

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

March 21, 2012  
7:00 p.m.

**Municipal Services Building  
33 Arroyo Drive  
South San Francisco, Ca. 94080  
\*\*Marie Peterson Room\*\***

## Roll Call

### Commissioners

James Tucker, President  
Leo Padreddii, Vice President  
Robert Bernardo, Treasurer  
Pietro Parravano, Secretary  
x Sally Campbell, Commissioner

### Staff

Peter Grenell, General Manager  
Genevieve Frederick, Director of Finance  
Marietta Harris, Human Resource Manager  
Kai Ruess, District Counsel  
Debbie Nixon, Deputy Secretary  
Charles White, Assistant Harbor Master (OPM)  
John Draper, Assistant Harbor Master (PPH)

**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calendar are approved by one motion unless a Commissioner requests at the beginning of the meeting that an item be withdrawn or transferred to the regular agenda.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:           | <b>Minutes of Meeting March 7, 2012</b> |
|   | REPORT:          | Draft minutes                           |
|   | PROPOSED ACTION: | Approval                                |

Tucker stated that the minutes from the meeting on March 7, 2012 were not ready yet and stated that the item will be continued at the next meeting.

## New Business

- 2      TITLE:                                    **Commercial Activity Permit for Lt. Commander John Stahl of Virgin Marine Group for *Spirit of Sacramento* Special Event Cruises from Oyster Point Marina**
- REPORT:                                    Grenell, Memo, Attachments
- PROPOSED ACTION:                    Approve Commercial Activity Permit for Lt. Commander John Stahl of Virgin Marine Group for *Spirit of Sacramento* special event cruises from Oyster Point Marina

Grenell stated he received a request from Lieutenant Commander John Stahl for a permit to operate their cruise vessel the *Spirit of Sacramento* out of Oyster Point Marina/Park. He stated the vessel is a 99 ton craft that can carry 258 passengers. The vessel's home port is Oakland. The vessel would visit the harbor for periodic events throughout the calendar year. He stated that this is the first opportunity to have cruise ships visit Oyster Point Marina. Grenell stated that Lt. Commander Stahl along with a colleague would like to make a brief presentation as well as answer any questions.

Edward Stancil with the *Spirit of Sacramento* passed out an illustration of the *Spirit of Sacramento*. He stated that the vessel is Coast Guard certified official number 510560, and one of 580 K boats in the United States, which is a vessel that carries over 250 people. He stated that they are part of the Passenger Vessel Association (PVA). He stated there are 5,600 inspected vessels in the United States and 1,400 belong to the PVA. He stated that because they are a K boat, they have to have a special martex plan, security clearance, all of the members have to be drug tested, they have to be twixx carded and other criteria. He stated that the vessel belongs to the Coast Guard and they are the steward. He stated that the boat is protected by foreign laws and if someone tampers with the boat it is a Federal offense. He stated that they have a completely different set of rules from the average charter boat operation with smaller capacities. Stancil stated that once they have clearance from the Coast Guard to dock at Oyster Point, any PVA member will be able to dock at the harbor with no fees other than what the District imposes. He stated that they have received calls from people looking to charter the vessel and depart from Oyster Point Marina but since the marina is not a member of the PVA, they were not able to accommodate those requests. He stated that one reason they have not submitted an application in the past is due to the District's requirements of obtaining a business license and paying the \$250 permit fee and a \$500 deposit. He stated that they load their vessel for free at Jack London Square and do not pay any docking fees either. Stancil stated that they already have a group on May 12 that would like to depart from Oyster Point Marina and he would like to be able to have the Coast Guard come out and approve the harbor so they may run that event. He stated that he would also like to begin to market the marina as an embarkation and debarkation location for weddings, America's Cup tours, historical tours up and down the Bay and more. He asked the Commission to waive the application fee, not charge a deposit and they will provide evidence of insurance naming

the District as the additional insured. He asked that they be given a year to see what kind of revenue they can generate and then re-evaluate a year from now.

Bernardo asked when would the *Spirit of Sacramento* begin. Stencil stated that they have an event on May 12<sup>th</sup>.

