

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

25 August 2005

PRESENT:

Commissioner Pellegrini
Commissioner Curless
Commissioner Fritzsche
Commissioner Hunter
Commissioner Ollivier

President Pellegrini reported that Closed Session would be held following the regular meeting.

The regular meeting of the Board of Commissioners was called to order by President Pellegrini at 7:03 p.m. Roll call was taken. President Pellegrini led those present in the Pledge of Allegiance.

PUBLIC COMMENT

Melvin McKinney reported that the last Coastal Commission meeting was in Costa Mesa and had the Harbor District's maintenance dredging permit application on the agenda. Melvin stated that he believed the Harbor District had set up the meeting on purpose in a distant location.

Commissioner Curless responded by stating that the Harbor District does not set the Coastal Commission agenda. CEO noted that the Harbor District and the City of Eureka have been attempting to get on the Coastal Commission's agenda for the last ten months.

Pete Oringer noted that there is excitement in the county about getting the container barge service started between the Port of Humboldt Bay and the Port of Oakland. Mr. Oringer reported that he recently spoke with a local salvage business, which was excited about the possibility of barging and the railroad. They ship about 45,000 pounds per week, however, are limited by the shipping costs. If utilizing the container barge lowered the costs, they may realize the cost savings and ship two to three times more. Pete noted there was a lot of community support for the establishment of the barge service. Pete also reported on his recent trip to China and stated the Chinese are excited about utilizing additional west coast ports such as the Port of Humboldt Bay.

Julie Peacock of Shelter Cove addressed the commission on the availability of information concerning the Shelter Cove breakwater rehabilitation project. Commissioner Fritzsche and Pellegrini noted that the Resort Improvement District or the Harbor District could provide her with information.

Joshua Monschke of Shelter Cove noted that he was not in favor of full development of a breakwater at Shelter Cove but did notice that the existing breakwater is deteriorating and needs work.

CONSENT CALENDAR

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

CEO REPORT

- ∨ 8/1: CEO noted he attended the ceremony at Group Humboldt Bay and it's change to Sector Humboldt Bay.
- ∨ 8/2: CEO met with the new Captain of the Port, Captain Uberti, about various US Coast Guard and Harbor District interactions and updates.
- ∨ 8/6: CEO attended the Coast Guard City celebration, spoke on the Harbor District's behalf, and presented awards on behalf of the City of Eureka.
- ∨ 8/12: Mike Knight, City of Eureka's public works director, met with the Coastal Commission in Costa Mesa regarding the maintenance dredging permits. The Coastal Commission requested some further water quality information, so the permit applications will be reheard by the Commission at their September meeting in Eureka.

Minutes

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- √ 8/16: Patti Tyson, Administrative Assistant for the Harbor District, had back surgery. She is now out of the hospital and will return to the Harbor District in the middle of November.
- √ 8/17: CEO and consultant Ken Davlin made a presentation to the Headwaters Board on recent port activity and terminal modernization projects.
- √ 8/22: The Shoal Advisory Committee had a teleconference with the Corps of Engineers representatives.
- √ 8/23: CEO met with two representatives of the North Coast Regional Water Quality Control Board and gave them a tour of Humboldt Bay.
- √ 8/24: CEO participated in an oil spill exercise that was coordinated by the US Coast Guard and OSPR.

DISTRICT COUNSEL'S REPORT

District Counsel reported he had nothing to report, as the closed session will be at the conclusion of the regular meeting.

STAFF REPORT: None

COMMISSIONER REPORTS

Commissioner Curlless noted that this upcoming Saturday the Hops in Humboldt event will be in Fortuna and will feature twenty breweries from as far away as Nevada and Montana. He stated he will be a judge and is looking forward to the event.

Commissioner Fritzsche reported that he is the CSU representative on the Sea Grant Advisory panel and recently met in Sacramento. He stated the purpose of the meeting was to review Sea Grant proposals. Initially he had reviewed one hundred and fifty pre-proposals and has narrowed it down to fifty proposals. Commissioner Fritzsche met with Brian Baird, who chairs the advisory panel and is also on the CalOST board. Mr. Baird noted that he is working on a number of different ocean science trust programs and is trying to get a common set of goals amongst the different groups and programs.

