

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

12 June 2008

PRESENT:

Commissioner Pellegrini
Commissioner Curless
Commissioner Wilson
Commissioner Hunter
Commissioner Higgins

President Hunter announced there was no Closed Session due to District Counsel's absence.

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

Commissioner Wilson led those present in the Pledge of Allegiance.

PUBLIC COMMENT

Dave Spreen said he felt Commissioners Pellegrini, Hunter and Curless were disrespectful to Humboldt County voters when they voted to negotiate a contract with Goldman Sachs at the May 22nd meeting. He said the majority of the people in the county are opposed to a large scale "boondoggle". He said the commissioners should stop and listen to what is going in the maritime industry.

Melvin McKinney asked about the status of the Woodley Island Marina pump out station repairs and asked if the Harbor District had received a grant for the repairs.

David Elsebusch said he thought the Goldman Sachs negotiations were a joke, a ridiculous idea. He said one of the jobs of the Director of Maritime Commerce was to promote port awareness, but that he did not have a clue what it takes to get the railroad operational. Mr. Elsebusch said he hoped the Board of Commissioners would not go along with the idea of a foreign port operator because it will be a non-starter anyway. He said the Board should wait to get the Redwood Marine Terminal Business Plan before they make any decisions.

Mr. Elsebusch also said this was the second meeting he would ask for information regarding the Board's payments to the District Treasurer and District Counsel through their businesses. He said this way of paying is not legal and he was going to make a complaint to the IRS fraud department.

Susan Penn passed out baggies of cigarette butts to the Board of Commissioners and asked them to consider putting ashtrays around Woodley Island.

CONSENT CALENDAR

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

CEO REPORT

- ❖ CEO gave the Board of Commissioners an update on the recycling program for the District. Director of Facility Maintenance is working with the City of Eureka and hoping to work out a program for grant funding.
- ❖ A \$586,000 grant has been awarded to the District from CA Homeland Security.
- ❖ 6/2: Redwood Marine Terminal facility security drill took place.
- ❖ 6/2: Adam Wagschal, the District's new Director of Conservation, started.
- ❖ 6/5-6: CEO attended a CAPA meeting San Francisco.
- ❖ The Redwood Marine Terminal Business Plan is currently on the website and available for public review. TranSystems will make a presentation to the Board on June 26th, the meeting will be held at the City of Eureka's Wharfinger Building.

DISTRICT COUNSEL REPORT: None

STAFF REPORT: None

COMMISSIONER REPORTS

Commissioner Pellegrini:

- ❖ Met with Commissioner Curless, Dockmaster and CEO to discuss Ordinance No. 9 revisions. Marina tenants Ken Bates and Paul Pellegrini will serve on the advisory committee also; no meeting date has been set.
- ❖ Received a call from one of Commissioner Wilson's constituents regarding the budget.
- ❖ Asked why the lighthouse paint is peeling already when it was painted just two years ago.

Commissioner Wilson:

- ❖ 6/14: attended the Oyster Festival in Arcata.
- ❖ Congratulated Humboldt County Supervisor-Elect Mark Lovelace, who was in the audience.
- ❖ Received two phone calls concerning the Goldman Sachs negotiations. He said the Board was taking a philosophical leap from a public dock project to a long-term concession. President Hunter said the Board had passed a motion to consider negotiations and when the negotiations are complete the Board will then consider approving the negotiations. Commissioner Pellegrini said there is a precedence for the Board to lease out public property.
- ❖ Would like to move towards electronic Board packets.
- ❖ Asked CEO to comment on Mr. McKinney's comments on the pump out station. CEO stated Woodley Island Marina and the Eureka Public Marina both have a pump out station and the one at Woodley Island on the access is worn out and needs to be replaced. CEO stated the pump out station would be better placed on the end of C-dock and District staff has been working with Department of Boating and Waterways (DBAW) staff to make the change. Commissioner Wilson asked if a grant is pending. CEO stated the Harbor District is working with DBAW for a grant to move the location of the pump out station.
- ❖ Asked CEO about Ms. Penn's ashtray concerns. CEO stated he would discuss this issue with Director of Facility Maintenance.

Commissioner Hunter:

- ❖ Stated to Mr. Elsebusch his IRS concerns would be an agenda item in a future Board meeting when District Counsel is present.
- ❖ It is time for discussions to begin with the District's employee union. Their contract will terminate on June 30, 2009. Appointments will be made to the Human Resources Advisory Committee in August or September in order to begin those discussions.

Commissioner Higgins:

- ❖ Met with staff, including new Director of Conservation, to discuss the prospect for the District to collaborate in fisheries research relative to the Marine Life Protection Act and establishment of Marine Protected Areas.
- ❖ The wave energy applications by PG&E and other firms to the Minerals Management Service (MMS) have a comment deadline of June 30. Commissioner Higgins suggested a letter from the District be sent to MMS expressing the District's concerns of access for fishing and to minimize closed areas, as well as other issues.
President Hunter asked staff to include the letter as an agenda item for the June 26th meeting.

ADVISORY COMMITTEE REPORTS: None

OTHER: None

NON-AGENDA: None

UNFINISHED BUSINESS

A. FIRST READING OF FY 2008/09 BUDGET

President Hunter stated this would be the first reading of the FY 2008/09 Budget and no action would be taken at this meeting.

CEO stated the difference between this version of the budget and the one presented at the May 22nd meeting is the homeland security grant was added to both the revenue and capital expenditures.

President Hunter asked staff to include on the Revenues and Operating Expenses tables a column indicating each line items percent of total.

