

# San Mateo County Harbor District Board of Harbor Commissioners Meeting Minutes

March 7, 2007  
7:00 p.m.

Coastside County Water District Office  
766 Main Street  
Half Moon Bay, CA 94019

## Roll Call

### Commissioners

James Tucker, President  
Ken Lundie, Vice President  
Leo Padreddii, Treasurer  
Sally Campbell, Secretary  
Pietro Parravano, 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** - None

## 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calendar are approved by one motion unless a Commissioner requests at the beginning of the meeting that an item be withdrawn or transferred to the regular agenda.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 Meeting February 21, 2007**  
**REPORT: Draft minutes**  
**PROPOSED ACTION: Approval**

**2 TITLE: Minutes of Special Meeting February 23, 2007**  
**REPORT: Draft minutes**  
**PROPOSED ACTION: Approval**

Tucker stated that the special meeting minutes of February 23, 2007 should be corrected to show that Temko and Zafferano were absent.

**Action:** Motion by Campbell, second by Lundie to approve Items 1 and 2 with the correction.

Ayes: 4

Nays: 0

Abstention: 1

## **Public Hearing** - None

## **New Business**

**3 TITLE: Ketch Joanne Restaurant and Harbor Bar:  
Presentation Regarding a Lease Extension Proposal**  
**REPORT: Campbell, Presentation by Joanne Franklin and  
Albert Dunne**  
**PROPOSED ACTION: To Be Determined**

Albert Dunne, Ketch Joanne's Restaurant and Harbor Bar spoke to the Commission of a proposal for a possible lease extension. Although, lease negotiations had not previously been successfully concluded, Dunne explained that he and his family have not "given up on the Harbor District" and still have faith in negotiations. Dunne added that because nothing was accomplished during previous negotiations he was forced to look outside the Harbor for new premises and was fortunate enough to find something, although he is upset that it is not in the Harbor.

Dunne stated he and his family would like to again propose putting a half a million dollars into their business and staying in the Harbor to retain a thriving business at Pillar Point with the help of the Harbor District. He concluded that his business is a crucial part of the Harbor and with the help of the District it will make the Harbor more scenic and bring more revenue to the District.

Tucker said he applauds Dunne for coming back to the Board and trying to work something out. He added that he feels confident something can be worked out for Ketch Joanne's.

Parravano said the Board shares the same vision as the Franklins for improving the Harbor and that the Board won't allow their business of 32 years to "go down the drain." He added that Ketch Joanne's business has given the District a lot of strength.

Padreddii added that Ketch Joanne's has been a landmark at Pillar Point Harbor over the years and hopes to work something out to satisfy both parties.

Campbell stated that she has a lot of respect for the Franklins and something will be worked out. She concluded that the Franklins are the “pillar” of the Harbor and she has a lot of admiration for Joanne Franklin; both Dunne and Franklin are highly professional.

Lundie agreed with the rest of the Board.

Tucker questioned whether Dunne recalls the two issues in the previous lease negotiations.

Dunne said he felt that the Board was not willing to give any financial help and that the whole bill was to be funded by Ketch Joanne’s. He added that the lease extension term was good but didn’t agree with the idea of the Board requiring rent at fair market value on something they would build themselves during the ten year extension. Dunne concluded that there is more to building businesses in Princeton than just square footage; there is a passion for taking care of customers.

Tucker asked if Dunne is planning to come to the Board for money to remodel the premises.

Dunne said not at all. He added that the exterior is something the District should do whether the Franklins decide to stay or leave. He concluded that regardless of where they end up they still have five years left on a lease that can either be just a bar or an industry that feeds the local fisherman and visitors to the Harbor.

Tucker suggested to the Board that a committee be set up for the negotiations and asked if the rest of the Board agreed.

Campbell said a committee should be set up including the Director of Finance. She added that this item has been put on tonight’s closed session in case any negotiations want to be discussed.

Tucker informed Dunne that in discussing lease negotiations in closed session they can finalize their plans and bring the results to him.

Dunne thanked the Board and said he will get them proposed numbers within the next couple of days.

## **Continued Business**

<b>4 TITLE:</b>	<b>Status of Follow-up on Commission Study Session</b>
	<b>Instructions</b>
REPORT:	Grenell
PROPOSED ACTION:	To Be Determined

Grenell informed the Board of status on the following items from the February 23<sup>rd</sup> Special Study Session.

Median Strip: The Granada Sanitary District (GSD) Board will meet on March 15<sup>th</sup> to discuss the possibility of a potential purchase or lease. Grenell will contact GSD the following day.

