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

DATE: **January 26, 2017**

TIME: **Executive Closed Session - 6:00 PM**
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 at 6:00 p.m.

a. Move to Executive Closed Session pursuant to the provisions of the California Government Code Section 54956.8 (Conference with Real Property Negotiators)

1. Conference with Real Property Negotiators
Agency Negotiator: Board President, Executive Director and District Counsel
Under Negotiation:
Exclusive Right to Negotiate Inyo Networks.

2. Adjourn Executive Closed Session

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

4. Pledge of Allegiance

5. Report on Executive Closed Session

6. 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.

7. Consent Calendar:

a. Consideration of approval of Board meeting minutes for July 28, 2016
b. Consideration of approval of Board meeting minutes for August 25, 2016
c. Consideration of approval of Board meeting minutes for September 8, 2016
d. Consideration of approval of Board meeting minutes for September 22, 2016
e. Consideration of approval of Board meeting minutes for September 29, 2016
f. Consideration of approval of Board meeting minutes for October 27, 2016

8. Communications and Reports

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

9. Non Agenda

10. Unfinished Business

11. New Business

a. Consideration of appointment of District 3 Commissioner.

b. Consideration of subordination request by the City of Eureka relating to proposed bond issue for the Eureka Successor Agency pursuant to Section 34177.5(c) of the California Health and Safety Code.

c. Consideration of contract with Merkel & Associates, Inc. to complete a preliminary eelgrass mitigation plan for King Salmon's Fisherman Channel, not to exceed $23,328.

d. Consideration of Exclusive Right to Negotiate Agreement with Inyo Networks Inc. for a non-exclusive use of the ocean outfall pipe to land fiber optic communication cables.

12. Administrative and Emergency Permits

13. Adjournment

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

7a

July 28, 2016

PRESENT:
Commissioner Doss
Commissioner Higgins
Commissioner Wilson
Commissioner Marks

ABSENT:
Commissioner Dale

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

President Higgins asked Pete Oringer to lead the Pledge of Allegiance.

PUBLIC COMMENT

Pete Oringer thanked the Board for considering allocating funds in next year's budget to the Land Bridge Alliance. He announced the Timber Heritage Association's Annual Salmon, Oyster, Ales and Rails fund raiser on August 27. There will be tours of the facility including the upgrades. Mr. Oringer asked Commissioner Wilson if he will be at the Bayside Grange breakfast on Sunday to help clean dishes.

Kent Sawatsky spoke about potential funding for the District. The Cannabis industry is moving more towards being accepted. Humboldt County has 90% of the potential tax. Entities such as the District do not own properties for that. He suggested a portion of the tax should go to municipalities and other government entities and the District should prepare their argument for that.

Bob Figas thanked Pete Oringer and Timber Heritage Association for their improvements to the facility. He said there is about 50' around the Redwood Dock and the ship turnaround that needs to be dredged before he can enter into contracts.

CONSENT CALENDAR: None

COMMUNICATIONS AND REPORTS

EXECUTIVE DIRECTOR REPORT

- CDI Interim Use – Coastal Commission meeting requested for September; local staff is saying October or November – waiting on the County's submittal.
- Revised King Salmon Fisherman's Channel permit application to match 500 pile removal mitigation with entrance channel dredging.
- King Salmon Canal Captains meeting expected for August 10.
- Inspection of Redwood Marine Terminal 2 books by New Market Capital – Jimmy Tran to compare paid funds to completed work. Grand Opening of Redwood Marine Terminal 2 scheduled for September.
- Shelter Cove – 922 launches, $8,200 storage, $5,200 charters; approximately $45,000 revenue to date.
- Solar companies interviews tomorrow – Commissioners Higgins and Marks and Matt from Redwood Energy Authority.

STAFF REPORTS:

Director of Facility Maintenance:

- Continuing repairs and cleanup of Redwood Marine Terminal 2 – siding will be complete in three weeks; roofing complete by September. Maintenance staff is working with the roofing contractors to keep costs down; separating lighting in warehouses, looking into exterior lighting needs.
- Hag Fish operations is growing and operator is asking for improved pump (more water), using a larger pump from old mill to accommodate.

- Reorganizing work yard/storage, utilizing the space at Redwood Marine Terminal for equipment storage.
- Dredge will be performing sea trials in August to satisfy warranty contract.
- Fields Landing Board Yard has increased activity; Small boat yard storage area is 90% full.
- Shelter Cove tractor operations is busy, looking for more qualified help.
- Revisiting the District's Illness and Injury Prevention Program, working with the SDRMA safety consultant.

Director of Harbor Operations:

- Entrance Channel dredging completed to date; new draft restriction of 36'; Dredge ESSAYONS will return late August/early September for seven days; awaiting new soundings finished last week.
- Two ships last month: log ship – Schneider Dock and chip ship – California Redwood Company
- Performed sediment sampling for practice at Public Marina site – waiting for final lab bids.
- MSRC Lease Renewal completed at Fields Landing Boat Yard – five-year lease.

DISTRICT COUNSEL, DISTRICT PLANNER AND DISTRICT TREASURER REPORT

District Counsel:

- Currently reviewing District's Conflict of Interest Ordinance for compliance with State law.

District Planner:

- Recirculated Coast Seafoods permit EIR to required agencies and individuals and required postings. Comments will be received through the end of August and will be compiled early September.
- After the Board of Supervisors took positive action on the interim use ordinance, staff is anxious to get this item in front of the Coastal Commission for consideration, most likely in October.
- Working with PG&E on sampling permit for King Salmon.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Doss:

- Also announced the Salmon, Oysters, Ales and Rails fund raiser. One of the draws to be a member of that group is the potential to create jobs around the bay. He said THA is well-focused, well-organized. The locomotive that was once at Sequoia Park is now housed in the Round House.
- Participated in Fortuna Rodeo Parade – Bill Branstetter was the Grand Marshall.
- Attended the Harbor Working Group luncheon yesterday. Rick Tippett, Transportation Engineer for Trinity County, was the guest speaker and he spoke on the upcoming transportation study.
- Attended a boat ride with Mr. Tippett and Commissioner Marks yesterday morning.

Commissioner Higgins:

- Experienced the boat launch service in Shelter Cove – well organized. People were very grateful for the District's involvement at the Cove.
- Article in the local papers about the Humboldt Bay's dredging dilemma. The Eel River is a large participant in the sediment growth and needs to be considered when discussing dredging with the Corps of Engineers.
- Involved in discussions with the prospect for solar energy at Redwood Terminal 2.

Commissioner Wilson:

- Unable to be at the Bayside Grange on Sunday.
- Met with Rick Tippett, the Transportation Engineer of Trinity County.
- Interviewed potential District Engineers with Commissioner Dale.
- Gave two tours of Redwood Terminal 2.

Commissioner Marks:

- Met with Rick Tippett, Trinity County, as well.
- Attended a meeting about dredge spoils.
- Said he is pleased to know Mr. Figas is still interested in Redwood Dock.
- Met with a group of former machine workers from the old pulp mill. They were excited to hear about the improvements at the facility.

OTHER: None

NON AGENDA: None

UNFINISHED BUSINESS

A. SECOND READING AND ADOPTION OF AMENDMENT 6 TO ORDINANCE 6, AN ORDINANCE ESTABLISHING PROCEDURES FOR THE CONDUCT OF MEETINGS, ELECTION OF OFFICERS AND THE PASSAGE OR APPROVAL OF ORDINANCES AND RESOLUTIONS FOR THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT.

CEO reported currently Board meetings are held on the 2nd and 4th Thursdays of the month, except for December when they are held on the 1st and 3rd Thursdays. This ordinance would allow for one regular Board meeting on the 4th Thursday of the month with special meetings to be called if there is timely business to conduct or if the Board meeting falls on a holiday.

COMMISSIONER MARKS MOVED FOR THE ADOPTION OF AMENDMENT 6 TO ORDINANCE 6, AN ORDINANCE ESTABLISHING PROCEDURES FOR THE CONDUCT OF MEETINGS, ELECTION OF OFFICERS AND THE PASSAGE OR APPROVAL OF ORDINANCES AND RESOLUTIONS FOR THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT. COMMISSIONER WILSON SECONDED.

Kent Sawatzky said as far as consistency and transparency and the public's opportunity to participate, it would be helpful to have the ordinance amended to state if there were special meetings, they would occur during the normal time frames (Thursday evenings, not lunch time) as has been done in the past. It is hard on the public to get last minute notice on special meetings.

Pete Oringer agreed with Mr. Sawatzky. He also said additional notice, not just the 24 hour notice required for special meetings, with complete agendas would be helpful as well.

ROLL CALL VOTE WAS TAKEN:

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

MOTION CARRIED WITHOUT DISSENT.

NEW BUSINESS

A. CONSIDERATION OF AMENDMENT TO DISTRICT COUNSEL CONTRACT.

CEO reported District Counsel has proposed a $10 per hour rate increase for his time to work on District business and attend meetings, for associate attorneys' work and paralegal services.

COMMISSIONER MARKS MOVED FOR THE APPROVAL OF AMENDMENT TO DISTRICT COUNSEL CONTRACT. COMMISSIONER WILSON SECONDED.

Kent Sawatzky said District Counsel is a "gem" and competent legal counsel. He thanked District Counsel for his service to the District.

MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF REQUEST FOR PUBLIC INFORMATION CAMPAIGN BUDGET NOT TO EXCEED $5,000 – COMMISSIONER HIGGINS.

Commissioner Higgins said he asked for this agenda item mainly to carry the District's position to the Coastal Commission regarding the protection of eelgrass and adapting to climate change, dredging and sediment disposal, Coastal Dependent Industrial Zoning, Aquaculture and shipping, among others. The District would partner with Access Humboldt and Sirius Studios to create two specific films, 30 minutes in length, and short public information films.

Commissioner Wilson said he understands Commissions Higgins' frustration. If the District is going to put forth a video regarding policies, he does not know what it would be. Also a narrative written by a Commissioner and a staff member with the District seal would make him nervous. Commissioner Higgins said Commissioner Wilson's concerns are valid and can be met. Commissioner Wilson said he was also not sure about the strategy; Coastal Commission is not necessarily the entity needing the information on all the subjects. But there is a need to get more information to the public.

Commissioner Marks said an educational tool would be a good thing, but cannot be perceived as propaganda. The time frame of one month seems aggressive.

COMMISSIONER MARKS MOVED TO ALLOCATE $5,000 FOR AN EDUCATIONAL TOOL. COMMISSIONER WILSON SECONDED.

Commissioner Doss agreed a digital educational tool would be a positive move; don't forget shipping.

Kent Sawatzky said $5,000 for outreach makes sense. There is not any hurry regarding the CDI issue since the County has to go through their process prior to going to the Coastal Commission.

Monte Provolt said he was concerned the outreach would become propaganda based on Commissioner Higgins' comments. He said Commissioner Higgins is not willing to listen to both sides; his ideas are perfectly correct. There was no mention of the $300,000 feasibility study in any of the conversations. If there is to be money spent on outreach, all sides need to be presented.

Commissioner Wilson suggested a committee be appointed and meet without a budget and bring back a proposal to the Board.

COMMISSIONER MARKS AMENDED HIS MOTION FOR A COMMITTEE TO BE APPOINTED WITHOUT A BUDGET AT THIS TIME. COMMISSIONER WILSON SECONDED.

President Higgins appointed Commissioners Wilson and Doss as the Public Relations Committee.

MOTION CARRIED WITHOUT DISSENT.

C. DISCUSSION OF PROCESS AND TIMELINE TO FILL COMMISSION VACANCY UPON COMMISSIONER WILSON'S RESIGNATION TO TAKE POSITION ON BOARD OF SUPERVISORS.

Commissioner Wilson said his term will expire in December of 2017. After Commissioner Wilson gives his resignation and there is a notice of vacancy, the Board has 60 days to fill the position.

The Notice of Vacancy must be posted in at least three different public locations for at least 15 days. The Board has the discretion on the process of recruitment.

District Counsel said there are three different options: a special election could be called in June 2017, the Board of Supervisors can appoint if the District Board opts to do nothing, or the District Board can do the recruitment. The appointment of a replacement cannot happen until Commissioner Wilson resigns.

Commissioner Wilson suggested the letter of resignation comes out soon with the resignation date in late November. In the meantime, recruitment will take place with a recommendation for appointment to the Board

Kent Sawatzky said he supports the recruitment for a nice, clean transition. Make sure the people who are applying would not be able to serve if they are already serving in an elected position.

Pete Oringer the Board had a valid discussion and are not under pressure to act quickly. Use the time to codify the process. District Counsel pointed out the archaic rules that exist. Take this as an opportunity and bring back the recommendation for the process.

ADMINISTRATIVE AND EMERGENCY PERMITS

Administrative Permit to Ron Kuhnel to replace forty-foot section of existing floating dock located on APN 405-021-08 Indian Island.

