

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

**May 17, 2006
7:00 p.m.**

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

Parravano called the meeting to order at 6:58 p.m.

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
Marc Zafferano, District Counsel

Public Comments/Questions-Public and Staff Recognition

No public comments.

Parravano welcomed Beth Lerman as the temporary Deputy Secretary to the Board.

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calendar are approved by one motion unless a Commissioner requests at the beginning of the meeting that an item be withdrawn or transferred to the regular agenda.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

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| 1 | TITLE: | Minutes of Meeting of May 3, 2006 |
| | REPORT: | Draft Minutes |
| | PROPOSED ACTION: | Approval |

San Mateo County Harbor District — Minutes for May 17, 2006

Lundie and Padreddii abstained from Item 1. Campbell requested Item 2 be moved to new business.

Action: Motion by Tucker, second by Campbell to approve Item 1 and move Item 2 to new business. The motion passed.

Ayes: 3
Nays: 0
Abstentions: 2 Lundie, Tucker

Public Hearing —

3 TITLE: Adopt Resolution 35-06 adding Ordinance Code § 5.2.3 Exempting Veterans from Commercial Activity Permit Fees

A. Declare Meeting Open: President Pietro Parravano
B. Report of Notice Given: Grenell
C. Staff Report and Recommendation: Adopt Resolution 35-06 and Approve Recommendation
D. Public Testimony:
E. Harbor Commission Questions:
F. Close Public Testimony: President Pietro Parravano
G. Commission Deliberation:
H. Recommended Commission Action: Adopt Resolution 35-06 adding Ordinance Code § 5.2.3 Exempting Veterans from Commercial Activity Permit Fees

Action: Parravano declared the hearing open. Grenell reported that proper notice had been given. There were no public comments. Parravano closed the hearing. Motion by Tucker, second by Padreddii to adopt Resolution 35-06 adding Ordinance Code § 5.2.3 Exempting Veterans from Commercial Activity Permit Fees. The motion passed.

Ayes: 5
Nays: 0
Abstentions: 0

By consensus the Board took up Item 11 to accommodate John Asprey, Linda Mar Veterinary Clinic, present in the audience.

11 TITLE: Limited Commercial Activity Permit (CAP): Linda Mar Veterinary Clinic
REPORT: Application, Attachments
PROPOSED ACTION: Approve Limited Commercial Activity Permit

Asprey reported that twenty percent of the clinic's clients live south of Devil's Slide. The Clinic will operate out of a vehicle on a daytime basis performing temporary veterinary services. Their hope is to maintain the good will of their clients during the Devil's Slide closure. Services will be offered at cost.

Campbell recused herself due to her relationship as a client of the clinic.

Temko supported approval of the Commercial Activity Permit citing that the clinic will bring people to Pillar Point Harbor and the service provided is beneficial to the community. He requested that the clinic point out the Mutt Mit dispensers available throughout the harbor. Asprey agreed.

Action: Motion by Lundie, second by Tucker to approve a Limited Commercial Activity Permit for Linda Mar Veterinary Clinic. The motion passed.

Ayes: 4
Nays: 0
Abstentions: 0
Recuse: 1 Campbell

Continued Business

4 TITLE: **Operating and Capital Budget FY 2006-07**
REPORT: Grenell
PROPOSED ACTION: To be determined

Grenell reported that the final budget is scheduled to be approved at the June 21, 2006 Commission meeting.

Schnapp reported a correction to the operating budget, moving \$75,000 for the new Pillar Point Harbor office roof from operating expense to capital projects. Schnapp thanked the Pillar Point Harbor crew for their contributions during her budget presentation.

Johnson points out that the increased live-aboard fee is not out of line with the market for similar accommodations.

5 TITLE: **Resolution 36-06: Amendment to Rates and Fees Schedule for FY 2006-07: Berthing Fee Discount for Seniors**
REPORT: Staff Report, Resolution
PROPOSED ACTION: Adopt Resolution 36-06

By consensus the Board clarified that the senior discount will apply to the Live Aboard fee. By consensus the commercial fisherman discount will be reviewed next year.

Action: Motion by Campbell, second by Tucker to set the senior discount at \$35.00 off the new Live Aboard rate of \$325 and to amend the Rates and Fees Schedule for FY 2006-07: Live Aboard Fee Discount for Seniors. The motion passed.

Ayes: 5
Nays: 0
Abstentions: 0

6 TITLE: Pillar Point Harbor Restroom Project: Approval of Construction Documents and Specifications and Authorize Issuance of a Sealed Bid Notice for Construction
REPORT: Memo
PROPOSED ACTION: Approve construction documents and specifications and authorize General Manager to publish Construction Bid Notice

Grenell reported that Granada Sanitary District is expected to approve its restroom permit on May 18, 2006. The item will be placed on the Harbor Commission's June 7, 2006 Agenda.

