



|  |                                 |
|--|---------------------------------|
| <b>Regular Meeting Minutes of the<br/>Board of Harbor Commissioners of the Crescent City Harbor District</b> |                                 |
| Harbor District Office, 101 Citizens Dock Road<br>Crescent City, CA 95531                                    | September 20, 2016<br>5:30 p.m. |

**Call to Order**

President Ramsey called the meeting to order in open session at 5:30p.m. Commissioner White led the Pledge of Allegiance.

**Roll Call**

Present were Commissioner Bailey, Commissioner Phillips, Commissioner White, and President Ramsey to include staff member Harbormaster Helms, Deputy Harbormaster Tavasci, and Finance Director Fansler.

**Public Comment on Closed Session Items**

President Ramsey asked for public comment on closed session items and received none.

***The Board of Harbor Commissioners adjourned to closed session at 5:33 p.m.***

**Closed Session Items**

- (1) CONFERENCE WITH REAL PROPERTY NEGOTIATORS: Pursuant to Government Code Section 54956.8 Property 128 Anchor Way, Crescent City, Agency Negotiator: Charles Helms

***The Board of Harbor Commissioners reconvened in open session at 5:47p.m.***

**Report Out of Closed Session**

President Ramsey stated no reportable actions taken in closed session.

**Business Items**

Harbormaster Helms requested that item 7 be dropped. **Action:** On a motion by President Ramsey, seconded by Commissioner White, and approved unanimously with Commissioner Feller absent, the Board of Harbor Commissioners of the Crescent City Harbor District voted to drop item 7.

**1. Consent Agenda**

- A) Approval of the warrant list since the September 6, 2016 Harbor Commission Regular Meeting
- B) Approval of the minutes of the September 6, 2016 Harbor Commission Regular Meeting

Commissioner White moved to approve the consent calendar as presented and Commissioner Phillips seconded.

President Ramsey asked for public comment and received none.

Commissioner White requested clarification on several items of the warrant list and staff provided: page 2 -Coos Bay Marine, was to put in a motor; and page 7 D'Sinez, was for signage of roads, parking lots, and recycling stations for microfilament. Commissioner Phillips requested additional information on microfilament recycling and Harbormaster Helms stated that it is used and shows that the Harbor is a good steward of the environment.

**Action:** On a motion by Commissioner White, seconded by Commissioner Phillips, and carried on a 4-0 polled vote with Secretary Feller absent, the Board of Harbor Commissioners of the Crescent City Harbor District voted to approve the consent calendar items A through B as presented.

## **2. Presentation by Mr. Bill Cozzi concerning Harbor beautification efforts**

*Postponed until the presenter arrives.*

## **3. Update for Harbor Commissioners on the status of the solar power project**

*Postponed until the presenters arrive.*

## **4. Discussion concerning investing, selecting and contracting an RV park consultant to develop conceptual plans for the Harbor RV Anchorage site and adjoining proposed tourist-serving accommodations**

Harbormaster Helms provided a folder to the Commissioners. Helms stated that he has contacted four consultants and has narrowed the choice to two as one consultant never replied to his request and the other is very expensive. The two recommendations include Bud Surls and RV Park Consulting Group; both have experience in California and with the Coastal Commission. Of these two Helms leans towards Bud Surls due to price, also Surls will be in California soon and a site visit would be deducted from the \$7,500 design fee.

Commissioner Phillips requested the consultants' cost breakdown per hour and Helms stated that it would be \$200 for Surls and \$150 for Stockwell (RV Park Consulting) but Surls will include the site visit and Stockwell's site visit was extremely expensive. Commissioner White noted that he has not had time to read the packet and therefore cannot make an informed decision. Helms agreed but asked that the Commission move quickly as Surls will be in town within weeks. Commissioner White stated that a special meeting could be held.

Helms noted that \$7,500 is not the inclusive package and does not contain cash flow, economic studies and more – that package is \$12,500. Commissioner White led a conversation questioning how such data could be acquired and Helms acknowledged that he did not know, and was concerned that for the price

quoted the study would be nothing more than a “Google study”; however Surls is at least familiar with the area and has vacationed in the region. Commissioner White expressed concern over understanding what mix of RV spaces, tents, and condos would provide the highest bottom line to the Harbor. Commissioner Phillips suggested that Surls, if hired, visit similar regional parks and report back. Helms agreed to discuss the Commission’s concerns with Surls, obtain his travel dates, and report back to the Commission.

