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	May 7, 2024 2:00 p.m.

Board of Harbor Commissioners of the Crescent City Harbor District

MINUTES

Regular Session, Tuesday, May 7, 2024, at 2:00 P.M.

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

ROLL CALL:

PRESENT:	*President*	HARRY ADAMS
	Secretary	RICK SHEPHERD
	Commissioner	WES WHITE
	Commissioner	GERHARD WEBER
	Commissioner	BRIAN STONE
ABSENT:	None	

1) Public Comment

Ken Smith, a sport fisherman, addressed the Board expressing his disappointment over the Bayside RV Park no longer offering a monthly rate. He explained that he had been visiting the harbor for many years and enjoyed staying at Bayside RV Park for extended periods while fishing. However, he found the current weekly rate to be cost prohibitive. The Board responded by stating that they would consider additional rate options with seasonal sport fishermen in mind and potentially make adjustments.

Linda Sutter commented on recent legal action taken by the harbor against Leonard Franklin, which she believed amounted to an illegal SLAPP lawsuit (Strategic Lawsuit Against Public Participation). She asserted that the true intent of the lawsuit was to discourage Mr. Franklin from exercising his First Amendment rights.

Leonard Franklin then addressed the Board via a recorded statement, criticizing the harbor's financial condition and spending decisions. Andrea Spahn addressed the Board, requesting that the harbor consider pressure washing the boat launch ramp and removing some rocks that make launching difficult.

2) Consent Calendar:

Approve Meeting Minutes of the April 2, 2024 Regular Meeting.

Commissioner Stone **moved** to approve the consent calendar. Commissioner Weber **seconded** the motion.

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

3) New Business

3A) Approve Resolution Calling for an Election, Requesting County Elections to Conduct the Election, and Requesting Consolidation of the Election.

Commissioner White **moved** to approve the resolution. Commissioner Stone **seconded** the motion.

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

3B) Approve Resolution for Port Infrastructure Grant Funding Match.

Mike Bahr, CEO and Grant Writer for Community System Solutions, provided background information, explaining that the harbor was applying for a new Port Infrastructure Development Program (PIDP) grant. As part of the application process, a resolution from the Board was required to commit to funding the grant match requirement. The PIDP grant being considered could provide a maximum award of $9 million, potentially requiring approximately $2 million in matching funds. This requirement could potentially be reduced to about $1 million by the grantor (the United States Maritime Administration).

Mr. Bahr clarified that the matching funds could be sourced from a separate California State grant. If successful, this would mean the harbor district might not need to provide any of its own funds or, at most, only a small amount. Even this small amount could be covered by staff time spent administering the grant (an “in-kind” contribution).

Secretary Shepherd advocated for the resolution, emphasizing the critical importance of the seawall and docks to the harbor's functionality. He warned that their failure would render the harbor inoperable. Commissioner Stone expressed grave concerns about the harbor's ability to secure the required matching funds. In response, Commissioner Weber asserted that the infrastructure project was so essential that it was virtually mandatory. He noted that if the harbor couldn't provide the matching funds, the only consequence would be the loss of the grant, with no other adverse effects. Commissioner White **moved** to approve the resolution, with the stipulation that any reference to the use of Measure C funds be removed, as those funds were restricted.

President Adams then opened the floor to public comment. Linda Sutter echoed Commissioner Stone's concerns about the harbor's precarious financial condition. Sandy Moreno expressed support for the resolution but raised concerns about the blanket authority granted to staff in the legal verbiage of the resolution. Another member of the public, who did not identify herself, also supported the resolution and encouraged the harbor to continue diligently pursuing grant funding.

Commissioner Shepherd **seconded** the motion made earlier by Commissioner White.

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

3C) Approve Letter to PFMC, CDFW, and Other Relevant Parties, Addressing Disparities in Fishing Regulations Affecting Crescent City Harbor.

Secretary Shepherd, the principal author of the letter, provided background information, explaining that the disparity between fishing regulations in Brookings, Oregon, and Crescent City was unjust. President Adams read the complete text of the letter to the public and then opened the floor to public comment.

Andrea Spahn, a local recreational fisher, spoke in favor of the letter but suggested some improvements. Secretary Shepherd agreed and mentioned that he had additional content he wanted to include in the letter. Commissioner Stone recommended tabling the agenda item to allow more time for adjustments and for the Commissioners to fully consider the text before approving it. President Adams then tabled the agenda item.

3D) Select Preferred Contractor for RFP# 2024.03: Crescent City Harbor District Landscape Maintenance Services.

CEO/Harbormaster Tim Petrick provided background information and explained that, although the harbor's current landscaping contractor, R.A. Kirkland Inc., was doing a great job, it was prudent to periodically open the contract to competitive bidding to ensure the harbor obtained the best value for the public.

