

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 20, 2024 2:00 p.m.



Board of Harbor Commissioners of the Crescent City Harbor District

MINUTES

Regular Session, Tuesday, August 20, 2024, at 2:00 P.M.

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

ROLL CALL:

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

ABSENT: NONE

1) General Public Comments

Linda Sutter voiced concerns about the Harbor's revised credit card policies, citing inconsistencies with government accounting standards. She highlighted missing details on business purchases, travel expenses, and receipt submission procedures, while advocating for a \$1,000 limit on credit cards to reduce the risk of misuse.

2) Consent Calendar

2A) Approve Meeting Minutes of the August 6, 2024 Regular CCHD Board Meeting.

Commissioner White **moved** to approve the minutes. Secretary Shepherd **seconded** the motion. There were no comments from the public on the agenda item.

POLLED VOTE was called, **MOTION CARRIED**

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

ABSENT: NONE // **ABSTAIN:** NONE

3) Old Business

3A) Discuss Measures to Address Problems from Fireworks within the Harbor District.

The discussion opened with President Adams expressing the need for a complete ban on fireworks, emphasizing that fireworks posed an imminent danger, particularly to the boats moored in the marina. Bottle rockets and other fireworks were found on boats, and the presence of spent fireworks and ash on vessels further highlighted the risk of fire. Walking through the Harbor area on July 5th, President Adams noted evidence of burn damaged pavement, reinforcing the argument that the Harbor was one accident away from a serious fire.

Secretary Shepherd supported this view, stating that fireworks should not be allowed anywhere in the Harbor parking lot due to the high risk of fire. Boats docked in the marina carry large amounts of fuel, and a single fire could result in a catastrophic event, endangering the entire fleet.

CEO/Harbormaster Petrick reported on a meeting involving representatives from the Harbor District, the Sheriff's Office, Crescent City, Cal Fire, and other local agencies. Meeting participants discussed the importance of coordinating efforts among the agencies to address fireworks-related problems. On the topic of enforcement, meeting participants expressed consensus to impose significant fines for those caught with illegal fireworks, with one suggesting a fine of \$1,000 per firework. This, the group reasoned, would be a strong deterrent, especially for individuals or groups bringing in large quantities of illegal fireworks. There was agreement that simply issuing small fines would not be enough to curb the behavior, as individuals with access to large amounts of fireworks would likely view small penalties as inconsequential.

It was noted that public safety resources were limited, and law enforcement agencies struggled to respond to all fireworks violations during busy periods. Creating specific "fireworks-free" zones within the Harbor, which would be clearly communicated to the public through signage and advertising, was suggested as a way to assist law enforcement in managing the situation more effectively. By designating the Harbor as a no-fireworks zone, it would reduce the burden on local law enforcement and ensure that their efforts could be focused elsewhere.

Commissioner Stone proposed controlling access to the Harbor by stationing personnel at the Harbor's entrance during peak times, such as the Fourth of July, to prevent fireworks from being brought onto the property. He also suggested charging a parking fee and issuing parking tickets that explicitly warned visitors about the illegality of using fireworks in the Harbor. It might even be possible to have visitors sign a liability waiver upon paying for parking.

Commissioner White supported the idea of charging for parking and limiting the use of fireworks in the Harbor, potentially including a complete ban, although he expressed a desire to consider the issue further.

Commissioner Weber reflected on his experience as an educator to stress the futility of implementing rules that couldn't be enforced. He raised concerns about the practicality of Commissioner Stone's suggestions, particularly the notion of restricting vehicle access, which had the potential to cause dangerous traffic backups on U.S. Highway 101. Additionally, Commissioner Weber questioned whether, amidst the bustling activity of the Fourth of July, it would be realistic to expect people to stop and carefully read and sign liability waivers. Overall,

Commissioner Weber supported more moderate restrictions that allowed at least some fireworks usage amongst visitors.