Commissioner Fritzsche reported that on August 9 he attended the master framework meeting for the Marine Life Protection Act. He noted that the meeting was well attended, and Supervisor Jimmy Smith made several good comments.

Commissioner Fritzsche reported that the California Ocean Economy report is out and had ranked a number of ports in California by value to the California economy and that the Port of Humboldt Bay was ranked fifteen out of twenty.

Commissioner Fritzsche reported that the proceedings for the oceans conference he attended in 2002 have now been published. He noted in one of the sessions there was a speech given on the economic benefit of tourist activity at beaches. Commissioner Fritzsche noted that one of the examples used in the report was San Clemente, where the City receives about \$1.5 million in income from beach activity, and spends about \$1.2 million per year in maintaining the beaches for a net of \$0.14 per day per tourist. He noted that the state makes more money on tourism than the local communities do.

Commissioner Hunter reported that at a recent RREDC meeting, airport safety enhancements were discussed. In order to get bigger jets at the Arcata/Eureka airport, five hundred to one thousand more feet of runway would be required at a cost of between five and twenty five million dollars. This item of airport expansion will be before the Board of Supervisors in the next few months. In addition, they may also be expanding the terminal to the north.

Commissioner Hunter also reported on local redevelopment issues. He thanked the greater Eureka Chamber of Commerce and the Humboldt County Board of Realtors for putting on several panels to discuss redevelopment. Commissioner Hunter noted that the panel included Supervisor Bonnie Neely, Carol Rische of the Humboldt Bay Municipal Water District and David Tyson of the City of Eureka.

David Elsebusch stated that he refers to it as the Bonnie Neely redevelopment plan, and although the panel was intended to be in favor of the plan, he believes the plan to be no good as far as he is concerned. Mr. Elsebusch noted that the speaker from Lake County was a phony wheeler-dealer and should be selling aluminum siding or

used cars. He felt he intimidated people to make them clean up their property in Lake County. Mr. Elsebusch also noted that when he questioned how much funds from the general fund would be diverted by redevelopment, the county staff did not have the answers.

Commissioner Hunter urged those who have not attended to be present at the next redevelopment panel meeting on Wednesday, August 31 at the North Coast Inn.

David Elsebusch noted an upcoming meeting on redevelopment abuse.

Mr. Whitney noted that the Lake County speaker never mentioned anything about using eminent domain to intimidate people.

Commissioner Fritzsche asked Commissioner Hunter about the status of the control tower at the Eureka/Arcata airport. Commissioner Hunter answered that when this question was asked of the Humboldt County Airport manager, she responded by saying that there is no airport tower currently and there won't be any in the future.

Pete Oringer commented that his analysis of the airport project, costing five to twenty five million dollars, was accepted by the public because they look at warm and fuzzy projects that they interact with regularly. He noted that there are other projects, such as harbor projects, that don't get that feeling and that some effort should be put into figuring out how to get people excited about port projects under a different kind of public outreach.

Commissioner Hunter responded by saying that we are facing a number of opportunities that cost money. He likens it to a transportation toolbox, the bigger the box, the better to complete projects. The goal is to arm ourselves with tools like transportation improvements to port, rail, road and air.

Commissioner Ollivier reported that the Mad River Bridge renovation is estimated at thirty five million dollars. Commissioner Ollivier recounted his interest and past history in port operations, and the loss in diminishing trade in natural resources. He stated that he was optimistic with two stevedore companies working out of the Port of Humboldt Bay and felt this was a new beginning for the port.

Commissioner Ollivier reported on the NCRA meeting that was held earlier today and that the NCRA Board had appointed Director Ollivier, Director LaVallee, and Director Wagonette to be on the Port/Rail Coordination Advisory Committee to work with the Port of Humboldt Bay.

ADVISORY COMMITTEE REPORTS

Port of Oakland Advisory Committee Update

CEO reported that he continues to work with Oakland and Evergreen Pulp on the container barge project and with consultant Ken Davlin on grant applications.

Commissioner Curless had nothing to report.