The Board then evaluated two proposals submitted in response to an advertised RFP. One from R.A. Kirkland proposed to continue providing landscape services at a fixed annual cost of \$70,000 for the majority of the harbor (as specified in the RFP), with additional charges of \$9,600 for the Bayside RV Park, and the same \$9,600 additional charge for Redwood Harbor Village, bringing the total proposed price to \$89,200. A competing proposal was submitted by Cutting Edge Lawn Care with a total bid price of \$112,600. Several Commissioners expressed concerns about the cost of the proposed services and questioned whether maintaining such a high standard of landscaping, as outlined in the RFP, was appropriate given the harbor's current financial condition.

Steve Sills and Eddie Contreras, representing Cutting Edge Lawn Care, discussed the costs involved in performing landscaping services, and suggested that the scope of work in the RFP could be adjusted to achieve cost savings. They pledged to match or beat Kirkland's proposed price if the Board made some adjustments to the scope of work.

Commissioner White expressed interest in analyzing the cost of using the harbor district's own maintenance staff to perform equivalent or scaled-back landscaping.

President Adams then opened the floor to public comment. Sandy Moreno, who managed two water districts, recalled the water districts performing their own landscaping at a considerably lower cost, even for a larger area. She suggested that if the harbor district needed to cut expenses, landscaping might be an area where costs could be reduced or eliminated without drastically impacting operations. Cindy Vosberg, Executive Director of the Chamber of Commerce, spoke in favor of maintaining a high standard of landscaping service. She relayed positive feedback from visitors who appreciated the improvements since Kirkland took over the contract. Linda Sutter advocated for reducing or eliminating landscaping expenses.

After considerable discussion, it was evident that the Board wanted further information before making a decision, including an analysis of the cost of in-house landscaping. Accordingly, President Adams tabled the agenda item.

3E) Year in Review Marketing Presentation from "Visit Del Norte County."

Cindy Vosburg, representing the Crescent City-Del Norte Chamber of Commerce and Visitor Bureau, along with Lynnette Braillard from LuLish Design, presented the annual marketing report for the "Visit Del Norte County" marketing campaign. The presentation addressed the challenges faced by the region over the past year, including fires, road closures, power outages, and fishing closures. Despite these significant obstacles, the region demonstrated resilience, continuing to attract visitors and sustain its tourism industry. In particular, the marketing efforts spearheaded by Visit Del Norte County yielded positive results, showcasing the region's ability to weather these challenges.

Lynnette Braillard provided an in-depth look at the marketing strategies and their impact. She discussed successful digital campaigns, partnerships with Visit California, and participation in the IPW tourism conference. One notable campaign included a dedicated email newsletter that recorded a 61% "open rate" and a 6% "click-through rate." Additionally, earned media efforts resulted in over 160 articles, significantly boosting the region's visibility.

The marketing campaigns for Del Norte County garnered over 35 million digital impressions, reflecting the effectiveness of their strategies. Social media efforts achieved nearly 5 million digital impressions, while organic traffic to the county's website increased by 37%, leading to over 115,000 website visits.

The presentation also highlighted the discrepancy in marketing budgets when comparing Del Norte with neighboring counties. Del Norte County was operating with a marketing budget of $182,000, significantly lower than other regions such as Lake County with $479,000 and Curry County with $668,000. Humboldt County, Shasta Cascade, and Mendocino County had even larger budgets, ranging from $718,000 to $1.7 million. Ms. Vosburg suggested there was a need for increased funding to compete effectively with neighboring areas. Annie Nehmer commented that the Curry County marketing budget was funded entirely by a transient lodging tax (TLT).

Despite the budget constraints, Del Norte County saw positive economic impacts. Crescent City's room tax report showed a 12% increase for the second quarter. Looking ahead, Visit Del Norte County planned to continue focusing on maximizing the return on investment for their marketing expenditures. Future initiatives planned to leverage digital and print media, social media, email marketing, and trade shows to enhance outreach. Additionally, the introduction of a self-guided art mural and trail map for the county was expected to attract more visitors and highlight the region's unique offerings.

Commissioners and members of the public expressed appreciation for the detailed report and the ongoing efforts to promote Del Norte County, recognizing the significant achievements made under challenging circumstances.

4) Communications and Reports

4A) Grants Update

Mike Bahr, CEO and Grant Writer for Community System Solutions (CSS), provided an update on the grants currently being pursued and managed for the harbor district. He began by discussing the 2022 PIDP grant, informally referred to as the “seawall grant.” Bahr noted that spending on this grant had not yet commenced due to the need to utilize matching funds from the Coastal Conservancy grant first, and the need to complete the National Environmental Policy Act (NEPA) requirements. Mr. Bahr highlighted that bathymetric studies were underway, and geotechnical studies would soon follow, both of which were critical for determining the ideal location and dimensions of the seawall. Mr. Bahr elaborated on the benefits that had been achieved as new matching grants had been awarded that reduced the harbor’s financial obligations to match the PIDP grant. Accordingly, the budget for the PIDP grant had been amended three times to reduce the harbor district's financial commitment.

