

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

24 June 2004

PRESENT:

Commissioner Pellegrini
Commissioner Curless
Commissioner Fritzsche
Commissioner Hunter
Commissioner Ollivier

The Closed Session was called to order at 6:05 p.m. District Counsel reported the items of discussion: Simpson Samoa lease, Louisiana-Pacific North Coast Exports lease, Louisiana-Pacific pulp mill lease, and the Simpson Samoa lease.

Closed Session adjourned at 6:42p.m.

The regular meeting of the Board of Commissioners was called to order by President Pellegrini at 7:00 p.m. Roll call was taken. President Pellegrini led those present in the Pledge of Allegiance.

District Counsel reported the following items were discussed during Closed Session: Simpson Samoa lease, Louisiana-Pacific North Coast Exports lease, Louisiana-Pacific pulp mill lease, and the Simpson Samoa lease. No action was taken on these items.

PUBLIC COMMENT: None

CONSENT CALENDAR

COMMISSIONER CURLESS MOVED FOR THE APPROVAL OF THE CONSENT CALENDAR.
COMMISSIONER FRITZSCHE SECONDED. MOTION CARRIED WITHOUT DISSENT.

CEO REPORT

- USACOE Lt. Colonel McCormick will be leaving the San Francisco District on July 22nd and will be replaced by Lt. Colonel Feir. An invitation has been extended to the Board of Commissioners and CEO to meet Lt. Col. Feir On July 12, 14 or 15th.
- CEO reported that a US Senate Committee voted to include lifting the 180-day/yr restrictions on the government dredges Essayons and Yaquina in the draft WRDA bill. Senator Boxer and two others led the way for this positive step. Congressman Thompson has also been working hard to remove a problematic section of the Energy and Water Appropriations bill that would eliminate funding for maintenance of government dredges.
- CEO reported the relocation of the dredge Wheeler is not included in WRDA 2005, but will be pursued for inclusion in WRDA 2007 in order to replace the dredge Essayons during repowering.
- Fourth of July preparation is ongoing. A tour bus of senior citizens from Iowa will be visiting the island to watch the fireworks.
- The Silver Shadow will arrive in Humboldt Bay on August 7th and will dock at the Redwood Dock.
- The signing ceremony whereby a portion of Indian Island is transferred by the City of Eureka to the Wiyots will be held at the Adorni Center on June 25th from 3:00 – 5:00 p.m.
- Planning is ongoing for the maintenance dredging of Woodley Island Marina, several sites on the Eureka Channel and the Public Marina.
- The dredge Essayons was able to spend a couple of unscheduled days working around Buoy 10.

DISTRICT COUNSEL'S REPORT

Jeremiah Scott, Jr., District Counsel for the Harbor District for thirty years, announced his resignation to be effective June 30, 2004. Mr. Scott stated he would continue to work at his hourly fee with the new District Counsel when appointed in order to make a smooth transition. Mr. Scott talked about the 18 Commissioners he worked with throughout his tenure and about the many Harbor District accomplishments in which he has been a participant. Mr. Scott said he was pleased and proud to have served the Board of Commissioners of the Humboldt Bay Harbor, Recreation and Conservation District for thirty years.

Everyone present gave Mr. Scott a standing ovation.

STAFF REPORT: None

COMMISSIONER REPORTS

Commissioner Fritzsche reported he had recently visited Monterey. While there he read about the problems arising from bluff erosion and the plans to build breakwaters and/or other protections.

Commissioner Fritzsche also stated that there is a proposal to develop a tourist train around Monterey Bay and one of the considerations to be made is that the currently abandoned railroad tracks are adjacent to many new, expensive homes.

Commissioner Fritzsche also reported that Monterey is also weighing the importation of water bags versus building a desalinization plant. One of the concerns with the building of the desalinization plant is what to do with the resulting brine.

Commissioner Hunter stated he will not be at the meeting on July 8th.

ADVISORY COMMITTEE REPORTS

President Pellegrini reported that she and Commissioner Curless met to discuss the selection process for the new District Counsel.