7 TITLE: Selection of Broker and Authorization of the Renewal of the San Mateo County Harbor District's Liability, Property and Other Insurance Policies for Fiscal Year 2006-07
REPORT: Policy, Resolution 37-06
PROPOSED ACTION: Adopt Resolution 37-06, Selecting Broker and Approving Renewal of Policies

Jim Hackworth, Hackworth & Company, addressed the Board and reviewed highlights of his renewal program for FY 2006-07 District Liability, Property, and Other Insurance. Hackworth indicated that he was able to negotiate reduced premiums again for the fourth year in a row while providing coverage tailored to the District. Hackworth reconfirmed his commitment to and value of the twenty year relationship between Hackworth & Company and the District.

Campbell questioned the commission on individual policies and how the commissions were set, particularly in the workers' compensation policy. Hackworth indicated that the commission and premium fluctuate based on District payroll.

Paul Walker, MacCorkle Insurance Service, introduced himself as a respondent to the Request for Proposal. Walker mentioned his concerns about the current risk insurance policies and whether the coverage was appropriate. He referred to valuation, co-insurance related to the District's property insurance policy, classification of employees in the workers' compensation area, deductibles, uninsured losses, and claims denied due to classification.

Grenell distributed a spreadsheet prepared by Wilkerson comparing the contents of the five proposals received.

Tucker stated that in the best interest of the District and good government he is in favor of changing brokers after having the same broker for twenty years. Tucker questioned Hackworth regarding his missing balance sheet. Hackworth agreed to provide the balance sheet to Grenell. Tucker asked if the workers' compensation surcharge was a commission and Hackworth responded that it was not. Tucker asked Hackworth to confirm that the Public Officials and Employment Practices Liability Policy could not have been extended to June 30, 2006. Hackworth confirmed that the company would only renew through June 30, 2007.

Campbell stated that Hackworth & Company has given good service to the District but supports changing brokers at this time.

Tucker asked Schnapp if workers' compensation could be handled by a second broker. Schnapp stated that workers' compensation is more health-benefit related and it was a possibility.

Schnapp presented a chart outlining risk insurance premiums paid from 2001 to 2006. Tucker asked Hackworth why the workers' compensation varied.

Hackworth answered that payroll fluctuates. In general he and Majestic Insurance Company uses the audited payroll done at six months to verify the premium is inline with the estimated payroll and makes adjustments accordingly. Hackworth stated that in recent years the premium was significantly reduced by the reclassification of Deputy Harbor Workers to the classification including amusement park operators and harbor workers among others. Hackworth addressed Campell's concern about staff relationships stating he was unsure what Schnapp meant when she said that she was exempt from working with him. He said that staff asking questions directly of the insurance carrier rather than going through the broker created concern and confusion because staff is not knowledgeable regarding all aspects of the policy and carrier/broker relationship.

Padreddii stated his support of Hackworth & Company. He felt Hackworth answered all questions fully and provided a good proposal.

Action: Motion made by Padreddii to approve Hackworth & Company as District broker failed due to a lack of second.

Action: Motion made by Campbell to go out now for estimates from viable new brokerage firms died after further discussion.

Tucker expressed his desire to keep the District's business local. He suggested the choice for a new broker was between Boring, Johndrow, Leveroni, Vreeburg, Inc. (BJLV) in Redwood City and MacCorkle Insurance Service in San Mateo. Cambell agreed she could support Tucker's suggestion and felt the best about MacCorkle.

Discussion took place regarding the value of giving the new broker a letter of “Broker of Record”. Staff will provide a Broker of Record letter.

Lundie stated that he was supportive of another company but not the process. He is concerned that Hackworth’s proposal would have saved the District money. Campbell stated she felt MacCorkle will come in lower and, if not, the District can change next year.

Hackworth expressed his disappointment that the Board was changing brokers and stated that it was unfair that the new company could take his program and present it as theirs. He reiterated that he was “taken aback” that the Board felt a change was necessary.

Action: Motion made by Campbell, second by Tucker to approve MacCorkle Insurance Service as broker of record. Parravano appointed Campbell and Tucker to the Board Insurance Committee. The motion passed.

Ayes: 4
Nays: 1 Padreddii
Abstentions: 0

**8 TITLE: Limited Commercial Activity Permit (CAP):
Light Up The Sky Fourth of July**
REPORT: Memo, Application, Attachments, Fee Waiver Request,
Limited Commercial Activity Permit, Addendum
PROPOSED ACTION: To Be Determined

Campbell reminded the Board that the Mayor of Half Moon Bay requested that the District deny the Limited Commercial Activity Permit for Light Up the Sky due to safety concerns associated with the closure of Devil’s Slide. She supports denying the permit.

