Regular Meeting Minutes of the *Board of Harbor Commissioners of the Crescent City Harbor District*	
Harbor District Office, 101 Citizens Dock Road Crescent City, CA 95531	August 6, 2024 2:00 p.m.

Board of Harbor Commissioners of the Crescent City Harbor District

MINUTES

Regular Session, Tuesday, August 6, 2024, at 2:00 P.M.

CALL TO ORDER: 2:00 PM

ROLL CALL:

PRESENT:	*President*	HARRY ADAMS
	Secretary	RICK SHEPHERD
	Commissioner	GERHARD WEBER
	Commissioner	WES WHITE
ABSENT:	*Commissioner*	BRIAN STONE

1) General Public Comments

No members of the public commented.

2) Consent Calendar

2A) Approve Meeting Minutes of the July 16, 2024 Regular CCHD Board Meeting.

A member of the public, Sandy Moreno, voiced objections to the minutes, asserting that they failed to capture concerns she had expressed during the meeting. Specifically, she mentioned raising the issue that several Commissioners might not be seeking re-election, and she believed it was important for the public to be informed about which Commissioners may have decided not to run. Ms. Moreno highlighted the potential impact if three incumbents chose not to run and no new candidates qualified for the ballot. She warned that such a scenario could result in the Board lacking a quorum, which would necessitate the Del Norte County Board of Supervisors appointing new Harbor Commissioners in lieu of an election. Additionally, she criticized the practice of introducing substantial and complex agenda items for both discussion and a vote within the same meeting, without allowing sufficient time for the Board and the public to fully consider the implications. She advocated for a process in which significant agenda items would be discussed first and then brought back for a vote at a subsequent meeting.

Following Ms. Moreno's remarks, the Board acknowledged her comments but did not express any intent to revise the minutes. Commissioner Shepherd then **moved** to approve the minutes, and Commissioner White **seconded** the motion.

POLLED VOTE was called, **MOTION CARRIED**
AYES: WEBER, WHITE, SHEPHERD, ADAMS **// NAYS:** NONE
ABSENT: STONE **// ABSTAIN:** NONE

3) New Business

3A) Consider and Vote to Approve a "Kites for Kids" Festival to Be Held on August 31, 2024 along South Beach, with Event Fees Waived.

The Board reviewed a proposal presented by Del Norte Realtor Patricia Swift for a "Kites for Kids" fundraiser, which was seeking to support a companion "Kicks for Kids" program. The kite festival, set for August 31, 2024, at South Beach, aimed to raise awareness and collect donations to provide shoes and socks for 50 children in the local school district. The festival was planned to include music, food vendors, and merchants. The proposal allowed for the Harbor District to collect 6% of gross receipts from food vendors. In keeping with past practice for non-profit events, it was proposed that the event fee be waived. The Board's discussion expressed support for the event, and emphasized the importance of community engagement. After considering the logistical aspects of the event, including vendor placement within the Redwood Harbor Village RV Park and overflow lot, Secretary Shepherd **moved** to approve the proposal, and Commissioner Weber **seconded** the motion.

3B) Presentation from Community Systems Solutions (CSS) on a Draft Strategic Development Plan Identifying Areas for Development and Types of Development that will be Encouraged in the Harbor.

Mike Bahr, the CEO and Grant Writer for the consulting firm Community Systems Solutions (CSS), presented an in-depth update on the Draft CCHD Strategic Development Plan. Mr. Bahr was joined by Aislene Delane, Grant Writer and Manager for CSS, who presented additional material. Together they outlined the approach used during the drafting of the plan, focusing on identifying specific areas within the harbor suitable for development and defining the types of developments that should be encouraged within the Harbor District. The presentation aimed to provide clarity on the harbor's development strategy while maintaining alignment with existing plans and regulations. Importantly, the draft plan emphasized that commercial fishing would remain the central priority for the harbor, while also acknowledging the need to diversify revenue streams to ensure the harbor's financial sustainability in the long term.

Ms. Delane explained that the Draft Strategic Development Plan was informed by four critical guiding documents: the Crescent City Harbor Coastal Land Use Plan, the Municipal Service Review & Sphere of Influence Update, the AB 691 Sea-Level Rise Assessment, and the existing CCHD 10-Year Strategic Plan. Ms. Delane provided a detailed review of each document, explaining how they set the framework for future development. For example, the Coastal Land

Use Plan, adopted by the Board in 2020 and later approved by the California Coastal Commission, outlined the permitted uses of harbor land and dictated which areas fell under state jurisdiction. Recent changes had shifted more permitting authority from local jurisdictions to the Coastal Commission, adding complexity and expense to the approval process.