Public comments on the issue were generally in favor of increased regulation, but a variety of viewpoints advocated for various levels of severity in restrictions. Some wanted a complete ban on all fireworks in the Harbor, while others preferred a milder approach. For example, Annie Nehmer supported the idea of charging for parking, but was against a complete ban on fireworks. She suggested that beach areas afforded a safer environment for enjoying fireworks. Another public commenter, Alicia Williams, highlighted the broader environmental and wildlife impacts of fireworks. She emphasized that, beyond the immediate threat to property and personal safety, the noise and debris from fireworks could disturb local wildlife and harm marine ecosystems. Kevin Hendrick supported the idea of charging for parking, and selling advance tickets would reduce traffic congestion on the fourth of July. The advance tickets would also increase the likelihood of people reading notices printed on the tickets.

Other commenters suggested that the mayhem caused by fireworks was not just a safety issue but also damaged the Harbor's reputation with visitors and tourists. The suggestion was made that the Harbor District could work with other local entities, such as the Chamber of Commerce or the County Fairgrounds, to provide an alternative venue for people who wished to celebrate with fireworks. By offering a designated space for "Safe and Sane" fireworks, it might help divert some of the illegal activity away from the Harbor.

The Board debated whether to implement a full ban or to focus on limiting fireworks to certain types. Some felt that a complete ban would be difficult to enforce, given the long-standing tradition of fireworks use in the area, while others believed that strict enforcement at Harbor entrances, along with significant fines, could make the Harbor safer. In general, the Board agreed that more discussion and planning were needed before a final decision could be made. Commissioners were encouraged to submit their ideas in writing, and the public was also invited to contribute suggestions. A draft ordinance would then be created, based on the input received, and brought back for further consideration at a future meeting. Overall, there was a strong consensus that the Harbor District must take concrete steps to address the fireworks issue, with safety being the paramount concern.

3B) Presentation from Community Systems Solutions (CSS) on a Draft CCHD Strategic Development Plan (Update #2).

Mike Bahr, CEO and Grant Writer for Community System Solutions (CSS) provided an update on CCHD's Strategic Development Plan. He explained that this was the second update in an ongoing series, and there would be at least one more update to include Harbor Commissioner feedback. This iteration of the plan identified underused or vacant properties and included development proposals for those areas. Mr. Bahr emphasized that while the plan prioritized commercial fishing, it also incorporated broader harbor-related activities. He discussed that the plan's purpose was to recruit businesses and finance developments through private investment and public funds.

Following consultations with the Harbor CEO and Board members, several additional development proposals, such as a boardwalk with shops, and a conference and banquet facility, were added to the plan. Mr. Bahr explained that not all ideas would come to fruition, and the plan allowed for flexibility in how and where developments could be implemented. The strategic

plan also aimed to strike a balance between the Harbor's industrial needs and its potential as a tourist destination, ensuring that both aspects would coexist and benefit from the proposed developments.

Commissioners raised various points for consideration. Commissioner White suggested broadening the focus from commercial fishing to all commercial harbor-related activities, which would encompass a wider array of economic opportunities such as recreational boating. Commissioner Stone stressed the need for increased harbor revenue, advocating for a mix of commercial assets, including restaurants and hotels, to boost tourism and contribute to the financial sustainability of the harbor. Commissioner Stone also highlighted the importance of identifying the highest and best use for each parcel of land. He emphasized that development should not rest solely on the fishing industry or harbor fees but should also cater to tourism, which could attract more business and sustain the harbor. Additionally, he proposed that the plan include a comprehensive map showing the full extent of the Harbor District, not just the marina area, to provide a clearer understanding of the potential for development along the coastline. The ideas from both Commissioners were acknowledged by Mr. Bahr, and he noted they would be included in the next draft of the plan.

President Adams then opened the floor for public comments. Sandy Moreno suggested that the Harbor's economic model should be like a three-legged stool, relying on commercial fishing, seasonal tourism, and a third revenue source coming from something year-round such as a modern business office complex. This would ensure consistent revenue throughout the year.

Annie Nehmer expressed frustration over what she believed was a lack of transparency regarding the boatyard and RV parks, questioning why they remained underutilized. She opposed the idea of converting the former Fashion Blacksmith boatyard building into retail space, which she noted was not aligned with commercial fishing interests.

Alicia Williams suggested several community improvements, including a car wash for various vehicles, more stoplights, better garbage services, and signage for wildlife protection. She emphasized the need for local businesses and cultural items, discouraging the development of a strip mall type development.

