

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

November 14, 2008

PRESENT:

Commissioner Hunter
Commissioner Higgins
Commissioner Wilson
Commissioner Pellegrini
Commissioner Curless

The Closed Session was called to order at 6:05 p.m. Closed Session adjourned at 6:30 p.m.

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

Commissioner Curless led those present in the Pledge of Allegiance.

District Counsel reported the Closed Session items as follows: Real Property Negotiations – A new lease for 1.59 acres with Kuiper Mariculture. No action was taken on this item. This item will be considered at the next Board of Commissioners meeting.

President Hunter said New Business Item B would be moved ahead of Item A, since Item A most likely would consist of a lengthy discussion.

PUBLIC COMMENT

Ron Kuhnel told the Board of Commissioners he was not happy with a letter he received from District Counsel regarding a dock attached to his parcel of land on Indian Island. Mr. Kuhnel does not have a permit from the Harbor District for his historical dock and did not know one was needed. He is now working with State Lands and will comply with all agency requirements. He perceived the letter as threatening and said he was disappointed in the manner this situation was handled. A letter to the Board of Commissioners will be forthcoming.

District Counsel responded District staff was under the impression the dock was new construction, not under repair. Mr. Kuhnel notified District Counsel after he received the first letter that the dock was under repair. District Counsel stated Harbor District ordinance requires a permit for repairs as well. The second letter to Mr. Kuhnel stated he is required by District ordinance to obtain a permit.

Commissioner Wilson asked if the District's ordinance was specific to docks. District Counsel replied the ordinance applies to all structures.

Commissioner Wilson asked why the billboards that were blown down in a recent storm did not require permits to repair. District Counsel stated if the billboards were in the District's tidelands, a permit would be required. CEO said he would research the billboard repairs.

Bill Burton told the Board of Commissioners he has a 300' cruise ship currently in the Delta, that he thought the Board might be interested in having it in Humboldt Bay.

Carlos Quillez said we do not need any more derelict debris in Humboldt Bay.

Nada Nanda asked if geological studies had been received from NCRA. She said it was important for the Board to have this information before making any business decisions. She also said if the railroad is successful, the responsibility for the environmental studies may fall on the Harbor District; and she asked the Board if they were prepared for this.

CONSENT CALENDAR

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

CEO REPORT: None

DISTRICT COUNSEL REPORT: None

STAFF REPORT: None

COMMISSIONERS REPORTS

Commissioner Pellegrini

- ❖ Shared a picture of a salmon from Battle Creek near the Coleman Creek Fish Hatchery.

Commissioner Wilson:

- ❖ Said he heard from a constituent there was a piece of a floating dock on the beach at Stone Lagoon. He said the contractor for the City's public marina should be contacted about the loose pieces of dock.
- ❖ Said at the Board's September 11th meeting, Alan Hemphill from NCRA, said a full geological study would be completed in a week or two. Commissioner Wilson said he has seen nothing yet. Pete Oringer said the litigation issue delayed the study; there is no report or fly-over survey yet.

Commissioner Higgins:

- ❖ Reported at the last Board meeting, the resolution regarding offshore oil drilling failed. FERC has published a 30-page decision and claims jurisdiction for wave energy at 200 miles, which oversteps MMS. He said everyone should stay vigilant to make sure our rights are never abrogated with regards to access to the ocean.

ADVISORY COMMITTEE REPORTS

Commissioner Wilson reported he and Commissioner Higgins met regarding the Economic Development Advisory Committee. He said they discussed the structure of the committee and will get further input before bringing it back to the Board of Commissioners. President Hunter suggested a good resource would be RREDC.

OTHER: None

NON-AGENDA: None

NEW BUSINESS

B. CONSIDERATION OF SUBMITTING WRITTEN COMMENTS TO THE STATE WATER RESOURCES CONTROL BOARD RELATED TO PACIFICORP'S 401 CLEAN WATER ACT CERTIFICATION FOR THE KLAMATH RIVER.

Commissioner Pellegrini introduced and welcomed Craig Tucker, Natural Resources Policy Advisor for Karuk Tribe. Mr. Tucker stated the focus of his work is to remove the dams on the Klamath River. He said it is important for the Harbor District to file comments with the State Water Resources Control Board (SWRCB); adverse impacts to native and non-native and sports fisheries need to be considered. Comments are due February 23, 2009, extended from November 17, 2008.

President Hunter asked Mr. Tucker if the comment period extension an indication of how the SWRCB is leaning in their decision. Mr. Tucker said their fear is the California Water Board is going to hold PacificCorp to California regulations.