Mr. Bahr then took the podium and explained that the draft strategic plan divided the harbor into five distinct sections, each with tailored development proposals. These proposals ranged from visitor-serving amenities such as boutique hotels and restaurants to critical infrastructure upgrades for commercial fishing operations. For example, one proposed development envisioned a hotel and convention center, which while potentially lucrative, would require amendments to the existing land use plan to allow for non-conforming uses. Other proposed projects included an expanded boatyard, wind energy facilities, a fish market with retail space, and aquaculture operations. The CSS team highlighted that many of these developments had been discussed previously but had been consolidated into this plan to present a cohesive vision for the harbor's future.

The presentation included a detailed map of the harbor, showing the location of approximately 34 potential development sites. These sites included areas designated for small-scale visitor amenities, such as a high-end car wash and convenience store, as well as larger projects such as vacation rentals and mixed-use developments. For each proposed project, the draft plan included a project page summarizing its intended use, potential revenue generation, and alignment with the harbor's existing strategic goals. Although some project pages were not yet finalized, CSS assured the Board that they would be ready for the August 20, 2024 Board meeting.

The discussion also touched on the challenges posed by regulatory changes, particularly those involving the Coastal Commission's jurisdiction over permitting. Commissioner White expressed concerns that despite years of planning and investment in local land use planning documents, state-level decisions were now overriding local control. For instance, the Coastal Commission had recently ruled that certain areas within the harbor previously exempt from state oversight would now require state permits, complicating development efforts due to increased time and cost for permitting. CSS emphasized that the strategic plan had been designed to be flexible enough to adapt to these types of regulatory challenges, while still pursuing the harbor's development goals in a realistically achievable fashion.

Revenue projections were also a key focus of the discussion. CSS provided a framework for estimating potential income from various types of development, noting that high-end projects with larger footprints, such as hotels or commercial fishing facilities, would likely generate more revenue than smaller-scale initiatives like restaurants or retail spaces. However, the final revenue potential for each project would depend on the specific business plans submitted by private developers, which were yet to be determined. CSS recommended that the Board prioritize developments that offered the greatest financial return while considering the long-term sustainability and compatibility with the harbor's mission.

CEO/Harbormaster Tim Petrick expressed strong support for the strategic plan, emphasizing that it was critical for the harbor's future. He reiterated that while commercial fishing remained the cornerstone of the harbor's operations, the fishing industry alone did not have the capacity to generate sufficient revenue to meet the Harbor District's financial needs. This was true especially considering the tens of millions of dollars of deferred maintenance and infrastructure restoration that would be required in the coming years. Therefore, diversifying the harbor's economic activities, particularly through visitor-serving developments and environmentally conscious projects, would be essential. Mr. Petrick highlighted several infrastructure projects that were already underway, such as for a new seawall and Citizens' Dock, funded by grants such as the Port Infrastructure Development Program (PIDP) and the Hazard Mitigation Grant Program (HMGP), that would provide the foundation for future development.

Board members voiced general approval of the draft plan, recognizing it as an important tool for aligning public and private investment in the harbor. However, they also acknowledged the need for ongoing flexibility as specific projects move forward. The Board emphasized that the plan should not be static. Instead, it should evolve as new opportunities arose, and as public input was incorporated. The Board discussed the importance of striking a balance between preserving the harbor's historic character and expanding its capacity to attract new businesses and visitors. The strategic planning process was seen as a necessary step toward ensuring that the harbor remained a vital economic engine for Del Norte County while preserving its unique heritage.

The agenda item concluded with a timeline for finalizing the strategic plan, which included further revisions based on Board and public feedback, with a target adoption date in September 2024. The Board and CSS agreed that engaging with the public and potential investors early in the process would be essential for building consensus and securing the necessary funding for long-term projects. The comprehensive and forward-looking nature of the Draft Strategic Development Plan was praised as a critical step in positioning the Crescent City Harbor District for future success, while still honoring its commitment to the commercial fishing industry that had long defined the harbor's identity.