President Pellegrini reported the Humboldt Bay Management Plan Task Force met on June 15th. Commissioner Fritzsche and Chad Roberts were also in attendance. President Pellegrini stated the committee is currently in the process of scaling down the action items to be included in the Plan and the next meeting will be in July.

President Pellegrini reported she attended the local meeting of the Federal Energy Regulatory Commission on June 22nd on the re-licensing of several Klamath River dams. The Harbor District and others asked FERC to conduct this meeting to get local comments.

Commissioner Hunter stated the Harbor Revitalization Plan Advisory Committee met on June 16th to receive the report from Betsy Watson, the facilitator of the Visioning Forum held on April 28th, and to receive public comment. Harbor District CEO, Eureka City Manager and County of Humboldt Director of Community Development were directed by the Committee to develop workshop topics and dates. Much of the public comment received centered around the concern that the HRP should be compatible with the other Harbor District plans (Strategic Plan and Humboldt Bay Management Plan).

OTHER

Mike Harvey, Bob Higgons, Larry Henderson and Kay Backer representing Humboldt Economic and Land Plan (HELP) made a presentation to the Board of Commissioners on Plan H. HELP

determined that the existing 1984 county General Plan has not been implemented as adopted by supervisors. HELP's proposal is meant to be a positive step in creating a significantly improved

climate for business and affordable housing, while supporting numerous county policies and practices, such as anti-sprawl, natural resource protection, greenbelts, open spaces and responsible growth. The group requested the Board of Commissioners consider lending their support to HELP in the way of participation and letters of support to the County Board of Supervisors

NON-AGENDA: None

President Pellegrini stated that due to time constraints, New Business Items (G) and (H) would be moved to be considered prior to Unfinished Business.

NEW BUSINESS

G. CONSIDERATION OF ADOPTION OF RESOLUTION NO. 2004-10 AUTHORIZING THE ISSUANCE OF \$3,000,000 OF THE DISTRICT'S REFUNDING BONDS, SERIES 2004, AND THE EXECUTION AND DELIVERY OF A FISCAL AGENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND AN OFFICIAL STATEMENT IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS AND AUTHORIZING ACTIONS RELATED THERETO.

Dennis Ciocca, Sutter Securities Inc., reported to the Board of Commissioners that the purpose of refinancing the bonds and loans for the Harbor Deepening Project is to release the restricted funds in the amount of approx. \$860,000 held by Six Rivers National Bank as collateral which will then be used to pay the refinancing costs with the remaining approx. \$400,000 put into Harbor District unrestricted reserves, improve the economic situation of the Harbor District and to prepare for future financial opportunities afforded once the Harbor District is established in the public municipal bond market. Mr. Ciocca stated the resolution authorizes the sale of a maximum of \$3,000,000 in bonds at a maximum interest rate of 6.5% and approves the execution of related documents.

Commissioner Fritzsche stated the Finance Advisory Committee has met with Mr. Ciocca and recommends the adoption of the resolution. Commissioner Fritzsche also stated the Board of Commissioners should send a letter to Six Rivers National Bank thanking them for their support of the Harbor Deepening Project. Mr. Ciocca offered to work with Six Rivers National Bank if they wanted to purchase a portion of the bonds.

Commissioner Hunter suggested the resolution be worded "Not to Exceed \$3,000,000" as well as a few typos changed.

COMMISSIONER HUNTER MOVED FOR THE ADOPTION OF RESOLUTION NO. 2004-10 AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$3,000,000 OF THE DISTRICT'S REFUNDING BONDS, SERIES 2004, AND THE EXECUTION AND DELIVERY OF A FISCAL AGENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND AN OFFICIAL STATEMENT IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS AND AUTHORIZING ACTIONS RELATED THERETO, WITH THE AFOREMENTIONED CHANGES. COMMISSIONER FRITZSCHE SECONDED.

David Elsebusch asked for clarification of the dollar amounts of bonds being refinanced. Mr. Ciocca responded that currently the Harbor District has two obligations outstanding, one \$1.5 million bond and one \$1.4 million loan. The \$3 million authorized is the maximum to borrow including interest and insurance.