The Regular Meeting of the Board of Commissioners adjourned at 8:28 p.m.

APPROVED BY:

Patrick Higgins, President for
Greg Dale, Secretary

RECORDED BY:

Patricia Tyson
Director of Administrative Services

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

August 25, 2016

PRESENT:
Commissioner Doss
Commissioner Higgins
Commissioner Wilson
Commissioner Marks

ABSENT:
Commissioner Dale

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

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

PUBLIC COMMENT

Kent Sawatzky spoke about the potential Cannabis excise tax. He is going to urge for a strong "NO" vote. It is too early for the State to have adopted a tax system; especially on "medicine". The tax dollars will go into the County's General Fund and will come from those willing to play by the rules, which can be seen as a disincentive to come on board with permits.

CONSENT CALENDAR

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

COMMUNICATIONS AND REPORTS

EXECUTIVE DIRECTOR REPORT

- Prop 1 grant for Shelter Cove approved for $228,000 for the fish cleaning station upgrade.
- Shelter Cove revenues for the boat launch and storage are approximately $68,000; operations costs $68,000 and capital improvements $23,000.
- Redwood Marine Terminal 2 construction change orders to date are $57,000, equaling 2% of the total cost.
- Redwood Marine Terminal 2 60KV substation shutdown tomorrow – gas expense on average $3,000/mo.
- CDI Interim Use NOT to the Coastal Commission until November.
- Ocean Outfall line inspection in two weeks, ONLY two days of work.
- 1091 Navy vessel group – wants to display the vessel at the THA museum site.
- Adding Samoa "super bowl" to potential dredge disposal sites. The two main sites over the years have been the "super bowl" and the LP site lagoons.

STAFF REPORTS:

Director of Facility Maintenance:

- Storm Water Reports and Storm Water Pollution Plan – working with local engineers to compliance.
- Redwood Marine Terminal 2 – Roof, siding, doors, plumbing and restrooms are complete, windows 90%, electrical 60% (new power is on) and the alarm system 10%
- Preparing for dredging King Salmon, fusing pipe and moving equipment to Fields Landing.
- Shelter Cove fishing season winding down, preparing to demolish the marina building and designing new marina building and fish cleaning station.

Director of Harbor Operations:

- Lease renewal with US Coast Guard completed – includes dock space, storage yard, office and parking. $26,000 per year, yearly option to renew through 2022.
- Sediment sampling completed for the City of Eureka – 12 samples taken from Public Marina and Commercial Street dock.
- PORTS agreement completed - on tonight's agenda.
- Continued water sampling (13 of 30) USDA certification for the mariculture pre-permitting.
- Log ship scheduled for Schneider Dock September, plus two this year.
- New fendering being installed at California Redwood Company dock per agreement with NYK shipping.

DISTRICT COUNSEL, DISTRICT PLANNER AND DISTRICT TREASURER REPORT

District Planner:

- Has been helping with permit applications – many items on this agenda.
- Working on the demolition permit for Shelter Cove – spoke with County staff – CDP is on file. There is a very complete cultural historical record on file.
- Coast Seafoods expansion project redesign – the DEIR has been recirculated and some comments have been received. Several agencies have requested an extension of the comment period – comments are now due September 16.

District Treasurer:

- The monthly management report was provided to the Board today.
- His staff has been working with District Bookkeeper to provide backup in her absence.
- Work papers and records are being compiled in anticipation of the annual audit.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Doss:

- Had a meeting with Commissioner Dale, District Staff and the King Salmon Captains to discuss steps to accomplish their organization.
- Met with City of Eureka staff regarding their project to create more wetlands between Elk River and the King Salmon exit and inclusion of salt marsh restoration.
- Met with City of Eureka staff on dredging – permit and cost challenges.
- Timber Heritage Association is holding their annual fund raiser Salmon, Oysters, Ales and Rails this Saturday.

Commissioner Higgins:

- Has been meeting with the Humboldt Bay Symposium committee. The Symposium will be held October 21-22. Humboldt Bay science and economic opportunities will be highlighted.
- Spoke on the progress of trails around the Bay. The Annie & Mary trail between Arcata and Bracut is pending and there are plans underway to complete the trail to Eureka. Would like the District to have a more active role in the development of trails.

Commissioner Wilson:

- Took samples from a charter boat for a mercury study through CALEPA, administered by Humboldt BayKeepers. There is mercury in Humboldt Bay fish, especially sharks and rays.
- Gave another tour of Redwood Marine Terminal 2.
- Took the ferry to Alameda while in the Bay Area last weekend. Ports of America, the Port of Oakland's largest tenant, ended their 25 year lease causing one-third of the Port of Oakland to be vacant. The ferry had to maneuver around the large ships that were pushed in the Alameda Channel.

Commissioner Marks:

- Reminded by the trails project on how slow government works. When he first became a Commissioner, he wanted to see a trail from Samoa to Arcata. There is no transportation system in Manila; even taxi cabs will not come to Manila.

OTHER: None

NON AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS

A. CONSIDERATION OF ADOPTING AN INITIAL STUDY AND MITIGATED NEGATIVE DECLARATION FOR FISHERMAN'S CHANNEL DREDGING AND BENEFICIAL REUSE PILOT PROJECT.

Commissioner Wilson recused himself and left the room as he has done business with PG&E in the past.

Kris Vartas from PG&E reported the last time the Fisherman's Channel was dredged was 1982 (21,000 cy). Fisherman's Channel is inaccessible to larger vessels at a lower tide due to a bar formed at the channel entrance. The North Coast Regional Water Quality Control Board has required a Beneficial Reuse Pilot Dredging Project to monitor the dredging, the first time in Humboldt Bay. The White Slough Unit of the Humboldt Bay National Wildlife Refuge is the preferred beneficial reuse site.

One of the key aspects of the project is Eelgrass mitigation. Eelgrass mitigation is required pursuant to California Eelgrass Mitigation Policy adopted by NOAA Fisheries, resulting from analysis and impacts in Southern California, but not necessarily applicable to Northern California. Humboldt Bay is known to have 80% of the Eelgrass in California. Looking at the policy and requirements this past spring, the District was looking at a cost of $1.5 million for Eelgrass mitigation for the Fisherman's Channel dredging. This consisted of removal of 700 derelict piles at Fields Landing, excavation of sediment and the stabilization/restoration of the shoreline. The District, partnering with other agencies, is developing the Humboldt Bay Eelgrass Management Plan and has decided to reduce the project scope to the channel entrance only.

The project description is now to dredge the Fisherman's Channel Entrance to -6 MLLW, remove 500 cy of sediment, transport materials via a 12-ince pipe and place at the White Slough Unit for Beneficial Reuse and enable the Refuge to initiate the restoration of tidal wetlands using dredged sediment at the White Slough Unit.

The next steps are to obtain the required permits from State, Federal and local agencies; prepare for the Coastal Commission hearing in Humboldt County October 5-7; implement the in-water work by October 15; provide post-project reporting and lessons learned to the agencies; complete the Humboldt Bay Eelgrass Management Plan and plan, permit, and implement subsequent dredging beneficial reuse project.

Commissioner Marks said during the last Eelgrass studies, Humboldt Bay was compared to San Francisco Bay although San Francisco Bay is 70 times larger than Humboldt Bay.

Commissioner Doss appreciated the science that has been shared and said it will be helpful in getting this project started.

Commissioner Higgins said he was disappointed the size of the project has become smaller. White Slough can certainly use the sediment. Eelgrass quantities in Humboldt Bay are not diminishing. The "one size fits all" for California is unnecessarily constraining.

COMMISSIONER MARKS MOVED FOR THE ADOPTION OF THE INITIAL STUDY AND MITIGATED NEGATIVE DECLARATION FOR FISHERMAN'S CHANNEL DREDGING AND BENEFICIAL REUSE PILOT PROJECT. COMMISSIONER DOSS SECONDED. MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF ADOPTION OF RESOLUTION 2016-15, A RESOLUTION ESTABLISHING FINDINGS RELATIVE TO THE FISHERMAN'S CHANNEL DREDGING AND BENEFICIAL REUSE PILOT PROJECT.

COMMISSIONER MARKS MOVED FOR THE ADOPTION OF RESOLUTION 2016-15, A RESOLUTION ESTABLISHING FINDINGS RELATIVE TO THE FISHERMAN'S CHANNEL DREDGING AND BENEFICIAL REUSE PILOT PROJECT. COMMISSIONER DOSS SECONDED. ROLL CALL VOTE WAS TAKEN:

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

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF GRANTING PERMIT 16-05 FOR THE FISHERMAN'S CHANNEL DREDGING AND BENEFICIAL REUSE PILOT PROJECT.

COMMISSIONER MARKS MOVED FOR THE APPROVAL OF GRANTING PERMIT 16-05 FOR THE FISHERMAN'S CHANNEL DREDGING AND BENEFICIAL REUSE PILOT PROJECT. COMMISSIONER DOSS SECONDED. MOTION CARRIED WITHOUT DISSENT.

Commissioner Wilson returned to the meeting.

D. CONSIDERATION OF SELECTION OF DISTRICT ENGINEER.

Executive Director reported the second extension for the RFP for District Engineer closed August 12 and one new response was received. The Selection Committee consisted of Commissioners Wilson and Dale and along with Executive Director and District Planner they interviewed Mike Foget (SHN Consulting Engineers), Annje Dodd (Manhard Consulting), Adam Wagschal (ICF International) and Travis Schneider (Pacific Affiliates). The one new respondent, Dave Thomas, was not interviewed. Executive Director reported the Selection Committee recommends Mike Foget.

Commissioner Wilson stated all applicants were well-qualified. Humboldt Bay experience related to projects similar to the District, along with administrative qualities, was the deciding factor.

COMMISSIONER MARKS MOVED FOR THE APPROVAL OF MIKE FOGET OF SHN CONSULTING ENGINEERS AS DISTRICT ENGINEER. COMMISSIONER WILSON SECONDED.

Kent Sawatzky asked about the rate, hourly or salary. Executive Director said the rate of pay is hourly, similar to the District Planner and Treasurer positions.

MOTION CARRIED WITHOUT DISSENT.

E. CONSIDERATION OF COMMISSIONER WILSON'S RESIGNATION AND THE NEW COMMISSIONER SELECTION PROCESS.

Executive Director reported Commissioner Wilson will resign effective December 31, 2016. At that point, the Board has 60 days to appoint a new member. A vacancy notice must be posted for a minimum of 15 days in three or more locations. It is suggested the Recruitment Process should be to post the vacancy notice and selection process, i.e. application or resume; the Selection Committee will review applications and conduct interviews and the Board will make a final selection and appointment on December 31, 2016.

Commissioner Wilson said since he created "this mess", he had offered to come up with a process for consideration as follows (dates are variable): Accept his resignation letter and approve the process; post the public announcement and receive applications in September; create a recommendation committee (three from Commissioner Wilson's Division) in September; receive applications in September – October; Close the opening in October; conduct meetings, interview and deliberation with the committee; committee makes a recommendation(s) to the Board in December; Board conducts a meeting to discuss and makes their selection in December prior to Commissioner Wilson's departure.

Commissioner Marks suggested two Commissioners be included in the committee.

Commissioner Higgins is hoping there will be a pool of applicants so talented, it will be a dilemma to choose.

District Counsel recommended the committee be advisory, not a selection committee as that would be unlawful.

COMMISSIONER MARKS MOVED TO ACCEPT COMMISSIONER WILSON'S RESIGNATION AND TO POST THE NOTICE OF VACANCY FOR APPLICATIONS TO BE RECEIVED NO EARLIER THAN OCTOBER 31, 2016. COMMISSIONER DOSS SECONDED.

Commissioner Doss said he would like for the complete Board to see the entire list of applicants.

Kent Sawatzky said the process is generally good. If you are going to have a committee, it seems that two Commissioners would be appropriate to interview and make a recommendation to the complete Board.

Debbie Provolt said she supported the process that the entire Board interviews the applicants. She also said some funds should be expended in the vacancy notice, informing the community about the District and the open position.

MOTION CARRIED WITHOUT DISSENT.

F. CONSIDERATION OF AMENDMENT NO. 3 TO ORDINANCE NO. 8 – FIRST READING, ESTABLISHING A CONFLICT OF INTEREST CODE.

Executive Director reported an update to the District's Conflict of Interest Code is required to reflect current State requirements. The changes to the Ordinance are to be: 1) Section 2. Add "If this code conflicts with state regulations or statutes, the state regulation or statute shall be controlling".; 2) Section 8. (4) Report investments increase threshold from $1,000 to "$2,000" and add "or exceeds $1 million".; 3) Section 8. (B)(1) income aggregating from $250 to "$500".; 4) Section 8. (B)(2) Adding "at least $500 but less than" and "or greater than $100,000".: and 5) Appendix A – CEO to "ED", "District Counsel", "District Treasurer", "District Engineer" and "District Planner". Executive Director stated since this is the First Reading of the Amendment, no Board action is to be taken.