During the public comment period, Sandy Moreno raised concerns that there might not be sufficient parking to support new development plans. She also discussed the impact of weather on tourism. She stressed that while certain development plans, such as business offices, would be less dependent on weather, many of the proposed projects, especially those aimed at attracting visitors, could face significant limitations given Crescent City's inclement winter weather.

3C) Presentation from Moffatt & Nichol on the Status of Infrastructure Projects.

Representatives from the engineering firm Moffatt & Nichol (M&N) provided a detailed presentation on the status of multiple critical infrastructure projects at the harbor. The presentation was led by Project Manager Younes Nouri, with assistance from Project Director Robert Sloop. The primary focus of the presentation was the seawall and Citizens Dock replacement project, which had been identified as a high-priority initiative to support the harbor's commercial fishing operations. Additionally, the M&N team discussed ongoing work on several other projects, including the South Beach restroom project, the beneficial use of dredged material, and FEMA winter storm repair funding.

The presentation began with an overview of the seawall and Citizens Dock replacement, highlighting the substantial progress made since the project kickoff in November of 2023. The team emphasized the significance of these structures to the harbor's commercial fishing industry. The preliminary design phase focused on developing a comprehensive understanding of environmental impacts, structural requirements, and securing the necessary permits.

One of the key challenges identified was the need to update geotechnical data to ensure that the design would be cost-effective and compliant with current seismic standards. Initial geotechnical reports based on older studies assumed worst-case scenarios for seismic activity, which resulted in prohibitively high-cost estimates for the infrastructure projects in order to allow for such extreme seismic activity. Given these findings, the M&N project team decided to pause the design work and collect fresh geotechnical data that could allow for reconsideration of worst-case scenarios. This decision, while causing a temporary delay, was essential to refining the design and ensuring that the project remained financially feasible given the grant funding constraints.

The new geotechnical data was being processed and would be available within the next few weeks. This data would directly inform the final structural design, helping to determine key details such as the type of materials to be used, the configuration of the seawall, and the stability of the bedrock beneath the site. The team emphasized that while the current plan involved using steel sheet piles for the seawall, the exact configuration might change based on the new geotechnical data. For example, if the rock formations were found to be softer than anticipated, alternative designs might be required to maintain structural integrity without drastically increasing costs.

Throughout the project planning, stakeholder engagement had been a crucial component of the decision-making process. For example, in February and March of 2024, the team had conducted multiple rounds of consultations with local fishermen, fish buyers, and the community at large. Based on this input, twelve initial design alternatives were considered and subsequently narrowed down to six viable options. Following additional feedback from the community and the Board of Commissioners, a preferred alternative was selected that allowed for a phased approach to construction.

The preferred design involved constructing a new pier south of the existing structure, before demolishing the existing Citizens Dock. This approach would ensure that commercial fishing operations could continue uninterrupted, as the new pier would be fully operational before any demolition began. The team also highlighted that the selected design provided the flexibility needed to account for potential environmental and regulatory changes, minimizing the risk of delays once construction began.

A significant portion of the presentation focused on the complex regulatory environment that governs marine infrastructure projects. The representatives from Moffatt & Nichol noted that obtaining the necessary permits for in-water construction typically takes between 18 to 24 months, a timeline that posed one of the most substantial challenges to the project. The permitting process involved multiple state and federal agencies, each with their own review timelines and requirements.

To mitigate potential delays, the project team had been proactive in engaging with regulatory agencies from the outset. For example, they secured permits for the recent geotechnical drilling operation in less than a week — an unusually fast turnaround for such work. This success was attributed to leveraging established relationships and maintaining consistent communication with key agency contacts. The team assured the Board that similar strategies would be employed as the project moved forward, especially during the critical environmental review stages.

The environmental permitting process, which included compliance with NEPA (National Environmental Policy Act) and CEQA (California Environmental Quality Act), would largely dictate the overall project timeline. While the team had already initiated this process, they stressed that certain mandatory review periods, such as the 120-day agency response time, were beyond their control. However, they remained optimistic that continued proactive engagement would help expedite the review process whenever possible.

One of the more technical aspects of the presentation centered on the geotechnical studies being conducted to determine the characteristics of the bedrock and soil at the project site. The initial phase of geotechnical engineering, completed last December (2023), provided preliminary recommendations for the structural replacement. However, those recommendations had been based on regional data that proved overly conservative and resulted in inflated cost estimates.

