

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

April 19, 2006
4:00 p.m.

Oyster Point Yacht Club
911 Marina Blvd.
South San Francisco, CA

Tucker called the meeting to order at 4:00 p.m.

Roll Call

Commissioners

- X 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
- Michele Shahrok, Deputy Secretary
- Marc Zafferano, District Counsel

- X Absent

Public Comments/Questions-Public and Staff Recognition

The Public may directly address the Board of Harbor Commissioners for a limit of three minutes, unless a request is granted for more time, on any item of public interest within the subject matter jurisdiction of the San Mateo County Harbor District, Board of Harbor Commissioners that is not on the regular Agenda. If a member of the public wishes to address the Board on an Agenda Item, that person must complete a Public Speaker Form and wait until that Item comes up for discussion. Agenda material may be reviewed at the administration offices of the District, 400 Oyster Point Blvd., Suite 300, South San Francisco, CA 94080.

There were no public comments.

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Schnapp had asked both Harbor Masters to figure in revenue increases if they implemented the “Harbor Cost Index”, which they had done. The District could raise another \$150,000 from using the Index excepting increases in berth rents from commercial fishing boats. Schnapp has asked that the Harbormasters consider increasing live-aboard fees. Also, the launch ramp fee at Oyster Point Marina/Park will be raised from \$5 to \$10 and, at Pillar Point, from \$8 to \$10. Schnapp did not include any of these increases in the Budget because it would have been too difficult to factor in the impact of the restrictions on the salmon season.

Temko advised that Pillar Point Harbor’s fees are in the middle or a little bit above San Francisco Bay Area fees. He stated berth fees would remain at 65 cents per foot but an additional \$20 fee would be charged for all berths. The largest demand is for smaller berths, with the longest waiting lists for 30 foot and 35 foot. This increase is almost 10% on smaller berths and 5% on larger berths, where there are occasional vacancies, so it equalizes the rate increase with the demand.

Temko reviewed new charges for smaller boats: \$25 to occupy a side tie, to get people in the door; \$100 for vessels of 17 feet or less that are not occupying a 30-foot (smallest) berth. He said RV’s are usually only allowed to stay if towing a boat. However, because of what might happen with the salmon season, RV’s may be allowed to stay without a boat. However, he stressed that it is dependent upon what happens with the salmon season and that the Harbor’s first goal is to accommodate those people who are there to fish.

Temko said it appears there will be a sport fishing season. There would have been a \$360,000 loss if there were no season but, since there will probably be a sport season, the Harbor will hopefully only lose the month of May. The Department of Commerce has until May 3 to render a decision.

Campbell announced the Monday, April 24, salmon protest rally, at Pier 47 in San Francisco.

There was discussion regarding the Harbor District Cost Index. Temko reported that Pillar Point is a little above on the items raised but that it is staying close to the 2% plus 5.67%. There was also a discussion regarding labor charges during emergency situations. Temko advised that, during emergency situations, if a vessel is insured, the Harbor has the vessel charge their insurance company for the assistance provided by the District.

Campbell led a discussion regarding providing a discount to seniors and it was determined that the term “senior” would need to be defined. Johnson advised that ten to 20 percent of his tenants are 65 years and older.

Schnapp led a discussion regarding “target pricing” and asking the Harbor Masters to provide her figures regarding live-aboard and launch ramp fees that are less elastic.

Johnson discussed the 5.67% Harbor Cost Index, at 40 cents per foot, but put in an alternative, to 45 cents per foot, showing an actual cost increase. He said the Gatehouse Project would hopefully be wrapped up by end of Fiscal Year. He has also been advising

tenants for the past three to four years that there would be an increase, and that would make the fees comparable to Oyster Cove Marina.

Johnson said there would be a flat rate for vessels 20 feet and under of \$100 per month for seasonal fishing for April, May, June and July. Johnson is trying to attract ten additional boats per year. He agrees with trying to maintain parity between Pillar Point Harbor and Oyster Marina/Park fees and would support a raise to \$265, the same as Pillar Point. Launch ramp fees would be a 100 percent increase to \$10 per launch.

He will maintain parity in emergency pump out.

There was a discussion regarding the new dry storage tenant. Johnson said they are charging \$85 per month and one lot generates \$5,280 per month revenue and 5% for the other. One is under a management agreement and another is part of a leasehold.

Temko led a discussion regarding event permits for both Harbors for weddings, parties, etc. He said it would cover expenses not covered by Commercial Activity Permits.

Temko recommended charging \$5.00 per vehicle for special events parking, such as Mavericks or Fourth of July, which is supported in the Rates and Fees Schedule. It designates charging for parking but does not specify the amount. Tucker advised that, if the parking was \$10.00 per vehicle, the District could then station a staff member there to collect the cash. It was the consensus of the Board to discuss the matter of paid parking for special events but not for daily parking for the regular patrons of the inner Harbor.

Grenell distinguished between repair and replacement projects versus beginning new capital improvement projects. There was a discussion regarding repair of the roofs of the Pillar Point businesses. It was determined that roof repairs are a long-term project that has been under way since 1999 and should be completed; these are time and materials expenditures.

