with proof of payment of
all taxes and any other assessments.

Section 7. Damage and Destruction

7.1 Partial Damage. If the Premises are partly damaged other than through the fault of the Tenant and Section 7.2 does not apply, the Premises shall be repaired by District at District's expense. Repairs shall be accomplished within a reasonable time.

7.2 Destruction. If the Premises are destroyed or damaged such that the cost of repair exceeds 50% of the value of the structure before the damage, either party may elect to terminate the lease as of the date of the damage or destruction by notice given to the other in writing not more than 45 days following the date of damage. In such event all rights and obligations of the parties shall cease as of the date of termination, and Tenant shall be entitled to the reimbursement of any prepaid amounts paid by Tenant and attributable to the anticipated term. If neither party elects to terminate, District shall proceed to restore the Premises to substantially the same form as prior to the damage or destruction. Work shall be commenced and completed within a reasonable time.

7.3 Rent Abatement. Rent shall be abated during the repair of any damage to the extent the premises are untenantable, except that there shall be no rent abatement where the damage occurred as the result of the fault of Tenant.

7.4 Damage Late in Term. If damage or destruction to which Section 7.2 would apply occurs within one year before the end of the then-current lease term, Tenant may elect to terminate the lease by written notice to District given within 30 days after the date of the damage. Such termination shall have the same effect as termination by Landlord.

Section 8. Liability and Indemnity

8.1 Liens

(1) Except with respect to activities for which District is responsible, Tenant
shall pay as due all claims for work done on and for services rendered or material furnished to the Premises, and shall keep the Premises free from any liens. If Tenant fails to pay any such claims or to discharge any lien, District may do so and collect the cost as additional rent. Any amount so added shall bear interest at the rate of 9% per annum from the date expended by District and shall be payable on demand. Such action by District shall not constitute a waiver of any right or remedy which District may have on account of Tenant’s default.

(2) Tenant may withhold payment of any third party claim in connection with a good-faith dispute over the obligation to pay the third party, as long as District’s property interests are not jeopardized. If a lien is filed as a result of nonpayment, Tenant shall, within 10 days after knowledge of the filing, secure the discharge of the lien or deposit with District cash or sufficient corporate surety bond or other surety satisfactory to District in an amount sufficient to discharge the lien plus any costs, attorney fees, and other charges that could accrue as a result of a foreclosure or sale under the lien.

8.2 Indemnification. Tenant shall indemnify and defend District from any claim, loss, or liability arising out of or related to any activity of Tenant or its customers, invitees, employees, or contractors on the Premises or any condition of the Premises in the possession or under the control of Tenant. District shall have no liability to Tenant for any injury, loss, or damage caused by third parties, or by any condition of the Premises. Tenant shall inspect the premises upon taking possession, and shall notify District in writing within three days of any condition of the premises Tenant believes constitutes a hazard or dangerous condition of the property. Failure to provide such a notice shall constitute an agreement by the Tenant that there is no such hazard or dangerous condition for which the District is responsible.

8.3 Liability Insurance. Before going into possession of the Premises, Tenant shall procure and thereafter during the term of the lease shall continue to carry
the following insurance at Tenant's cost: comprehensive general liability insurance in a responsible company with limits of not less than $1,000,000 for injury to one person, $2,000,000 for injury to two or more persons in one occurrence, and $1,000,000 for damage to property. Such insurance shall cover all risks arising directly or indirectly out of Tenant's activities on or any condition of the Premises. Such insurance shall protect Tenant against the claims of District on account of the obligations assumed by Tenant under Section 8.2, and shall name District as an additional insured. The insurance procured by Tenant shall be primary to any similar insurance coverage procured by District. Certificates evidencing such insurance and bearing endorsements requiring 10 days' written notice to District prior to any change or cancellation shall be furnished to District prior to Tenant's occupancy of the property.

Section 9. Quiet Enjoyment; As Is

9.1 District's Warranty. District warrants that it is the owner of the Premises and has the right to lease them. Tenant takes the Premises “AS IS”, with all faults, except as to those conditions of which it gives notice to the District pursuant to 8.2. Tenant shall be responsible for all maintenance of the premises except for structural components and the roof.