To address that problem, the project team had conducted additional geotechnical drilling the previous week, focusing on three key locations within the harbor. The drill rig collected samples from depths of up to 70 feet below the mudline. The samples were still being analyzed to provide a clearer understanding of the rock formations and soil conditions. The results, expected within two weeks, would directly impact the engineering design.

The Board was informed that the design process involved advancing in stages, with 15% and 30% design milestones already completed. These design packages, which included detailed drawings and structural calculations, were provided to the Board for review. The team explained that the design progression was essential not only for engineering purposes but also for advancing the permitting process, as regulatory agencies required a 30% design submission before environmental reviews could proceed.

Looking ahead, the project team provided an updated timeline, noting that full construction of the seawall and Citizens Dock replacement was expected to begin in the summer of 2026. The timing was constrained by environmental regulations that limited in-water construction to the July-to-October window each year. The representatives emphasized that while this timeline was ambitious, they were committed to staying on track by closely monitoring the critical path activities that influenced the overall schedule.

In addition to the main infrastructure projects, the team briefly discussed the status of other harbor initiatives. For example, the South Beach restroom permitting process had been launched the previous month and was expected to take approximately eight months to complete, pending approval from the California Coastal Commission. Meanwhile, efforts to secure FEMA reimbursement for damages from a major winter storm were ongoing, with Moffatt & Nichol providing support for cost estimation and documentation.

The presentation concluded with assurances that the project team would continue to provide clear and actionable updates to the Board at key decision points. While much of the documentation was highly technical, the team's commitment was to distill the information into accessible summaries that facilitated informed decision-making. The representatives also expressed confidence that their proactive approach to stakeholder engagement, regulatory compliance, and project management would enable them to deliver the infrastructure upgrades on time and within budget, despite the inherent challenges of working in a complex marine environment.

The next significant update was expected once the new geotechnical data had been fully analyzed and integrated into the design. At that stage, the Board would likely be asked to review updated cost estimates and consider any necessary adjustments to the project plan. The overall sentiment from the presentation was one of cautious optimism, as the project continued to progress steadily toward its goal of revitalizing the harbor's infrastructure for the long term.

3D) Consider and Vote to Approve Real Estate Development and Project Management Proposal from CREDE (Commercial Real Estate Development Enterprises)

The Board next considered a proposal from CREDE (Commercial Real Estate Development Enterprises) to provide real estate development and project management services. The proposal included a $30,000 initial contract to assist with planning, attracting, and managing development projects. Steve Opp, a principal at CREDE, provided a detailed presentation in which he outlined the past experience of CREDE and its preferred approach to support the Harbor District's long-term vision.

CEO/Harbormaster Tim Petrick introduced Mr. Opp as a "developer matchmaker," highlighting that CREDE's role would be to craft development plans that appealed to credible developers and investors who could follow through on commitments. This approach aimed to avoid past experiences where enticing proposals were made by developers but ultimately failed to materialize into tangible results due to the proposers' lack of financial means.

Mr. Opp noted that CCHD had significant potential, but the District needed to refine its approach to make the harbor more appealing to businesses capable of significant investments. He explained that CREDE's expertise was in identifying viable development opportunities, breaking them down into manageable projects, and connecting those opportunities with the appropriate developers. The goal would be to create a coherent vision that aligned with the District's objectives while also remaining attractive to developers.

CREDE's team would focus on identifying specific, actionable development projects — everything ranging from cold storage facilities for the fishing fleet to hotels for tourists. Mr. Opp explained that developers tended to specialize in specific areas (e.g., hotels or industrial) rather than across multiple sectors. Therefore, CREDE would also assist in packaging harbor opportunities into financially viable projects that specialized developers could easily evaluate and commit to.

The $30,000 contract proposal represented the first step in a larger process. CREDE's initial work would include conducting a feasibility assessment, refining development plans, and engaging directly with potential developers to determine which projects would be the most financially viable. This process would involve taking the broader conceptual plans for the harbor, such as those presented earlier in the meeting during discussion of the harbor's strategic plan, and then translating them into detailed, actionable proposals that would be attractive for developers and investors.