**Action:** On a motion by Commissioner White, seconded by Commissioner Phillips, and carried unanimously with Secretary Feller absent, the Board of Harbor Commissioners of the Crescent City Harbor District approved tabling the item until more information was obtained, and acknowledged that there may be a special meeting called to make a decision.

**The Commission returned to Item #3 “Update for Harbor Commissioners on the status of the solar power project” with the arrival of the presenters.**

Deputy Harbormaster Tavasci handed out presentation notes and invited Ken Brown, Managing Partner of Lionchase Holdings, to present first.

Mr. Brown spoke about how solar as a project moves from ideas to implementation, and reviewed the goal of the project to diminish annual costs; the proposed module is to overbuild to best utilize the four hours of energy gathered by each day of solar. Commissioner White had several questions about net metering. He asked if the Harbor pulls power at night to which staff stated yes. White further questioned what the sell price to the utility would be versus the purchase price. Mr. Brown noted that there are usually different rates for peak versus off peak use, that the details of price and cost were items to be negotiated with the utility in the future, and that the overbuild strategy is that power goes into the grid the entire time thereby reducing the bill.

Commissioner Bailey asked several questions around purchasing the power. Mr. Brown clarified that the decision is entirely up to the utility and is not mandated, and is part of the future negotiations. Deputy Harbormaster Tavasci stated that in 2009 there was a 4.5 cent difference. Commissioner White again clarified that the rates would not be known until negotiated, and Brown agreed and further noted that it is generally based on ease of the utility to draw from the system, that the Harbor can assume that they will purchase the power if the checklist is met, that with a phone call some initial rates could be discussed, and that the difficult part is not in obtaining that information but in getting the utility to “sign off” on the system. Brown stated that net metering would likely be a discounted rate and not a 1-1 transfer of units. Further discussion clarified these points.

Deputy Harbormaster Tavasci then opened the discussion on the battery option, and Mr. Brown spoke on the details. Brown noted that the infrastructure for both solar and battery would be paid for by their company. Battery gives the option of either storing the energy for reuse or resale; power could be stored at any time and used at any time. Commissioner Bailey noted that power could be purchased and stored during off peak hours to be utilized during peak hours. Brown affirmed this and likened the

system to emergency backup systems. He also stated that there would be revenue opportunity with the battery option and thus the system how quickly it can pay for itself.

*Secretary Feller joined the Commission at 6:28 p.m.*

Commissioner Bailey noted that the storage system must be sufficient to store the energy needs and that the entire system would need to be set up differently to provide the power needed.

Mr. Brown stated five stages of a solar project: the concept / goal (in this case to save power and/or lower expenses); review (brainstorming ideas, identifying stakeholders, etc.); design (not necessarily the final design, but an initial design is needed to move forward); approvals (often changes to design are made during the approval process; approval includes by stakeholders, governmental bodies, and investors in the system, and lastly approval by the utility); and lastly implementation.

Commissioner White asked if Pacific Power would have the right to say no, and Mr. Brown acknowledged that the utility has a say in anything that touches their grid. White then questioned if the Harbor could go off the grid without interference by the utility, to which Brown responded that the Harbor could, but that the utility could then have a say in reattaching to the grid and that most people do not go off the grid in these situations. He followed that the PUC is allowing more people to go off grid for pollution reduction and such but that they can only do so much. Brown also noted that the inclusion of tenants further complicates things and questions such as approvals to redistribute, design components, and more would have to be answered. White asked if the Harbor could tap into the utility lines and Brown stated yes, with the approval of the utility.

Secretary Feller asked that if the solar was installed with the 1 megawatt battery system if it would support both the Harbor and tenants. Mr. Brown noted that the original discussion did not include any benefits to the tenants and that would need further review. Feller then followed up by questioning if 4-5 hours a day of sunlight would be sufficient to either feed the grid or feed the battery to reduce the energy bill. Brown noted that the battery just provides a different way to receive the power and is a hedge. Feller then asked staff how many meters were in the Harbor District and Deputy Harbormaster Tavasci stated it was about 20 but that this project would only touch a few of them. Commissioner White questioned Tavasci about how much power the tenants use; Tavasci noted that Albers uses more than \$135,000 per year, more than the Harbor, and that Fashion probably uses a significant amount also but that the Commission had already decided not to use that roof because it is a new roof.

