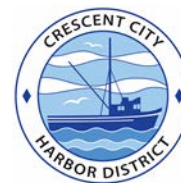


Regular Meeting Minutes of the Board of Harbor Commissioners of the Crescent City Harbor District	
Harbor District Office, 101 Citizens Dock Road Crescent City, CA 95531	June 4, 2024 2:00 p.m.



Board of Harbor Commissioners of the Crescent City Harbor District

MINUTES

Regular Session, Tuesday, June 4, 2024, at 2:00 P.M.

CALL TO ORDER: **2:00 PM**

ROLL CALL:

<i>PRESENT:</i>	<i>President Pro Tem / Secretary</i>	RICK SHEPHERD
	<i>Commissioner</i>	GERHARD WEBER
	<i>Commissioner</i>	BRIAN STONE
 <i>ABSENT:</i>	 <i>President</i>	 HARRY ADAMS
	<i>Commissioner</i>	WES WHITE

1) Public Comment

The first speaker, Linda Sutter, criticized the use of credit cards for harbor expenses, emphasizing the need for more stringent oversight. The next speaker, a resident of Bayside RV Park, expressed concerns about an upcoming rent increase, which she felt was unjustified. Next, Annie Smith, a visitor from Fort Jones, California, discussed the importance of having well maintained RV parks and attractive amenities for visitors. The next commenter, Robert Derego, inquired about the planned removal of a billboard and asked if he could assume the lease for it. The Harbor Commissioners explained that State Coastal Commission regulations prohibited billboards in designated green spaces, making it impossible to keep the billboard.

Andrea Spahn, a recreational fisherman, voiced her concerns about fishing regulations and the fairness of fish quotas. She pointed out that the data submitted to regulators from Cal Poly Humboldt University was based on extremely limited and poorly administered fish counts. This issue sparked a broader discussion among the Commissioners regarding the adverse impact of Oregon charter boats fishing off the California coast. The commissioners noted that these activities resulted in reduced regulatory fish counts for California, leading to stricter restrictions on California-based boats. They emphasized that this situation was clearly unfair and called for a reassessment of the regulations to ensure equitable treatment for local fishermen.

The public comment period concluded with a brief mention of David Negus, who was newly hired as the Harbor's Director of Finance.

2) Grants Update

The Board received several updates of ongoing and pending grant applications from the harbor's grant writer, Community Systems Solutions, LLC. The grants update first focused on the Port Infrastructure Development Program (PIDP). The harbor had received a PIDP grant from the 2022 federal grant cycle, and spending requests were currently under review by MARAD, with the geotechnical study having received preliminary approval, and awaiting final legal approval. Once completed, the engineering firm Moffatt & Nichol would proceed with environmental reviews and design work paid through the PIDP grant funding.

Moving on to the California Coastal Conservancy Grant related to the South Beach Bathroom project, the Harbor District was in discussions with Moffatt & Nichol about their role as the general contractor. Next, it was reported that the Harbor Mitigation Grant Program (HMGP) was also moving forward, with staff reviewing proposals for the Vertical Breakwater RFP that would be funded by the HMGP program. Separately, CSS was sending a harbor-wide property development RFP to developers in California and Oregon, and District staff was circulating the same RFP across the country in trade publications and association distribution lists.

Commissioner Stone raised concerns about the Coastal Conservancy Grant, specifically regarding the in-kind contribution requirements. It was explained that this requirement could be satisfied through staff labor dedicated to grant-related tasks, such as trenching for utilities. These activities would help meet the grant's matching funding requirements, removing the need to make direct financial contributions from the Harbor District's general fund.

Further updates focused on the Community Energy Reliability and Resilience Investment Program. It was mentioned that CCS and CCHD staff had been gathering information to begin the application process. Next, the discussion moved to the Program to Support Offshore Wind Infrastructure Improvement. That grant was currently frozen due to State budget constraints, but it was expected to resume after budget reconciliation on July 1st. Lastly, the Boating Infrastructure Grant was in the data-gathering stage, with staff in communication with the grantors. The meeting then moved on to the next agenda item.