Mr. Opp stressed that the purpose of this initial phase would not be to merely create a theoretical feasibility study that would collect dust on a bookshelf, but rather to gather real-world market feedback from developers with the proven financial capacity to invest in the harbor. The process would involve CREDE reaching out to its network of industry contacts, discussing specific projects, and gathering data on what amount developers would be willing to invest.

The CREDE proposal also included support for planning and permitting, which would be critical to moving projects from concept to construction. CREDE's experience managing these processes would ensure that projects would be designed with regulatory requirements in mind, reducing delays and increasing the likelihood of success.

Board members expressed interest in CREDE's approach but also raised questions about how this proposal would fit within the broader vision for the harbor. Commissioner White specifically asked whether CREDE could help the District establish a clear, unified vision similar to the transformation of Bandon Dunes into a renowned golfing destination. Mr. Opp confirmed that CREDE's role would include not only testing the feasibility of specific projects but also helping the District refine its overall development strategy and vision.

During the public comment period, Sandy Moreno inquired about the costs beyond the initial $30,000 proposal. Mr. Opp explained that the costs would depend on the complexity of the projects and the level of detail required. For example, high-end developments like boutique hotels tended to require more specialized expertise and therefore had higher development costs, while industrial projects were generally simpler and cheaper to complete. Mr. Opp estimated that fully managing development throughout the entire harbor, from start to finish, could cost up to $500,000 in fees, with a similar amount of corresponding fees from architectural firms. However, he emphasized that the initial proposal was simply to provide actionable insights without committing to such a substantial investment upfront.

The Board concluded the discussion by appointing an ad hoc committee consisting of Secretary Shepherd and Commissioner White, to work with CREDE to further explore the proposal. The ad hoc committee was tasked with meeting before the next full Board meeting. The ad hoc would discuss the specifics of the CREDE proposal in detail, gather additional information, and determine whether to recommend moving forward with CREDE's services. Ms. Moreno expressed appreciation for the Board's cautious approach in considering the CREDE proposal. She also wanted the public to have an opportunity to think through the wisdom of engaging with CREDE before the Board made the decision to fund the proposal.

3E) Consider and Vote to Approve Amendment to a Lease with Port O' Pints Brewing Company LLC, to Expand the Leased Premises.

The Board next proceeded with a detailed discussion about expanding the existing lease for the Port O' Pints brewing company. The proposed amendment would add a 20 by 60-foot section of land to the lease, enabling the brewery to park food trucks in this expanded space. The initial leased area already included a 20 by 40-foot fenced section that had been partially developed by the brewery. The proposed expansion would allow for additional commercial activities.

An important aspect of the amendment was the inclusion of a clause that ensured any economic activity within the leased area would be subject to the existing 6% revenue-sharing agreement. Initially, the brewery planned to operate its own food truck in that space; however, after securing approval from the Coastal Commission to have up to three food trucks, the lessee Dr. John Kirk opted to contract with outside food truck operators instead. To capture all potential revenue, the amendment clarified that the 6% revenue-sharing applied to any income generated by the food trucks, as well as any other activities within the lease area. Additionally, the base rent for the expanded lease area would increase by $400 per month.

During the public comment period, Sandy Moreno asked how revenue would be tracked and audited, particularly regarding the food trucks. It was clarified that the lease included audit provisions that would allow for quarterly reviews of financial records to ensure accurate revenue reporting and collection of the 6% share. Don Marshall expressed his support for the amendment, noting that the Asian Fusion food truck already operating in the leased area had been serving high quality food in his opinion, and it appeared to have been well received by the public.

Commissioners then discussed the logistics and benefits of allowing up to three food trucks to operate in the space. The consensus was that expanding the lease would be a positive step, generating new revenue from previously underutilized land while simplifying the Harbor District's role by leaving the food truck management responsibilities to the brewery.

Commissioner Shepherd then **moved** to approve the lease amendment, and Commissioner Weber **seconded** the motion.

POLLED VOTE was called, **MOTION CARRIED**
AYES: SHEPHERD, WHITE, WEBER, ADAMS **// NAYS:** NONE
ABSENT: STONE **// ABSTAIN:** NONE

3F) Acknowledge 2023/2024 Report of the Del Norte County Civil Grand Jury

The discussion was initiated with the acknowledgment that the report had been received. This led to public comments where concerns and criticisms were voiced regarding the report's findings and the Harbor District's response to the issues raised.