ROLL CALL VOTE WAS TAKEN:

Commissioner Pellegrini – Aye
Commissioner Curless – Aye
Commissioner Fritzsche – Aye
Commissioner Hunter – Aye
Commissioner Ollivier – Aye

MOTION CARRIED WITHOUT DISSENT.

H. CONSIDERATION OF PAYMENT TO BNY WESTERN TRUST COMPANY FOR SERVICES RELATED TO REFUNDING BONDS SERIES 2004 IN THE AMOUNT OF \$5,450.00

COMMISSIONER OLLIVIER MOVED FOR THE APPROVAL OF PAYMENT TO BNY WESTERN TRUST COMPANY FOR SERVICES RELATED TO REFUNDING BONDS SERIES 2004 IN THE AMOUNT OF \$5,450.00. COMMISSIONER CURLESS SECONDED. MOTION CARRIED WITHOUT DISSENT.

UNFINISHED BUSINESS

A. SECOND READING AND ADOPTION OF FY 2004/05 BUDGET.

District Treasurer stated the following summary of the FY 2004/05 Budget as follows: Revenue: \$1,676,196; Operating Expenses: \$1,447,217; Non-Operating Expenses: \$1,693,500; Excess Revenues Under Expenses: \$1,464,521. The maintenance dredging of Woodley Island Marina, at an estimated expense of \$1.1 million, will be funded through prior years' restrictions. District Treasurer also reported that a property tax shift is currently included in the Governor's budget, but the impact to the Harbor District if the budget is passed is not yet known. District Treasurer recommended that if the property tax shift is implemented, the Finance Advisory Committee should meet to discuss the fiscal impacts and revisit the budget, if necessary.

Commissioner Fritzsche stated that the refinancing of the Harbor Deepening Project bonds and loan will free up approximately \$400,000 to put back into unrestricted reserves.

COMMISSIONER HUNTER MOVED FOR THE ADOPTION OF FY 2004/05 BUDGET. COMMISSIONER CURLESS SECONDED.

David Elsebusch asked if the Deferred Compensation benefit was new this year. Commissioner Hunter replied that it had been in effect a couple of years.

MOTION CARRIED WITHOUT DISSENT.

Commissioner Hunter thanked staff for their work and complimented staff for presenting the final budget to the Board of Commissioners for consideration of adoption prior to July 1, 2004.

NEW BUSINESS

A. CONSIDERATION OF AGREEMENT AND THIRD AMENDMENT LEASE WITH FRESH FREEZE SUPPLY, INC.

CEO stated the Agreement and Third Amendment Lease with Fresh Freeze Supply, Inc. extends the lease until 2009.

COMMISSIONER OLLIVIER MOVED FOR THE APPROVAL OF AGREEMENT AND THIRD AMENDMENT LEASE WITH FRESH FREEZE SUPPLY, INC. COMMISSIONER CURLESS SECONDED.

David Elsebusch asked how much income is received from this lease. He also stated that to him it looked as though the lease rate had not changed since 1981. Commissioner Hunter referred Mr. Elsebusch to the budget where the lease income is detailed and stated the amount of income from the lease had increased since 1981.

MOTION CARRIED WITHOUT DISSENT.

Commissioner Fritzsche asked about the section of the lease referring to exclusive right to serve pre-cooked food and if this will affect activities at the Expo. CEO responded that this applies to pre-cooked food sold on the Embarcadero and the docks. President Pellegrini stated the Café is going to participate in the Expo by selling clam chowder.

B. CONSIDERATION OF INTERIM TENANCY AGREEMENT WITH SIMPSON SAMOA.

District Counsel reported the Interim Tenancy Agreement with Simpson Samoa is a continuation of the existing Simpson Samoa lease, on a month-to-month basis at \$15,660/month. The Harbor District has the right to sublease the Redwood Dock to American Civil Contractors, the company currently retrofitting the Samoa Bridge. Their monthly lease amount will be \$2,500 and will be deducted from the \$15,660 monthly lease from Simpson Samoa.

