

**San Mateo County Harbor District
Board of Harbor Commissioners**
Minutes

**October 18, 2006
7:00 p.m.**

**Municipal Services Building
33 Arroyo Drive
South San Francisco, CA 94083**

Roll Call

Commissioners

Pietro Parravano, President
James Tucker, Vice President
Ken Lundie, Treasurer
Leo Padreddii, Secretary
Sally Campbell, Commissioner

Staff

Peter Grenell, General Manager
Eileen M. Wilkerson, Human Resource Manager
Marcia Schnapp, Director of Finance
Robert Johnson, Harbormaster
Dan Temko, Harbormaster
Theresa N. Hayes, Deputy Secretary
Marc Zafferano, District Counsel

Public Comments/Questions - None

Staff Recognition-

Grenell commended Wilkerson and Schnapp for the excellent job they have done on keeping things moving while he has been busy for the last two weeks dealing with LAFCo's proposed decision to adopt a "zero" sphere of influence for the District and with the rezoning of the Burnham Strip.

Consent Calendar

All items on the consent calendar are approved by one motion unless a Commissioner requests at the beginning of the meeting that an item be withdrawn or transferred to the regular agenda. Any item on the regular agenda may be transferred to the consent calendar.

- 1 TITLE: **Minutes of Special Meeting September 27, 2006**
 REPORT: Draft minutes
 PROPOSED ACTION: Approval

- 2 TITLE: **Minutes of Meeting October 4, 2006**
 REPORT: Draft minutes
 PROPOSED ACTION: Approval

Motion by Padreddii, second by Campbell to approve the consent calendar. The motion passed.

Ayes: 5

Nays: 0

Public Hearing - None

Continued Business

- 3 TITLE: **LAFCo Final Municipal Service Review and Sphere of Influence Determination: Update**
 REPORT: Grenell
 PROPOSED ACTION: To Be Determined

Grenell reported that he, Parravano and Schnapp attended the Local Agency Formation Commission hearing today. LAFCo voted unanimously to maintain the District's "zero" sphere of influence determinations and accept the municipal service review of the Harbor District. Grenell added that he and Zafferano are exploring potential implications and will update the Board.

Parravano said he was not pleased with what he heard at the LAFCo meeting. He said there were a lot of misunderstandings and misleading information during the meeting. Parravano added that Schnapp did an excellent job speaking on behalf of the Harbor District at the meeting.

Parravano stated it was very confusing when LAFCo members were changing words of resolutions they were preparing to adopt. He questioned whether this was legal.

Parravano added that after two hours of discussion LAFCo Commissioners reiterated that the purpose of this review is not to dissolve the District. However, County Supervisor Richard Gordon went on to say he supports a decrease in government agencies and the Harbor District is an example of the type of government agencies to be dissolved.

Campbell affirmed that she believes someone will file for dissolution. Parravano added that Supervisor Hill said he doesn't know why the County would want to take over the District.

Grenell stated that the City of South San Francisco Deputy Finance Manager attended the hearing and stated that the City is aware of the situation. Grenell added that there may be legal issues revolving around the Joint Powers Agreement and what implications there might be if the County or any other entity were to take over the District. Grenell also said that the Pillar Point Harbor should be a concern since it is operated under a state tidelands grant and the state may have to be involved.

Lundie stated his belief that anybody who publicly says this is not about dissolution is being disingenuous and believes the term "sphere of influence" is being used for the dissolution.

Grenell added that he plans to compose a memo to Harbor District staff, tenants and lessees to inform them of the current situation.

Campbell suggested that the District put together a press release with Parravano's comments from the hearing.

Tucker concluded that he supports Campbell's idea and that all Commissioners would sign. He added that this has happened to the District before and it is not to be taken lightly but the District should not overreact.

Padreddii expressed his agreement with the Board.

4	TITLE:	Median Strip Update: Supervisors' Hearing on Local Coastal Program Zoning Amendments
	REPORT:	Grenell
	PROPOSED ACTION:	To Be Determined

Grenell stated the Board of Supervisors conceptually approved the Local Coastal Program for the Northern Coast and a final decision will be made on November 14th. Regarding the Harbor District, the Board of Supervisors accepted proposals from Supervisors Gordon and Hill to change the zoning on the entire Burnham Strip including the District's parcel, to eliminate any residential use. The Local Coastal Program will have to go before the Coastal Commission for certification after County adoption. The District will have an opportunity to speak in hopes of overturning the negative impact.