9.2 Estoppel Certificate. Either party will, within 20 days after notice from the other, execute and deliver to the other party a certificate stating whether or not this lease has been modified and is in full force and effect and specifying any modifications or alleged breaches by the other party. The certificate shall also state the amount of monthly base rent, the dates to which rent has been paid in advance, and the amount of any security deposit or prepaid rent. Failure to deliver the certificate within the specified time shall be conclusive upon the party from whom the certificate was requested that the lease is in full force and effect and has not been modified except as represented in the notice requesting the certificate.
Section 10. Assignment and Subletting

No part of the Premises may be assigned, mortgaged, or subleased, nor may a right of use of any portion of the property be conferred on any third person by any other means, without the prior written consent of District. This provision shall apply to all transfers by operation of law. If Tenant is a corporation or partnership, this provision shall apply to any transfer of a majority voting interest in stock or partnership interest of Tenant. No consent in one instance shall prevent the provision from applying to a subsequent instance. District may withhold or condition such consent in its sole and arbitrary discretion.

Section 11. Default

The following shall be events of default:

11.1 Default in Rent. Failure of Tenant to pay any rent or other charge within 10 days after written notice that it is due.

11.2 Default in Other Covenants. Failure of Tenant to comply with any term or condition or fulfill any obligation of the lease (other than the payment of rent or other charges) within 20 days after written notice by District specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 20-day period, this provision shall be complied with if Tenant begins correction of the default within the 20-day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

11.3 Insolvency. Insolvency of Tenant; an assignment by Tenant for the benefit of creditors; the filing by Tenant of a voluntary petition in bankruptcy; an adjudication that Tenant is bankrupt or the appointment of a receiver of the properties of Tenant; the filing of any involuntary petition of bankruptcy and failure of Tenant to secure a dismissal of the petition within 30 days after filing; attachment of or the levying
of execution on the leasehold interest and failure of Tenant to secure discharge of the attachment or release of the levy of execution within 10 days shall constitute a default. If Tenant consists of two or more individuals or business entities, the events of default specified in this Section shall apply to each individual unless within 10 days after an event of default occurs, the remaining individuals produce evidence satisfactory to District that they have unconditionally acquired the interest of the one causing the default. If the lease has been assigned, the events of default so specified shall apply only with respect to the one then exercising the rights of Tenant under the lease.

11.4 Abandonment. Failure of Tenant for twenty (20) days or more to occupy the Premises for one or more of the purposes permitted under this lease, unless such failure is excused under other provisions of this lease.

Section 12. Remedies on Default

12.1 Termination. In the event of a default the lease may be terminated at the option of District by written notice to Tenant. Whether or not the lease is terminated by the election of District or otherwise, District shall be entitled to recover damages from Tenant for the default, and District may reenter, take possession of the premises, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages and without having accepted a surrender.

12.2 Reletting. Following reentry or abandonment, District may relet the Premises and in that connection may make any suitable alterations or refurbish the Premises, or both, or change the character or use of the Premises, but District shall not be required to relet for any use or purpose other than that specified in the lease or which District may reasonably consider injurious to the Premises, or to any tenant that District may reasonably consider objectionable. District may relet all or part of the Premises, alone or in conjunction with other properties, for a term longer or shorter than the term of this lease, upon any reasonable terms and conditions, including the granting
of some rent-free occupancy or other rent concession.

12.3 Damages. In the event of termination or retaking of possession following default, District shall be entitled to recover immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the lease term, the following amounts as damages:

1. The loss of rental from the date of default until a new tenant is, or with the exercise of reasonable efforts could have been, secured and paying out.

2. The reasonable costs of reentry and reletting including without limitation the cost of any cleanup, refurbishing, removal of Tenant’s property and fixtures, or any other expense occasioned by Tenant’s default including but not limited to, any remodeling or repair costs, attorney fees, court costs, broker commissions, and advertising costs.

3. Any excess of the value of the rent and all of Tenant’s other obligations under this lease over the reasonable expected return from the Premises for the period commencing on the earlier of the date of trial or the date the premises are relet, and continuing through the end of the term. The present value of future amounts will be computed using a discount rate equal to the prime loan rate of major California banks in effect on the date of trial.

12.4 Right to Sue More than Once. District may sue periodically to recover damages during the period corresponding to the remainder of the lease term, and no action for damages shall bar a later action for damages subsequently accruing.