Secretary Feller noted that there is an average of nine 75 mph wind events each year that should be considered. Deputy Harbormaster Tavasci stated that the panel infrastructure is rated at 139 MPH winds.

Commissioner White confirmed that if the Harbor decided to sell power to the tenants it would have to be sold for no more than the cost to the Harbor. Commissioner Bailey agreed and added that the Harbor would have to route all power through them to provide the utility at all times. Mr. Brown reminded the

Commissioner that the goal was to reduce the base consumption rate to reduce cost, and that the Harbor would reap benefits of solar first, and that in the original proposal all overages would go to the utility; Lionchase could help to figure out how to sell to tenants but that is a detail yet reviewed and there are many options. Commissioner Bailey said stated that he believes that the tenants should have the option to utilize solar power as well. Brown said that Lionchase could design it but is unsure what the approval of such a system would be; to reach the original goal solar could not be distributed to others. Commissioner Phillips offered that he does not was to be responsible for providing power to tenants, it is too complicated with too many risks and he would rather sell it back to the utility.

President Ramsey asked Deputy Harbormaster Tavasci if the Harbor uses 500,000 Kw units and Tavasci stated it was more like 400,000 Kw. Upon further reflection Mr. Brown stated that he did not think that the tenants could use solar, that it would be difficult and that he believes the approvals would be difficult to obtain. Brown noted that the battery storage system enhances the value of the system and is a hedge against any change in net metering. Secretary Feller asked why the system would be unable to net zero, as there is potential to store and sell energy back. Tavasci opined that the battery would be filled first, with any further excess sold back to the utility. He stated that on this system the Harbor would pay below the current market rate for seven years before the rate would increase and meet the price at this time, and by that time the market rate would have increased again, essentially maintaining their cost below market rate.

Commissioner Phillips questioned how Lionchase makes their money with a system that will cost approximately \$2.8 million. Deputy Harbormaster stated that once the system is implemented, Lionchase gets paid from rebates that the Harbor cannot collect, due to our Special District status. Mr. Brown states that it is essentially an asset that breaks even very fast, within five years, and while the battery would change the cost it would accelerate the payback. There are both State and Federal rebates for doing this.

Commissioner White questioned how long the contract with Pacific Power would be and Mr. Brown replied that he did not know, and that the utility could change it. Secretary Fansler asked if he was clear that the Harbor would pay 14.5 cents per kilo to Lionchase versus .17 cents to the utility, and if the power in the battery at the end of the year was sold back to the utility who would receive the profit. Brown stated that all of that would be worked out in the net metering agreement. Brown followed up by asking when the peak period for the Harbor is, because the Harbor will only be generating power for a portion of the day. The goal would be to utilize as much of the power generated as possible to maximize savings. President Ramsey asked if the 14.5 cent rate would be the Harbor's cost no matter where the power came from, and Brown stated yes. Finance Director Fansler noted that the bottom line is that the Harbor would pay 14.5 cents for seven years before the price being raised to .17 cents, and at that time it is expected that the market price would go up. Harbormaster Helms asked if the Harbor would be paying for the power both when it goes into and when it comes out of storage, and Brown clarified that it would only be the purchase of power, facilitating generation and storage.

Commissioner Phillips asked staff what the Harbor pays for power at night; Tavasci replied that it is .14 cents or even 13 cents depending, but that these are very small bills. Phillips then stated that he was asking specifically in relation to the boat basin and Tavasci replied that he believes it is .17 cents and that there are not off peak hours. Tavasci further commented that under the current Power Purchase Agreement the Harbor would purchase 100% of the power generated and that he believes that should be changed to "consumed" power. Mr. Brown replied that if the Harbor was not interested in purchasing all of it Lionchase would. Commissioner White added that every kilowatt used translates to monetary savings, and wanted it noted that the presentation notes should state "by the port" not "to the port". He also asked for an explanation of that "off-takers" in the presentation refers to, and Brown replied that it meant "tenants".