Commissioner Fritzsche reported that the Shoal Advisory Committee had met with several Corps of Engineers project staff to discuss the Humboldt Bay Harbor Long-Term Sediment Management Project. Commissioner Fritzsche recounted that this initiative came at the Harbor District's request which was based on the relatively frequent shoaling of the harbor entrance that began with the El Nino winters of 1998 and 1999 and has persisted annually ever since. Commissioner Fritzsche noted that although the Corps of Engineers has been successful in removing the shoaling during their annual maintenance dredging operations, a long-term solution to the shoaling at the entrance is desirable. Based on the Harbor District's request, the Corps of Engineers has completed a reconnaissance phase of this study and initially identified about eleven potential solutions to the shoaling. The reconnaissance phase of the project was paid 100% by the federal government, and with the completion of the reconnaissance phase, the next phase is the feasibility phase. The feasibility phase of the project involves a 50/50 cost share with the local sponsor, which in this case would be the Harbor District. The Corps of Engineers estimates that the feasibility study of this project would cost about \$3.2 million, in which the Harbor District's share would be about \$1.6 million. After feasibility and one preferred alternative is chosen, the project moves into design and construction, which are also cost-shared elements of the total project. For the project to move into the feasibility phase, the Harbor District would be required to approve an agreement with the Corps of

Engineers to provide the local share of the feasibility study. Commissioner Fritzsche noted that the Corps of Engineers would only require funds from the Harbor District to match what Congress allocates to the Corps of Engineers. For example, for the federal fiscal year 2006 the maximum that the Corps of Engineers may get from Congress is two hundred thousand dollars. Therefore, the Harbor District during the federal fiscal year 2006 would only be responsible for two hundred thousand dollars.

Russ Gans, acting as District Counsel during the conference call, noted that he had reviewed the proposed agreement and that the agreement contained a number of different methods the Harbor District could use to terminate the agreement if future funding or project feasibility was determined to be not in the Harbor District's best interest.

Commissioner Fritzsche lastly noted that although the project is expensive and may be difficult to afford, if the improvement in safety saves even one life, then the project would be worth the expense.

President Pellegrini noted that she and her husband have both personally experienced tragedy due to the rough bar conditions at the entrance to Humboldt Bay and that from her perspective the Harbor District needs to do anything possible to improve the safety at the entrance.

Commissioner Hunter noted that in the deepening project, safety as well as the commercial aspects prompted the federal government to undertake that project. Commissioner Hunter also noted that because of the Corps of Engineers timeframe and federal fiscal year that the Harbor District should respond quickly to this request and ask that it be put on the next agenda for consideration.

Commissioner Curless noted that under the deepening project, the original feasibility contract cost share was for the Harbor District to contribute seventy hundred and fifty thousand dollars, and without much notice that turned into a \$1.4 million contribution. Commissioner Curless voiced his concern about keeping tight controls over any costs increases that may come about due to project expansion.

Commissioner Hunter noted that he also recalled the feasibility study cost increase during the deepening project and noted that communication lines are a lot better this time around and feels that the Corps definition of partnership is better. Commissioner Hunter noted that he and Commissioner Fritzsche wanted to bring this issue up as a non-action item just to forewarn the Board that they had these meetings and that they were looking for input on this proposed project.

Penny Elsebusch noted that she thought the Harbor District should convince California's Governor to speak to someone in Washington D.C. to get federal shipping safety funding from somewhere based on our possible growth at the port.

Moss Bitner asked how much the ultimate project might cost that came from this feasibility study effort. Commissioner Fritzsche and Commissioner Hunter answered that it depended on the preferred project that evolved from the feasibility study, but that estimates range from six hundred thousand dollars to nine million dollars.

Maggy Herbelin asked about the time required for the feasibility study. Commissioner Hunter noted that it was estimated to take thirty- nine months, but that depended on the level of congressional funding.

Kaye Strickland requested more information and stated that the Corps should also look at other issues around Humboldt Bay.

Pete Oringer noted that the shoaling is not only a safety concern but that it also impacts the commercial shipping ability of Humboldt Bay.

Greg Gehr noted that California Block Grant or redevelopment funding may be appropriate for part of the cost share and that there may be other innovative solutions such as sinking ships for reef creation. Commissioner Hunter noted that the Harbor District would be looking for support from the state and federal sources for this project.