Kent Sawatzky asked for clarification of the changes to the ordinance – when was the last time the ordinance was amended. It is very important for new people to understand the importance of reporting for elected officials.

G. CONSIDERATION OF ADOPTING AN INITIAL STUDY/MITIGATED NEGATIVE DECLARATION FOR THE CITY OF ARCATA'S PROPOSED HUMBOLDT BAY TRAIL NORTH.

District Planner reported this agenda item and the two following are to approve the permit for Phase 2 of the Arcata Bay Trail. Arcata is out in front with the development of trails around Humboldt Bay.

City of Arcata staff spoke on the specific of Phase 2 which begins just south of the intersection of Samoa Blvd and State Route 255, running south past the Arcata Marsh to Highway 101 and south to Bracut. The project is expected to run from April 2017 through the Fall of 2018.

COMMISSIONER MARKS MOVED FOR THE ADOPTION OF AN INITIAL STUDY/MITIGATED NEGATIVE DECLARATION FOR THE CITY OF ARCATA'S PROPOSED HUMBOLDT BAY TRAIL NORTH. COMMISSIONER WILSON SECONDED.

Kent Sawatzky said the billboard are being removed along that area so the agreement must be beneficial to one or both parties. There is a half cent sales tax on the ballot for transportation, but can only be used for trail maintenance and not expansion unfortunately.

MOTION CARRIED WITHOUT DISSENT.

H. CONSIDERATION OF ADOPTION OF RESOLUTION 2016-16, A RESOLUTION ADOPTING FINDINGS RELATIVE TO THE CEQA INITIIAL STUDY/MITIGATED NEGATIVE DECLARATION FOR THE ARCATA BAY TRAIL.

COMMISSIONER MARKS MOVED FOR THE ADOPTION OF RESOLUTION 2016-16, A RESOLUTION ADOPTING FINDINGS RELATIVE TO THE CEQA INITIAL STUDY/MITIGATED NEGATIVE DECLARATION FOR THE ARCATA BAY TRAIL. COMMISSIONER WILSON SECONDED. ROLL CALL VOTE WAS TAKEN:

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

MOTION CARRIED WITHOUT DISSENT.

I. CONSIDERATION OF GRANTING PERMIT 16-04 TO THE CITY OF ARCATA FOR THE HUMBOLDT BAY TRAIL NORTH.

COMMISSIONER DOSS MOVED FOR APPROVAL OF GRANTING PERMIT 16-04 TO THE CITY OF ARCATA FOR THE HUMBOLDT BAY TRAIL NORTH. COMMISSIONER WILSON SECONDED.

Commissioner Wilson said no one knows the agreement regarding the billboards so hard to know if it is in someone's best interest. Five of the ten billboards were not permitted.

MOTION CARRIED WITHOUT DISSENT.

J. CONSIDERATION OF AGREEMENT WITH CHEVRON PRODUCTS COMPANY FOR REIMBURSEMENT FOR SERVICES RELATED TO THE OPERATION AND MAINTENANCE OF THE HB PORTS SYSTEM.

Director of Harbor Operations reported the District has had an agreement with Chevron for operations and maintenance of the PORTS (Physical Oceanographic Real-Time System) System for three years. There are four current meters around Humboldt Bay – one is at Chevron's Dock. This agreement will be a year to year agreement for $32,000. The District has additional agreements to support the system with HSU and NOAA. The District administers funds and is reimbursed for costs at approximately $5,000 per year.

COMMISSIONER MARKS MOVED FOR THE CONSIDERATION OF AGREEMENT WITH CHEVRON PRODUCTS COMPANY FOR REIMBURSEMENT FOR SERVICES RELATED TO THE OPERATIONS AND MAINTENANCE OF PORTS SYSTEM. COMMISSIONER WILSON SECONDED. MOTION CARRIED WITHOUT DISSENT.

K. CONSIDERATION OF GRANTING A ONE YEAR EXTENSION FOR PERMIT NO. 15-01 FOR THE HUMBOLDT BAY POWER PLANT FINAL SITE RESTORATION PLAN IMPLEMENTATION.

COMMISSIONER DOSS MOVED FOR THE APPROVAL OF GRANTING A ONE YEAR EXTENSION FOR PERMIT NO. 15-01 FOR THE HUMBOLDT BAY POWER PLANT FINAL SITE RESTORATION PLAN IMPLEMENTATION. COMMISSIONER MARKS SECONDED. MOTION CARRIED WITH COMMISSIONER WILSON ABSTAINING.

L. CONSIDERATION OF ACCEPTING FOR FILING PERMIT APPLICATION 16-06 SIERRA PACIFIC DOCK PILING REPLACEMENT.

COMMISSIONER WILSON MOVED FOR THE ACCEPTING FOR FILING PERMIT APPLICATION 16-06 SIERRA PACIFIC DOCK PILING REPLACEMENT. MOTION CARRIED WITHOUT DISSENT.

M. DISCUSSION OF PROJECTS LISTED ON THE REGIONAL TRANSPORTATION PLAN.

Executive Director stated the projects current listed in the Regional Transportation Plan: Redwood Marine Terminal new dock ($43 million); Samoa major road/rail collectors to Marine Terminals ($8.3 million); Northern Freight Corridor – NWP railroad ($600 million) and Humboldt Bay Shoaling Study ($3 million).

Commissioner Wilson said the Plan is limited to goods movement.

Commissioner Doss said it would be worthwhile to put on all local transportation discussions rail revitalization around the bay and the rail movement of dredge sediment after rewatering.

Commissioner Marks said there have been previous discussions to move aggregate by rail also.

Commissioner Higgins said the $43 million for the Redwood Marine Terminal refers to Berth 1 and recent focus has been on Berth 2. Also the Northern Freight Corridor is no longer relevant.

Commissioner Marks said NWP has every intention to go back through the Northern Freight Corridor. The NCRA Board has been apprehensive.

Commissioner Wilson said the Redwood Marine Terminal Dock does not refer to either Berth 1 or 2 so the dollars could be attributed to Berth 2. Executive Director said the Plan refers to Berth 1, but the cost estimate was actually for Berth 2, so the Plan can be for either.

Commissioner Wilson said there isn't anything to draw on yet for rail revitalization. Executive Director said $20 million can be culled out for freight movement.

Commissioner Doss said there are multiple reason for the rail revitalization – public transportation, dredge spoils movement.

Commissioner Higgins asked what the purpose of the Regional Transportation Plan is. Commissioner Wilson replied it is a HCAOG Wish List.

Stan Brandenburg asked if it would be possible to encourage cruise ships to come in and use Washington Street docks. If there was the portion of rail through Eureka down to Loleta, could there be a multi-modal rail service.

Director of Harbor Operations reported the District is working on attracting cruise ships to Humboldt Bay, using Schneider Dock.

Kent Sawatzky said leaving everything on the list is best for long term benefit.

ADMINISTRATIVE AND EMERGENCY PERMITS

Commissioner Higgins acknowledged Executive Director's 60th birthday and all sang Happy Birthday to him.

The Regular Meeting of the Board of Commissioners adjourned at 8:59 p.m.

APPROVED BY:

Patrick Higgins, President for
Greg Dale, Secretary

RECORDED BY:

Patricia Tyson
Director of Administrative Services

MINUTES (Subject to Approval)
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

7c

September 8, 2016

PRESENT:
Commissioner Doss
Commissioner Higgins
Commissioner Wilson
Commissioner Marks

ABSENT:
Commissioner Dale

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

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

District Counsel reported on Executive Closed Session as follows: Conference with Real Property Negotiators – Humboldt Bay Forest Products Lease – Fields Landing: No action taken; and Conference with Real Property Negotiators – Mario Marina Lease – Shelter Cove: No action taken.

PUBLIC COMMENT: None

CONSENT CALENDAR

Commissioner Wilson asked for Item (c) to be pulled for further discussion.

COMMISSIONER WILSON MOVED FOR THE APPROVAL OF THE REMAINDER OF THE CONSENT CALENDAR. COMMISSIONER MARKS SECONDED.

Commissioner Wilson made a correction to Public Comment during Monte Provolt's Public Comment: "Commissioner Wilson asked Mr. Provolt to provide that information to the District Board of Commissioners as they had not yet seen this information."

COMMISSIONER WILSON MOVED FOR THE APPROVAL OF ITEM C OF THE CONSENT CALENDAR AMENDED TO INCLUDE HIS CORRECTION. COMMISSIONER MARKS SECONDED. MOTION CARRIED WITHOUT DISSENT.

COMMUNICATIONS AND REPORTS

EXECUTIVE DIRECTOR REPORT

- Humboldt Bay Eelgrass Management Plan – starting the process of outreach to interested parties – first public workshop mid-October.
- Humboldt Bay Symposium October 21-22, Commissioner Higgins will speak on development around the bay.
- Coastal Commission meeting October 5-7 in Ukiah, Commissioner Higgins will speak.
- Redwood Marine Terminal 2 Grand Opening – October 14.
- Tour/meeting with Charles Reed and Roy O'Conner, Regional Water Quality Control Board - full support of grant funding to connect Samoa Peninsula and Eureka to Ocean Outfall – Board consideration September 22.
- Executive Director will be on vacation in China September 24 – October 10.

STAFF REPORTS:

Director of Facility Maintenance:

- Redwood Marine Terminal 2 Update – walk-around for the siding tomorrow; doors completely finished – walk-around tomorrow.
- Substation is in decommission at this point – parts will be arriving within the next couple of weeks. Circuit breakers were in disrepair and are being repaired properly.

- Shelter Cove – boat launching slowing down – hours will be changing, launch closing a couple of days per week. Waiting for permit to be approved for the demolition of the marina building.
- Preparations ready/Staff trained for the dredging pilot program in King Salmon.

Director of Harbor Operations:

- Working with District Planner on pipeline placement for dredging. Filed encroachment permit applications with County of Humboldt and NCRA. Have a signed contract with Woody Murphy to place pipeline across Humboldt Bay Forest Products property.
- Working with Coldwell Banker on potential tenants for Redwood Terminal 2 – once the CDI is approved, there are four tenants waiting to move in.
- Dredge ESSAYONS will return on September 17 to work for a week.
- Log ship to Schneider Dock on September 25.
- Preparing Fire Boat for maintenance dive with M&M Diving on the ocean outfall.

DISTRICT COUNSEL, DISTRICT PLANNER AND DISTRICT TREASURER REPORT

District Counsel:

- Jerry Scott, the District's first District Counsel, celebrated his 80th birthday and 55th wedding anniversary.

District Planner:

- Working with agencies to get the Fisherman's Channel Beneficial Reuse Project permitted.
- Coast Seafoods recirculated Draft EIR comment period ends tomorrow. Have received several comments, will compile and respond.
- Received formal notice that the County zoning administrator will be holding a CDP application hearing for Shelter Cove.
- Will tour the SPI dock tomorrow as part of their permit application.

District Engineer:

- Assisting Executive Director on several activities
- Working with Alan on industrial storm water permits. Per RWQCB, a temporary suspension of the Redwood Terminal 2 storm water permit can be applied for.
- Assisting Staff on Vibracore equipment testing.
- Reinitiating the mariculture pre-permitting on the sub-tidal areas.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Doss:

- Attended Humboldt County Fair – congratulations to the Fair Commission. Junior Livestock Auction a huge success. Commissioner Dale actively supported the future farmers.
- Timber Heritage Association had a success fundraiser.

Commissioner Higgins:

- Celebrated his 32nd wedding anniversary.
- Sad to announce the passing of Dennis Cahill, former Biology teacher at Eureka High School.
- Humboldt Bay Symposium October 21-22. First day oriented towards science and the second day focusing on economics.
- Salmon stock collapsing in Sacramento/SanJoaquin – rain is needed.

Commissioner Wilson:

- Spoke with Executive Director regarding the lack of information on options, costs, and challenges for dredging. Suggested Staff put together an informational matrix.

Commissioner Marks:

- Meeting today regarding Eelgrass – it seems almost invasive, there is so much in Humboldt Bay.

- ❖ Sad to announce the passing of Alice Grotke, a teacher at Peninsula Elementary School, and Glenn Vickers, musician with the RoadMasters.

OTHER: None

NON AGENDA: None

UNFINISHED BUSINESS

A. CONSIDERATION OF DISTRICT ENGINEER'S CONTRACT WITH MIKE FOGET AND SHN ENGINEERS.

Executive Director reported this is a Standard Engineer's Service Agreement; Mr. Foget will be considered on-call. There is no retainer required. The hourly rate ranges from $50/hr for clerical work to $135/hr for the Principal Engineer. Annual expenses are estimated at $60,000. Mr. Foget has verbally agreed not to exceed $5,000 per month without approval from the Executive Director.