Tucker asked if Lt Commander Stahl was an active naval officer. Stahl stated that he is not, and that he has worked with the Virgin Marine group under Richard Branson and they are there preliminary to the America's Cup. Tucker asked Stencil if he would be operating a business, a charter operation. Stencil said that they were not operating a business, they are operating an event ship and their business is incidental to anything that is going on at Oyster Point. He stated that they are federally licensed and documented and do not have to get business licenses for the towns they service. Tucker asked if there was a fee to board the vessel. Stencil stated there is not if the boat was chartered. Tucker asked if there was a fee to charter the boat. Stencil stated that there was a fee. Tucker clarified that they receive money from that. Stencil stated that they have only done one charter so far. Tucker stated that if they anticipate money from the charter then that is running a business and the District requires that people running a business out of either harbor pay a permit fee. Stencil stated that the offer to the District is to be part of the PVA with the District having to pay the \$1,400 fee to join.

Tucker asked if they were operating as an LLC or as a non profit 501(c)3. Stencil stated they are an LLC. He stated that they are doing two charity cruises this coming weekend. Their main focus is America's Cup and they want to be able to offer cruises in the meantime.

Padreddii asked if everything they want to do in the harbor is free. Stencil stated no. He stated that the gas tanks on the vessel hold 5,000 gallons and when they arrive at Oyster Point Marina, they will buy fuel from the District.

Parravano stated that he liked the idea of having the cruise ship at Oyster Point Marina but doesn't feel like the commercial activity permit fee of \$250 is asking too much. He stated it is District policy regardless of what kind of business it is, that is what is required. He stated that there are people who are currently in the room that are owners of federally documented vessels, such as fishing vessels. Stencil asked if those boats were K boats. Parravano stated that they were not, but they can function under the same rules that Stencil had mentioned in terms of providing safety and evacuation. He stated that there isn't much difference except for the intention and scope of the project. Stencil stated that they would be willing to pay the \$250 permit fee, but do not want to pay a deposit because Oyster Point will not be their home port and they wouldn't mind paying \$45 a day for every day they come into Oyster Point.

Tucker asked Grenell if he had anything to add to his recommendation. Grenell stated that the security deposit fee is a standard fee for everybody and for the Commission to consider what kind of precedence waiving the fee will set for other vessels.

Tucker read the recommendation from the staff memo. It read as follows: "In addition to the basic \$250 permit fee, the District would charge a \$1.60 per passenger fee, and a \$90 per day lay-over fee on occasions when the vessel needs to stay at Oyster Point Marina".

**Action:** Motion by Parravano, second by Bernardo to approve the commercial activity permit with the \$250 permit fee, \$500 security deposit, a \$1.60 passenger, and \$90 layover fee. The motion passed by a roll call vote.

Ayes: 4  
Nays: 0  
Absent: 1 (Campbell)

- 3 TITLE: **Commercial Activity Permit for Project Knew Groove 3<sup>rd</sup> Annual Art and Music Festival at Pillar Point Harbor**  
REPORT: Grenell, Memo, Attachments  
PROPOSED ACTION: Approve Commercial Activity Permit for Project Knew Groove 3<sup>rd</sup> Annual Art and Music Festival at Pillar Point Harbor

Grenell stated that this request is from a non-profit organization, Project Knew Groove, who wishes to hold their 3<sup>rd</sup> Annual Festival at Pillar Point Harbor. The event would bring local art and music together. He stated that a concern was potential impact on staff. He stated that he met with Assistant Harbor Master Draper and decided that the event is manageable.

Bernardo stated that an art and music festival is not directly marine or water-related. He asked Bryan Richter, Executive Director of the art and music festival, if anything would be related. Richter said yes and that a lot of the art is by local artists and is ocean and wave-based art.

**Action:** Motion by Bernardo, second by Parravano to approve the commercial activity permit for Project Knew Groove. The motion passed.

Ayes: 4  
Nays: 0  
Absent: 1 (Campbell)

Tucker stated that he had several speaker forms for the two closed session items and stated that those comments would be heard now before the public hearing.

Bob Ingles, Co-owner of Half Moon Bay Sportfishing, stated that he has spent many years in Half Moon Bay. He remembers back when the inner breakwater was built and stated that the Harbor has come a long way since then. He stated he would like to continue operating his sportfishing business out of the harbor. He stated that he is an honest, hard working, fair minded person. He stated that he doesn't like the five year lease term in the proposed sample lease.