COMMISSIONER WILSON MOVED FOR THE APPROVAL OF SUBMITTING WRITTEN COMMENTS TO THE STATE WATER RESOURCES CONTROL BOARD RELATED TO PACIFICORP'S 401 CLEAN WATER ACT CERTIFICATION FOR THE KLAMATH RIVER. COMMISSIONER PELLEGRINI SECONDED. MOTION CARRIED WITHOUT DISSENT.

A. CONSIDERATION OF RECEIVING AND FILING THE FINAL DRAFT REDWOOD MARINE TERMINAL BUSINESS PLAN AND DIRECTING DISTRICT STAFF TO INITIATE THE ENVIRONMENTAL REVIEW PROCESS.

Dennis Sheridan and Carin Saunders from TranSystems and Aimee Weber from SHN Consulting Engineers were introduced. Mr. Sheridan made a presentation to the Board on the Final Draft of the Redwood Marine Terminal Business Plan. The revised draft included public comments received between June 26, 2008 and August 28, 2008 and the consultants' responses to the comments.

District Planner, Dr. Chad Roberts, made a presentation to the Board of Commissioners about the CEQA requirements under the law and what requirements are triggered if the Board approves the Business Plan.

COMMISSIONER PELLEGRINI MOVED FOR RECEIVING AND FILING THE FINAL DRAFT REDWOOD MARINE TERMINAL BUSINESS PLAN AND DIRECTING DISTRICT STAFF TO INITIATE THE ENVIRONMENTAL DOCUMENTATION PROCESS AS OUTLINED IN STAFF'S AGENDA REPORT AS COMPONENTS 1-6. COMMISSIONER CURLESS SECONDED.

COMMISSIONER WILSON MOVED FOR A FRIENDLY AMENDMENT TO COMMISSIONER PELLEGRINI'S MOTION TO MAKE TWO SEPARATE MOTIONS: 1) RECEIVE AND FILE THE FINAL DRAFT REDWOOD MARINE TERMINAL BUSINESS PLAN AND 2) DIRECT STAFF TO INITIATE THE ENVIRONMENTAL DOCUMENTATION PROCESS AS OUTLINED IN STAFF'S AGENDA REPORT AS COMPONENTS 1-6.

Commissioner Pellegrini stated her motion was made in accordance with past Board of Commissioners' practice and declined the friendly amendment.

Commissioner Pellegrini said this project will not be a "build it and they will come" project. In order to secure the funding for the project, firm commitments must be obtained from potential users of the terminal. She also said the Board should look at other potential sources to fund the environmental document. Commissioner Pellegrini referred to an article from the Reason Foundation by Robert W. Poole, Jr. wherein he states "there is strong evidence that the major providers of equity – infrastructure investment funds, insurance companies, and pension funds – continue to be strongly interested in infrastructure."

Commissioner Wilson said he agreed with receiving and filing the Business Plan, but he said the Board of Commissioners was moving too fast with the other components. He said there needs to be more dialogue. Commissioner Wilson said a multipurpose berth is needed in Humboldt Bay, but he is not sure the District's property is the best location. The Board needs to look at where there is the best opportunity for the dollar. If the revenue bonding has to go the route of an election, then the project has to be popular; but as long as the project is attached to the railroad, he said there is a slim chance of getting the project done.

Commissioner Higgins said he doesn't see the prospect at any level; the Business Plan is not legitimate. A generic terminal has been designed, but there are no customers, no defined project. How can CEQA be started?

President Hunter said he has three main concerns: 1) the project must provide good paying jobs; 2) the project must protect and improve the environment; and 3) the project must stimulate the local economy. He said he likes the flexibility of the revised Business Plan and wants to make sure the District has complete control.

Stan Brandenburg said the Redwood Marine Terminal is the best opportunity for solid growth for Humboldt County. It will bring good jobs that will pay the bills and keep the community healthy. He urged the Board to embrace the Redwood Marine Terminal Business Plan.

Carlos Quillez said he was not surprised the motion was made to rush through the issue. He said Commissioner Pellegrini's motion was out of order.

Ray Hillman said he has served every cruise ship in Humboldt Bay since 1994. He cautioned the Board about the cruise ship service; he has high hopes, but the revenue is hard-earned. Sufficient marketing is important.

Marcus Brown said the Harbor District was given money by Simpson Timber Company in order to release them from their tideland lease. He said there is widespread agreement for Option A. Cruise ships are looking for a nice facility before they become interested.

Larry Goldberg referred to the steady downturn of the economy. He said if the discussion continues about using public bonds, the issue should be put to the public vote. He gave a handout to the Board of Commissioners.