Marcus Brown stated that for rail service to be successful we need a good port entrance and that we need to proceed with the feasibility phase of the project. He continued that the Harbor District and NCRA ought to be united on getting funding to accomplish this.

David Elsebusch stated that this is too important of an issue to be handled in a couple of weeks and requested additional information also.

Commissioner Hunter suggested perhaps staff could get the Corps of Engineers to attend the next Harbor District meeting to provide additional information to the Board.

OTHER

a) Presentation by Pete Nelson, Marine Fisheries Advisor at Cal Sea Grant

Commissioner Fritzsche introduced Pete Nelson as the Marine Fisheries Advisor of the Cal Sea Grant office in Eureka.

Mr. Nelson noted that he works with Susan Schlosser at the local Sea Grant office and that his specialty is marine fishes. He is an ichthyologist by training and has been here about six months. He has experience with tuna fisheries in the southeast Pacific and other fisheries research. He noted his ongoing projects are razor clam recreational fishery and stock assessment of near shore fish. He is also working with Humboldt and Del Norte County to join the Trinity County Resource Conservation District in working with fisheries issues. He noted that he would like to come back at a later date and discuss some of the socio economic aspects of fisheries in this region.

Commissioner Fritzsche recalled past Sea Grant advisors such as Chris Toole and that in that era the role of the Sea Grant advisor was a practical liaison between the University and the commercial fishing industry. Commissioner Fritzsche asked who directs Mr. Nelson's research at this point. Mr. Nelson responded by saying that he does.

b) Presentation by Go21

President Pellegrini introduced Phillip Denny of Go21.

Mr. Denny presented a short power point presentation detailing the origin and purpose of the GO21 organization. He noted that its goal is to promote freight transportation with an emphasis on rail transportation. The funding for Go21 initially came from the Association of American Railroads with some additional funding. Membership in Go21 is at no charge and this presentation was heard earlier today at the NCRA board meeting.

Commissioner Ollivier suggested that the Harbor District put the consideration of the Go21 statement of principles on the next agenda and suggested that the Harbor District consider joining the Go21 organization in order to support NCRA and its involvement with other railroads across the United States.

NON-AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS

A. CONSIDERATION OF APPOINTING BOARD MEMBERS TO A PORT/RAIL COORDINATION ADVISORY COMMITTEE.

CEO introduced this issue saying that the need for this advisory committee was suggested by our Port of Oakland consultant, Ken Davlin. As the NCRA continues to move toward reestablishment of rail service and the Port of Humboldt Bay continues toward revitalizing the harbor portion of Humboldt Bay, consultant Davlin thought this was a good time to create a formal link between the two organizations. CEO recommended that the Board of Commissioner appoint two Board members that are dedicated to coordinating the activities between the port and the railroad.

Commissioner Ollivier and Commissioner Hunter volunteered to serve on the Port/Rail Coordination Advisory Committee.

B. CONSIDERATION OF TASK ORDER NO. 1 WITH OSCAR LARSON AND ASSOCIATES FOR SERVICES RELATING TO MARINE TERMINAL MARKETING.

Consultant Ken Davlin stated that the Port of Oakland senior staff are constantly selling their port nationally and internationally. He recommended that the Board of Commissioners think about an analogous process for the Port of Humboldt Bay. Mr. Davlin noted that in September the Port of Oakland is taking their entire Board to China to meet with potential customers and shipping lines. Mr. Davlin also noted that the response to the State's draft Goods Movement Action Plan is likely due next week and that a letter was received from governor Schwarzenegger on the importance of Humboldt Bay in the improvement of California's goods movement. Mr. Davlin also noted similarities between the Port of Humboldt Bay and the Port of Savannah Georgia based on a recent Wall Street Journal article. With that as a background on Mr. Davlin's recent progress, he noted that the contract amendment before the Board tonight is to have Oscar Larson and Associates work with Fred Chien to visit with no more than five key companies in China and to take the Harbor District message and float the idea that Humboldt Bay is available and has available harbor services.