Temko reported that the coordinator of the event has expressed concern about the organization’s ability to fund the event this year. Local agencies, particularly law enforcement and fire, are not supportive of the event due to safety concerns.

Lundie concurred with Campbell and requested that Grenell notify the Half Moon Bay Review with the District’s reasoning.

Grenell recommended that the permit be denied at this time citing public safety concerns and the current fiscal needs of the District. The event stretches District resources and all services have been provided gratis in the past. Reimbursement to the District needs to be provided. Campbell supported reimbursement to the District for Harbor Patrol costs provided to serve the constituents attending the event.

Action: Motion made by Tucker, second by Campbell to deny a Limited Commercial Activity Permit to Light Up The Sky Fourth of July. The motion passed.

Ayes: 5
Nays: 0
Abstentions: 0

9 TITLE: **Change Order Number 1 for North Coast Divers**
REPORT: Staff Report
PROPOSED ACTION: Approve Change Order No. 1 with North Coast Divers for West Basin Gatehouse timber retrofit not to exceed the amount of \$9,470.00 and a contract time extension of five working days.

Tucker clarified that this is Change Order Number 2.

Action: Motion made by Campbell, second by Padreddii to approve Change Order No. 2 with North Coast Divers for West Basin Gatehouse timber retrofit not to exceed the amount of \$9,470.00 and a contract time extension of five working days. The motion passed.

Ayes: 5
Nays: 0
Abstentions: 0

10 TITLE: **Change Order Number 1 for United Signs**
REPORT: Staff Report
PROPOSED ACTION: Approve Change Order No. 1 with United Signs for preliminary design, planning, and permitting, not to exceed \$1,680.00.

Action: Motion made by Tucker, second by Campbell to approve Change Order No. 1 with United Signs for preliminary design, planning, and permitting, not to exceed \$1,680.00. The motion passed.

Ayes: 5
Nays: 0
Abstentions: 0

New Business

2 TITLE: **Claim of Roger L. Jones**
REPORT: Claim
PROPOSED ACTION: Deny Claim

Campbell expressed concern regarding potential litigation and supported Zafferano's suggestion to have a Closed Session to discuss the issue.

Padreddii and Tucker supported denying the claim and supported a Closed Session discussion.

Johnson reported that messages were left for the owner at telephone numbers listed on the individual's account and the boat was raised at District expense. Johnson felt that the District fulfilled their responsibilities fully in this event.

Action: Motion made by Tucker, second by Lundie to deny the claim. The motion passed.

Ayes: 4
Nays: 0
Abstentions: 1 Campbell

12 TITLE: Temporary Change in Operating Schedules for Pillar Point Harbor Lessees
REPORT: Memo
PROPOSED ACTION: Approve temporary change in operating schedules for Pillar Point Harbor Lessees

Parravano reported that CalTrans is estimating that Devil's Slide will not open until September 2006. The Board agreed that the temporary change would not extend beyond the Devil's Slide opening consistent with the lease rent deferments.

Action: Motion made by Tucker, second by Padreddii to approve the staff recommendation allowing discretionary temporary change in operating schedules for Pillar Point Harbor Lessees. The motion passed.

Ayes: 5
Nays: 0
Abstentions: 0

13 TITLE: Temporary Suspension of Hiring to Fill Vacant Deputy Harbor Master and Harbor Worker Positions at Pillar Point and Oyster Point Harbors
REPORT: Memo
PROPOSED ACTION: To Be Determined

Tucker clarified the goals of the temporary suspension including a six month review of revenues and expenses compared to what was estimated.

Campbell supported the temporary action as part of the District's good faith efforts in negotiating with the Department of Boating and Waterways (DBAW) on current loans. She supported a six month review because the District should have a clear picture of finances at that point.

Grenell reported that he had attended a budget hearing for DBAW in Sacramento earlier in the day. At the hearing the requested action to return \$15 million dollars to the DBAW budget was denied. Grenell had an opportunity to meet with Harold Flood (DBAW) and gave him the District's Preliminary Budget for FY 2006-07, the current Rates and Fees Schedule, and discussed the hiring freeze and other District measures including rate increases and project

deferments. The DBAW staff is prepared to hear from the District regarding the current loan agreement.

Action: Motion made by Tucker, second by Lundie to approve a temporary suspension of hiring to fill vacant Deputy Harbor Master and Harbor Worker positions at Pillar Point and Oyster Point Harbors. The motion passed.

