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	November 19, 2024 2:00 p.m.

Board of Harbor Commissioners of the Crescent City Harbor District

MINUTES

Regular Session, Tuesday, November 19, 2024, at 2:00 P.M.

***1) Roll Call. Commissioners Present**: White, Stone, Weber, Shepherd, Adams **Absent**: None*

***2) Consent Calendar**:* no action taken

3A) Consider and Vote to Approve Environmental Site Assessment Proposal for 121 Starfish Way.

The CCHD Board considered approving a proposal from SHN, an engineering and environmental consulting firm, to conduct environmental services for a Phase I Environmental Site Assessment (ESA) and potentially a Phase II ESA (if required) on a portion of Del Norte County Assessor's Parcel 117-020-016-000, located at 121 Starfish Way. The assessments are required as prerequisite to CCHD leasing the premises to a new tenant. SHN outlined its qualifications, relevant experience, proposed approach, costs, and schedule in the proposal. SHN estimated the cost of the Phase I ESA at $7,500 and the Phase II ESA at $20,000. These services were to be funded by means of a grant awarded to CCHD under the Hazard Mitigation Grant Program, requiring no matching funds from the District.

Commissioner White **moved** to approve the proposal, and Commissioner Stone **seconded** the motion.

ACTION TAKEN: APPROVED

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

3B) Discuss Potential Wave Energy Demonstration Project.

The Board discussed a potential Wave Energy Demonstration Project featuring the Resonant Wave Energy Converter 3 (REWEC3), an Oscillating Water Column (OWC) generator designed for integration into traditional or existing breakwaters. The system uses wave energy to drive airflow through turbines, producing electricity. The proposed installation included five REWEC3 chambers within reinforced concrete breakwaters. These chambers would be equipped with sensors to measure water levels and air pressure, allowing analysis of energy absorption, conversion, and production. The project, with an estimated budget of $10M–$13M, would generate up to 625 MWh annually from a total installed power of 500 kW.

The agenda item was for discussion only, and so no Board action was taken.

3C) Discuss Closure of Pacific Seafood Ice Plant and Solutions to Maintain Ice Availability.

The Board discussed the closure of the Pacific Seafood Ice Plant and explored solutions to maintain ice availability for fishermen. Efforts to acquire and operate the plant initially seemed promising, with support from the city, county, and USDA. However, Pacific Seafood's upper management decided to dismantle and relocate essential equipment, derailing these plans. As a contingency, the Harbor District had been working on plans to truck ice from Brookings and store it in freezer units. Estimated costs for freezers and installation ranged from $10,000 to $18,000, with additional grants under consideration to offset expenses.

The discussion highlighted the challenges of achieving a long-term solution due to economic and regulatory issues, such as EPA violations tied to ammonia refrigerants and declining demand for ice due to reduced local processing of seafood. Suggestions included exploring a smaller, portable ice-making system to meet current needs and conducting cost analyses to determine feasibility.

The Board acknowledged the broader implications of ice availability on harbor operations and the fishing industry, emphasizing the need for strategic planning to support local fishermen while minimizing financial losses for the Harbor District. Efforts to collaborate with Pacific Seafood and other stakeholders were ongoing, and further community input and innovative approaches were being explored.

The agenda item was for discussion only, and so no Board action was taken.

3D) Discuss Strategies for Achieving Cost Savings in Harbor Administration.

The Board discussed strategies for achieving cost savings in Harbor administration, focusing on restructuring, streamlining operations, and reducing expenses, resulting in an estimated annual savings of $587,200.

Key initiatives included consolidating three executive positions—CEO/Harbormaster, Assistant Harbormaster, and Comptroller—into two roles, CEO/Harbormaster and Director of Operations, reducing payroll costs by $191,000 annually. Additionally, functions such as grant management and accounting services, previously outsourced, had been brought in-house under the Operations department, projected to save $159,200 for the year. Legal fees had also been drastically reduced, with monthly costs decreasing from $16,500 to approximately $2,000, amounting to $174,000 in projected annual savings.

Further operational efficiencies had been achieved through vendor changes and contract adjustments, cutting costs in areas like alarm monitoring, training and travel, and maintenance and repairs, which collectively had the potential to save an additional $63,000 over the year. The discussion highlighted staff dedication and collaboration in navigating these challenges, with a shared commitment to balancing cost efficiency and operational effectiveness.

4A) Approve Revised Utility Audit Proposal from Advanced Recovery Services, Inc.

The Board reviewed and approved a revised utility audit proposal from Advanced Recovery Services (ARS), Inc., aimed at identifying and recovering potential overcharges in utility billing with Pacific Power. Following negotiations, the contingency fee for the audit had been reduced from 50% to 40%, meaning the Harbor would retain 60% of any savings identified. The Harbor would only pay this contingency fee percentage for billing discrepancies for the past 24 months along with future savings for the next 24 months, with the Harbor keeping 100% of all identified savings outside of this period (both retrospectively and prospectively).

ARS was experienced with the Harbor's unique situation as a California entity served by an Oregon utility, and was prepared to address past billing issues and errors tied to rate misclassification. The Board viewing the proposed contract as a cost-effective opportunity to recover funds without upfront expenses.

