

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	March 19, 2024 2:00 p.m.



Board of Harbor Commissioners of the Crescent City Harbor District

MINUTES

Regular Session, Tuesday, March 19, 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>	WES WHITE
	<i>Commissioner</i>	BRIAN STONE
	<i>Commissioner</i>	GERHARD WEBER

ABSENT: *NONE*

PLEDGE OF ALLEGIANCE:

PUBLIC COMMENT:

President Adams read a prepared statement outlining the terms of a settlement agreement with the Fashion Blacksmith company. The agreement called for the early termination of the lease between the Harbor and Fashion Blacksmith as part of a \$2.6 million buyout arrangement. The Harbor announced plans to modernize the facility formerly used by Fashion Blacksmith to allow for enhanced services in the future.

Annie Nehmer raised objections to a ruling by President Adams in a previous meeting, in which a portion of Leonard Franklin's public comment was deemed out of order. Although Mr. Franklin was ultimately permitted to continue his public comment after the ruling by President Adams, Ms. Nehmer made the argument that the interruption was unjustified.

2) Consent Calendar:

a) Approve Minutes of the March 6, 2024 Regular Meeting.

b) Approve Letter of Support for the Partnership for the Performing Arts to Develop a Performing Arts Center in Del Norte County.

Commissioner Stone asked for an addition to the minutes on page 9, which reported on the decision of the Board to accept a settlement agreement with Fashion Blacksmith. Although the decision was recorded correctly, the minutes neglected to include the polled vote. Commissioner Stone then read the complete vote into the record, noting that Commissioners Shepherd, Weber, White, and Adams had voted in favor, and Commissioner Stone had abstained.

Commissioner Stone then **moved** to approve the consent calendar, including his addition to the minutes. Commissioner Shepherd **seconded** the motion.

POLLED VOTE was called, **MOTION CARRIED:**

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

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

3) New Business

3A) Review Proposed CCHD Hazard Mitigation Plan and Open a Public Hearing to Consider Feedback from Stakeholders.

Aislene Delane, Grant Writer and Manager for Community System Solutions (CSS), provided background. Ms. Delane explained that the mitigation plan was a requirement for certain federal grants, and the plan needed to be updated every five years. Mike Bahr, CEO and Grant Writer for Community System Solutions then joined the discussion. Mr. Bahr explained that a public comment period would be open for a minimum of 30 days to receive feedback on the plan.

A wide range of topics were discussed, including risks from sea level rise, storms, tsunamis, earthquakes, and many others. Commissioner Stone mentioned that the risk from a Cascadia subduction earthquake might be the most significant risk to consider. Several members of the public complimented CSS for recognizing that the original plan was approaching its expiration date and then working quickly to update it.

Commissioner White **moved** to formally open a public hearing on the matter of the Hazard Mitigation Plan. Commissioner Stone **seconded** the motion.

POLLED VOTE was called, **MOTION CARRIED:**

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

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

The public hearing then opened with comments from Sandy Moreno. She explained that she had worked on a hazard mitigation plan for the Big Rock Community Services District and also the Klamath Community Services District. After reviewing the draft plan for the Harbor

District, she recommended that a DR number be listed for the winter storm disaster that occurred in January. Kevin Hendrick complimented CSS for updating the plan and he noted that CSS was not billing the Harbor District for work on the plan.

4) Unfinished Business

4A) Review Proposals and Vote for Preferred Choice for South Beach Bathroom.

Aislene Delane provided background and explained that the Harbor was awarded \$450,000 in grant funding from the California Coastal Conservancy for the design and construction of a bathroom facility at the intersection of Anchor and Starfish Ways. Two bids were received, one for \$365,419 submitted by the Public Restroom Company (PRC), and a second for \$101,860 submitted by Integrated Modular Solutions (IMS). The more expensive bid provided for more durable construction materials, such as cinder block construction, while the cheaper bid proposed to use a metal storage container as the primary frame for the bathroom facility. The cheaper bid also had some essential components that were not included in the final price, such as a concrete slab, which would be the responsibility of the Harbor. The true cost of the cheaper bid would likely rise to \$180,000 or so after considering the additional required costs.

Commissioner Stone inquired regarding grant match requirements. CEO/Harbormaster Petrick explained that the match requirement of \$110,000 could be satisfied by in-kind contributions, which could include work such as trenching performed by Harbor staff. Mr. Petrick then compared the two bids in detail. After considering important factors such as the location, which would be highly exposed to the marine environment and winter storms, Mr. Petrick recommended the PRC option.