Linda Sutter, a member of the public, expressed her frustration over the lack of action in response to previous concerns she had raised, specifically regarding credit card charges. She mentioned that despite her efforts to highlight these issues over time, it seemed that her concerns had been ignored. Despite the findings of the grand jury's report, she indicated her intention to escalate the matter by involving the Attorney General's office.

In response, Commissioner Shepherd noted that addressing Ms. Sutter's concerns had consumed significant staff time and public resources. While some of her concerns were validated, it was pointed out that many of her investigations did not uncover any significant issues, which led to concerns about the waste of public funds in responding to unfounded claims from the public.

The conversation then turned to a broader critique of the Harbor's existing policies, particularly regarding credit card use, which Ms. Sutter emphasized was an area needing immediate improvement. The sentiment was echoed by Sandy Moreno, another member of the public, who expressed disappointment with the scope of the grand jury's investigation, suggesting that it only scratched the surface of the issues within the Harbor District in her opinion.

Commissioner White raised a question about a credit card policy that was reportedly drafted in November but never fully implemented. CEO/Harbormaster Tim Petrick explained that the draft was part of a larger set of policies that were never finalized. He assured the Board that these policies, including the credit card policy, would be presented for approval at upcoming meetings, beginning with the credit card policy. Mr. Petrick also committed to ensuring all grand jury findings would be addressed within the next few meetings.

3G) Appoint Ad Hoc Committee to Consider Amendments to Commission Bylaws

President Adams appointed Commissioners Weber and White to an Ad Hoc Committee to consider amendments to the bylaws of the Board of Commissioners. The Board expressed its intention to hold a Special Meeting to deliberate on new amendments and receive public comment after the findings of the Ad Hoc Committee were presented.

3H) Consider and Approve a Resolution to Withdraw from the Tri-Agency Economic Development Authority and Authorize the Harbormaster to Execute a Dissolution Agreement.

President Adams continued this agenda item to a future meeting because the Harbor District was waiting to receive a draft dissolution agreement being prepared by the attorneys for the City and County.

4) Old Business

4A) Discuss Measures to Address Problems from Fireworks within the Harbor District.

The agenda item addressed ongoing problems caused by fireworks within the Harbor District. The discussion began with a notification of an upcoming meeting between the Harbor, City, and County, to establish a unified strategy. The meeting was planned for August 19th.

The discussion then began among Commissioners. The initial discussion focused on illegal fireworks, as opposed to less dangerous and legal fireworks. President Adams emphasized that illegal aerial fireworks should be stopped entirely within the Harbor District, particularly in the parking lot area, which was damaged from a few small fires. He further argued that the harbor was highly vulnerable to fire hazards due to flammable materials present in boats and workshops. Evidence of bottle rockets having landed on boats near flammable materials such as lacquer was discussed, underscoring how dangerous the situation had become. As the discussion proceeded, President Adams advocated for an absolute ban on all fireworks, whether or not they were currently classified as legal or illegal, within the entire Harbor District boundaries. He stressed the need for an ordinance to enforce this ban.

CEO/Harbormaster Tim Petrick explained that while he agreed with the need for action, any new ordinance would need to align with broader regulations from the city and county to ensure enforceability. He emphasized that a coordinated approach with local authorities would be essential before finalizing the harbor’s own rules. However, Commissioner Shepherd expressed concerns that waiting for broader discussions could delay necessary action, risking further damage and accidents.

Public comments offered mixed perspectives. Don Marshall shared his amazement at the sheer volume of private fireworks displayed, acknowledging the danger they posed, but also appreciating the enjoyment that came from the festivities. He noted that injuries, property damage, and excessive litter were significant issues that needed addressing. He suggested a phased approach to enforcement, starting with clear communication and a gradual crackdown, because an abrupt and total enforcement might be difficult due to the large crowds and limited law enforcement resources.

Annie Nehmer proposed more concerted efforts at monetizing the 4th of July festivities by charging for parking and services, noting that the harbor was missing opportunities to benefit more directly from the influx of visitors. However, she also highlighted the chaos caused by the fireworks, especially regarding safety and the difficulty in managing vehicle traffic and pedestrians.