12.5 District’s Right to Cure Defaults. If Tenant fails to perform any obligation under this lease, District shall have the option to do so after 30 days’ written notice to Tenant. All of District’s expenditures to correct the default shall be reimbursed by Tenant on demand with interest at the rate of 9% annum from the date of expenditure by District. Such action by District shall not waive any other remedies available to District because of the default.

12.6 Remedies Cumulative. The foregoing remedies shall be in addition to
and shall not exclude any other remedy available to District under applicable law.

Section 13. Surrender at Expiration

13.1 Condition of Premises. Upon expiration of the lease term or earlier termination on account of default, Tenant shall deliver all keys to District and surrender the Premises in good repair and broom clean. District shall have the option, in its sole discretion, to permit alterations constructed by Tenant to remain at no cost to the District, or be removed or restored to the original condition at the expense of Tenant. Repairs and restoration for depreciation and wear from ordinary use for the purpose for which Tenant is responsible shall be completed to the latest practical date prior to such surrender. Tenant’s obligations under this section shall be subordinate to the provisions of Section 9 relating to destruction.

13.2 Fixtures

(1) All fixtures placed upon the Premises during the term, other than Tenant’s trade fixtures, shall, at District’s option, become the property of District at no cost to the District. If District so elects, Tenant shall remove any or all fixtures that would otherwise remain the property of District, and shall repair any physical damage resulting from the removal. If Tenant fails to remove such fixtures, District may do so and charge the cost to Tenant with interest at the legal rate from the date of expenditure.

(2) Prior to expiration or other termination of the lease term Tenant shall remove all furnishings, furniture, and trade fixtures that remain its property. If Tenant fails to do so, this shall be an abandonment of the property, and District may retain the property and all rights of Tenant with respect to it shall cease or, by notice in writing given to Tenant within 20 days after removal was required, District may elect to hold Tenant to its obligation of removal. If District elects to require Tenant to remove, District may effect a removal and place the property in public storage for
Tenant's account. Tenant shall be liable to District for the cost of removal, transportation to storage, and storage, with interest at the legal rate on all such expenses from the date of expenditure by District.

13.3 **Holdover**

(1) If Tenant does not vacate the Premises at the time required, District shall have the option to treat Tenant as a tenant from month to month, subject to all of the provisions of this lease except the provisions for term and renewal and at a rental rate equal to 150 percent of the rent last paid by Tenant during the original term, or to eject Tenant from the Premises and recover damages caused by wrongful holdover. Failure of Tenant to remove fixtures, furniture, furnishings, or trade fixtures that Tenant is required to remove under this lease shall constitute a failure to vacate to which this section shall apply if the property not removed will substantially interfere with occupancy of the Premises by another tenant or with occupancy by District for any purpose including preparation for a new tenant.

(2) If a month-to-month tenancy results from a holdover by Tenant under this Section, the tenancy shall be terminable at the end of any monthly rental period on written notice from District given not less than 10 days prior to the termination date which shall be specified in the notice. Tenant waives any notice that would otherwise be provided by law with respect to a month-to-month tenancy.

**Section 14. Miscellaneous**

14.1 **Nonwaiver.** Waiver by either party of strict performance of any provision of this lease shall not be a waiver of or prejudice the party's right to require strict...
14.2 Attorney Fees. If suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court or arbitrator may adjudge reasonable as attorney fees at trial, on petition for review, and on appeal.

14.3 Notices. Any notice required or permitted under this lease shall be given when actually delivered or 48 hours after deposited in United States mail as certified mail addressed to the address first given in this lease or to such other address as may be specified from time to time by either of the parties in writing.

14.4 Succession. Subject to the above-stated limitations on transfer of Tenant’s interest, this lease shall be binding on and inure to the benefit of the parties and their respective successors and assigns.

14.5 Recordation. This lease shall not be recorded without the written consent of District. [District shall execute and acknowledge a memorandum of this lease in a form suitable for recording, and Tenant may record the memorandum.]

14.6 Entry for Inspection. District shall have the right to enter upon the Premises at any time to determine Tenant’s compliance with this lease, to make necessary repairs to the building or to the Premises, or to show the Premises to any prospective tenant or purchaser, and in addition shall have the right, at any time during the last two months of the term of this lease, to place and maintain upon the Premises notices for leasing or selling of the Premises.