Padreddii asked Grenell if the District does not prevail in overturning this decision, what could be put on the District's parcel of the Median Strip. Grenell said various low value uses that do not involve major buildings. Grenell will supply the list of permitted uses to the Board.

Campbell asked if it would be advantageous to the District to contact other property owners to move forward as a unit on this. Grenell said he would explore that option.

Tucker suggested getting the state involved through the Department of Boating and Waterways regarding the devaluation of the District's property that is collateral for loans. Grenell stated he has been in contact with DBAW and informed them of the decision, and will stay in contact to consider next steps.

Cambell questioned Zafferano on whether he sees the District being successful on overturning the decision. Zafferano feels it depends on how things play out between now and the election, and the possible passage of Prop 90.

Grenell suggested the District update the three-year old appraisal on its property and also appraise the value under the new El Granada Gateway zoning. He added that the District should have an appraiser value an easement to possibly offer to the Sewer Authority Midcoast for the underground overflow storage facility.

5	TITLE:	Change Order #3 for Moffatt & Nichol Engineers: Johnson Pier Rehabilitation Project
	REPORT:	Memo
	PROPOSED ACTION:	Approve Change Order #3 for Moffatt & Nichol Engineers: Johnson Pier Rehabilitation Project in an amount not to exceed \$95,938.00

Grenell indicated that he went over this change order with Harbor Master Temko and believes it would benefit the District, engineers and contractors to get advanced information on the potential cost of these kinds of projects to reduce the need for change orders if possible. Grenell suggested that staff along with an ad hoc committee look into what the District might do to better prepare when issuing RFP's and bid notices so the District may be able to reduce uncertainty with future projects. He suggested the Board consider an ad hoc committee.

Temko suggested the District have a budget based on industry standards and that any change order be well documented as necessary to benefit the District. Temko added that in any type of reconstruction or rehabilitation project where you have to take something apart and rebuild it, you will find things that weren't or could not be noticed in the beginning. Between change orders number one, two and three the District is only 12.9 percent above the original contract amount, which Temko feels is within reason considering there is a lot of concrete damage.

Tucker stated that this change order is different from the recent change orders the District has seen. He understands the reasoning for making these changes, and suspects that most damage is to the fish buyers area.

Tucker asked Zafferano and Grenell to think about what type of liability the fish buyers may hold for any damage to District property.

Bo Jensen of Moffat & Nichol stated that he feels this is a conservative number since it covers everything in the fish buyer's area and a portion beyond that. Jensen stated that most of the damage was found on the underside of the pier which was not identified in the original inspection because the area was inaccessible and obstructed during that time.

John Hancock of Moffat & Nichol added that the cost for the change order is conservative and they do not expect to exceed that amount.

Campbell asked Jensen if he feels that they have gone far enough into the process to know that at the fish buyers building is all the damage they can find.

Todd Bruce from Dutra Construction stated that when they have found an area that they thought was outside the contract, they mark it and have Moffat & Nichol come out to inspect it and give them the go ahead to continue. They continued to repair these areas in order for the epoxy overlay surface treatment to be started. Bruce stated that they repaired the eight beams underneath the fish plank stations and out of the six piles that were to be rebuilt only two of them had to be completely cut away. Those were the only real changes they saw and everything else was contract work they were directed to do more of. Bruce concluded that since the epoxy overlay is finished in the fish buyer's area they hope to have them move back in by Thursday October 26th.

Parravano questioned the memo from Jim Brady of Moffat & Nichol regarding reasoning that the fish building area is heavily damaged primarily due to fish washing operations. Parravano felt it would be a benefit for operations to know what it is the fish buyer's might be doing wrong and what they should possibly change.

Jensen stated that the concrete is exposed to water and fish chemicals from fish cleaning operations and truck loading causes wear and tear on the dock exposing the concrete to further potential damage.

Bruce stated that even though the concrete is damaged the rebar mats are in good shape so the methods currently being used are allowing a proactive approach in protecting the dock.

Tucker asked Temko if users are still using the steel wheels. Tucker added that the steel wheels would be detrimental to the epoxy coating.

Campbell asked the Board members what figure they had in mind originally for this project. Commissioner responses were a range between \$700,000 and \$1 million.

WTA: The District has received an emergency response and disaster relief plan from San Francisco Bay Water Transit Authority. Oyster Point is included as a part of their terminal plan.