The second speaker, Tobias Vargas, then presented "down-scale" drawings of the potential design. He stated that every detail has been put into the drawings that his company can, but that it is a 100 kilowatt version. He then displayed several drawings including those showing how the panels would be laid out on rooftops, walkways for firemen on the roofs, a cross-section showing how panels are fastened, a riser diagram showing how panels are connected to invertors which feed back to the grid, a wiring calculation of what the panels should produce once turned on, and duplicate drawings of various scales.

Commissioner Bailey asked what the power generation would be with what is proposed and Mr. Vargas stated it is 524,000 Kw. Bailey stated that the design would have to double in order to support the battery system, if installed and that the battery would need to be charged almost as fast as the rest of the place. Mr. Brown asserted that the batteries will be delivered approximately 75% charged from the factory. Bailey noted that they would need to be charged as fast as they were used, and Vargas disagreed, stating that the batteries would be on a trickle charge.

Deputy Harbormaster Tavasci noted that RES had sent out a package and that there would be a summary for each building except for building three, but that it was only a hiccup and nothing to be worried about. He further noted that salt corrosion had been addressed. Commissioner Phillips questioned if the plan would still include a kiosk explaining the project to visitors of the Harbor. Mr. Brown replied that it can be addressed and that he thinks it is a good idea, but that he is currently focused primarily on the installation. Tavasci stated that the packets contain an attachment with more information on the panels and that Brown had sent in questions regarding the Power Purchase Agreement to Counsel Black, and that those were also provided and that Lionchase was waiting to hear back.

President Ramsey expressed concern over maintenance and how long it would take for repairs given that the Lionchase stakeholders were located in LA and DC. He affirmed that since the system is owned by Lionchase they would be expected to maintain it, that saline builds up quickly in the marine environment and needs to be addressed more often than annually. Mr. Brown replied that his company had new technology which would allow them to see real-time what each panel is doing and that they are motivated to keep the system going to receive a return on their investment. Mr. Vargas added that

with the software everyone, including the Harbor, could monitor the system, and that he believes a crew would be able to fix the system within 24-48 hours. President Ramsey again asked where the crew would come from and Mr. Vargas noted that it would probably be from Los Angeles, and also that each panel is a separate unit and independent. Commission Bailey discussed a local solar set up within the Park Service and suggested that Lionchase look at it to understand the maintenance that might need to be done. Deputy Harbormaster Tavasci stated that Lionchase may wish to look at hiring a local crew to clean the units monthly.

Commissioner Phillips motioned that staff work to finalize the design and Commissioner Bailey seconded.

Deputy Harbormaster Tavasci offered that the next steps would include having Counsel review Lionchase Power Purchase Agreement questions, then to bring the PPA back to the Commission for discussion and signatures. He opined that battery storage should be included in the PPA and that Counsel should address that component. Mr. Brown stated that the solar system would need to be agreed upon first and some agreements come to before including the battery discussion. Secretary Feller stated that he would like to see something on the battery storage, and Brown offered to draft a MOU approval of the battery because it would take additional time.

**Action:** The Board of Harbor Commissioners of the Crescent City Harbor District consented to direct staff to work with Lionchase on the Power Purchase Agreement and MOU, and to schedule a special meeting if needed.

**President Ramsey returned to Item #2 and tabled it to the next regular meeting as Mr. Cozzi had not yet arrived.**

**President Ramsey returned to Item #4 at the request of Harbormaster Helms to gain additional commentary from consultant Eric Taylor who had since arrived.**

Harbormaster Helms introduced consultant Eric Taylor to provide additional information on Item #4. Commissioner White reviewed the Commission's concerns over choosing the right consultant, and how to understand the right mix of RV spaces, tent camping, and park models. Taylor stated that the Harbor should contemplate some questions including what type of customer they wish to attract; if they view the park as a destination park, stay over park, or a combination. He offered that the City decided to make their park both and to eliminate tent camping.