COMMISSIONER MARKS MOVED FOR THE APPROVAL OF DISTRICT ENGINEER'S CONTRACT WITH MIKE FOGET AND SHN ENGINEERS. COMMISSIONER DOSS SECONDED. MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF PROPOSAL AND SELECTION OF SOLAR CONSULTANT, POWER PURCHASE AND LEASE.

Executive Director reported three solar firms were pre-qualified through a RFQ process. Atwater Infrastructure, Energy Systems Development and Borrego Solar were all interviewed twice by the Solar Committee. The Solar Committee recommends the full submittal by Atwater Infrastructure; recommends negotiating a final Power Purchase Agreement with Atwater Infrastructure and bring back to the Board at their September 22 meeting.

COMMISSIONER MARKS MOVED FOR THE APRROVAL OF SELECTION OF ATWATER INFRASTRUCTURE FOR SOLAR CONSULTANT AND DIRECT STAFF TO NEGOTIATE A FINAL POWER PURCHASE AGREEMENT WITH ATWATER INFRASTRUCTURE TO BRING BACK TO THE BOARD FOR CONSIDERATION AT THEIR SEPTEMBER 22 MEETING. COMMISSIONER WILSON SECONDED.

Commissioner Wilson, who participated on the Solar Committee, said he would not vote for the current proposal; further negotiations are needed.

Commissioner Doss said he is not 100% sold on generating power at this time, but not opposed to gathering information. Governor Brown signed into law today the reduction of carbon by 40% by 10 years from now. This might be ahead of the game and once the new law settles in, there might be funding available. He said he understands the commercial power needs locally are low.

Commissioner Higgins said he agrees power needs are in a state of flux. Solar panels and technology costs will lower as there are technological breakthroughs. Natural gas is being given away at this time, maybe not so in the future.

Commissioner Wilson said the timing could be better now than later. This is all based on getting tax credits; there is funding available.

MOTION CARRIED WITHOUT DISSENT.

NEW BUSINESS

A. CONSIDERATION OF GRANT AGREEMENT WITH OCEAN PROTECTION COUNCIL FOR $228,071.62 FOR IMPROVEMENTS TO SHELTER COVE FISH CLEANING STATION.

Executive Director reported grant funds will be used to purchase a freezer, cooler, solid waste separator, forklift, packaging supplies, removal of existing discharge pipe, signage and utility connections. Grant funds will also pay for some permitting, planning, reporting, grant administration and project monitoring. The District's match is $114,619.16, including seasonal labor, operating costs and permitting. The cultural resource study has been done and counts against the match. The completion of this project and final report are due December 31, 2019.

COMMISSIONER MARKS MOVED FOR THE APPROVAL OF GRANT AGREEMENT WITH OCEAN PROTECTION COUNCIL FOR $228,071.62 FOR IMPROVEMENTS TO SHELTER COVE FISH CLEANING STATION. COMMISSIONER WILSON SECONDED.

Commissioner Higgins said this a very important piece of infrastructure for Shelter Cove. Prior to the fish cleaning station, fish carcasses were dumped on the road.

MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF ACCEPTING FOR FILING APPLICATION FOR PERMIT 2016-07 FROM JERRY YEUNG FOR SHELLFISH CULTURE ON APPROXIMATELY 64 ACRES IN EAST BAY NEAR BRAINARD.

COMMISSIONER WILSON MOVED FOR ACCEPTING FOR FILING APPLICATION FOR PERMIT 2016-07 FROM JERRY YEUNG FOR SHELLFISH CULTURE ON APPROXIMATELY 64 ACRES IN EAST BAY NEAR BRAINARD. COMMISSIONER MARKS SECONDED.

Executive Director reported Mr. Yeung's application is for a pre-permitted site in East Bay near Brainard. The tideland was purchased during District negotiations with the previous owner. Mr. Yeung wants to farm the property and was not interested in the District's pre-permitted lease and lease back agreements. He has been working with IFC International and Adam Wagschal. The application is complete, the fees have been paid and Staff recommends approval of the application.

Todd VanHerpe, Humboldt Bay Oyster Company, said he assumes the "pre-permitted" means the site is part of the District's pre-permitting project, not that it has been pre-permitted.

MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS

Executive Director reported an Emergency Permit has been issued to City of Eureka for bank stabilization and rip rap from Truesdale Street to Hilfiker Lane.

The Regular Meeting of the Board of Commissioners adjourned at 7:51 p.m.

APPROVED BY:

Patrick Higgins, President for
Greg Dale, Secretary

RECORDED BY:

Patricia Tyson
Director of Administrative Services

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

7d

September 22, 2016

PRESENT:
Commissioner Doss
Commissioner Dale
Commissioner Higgins
Commissioner Wilson
Commissioner Marks

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

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

District Counsel reported on Executive Closed Session as follows: Conference with Real Property Negotiators – Status of negotiations with Timber Heritage Association regarding status and progress of conditions required to be met by Timber Heritage Association for District's transfer of property ownership: No action taken: and Conference with Legal Counsel – Anticipated Litigation – Litigation threatened by King Salmon property owners regarding status of dredging of Fisherman's Channel – Commissioners Dale and Doss were appointed as a subcommittee to work with PG&E on Eelgrass requirements pursuant to the agreement between both parties.

PUBLIC COMMENT

Kent Sawatzky attended the Eureka Greater Chamber of Commerce where there was a spirited debate of candidates, mainly on Measure S. Mr. Sawatzky said he wrote the opposition to Measure S, the Cannabis tax. Attended the Arcata City Council where Mark Lovelace, County Supervisor; Connie Beck, County DHHS; and Amy Nilson, County CAO, spoke in favor of Measure S. Arcata's City Council made a decision to vote against Measure S.

CONSENT CALENDAR

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

COMMUNICATIONS AND REPORTS

EXECUTIVE DIRECTOR REPORT

- Humboldt Bay Development Association Board approved the solar Power Purchase Agreement, recommending third party review.
- Board will need a special meeting to consider the Power Purchase Agreement.
- Redwood Marine Terminal 2 Grand Opening October 14, 12 p.m. – 2 p.m. Tours will be offered to the public. Several elected officials have been invited to speak.
- Humboldt Bay Eelgrass Management Plan kick off to be held on October 20.
- King Salmon Entrance Channel dredging is cancelled. Permits not issued before the end of the in-water period – Next year's dredging will include the entire channel.
- Shelter Cove marina building and tree demolition permit was approved. The 10-day appeal period begins, plus building department demolition permit is left to be obtained. Executive Director described the changes to be made at the site.

STAFF REPORTS:

Director of Operations and Maintenance:

- Redwood Marine Terminal 2 – Final cleanup for Grand Opening.
- Final inspections have been completed on siding, doors and repower. Roofing walk through to be done.
- CalFire has been helping with the Redwood Marine Terminals 1 & 2 cleanup - Getting ready for rain.

- Working on repowering electrical on Redwood Marine Terminal 2 dock for crane operation and future fish buyer tenant. There has been a lot of interest from fishermen/crabbers to use the dock.
- Fused two miles of dredge pipe, built new booster pump control house and repaired all pipe floats – will be better prepared for next season.
- Working with SHN Engineers on landfill monitoring and storm water plan for Fields Landing Boat Yard.

Director of Harbor Operations:

- Ocean outfall dive inspection and maintenance completed.
- Dredge ESSAYONS arrived on September 17 and finished on September 26.
- Log ship arrival Monday at Schneider Dock.
- New fendering completed at California Redwood Dock – ship October 15.
- Working with Dockmaster to "man" the office with short staff.
- Completed the NCRA and County encroachments and use agreement with Woody Murphy for dredge pipe.

DISTRICT COUNSEL, DISTRICT PLANNER AND DISTRICT TREASURER REPORT

District Treasurer:

- Auditors were give year end work papers and schedules. Fields work needs to be scheduled.

District Engineer:

- Working with Executive Director on sketches for Shelter Cove.
- Filing a Notice of Termination for Woodley Island Storm Water permit.
- Requesting reduced monitoring in the Draft Monitoring Reporting Program for the landfill to quarterly from semi-annual.
- Pre-permitting – SHN just got their drone license and flew over the pilings at Fields Landing – critical in working on mitigation.
- Working with Commissioner Wilson and Executive Director on dredge permitting costs.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Doss:

- Met with Commissioner Wilson to discuss the informational videos for the District.
- Lots of communications with county residents – took a boat trip with about 20 people out to the entrance. Many comments about how much cleaner the waterfront looks without the campers. Questions about why the dredging has not been done.

Commissioner Dale:

- Missed a couple of meetings due to County Fair and a trip to Washington DC. Congressman Huffman is very aware of dredging needs for Humboldt Bay.

Commissioner Higgins:

- Attended Wiyot Days at Table Bluff.
- Been on the Eel River, looking around – lots of fish.
- Humboldt Bay Symposium October 21-22.
- Press release and KMUD interview – soliciting interested parties through November 14 for Third Division Commissioner.

Commissioner Wilson:

- Make sure solar access is available on Shelter Cove buildings.
- Has been meeting with Department Heads at the County in preparation of new position.
- KINS interview – reach-out to community on his Board replacement and dredging challenges.
- Trying to get a good summary of dredging options, costs, challenges – put into a matrix for the public.
- Met with Commissioner Doss on how the District can communicate better with the public.

Commissioner Marks:

- Just finished summer league softball in Arcata – great year! Fall league starts next week.

OTHER

Aldaron Laird – City of Eureka Sea Level Rise Adaptation Planning Report

Sea Level Rise Adaptation Planning has been going on in the bay for the last several years. It started as a regional planning process. 75% of the bay's shoreline is artificial structures to hold back the water. 59 miles of shoreline is highly vulnerable for over-topping. The most vulnerable areas and assets at risk are diked former tidelands used for agriculture and wildlife and underground utilities and transportation. While Sea Level Rise is a concern, more immediate is the maintenance of existing shoreline structures.

Modeling and adaptation planning has been done based on high projections and the thought that is universal is sea level rise is happening faster than anyone thought. By 2050, there will be a sea level change of 2'; 2070, 3'; and by year 2100, there is expected to be a 5' sea level change. With 1' of sea level change (similar to an average king tide), there would not be a lot of impact, but with a 3' change the majority of the waterfront would be inundated.

The City of Eureka received a grant from the Ocean Protection Council to determine, within their boundaries, asset vulnerability and risk assessment, adaptation planning and to draft a Local Coastal Plan Sea Level Rise Adaptation Goals, Policies and Regulations. The first 2 have been completed and now working on the draft. The completed assessment covers all the District's properties on Humboldt Bay and all the major urban development that are at risk for sea level rise.

The following were looked at closely to determine exposure, how much and when: land uses, coastal resources, utilities, transportation modes and contaminated sites. Some of the adaptive capacity issues are: ownership – City vs. Other; assets that protect assets; jurisdiction – Local Coastal Plan vs Planning Area; criticality to community and asset longevity.

In trying to determine adaptation planning approaches, you can look at assets, planning horizons, geographic areas and they looked at all three. The individual assets were reviewed and goals, strategies and measures were determined. The three basic adaptation strategies are: If you want to keep an asset in place, you don't want to move it, you can try to protect it from tidal inundation, or you can accommodate the tidal inundation or relocate the asset.

Mr. Laird said the City of Eureka is setting a pragmatic precedent in that it is planning for individual assets.

Whelan Gilkerson – Humboldt Bay Eelgrass Management Plan

Early in 2014, the District held a workshop on Eelgrass management. The District pursued and received funding for a Regional Wetlands Development Program grant. The main goals of the project are: 1) develop a multi-agency management plan to provide consistent goals and strategies for restoration and conservation of Eelgrass habitat in Humboldt Bay; 2) improve efficiency of regulatory process for projects for Humboldt Bay; and 3) establish long term strategy allowing for sea level rise adaptation, dredging and economic development of Humboldt Bay.

The development process will include five collaborative partner meetings with agencies, stakeholders and Wiyot Tribe; two public workshops; develop protections goals for the bay; collect baseline date; evaluate opportunities for programmatic cost recovery; develop two drafts; District develop a project website.

The Kick-Off Event for the Plan is scheduled for October 20. Preliminary plan scoping and background research of institutional knowledge has begun. Early definition of the spatial planning

for the project is important as there is a lot to talk about on this subject. Currently working with EPA staff to develop a quality assurance plan.

NON AGENDA: None

UNFINISHED BUSINESS

A. CONSIDERATION OF SECOND READING AND ADOPTION OF AMENDMENT NO. 3 TO ORDINANCE NO. 8 ESTABLISHING A CONFLICT OF INTEREST CODE.

COMMISSIONER WILSON MOVED FOR THE APPROVAL OF SECOND READING AND ADOPTION OF AMENDMENT NO. 3 TO ORDINANCE NO. 8 ESTABLISHING A CONFLICT OF INTEREST CODE. COMMISSIONER DALE SECONDED.