Grenell stated that on behalf of Campbell's request to bring in a mortgage broker to inform employees of home loans, he and Wilkerson have also found out that CalPERS gives home loans and have representatives who will bring information to employees. Grenell and Wilkerson will explore this option further. Campbell added that she also knows a mortgage broker that will provide information for employees. Tucker supported having both CalPERS and Campbell's contact provide information for employees on a voluntary basis, during the lunch hour. The Board agreed by consensus. Staff will arrange.

9 Director of Finance - Schnapp

Action:

Schnapp submitted the preliminary draft financial results for the District for the fiscal year 2005-2006. Schnapp added that the sale of two assets in this fiscal year was not included so as not to create the impression that the sale generated new money for the District. Schnapp stated that the revenue on an operating basis went up by 1.64 percent and total expense line went up to 3.34 percent.

10 Human Resources Manager – Wilkerson

Nothing to add to written report.

Operations

11 Oyster Point Marina/Park - Johnson

Action:

Johnson reported that an Oyster Point Marina/Park tenant wants to have an additional float on the eastern side of the launch ramp. Adding a float to the project will change the project status from repair and maintenance, increase the footprint, require changes to the permit, and is not cost effective at an estimated \$150,000 increase. Staff will notify the tenant that adding an additional float is not cost effective.

12 Pillar Point Harbor – Temko

Action:

Temko reported that he attended the Harbor Masters and Port Captains conference in Morro Bay. He distributed a legislative report to the Board of Harbor Commissioners. Temko stated his concerns that the next area to be implemented in the marine protected areas is likely to be Point Arena to Pigeon Point, which will

include Pillar Point Harbor. Temko will keep the Board updated on this.

Temko confirmed the date for the Boat Decorating contest at Pillar Point Harbor is Saturday, December 16th.

Temko updated the Board on the Mavericks event. He has been meeting with several agencies. Campbell questioned whether or not all issues from last year's event have been resolved. Temko said they are well on the road to being resolved. The US Air Force is implementing bluff access restrictions. Sponsors plan to have a large projection screen at the Half Moon Bay Airport so that observers can watch the event in hopes of providing an alternative to bring the crowds to the parking lot and away from the cliffs.

Board of Harbor Commissioners

- 13 A. Committee Reports
- B. Commission Statements and Requests
 - The Board of Harbor Commissioners may make public statements and requests. Requests may be made to place items on future agendas.**

Parravano suggested the District notify the San Mateo County Convention and Visitors Bureau of the tall ship Lady Washington's arrival on November 10th through the 14th. [Note: this had already been done.]

Parravano raised the request by the General Manager to add a new committee for change orders. Campbell stated that as long as the change orders come before the work is done and not after then she is satisfied. The Board agreed there is no need for a new committee.

Grenell added that the ad hoc committee which was formed for the Firehouse property in El Granada is no longer needed and asked the Board if it can be taken off the list of committees. The Board agreed.

Lundie stated that the Blue & Gold Fleet ferry contract went to Hornblower which is non-union. Hornblower had requested to use the Oyster Point Marina/Park along with the ferry service. Lundie is concerned that since Hornblower is non-union that the District should be cautious as to not have disgruntled union employees.

Parravano thanked the staff at Oyster Point for the ribbon cutting ceremony last week.

- 14 TITLE: **Identify Real Property Negotiator Pursuant to Government Code §54956.8**
- REPORT: Zafferano
- PROPOSED ACTION: Identify Real Property Negotiator Peter Grenell

PROPOSED ACTION: Adopt Resolution 59-06 to Approve Assignment of Lease to Ketch Joanne, Approve Amendments to Ketch Joanne Lease and Authorize President of Board of Harbor Commissioners to Execute Consent of Lessee Form, and Adopt Resolution 60-06 to Approve the Termination of the Huck Finn Sportfishing Lease.

Adjournment

Action: Motion by Lundie, second by Campbell to adjourn the meeting. Motion passed by unanimous vote at 10:32 p.m.

The next regularly scheduled meeting will be held on November 1, 2006 at the Coastside County Water District, 766 Main Street, Half Moon Bay, CA 94019 at 7:00 p.m.

APPROVED BY:

Pietro Parravano

Pietro Parravano
President

ATTESTED BY:

Theresa N. Hayes

Theresa N. Hayes
Deputy Secretary