3) Consent Calendar

a) Approve Meeting Minutes of the May 7, 2024 Regular Meeting.

The Board considered the meeting minutes from the May 7, 2024 regular meeting of the Board. There were no changes requested, and no members of the public commented. Commissioner Stone **moved** to approve the minutes, and Commissioner Weber **seconded** the motion.

POLLED VOTE was called, **MOTION CARRIED**

AYES: STONE, WEBER, SHEPHERD // **NAYS:** NONE

ABSENT: WHITE, ADAMS // **ABSTAIN:** NONE

4) Revenue Generation Progress Report from ICS

(NOTE: this agenda item was moved to the top of the meeting to accommodate the vendor's schedule)

Alex Lowe from Infinite Consulting Services presented an update on a new web-based reservation system for the Harbor District's RV parks that was being developed in collaboration with harbor staff. The system had been designed to market the RV parks more effectively and also to provide a more professional online reservation system. One of the most important features was the system's capability to integrate seamlessly with QuickBooks. This was certain to reduce staff time and improve data accuracy by eliminating several layers of manual data entry.

The new reservation system had been incorporated into the existing harbor website as a subdomain. This reduced development costs, and also made it easier for harbor patrons to find the reservation system. It was also being promoted through online paid advertising and also from prominent physical signage on park premises directing visitors to both the website and the harbor office phone number for reservations. Additionally, Harbor Patrol staff had been trained to handle reservations over the phone and from walk-ups by utilizing the new reservation system.

The online system had been designed to detail available park amenities, booking dates, and allow for payment processing via credit card, enhancing the user experience by making the reservation process easy, efficient, and cost-effective. The online system was expected to support future harbor expansions, such as the inclusion of cabins or other retail operations, with minimal adjustments required to the existing framework. The development of the system had been contracted at a fixed-cost totaling a little over \$2,000, which was deemed reasonable considering the potential savings and improvements in harbor operational efficiency.

During the presentation, there were questions about whether there were any recurring licensing or other costs. It was clarified that the fee from ICS was a one-time charge for web programming, and there were not any future recurring costs of any kind from ICS, or any other vendor for that matter.

Public comments expressed support for modernizing the reservation process to enhance efficiency and user satisfaction. The Board expressed appreciation for the progress report and demonstration of the working system. Board feedback acknowledged the project was a significant advancement in managing the RV parks more effectively.

Commissioner Weber described his investigation of Crescent City's RV Park, and he was especially impressed at how quickly visitors were able to check in to the park after having prepaid online. Commissioner Weber had wanted the Harbor District to have a comparable streamlined process, and so this represented an important step forward for the harbor to remain competitive.

5) New Business

5A) Approve South Beach Music Festival Proposed for July 2nd, 2024.

The Board considered a proposal from Schmidt's House of Jambalaya to hold a South Beach Music Festival on July 2, 2024. The event was planned to feature several bands, food trucks, and entertainment throughout the day. Mike Schmidt, who had successfully organized similar events for the past two years in the harbor, was set to host the festival. The previous events, although smaller, had been well-received and had generated significant income for the harbor. This year, the festival was expected to attract an even higher number of visitors as the

festival become more well known, which would naturally increase foot traffic and revenue for the harbor.

Mike Schmidt had secured all necessary permits and insurance for the event, including an ABC permit and had made arrangements to provide security staffing. The Board discussed the financial aspects, including the \$500 event fee. There was a consensus that vendors should register with the Harbor District separately and be subject to the District's event fee schedule, ensuring the harbor would receive a percentage of vendor sales. This approach aligned with the handling of similar events in the past.

Concerns were raised about managing the influx of visitors, particularly regarding parking and access to the Redwood Harbor Village RV Park. It was suggested that Harbor Patrol staff should manage the entries and exits to RHV, verifying registrations and collecting fees for any additional campers to avoid freeloading from festival participants. The need for additional restroom facilities was also addressed, with plans to arrange for more portable toilets and potentially open the Redwood Harbor Village bathrooms on a limited basis.