District Counsel stated a biannual review of the Conflict of Interest Code. Since the last amendment, there have been changes in the State statute and the changes have been incorporated in the current Form 700. The Ordinance Appendix was also out of date; there have been changes in titles of Staff and Directors. Wording was also included to state that if there was a conflict with State regulations, the State regulation would be controlling.

MOTION CARRIED WITHOUT DISSENT

President Higgins stated Unfinished Business Agenda Items B-D are pulled from this agenda and will be considered at a future Board Meeting.

B. CONSIDERATION OF ADOPTING A CEQA EXEMPTION FOR THE PROPOSED PILING REPLACEMENT (PERMIT APPLICATION 16-06) AT EUREKA FOREST PRODUCTS DOCK, OPERATED BY SIERRA PACIFIC INDUSTRIES NEAR AND IN HUMBOLDT BAY.
C. CONSIDERATION OF ADOPTING RESOLUTION 2016-17 WHICH ESTABLISHES FINDINGS RELATIVE TO THE DOCK SEISMIC REPLACEMENT CEQA EXEMPTION.
D. CONSIDERATION OF GRANTING TO SIERRA PACIFIC INDUSTRIES PERMIT 16-06 FOR THE EUREKA TERMINAL DOCK SEISMIC RETROFIT.

NEW BUSINESS

A. CONSIDERATION OF ADOPTION OF RESOLUTION 2016-18 HONORING THE MEMORY OF FORMER COMMISSIONER JIMMY SMITH.

Executive Director said this item is postponed.

B. CONSIDERATION OF APPLICATION FOR A $500,000 WATER/WASTEWATER TECHNICAL ASSISTANCE GRANT FOR WASTEWATER CONNECTING AND OCEAN DISCHARGE FOR THE CITY OF EUREKA AND SAMOA PENINSULA.

District Engineer reported at the last Board meeting is was reported a meeting was held with stakeholders and agencies regarding the overall need for solutions to wastewater needs on the Samoa Peninsula. Currently the State Water Resources Control Board has available funds and feels the District is eligible for the Technical Assistance Grant to study options.

COMMISSIONER WILSON MOVED FOR THE APPROVAL OF GIVING EXECUTIVE DIRECTOR AUTHORITY TO MOVE FORWARD WITH ANY REQUEST FOR GRANT FUNDS RELATIVE TO THE CITY OF EUREKA AND WASTEWATER ON THE SAMOA PENINSULA AND THE DISTRICT'S OUTFALL PIPE. COMMISSIONER DALE SECONDED.

Commissioner Dale said he participated the meeting and it is an interesting dynamic with the Samoa Peninsula and their wastewater needs to be addressed.

MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

The Regular Meeting of the Board of Commissioners adjourned at 8:49 p.m.

APPROVED BY:

Greg Dale
Secretary

RECORDED BY:

Patricia Tyson
Director of Administrative Services

MINUTES (Subject to Approval)
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

7e

September 29, 2016

PRESENT:
Commissioner Doss
Commissioner Dale
Commissioner Higgins
Commissioner Wilson
Commissioner Marks

President Higgins called the Special meeting of the Board of Commissioners to order at 11:45 a.m.

President Higgins asked Pete Oringer to lead the Pledge of Allegiance.

PUBLIC COMMENT

Pete Oringer said the Timber Heritage Association has an appointment in October with USEPA for the onsight cleanup assessment final for the Roundhouse Complex. A report of the progress has been provided to Executive Director.

CONSENT CALENDAR: None

COMMUNICATIONS AND REPORTS

COMMISSIONER AND COMMITTEE REPORTS: None

OTHER

Announcement – US Coast Guard Captain Ceraolo Meet & Greet 1:00 p.m. at Woodley Island Marina Meeting Room. Captain Ceraolo took over as San Francisco Sector Commander in July 2016.

UNFINISHED BUSINESS

A. CONSIDERATION OF ADOPTION OF RESOLUTION 2016-17 WHICH ESTABLISHES FINDINGS RELATIVE TO THE EUREKA FOREST PRODUCTS DOCK PILING REPLACEMENT.

COMMISSIONER DOSS MOVED FOR THE ADOPTION OF RESOLUTION 2016-17 WHICH ESTABLISHES FINDINGS RELATIVE TO THE SIERRA PACIFIC INDUSTRIES DOCK PILING REPLACEMENT. COMMISSIONER MARKS SECONDED.

Commissioner Wilson asked if any substantive comments were received. District Planner stated none were received.

ROLL CALL VOTE WAS TAKEN:

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

MOTION CARRIED WITHOUT DISSENT

B. CONSIDERATION OF GRANTING TO SIERRA PACIFIC INDUSTRIES PERMIT 16-06 FOR THE EUREKA FOREST PRODUCTS DOCK PILING REPLACEMENT.

COMMISSIONER DOSS MOVED FOR THE APPROVAL OF GRANTING TO SIERRA PACIFIC INDUSTRIES PERMIT 16-06 FOR THE EUREKA FOREST PRODUCTS DOCK PILING REPLACEMENT. COMMISSIONER MARKS SECONDED. MOTION CARRIED WITHOUT DISSENT.

NEW BUSINESS

A. CONSIDERATION OF POWER PURCHASE AGREEMENT FOR REDWOOD MARINE TERMINAL II AND CONSIDERATION OF ADOPTING RESOLUTION 2016-18 TO ENTER INTO A SOLAR ENERGY POWER PURCHASE AND LICENSE AGREEMENT WITH RENEWABLE ENERGY CAPITAL LLC.

COMMISSIONER WILSON MOVED FOR THE APPROVAL OF THE POWER PURCHASE AGREEMENT FOR REDWOOD MARINE TERMINAL II AND CONSIDERATION OF ADOPTING RESOLUTION 2016-18 TO ENTER INTO A SOLAR ENERGY POWER PURCHASE AND LICENSE AGREEMENT WITH RENEWABLE ENERGY CAPITAL LLC. COMMISSIONER MARKS SECONDED.

Executive Director, unable to attend the meeting, prepared the following highlights of the Power Purchase Agreement: Seller is Renewable Energy Capital LLC, Florida LLC, Miami; Buyer is the Humboldt Bay Harbor District; Term is 25 years for solar system production of 1.2 MW – Cost of $1.5 million; Energy payment rate of $0.145/kwh with 2% annual escalator; energy payment rate year 2014 - $0.2332, current range is $0.125-0.325; PPA based on buyer's current usage at ALL District-owned facilities; Seller responsible for installation, operation and maintenance costs; Only meters that qualify under PG&E RES-BCT program; Buyer responsible for all government charges – 15% of PG&E billed; and seller pays annual license fee of $20,000/year – lump sum $500,000 to the District.

District Planner stated Russell Driver, Principal of ARC Alternatives, conducted the third party review of the Power Purchase Agreement and was available to the Board by phone. Also Larry Oetker of the Humboldt Bay Development Association was in the audience and Alex Lemus of Renewable Energy Capital LLC and Albert Lemus of Atwater Infrastructure were available by phone to answer any questions from the Board.

Mr. Driver stated he had a spreadsheet containing one year of data and it appears Redwood Marine Terminal II (RMTII) will produce quite a bit more than currently using. All the energy produced at RMTII will be exported to PG&E at a high value and they will apply the credits to the bills for the other facilities, credits applied to about 60% of the total bills.

Commissioner Doss asked if the PG&E agreement would last for the life of the 25 year contract. Mr. Driver said PG&E's tariffs and programs change over time; historically PG&E has been required to grandfather in when those changes are made. However there is nothing in the law that says this is the case going forward. New facilities, as long as they are eligible, can be added and switched at any time to either one of the agreements.

District Counsel asked if the current proposal is downsized for capacity, can the capacity be increased by merely adding additional solar panels. Mr. Driver responded it depends on the electrical switch gear on site and PG&E's own circuits to the site.

Mr. Driver said the anticipated credits will be approximately $185,000 per year. The District's total bill currently is approximately $125,000; so the District would be overbuilding the project at a cost that could torpedo the economics of the project.

Executive Director, unable to attend the meeting, was quoted as saying "I think it's a fair agreement as long as we maintain a minimum of $500,000...District needs cash to maintain our revenue to debt ratio as the delay in interim use permitting may create an issue in our audit."

Alex Lemus and Albert Lemus were then called.

Commissioner Wilson asked what the impact to the District is if more energy is generated than can be used. Alex Lemus said currently the District is using 1.2 million KWH. The PPA states

more energy than the District currently uses will not be generated; future RMTII tenants will benefit from this program.

Commissioner Higgins asked if PG&E's RES program still has funds available. Alex stated yes it does.
Commissioner Higgins asked for Alex's confirmation that the District will not lose funds under this agreement. Alex confirmed that even though the District will be paying $0.145 per KWH, the District will be paid anywhere between $0.25-$0.30 per KWH.

Alex agreed to change the PPA to read REC LLC will be obligated to remove the system at the end of the term instead of having the option. Alex stated COD Commercial Operation means that both the local jurisdiction and PG&E signs off on the system.

Commissioner Dale asked if the PPA prevents the District from engaging in other solar projects with competitors. There is no prohibition.

Larry Oetker, Humboldt Bay Development Association, said the concerns of the committee has been discussed here tonight: who is at risk, 25-year term is a concern, buy-back at years 7-14. Commissioner Higgins said the PPA can stated options for negotiation, otherwise there may be some IRS issues.

THE BOARD OF COMMISSIONERS APPROVED THE SOLAR POWER PURCHASE AND LICENSE AGREEMENT FOR REDWOOD MARINE TERMINAL II WITH RENEWABLE ENERGY CAPITAL LLC – MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

The Regular Meeting of the Board of Commissioners adjourned at 1:08 p.m.

APPROVED BY:

Greg Dale
Secretary

RECORDED BY:

Patricia Tyson
Director of Administrative Services

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

October 27, 2016

7F

PRESENT:
Commissioner Doss
Commissioner Dale
Commissioner Higgins
Commissioner Wilson
Commissioner Marks

President Higgins called the Special meeting of the Board of Commissioners to order at 7:08 p.m.

President Higgins asked Leroy Zerlang to lead the Pledge of Allegiance.

Executive Director reported out of Executive Closed Session as follows: Conference with Real Property Negotiators: Parcel C, Owners Charles and Jane Benbow – No action taken.

PUBLIC COMMENT

Pete Oringer said the sampling of 17 sites at the Timber Heritage Association (THA) museum site occurred on October 11-12. Lab results are forthcoming within 5-8 weeks. Three areas identified as suspicious for asbestos, fairly benign. USEPA will receive the results and then will share with Harbor District, County of Humboldt and THA.

Pat Rainsford, retired USCG, said when he came to Humboldt County after service, he was asked to review the Contingency Plan for Humboldt Bay Power Plant. The Plan was used once and he reviewed the report from the incident concerning venting the reactor after high levels of heat, pressure and hydrogen gas were reached. When the reactor was vented, the results were sent into the air and into the surrounding waters. Mr. Rainsford said he had some concerns with the application from PG&E for the Humboldt Bay Power Plant Wetland Sediment Sampling. President Higgins said this item is further down on the agenda and he welcomed Mr. Rainsford's continued comments at that time.

CONSENT CALENDAR: None

EXECUTIVE DIRECTOR REPORT

- Solar Power Purchase Agreement was completed and signed, PG&E has received the Interconnection Request.
- Samoa Peninsula Fire District has waived any real property taxes and return remitted funds paid during the New Market Tax Credits transaction. Annually District Staff will receive fire training and will be charge a fee.
- Successful Redwood Marine Terminal II Grand Opening, Eelgrass Kickoff and Humboldt Bay Symposium.
- At next month's Coastal Commission meeting, the Subtidal Pre-permitting is on the consent calendar, final permit will be issued in December.
- Final dredge disposal options should be ready for review next week.
- Tide gate at King Salmon completely destroyed during last storm event, District staff fabricating repairs.

STAFF REPORTS:

Director of Operations and Facility Maintenance:

- Grand Opening of Redwood Marine Terminal II – Preparations and event were a success.
- RMT2 new roof, siding and windows – received "after the rains" report. Contractors were quick to make repairs.
- Building inspections are complete, will receive notifications from contractors.
- Getting ready for winter at the Marina, building repairs on the Café roof and siding.
- RMT1 – getting ready for a busy crab season.

Director of Harbor Operations:

- M/V CHUETSU SPIRIT loaded four hatches of chips for export at California Redwood Dock.
- Next chip ship GLORIUS PLUMERIA November 11.
- Next log ship first week of December.
- Scheduling sampling for Woodley Island Marina, Vibracore unit ready to go.
- Will attend a cruise ship conference CLIA-NWC/CLIA Alaska Fall Reception in Seattle, November 1-2.
- Rescue Swimmer training today with Humboldt Bay Fire and again next week.

