

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

December 11, 2015

PRESENT:

Commissioner Doss
Commissioner Dale
Commissioner Marks
Commissioner Higgins

ABSENT:

Commissioner Wilson

President Marks called the Special Meeting to order at 5:10 p.m. The meeting was held in the Shelter Cove Resort Improvement District Conference Room.

President Marks led those present in the Pledge of Allegiance

PUBLIC COMMENT: None

NEW BUSINESS

A. DISCUSSION OF THE HARBOR DISTRICT'S FUTURE INVOLVEMENT AND INVESTMENT IN SHELTER COVE.

Executive Director reported the Harbor District's initial involvement in Shelter Cove was to try to solve the problem of fish waste on the beach. This grew into the improvement of the beach access road and boat launch and then into the rebuilding of the breakwater. The Harbor District, with help from CA Dept. of Boating and Waterways, has invested millions of dollars into Shelter Cove.

The District's only agreement is with State Lands, the beach and cove lease through May 31, 2034. The District's only easement is for the beach access road for recreational purposes only. There have been "bittersweet" partnerships, resulting in lawsuits, regulatory requirements and property owner changes. Approximately \$35,000 per year is spent on the cleaning station, maintenance and ASBS (Area of Special Biological Significance)/stormwater requirements. For years, the Harbor District has tried to transfer these responsibilities to the Resort Improvement District (RID), with no luck.

In 2013 there was the pelican issue; a roof net was installed as a temporary solution, but the discharge was still illegal into the ASBS.

In the last three years, the pelican problem at the cleaning station highlighted the discharge pipe; Waste discharge reduction by processing fish carcasses & table waste; Fish buyer Patrick O'Shea leased the marina area including station; O'Shea's lease included improvements to process fish carcasses; O'Shea's challenges: Past tenant lawsuit, cultural dig & local politics; O'Shea's lease terminated for non-performance on November 4, 2015. The Harbor District has had recent meetings: 3 with David Smollett, RID and 2 with Patrick O'Shea. Findings: RID will clean the fish cleaning station for \$25K/yr. with no other involvement. David Smollett will lease to the Harbor District the marina area w/ all commercial activities.

Why would the Harbor District lease the marina? Tourism and Fishing are the largest industries at the Cove; the Harbor District's legislative authority allows for marina development; the Harbor District has successful operations & capital improvements at the Cove; the fish cleaning station ocean discharge needs to be solved; the Harbor District is the only jurisdiction with legal authority on the beach/cove; the Marina Lease gives the Harbor District site control and revenue opportunities; the Harbor District has experience managing marina operations & boat launching and the Harbor District has access to grant funds for capital improvements.

Executive Director spoke about site control and lease terms: Terms - 5 years with (3) 5 year extensions to match the State Lands Lease; Area - 5.37 acres, includes: marina, cleaning station and storage; Includes all commercial rights: boat storage, fees & tractor launch; first right or refusal to lease all operations: Hotel, Restaurant, rentals; right to sublease all or part of the leased area and operations; intent is to sublease to

private operator under District's control; at termination landlord retains all fixed assets or District has option to purchase property.

The Harbor District's potential investment and risk is as follows:

- Year 1 Operations
 - 1) Contract with current Tractor operator for 8% fee
 - 2) Fence and control boat storage area. -\$ 5,000
 - 3) Demo and remove Marina building. -\$10,000
 - 4) Cultural Investigation entire property -\$10,000
 - 5) Hire Local seasonal employee -\$25,000
- Revenues to cover new operations:

Tractor Launch	+\$ 5,000
Boat Storage	+\$15,000
Charter Boat	+\$15,000
Misc. fees	+\$ 5,000
Fish Cleaning Station Savings	+\$10,000

Future investment and risk are as follows:

- Operations and Investment year 2-5 and beyond.

Marina Building- Phase 1- (1,500 sqft.)	\$150,000
Phase 1- Freezer, seafood processing and sales Ice machine, charter and launch office.	\$50,000
Phase 2- Expand Marina Building+ 1,500 sqft. Retail space, Kayak rentals, security.	\$150,000
 - Tractor Launch Operations- Equipment purchase. \$100,000
 - Cove Anchorage cleanup and improvements. \$10,000
- Total Investment risk \$410,000+ @ 20 years- \$36,000/year

Executive Director then asked "What does the community want?"

Commissioner Dale said the Harbor District is here to help, to do the right thing; but you cannot make everyone happy. He asked everyone to believe this until proven differently. It is frustrating that the discharge pipe is a point source discharge into the ASBS and the pipe was there first. But the ASBS is there forever now and a point source discharge is against the law. The Harbor District could be forced to remove the pipe or face large fines; but the State Water Quality Control Board is giving the Harbor District some leeway while a solution is found. It is the Harbor District's responsibility to find a solution.

Commissioner Higgins asked how the Harbor District can allow the community to reach its potential and eliminate the blighted areas. He asked the participants to help the Harbor District improve Shelter Cove's assets by giving thoughts and solutions.

The Board heard comments from the public, mostly favorable on the Harbor District's involvement in Shelter Cove.

Rex Olander said he did not agree with the Harbor District having a presence in Shelter Cove since the District does not have money and they cannot even operate their marina efficiently.

President Marks said he disagreed. At one point several years ago, the Harbor District was on a path to insolvency, but has turned its financial situation around and continues to thrive.

Commissioner Higgins said if the residents do not want the Harbor District there, who would they want?

Commissioner Dale said he understands frustration with change and change is expensive. The Board is not talking about spending a lot of money.

President Marks said the Board will continue to have meetings in Shelter Cove as more information comes available.

The Special Meeting of the Board of Commissioners adjourned at 6:40 p.m.

APPROVED BY:



Greg Dale
Secretary

RECORDED BY:



Patricia Tyson
Director of Administrative Services