Sandy Moreno expressed concern about the discussion of profit, emphasizing that government entities should operate on a break-even basis. She advocated that government institutions should only charge what it costs to provide services, and nothing extra. CEO/Harbormaster Petrick clarified that while the harbor overall would never generate a profit, specific harbor developments such as retail or office spaces, could earn a profit and thereby provide the necessary revenue to support harbor maintenance and other operations.

In closing, Mr. Bahr assured the public that the plan was open to public feedback and would incorporate further suggestions.

3C) Consider Recommendation of RFP Ad Hoc Committee, and Vote to Approve Development Proposal from CREDE (Commercial Real Estate Development Enterprises).

Secretary Shepherd provided background, explaining that the proposal from CREDE was designed to support the harbor's long-term growth strategy. CREDE's expertise in real estate development was viewed as critical to preventing past mismanagement issues, such as those encountered with previous developers like Alex Lemus. To mitigate financial risk, the committee recommended reducing the initial financial commitment from \$30,000 to \$10,000, allowing the

consulting arrangement to operate on a month-to-month basis. This approach would provide the flexibility to evaluate CREDE's performance before committing additional funds.

Commissioner White emphasized that the current proposal aligned with the Harbor's need to develop a coherent vision for the harbor, avoiding the piecemeal approach that had previously limited strategic growth. CREDE's involvement would not only help formalize a master plan for the harbor but also ensure that developments across different parcels aligned with an overarching theme. By creating a unified vision for the harbor, the District hoped to make the area more attractive to investors and businesses. Commissioner White also noted that the cost of CREDE's services was being paid by grant funding.

Secretary Shepherd expressed the view that the community's economic future was at stake. Crescent City and Del Norte County had been facing ongoing economic struggles, with limited sources of revenue and a reliance on state and federal welfare programs. Secretary Shepherd recognized that, while he had long been resistant to major development, he now saw it as a necessary step to revitalize the harbor and the local economy. CREDE's involvement was framed as an opportunity to integrate harbor development with other revitalization efforts, such as those on Front Street, to create a more cohesive economic strategy for the area.

Commissioner White then mentioned that with the District's current financial constraints, there was a need to prioritize projects that could generate quick revenue over the next two to five years. CREDE was tasked with identifying opportunities for quick wins that could help stabilize the district financially. At the same time, the goal was to keep an eye on larger, more ambitious projects that would contribute to the long-term growth and sustainability of the harbor.

Public comments largely supported the decision to work with CREDE, noting the importance of having outside experts who could attract investors and provide a clear development framework. Many emphasized the need to preserve the Harbor's unique character while pursuing new opportunities for growth. There was also a strong desire to ensure that any future development would support the local community, create jobs, and enhance the area's appeal to both residents and tourists.

Dan Schmidt suggested placing retail businesses near the edge of the marina to attract tourists, using examples like Ventura where visitors could enjoy watching boats and fishermen while dining at nearby seafood restaurants. He emphasized that creating a tourist-friendly atmosphere with accessible food options like clam chowder and fish tacos would boost retail business and generate tax revenue for the area.

Secretary Shepherd **moved** to approve the proposal from CREDE. Commissioner White **seconded** the motion.

POLLED VOTE was called, **MOTION CARRIED**

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

ABSENT: NONE **// ABSTAIN:** NONE

4) Communications and Reports

4A) Revenue Generation Progress Report

CEO/Harbormaster Petrick presented his Revenue Generation Progress Report, particularly addressing concerns from the commercial fishing community. He acknowledged that some fishermen felt the District's efforts were too focused on visitor-facing developments rather than supporting the commercial fishing industry. His report highlighted that while permitting processes for waterfront development take 18 months to two years, the District was committed to initiatives that bolstered the fishing industry, as it remained a key economic driver and a major visitor attraction. Further, his report underscored that commercial fishing was integral to the Harbor's legacy and future development strategy.

4B) Financial Status Update

Director of Finance, David Negus, provided a financial status update and began by explaining that he intended to release financial statements during the second meeting of each month, ensuring clarity and avoiding the confusion that arose from including data from the next month. This new schedule would ensure that financial reports for a given month were finalized and complete before being presented to the Board. He also emphasized the importance of developing policies and procedures to ensure transparency and financial control, such as the credit card policy, travel allowances, and procurement guidelines.