Public comments highlighted the importance of considering the impact on existing tenants, such as the Chart Room restaurant, and ensuring their needs for parking were not adversely impacted by the festival. It was noted that previous events had brought significant business to the Chart Room, providing a net benefit. The Board agreed to have maintenance staff mark off temporary parking spaces for the Chart Room to alleviate parking concerns.

Commissioner Stone **moved** to approve the music festival, with the following conditions: (1) there would be a fee required for food trucks, (2) access to Redwood Harbor Village would be regulated to prevent festival traffic freeloaders, (3) a standard percentage-based rent would be collected from the festival proceeds, and (4) parking would be reserved for the Chart Room Restaurant to avoid interference from festival participants. Commissioner Weber **seconded** the motion.

POLLED VOTE was called, **MOTION CARRIED**

AYES: STONE, WEBER, SHEPHERD // **NAYS:** NONE

ABSENT: WHITE, ADAMS // **ABSTAIN:** NONE

5B) Approve Resolution 2024-04 Finding the Trees of Mystery Billboard Not Compatible with Future Use.

The Board reviewed and approved Resolution 2024-4, which determined that the Trees of Mystery billboard was not compliant with harbor use guidelines and other official harbor policies as described more fully in the resolution text. The determination was primarily driven by the California Coastal Commission's requirement to remove all billboards from the designated green space area. The Coastal Commission had mandated this change during the approval of the harbor's Local Coastal Plan nearly two years ago, emphasizing that billboards were not permissible in that specific zone. During the intervening time period, the harbor had tried not to exercise a heavy hand against the Trees of Mystery, but the Coastal Commission was becoming more insistent during informal discussions, which was forcing action from the harbor to address the Coastal Commission concerns.

The lease for the Trees of Mystery billboard had expired since 2004. The harbor had been allowing the billboard to remain on a month-to-month basis without a lease renewal in place. Nonetheless, even when the lease was fully in effect, the terms allowed for a 30-day cancellation notice. Although it was arguably unnecessary, the Board sought to remove any potential for a legal challenge by passing the resolution. The resolution would unambiguously solidify the harbor's legal standing to take removal action.

During the public comment period, it was clarified that the Coastal Commission was the primary authority enforcing the removal, supported by Caltrans. The Board addressed concerns about the potential legal implications and confirmed that the billboard's lease had indeed expired, with no current lease in place.

The Board also explored the possibility of offering an alternative location for the billboard outside the green space area. Potential sites included areas near the Spotty's Car Wash sign or newly acquired properties not subject to Coastal Commission restrictions. This gesture aimed to show goodwill and support for local businesses while ensuring compliance with regulatory requirements.

Ultimately, the Board unanimously approved the resolution and planned to issue a 30-day notice to the billboard owners. The Board also agreed to communicate the availability of alternative locations for the billboard to the owners, demonstrating a commitment to finding a mutually beneficial solution.

Commissioner Weber **moved** to approve the resolution, and Commissioner Stone **seconded** the motion.

POLLED VOTE was called, **MOTION CARRIED**

AYES: WEBER, STONE, SHEPHERD // **NAYS:** NONE

ABSENT: WHITE, ADAMS // **ABSTAIN:** NONE

5C) Approve Amendment to Agreement for Seawall and Citizens Dock Contract.

The Board reviewed a staff report from GeoEngineers Inc., which highlighted the need for a geotechnical field investigation of the seawall and Citizens' Dock areas. Initially, the project was scoped to use existing subsurface data from the project area, which was believed to include rock cores. However, upon reviewing the borings, it was discovered that the rock cores were labeled as "no recovery," indicating that no samples were recovered due to the rock being too soft, resulting in the destruction of the samples during drilling.

This lack of data required the geoengineering team to assume that the rock was relatively soft, necessitating a design with a deep embedment of foundation elements. Additionally, anecdotal evidence from the construction of the marina after the 2011 tsunami suggested that drilling had been challenging, with many drill bits being damaged. These challenges increased the estimated drilling costs and led to uncertainties in the foundation design for the replacement seawall. The proposed geotechnical field explorations were aimed to better understand the strength and composition of the bedrock, allowing for a more accurate preliminary design and cost estimates for the upcoming seawall project.