Ayes: 5
Nays: 0
Abstentions: 0

14 TITLE: Bills and Claims in the Amount of \$138,873.05
REPORT: Bills and Claims Detailed Summary
PROPOSED ACTION: Approval of Bills and Claims for payment and a transfer in the amount of \$138,873.05 to cover payment of Bills and Claims

Action: Tucker advised that he reviewed the bills and claims and they were in order. Motion by Tucker, second by Lundie for approval of the Bills and Claims for payment and a transfer in the amount of \$138,873.05 to cover payment of the Bills and Claims.

Ayes: 5
Nays: 0
Abstentions: 0

Action: Motion by Tucker, second by Campbell to recess for five minutes.

Ayes: 5
Nays: 0
Abstentions: 0

Reports for Possible Discussion/Action

Administration and Finance

15 General Manager – Grenell

Action: Grenell advised he had nothing to add to his written report.

16 Human Resource Manager – Wilkerson

Action: Wilkerson advised she had nothing to add to her written report.

17 Finance Director – Schnapp

Action: Schnapp reported that she presented the Preliminary Budget to the crew at Pillar Point Harbor earlier in the day. It went well.

Tucker directed Schnapp to keep both facilities informed and Schnapp agreed.

Parravano thanked Schnapp for information she provided on low interest loans for energy-conserving construction related to the Pillar Point Harbor restroom project.

Operations

18 Oyster Point Marina/Park — Johnson

Action: Johnson advised he had nothing to add to his written report.

19 Pillar Point Harbor — Temko

Action: Temko advised he attended a meeting on the repair plans for Devil's Slide on May 7 and indicated that the CalTrans web site had information (<http://www.dot.ca.gov/dist4>). Sport fishing at Pillar Point Harbor is good. Commercial fishing is slow. Temko corrected his written report to reflect that moorings are 25% full. Temko described a plan to place a classic Monterey fishing boat at the junction of Capistrano and Highway 1 to serve as a sign for Pillar Point Harbor.

The crew has cut off a pipe hazard protruding from the seawall. A second pipe is in the rip rap area and out of the way.

Parravano thanked Temko for hosting a meeting between Environmental Defense and commercial fishing Executive Director from Hook & Line Massachusetts. The meeting connected the east and west coasts.

The vessel Delaware, a 45' live aboard in anchorage, sank in the outer harbor. Assistant Harbor Master John Draper notified the Coast Guard to remove the oil. The Pillar Point Harbor crew put down a boom to contain the oil and the site will temporarily be marked with a light as a navigation hazard.

Board of Harbor Commissioners

20 A. Committee Reports

Promotion & Marketing

Campbell reported that the Promotion & Marketing Committee met at Oyster Point Marina. She appreciated interacting with the crew. Johnson did a good job presenting the goals of the meeting. A variety of topics were discussed including dropping berth footage fees to be more competitive and reconfiguring berths to longer lengths.

Tucker suggested looking into the feasibility of a guest dock that connects to Dominic's Restaurant.

Grenell will place the Rates and Fees Schedule on the June 7 Agenda to reflect changes in berth footage fees for Oyster Point Marina.

Parravano thanked Grenell for providing minutes of the Committee meeting.

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Campbell reported that the “Fresh As It Gets” Program is hosting an event on May 22. All sponsors, including the Harbor District, are requested to contribute to the event. Parravano and Campbell supported a sponsorship of \$2,000. Funding is available in the budget.

By consensus the Board directed staff to pay \$2,000 consistent with an Agenda item on the June 7 Agenda.

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.

Lundie requested an update on the Water Transit Authority (WTA) and the ferry project. Grenell highlighted his written report including a meeting with the City Manager of South San Francisco and the WTA. The WTA is prepared to pay for the breakwater, staff from the City of South San Francisco will support a financial contribution focused on landside improvements to their Council. Remaining issues are the additional incremental cost of dredging from 6’ to 8’, dock replacement, and revenue loss. A follow up meeting is scheduled for next week.

Parravano invited all Commissioners to attend the “Fresh As It Gets” event on May 22. He asked Grenell to connect with a Berkeley student who has won the Eisner Award for his design for the Green Pier at Princeton and request that the student present his design to the Board. Parravano will provide contact information to Grenell.

By consensus the Board directed Grenell to coordinate with Parravano to write a letter to the Governor regarding the salmon season and a new request to open California waters within the three mile limit under specific conditions to commercial fishing in June and July.

Closed Session — None

Adjournment

Motion by Lundie, second by Padreddii to adjourn the meeting. Motion carried by unanimous vote at 10:04 p.m.

APPROVED BY:

ATTESTED BY:

Pietro Parravano
President

Ken Lundie
Secretary