Del Norte County Supervisor Valerie Starkey commented that masses of out-of-town visitors were abusing local property without any respect or common decency. She also noted that while enforcing a total ban on fireworks would be challenging, the harbor did have its own authority to take decisive steps to protect its infrastructure and tenants. This could involve a new ordinance with strict penalties, supported by a public information campaign to deter future violations. She also highlighted a larger meeting that was upcoming, involving the City of Crescent City and the County of Del Norte scheduled for August 19th, where more details would be discussed and a unified strategy developed.

4B) Orally Report Compensation and Consider and Approve Amendment to Harbormaster Employment Agreement; and Consider and Approve Performance Incentive Payment Pursuant to Section 4 of Employment Agreement with the CEO/Harbormaster.

The next agenda item involved reporting compensation details and considering amendments to the CEO/Harbormaster's employment agreement, along with a potential performance incentive payment. The discussion began with a presentation of the proposed amendment and then opened for public comment.

Linda Sutter argued that a bonus should not be granted, citing financial instability within the harbor and concerns over how public funds had been used over the past couple of years. Sandy Moreno acknowledged CEO/Harbormaster Tim Petrick's positive contributions to the harbor, such as bringing in skilled professionals, consulting firms, and securing grants. However, she expressed concerns about the costly Fashion Blacksmith settlement and the handling of a project with Alex Lemus, a developer who had attempted to refurbish RV parks within the harbor. Despite these concerns, she ultimately felt that Mr. Petrick's contributions justified his salary, while still criticizing his management approach in some areas.

Commissioner Gerhard Weber expressed that while some people called the payment a "bonus," it was actually a performance incentive tied to measurable achievements. He noted that the incentive was part of the original employment agreement with the CEO/Harbormaster, and it was important for the Board to honor contractual commitments. Nonetheless, he criticized the current evaluation process as being too vague, likening it to a "beauty contest" based on subjective judgments. Commissioner Weber suggested that the incentive should be directly linked to specific, measurable goals achieved by the CEO/Harbormaster each year, making it part of a more structured performance-based compensation. He emphasized that if the Harbormaster successfully brought in substantial funding and benefits to the harbor, then the incentive would be justified. For the current evaluation period, he supported awarding incentive pay.

Secretary Shepherd explained that he initially opposed giving CEO/Harbormaster Petrick incentive pay, due to the harbor's financial challenges. However, after discussions with key individuals, including Grant Writer Mike Bahr, Secretary Shepherd appreciated the significant contributions Mr. Petrick had made, especially in bringing new money to the harbor. Secretary Shepherd highlighted Mr. Petrick's extensive work hours and dedication, noting that without him, these positive developments might not have occurred. As a result, Secretary Shepherd explained that he had shifted his stance, and now recommended a performance incentive, proposing a 50%

bonus (around $3,000) of the total possible amount, considering both financial constraints and Mr. Petrick's positive impact on the harbor.

Commissioner White expressed that while the base salary of roughly $130,000 was justified given Mr. Petrick's contributions, there was a tension between the harbor's financial constraints and Mr. Petrick's job performance. Commissioner White highlighted that securing $15 million in grants had been crucial for the harbor, and likely would not have been achieved without Mr. Petrick. After considering these factors, Commissioner White sided with Commissioner Shepherd, agreeing that a bonus was deserved, but only at 3% instead of the proposed 6%, given the financial situation of the harbor.

President Adams emphasized the harbor's difficult financial position, and on that basis, he could not support a bonus, even if he believed it was deserved. Additional public comments centered on the impact of Mr. Petrick's accomplishments on improving district finances. Some speakers supported the granting of a bonus as a reasonable response to outstanding performance, while others acknowledged Mr. Petrick's successes but still questioning the overall financial wisdom of granting a bonus.

The employment contract amendment under consideration included both a base salary increase to $130,250, and a one-time performance payment. General Counsel Ruben Duran explained that prior to ratifying the amendment, it was necessary for the Board to vote on the amount of the incentive payment, if any. Commissioner Shepherd then **moved** to approve a 3% performance incentive payment, and Commissioner White **seconded** the motion.

POLLED VOTE was called, **MOTION CARRIED**
AYES: WEBER, WHITE, SHEPHERD, ADAMS **// NAYS:** NONE
ABSENT: STONE **// ABSTAIN:** NONE

Having determined the amount of the incentive payment, the 3% figure was then inserted into the employment contract amendment. Commissioner White then **moved** to approve the complete employment contract amendment with the 3% figure included, and Commissioner Shepherd **seconded** the motion.