Grenell informed the Board that there are two potential interested parties including one who may option the property for a year for \$100,000.00 which would be non-refundable. Grenell said that regarding the Local Coastal Program (LCP) update zoning change he needs direction on whether or not to look into applying for a coastal permit as a way of getting “grandfathered” into existing zoning. “Grandfathering” is possible by submitting to the County a coastal development permit and use permit applications and paying all fees associated.

Tucker directed staff to bring this item back to the Commission at the March 21<sup>st</sup> Board meeting.

Administration Office: Grenell asked the Board whether or not to further investigate a potential land trade given that it is unlikely anything will come from it. A committee meeting will be convened to consider this question.

Water Transit Authority (WTA): Gregg Drilling will arrive on March 12<sup>th</sup> to begin a series of drilling operations for the Ferry Terminal and Breakwater modification at Oyster Point Marina. A signed contract was received from WTA stating they will pay for these services and reimburse the District for administration costs. Grenell concluded that the terminal design phase should be finished to the 35% level by the end of April at which time lease negotiations should begin.

Oyster Point Redevelopment: Gary Nichols of Colliers International, District’s broker, indicated that when his agreement with the District terminates on March 24<sup>th</sup> he will not continue. Grenell said that another potential broker has been identified by Campbell and has already taken a tour of the site. There may be three to six potential developers. Grenell will be meeting with the broker in the next few days.

Restroom: Cost estimates brought to the committee meeting by Temko were discussed for a new modular facility and for remodeling the existing structure. (See Item 15A)

Tucker asked the Board for their thoughts on the administration office, and on the median strip regarding applying for a coastal permit.

Campbell said an application should definitely be prepared. The rest of the Board agreed. Grenell will report back information for this at the next meeting.

Zafferano stated that the median strip needs to be itemized on the next agenda. The median strip has been put on the March 21<sup>st</sup> Board meeting.

The administration office will be discussed during a committee meeting set for Friday, March 16<sup>th</sup>.

**5 TITLE: Amendment to Ordinance Code: Add Section 3.1.17.12  
Residential Tenant with Multiple Vessels**  
REPORT: Resolution 08-07

PROPOSED ACTION: Approval of Resolution 08-07

**Action:** Motion by Campbell, second by Padreddii to approve Resolution 08-07 to amend the ordinance code. The motion passed.

Ayes: 5

Nays: 0

## **New Business, Continued**

**6 TITLE:** **Limited Commercial Activity Permit for Lisa Brady at Pillar Point Harbor**  
**REPORT:** Memo, Application  
**PROPOSED ACTION:** Approve Limited Commercial Activity Permit for Lisa Brady

Grenell informed the Board that Brady had a permit last year and held a series of bonfire events. Grenell said that concerns were raised at the promotions and marketing committee meeting on March 7<sup>th</sup> ranging from whether or not to approve and if so limiting the number of events per year and the number of people per event. Grenell said some concerns the committee had were other parties asking for this type of permit and cross traffic during the project across the access trail. Grenell suggested raising the use fee as the District is obliged to take raising rates and fees seriously in conjunction with repaying the DBAW debt.

Temko informed the Board that during the last year, Operations have had no problem with Brady's events.

Brady stated that these events can be a hassle; however they are a unique experience to her clients. She added she gets a lot of positive feedback and reviews.

Padreddii stated it is the District's duty to represent the citizens of San Mateo County and since Brady has had the permit before and there have been no problems then this should be approved.

Campbell stated that she agrees with Padreddii however, the main concern is other parties asking for the same type of permit leading to overuse and problems. She added that the Board is concerned it may get out of hand and have recommended that the number of events be limited to ten per year and the number of people to 40 per event and that Brady have a contained or steel fire pit.

Tucker asked Brady if those recommendations work for her. She said they do, but she would like to see the number of events per year increased to 15.

The Board agreed to 15 events. Campbell concluded that this is the only permit the District will approve for these types of events.

**Action:** Motion by Padreddii, second by Lundie to approve Item 6. The motion passed.

Ayes: 5  
Nays: 0

**7 TITLE: Budget Workshop #1: FY 2007-08**  
**REPORT: Draft Preliminary Budget**  
**PROPOSED ACTION: To Be Determined**

Tucker said he thought that past practice was to do the budget workshop separate from the regular meeting.

Grenell said there is a schedule for the entire budget process and the District can have as many workshops as they choose to, but there are two statutorily required public hearings: one in May and a final in June.

Tucker said he would like an overview of the budget now and a special meeting set up next week for a budget workshop.

Schnapp stated that budget concerns are the operating deficit and the overall deficit the District will have. The overall deficit is a result of a decrease in interest income due to the fact that reserves were spent.