14.7 Interest on Rent and Other Charges. Any rent or other payment required of Tenant by this lease shall, if not paid within 10 days after it is due, bear interest at the rate of 9% per annum (but not in any event at a rate greater than the maximum rate of interest permitted by law) from the due date until paid.

14.8 Proration of Rent. In the event of commencement or termination of this lease at a time other than the beginning or end of one of the specified rental periods, then the rent shall be prorated as of the date of commencement or termination and in the event of termination for reasons other than default, all prepaid rent shall be refunded
14.9 **Time of Essence.** Time is of the essence of the performance of each of Tenant's obligations under this lease.

14.10 **Complete Agreement.** This Agreement constitutes the complete and entire agreement of the parties. No modification of the Agreement is effective unless in writing and signed by the parties.

**Section 15. Arbitration**

15.1 **Disputes to Be Arbitrated.** If any dispute arises between the parties arising out of this lease other than the rental value pursuant to section 2.5(2) the matter shall be resolved by binding arbitration. The arbitrator and arbitration procedures shall be mutually agreed upon by the parties. If the parties cannot agree on the selection of an arbitrator, they shall request the judge of the Humboldt County, California Superior Court with primary responsibility for hearing civil matters, or the presiding judge of that Court, to select an arbitrator.

15.2 **Procedure for Arbitration.** The arbitrator shall proceed according to the California statutes governing arbitration, and the award of the arbitrator shall have the effect therein provided. The arbitration shall take place in Humboldt County, California, unless the parties stipulate in writing to a different location. Costs of the arbitration shall be shared equally by the parties, but each party shall pay its own attorney fees incurred in connection with the arbitration.
Humboldt Bay Harbor, Recreation & Conservation District

By: _______________________
   President

By: _______________________
   Secretary

Tenant: Alaskan Anvil LLC

By: _______________________
   President

By: _______________________
   Counsel for Tenant

Counsel for District

APPROVED AS TO FORM:

Counsel for Tenant

APPROVED BY COMMISSION ON:

__________________________
Exhibit A:

YARD RULES AND REGULATIONS

Any person using the facilities at the Boat Building and Repair Facility shall assume all risk of damage or loss to his property and the District assumes no risk on account of fire, theft, act of God, or damage of any kind to vessels or equipment at the Boat Building and Repair Facility. The District shall not be liable in any manner or for any cause whatsoever for any vessel or equipment or its contents, gear thereof, or any loss or damage thereto howsoever occasioned, storage shall be at the sole risk of Lessee.

At all times Lessee shall comply and shall obtain the compliance of and be liable for, Lessee’s family, employees, agents, business visitors, contractors, and invitees, of all laws, ordinances, rules and regulations, including those of the federal and state government, the County of Humboldt and the District. District may remove any vessel or equipment from any space to any other space, or to place the same in storage at Lessee’s expense if in the discretion of the District it may be necessary to do so for the safety or security of the vessel or equipment or District’s property or to repair District’s facilities, or for any other reason in the best interests of the District, and District shall have no liability for any loss or damage resulting therefrom or for any failure to move the same.

In the event District deems it necessary to resecure or relocate a vessel or equipment for any reason, Lessee shall pay a reasonable cost or charge therefor, plus all costs and materials used therefor. District shall assume no responsibility for the safety of vessels or equipment and shall not be liable for fire, theft, or any damage to vessels or equipment by reason of District’s decision either to resecure the vessel or equipment or not to resecure the vessel or equipment.

Removal, relocation or storage of vessels and equipment as provided in this ordinance shall be without liability to the District, its Harbor Master, employees or agents.

All contractors shall have on file with the District, prior to commencement of work, current liability insurance listing the Humboldt Bay Harbor, Recreation and Conservation District as additionally insured.

An agreement shall authorize the holder thereof to use the facilities at the Boat Building and Repair Facility for purposes vessel building, repairs and maintenance, and storage of vessels and marine equipment only, and grants no further rights, privileges or uses. Additional or varying uses shall not be allowed except at the sole discretion of the Harbor Master or as provided in the ordinances and regulations of the District.

District shall have the right at all times to refuse an agreement or to refuse to issue a Boat Yard Agreement to any Lessee if any vessel or equipment that may be in the opinion of the Harbor Master is unsightly, improperly maintained, inappropriate or may present a danger to District’s property or other vessels or equipment.