POLLED VOTE was called, **MOTION CARRIED**
AYES: SHEPHERD, WHITE, WEBER, ADAMS **// NAYS:** NONE
ABSENT: STONE **// ABSTAIN:** NONE

5) Communications and Reports

5A) Dredge Update

It was confirmed that the Army Corps was on track to begin dredging the federal channel in October. Despite concerns that the schedule might slip, the Corps remained committed to ensuring that the project would stay on course by pushing through state and federal agency regulatory processes.

Additionally, progress was reported in coordinating with the regional water board on the proposed in-water nearshore disposal of dredged materials. CEO/Harbormaster Tim Petrick, along with a consultant, held discussions that had led to growing support from the water board, which had been initially hesitant. A pilot project was planned for the spring to monitor sedimentation and turbidity when fine sediments would be pumped near shore. This study would be critical in demonstrating the feasibility of this new dredge spoils disposal method.

To improve coordination and streamline the permitting process, Mr. Petrick, in collaboration with Deborah O'Leary from the Army Corps, initiated the Dredge Material Management Committee (DMMC) North Coast. The committee, which included all relevant agencies, had been meeting monthly to discuss dredging-related issues. This unified approach aimed to prevent the kind of emergency dredging situations that CCHD had faced in the past, where permits were often requested at the last minute due to lack of planning. Additionally, the involvement of consultants from Moffatt and Nichol had also added technical expertise to the process.

5B) Financial Status Update

The financial report presented by Director of Finance David Negus highlighted several key initiatives. Mr. Negus emphasized his hands-on approach by working closely with the office team, sitting with them daily, and fully immersing himself in operations to understand the details. He discussed the challenges of stepping into a complex situation where he had to keep things running smoothly while making incremental improvements. He noted that although the budget and actuals were aligned with QuickBooks, more work was being done to refine the chart of accounts for greater clarity and readability in financial reports.

Mr. Negus mentioned that ongoing needs were being met, such as addressing delayed reports, aggressively pursuing accounts receivable collections, and updating key financial records like the commercial lease spreadsheet and poundage invoices. He also discussed how stricter policies had been implemented for those with overdue payments, resulting in recent slip revocation proceedings.

Another significant area of focus had been improving internal systems, including creating user-friendly spreadsheets that consolidated information from multiple sources. Mr. Negus also described his work on addressing outdated policies and procedures.

Public comments followed the presentation. Sandy Moreno expressed frustration over not receiving key financial reports that she argued would provide insights into average receivables, bank balances, and other important metrics. In contrast, another public commenter, Annie Nehmer praised the financial report as one of the most comprehensive she had seen in a long time, expressing satisfaction with the level of detail provided.

5D) Harbor Commissioner and Ad Hoc Committee Reports

Commissioner Wes White mentioned that the Tri-Agency was moving towards dissolution, with the city and county preparing a resolution to finalize matters. Commissioner White also requested that a finance committee meeting be scheduled soon.

Secretary Shepherd discussed a new boat hoist in San Diego that handled vessels ranging from 25 to 100 feet. He urged CCHD staff to explore the feasibility of installing a similar hoist, suggesting this should be made one of the District's top priorities. Secretary Shepherd also mentioned collaborating with Asst. Harbormaster Mike Rademaker on a letter to California legislators, addressing the restrictive California state regulations that were stifling the harbor's operations and economic health. He highlighted the contrast between CCHD's struggling harbor, and other bustling ports like Brookings and Bandon, where fishing regulations were more favorable to fishermen.

Commissioner Weber reported that there had not been any ad hoc committee meetings since his last report. He then echoed the request of Commissioner White for an upcoming finance meeting to be scheduled.

President Adams then mentioned that he didn't have anything further to report from the Board, and so he adjourned the meeting.

ADJOURNMENT TO THE BOARD OF HARBOR COMMISSIONERS NEXT REGULAR MEETING SCHEDULED FOR TUESDAY AUGUST 20, 2024, AT 2 P.M., VIA ZOOM WEB CONFERENCE AND IN-PERSON AT THE MAIN HARBOR OFFICE, LOCATED AT 101 CITIZENS DOCK ROAD.

Approved this ____ day of ______________, 2024.

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Harry Adams, President

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Rick Shepherd, Secretary