COMMISSIONER HUNTER MOVED FOR THE APPROVAL OF TASK ORDER NO. 1 WITH OSCAR LARSON AND ASSOCIATES FOR SERVICES RELATED TO MARINE TERMINAL MARKETING NOT TO EXCEED TWENTY FIVE HUNDRED AND TEN DOLLARS. COMMISSIONER OLLIVIER SECONDED.

Commissioner Fritzsche asked if Mr. Chien is going on his own or with the Port of Oakland. Mr. Davlin responded that Mr. Chien is going on his own and that we will get Mr. Chien to represent us for two days in Shanghai and two days in Hong Kong.

Commissioner Fritzsche asked if Mr. Chien will be working with CEO and Ken Davlin on the mechanics of the trip. Mr. Davlin responded that he would be.

Commissioner Ollivier noted that he is excited about this trip and that the development of the specific packets of info that would be taken to China on the Port of Humboldt Bay's behalf.

Commissioner Hunter asked that upon Mr. Chien's return, that Mr. Chien or Mr. Davlin give a report to the Board of Commissioners on his progress.

Pete Oringer told the Board to consider this a marketing trip and marketing research trip and that the Harbor District should consider presenting something as a gift to those that Mr. Chien meets with.

Commissioner Curless suggested that the Harbor District logo could be put on a piece of redwood. Mr. Davlin responded that he would work Mr. Chien on the appropriate gift for this type of business meeting.

David Elsebusch noted that he was the lone dissenter. He was happy that the Board asked for a report.

Mr. Davlin noted that this is not an uncommon thing for Mr. Chien to do. He knows how to conduct a business, listen and obtain information from the Chinese business counterparts.

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF SUPPORT FOR 2005 HUMBOLDT BAY PADDLEFEST.

Commissioner Fritzsche introduced this subject and noted that he had brought this issue to the Board for their consideration. Commissioner Fritzsche introduced Dean Hart, the Director of Alumni Relations for Humboldt State University.

Mr. Hart made a short presentation detailing that this year's Paddlefest will be held on October 8 and 9 at Halvorsen Park and that it focuses on people powered vessels showcasing the use of canoes and kayaks, boat demonstrations, the use of Humboldt Bay and environmental tours.

Gregg Gehr, President of the Humboldt State University Alumni Association noted that HSU is building the Boating Instruction and Safety Center and would like to see the Harbor District become sponsors of the Paddlefest. He noted that it would be good exposure for the District.

District Counsel addressed whether or not it would be a gift of public funds. He stated it was not because the District would receive advertising, educational and promotional benefits from the sponsorship.

COMMISSIONER FRITZSCHE MOVED THAT THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT BECOME AN EVENT UNDERWRITER AT THE LEVEL OF FIFTEEN HUNDRED DOLLARS IN ORDER TO PROVIDE BAY LEADERSHIP FOR THE BENEFIT OF ALL. COMMISSIONER OLLIVIER SECONDED.

Commissioner Hunter noted that he sees a lot of opportunities like these everyday in his job. But because of the subject matter of the Paddlefest, he believes this opportunity is appropriate for the Harbor District to show off their recreation and marketing charges.

Penny Elsebusch was supportive.

MOTION CARRIED WITH COMMISSIONER CURLESS DISSENTING.

D. CONSIDERATION OF RESOLUTION 2005-08 FOR THE ELECTION OF DIRECTORS TO THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY BOARD OF DIRECTORS

Commissioner Fritzsche introduced this item noting that the Special District Risk Management Authority provides the Harbor District with its liability insurance and therefore the Harbor District has invested interest in who is on the Board of Directors.

COMMISSIONER CURLESS MOVED TO APPROVE RESOLUTION 2005-08 FOR THE ELECTION OF DIRECTORS TO THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY BOARD OF DIRECTORS TO SELECT JOHN WOOLLEY. COMMISSIONER FRITZSCHE SECONDED. MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

The Regular Meeting of the Board of Commissioners adjourned at 9:45 p.m. to closed session.

The Closed Session was adjourned at 10:12 p.m.

District Counsel reported that during closed session that the Dog Ranch pipeline easement and the tideland lease with Simpson Timber Company were discussed but no action was taken.

APPROVED BY:

Signature on File
Roy Curless, Secretary

RECORDED BY:

Signature on File
Patricia L. Tyson, Admin. Assistant