

Humboldt Bay's Economy and the Harbor District's Future

The Humboldt Bay Harbor, Recreation and Conservation District was framed by legislation in 1970 and brought into existence by the voters through a local initiative in 1972. Its enabling statutes include recreation and conservation, but the almost 40 year history of the Harbor District has emphasized large scale shipping. Each ship brought tens of thousands of dollars in tariffs, created longshoreman jobs at the docks and supported woods and mill jobs. But as the timber industry exhausted its inventory in the 1990s and timber flow from National Forests diminished, the need for shipping declined along with it.

The Harbor District saw this trend and decided to shift its business and marketing target to international trade, with the intention of making Humboldt Bay a hub for goods from Asia. The acquisition of the Redwood Dock in Samoa in 2002 provided a potential terminal site and plans began to develop it for capturing overflow trade from other West Coast ports. The Harbor District worked closely with the North Coast Railroad Authority (NCRA) to try to revive rail operations and re-open the trade corridor to the San Francisco Bay area.

The Harbor District took a calculated budget risk since 2000 by spending money to deep-dredge the bay entrance and Samoa channel for large ship capacity and by running periodic budget deficits that it anticipated could be made up once shipping traffic resumed. To some, the bet looked good through about 2006 when international trade began to slide. With the collapse in 2008 of both the U.S. and world economies, the Evergreen Pulp Mill closed and prospects for luring international trade and funding NCRA renovation evaporated.

The pulp mill closure meant the loss of the monthly ships and lost tariffs caused the Harbor District budget deficit to increase from \$500,000 to \$750,000. Although we trimmed the budget deficit to somewhere between \$300,000 and \$500,000 in the current fiscal year (2009-2010), our trajectory would indicate insolvency and the need to reorganize under Chapter 9 of the bankruptcy code in 2013 or 2014. Our prospects for digging out of the hole with ship traffic have diminished to near zero. We need to reorganize now, change our business model and put staff time and energy into sectors and enterprises that are more likely to bring revenue to the Harbor District and the community.

Despite the overwhelming economic evidence regarding the inviability of the Harbor District's old business model, some members of the community continue to press for us to "stay the course." This constituency has fielded a candidate to oppose the re-election of 3rd Division Commissioner Mike Wilson. The challenger says he wants the "establishment of a green port that equally mixes good paying jobs with a healthy, stable environment," by the development of a rail dependant marine terminal. However, he can't identify trade that would justify such an investment nor does he discuss what future Harbor District financial solvency prospects are, if such a venture does not succeed.

There is a bright future for the Harbor District and Humboldt Bay, but we must complete our transition now. The path to prosperity requires us to diversify and to explore options more compatible with realistic projects favored by the community. Instead of building an unneeded shipping terminal, our Commission should consider a business incubator and light industry complex that could create hundreds of living wage jobs on the Redwood Dock site. Opportunities are opening up to make Humboldt Bay the hub for a regional short sea shipping system, which will likely mature as gas prices rise. If the Harbor District expedites expanding bay-side trails and water trails, community health and quality of life would improve, tourism would expand and entrepreneurs and tele-commuting professionals might choose our area to start businesses or to re-locate.

The Harbor District conservation staff capacity positions us perfectly to support regional marine conservation planning. We will benefit from funding and contract revenue while facilitating support for design and implementation of a sustainable marine resources management program for the North Coast region. Improved management will allow us to fully realize the potential of our commercial and sport fishing industries.

The election on November 3rd could not be of greater importance for the Harbor District, Humboldt Bay and the region's economic future. Commissioner Mike Wilson has worked hard to bring community prosperity while maintaining a healthy Humboldt Bay. I encourage voters to re-elect him so that we can complete a successful sea change at the Harbor District.