Mr. Negus highlighted the work done on cash flow analysis and projections, emphasizing the need to track regular operations, special conditions, and grant income separately. He explained that with some grant-related expenses the reimbursement might take months, which could impact short-term cash flow. To provide a clearer understanding of these financial flows, detailed breakdowns of ordinary operations, grant income, and other income/expenses were presented, helping the Board to get a better sense of the financial picture.

Mr. Negus addressed the Harbor's financial performance, showing an \$11,000 surplus for the month. However, Commissioner Stone raised concerns about long-term liabilities, such as the USDA loan and the Fashion Blacksmith lease buyback. These were significant obligations that the Harbor had yet to allocate funds toward.

Mr. Negus acknowledged that while operations had improved, it was true that the heavy liabilities, particularly the Fashion Blacksmith lease and USDA loan, weighed down the financial outlook. Despite this, Mr. Negus expressed optimism, stating that the Harbor's operational budget had shown significant improvement in recent years, with increased revenue and controlled expenses. He emphasized that the next two years would be crucial in ensuring revenue generation from available properties and making the right financial decisions to service these debts.

Sandy Moreno requested to see the financial reports from the previous fiscal year without budget projections, so the public could compare actual revenue from last year to this year's actuals. The Board agreed to provide the requested reports.

4C) CEO/Harbormaster Report

Mr. Petrick presented his CEO/Harbormaster report. He began by updating on upcoming activities and events within the Harbor. Two major events were approaching, a Kites for Kids

Festival on August 31st, and a Classic Longboard Surf Competition and Festival on September 28th and 29th. Mr. Petrick then reported on collaboration with Orchid Marketing that had led to increased tourist traffic at the RV parks. Additionally, improvements had been made to the online booking system for the RV parks. The U.S. Army Corps of Engineers had opened the bidding process for dredging the Federal Channel, scheduled to begin in October. Additionally, plans for a pilot dredging project were in progress, with a proposal expected to be presented soon, marking an important step toward sustainable dredging.

4D) Harbor Commissioner & Ad Hoc Committee Reports

Commissioner Stone requested an update on the solar credits associated with the Harbor's solar panels, including details on what happened with Alex Lemus and Pacific Power. He also suggested that a laminated property map would be useful for posting in the meeting room for easy public reference.

Commissioner White reported that the finance committee, including himself, Commissioner Weber, and staff, were still in the process of reviewing policies and procedures, including refining the credit card policy. He then discussed termination of the Tri-Agency, stating they were waiting for attorneys from the Harbor, City, and County to finalize a common termination document for approval.

Commissioner Weber noted that after undergoing thorough drafting, a new policies and procedures document had reached a point of being well-written and comprehensive, providing a solid foundation for the Harbor. He was eager to make it available to the public to review and provide feedback. He emphasized that it would be a living document that could be adjusted based on public input. Additionally, Commissioner Weber highlighted ongoing work on updating the Harbor's bylaws. He and Commissioner White were working diligently to ensure that the bylaws protected the harbor, and once finalized, the document would be reviewed by the executive branch before being presented to the Board for further discussion.

President Adams asked CEO/Harbormaster Petrick for an update on the bathroom project at South Beach, which was currently in the permitting phase. Mr. Petrick explained that while the process was lengthy, the team had found a way to expedite part of it, reducing a 95-day permit review period to a 30-day review, but they were still waiting on the results of a geotechnical seismic study which could complicate requirements for the foundation.

Alicia Williams suggested that the District should capitalize more on events like "Kites for Kids" and the Longboard Surfing Festival to generate revenue. She noted that promotional efforts could be improved. Commissioner White responded to Ms. Williams by highlighting the importance of accurately tracking the costs associated with harbor events, using Brookings as an example of a place that turned down many events because they ended up having a significant net cost. He emphasized that the Harbor should account for all event-related expenses, including the time spent by staff like the CEO and maintenance team, to assess whether an event was financially viable. Commissioner White suggested that even if events didn't generate profit, they could still be justified by the visitors they brought, but it would be crucial to perform a thorough cost analysis for informed decision-making.

President Adams then adjourned the meeting.

ADJOURNMENT TO THE BOARD OF HARBOR COMMISSIONERS NEXT REGULAR MEETING SCHEDULED FOR TUESDAY SEPTEMBER 17, 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