One difficulty was that in 2022, seismic requirements were updated, aligning the harbor with Humboldt's higher seismic standards. This change significantly increased the seawall's projected cost. However, the proposed geotechnical study was intended to allow the harbor to

demonstrate to regulators that the harbor did not need to meet these stringent requirements. A successful appeal to regulators on this basis would potentially reduce project costs dramatically.

The Board next discussed the potential design implications of new geotechnical data, including the potential necessity for a robust tie-back system to support the seawall. The geotechnical study was intended to help determine the best design approach, whether relying on sheet piles or considering more durable concrete structures anchored to bedrock. The harbor's grant writer, CSS, confirmed that the additional expense of the geotechnical study would be fully covered by grant proceeds, ensuring no financial burden on the harbor's budget. The Coastal Conservancy and MARAD grants provided allowances for this type of unanticipated expense.

Commissioner Stone **moved** to approve the geotechnical study, and Commissioner Weber **seconded** the motion.

POLLED VOTE was called, **MOTION CARRIED**

AYES: WEBER, STONE, SHEPHERD // **NAYS:** NONE

ABSENT: WHITE, ADAMS // **ABSTAIN:** NONE

5D) Approve Insurance Renewal Proposal from Redwoods Leavitt Insurance Agency.

The Board discussed and approved the insurance renewal proposal from the Redwoods Leavitt Insurance Agency. The discussion highlighted that, despite previous insurance cost-cutting measures, a moderate increase in insurance costs was unavoidable. The renewal represented a 17.3% increase, which was deemed reasonable given the current state of the insurance market in California, and especially considering that the harbor had just made a large insurance claim as a result of the Fashion Blacksmith lawsuit the previous year.

The Board acknowledged that, although the insurance coverage was expensive and did not fully cover some assets like the multi-million-dollar docks of the inner boat basin, the proposed increase was still within reason, all things considered. The Board did consider further insurance cost-cutting, but ultimately determined it was not feasible without compromising essential coverage.

Commissioner Stone **moved** to approve the insurance renewal proposal, and Commissioner Weber **seconded** the motion.

POLLED VOTE was called, **MOTION CARRIED**

AYES: WEBER, STONE, SHEPHERD // **NAYS:** STONE

ABSENT: WHITE, ADAMS // **ABSTAIN:** NONE

6) Unfinished Business

6A) Discuss Future Harbor District Landscaping Plans and Direct Staff on New RFP.

The Board addressed the topic of future landscaping plans for the Harbor District and discussed the direction for a new Request for Proposal (RFP). Commissioner Weber and Commissioner Shepherd reported on a walk-through of the harbor, including Whaler's Island and Redwood Harbor Village, to assess the current landscaping needs and opportunities for cost reduction. They suggested reducing the frequency of mowing, particularly in areas where it may not be necessary during off seasons, in order to save costs. The goal was to focus on maintaining

the primary areas of the harbor to ensure it remained presentable to visitors and potential investors.

The Board then discussed the need to re-issue the RFP due to numerous changes that had been made to the initial bid specifications. The new RFP would reflect these adjustments, aiming to lower costs. There was consideration of using alternative landscaping materials like astroturf or wood chips, though concerns were raised about the durability and maintenance of such materials.

An unexpected potential solution emerged from a conversation with the Army Corps of Engineers, who anticipated having a significant amount of gravel-sized rock available from their fall dredging operations. This gravel could be used in the harbor's landscaping efforts, providing a cost-effective solution to maintaining certain areas.

The Board decided to table the final decision until a future meeting to allow for reissuing a revised RFP. The aim was to find a balance between reducing costs and keeping the harbor attractive and functional.