Commissioner White asked if the City had information that the Harbor could review because he would like to create something that offers the best bottom line. Consultant Taylor agreed that the City had some data, and that they had chosen Stockwell as their consultant for the design, but then tweaked several things. The City took over their park and ran it for 8 years to clean it up, improve the reputation, and understand the needs of the park. He opined that the Harbor should do something similar and not

move so quickly towards the redesign, and that doing so would also create a chance to build a monetary reserve to help fund the redesign.

Commissioner White offered that the Harbor has funds to put towards the project. Consultant Taylor was unaware that the Harbor had those resources.

Consultant Taylor asked if the Harbor has access currently to the Harbor RV Park's books and Harbormaster Helms stated that they had a right to audit them every two years and could review them that way. Commissioner White clarified that the proposal might include moving the RV Park to the Harbor's bare land, and then to develop the current park location with RV Park Models, some of which may be configured as condo style lodging. Taylor again expressed that this information had not been previously given to him and would change his recommendations. White asked that now that the information was known if Taylor believed that the Harbor was in a position to proceed. White continued that there was no historical data on the success of park models or tents at the Harbor. Secretary Feller offered that there was a business plan presented at the last meeting; White reiterated that there was no data on demand. Harbormaster Helms stated that this was the reason he believes that a consultant should be hired and Taylor commented that no study guarantees accurate information.

Consultant Taylor suggested reviewing the occupancy rates and Finance Director Fansler provided some of this information. Taylor offered that the current occupancy rates do not break down the division of nightly, weekly, and monthly stays and that this is important information. Discussion again ensued on current occupancy rates. Taylor opined that it would still be wise for the Harbor to take over and run the park for an amount of time to understand costs such as staff, utilities, etc. and Fansler stated that the park is currently run on a cash basis. Fansler asked how the City's park managers are compensated and Taylor responded that they receive free use of a site plus a salary. Taylor provided additional information about what the City charges for spaces and how they are allocated.

Harbormaster Helms relayed that there was a Coastal Commission meeting the following week that he wanted to inform Consultant Taylor about.

Consultant Taylor offered that he believes it is most important that the Harbor consider a consultant with experience in designing RV parks specifically, and Harbormaster Helms stated that both Stockwell and Burls have this experience. Commissioner White asked if they also have experience with tents and park models and Helms stated that he would investigate. Taylor offered that the City paid around \$3,500 for their park design and then made a few modifications to it.

##### **5. Presentation of response to bid for placement of fender piles on Citizens Dock**

Deputy Harbormaster Tavasci presented. He noted that there was only one bid, it was from Steelhead Constructors Inc., and they there are no issues with the bid; the company meets all qualifications. The original estimate was that the project would cost \$93,000 - \$100,000, but the bid came in at \$124,650; the reason being that they have to bring in equipment from out of the area. Commissioner Phillips asked



if the bid required a local component and Harbormaster Helms stated that it did not and that Steelhead had worked on the breakwater after the tsunami event. President Ramsey expressed concern that Steelhead had previously not worked as timely as he would have liked. Helms stated that a requirement of the job is to finish by October 15 because the permit expires at that time. Helms noted that it was important to get the work done because it is close to crabbing season. The work is in a heavily used area during crabbing season.

**Action:** On a motion by Commissioner White, seconded by President Ramsey, and carried on a 5-0 polled vote, the Board of Harbor Commissioners of the Crescent City Harbor District approved the contract for placement of fender piles on Citizens Dock with Steelhead.

#### **6. Presentation of results from the Request for Proposal for Electrical Maintenance Services for the Crescent City Harbor District**

Harbormaster Helms presented and stated that he had provided a table to the Commissioners displaying the difference between Crescent Electric and Colburn. Colburn has an electrician based locally and thus there is no trip charge and Colburn was the only complete response.

Commissioner Phillips moved to approve the contract with Colburn and Secretary Feller seconded.

Secretary Feller asked if Crescent Electric had provided a reason for not providing a complete response. Harbormaster Helms stated that he could not give an exact reason but that he was under the impression that he did not feel that the company would be able to be competitive if they met all requirements. Commissioner Phillips noted that past action in such cases has been to move ahead with the responsive bid. Commissioner White asked how long the contract is for and Harbormaster Helms noted that it was 2 years but had a 30 day out clause.