Moving on to discuss a grant for a new bathroom, Mr. Bahr mentioned that there was a need for a general contractor to manage the permitting process. This would help to expedite completion of the project. Mr. Bahr’s presentation then moved to securing investment for property development in the harbor, with a formal RFP now available on the CCHD website to solicit proposals. The RFP included provisions for master planning focused on maximizing revenue generation. Mr. Bahr reported on significant interest from potential developers and encouraged Commissioners to share the RFP with interested parties.

Mr. Bahr then provided updates on several other grant programs. He mentioned the Climate Adaption Transportation Planning grant, which was currently open for public comments and surveys. The California Coastal Conservancy grant for fish cleaning facilities was still in the permitting phase with Del Norte County.

Mr. Bahr next focused on discussions with FEMA regarding storm damage disaster funding, noting that FEMA had requested multiple revisions of engineering estimates, leading to significant delays. Mr. Bahr distinguished between two FEMA ongoing projects: one for rebuilding as-is, and another for a "build back better" approach incorporating hazard mitigation. Mr. Bahr explained that the higher cost associated with the build back better project aimed to enhance infrastructure resilience to future environmental challenges. Neither project had yet been approved by FEMA in final form.

Mr. Bahr then addressed questions from Commissioners about an infrastructure grant for boat ramps and confirmed that the grant's scope was limited to replacing docks and boat ramps, excluding broader infrastructure improvements such as travel lifts for hauling boats. He concluded by outlining future grant opportunities, including the Community Energy Reliability and Resilience Investment Program for microgrids, the anticipated offshore wind infrastructure improvement grants, and the EDA Public Works Program, which was tied to job creation and typically involved partnerships with private businesses.

4B) Revenue Generation Progress Report

CEO/Harbormaster Tim Petrick provided an update on revenue generation progress for the harbor. Mr. Petrick emphasized that the recently released Request for Proposals (RFP) was the central focus, inviting developers to propose business ventures for available harbor properties. Mr. Petrick explained that the RFP had been widely distributed to developers in various major cities, including Los Angeles, San Francisco, Sacramento, and New York City. Commissioner Stone wanted assurances that staff was not considering selling any harbor property, only leasing. Mr. Petrick confirmed that there were no plans to sell any land.

Mr. Petrick then referred to his recent presentation at the 2024 Del Norte Economic Summit, where he communicated that the Harbor District was open for business and willing to consider a wide range of business proposals.

Mr. Petrick then reported on recent discussions with various developers about significant projects. A notable development discussion involved the company behind the new Chipotle in town (LRE Development). The company had substantial investments across California, and the harbor was encouraging it to expand its Del Norte footprint with a new harbor venture.

Additionally, Mr. Petrick mentioned negotiations for multiple smaller leases on available buildings, noting significant potential in one project led by Josh Mims. The project was focused on providing fresh local fish to school districts, with an initial sale of bottom fish to the Del Norte Unified School District (DNUSD), and plans to expand to many more schools over the summer. Mr. Mims aimed to supply 90,000 pounds of bottom fish and tuna, with discussions ongoing for grants to support cold storage facilities and improve fillet stations. Mr. Petrick emphasized that this initiative would yield significant economic benefits for the harbor district.

Commissioner Weber highlighted the potential of the Crescent City Harbor as a ground-floor opportunity for investors, comparing it to early-stage investments in emerging markets that later delivered remarkable financial gains. He referenced the example of Bitcoin, which reached a pivotal moment of widespread investor interest, resulting in substantial wealth for early adopters. Commissioner Weber's message focused on promoting the harbor as a vast, untapped resource – a blank slate with significant potential for innovative and lucrative ventures.

The board collectively stressed the need for aggressive marketing to attract visionary investors willing to capitalize on this opportunity. Commissioner Stone added that private investors could benefit from the New Markets Tax Credit (NMTC) program, a federal initiative designed to stimulate economic growth and investment in low-income communities. It provides tax incentives to investors who make equity investments in Community Development Entities (CDEs), which in turn use the capital to finance projects and businesses that create jobs and services in underserved areas.