Regarding the operating deficit, Schnapp stated that the Harbors have to increase revenue by at least \$250,000 every year, year in and year out. A net differential between revenues and expenses of at least \$250,000.00 will also do; this is just to break even.

Capital improvements have been typically paid for through cash reserves; the Johnson Pier Rehabilitation project came out of reserves and shows up in the budget through depreciation. A \$30 per month increase per berth at Pillar Point Harbor for the next 20 years would pay off that \$2,000,000.00 project alone. This does not include increases needed for any other maintenance projects such as dock replacement on inflation pressures.

Schnapp added that a projected \$665,000 loss this year was comprised of a projected operating loss of \$30,000 at Pillar Point Harbor, \$270,000 at Oyster Point Marina and \$365,000 from non-operating expenses. The Department of Boating & Waterways principal payment of \$683,000 is not included in that.

The \$4,500,000 in capital expenditures will be offset by the \$828,000 DBAW launch ramp grant, \$20,000 for the Pillar Point interpretive signs and asking a reimbursement of \$900,000

from the Water Transit Authority. All of these take cash down by about 2.8 million dollars, which takes the District from \$9,000,000 to about \$6,600,000.

Schnapp said increases in expenses are a result of workers' compensation expense going up 67%, rises in benefits expenses which typically are 15% to 20% and wages going up 6%.

Schnapp added that operations and maintenance expenses have gone down 20% in the last three years for both Harbors. Increases in energy and benefits costs are driving these expenses higher than any cost of living allowance (COLA). She concluded that the District should continue to take advantage of staff attrition and not fill vacancies.

Campbell said since the District is facing a \$270,000 operating loss at Oyster Point Marina staff needs to look at other ways to cut expenses other than staff attrition.

Schnapp suggested changing Pillar Point Harbor's berth rates to that of Santa Cruz Harbor and the live aboard fees get increased to be competitive with local mobile home rates. She added that the District should find a solution for the handful of people who have financial issues.

Parravano asked Schnapp to clarify where non-operating expenses are categorized. Schnapp said its interest income and tax revenues we have no control over.

Parravano asked what kind of plan has the District set up for reimbursement from WTA for the Ferry Terminal project. Campbell said the Board authorized \$300,000 for now and the District is to send WTA the invoices. She said Grenell assured her that there is a "stop" mechanism in the contract in case the work goes over the approved \$300,000.

Grenell said that a lease agreement will be signed late April or early May because the WTA is waiting to finish the terminal design up to 35% so they can get a better handle on the whole cost outlook.

Campbell said she is concerned that the WTA won't be able to fund the Breakwater project and curious as to who will be able to come up with the funds. Padreddii said he received information from the City of South San Francisco that they would be willing to fund the money.

After discussion on when to hold a budget workshop it was decided on Friday, March 16<sup>th</sup> at 9:00 a.m. at the Oyster Point Yacht Club.

Lundie said he and Parravano received a letter from District Counsel suggesting they recuse themselves from rates and fees items due to a conflict of interest. He added that he is hesitant about participating in the budget workshop and sought direction from counsel.

Zafferano suggested setting up the meeting to discuss everything but the Pillar Point Harbor rates and fees until the end of the meeting where Lundie and Parravano can recuse themselves for the rest of the meeting.

No action was taken.

- 8** TITLE: **Request for Subordination of Pass-Through Payments to the City of San Mateo Redevelopment Agency's Obligation to Make Payments on Refunding Bonds**  
REPORT: Letter Request  
PROPOSED ACTION: Authorize General Manager and Director of Finance to Notify City of San Mateo Redevelopment Agency of District's Agreement to Subordinate Its Pass-Through Payments and Authorize General Manager and Director of Finance to Issue Future Subordination Letters.

Grenell stated that in the past the District has received and approved requests from cities within San Mateo County regarding subordinating payments of redevelopment pass-through payments. The District received a request from the City of San Mateo redevelopment to subordinate payments.

Grenell asked that in the future staff be able to move ahead on such requests without bringing them to the Board. Tucker said he would rather staff bring these to the Board for approval.

**Action:** Motion by Lundie, second by Campbell to approve item 8. The motion passed.

Ayes: 5  
Nays: 0

- 9** TITLE: **Bills and Claims in the Amount of \$71, 197.64**  
REPORT: Bills and Claims Detailed Summary  
PROPOSED ACTION: Approval of Bills and Claims for payment and a transfer in the amount of \$71,197.64 to cover payment of Bills and Claims

Padreddii stated that he has reviewed the bills and claims and found them in order.