**Action:** On a motion by Commissioner Phillips, seconded by Secretary Feller, and carried on a 5-0 polled vote, the Board of Harbor Commissioners of the Crescent City Harbor District approved the contract for Electrical Maintenance Services with Colburn.

#### **7. Presentation of lease for 190 Citizens Dock Road (*pulled*)**

#### **8. Presentation of Crescent City Harbor District Analysis of Financial Situation report**

Harbormaster Helms stated that because of the complicated financial situation at the Harbor staff wished to have a clear financial history written that conveys how the Harbor got to its current status. Former Harbormaster Richard Young developed a document that can be referenced and shared; Helms opined that it is a marvelous piece of work, is footnoted, and can be used in conversation with legislators, grantors, and more. Helms asked for approval from the Commissioners to utilize the document publically. Secretary Feller asked if it had been read in full by staff, and if it contained any confidential information. Helms stated that it had been read and contained no confidential information.

**Action:** The Board of Harbor Commissioners of the Crescent City Harbor District approved the use of the financial history document created by Richard Young.

## **9. Commissioner Reports**

Commissioner White reported that there would be a Chamber Mixer at the Park Service office on Thursday, and that Sea Cruise was coming October 7-9.

Commissioner Bailey offered that he enjoyed the CASA mixer and President Ramsey agreed.

Commissioner White noted that the Visitor Bureau was still strategizing about its future and that it may become a separate agency.

## **10. CEO Report**

Harbormaster Helms stated that he is working on a format to keep the Commissioners informed but to reduce the size of the CEO Report document; he is therefore emailing the Commissioners and then will try to include a brief synopsis in the CEO Report plus a quick update. Commissioner Phillips expressed that he would appreciate less emails.

President Ramsey requested an update on FEMA and Harbormaster Helms expressed frustration with working with the new reviewer. He noted that the individual is requesting a review of items already reviewed by CalOES. After some discussion the Commissioners offered to support Helms in reaching out to legislators if needed.

Commissioner Phillips asked about revenue development. Harbormaster Helms noted that staff wants the Commission to know that staff never forgets about revenue development or cost savings. Helms stated that the Harbor had been contacted by someone interested in looking at two of the properties as a possible location for a medical marijuana dispensary and it is nice to know that someone is viewing the website.

Harbormaster Helms noted that staff is still working with Quinn on reimbursements and that initial reimbursements would total approximately \$250,000 but there would be additional coming.

Harbormaster Helms stated that the boating facilities assessment program has been put on hold by State Parks and that he believes there is a correlation to the reduction of the Department of Boating and Waterways. Helms noted that on the date of the next Harbor Commission meeting there is scheduled a meeting in the APEX offices in Sacramento, and that it might be good for the Harbor to have a presence.

Helms again stated that there was a Coastal Commission meeting next week. He also noted that dredging season was winding down, and that staff was waiting to receive one more bid on transformer removal but will move forward soon either way.

**11. Board Comments**

Secretary Feller noted that he had skimmed the first 20 pages of Richard Young's financial report and he agreed that it is impressive.

Commissioner Phillips stated that he encourages staff to stay engaged with the Boating and Waterways topic, and expressed concern that the Harbor stands to lose at least \$140,000 per year if this program goes away. He suggested that staff should prepare a report for the Commissioners to sign.


**Action:** The Board of Harbor Commissioners of the Crescent City Harbor District consented to direct staff to prepare the report and that the Commissioners would sign.

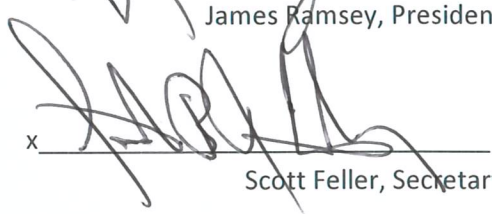
**12. Adjournment**

*The Board of Harbor Commissioners adjourned at 8:38 p.m. and agreed to move the next meeting to a special meeting date of Thursday, October 6, 2016 at 5:30 P.M. at the Harbor District Office, 101 Citizens Dock Road, Crescent City, California, to accommodate travel to the APEX meeting by Harbor staff.*

**Attest:**

/s/Kymmie Scott, Secretary to the Board

x   
James Ramsey, President

x   
Scott Feller, Secretary