President Adams then opened the floor to public comment. Sandy Moreno spoke about how taxpayers appreciated frugality. On that basis, she encouraged the Board to choose the cheaper IMS option. Commissioner Weber expressed support for Ms. Moreno's position as a general principle of good stewardship of public funds. However, he explained that in this particular case, an outside grantor had already allocated the money, and so he preferred to choose the product that offered superior quality.

Commissioner White **moved** to select the PRC option. Commissioner Stone **seconded** the motion.

POLLED VOTE was called, **MOTION CARRIED:**

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

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

4B) Review Proposals and Vote for Preferred Choice for Lease at 128 Anchor Way.

CEO/Harbormaster Petrick reviewed a lease proposal from South Beach Surf & Supply to lease the premises at 128 Anchor Way. Mr. Petrick recounted highlights that were presented at a previous Board meeting, including plans to rent surf boards and related equipment, sell take-and-go food options, and conduct instructional classes. Mr. Petrick explained that in response to Commissioner concerns expressed at that previous meeting, the proposed lease with South Beach Surf & Supply had been modified. One change was to explicitly limit the Harbor's

contribution to ADA compliance modifications to no more than \$2,000.00. An additional change was to add a disclaimer to avoid liability for damage to tenant's property that might result from extreme weather or other natural disasters.

CEO/Harbormaster Petrick then reviewed a competing proposal for the same location that had been received from Robert Derego. The financial terms of Mr. Derego's proposal were attractive, because Mr. Derego was offering to contribute up to \$5,000 towards ADA compliance modifications to the building. Additionally, Mr. Derego offered to pay a year's worth of rent in advance, \$9,900 upon signing. Nonetheless, the CCHD staff recommendation was to choose South Beach Surf & Supply because their proposal was the most compelling overall, taking into consideration factors such as the business experience of the owners and their business plan. CEO/Harbormaster Petrick noted that Harbor staff was still interested in finding a mutually beneficial business arrangement with Mr. Derego, but at a different location than the one chosen by South Beach Surf & Supply (128 Anchor Way). These sentiments were echoed by Commissioners Weber and Shepherd. Commissioner Stone expressed concerns about the cost of improvements that had been made to the building at 128 Anchor Way to prepare it for leasing. Approximately \$10,000 had been spent to repair the building's roof.

President Adams opened the floor to public comment, and Sandy Moreno encouraged the Board to add a clause that would require the business to remain open continuously, with no more than 30 days of closure for any given block of time. Ms. Moreno also advocated for a profit-sharing arrangement. CEO/Harbormaster Petrick responded that a profit-sharing arrangement was included in the proposal from South Beach Surf & Supply, applicable to revenue over \$100,000 in a given year, specifying that 6% of gross receipts would be payable to the Harbor. With regard to a lease clause requiring the business to remain open continuously throughout the year, Mr. Petrick explained that the Harbor did have a standard clause included in other leases that could be added to this one. It allowed for a couple days off each week, and then certain extended seasonal closures at the discretion of the business owner.

Commissioner White **moved** to approve the lease proposal from South Beach Surf & Supply, provided that an additional clause be added to the lease that requires the business to remain open continuously. The clause was to be consistent with the Harbor's standard arrangement with other tenants in the Harbor, as described by CEO/Harbormaster Petrick moments earlier. Secretary Shepherd **seconded** the motion.

POLLED VOTE was called, **MOTION CARRIED:**

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

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

5. Communications and Reports

5A) Update on Seawall and Citizens' Dock Project from Moffett & Nichol.

Aislene Delane, Grant Writer and Manager for Community System Solutions (CSS), provided background on the Port Infrastructure Development Program (PIDP) grant and the Coastal Conservancy planning grant that were funding the Seawall and Citizens' Dock project.

Rob Sloop, Coastal Engineer with the firm Moffett & Nichol, then presented several design alternatives for the Board and public to consider. Mr. Sloop also described how his firm was collecting feedback from the community, and had already met with various stakeholder groups, such as local commercial fishermen. The design alternatives varied in their footprint size and shape, but one design in particular that featured a twin pier was popular with Commissioners and the public. Mr. Sloop then explained how construction would occur in such a manner as to minimize disruption to commercial fishermen and recreational boaters. Mr. Sloop closed his presentation by encouraging interested persons to attend an evening public forum that would allow for additional feedback, including taking a vote to score the various designs based on selection criteria such as cost, risk, schedule, and functionality.

Commissioner Stone advocated for designing the new dock to accommodate potential offshore wind power operations and maintenance. Mr. Sloop replied that the dock was being designed to handle high intensity loads for many different potential industries, including container shipping and wind power. Additionally, the dock was being designed to withstand 50-year tsunamis.