DISTRICT COUNSEL, DISTRICT PLANNER AND DISTRICT TREASURER REPORT

District Planner:

- SPI dock piling replacement permit was granted last meeting. Assisting SPI with their Coastal Commission permit.
- Assisted with the Grand Opening of the RMT2.
- Asbestos surveyor here next week as part of the requirement for the demolition permit for the marina building in Shelter Cove.
- Coordinating the responses to comments on the Coast Seafoods Final EIR; arranging for an agency meeting to discuss the responses to comments; next will be the mitigation monitoring report for the District permit.
- The County of Humboldt filed their interim use ordinance; Coastal Commission is asking for more information in order to process the CDI Interim Use LCP amendment.
- Coordinating with County of the Samoa Lagoons Dredge Disposal Site
- CDBG/EDA grant Coordination with County
- Fisherman's Channel – 2017 dredging permitting
- Eelgrass Management Plan – held a project partners meeting and a public workshop – draft expected next Spring.
- Coastal Regional Sediment Management Plan.
- Timber Heritage Association – Samos Shops Option.
- Yeung Oyster Farm permit.
- PG&E Humboldt Bay Generating Station – Final Site Restoration Plan.
- Regional Water Quality Control Board – Wastewater Treatment Prop 1 Grant Application.
- Vessel 1091.
- Website Management and Facebook posts.

District Engineer:

- Pre-permitting subtidal sites.
- Revised conceptual drawings for Shelter Cove facility.
- Stormwater permitting at Fields Landing Boat Yard.
- Update on dredge alternatives.
- RMT2 permitting of ocean outfall.
- Infrastructure assessment on Samoa Peninsula.

District Treasurer:

- Was not able to attend the RMT2 Grand Opening because he was working out of town.
- Auditors are working; monthly reports are being prepared on time.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Doss:

- Attended a CA Coastal Sediment Action Plan meeting on the Internet.
- Attended a meeting with some Woodley Island Marina boat captains to talk about dock repairs.
- Attended RMT2 Grand Opening.
- Attended the Kick Off meeting for the Humboldt Bay Eelgrass Management Plan.
- Attended the 2x2 Committee with one of the Eureka City Council members regarding dredging.

Commissioner Dale:

- Annual Pacific Shellfish Growers Meeting in Washington.
- Joint Subcommittee on Fisheries and Aquaculture at Bodega Bay Marine Lab chaired by Senator McGuire and attended by Congressman Huffman.
- Attended the Kick Off meeting for the Humboldt Bay Eelgrass Management Plan.
- Attended the RMT2 Grand Opening – Hats off to Director of Operations and Facility Maintenance and District Staff – the facility has come a long way.
- Attended Humboldt Bay Symposium.

Commissioner Higgins:

- Attended RMT2 Grand Opening – a first class event.
- Attended the Kick Off meeting for the Humboldt Bay Eelgrass Management Plan.
- Attended the Humboldt Bay Symposium.
- Eel River Recovery Project – November 6 at Fortuna Monday Club – Celebrate five years!
- Shared three short fish videos.

Commissioner Wilson:

- Attended the RMT2 Grand Opening, Kick Off meeting for the Humboldt Bay Eelgrass Management Plan and the Humboldt Bay Symposium.
- Gave a tour with Natalie Arroyo for Jen Kalt's Environmental Planning Class on v/CORAL SEA.
- Asked when the planned date is for the Interim Use Ordinance to be heard by the Coastal Commission. Executive Director said it is not yet known.
- November 14 – applications for Third Division Commissioner due.
- Hoping to start having weekly meetings regarding dredging.
- Asked to have permit extensions appear on the Consent Calendar with some description of the project.

Commissioner Marks:

- Attended the RMT2 Grand Opening, Kick Off meeting for the Humboldt Bay Eelgrass Management Plan and the Humboldt Bay Symposium.
- NWPCo is reporting a push on getting on more business and installing more railroad ties. Hoping to get rail for freight to Willits. Also heard a pitch from Leer, a security company who clears encampments along the rail line.

OTHER

UNFINISHED BUSINESS: None

NEW BUSINESS

A. CONSIDERATION OF GRANTING ACCESS AND PROPERTY USE OF REDWOOD MARINE TERMINAL 1 TO THE FRIENDS OF THE VESSEL 1091 FOR EMERGENCY REPAIRS AND AUTHORIZING STAFF TO ISSUE EMERGENCY PERMITS.

Executive Director reported there will be a King Tide November 12-15 at 8+ feet – shoreside water depth at 4-6 feet. The vessel 1091 was built in 1944 and last dry docked in 1995. It is 158' and 264 tons and is in need of repairs; this would be the perfect time at King Tide to take the vessel out of the water and empty the ballast tanks that are leaking plus remove any extra weight. Donations of two D9s with winches, excavator, tug and logs have been offered. Friends of the 1091 want airbags, not logs, to be used – at a cost of $20,000 – putting out no money or time. City of Eureka will contribute $5,000 for out of pocket expenses. The District requires proof of ownership (recently received) and liability releases to be obtained from the District, City of Eureka, and Zerlang and Zerlang Marine Services. Once the vessel is out of the water, it will be inspected, repaired and put back into the water if the Coast Guard certifies the condition. If the vessel fails inspection, it is better to have it on shore than the bay bottom. The Friends of the 1091 (Humboldt Bay Naval SEA/AIR Museum) lost their non-profit status. Dr. Davis sold the vessel to the non-profit, but they are now in violation of the sales/transfer agreement. The Friends of 1091 owe the City over $15,000 in moorage and the City needs the dock space for large transit

vessels. The 1091 will sink and the Bay already has the v/DENNIS GAYLE at the bottom of the bay with nobody financially responsible.

COMMISSIONER WILSON MOVED FOR GRANTING ACCESS AND PROPERTY USE OF REDWOOD MARINE TERMINAL 1 TO THE FRIENDS OF THE VESSEL 1091 FOR EMERGENCY REPAIRS AND AUTHORIZING STAFF TO ISSUE EMERGENCY PERMITS. COMMISSIONER DALE SECONDED.

Leroy Marsh, project manager, said the 1091 is not ready to sink. The bottom is deteriorating and there are three leaking ballasts; there are a total of 27 ballasts. It does need to come out for repairs, zincs replaced, keel coolers repaired, etc. The method of removing from the water has been done by many museums. The location at the Timber Heritage Museum would be ideal for a museum.

Commissioner Doss said he wanted it to be clear that the purpose of this action is to remove the vessel from the water. He is happy to have a conversation later about the museum idea. Working with the City, two government agencies working together in the public's best interest.

Andrew Whitney, City of Eureka, said the vessel is historic and important, but needs to be removed from the water. The Coastal Industrial land where the vessel will be placed is zoned appropriately. The City would like the Commercial Street dock to be used for revenue, free tenancy is not the desired solution. Permits are being sought for this emergency situation.

Commissioner Marks said the Board needs to focus on the emergency situation; future options can be discussed at a later time.

Leroy Zerlang said there is the possibility the vessel sinks on the way or breaks in half; needs to be considered. November 12 is an ambitious deadline.

Executive Director said the vessel is a landing craft, designed to take on this type of moving on land; however we don't know if and how much it has been compromised.

Commissioner Dale said he does think the vessel is going to make it to land just fine, but he does not think the vessel will be returned to the bay. $20,000 for roller bags will probably not happen, but logs or telephone poles can be used.

MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF MODIFICATIONS TO EXHIBIT C, SALARY SCHEDULES FOR HARBOR MAINTENANCE WORKER 1, DOCK MASTER AND OFFICE BOOKKEEPER.

COMMISSIONER MARKS MOVED FOR THE APPROVAL OF MODIFICATIONS TO EXHIBIT C, SALARY SCHEDULES FOR HARBOR MAINTENANCE WORKER 1, DOCK MASTER AND OFFICE BOOKKEEPER. COMMISSIONER WILSON SECONDED.

Executive Director reported CalPERS compliance review findings: "Earning and pay rates are reported incorrectly or exceed the maximum listed on a publicly available pay schedule." Long term senior staff have exceeded the maximum list pay schedule. Harbor Maintenance Worker 1 senior staff refuses promotion to Harbor Maintenance Worker 2, exception being added – Hired prior to 6/30/1992. Dock Master maximum hourly wage category increased from $35 to $39. Office Bookkeeper maximum hourly wage category increase from $28 to $31.

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF ACCEPTING FOR FILING APPLICATION FOR PERMIT NO 2016-08, FROM PG&E FOR HUMBOLDT BAY POWER PLANT WETLAND SEDIMENT SAMPLING.

Executive Director reported the Department of Toxic Substances Control requires soil samples. Samples have been taken at Buhne Slough, Duck Pond and Frog Pond. One foot diameter samples – six inches deep – hand trowel. Humboldt Bay samples are done by hand held soil dredge. Executive Director stated application is complete and recommends accepting for filing.

COMMISSIONER MARKS MOVED FOR THE ACCEPTING FOR FILING APPLICATION FOR PERMIT NO. 2016-18, FROM PG&E FOR HUMBOLDT BAY POWER PLANT WETLAND SEDIMENT SAMPLING. COMMISSIONER DALE SECONDED.

Commissioner Wilson asked for clarification – the application states sampling will be done in Summer 2016 and should be 2017.

Pat Rainsford said a recent study states Humboldt County has the second lowest survival rate in California once a cancer diagnosis has been made. He asked if sampling had been done in the PG&E waste canal and King Salmon and if so, has anyone seen the report?

Commissioner Wilson said the sampling is for everything but radioactivity; that is done by another agency. These samplings are being done for final remedial action for the decommissioning; results are public information. This Board is certifying there is no environmental hazard being created by the action of sampling.

MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS

Commissioner Dale recused himself and left the meeting.

a. Granted Coast Seafoods six month extension of Permit Nos. E-06-003-A2 and E-02-005-A4 until May 1, 2017.
b. Granted Sierra Pacific Industries, a one-year extension of their dredging permit, until September 25, 2017.

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

APPROVED BY:

Greg Dale
Secretary

RECORDED BY:

Patricia Tyson
Director of Administrative Services

116

CITY of EUREKA

CITY OF EUREKA
FINANCE DEPARTMENT
531 K Street Eureka, California 95501-1146
www.ci.eureka.ca.gov

December 21, 2016

RECEIVED
DEC 23 2016
H.B.H.R. & C.D.

Humboldt Bay Recreation and Conservation District
601 Startare Drive
Eureka, CA 95501
Attention: Jack Crider, Executive Director

Re: Subordination Request Relating to Proposed Bond Issue for the Eureka Successor Agency Pursuant to Section 34177.5(c) of the California Health and Safety Code

Dear Mr. Crider:

I am writing to you on behalf of the Eureka Successor Agency (the "Successor Agency") pursuant to Section 34177.5(c) of the California Health and Safety Code (the "Code"). Under Section 34177.5(c) of the Code, the Successor Agency may, with a taxing entity's approval (which must be granted except as provided below), subordinate amounts payable from property tax revenue (formerly tax increment revenue) of a redevelopment project area that the Successor Agency is required to pay such taxing entity pursuant to Sections 33607.5 and 34183(a)(1) of the Code (the "Statutory Pass-through Payments") to bonds or other indebtedness issued or incurred by the Successor Agency pursuant to Section 34177.5(a) of the Code for the same project area.

At this time, the Successor Agency is expecting to issue two series of bonds (one taxable and one tax-exempt) during the first six months of calendar year 2017 (the "2017 Bonds") the debt service on which will be payable from property tax revenue derived from the project areas (collectively, the "Project Area") of the former Eureka Redevelopment Agency (the "Former Agency"). The purpose of the issuance of the two series of bonds is to refund, for debt service savings, prior obligations previously incurred by the Former Agency, which prior obligations the Oversight Board for the Successor Agency and the State Department of Finance have determined are "enforceable obligations" under Section 34171(d) of the Health and Safety Code, making them eligible for refunding under Section 34177.5(a) of the Health and Safety Code. By this letter, the Successor Agency requests that the Humboldt Bay Recreation and Conservation District (the "Taxing Entity") agree to the subordination of Statutory Pass-through Payments that the Successor Agency is required to pay the Taxing Entity in connection with the Project Area to the payment of debt service on the 2017 Bonds.

Enclosed for your review, pursuant to Section 34177.5(c)(2) of the Code, is a tax increment revenue projection summary for the Project Area, which includes a debt service coverage analysis showing the maximum debt service for the 2017 Bonds prepared by the Successor Agency's fiscal consultant for the 2017 Bonds, HDL Coren & Cone (the "Fiscal Consultant"), and its financial advisor for the 2017 Bonds, Public Financial Management, Inc. (the "Financial Advisor"). The Fiscal Consultant's and Financial Advisor's analysis shows that the Successor Agency can reasonably expect to have sufficient funds available to pay both the payments that are expected to be due for the Bonds and all of the Successor Agency's Statutory Pass-through Payments owed to the various affected taxing entities for the Project Area. In the event that the Successor Agency does not have sufficient funds to make the required Statutory Pass-through Payments in a given year, the Successor Agency's obligation to make such payments shall continue and shall be paid for from the first available property tax revenues of the Successor Agency not pledged to the payment of debt service on the 2017 Bonds.