Larry Keller, KennedyJenks, and former Port Director from the Port of Los Angeles, said this project is something most people in the port and shipping business would be very excited about. It is an opportunity to reap new benefits from old facilities, creating first dollar jobs and the ability to move goods by barge, removing trucks from the roads and providing lower priced products. Mr. Keller said the ripple effect would be enjoyed for years to come.

Anna Hamilton said the property is a blighted piece of real estate. She then verbally attacked President Hunter.

Penny Elsebusch said CEQA should not be put off. There are not a lot of private dollars available for such a project, but private entrepreneurs should be funding the project, not revenue bonds. This is not a good time to spend \$36 million on something we don't know who will use.

A representative of the Surfrider's Foundation expressed their concern for overall water quality, and said while they recognize the need for an economic uplift for Humboldt County, this project cannot happen.

Scott Graecen, Executive Director of Epic, urged the Board of Commissioners to reconsider the motion and look at the feasibility of a smaller project. The Business Plan does not adequately address the potential costs and impacts of the actions. He spoke about the importance of CEQA and NEPA analyses of the project.

Dave Spreen spoke about the public comments received, his notes on the Executive Summary, notes on the Final Draft Business Plan and the Headwaters Fund's concerns outlined in a letter previously received by the Harbor District. He urged the Board to postpone moving forward with a project at the Redwood Marine Terminal site.

Jessica Puccinelli said at the Harbor District's Board meeting on August 28th, Pete Nichols delivered 1,000 comment cards stating the signer did not support the Redwood Marine Terminal Project. This number of signatures was not reflected in TranSystem's report. She urged the Board to represent their constituents and not listen to special interest groups.

Pete Oringer said he supports the filing of the Business Plan and to proceed to the EIR, which will allow the Board of Commissioners to make decisions based on data for modernizing the port of Humboldt Bay. He said this is actually not a long project by most standards.

Chris Rall, GreenWheels, asked where it says in the plan how many jobs will be created. He said it does not say in the plan how many jobs will be created. Mr. Rall also asked why we are pursuing a railroad that provides 100 times less the profitability than other dock improvements. This is holding back trail development and the County's economic development.

Susan Penn said she supported the comments of Commissioners Wilson and Higgins. Short sea shipping is a viable alternative, but use the existing dock (Fairhaven). Focus on developing and using what we already have.

David Elsebusch encouraged the Board of Commissioners to receive and file the Redwood Marine Terminal Business Plan and then put it away for a year until they can determine if it is a viable project.

Jeff Kessenich said he came here from the Long Beach area and is very familiar with that port. He said without a vision, the area will perish. He has raised four children here and they are leaving the area because there is nothing here to offer them in the way of jobs. Mr. Kessenich said he has been to many ports that have recreation, conservation and industry and Humboldt Bay can too.

Sid Berg said the Business Plan has been studied for a long time and it is time for the Board of Commissioners to make a decision. Bring in prosperity and fund public safety and social programs. This project will take many years, even after the CEQA process; and 5-10 years from now, we can all have a better quality of life.

Commissioner Wilson referenced the Quigley report. Mr. Sheridan said job ratios from that report were referenced, as well as ratios from other reports.

Commissioner Wilson asked the consultants several questions. One was regarding revenue bonds and the criteria requiring public vote. District Counsel stated there is a \$2 million limit on revenue bonds issued by the District as specified in the Harbors and Navigation Code, but to issue over \$2 million does not require the matter to be put to a public vote. It does require an ordinance to be passed by the Harbor District, which in turn can be subject of a referendum. However, it would not be up to the Harbor District to take the issue to the voters, it is up to a group to challenge the ordinance and take the issue to a referendum.

Commissioner Higgins asked at what point would it be time to cut the losses. Mr. Sheridan responded there are significant funding decisions that need to be made.

President Hunter said the Business Plan is meant to be flexible, a place where there are strategies. No one knows what 2012 will bring, but he said he does not want to exist in a cocoon either.

Commissioner Pellegrini stated in order to move forward, clients need to be identified and commitments made and this is the job of the Director of Maritime Commerce. Mr. Lacy has done this for many years, he is well-qualified.

Commissioner Higgins said he does not believe business prospects exist. There is not enough population or income for competition; however, he said, he would work collaboratively with the Board of Commissioners.

Commissioner Wilson said he likes the vision of multipurpose docks, something we need. But it is hard times right now and success will not come with the methodology here.

COMMISSIONER PELLEGRINI REPEATED THE ORIGINAL MOTION. MOTION CARRIED WITH COMMISSIONERS HIGGINS AND WILSON DISSENTING.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

The Regular Meeting of the Board of Commissioners adjourned at 9:55 p.m.

APPROVED BY:

RECORDED BY:

Signature on File
Roy Curless
Secretary

Signature on File
Patricia L. Tyson
Director of Administrative Services