6) Communications and Reports

6A) FY2024/2025 Budget Review

The Board reviewed the draft budget for FY2024/2025, which was presented for initial examination. It was discussed that the budget would be refined over the coming weeks before final approval at the next meeting. There was significant discussion about the apparent year-to-year changes in the budget, with Commissioner Stone particularly concerned about legal settlement liabilities and reliance on grant income to maintain financial solvency. Commissioner Weber expressed a need for greater clarity on grant management revenue and administrative fees. The Board expressed a consensus opinion that more detailed breakdowns of grant-related income and expenses were necessary for full transparency and understanding.

Next, Board members highlighted the importance of maintaining proper insurance, managing legal expenses, and ensuring the timely completion of projects like the bathroom on Anchor Way. The Board then decided to table the budget review. It was expected that additional information would be received from the harbor's contracted grant writer, Community Systems Solutions, in order to resolve outstanding questions about grant income.

6B) Revenue Generation Progress Report & CEO Report

CEO/Harbormaster Tim Petrick provided an update on revenue generation progress for the harbor, noting there was increased interest from financially capable and experienced potential lessees, which was a positive sign for future revenue. He explained that the current budget did not include any new leases, so any new agreements would boost revenue projections above budget assumptions.

There was reason for optimism because the development RFP that had recently been released was attracting more serious and viable candidates compared to the past. The Board discussed the need to maintain an updated land use plan to strategically position new developments and leases within the harbor.

Mr. Petrick next addressed concerns relating to the icehouse, discussing how Pac Choice Seafood was moving operations to Oregon, and the icehouse in the Harbor District seemed

certain to close. Unfortunately, the icehouse had not been profitable for Pac Choice. Nonetheless, Mr. Petrick acknowledged the necessity of ice for the fishing fleet and discussed exploring grants for a containerized ice plant similar to the one recently acquired by Noyo Harbor District, which would be more efficient and versatile.

Regarding management of dredge spoils, Mr. Petrick reported outstanding news that approval for moving 1,500 cubic yards of dredged material had been obtained. Although this was admittedly a small amount, it represented a major breakthrough in getting regulatory agencies to finally approve some movement of dredge spoils. This had been a major logjam for many years. Mr. Petrick expressed his intention to continue looking for permitted projects to use the soil, noting that it was suitable for landscaping but not suitable for construction due to its poor compaction characteristics. Mr. Petrick concluded his report with discussions about signage to warn boaters against launching boats during negative tides to prevent damage to both boats and docks.

6D) Harbor Commissioner & Ad Hoc Committee Reports

Commissioner Stone opened the discussion by sharing concerns about a recent die-off of marine life, including clams and starfish, found near the airport, which he speculated might be related to environmental changes from the Klamath River dam removals.

This led to a broader discussion on the ecological imbalance caused by regulatory changes that restrict fishing activities. President Pro Tem Shepherd highlighted how these regulations had led to an overpopulation of marine predators like whales and sea lions, increasing competition for limited food resources and resulting in significant fish die-offs due to starvation. He reflected on his past experiences in the fishing industry, noting how he used to catch millions of pounds of fish annually even while maintaining a healthy fishery. He lamented the drastic reduction in fishing opportunities due to stringent conservation regulations. He stressed the need for a balanced approach to fishing regulations that considered both the sustainability of fish populations and the livelihoods of those in the fishing community.

Present Pro Tem Shepherd and Commissioner Weber then discussed their observations and suggestions regarding the District's RV parks. They pointed out areas needing improvement, such as replacement of dilapidated picnic benches. Commissioner Weber emphasized the importance of improving the harbor's facilities to remain competitive with the city's trailer park, which boasted better amenities like 50-amp connections. Commissioner Weber noted the importance of maximizing the financial potential of every square foot of the harbor. He also suggested the need for better collaboration with surrounding businesses to develop a synergy that maximized tourist visitation, especially by collaborating on upcoming projects like the Front Street Park refurbishment in the city and the construction of a new hotel by the Elk Valley Rancheria Tribe.

ADJOURNMENT TO THE BOARD OF HARBOR COMMISSIONERS NEXT REGULAR MEETING SCHEDULED FOR TUESDAY JUNE 18, 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.

Harry Adams, President

Rick Shepherd, Secretary