For the benefit of the Successor Agency's records, please complete the attached Acknowledgement and return it no later than February 1, 2017, as the Successor Agency is planning on selling the 2017 Bonds as early as mid-February.

Please note that, in accordance with Section 34177.5(c)(e)(3) of the Code, if the Taxing Entity does not respond to the requested subordination within forty-five (45) days of this letter, the subordination will be automatically deemed approved by the Taxing Entity and such approval shall be final and conclusive. Furthermore, to disapprove this subordination, the Taxing Entity must find, based upon substantial evidence, that the Successor Agency will not be able to pay the payments due on the 2017 Bonds and the Statutory Pass-through Payments that it is required to pay the Taxing Entity.

Thank you in advance for your cooperation in this matter. If you have any questions regarding this matter, please do not hesitate to call the undersigned at (707) 441-4114.

Sincerely,

Wendy Howard,
Finance Director of the City of Eureka

Enclosures

ACKNOWLEDGEMENT

In response to the request by the Eureka Successor Agency (the "Successor Agency") set forth in a letter dated December 21, 2016 (the "Subordination Request"), to approve the Successor Agency's subordination of Statutory Pass-through Payments, the Humboldt Bay Recreation and Conservation District (the "Taxing Entity") hereby confirms its approval of the subordination of the Successor Agency's obligations to pay Statutory Pass-through Payments to the Taxing Entity in connection with the Successor Agency's payment obligations under the refunding bonds to be issued with respect to redevelopment project areas of the former Eureka Redevelopment Agency.

All capitalized terms used but not defined in this Acknowledgement have the meanings ascribed to them in the Subordination Request.

IN WITNESS WHEREOF, the undersigned has caused this Acknowledgement to be signed by its authorized representative on this __ day of _____ 2017.

HUMBOLDT BAY RECREATION AND CONSERVATION DISTRICT

By: _____

Name: _____

Title: _____

City of Eureka Redevelopment Successor Agency
Eureka Merged Redevelopment Project Areas
PROJECTION OF TAX INCREMENT REVENUE AND DEBT SERVICE COVERAGE
Tax Sharing Payment Subordination Exhibit

12/15/2016

		Gross Tax Revenue	SB 2557 Charge	Tax Revenues	2017 Refunding Bonds Debt Service	Debt Service Coverage	Statutory Pass-Throughs Tier 1	Statutory Pass-Throughs Tier 2	Remaining Tax Revenues
1	2016-17	**5,543,862**	(116,486)	**5,427,376**	1,945,541	2.79	454,791	83,398	**2,943,647**
2	2017-18	**5,674,980**	(119,241)	**5,555,739**	2,343,494	2.37	481,014	105,426	**2,625,806**
3	2018-19	**5,789,139**	(121,640)	**5,667,500**	2,343,874	2.42	503,846	124,604	**2,695,176**
4	2019-20	**5,905,581**	(124,086)	**5,781,495**	2,342,785	2.47	527,134	144,167	**2,767,409**
5	2020-21	**6,024,353**	(126,582)	**5,897,771**	2,340,340	2.52	550,889	164,120	**2,842,422**
6	2021-22	**6,145,499**	(129,127)	**6,016,372**	2,345,940	2.56	575,118	184,473	**2,910,841**
7	2022-23	**6,269,069**	(131,724)	**6,137,345**	2,343,340	2.62	599,832	205,233	**2,988,941**
8	2023-24	**6,395,109**	(134,372)	**6,260,737**	667,740	9.38	625,040	226,407	**4,741,550**
9	2024-25	**6,523,671**	(137,073)	**6,386,598**	511,740	12.48	650,752	248,006	**4,976,100**
10	2025-26	**6,654,804**	(139,829)	**6,514,975**	507,490	12.84	676,979	270,036	**5,060,471**
11	2026-27	**6,788,559**	(142,639)	**6,645,920**	507,740	13.09	703,730	292,507	**5,141,944**
12	2027-28	**6,924,990**	(145,506)	**6,779,484**	512,240	13.23	731,016	315,427	**5,220,801**
13	2028-29	**7,064,149**	(148,430)	**6,915,720**	510,740	13.54	758,848	338,806	**5,307,326**
14	2029-30	**7,206,092**	(151,412)	**7,054,680**	513,490	13.74	787,237	362,653	**5,391,301**
15	2030-31	**7,350,873**	(154,454)	**7,196,419**	515,240	13.97	816,193	386,976	**5,478,011**
16	2031-32	**7,498,550**	(157,557)	**7,340,993**	511,000	14.37	845,728	411,786	**5,572,479**
17	2032-33	**7,649,181**	(160,722)	**7,488,458**	516,000	14.51	875,854	437,091	**5,659,513**
18	2033-34	**7,802,824**	(163,951)	**7,638,873**	509,750	14.99	906,583	462,903	**5,759,637**
19	2035-36	**7,959,540**	(167,243)	**7,792,296**	512,750	15.20	937,926	489,232	**5,852,388**
20	2036-37	**8,119,390**	(170,602)	**7,948,788**	514,500	15.45	969,896	516,087	**5,948,305**
		135,290,215	(2,842,676)	**132,447,539**	22,815,727		13,978,407	5,769,338	**89,884,068**

\Bond Services\Tax Allocation Bonds\Eureka 2016 Refunding Bonds\Eureka SA 2016 Refunding Bonds v2

Merkel & Associates, Inc.

1670 Chester Ave, Arcata, CA 95521
Tel: 707/840-6026

San Diego, CA • Sacramento, CA • Arcata, CA • Nehalem, OR

11c

December 23, 2016
M&A # 16-089-01

Mr. Jack Crider
Executive Director
Humboldt Bay Harbor Recreation & Conservation District
601 Startare Dr.
Eureka, CA 95501

Re: Cost Proposal for Fisherman's Channel Preliminary Eelgrass Mitigation Plan

Dear Jack:

Thank you for providing Merkel & Associates (M&A) with the opportunity to present a cost proposal for completing a preliminary eelgrass mitigation plan in support of the Fisherman's Channel Dredging Project in King Salmon, CA. We have reviewed the previous eelgrass mitigation plan and additional permitting documents provided by the Harbor District and conducted a preliminary eelgrass survey of the proposed project area to gain a better understanding of eelgrass habitat conditions in Fisherman's Channel and the King Salmon area. As we have previously discussed, opportunities to conduct full eelgrass mitigation within Fisherman's Channel may be limited as a result of the proposed dredge depth being near or below the maximum depths capable of supporting eelgrass in this area. However, opportunities to develop several mitigation transplant sites have been tentatively identified in close proximity to the proposed project and may provide lower risk, higher yield alternatives to conducting transplanting within the footprint of proposed dredging operations. Additionally, achieving successful eelgrass mitigation outside of Fisherman's Channel could allow the District to avoid further eelgrass mitigation obligations associated with future maintenance dredging activities within the channel.

This cost proposal includes conducting background research and a preliminary survey to develop a baseline understanding of the proposed project and eelgrass distribution in relation to depth within Fisherman's Channel; developing a preliminary eelgrass mitigation plan consisting of a range of eelgrass mitigation alternatives and associated costs within the greater King Salmon/Field's Landing area; and communicating with the District and it's consultants, as well as regulatory agency staff to determine the preferred alternative as the basis for a final eelgrass mitigation implementation program. For the required eelgrass mitigation planning we would pursue the effort under the following tasks.

SCOPE OF WORK

Task 1: Document Review and Preliminary Eelgrass Survey.
This task would involve reviewing relevant documents and material to get up to speed on the project and conducting a preliminary hydroacoustic survey to assess eelgrass distribution in relation to depth within Fisherman's Channel. This task is almost complete, but the time has not yet been invoiced.

Task 2: Develop Preliminary Eelgrass Mitigation Plan, Alternatives and Estimated Costs.
This task would consist of assessing potential eelgrass mitigation sites within the King Salmon/Field's Landing area including developing cost estimates based on the extent of required site modification, eelgrass transplanting, and associated follow-up monitoring and reporting program implementation costs. These efforts would culminate in a Preliminary Eelgrass Mitigation Plan.

At present, we anticipate mitigation to target both manipulated sites where dredging or earthwork is conducted such as to the north of the Fisherman's Channel entrance and unmanipulated sites that are planted with eelgrass without modification of the site bathymetry. Cost estimates for the mitigation will be provided in order to allow the District to select the most desirable action.

Task 3: Follow-up Consultations and Mitigation Alternative Selection.
This task would include communicating with the District, its consultants and regulatory agency staff to determine the preferred alternative as the basis for developing a final eelgrass mitigation implementation program for the Fisherman's Channel Dredging Project.

COST

The cost of developing a preliminary eelgrass mitigation plan is estimated as follows:

TASK	**COST**
Task 1: Document Review and Preliminary Eelgrass Survey	$7,372
Task 2: Develop Preliminary Mitigation Plan, Alternatives and Estimated Costs	$10,092
Task 3: Follow-up Consultations and Mitigation Alternative Selection	$5,864
TOTAL	**$23,328**

We welcome your feedback on this proposal and look forward to continuing our work together.

If you have any questions, please let us know.

Sincerely,

Keith W. Merkel
Principal Consultant

11d

EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT

This Agreement is entered into this ___ of January, 2017 ("Commencement Date"), by and between the Humboldt Bay Harbor, Recreation, and Conservation District ("District"), a California governmental entity, and Inyo Networks, Inc., ("Inyo") a California State Corporation and the District are sometime collectively referred to as the "Parties" and each, individually, may be referred to as a "Party."

1. RECITALS. The Parties enter into this Agreement in light of the following facts and objectives:

A. Inyo seeks to lease space described in Exhibit "A" attached, and seeks to enter into an agreement with District to conduct exclusive negotiations with District regarding the Property. The Property, as defined herein, is limited only to the Redwood Terminal 2 ocean outfall pipe and associated property as identified on Exhibits "A" and attached hereto and incorporated by reference. Non-exclusive use of the ocean outfall pipe is currently leased to D.G. Fairhaven Power LLC for discharge of water used as a coolant in the power plant operation and a potential lease to Inyo would be required to not unreasonably interfere with the current use by D.G. Fairhaven Power.

B. The Parties acknowledge that the Project will require certain entitlements, including without limitation discretionary approvals from the District, California Coastal Commission, U.S. Army Corps of Engineers, California State Land Commission, all of which will require environmental review pursuant to the California Environmental Quality Act ("CEQA") or National Environmental Policy Act. The parties contemplate that a negotiated lease will include reduced rent for the time period required for obtaining the necessary agency permits and approvals and for construction of the improvements that will be necessary for Inyo's operations.

2. TERM

A. Term. The term of this Agreement shall be for the shorter of 12 months (360 days), or as otherwise provided in Section 12, commencing on the date of this Agreement (the "Term") or signature to the Port Lease. B. Extensions. At the option of the Parties, the Term may be extended for an additional two (2) three (12) month periods by mutual written consent of District and Inyo. The Executive Director is authorized to approve such extensions on behalf of District. Additionally, in the event that Inyo has fully performed under the terms and conditions of this Agreement in a timely manner, and in the event that the Parties have negotiated a preliminary lease agreement over which the Parties have reached agreement about its terms, District shall extend the Term by the amount of time necessary to complete the legal review of the lease agreement.

C. Additional Extensions. Notwithstanding Sections 2.B and 11, if District determines that it is in the best interests of District, District may extend the time for Inyo's performance of any of the terms and conditions of this Agreement. District shall have sole discretion to grant such

additional extensions to Inyo and in no event shall this provision be construed so as to convey any right or entitlement to an additional extension for performance to Inyo.

3. NEGOTIATIONS

A. District and Inyo shall negotiate diligently and in good faith during the Term towards a lease agreement providing for the leasing by District to Inyo, of all or part of the Property. The good faith negotiations agreed to between the Parties requires each to reasonably communicate with the other. This will include all methods of communication including via telecommunications (fax, phone, e-mail, etc.), face-to-face meetings between the Parties' representatives, and written correspondence. Nothing in this Agreement shall be construed to require Inyo or District to ultimately agree to specific terms for a lease, and both Parties have the discretion to decide not to enter a lease if the Parties do not reach agreement on the details for the lease agreement.

B. District shall not negotiate with any other person or entity regarding long-term leasing or other long-term use authorization of the Property or any portion of the Property, or solicit or entertain bids or proposals to do so, during the Term, without the written consent of Inyo. Any such negotiations would require that the contemplated or potential use of any third party not interfere with the contemplated potential uses of Inyo.