Commissioner White **moved** to approve the proposal, and Commissioner Stone **seconded** the motion.

ACTION TAKEN: APPROVED

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

4B) Discuss and Vote to Approve Revised Finance and Administration Policies and Procedures.

The Board discussed revised Finance and Administration Policies and Procedures. While acknowledging that the document was not perfect, Board members emphasized the importance of having formal policies in place to enhance accountability and demonstrate responsiveness to recommendations from the Grand Jury. The revisions reflected current practices within the Harbor and provided a foundation for future improvements, with the expectation that the incoming new Board would refine the document as needed.

Commissioner White **moved** to approve the policies and procedures, and Commissioner Shepherd **seconded** the motion.

ACTION TAKEN: APPROVED

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

4C) Review and Approve Revised Bylaws.

The Board reviewed revised bylaws after extensive discussions and multiple revisions had occurred over several months. The updates aimed to address past administrative issues, such as expenditure approvals and transparency, by implementing clear guidelines. Notable improvements included lowering expenditure limits for the Harbormaster. Additionally, Board approval would be required for all non-recurring expenses over $2,000, and recurring expenses over $10,000.

Board members emphasized that the bylaws would provide a solid foundation for governance while giving future Boards the flexibility to make further adjustments if necessary. The revisions were widely shared with the public for feedback, with minimal changes since the initial drafts, ensuring ample opportunity for input.

Commissioner White **moved** to approve the bylaws on the condition that subsection 3.12 be stricken, and Commissioner Shepherd **seconded** the motion.

ACTION TAKEN: APPROVED

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

5A) Update on South Beach Restroom Project.

The Board received an update on the South Beach Restroom Project, highlighting significant progress. After extensive delays due to permitting issues, the project recently secured its Coastal Development Permit waiver. The final steps involve hiring a general contractor to lay the foundation and manage utility connections. With these tasks completed, the restroom is expected to be operational by spring.

5B) Grants Update

The grants update highlighted significant progress and new opportunities for the Harbor. The primary achievement was securing an $8 million grant from the United States Maritime Administration, which required extensive application work and documentation. The Coastal Conservancy has also supported the South Beach Restroom Project, which recently received a Coastal Development Permit waiver, moving closer to completion. Additionally, the Harbor was pursuing a $20 million EPA Community Change Grant to rehabilitate the boatyard, purchase two new travel lifts, and acquire other equipment.

5C) Financial Update

Revenues are consistently exceeding budget projections, while aggressive accounts receivable recovery efforts by staff have contributed to improved financial stability. Savings are primarily concentrated on the expense side. Efforts to streamline accounting processes were also highlighted, including improving the QuickBooks setup to facilitate grant activity tracking.

The Harbor was preparing for its fiscal year 2024 audit with a focus on accurate coding and documentation, building on lessons from previous audits. The report noted that cash reconciliations remained accurate, but improvements were needed in account coding and grant reporting.

Administrative improvements included cleaning and repurposing office space, onboarding new Commissioners with updated signatory powers, and optimizing IT support. The Harbor also introduced new promotional items in the gift shop as part of its community engagement efforts.

5D) CEO/Harbormaster Report

The report highlighted ongoing efforts to attract developers for the RV parks and to recruit potential seafood processors to enhance the Harbor's economic activity. Steve Opp, representing Commercial Real Estate Development Enterprises (CREDE), was actively involved in evaluating and vetting prospective developers to ensure alignment with the Harbor's strategic goals.

5E) Harbor Commissioner & Committee Reports

Commissioner Stone offered guidance to the incoming Commissioners, particularly emphasizing strategies to avoid potential conflicts of interest. He underscored the significant challenges they would face, with a special focus on improving the Harbor's financial stability.

Commissioner White reflected on his 14 years of service as a Harbor Commissioner, highlighting his long-standing engagement with offshore wind energy development. He noted the consensus among experts that wind power is crucial for ocean health, as it mitigates the adverse effects of climate change on marine ecosystems. Citing endorsements from renowned oceanographic explorers such as Jean-Michel Cousteau, he emphasized the importance of sustainable energy solutions. Commissioner White concluded by wishing the new Commissioners success and commending Harbor staff for their dedication and hard work.

Commissioner Shepherd reflected on his enduring relationships with outgoing Commissioners and celebrated key achievements, such as the passage of Measure "C," which provided essential funding to restore the Harbor after the devastation of the 2011 tsunami.

Commissioner Weber expressed his appreciation for the outgoing Commissioners and warmly welcomed the new ones. He highlighted the Harbor's recent successes in securing infrastructure grants, which he regarded as vital milestones for its development. He also highlighted the collegiality among Commissioners, noting how personal differences were consistently set aside to prioritize and advance the Harbor's objectives.

President Adams reflected on the often slow pace of government processes and shared his intention to remain actively involved in Harbor issues as a private citizen. He expressed optimism about contributing even more effectively without the constraints of government office and concluded by thanking everyone for their contributions during his tenure.

ADJOURNMENT TO THE BOARD OF HARBOR COMMISSIONERS NEXT REGULAR MEETING SCHEDULED FOR TUESDAY DECEMBER 3, 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