Grenell explained that a couple of Pillar Point projects are proposed for deferral and similarly for Oyster Point. He advocated completing the preparatory work for maintenance dredging now but deferring the funds for the actual dredging until next year.

There was a discussion regarding repayment to DBAW and reactivating the Board's committee.

Tucker introduced a discussion regarding Pillar Point Harbor's 40-Berth and Haul-Out Project. Campbell advised that she is overall in favor of continuing the project but that the District should first speak with DBAW to make sure the District will receive the necessary loans. Padreddii advised he is against the project because the District will lose money. Lundie supports the project in principle but does not want the District to spend the money up front to complete dredging before knowing where the rest of the money will come from.

Tucker said it is a matter of cost versus need. The District should try to get another million from DBAW first. He said it is a matter of taxpayer recreation that the Harbor needs the berths.

Grenell advised that the Pillar Point Harbor dredging study is necessary for other purposes. Temko said he had \$50,000 budgeted.

Utilizing the Harbor Cost Index versus Consumer Price Index will generate some measure of improvement in revenues. Personnel costs have risen because of rising health benefit costs. There was a discussion regarding Oyster Point Marina/Park and Pillar Point Harbor labor costs, which will be put over to May 3.

There was a discussion regarding a possible hiring freeze and whether departing employees would be replaced. Lundie said he does not want the Commission to micromanage the Harbormasters. He feels the Harbormasters know how many people are needed to perform the required work. He does not want the Harbors to run short on the personnel necessary to provide the services they are supposed to be providing to the public, especially during emergency situations.

Campbell advised that the next Fiscal Year may very well be worse and wants the District to complete some fiscal trimming now. Then, per Grenell's report, some of the money (\$160,000 for two harbor personnel) could be saved for future capital projects. Temko said he is short of the ideal staff count by 1.5 persons now.

Campbell said the District needs "brand new money" of approximately one-half million to \$1 million. She said that, if there was no attrition, the money has to come from somewhere.

Johnson said the economy is turning around. Oyster Point has the potential for growth in this Fiscal Year especially if an agreement is reached with the Water Transit Authority. He feels it would be better to retain staff and increase revenues by promoting the facility. He said the hotel market in South San Francisco is on the upswing and feels it will come to pass sooner than later.

Tucker said that there is no new infusion of revenue on the horizon, e.g., no hotels, no big revenue producing projects upcoming. He said nothing has gone before the City Council so it may be eight to ten years before any revenue-generating project comes to fruition.

There was a discussion of interest income. Schnapp said the Harbor District is investing 100 percent in "overnight money." Schnapp said that \$5 million would basically allow completion of all budgeted projects, not including the 40-Berths.

Schnapp listed three areas: Operations, Capital Improvements, and Debt Service. She reinforced the notion that it is best to view each component separately and cautioned not to use deferment of principal repayment to offset operating losses.

There was a discussion regarding the Accounting Technician positions and other staffing needs.

Campbell pointed out that, as soon as a berth is filled, the District gets the money. She suggested asking ideas from District employees as to how to fill the berths.

Regarding the 40-Berth Project, Schnapp said she agreed with Lundie's idea to make 80-foot berths that accommodate two vessels, rather than 30-foot berths that will hold only one. She said it was first necessary to make sure DBAW would provide the \$5 million since the District does not want to spend \$600,000 in engineering for a project the District may not have funds to complete.

Grenell spoke of enterprise versus non-enterprise functions. He advised that Martha Poyatos of Local Agency Formation Commission (LAFCO) was in the process of completing a service review of the Harbor District. She has two appointments in May, one at each Harbor. He said he would advise her what generates revenue at the Harbors and what does not.

Grenell advised that Port San Luis has a three-part Budget: Composite, Enterprise and Non-Enterprise. He feels the District should adopt such a format because it will illustrate where the money comes from and on what it is spent. He said the Management Team feels it could adopt this type of Budget for Fiscal Year 07-08, or possibly later this year.

Grenell brought up the new Harbor District Administrative Office. He said it could be a multi-use project that the District could conceivably share with partners or tenants, including possibly the State Ocean Protection Council. Grenell stated the District has \$450,000 sale proceeds in reserve from the sale of the El Granada firehouse parcel.

There was discussion regarding reimbursement from the Coast Guard for the District's search and rescue at Pillar Point Harbor, or alternatively having the Coast Guard take over this function. Lundie stated that water rescue functions are being performed at no cost to the Coast Guard. He said there is no incentive for the Coast Guard to start reimbursing the Harbor because the Harbor will not simply stop providing the services. Temko said there is no mechanism within the Coast Guard structure to make reimbursements.

Adjournment

Motion by Lundie, second by Padreddii to adjourn the meeting. The meeting was adjourned at 4:00 p.m.

Ayes: 4
Nays: 0
Abstentions: 0

APPROVED BY:

ATTESTED BY:

James Tucker
Vice President

Michele Shahrok
Deputy Secretary