C. District and Inyo will engage in good faith efforts to prepare the necessary documents to allow the District's Board of Commissioners ("Board") to determine whether it wishes to approve the CEQA documents, Project entitlements, and lease.

D. Each Party agrees that any and all data, reports and documentation supplied by one Party ("Disclosing Party"), or its affiliates or third parties on its behalf, to the other Party under this Agreement ("Receiving Party"), which are confidential, to the extent permitted by the California Public Records Act, cannot be disclosed or otherwise disseminated by the Receiving Party without the consent of the Disclosing Party. If District is challenged regarding a document that Inyo deems confidential, then Inyo shall defend, indemnify and hold harmless District and its officers, officials, employees and agents against and from such challenge.

4. RIGHT OF ENTRY

A. Inyo, its agents, and independent contractors shall have the right to enter on the Property, upon reasonable prior notice to District, to perform, at Inyo's expense, any and all structural, soil, hydrological, archaeological, or environmental site assessments, and to conduct any surveys, title work, planning, and any other investigations as Inyo deems appropriate in its sole and absolute discretion. District will cooperate and provide reasonable assistance to Inyo and its representatives in carrying out its inspection.

B. Inyo shall indemnify and hold District, its elected officials, agents, directors, staff, volunteers and designated representatives, harmless from any lien, loss, claim, liability, damage, or expense, including reasonable attorneys' fees and costs, that District may suffer or incur, arising out of or in connection with Inyo's entry upon and inspection of the Property, including, without limitation, any loss, damage, or liability that District may

suffer or incur by reason of any injury to any person or property caused by Inyo, its agents, employees, independent contractors, consultants, or invitees. Inyo shall also require that all third parties performing investigation on the site to have and maintain liability insurance with minimum coverage of $1,000,000 for general commercial liability. Inyo shall require written proof of insurance and shall provide copies to District at District's request. Upon the completion by Inyo of any and all such investigations of the Property, Inyo shall restore the Property to substantially the same condition existing prior to such investigations. Notwithstanding anything to the contrary provided in this paragraph, Inyo shall not be obligated to remediate, restore or indemnify District for incidental or consequential damages with respect to any environmental or physical condition that is merely discovered, as opposed to caused, by Inyo. Inyo's obligations hereunder shall survive termination of this Agreement or, if applicable, any lease agreement.

5. EQUIPMENT STORAGE. Inyo or its designees may store equipment necessary for site investigation purposes, for the time period such equipment is reasonably necessary for site investigation purposes, on the Property during the Term provided the equipment is in operating condition and currently licensed (if appropriate). Inyo or its designees shall store equipment only in areas approved by District. District shall not be responsible for any damage or theft of equipment stored on the Property by Inyo or its designees. In the event of termination of this Agreement, Inyo shall remove stored equipment from the Property within ten (10) days of the date of termination of this Agreement. If not removed within ten (10) days after the date of termination, stored equipment will be removed, sold or destroyed by District at Inyo's expense.

6. CONSIDERATION. The Parties agree to strictly comply with the recitals and mutual covenants and conditions contained in this Agreement. Further, within five (5) days of the Commencement Date, Inyo shall pay to the District the sum of Five Thousand Dollars ($5,000) for the exclusive right and initial services of District staff and administration during the Term and $2,500 for any extension. If a lease agreement is executed arising out of negotiations pursuant to this Agreement, these amounts shall be credited to the initial lease payment(s). The parties acknowledge that due to the unknown contingencies that may occur in exploring issues related to a potential lease the actual costs to the District may exceed $5,000 in the initial term and $2,500 in the extensions. Should the District incur additional staff time and expenses related to a potential lease during the initial term or in extensions Inyo shall reimburse the District for said additional expenses and costs. District shall document any such expenses and costs and provide to Inyo in writing. If the parties cannot reach agreement on reimbursement the issue shall be resolved by arbitration pursuant to paragraph 11 D. of this agreement. Any costs and expenses incurred by the District in excess of the specific initial term and/or extension payments shall not be credited to the initial lease payment.

7. SCHEDULE OF PERFORMANCE

A. <u>Project Submissions</u>

Within sixty (60) days of the Commencement Date, Inyo shall provide to District the following information:

1. The name and identification of the type of legal entity with which District would contact.

2. Name and person (or persons) who will represent Inyo in negotiations with District.

3. A narrative description of the development proposed, including a description of its physical characteristics, potential leasehold improvements and number of proposed employees.

4. Funding sources and proposed uses for the Project, including all anticipated development costs.

5. Estimated development and pre-development schedule including time required for all design and permit processing including but not limited to compliance with CEQA.

6. Executed copies of any contracts which Inyo has entered into with its consultants for the Project pertaining to architectural, engineering, environmental analysis, and soil analysis.

7. Proposed site plans for the Project showing the site layout, legal description of the proposed lease area, proposed leasehold improvements, access points, and parking layout areas. The plan should show adjacent land uses to illustrate the Project's relationship to the surrounding area.

B. District Approval. Within thirty (30) days after District receives any information or documents required to be submitted to it by Inyo pursuant to this section, District shall advise Inyo of its acceptance or rejection of the information or documents. If District rejects any information or documents submitted to it by Inyo, Inyo may revise its submission and resubmit to District. District shall advise Inyo of its acceptance or rejection of any revised submission within thirty (30) days of its receipt of the revised submission from Inyo.

8. PERMITS REQUIRED. Inyo understands and agrees it is solely responsible for obtaining a permit from District and all other applicable governmental approvals for the Project, at Inyo's sole expense. District agrees that it will provide any documentation or authorization necessary for Inyo to proceed with the process of obtaining any and all required governmental approvals for the Project, including, without limitation, authorization for Inyo to act as District's agent with respect to those governmental approvals.

9. NEGOTIATION OF LEASE AGREEMENT. Subject to Inyo has performing all of the requirements in Section 7.A above in a timely manner, District shall deliver to Inyo a draft form of lease. Inyo and District shall negotiate diligently and in good faith until a lease is agreed upon, unless the Term has expired, or the Parties terminate this Agreement.

10. DISTRICT RESPONSIBILITIES. Inyo understands and acknowledges that any lease agreement resulting from the negotiations arising from this Agreement must be considered and

approved by the Board at a regular Board meeting. The Board is the only entity for District with the power and authority to enter into any agreement on behalf of District. District staff, including but not limited to the Executive Director and District Counsel, may negotiate on behalf of District for proposed terms they believe will be acceptable to the Board, but approval by the Board is not guaranteed.

11. FAILURE TO PERFORM UNDER THIS AGREEMENT

A. Time is of the Essence. District and Inyo hereby acknowledge that time is of the essence to this Agreement, such that the Parties' failure to fully perform according to the terms and conditions of this Agreement shall be considered a material breach of this Agreement (a "Default").

B. Notice of Default. Should there be a Default in performance by a Party, the non-defaulting Party must give written notice of such Default to the defaulting Party. Such notice must specify the nature of the event or deficiency giving rise to the Default; the action required to cure the deficiency, if an action to cure is possible; and a date not less than thirty (30) calendar days from the date of the notice within which action to cure must be taken.

C. Cure. Notwithstanding anything to the contrary, a Default does not constitute cause to terminate this Agreement if the defaulting Party cures, corrects, or remedies the Default within the time period required in the notice or other agreement between the Parties. In the case of a Default by either Party, the alleged defaulting Party shall promptly commence to cure the identified Default and shall complete the cure within thirty (30) days after receipt of the notice of Default. The thirty (30) day cure period for a Default shall be extended as reasonably necessary to remedy such Default, provided that the alleged defaulting Party commences such cure promptly after receiving the notice of Default and continuously and diligently pursues such remedy at all times until such Default is cured.

D. Arbitration. Any disputes between the parties concerning or arising out of this Agreement shall be resolved by binding arbitration. The parties shall mutually agree on the arbitrator, who shall have the authority to determine procedural and substantive issues relating to the dispute, to the extent the parties are unable to agree. If the parties cannot agree on an arbitrator, the parties shall request the judge of the Humboldt County, California Superior Court who has primary responsibility for civil cases, or the presiding judge of that Court, to appoint an arbitrator. The arbitration shall take place in Humboldt County, California unless the parties agree to a different venue. The parties shall equally in the cost of the arbitration.

12. TERMINATION. This Agreement may terminate under the following circumstances:

A. By either Party upon the uncured Default of the other Party;

B. By Inyo upon giving District thirty (30) days prior written notice of its intent to terminate this Agreement;

C. Upon expiration of the Term and any extensions;

D. Upon the latest of (i) all of the Project entitlements being approved and deemed final or (ii) entering into a lease agreement between the Parties.

13. INDEMNIFICATION. Inyo hereby covenants, on behalf of itself, its successors and assigns, to indemnify, save and hold harmless and defend District, its elected officials, agents, directors, staff, volunteers and designated representatives, from any action brought by a third party challenging the validity of this Agreement or seeking damages which may arise directly or indirectly from the negotiation, formation, execution, enforcement or termination of this Agreement. Nothing in this section shall be construed to mean that Inyo is required to hold District harmless and/or defend it from any claims arising from, or alleged to arise from, the negligent acts, or negligent failure to act, on the part of District. District agrees that it will fully cooperate with Inyo in the defense of any matter in which Inyo is defending and/or holding District harmless.

14. LIMITATIONS. By its execution of this Agreement, District is not committing to itself to or agreeing to undertake (a) commitment or reservation of public funds, revenues or reserves to the Project; (b) approval of the Project by District; or (c) any other acts or activities requiring the subsequent independent exercise of discretion by District. Execution of this Agreement by District is merely an agreement to enter into a period of exclusive negotiations according to the terms of this Agreement, and the Board reserves final discretion and approval by District as to any lease agreement and all proceedings and decisions in connection with any lease agreement. This Agreement also shall not prevent District from providing any person or entity with any information regarding the Property that is contained in public records, as that term is defined by California Government Code Section 6252, which is not exempt from disclosure under the California Public Records Act.

15. NOTICES

Notices for District shall be addressed to:

Jack Crider
Executive Director
Humboldt Bay Harbor, Recreation, and Conservation District
601 Startare Drive
Eureka, CA 95501
E-Mail Address:jcrider@humboldtbay.org

Copied to:

Paul A. Brisso
Mitchell, Brisso, Delaney & Vrieze LLP
814 Seventh Street
Eureka, CA 95501
E-mail: pbrisso@mitchelllawfirm.com

Notices for Inyo shall be addressed to:

Nicolas Keeler

Inyo Networks, Inc.
10630 Town Center Dr suite #117
Rancho Cucamonga CA 91730

16. ASSIGNMENT. This Agreement cannot be assigned by Inyo without District's prior written approval, except that approval shall not be required for a successor-in-interest formed by Inyo for the express purpose of fulfilling the obligations set forth in this Agreement.

17. INTERPRETATION/VENUE. This Agreement and its performance will be governed, interpreted, construed, and regulated by the laws of the State of California. Exclusive venue for any action arising from this Agreement will be in Humboldt County Superior Court.

18. ENTIRE AGREEMENT. This Agreement, and its attachments, sets forth the entire understanding of the Parties as to the matters covered in this Agreement. There are no other understandings, terms or other agreements expressed or implied, oral or written.

19. SEVERABILITY. If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, then such portion will be deemed modified to the extent necessary in the opinion of the court to render such portion enforceable and, as so modified, such portion and the balance of this Agreement will continue in full force and effect.

20. CONSTRUCTION. This Agreement shall be construed as a whole and in accordance with its fair meaning and without regard to any presumption or other rule requiring construction against the Party preparing this Agreement. This Agreement is the result of negotiations between the Parties who are each represented by an attorney. This Agreement shall be interpreted as though it was jointly drafted by the Parties, and it shall not be construed against a Party based upon the Party that drafted any particular section, phrase or word of the Agreement.

21. COUNTERPARTS. This Agreement may be executed in any number or counterparts, each of which will be an original, but all of which together will constitute one instrument executed on the same date.

IN WITNESS WHEREOF the Parties hereto have executed this contract the day and year first hereinabove written.

DISTRICT:

HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

Patrick Higgins, President
Board of Commissioners

Inyo Associates, Inc.:

Nicolas Keeler
General Manager

ATTEST:

_____
Paul Brisso, District Counsel

EXHIBIT A

DESCRIPTION OF PROPERTY

1. **36 inch outflow to be used to land 4 four International Cables.**
    a. **Pricing**
        i. **First Cable $1,250,000.00 one time fee.**
        ii. **Second Cable $500,000.00 one time fee**
        iii. **Third and Fourth Cable $250.000 each one time Fee**

2. **Right Of Way for conduit and fiber optic cable to access 36 inch outflow.**

Optional:

1. **Yard space to store Fiber Optic Cable, Vaults and other Constructions Material**