5B) Grants Update

Mike Bahr, CEO and Grant Writer for Community System Solutions, reviewed the status of grant applications being prepared, and research being conducted for future grant applications. The discussion focused on an upcoming grant opportunity under the Port Infrastructure Development Program administered by the U.S. Maritime Administration. The grant opportunity had the potential for \$10 million to fund a second phase of the Harbor's Seawall and Citizens Dock project, which would include construction.

Josh Mims spoke about his work on a local "Blue Economy" panel advocating for a new "food hub" to serve Del Norte County, Humboldt County, Lake County, and Mendocino Counties. The goal was to create a circular food economy in which every calorie consumed locally would be produced locally in all four counties. As one example, the food hub would avoid having fish exported out of the area for processing and then sent back frozen. Instead, the food hub would focus on local processing and local sales of fresh food under programs such as "Port to Plate" and "Farm to Fork."

5C) Comptroller's Report

Comptroller Zickgraf reviewed the current financial statements of the Harbor, noting an operating balance of approximately \$303,000. Mr. Zickgraf mentioned that he was working to ensure liquidity would be available to make a large upcoming payment to Fashion Blacksmith. He was focusing his efforts on a short-term line of credit with a local bank and additional financing options arranged through a financial consultant, Suzanne Carroll.

Commissioner Stone expressed concerns about the total amount of debt being carried by the Harbor, now approaching \$10 million. The debt was primarily due to a loan that was taken out to rebuild the inner boat basin after a tsunami damaged it in 2011. New debt from a recent settlement with the Fashion Blacksmith company was also substantial. Commissioner Stone described his communications with State Senator Mike McGuire's office on potential options to improve the Harbor's fiscal solvency.

President Adams then opened the floor to public comment. Sandy Moreno encouraged the Harbor to investigate loans available through the Rural Community Assistance Corporation (RCAC).

5C) CEO/Harbormaster Report

CEO/Harbormaster Petrick reviewed his report to the Board, as contained in the Board's briefing packet. Discussion focused on an upcoming Tsunami Resiliency Festival that would include public talks on local history and walking tours. The festival would also include poetry, musical entertainment, and a concluding gathering at the new Port O'Pints Brewery location in the Harbor. The following weekend had an Easter Hunt scheduled, which had been extremely popular in previous years. The number of easter eggs was being expanded to 15,000 to accommodate the expected high turnout.

5D) Harbor Commissioner & Ad Hoc Committee Reports.

Commissioner Stone discussed his participation with the Klamath River Renewal Corporation (KRRC), and particularly his investigations into adverse impacts from the dam removals. Commissioner Stone also discussed his outreach to Senator Mike McGuire's office to discuss issues with dredge permitting, salmon fishery closures, and a disappointing crab season. Commissioner White reported that the Tri-Agency had suspended meetings until its bylaws could be reconsidered by Del Norte County, along with reconsideration of funding from the County. Commissioner White also discussed his activities on the Finance Committee, examining new debt service options, such as potentially extending the Harbor's USDA loan to a 40-year term, and many other options. Commissioner Weber discussed progress made redesigning and updating the Harbor's website, and also his participation on the Finance Committee. Attention was being focused on the Harbor's RV parks to generate additional revenue. President Adams then discussed his efforts to meet with RV park tenants and address their concerns. President Adams was also working diligently to prepare for the upcoming Easter Egg Hunt by soliciting donations from supporters such as Walmart, Alexandre Family Farm, Port O'Pints, Del Norte Office Supply, Fishermans Restaurant, and Schmidt's House of Jambalaya [a complete list of supporters is available here: <https://www.ccharbor.com/2024-03-31-easter-celebration>]. President Adams also discussed his work on addressing the groundfish closure, working with NOAA on hook and line studies, and meeting with Senator McGuire's office to advocate for Harbor interests.

6. Adjourn to Closed Session

CONFERENCE WITH LEGAL COUNSEL – ONGOING LITIGATION

(Government Code section 54956.9(d)(1))

Crescent City Harbor District v. Dutra et al.

Sacramento Superior Court Case No.: 34-2017-00215044-CU-BC-GDS

7. Report Out from Closed Session

Commissioner White **moved** to approve a settlement with Wayne Maples Plumbing and Heating, under which the company would pay the Harbor District \$805,000.00 to settle claims made by the District. Secretary Shepherd **seconded** the motion.

POLLED VOTE was called, **MOTION CARRIED:**

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

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

8) ADJOURNMENT TO THE BOARD OF HARBOR COMMISSIONERS NEXT REGULAR MEETING SCHEDULED FOR TUESDAY APRIL 2, 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