COMMISSIONER CURLESS MOVED FOR THE APPROVAL OF INTERIM TENANCY AGREEMENT WITH SIMPSON SAMOA. COMMISSIONER HUNTER SECONDED. MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF RETAINING NRC ENVIRONMENTAL SERVICES FOR SUMP CLEANING SERVICES AT THE FIELDS LANDING BOAT YARD.

CEO reported that there are two oil water separators at the Fields Landing Boat Yard that the previous tenant did not maintain. The materials have been tested and are the type to be disposed of in an environmentally safe fashion and transported to a secure site by licensed waste handlers and transporters.

COMMISSIONER HUNTER MOVED FOR THE APPROVAL OF RETAINING NRC ENVIRONMENTAL SERVICES FOR SUMP CLEANING SERVICES AT THE FIELDS LANDING BOAT YARD NOT TO EXCEED \$9,930. COMMISSIONER CURLESS SECONDED. MOTION CARRIED WITHOUT DISSENT.

D. CONSIDERATION OF AMENDMENT NO. 2 WITH ROBERTS, KEMP AND ASSOCIATES, LLC FOR CONSULTING SERVICES RELATED TO THE HUMBOLDT BAY MANAGEMENT PLAN.

CEO reported the original agreement for services WITH Chad Roberts related to CEQA oversight on the Humboldt Bay Management Plan (HBMP). Chad has partnered with Bruce Kemp and has proposed an expanded role in the HBMP. Therefore, the agreement needed to be amended. The Harbor District has amended the Scope of Work on the California Coastal Conservancy's grant. California Coastal Conservancy has amended the Scope of Work to include Chad's amended Scope of Work.

COMMISSIONER CURLESS MOVED FOR THE APPROVAL OF AMENDMENT NO. 2 WITH ROBERTS, KEMP AND ASSOCIATES, LLC FOR CONSULTING SERVICES RELATED TO THE HUMBOLDT BAY MANAGEMENT PLAN. COMMISSIONER HUNTER SECONDED.

Pete Oringer stated that Chad Roberts would easily facilitate the Task Force towards goals and a completed Humboldt Bay Management Plan.

David Elsebusch asked how the \$60,000 contract amount was determined. CEO responded that Mr. Roberts was asked to develop a budget.

MOTION CARRIED WITHOUT DISSENT.

E. CONSIDERATION OF EXTENDING PERMIT NO. 1998-2 TO PACIFIC AFFILIATES, INC. FOR MAINTENANCE DREDGING OF SCHNEIDER DOCK.

COMMISSIONER OLLIVIER MOVED FOR THE APPROVAL OF EXTENDING PERMIT NO. 1998-2 TO PACIFIC AFFILIATES, INC. FOR MAINTENANCE DREDGING OF SCHNEIDER DOCK. COMMISSIONER CURLESS SECONDED. MOTION CARRIED WITHOUT DISSENT.

F. CONSIDERATION OF APPROVAL OF THE COSTS TO PERFORM THE BIOLOGICAL RESOURCES STUDIES FOR THE WOODLEY ISLAND MARINA MAINTENANCE DREDGING PROJECT BY MAD RIVER BIOLOGISTS, NOT TO EXCEED \$5,675.

COMMISSIONER OLLIVIER MOVED FOR THE APPROVAL OF THE COSTS TO PERFORM THE BIOLOGICAL RESOURCES STUDIES FOR THE WOODLEY ISLAND MARINA MAINTENANCE DREDGING PROJECT BY MAD RIVER BIOLOGISTS, NOT TO EXCEED \$5,675. COMMISSIONER CURLESS SECONDED.

Commissioner Fritzsche asked that since the Boating and Safety Instruction Center (BISC) is going to be built next to the Adorni Center would it be prudent to involve them in the planning for the dredging. Travis Schneider of Pacific Affiliates responded that a survey was conducted on the bay area in front of where the BISC is going to be built and based on the preliminary analysis, there doesn't appear to any dredging required. However, the BISC will still be included in the planning process.

MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

The Regular Meeting of the Board of Commissioners adjourned at 9:53 p.m.

APPROVED BY:

RECORDED BY:

Ronald A. Fritzsche, Secretary

Patricia L. Tyson, Admin. Assistant