President Adams then opened the floor to public comments. Sandy Moreno requested a commitment from the board to provide a 60-day notice before making decisions on significant proposals, ensuring ample time for public input and discussion. Ms. Moreno also expressed her disagreement with the board allowing staff to post an RFP without formal board approval. [*Clerk's Note: the RFP was derived from documents previously approved by the Board, including a Harbor Strategic Plan that was approved by the board in 2018, and a Harbor Coastal Land Use*

Plan that was approved in 2020]. Ms. Moreno made an additional point centered on the propriety of awarding the lease for the South Beach Surf Shack to the second-place proposer, Robert Derego, after the winning proposer, Scopa Holdings, withdrew its proposal. Ms. Moreno preferred that this wasn't an automatic process.

4C) Comptroller Report

The Comptroller's report began with an update on the financial status of the harbor district. On May 4th, the checking account balance stood at $1.529 million, reflecting recent legal settlements from the Dutra lawsuit, augmented by property taxes. This influx brought the district back to a state of good liquidity. Accounts receivable (AR) were also performing well, with confident AR boosting the working balance to $1.597 million, and accounts payable (AP) caught up, with an outstanding balance of $16,628.82, mostly due to grant-related purchases.

Commissioner White asked whether there were any additional large deposits anticipated, and Mr. Zickgraf confirmed the pending receipt of $103,000 from the Bayside RV Park legal settlement with REC, along with $50,000 in additional tax proceeds expected by July. Another $155,000 from the Wayne Maples legal settlement was due within the next 60 days.

President Adams then opened public comment. Annie Nehmer asked how the approximately $1.4 million in legal settlements was going to be used to improve defective docks, which was the purpose of the settlement money. CEO/Harbormaster Petrick clarified that preliminary talks with engineers were investigating cost-effective solutions for the water supply system issues. The engineering firm Moffatt and Nichol was consulted, proposing repairs that could be handled by the district's maintenance staff, potentially reducing costs significantly.

Commissioner Weber voiced concerns about his access to financial information seemingly being restricted, leading to a discussion about whether the Comptroller was truly adhering to CCHD bylaws and transparency requirements. It was emphasized that all board members should have access to necessary information and be included in relevant discussions to ensure accountability and effective decision-making.

Commissioner Stone voiced concerns about how the harbor's bank balances had reached dangerously low levels recently, prior to receiving the substantial legal settlement payments. This raised questions about whether the existing budget was sustainable. Comptroller Zickgraf acknowledged budgetary challenges, but expressed confidence that harbor staff had the capacity to rise to the challenge. Mr. Zickgraf's report concluded with a commitment to bring a comprehensive budget to the board by early June, aiming for approval before the new fiscal year.

4D) Harbor Commissioner & Ad Hoc Committee Reports.

Commissioner White shared his experience at the Del Norte Economic Development Summit, where both he and CEO/Harbormaster Petrick presented. Commissioner White's presentation focused on providing factual data about wind power development, without advocating for or against the issue. He highlighted the distinction between offshore wind power development, and related ancillary port development. His point was that even if wind power was never developed directly off the coast of Del Norte County, benefits could still accrue to the Crescent City Harbor by virtue of being centrally located between the Brookings and Humboldt wind development lease areas. This strategic position would allow the Crescent City Harbor to support wind turbine maintenance activities at those sites. Commissioner White also described a contentious Tri-Agency meeting involving the City, County, and Harbor that discussed the future of the Tri-Agency. Commissioner White expressed hope for a collaborative resolution.

Commissioner Weber discussed his recent meeting with Asst. Harbormaster Rademaker about improvements to the Harbor website, which were ongoing. Commissioner Weber proposed features such as individual Commissioner pages, a Harbormaster's page to provide an archive of reports made to the Board, and more links to partner organizations to enhance the website's functionality and information sharing with visitors.

President Adams reported on the success of the Chamber of Commerce mixer and mentioned upcoming meetings with the Redwood Parks Conservancy regarding a surf contest in September. President Adams also noted that he had an upcoming Visitor's Bureau meeting on his schedule.

Commissioner Stone did not have anything to report for the meeting. Commissioner Shepherd also had no updates to report.

President Adams then opened up a public comment period. Annie Nehmer expressed disappointment that the 2PM meeting time designated for harbor board meetings presented an obstacle to public participation. Most individuals work a 9-to-5 schedule and have difficulties getting time off work.

Sandy Moreno inquired and received clarification that the harbor did not pay Port O'Pints Brewery for use of their leased building during the recent Chamber of Commerce mixer. The venue was generously offered up free of charge.

5) Adjourn to Closed Session

CONFERENCE WITH LEGAL COUNSEL – INITIATION OF LITIGATION
(Government Code section 54956.9(d)(4))
Number of Cases: 1

6) Report Out from Closed Session

Nothing to report.

ADJOURNMENT TO THE BOARD OF HARBOR COMMISSIONERS NEXT REGULAR MEETING SCHEDULED FOR TUESDAY MAY 21, 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