Commissioner Pellegrini asked about the balance of the Shelter Cove Breakwater Rehabilitation grant of \$1.7 million since only \$750,000 is being budgeted for 2008/09. CEO explained the balance will be spent in subsequent fiscal years.

Commissioner Pellegrini asked if the Redwood Dock and Fields Landing Boat Yard fees were increased 12.5% in this version of the budget, not the 30% increase as in the previous version. CEO said the budgeted revenues for all fees associated with Woodley Island Marina, Fields Landing Boat Yard and Redwood Dock reflect a 12.5% increase as per the Board's request.

Commissioner Higgins made a presentation and concluded that the Harbor District could not sustain a negative cash flow; insolvency will be in seven years. He asked when the District would recoup the dollars spent on dredging. He said shipping trends in other ports are down and the West Coast overall is not competing well. In order to market the District's resources, he said environmental documents need to be completed. Commissioner Higgins said there is a great deal of uncertainty at this time.

Commissioner Pellegrini said there is a common misconception between the deepening of the bar and entrance and the dredging of Woodley Island Marina. She said Congress appropriates funds to the US Army Corps of Engineers for the annual maintenance of the navigation channels. For the 2000 Harbor Deepening Project the Harbor District is responsible for a share of the cost along with US Army Corps of Engineers. The dredging of Woodley Island Marina is a project cooperative with the City of Eureka and includes several sites along the City's waterfront also. These maintenance projects are paid for by the District and City of Eureka. Each project, harbor deepening and marina dredging have different budget impacts to the Harbor District.

Dave Spreen said not even 50% of the debt service for the deepening project is covered by the Harbor Improvement Surcharge (HIS). CEO stated it was never expected the fee would cover more than 60%. Mr. Spreen asked if NCRA had been paying the interest on their loans. CEO responded affirmatively.

David Elsebusch said that even though the District Treasurer was absent this meeting, his previous cautions to the Board were echoed by Commissioner Higgins in that the Board needs to consider all expenses and the distribution of reserves.

Ken Bates again asked the Board of Commissioners to consider side-tying boats and to evict the derelict boats moored in the marina in order to maximize occupancy. He said there should be no vacant slips in the marina and the Board of Commissioners should work to have 100% occupancy. Mr. Bates estimated there has been \$290,000 in missed slip rents over the last several years and said there could be no justification of a rent increase without a full marina. He asked the Board to instruct CEO to make a list of tenants and lengths of boats and in the next month fill the marina up.

Commissioner Pellegrini said she knew of several inoperable boats in the marina, including the vessel Monica Lee.

President Hunter said this issue was discussed by the Board weeks ago and asked what was the delay.

CEO stated the first in-house Ordinance No. 9 meeting consisted of Commissioners Pellegrini and Curless asking questions of the Dockmaster. Commissioner Pellegrini said there is not a lot to be changed in Ordinance No. 9.

Commissioner Wilson asked about moorage in the bay. CEO responded it's a complicated issue with permits, citing studies, etc.

Ken Bates asked about the \$30,000 for Planning Services. CEO responded that amount is for the services of the District Planner, Dr. Chad Roberts. Mr. Bates asked the Board to consider dropping the pursuit of building an additional building on the West End of Woodley Island and concentrate on upgrading Redwood Dock.

Susan Penn asked the Board to direct staff to put energy into filling up Woodley Island Marina to 100% capacity. She also suggested giving derelict boats in the marina the option to store at Fields Landing Boat Yard. Commissioner Pellegrini said that option has been discussed, but many of the boats at Woodley Island Marina that seem derelict have owners that pay their moorage consistently. Commissioner Curless said it is difficult to get rid of abandoned boats at the Fields Landing Boat Yard. It was suggested staff contact the owners of derelict boats posing a liability for removal.

President Hunter directed staff to include a Percent column on the Revenues and Operating Expenses tables, compute all fees at a 12.5% increase and work on the full capacity of the marina.

Commissioner Higgins asked if services at other marinas are similarly priced. CEO stated there is a lot of variability of the services and staff has done their best to naturalize the data.

Commissioner Pellegrini suggested the shop maintenance expense remain in the budget, but remove the West End development.

CEO asked if the budget revenues for the marina could remain at 80% occupancy. President Hunter said yes, but work on the recommendations put forth by Ken Bates and Humboldt Fishermans Marketing Association.

Commissioner Pellegrini suggested staff recalculate actual rentable marina space and current rented footage.

John Schaefer asked what caused the large increase in Salaries and Wages. CEO responded the two Bar Pilots, Director of Maritime Commerce, Director of Facility Maintenance and the Director of Conservation. Mr. Schaefer asked what is the influence of these additional staff members on revenues. CEO stated the Bar Pilots are necessary for shipping activity and the Director of Conservation will bring in grant dollars.

Commissioner Higgins said staff is what makes the wheels of the District go around. He said the Board needs to look at each position and revenue and see if the positions are justified.

President Hunter closed the First Reading of FY 2008/09 Budget.

NEW BUSINESS: None

ADMINISTRATIVE AND EMERGENCY PERMITS: None

CEO stated the Redwood Marine Terminal Business Plan is available to the public. TranSystems will make a presentation to the Board at their June 26th meeting, starting the first input session, but no action is required. A

30-day written comment period will begin and the consultants will receive comments, sort through them, analyze them and amend the plan as necessary. The final plan will then be circulated and sent to the Board of Commissioners for consideration possibly in August 2008.

The Regular Meeting of the Board of Commissioners adjourned at 9:00 p.m.

APPROVED BY:

RECORDED BY:

____Signature on File_____
Roy Curless
Secretary

____Signature on File_____
Patricia L. Tyson
Director of Administrative Services