It shall be unlawful for any person to willfully injure, break, remove or tamper with any part of any vessel or equipment in the Boat Building and Repair Facility, any waterway or facility thereof, or to climb into or upon any vessel or equipment without the consent of the owner, unless in the performance of official duties or to protect life or property.

During hours of darkness, all persons shall be prohibited from the Boat Building and Repair Facility, unless expressly authorized by the Harbor Master. It shall be unlawful for persons to be within the facility after hours of darkness and may be considered trespassers and prosecuted by law.
It shall be unlawful for any person under the age of thirteen (13) years to go, remain, or be upon any of the gangways, floats, vessels or equipment in the Boat Building and Repair Facility unless such person is accompanied by an adult, or unless such person has the written permission of the owner, on file with the Harbor Master, of any vessel or equipment located at the Boat Building and Repair Facility to go upon such vessel or equipment, or unless such person has permission of the Harbor Master.

No vessel or equipment within the Boat Building and Repair Facility shall be used as a place of residence and no person shall use the same as place of residence except with expressed written permission of the Harbor Master.

All activities at the Boat Building and Repair Facility shall be in accordance with best management practices to prevent water, soil and air pollution. Lessee will be held financially responsible for clean-up expenses and fines as a result of pollution arising from any activity or persons involved in Lessee's vessel or equipment causing pollution.

No persons shall dump, throw, discharge, or deposit from any vessel or equipment or from the shore or float, or in any other manner any refuse matter, human waste, dead animals, fish, shellfish, fish parts, bait, putrefying matter, bilge water, paints, solvents, oil, spirits, inflammable liquid, hazardous materials, contaminates, plastics or garbage of any kind whatsoever into or upon the water of Humboldt Bay or in, on or upon the banks, walls, sidewalks, parking area, or any waters within the boundaries Boat Building and Repair Facility. All material shall be disposed of in an approved manner for the specific material. Tarps must be used at all times to control the release of dust, sandings, chemical spills and other residues.

No person on board any vessel within the Boat Building and Repair Facility shall use the sanitary facilities, toilets or sinks on board such vessel.

Pets shall not be allowed within the Boat Building and Repair Facility or to commit any nuisance within the Boat Building and Repair Facility and the owners of said pets shall be responsible for cleaning up any nuisance or mess left by said pet.

Any person found in violation of safe and appropriate disposal practices shall have their Boat Yard Agreement revoked immediately and shall be responsible for all clean up costs plus any damages.

All persons entering the Boat Building and Repair Facility must log in daily at the office prior to commencing any work.

All vessels and equipment must be secured so that no part, including bow sprit, boom, boomkin, or other appurtenance shall block any portion of any walkway or driveway.

All bilges shall be cleaned prior to any work that opens or penetrates the hull. Oil absorbent materials shall be used when removing contaminated bilge water and Lessee shall be responsible for the removal of all absorbent material from District property. Dispose of waste oil and filters in appropriate waste oil and filter recovery areas.

No spray painting without first notifying the District. Use all caution while spray, roller, or brush painting. Lessee shall be responsible for damage to adjacent vessels and equipment. The use of antifouling paint containing tributyl tin is prohibited. All paint spillage must be cleaned up immediately.

Sandings from boats shall be collected by using visquine, plastic tents, or other materials to keep pollutants from contaminating the soil or becoming airborne. Vacuum up all dry sandings. Exterior wet sanding is not allowed. DO NOT clean area with water. Storms drains may go directly into Humboldt Bay.
Sand blasting is prohibited except in approved areas.

At such time as it may become necessary to perform work involving use of welding or burning equipment, every person intending to engage in welding or burning shall notify the District of the nature and extent of the proposed work, the workman or company doing the work and the date and time the work shall be performed. This notification shall be given to the District prior to the start of work and whenever practical at least one day before the work is to be performed. Fire extinguishers shall be provided by the Lessee and be immediately available during welding or burning.

Use of fuel heating stoves or any fuel cooking facilities on board a vessel while at the Boat Building and Repair Facility is strictly prohibited.

No person shall display on any vessel a "For Sale" sign in excess of 150 square inches on the face.

Bulk fueling of any vessel in the Boat Building and Repair Facility is prohibited unless with the expressed written permission of the Harbor Master.