**Action:** Motion by Padreddii, second Lundie to approve the bills and claims in the amount of \$71,197.64. The motion passed.

Ayes: 5  
Nays: 0



## **Reports for Possible Discussion/Action**

### **Administration and Finance**

#### **10 General Manager - Grenell**

Nothing further to add.

Lundie said he recently saw a story on the news that reported the Mavericks event coordinators may possibly ask for an extension on their permit to April 30, 2007. He wanted clarification on Grenell's statement to the press about concerns of possible conflicts with salmon season if the permit were extended through April.

Grenell said the District has not been approached for an extension, but if they are it would have to be brought to the Board for approval. He added that salmon season for sport fishing opens in early April and extension of the Mavericks permit may have adverse effects on parking in the Harbor. If a request for extension is received Grenell will meet with Temko to discuss this issue. Campbell said to also discuss this with Lundie and Parravano as they are closely related to the fishing industry.

#### **11 Director of Finance - Schnapp**

Nothing further to add to their submitted written reports.

#### **12 Human Resources Manager - Wilkerson**

Nothing further to add to their submitted written reports.

### **Operations**

#### **13 Oyster Point Marina/Park - Johnson**

Johnson informed the Board that the City of South San Francisco has expressed interest in holding their 100 year anniversary celebration at the Oyster Point Marina on the 4<sup>th</sup> of July in 2008.

He added that regarding the WTA project, once the drilling process is started it cannot be stopped; therefore it will have impact on the tenants. The tenants have been given a public notice. The drilling should take approximately 20 hours. Johnson concluded that he does not foresee any change orders during the drilling process.

#### **14 Pillar Point Harbor – Temko**

Temko informed the Board that two out of three of the fish buyers bays' has been completed. The area where the surface repair of the epoxy layer that failed has not been completed due to weather conditions. Sika Construction will reschedule when weather cooperates. Funds are continued to be withheld until this is completed.

## Board of Harbor Commissioners

### 15 A. Committee Reports

Campbell stated that during the restroom committee meeting which was held earlier today it was decided and recommended that the existing restroom would be renovated as opposed to building a brand new facility.

In addition there was discussion of putting a new two-story building in the area where the District sought to put the new bathroom facility. Campbell said that the kayak company (now operating in the Harbor) may be interested in leasing one floor, leaving the other floor possibly for offices. Information will be reported back at the first meeting in April.

Lundie asked if portable bathrooms will be provided during renovation. Campbell said portable bathrooms will be provided. She added that the total cost for this should be \$300,000 or less which is well under the original budget of \$500,000.

### 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.**

None

**16 TITLE: Identify Real Property Negotiator Pursuant to Government code §54956.8**  
REPORT: Zafferano  
PROPOSED ACTION: Identify Real Property Negotiator Peter Grenell

Tucker identified Grenell as real property negotiator.

**Action:** Motion by Campbell, second by Lundie to move to closed session. The motion passed unanimously at 8:43 p.m.

## Closed Session

- 17 TITLE: **Conference with Real Property Negotiator: Ketch Joanne Restaurant and Harbor Bar, Parcel 3, One Johnson Pier, Lessees Building, APN 047-083-060, Pillar Point Harbor, El Granada, San Mateo County: Regarding Lease Price and Terms and Conditions Pursuant to Government Code Section §54956.8**  
REPORT: Campbell  
PROPOSED ACTION: To Be Determined
- 18 TITLE: **Conference with Real Property Negotiator: Parcel 5, One Johnson Pier, Lessees Building, APN 047-083-060, Pillar Point Harbor, El Granada, San Mateo County: Regarding Lease Price and Terms and Conditions Pursuant to Government Code Section §54956.8**  
REPORT: Grenell  
PROPOSED ACTION: To Be Determined
- 19 TITLE: **Conference with Real Property Negotiator: Median Strip, APN 047-262-010, El Granada, San Mateo County: Regarding Sale or Lease Price and Terms and Conditions Pursuant to Government Code Section §54956.8**  
REPORT: Grenell  
PROPOSED ACTION: To Be Determined

**Action:** Motion by Parravano, second by Campbell to adjourn to Open Session. Motion passed unanimously at 9:15 p.m.

## Open Session, Continued

Tucker will appoint an ad hoc committee composed of Campbell and Parravano to commence with Ketch Joanne Restaurant and Harbor Bar.

# Adjournment

**Action:** Motion by Campbell, second by Parravano to adjourn the meeting. Motion passed unanimously at 9:16 p.m.

APPROVED BY:

*James Tucker*

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James Tucker  
President

ATTESTED BY:

*Theresa N. Hayes*

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Theresa N. Hayes  
Deputy Secretary