Lessee is responsible for keeping their space clean on a daily basis. All tools, equipment and supplies are to be picked up and either placed on the vessel or placed in an orderly fashion within Lessee's space before leaving the area for the day. Lessee is responsible for final clean up of space. Space will be inspected and must pass inspection prior to launching.

Lessee engaged in work on their vessel or equipment must take care not to interfere with the work of others.

Vehicles must park in appropriate areas and must never hinder access for the travelift and other equipment. No vehicle shall be parked so as to obstruct the road, driveway, gate, or other public access. The District reserves the right to regulate all parking of motor vehicles, including guests and invitees of Lessee. No overnight parking of vehicles of any kind shall be permitted except under the provisions of a permit issued by the District. All vehicles left unattended or illegally parked may be towed away at owner's or Lessee's expense.

No brokers, peddlers, agents, or solicitations shall be permitted in the Boat Building and Repair Facility except upon the prior written consent of the District.

All paints, solvents, resins and fillers must be stored in their original container with labels identifying material enclosed.

Travelift services shall be arranged by making a prior appointment with the District. Emergency services may be available by contacting the District offices. Travelift services may be refused by District in the event that services may be deemed unsafe, including but not limited to weather conditions, for District personnel, property, or equipment.

Prior to any Travelift services, a release of liability form must be signed by the Lessee (legal owner, operator, or individual legally in possession of the vessel or equipment).

Prior to lift, Lessee must ensure that all gear and equipment in and on the vessel or equipment is secured. All fore and aft stays and other appurtenance that may interfere with hoisting of vessel or equipment must be loosened or removed in advance to avoid lifting delays.

Lessee must direct placement of slings of travelift and blocks to ensure that no damage occurs to hull. Lessee shall assume all responsibility and liability for any damage that may occur due to improper or proper placement of slings and blocks.

Page 22 – Commercial Lease
Vessels with hard chines, bilge keels, rubbing strakes, vent covers, etc. are vulnerable to damage by slings when hoisting. Lessee shall assume all responsibility for any damage that may occur as a result of requesting Travelift services.

A "Round Trip" consists of a recovery and launch and includes a maximum of thirty (30) minutes for owner to wash down vessel or equipment.

Boats that have been painted and are being launched will be given a maximum of thirty (30) minutes in order to touch up holidays left by cradle.

Charges for hanging in the slings for the purpose of surveying or inspecting the vessel are based on one (1) hour of time. The vessel will not be moved from the haul-out site without prior arrangements or by rescheduling within the first fifteen (15) minutes, schedule permitting.

Charges for lift commence at time scheduled unless District operator is not ready to commence. Time of completion is when District operator and Travelift is no longer engaged in handling Lessee's vessel or equipment.

When delay is encountered on Travelift operations that is caused by the Lessee, the Lessee will be charged hourly in one half hour increments, as per the rate schedule.

All charges accrued for Travelift; blocking, storage and other services shall be paid in full prior to launch or release from premises.

Anyone more than fifteen (15) minutes late for a reservation may have their appointment cancelled, if necessary, due to scheduling, or at the discretion of the District.

Lessee is responsible and liable for Lessee's family, employees, agents, business visitors, contractors and invitees within the Boat Building and Repair Facility for compliance with all rules, regulations and provisions of the Boat Yard Agreement and this ordinance.

All vessels area required to be either currently documented with the United States Government or registered with a state and must remain currently documented or registered to retain a Boat Yard Agreement.

Diver inspection of a vessel while in the travelift area is permitted only after first notifying the District and receiving permission from the District. Divers will not be permitted in the water within the travelift area while a vessel is being held in the slings over the water.

In the event the Board of Commissioner of the District determines that Lessee has failed to comply with the terms and provisions of the Boat Yard Agreement or with the ordinances, rules and regulations promulgated by the District, for the safety of District's facilities, the Boat Yard Agreement may be terminated forthwith by the District and upon being so notified in writing by the District, Lessee shall immediately remove his vessel and all equipment from the assigned area and out of and away from District's facilities.

The Harbor Master or his designated representative shall have full authority to enforce the provisions of this ordinance and to enforce the provisions of this ordinance and to issue citations for violations of any provision of this ordinance. Non-compliance will result in a minimum $150.00 clean-up fee.

I have received a copy of Ordinance No. 16, The Boat Building and Repair Facilities Rules and Regulations:________

Page 23 – Commercial Lease