Sherry Ingles, Co-owner of Half Moon Bay Sportfishing, stated that she and Bob have owned and operated the *F/V Queen of Hearts* for 22 years. She stated that they took over Half Moon Bay Sportfishing from Captain John 7 years ago. She stated that in 2005-2006 they had to endure the closure of Devils Slide, there was a 2 year closure of salmon season, followed by 2

dismal years of crabbing, along with the economy. She stated that through it all, they have continued to grow, despite all the obstacles. She stated regarding the terms of the proposed lease, they are requesting an initial 10-year lease with three 5 year options. She stated that in order to stay competitive, they have a very low margin on their inventory at their shop and the difference between 3% to 5% doesn't sound like a lot, but it makes a huge difference to their bottom line.

Larry Fortado, owner of Three Captains Sea Products, spoke and stated that he has been at the harbor since 1980 and has never missed a payment. He stated he has two boats berthed at Pillar Point Harbor. He stated that he pays \$21,000 per month and has his place in Princeton which totals \$47,000 per month. He would like a 5-year lease with a 10-year option.

Michael McHenry, owner of Pillar Point Seafood, stated that he feels there was some manipulation that happened to make the lease spaces look like they were worth more than they are. McHenry stated that he helped write the lease 30 years ago and has seen it evolve over the years. He stated that he would like a decision to be made very soon.

David Mallory, owner of Morning Star Fisheries, stated he has been at Pillar Point Harbor for 10 years and 17 years before that he was on Romeo Pier. He stated that he considers it an honor to be trusted by so many fishermen and would like to continue that relationship.

Tucker asked Grenell when he expected the Commission to make a decision regarding the fish buyer's leases. Grenell stated he is hoping to have an item on the agenda for the second meeting in April.

Lisa Bettencourt stated her family has been fishing out of the harbor since 1908 and they would like to continue to do that. She stated that her brother, Jeff Bettencourt, currently fishes out of Pillar Point Harbor. She stated that they have a lot of new energy and new ideas that can be brought to the harbor. She stated her brother, Jeff, is the most dialed in to the industry as a whole as he is a member of the Dungeness Crab Task Force, a leader in the sustainable fishing movement and has worked for years with the Nature Conservancy and the Environmental Defense Fund. Bettencourt clarified publically that it is not their goal in any way to put anyone out of business and believes that anyone of these gentleman can continue to operate through them.

Tucker clarified with Grenell that the fish buyers lease item would be on the second April meeting. He stated that normally Coastside items are handled at the first Wednesday meeting. Grenell stated that it correct, however he hopes to resolve this before the start of salmon season which could be in May.

## Public Hearing –

- 4 TITLE: **Draft Preliminary Operating and Capital Budget for Fiscal Year 2012-13**
- A. Declare Hearing Open: President Tucker
- B. Report of Notice Given: Grenell
- C. Staff Report and Recommendation: Frederick, Draft Preliminary Budget FY 2012/13
- D. Public Testimony:
- E. Harbor Commission Questions:
- F. Close Public Testimony: President Tucker
- G. Commission Deliberation:
- H. Recommended Commission Action: To Be Determined

Grenell stated notice had been given.

Frederick stated that at the Harbor Commission's workshop she stated that the District's revenues were greater than the expenses but in the budget being presented the expenses are greater than revenues. She stated that this is the preliminary budget and there are items that are not built in yet as she is waiting on more information. She stated that this budget has been consolidated and rearranged as far as the layout. She brought one thing to the attention of the Commission: allocating the GASB 54 needs to be classified into certain categories by the end of the fiscal year so she built that into the budget. She stated that they will have to decide on how to allocate those funds into the various categories. She asked that there be at least 3 months of operating expenses in the unassigned category so bills can be paid until revenues come in.

Tucker stated that the Commission can allocate those funds into categories at any time by a resolution, not just when the budget is adopted. Frederick stated she was aware of that. Tucker stated that past practice has been to receive the budget and take it home to review it.

Bernardo commended Frederick for her thorough work with the budget. He asked her to summarize where she would like to draw the Commission's attention. Frederick stated the biggest area would be the Capital Improvements projects which are the ones where you would see the largest expenditures and are the most volatile in terms of what the actual numbers would be.





## **Reports for Possible Discussion/Action Administration and Finance**

### **7 General Manager - Grenell**

Grenell stated that at the previous meeting there was reference made by a member of the public to the Highway 1 improvement study and there was a Board request to provide information on that. He passed the pertinent pages out to the Commission.

### **8 Director of Finance - Frederick**

Frederick spoke regarding the Lehman Brothers settlement and stated that the county anticipates receiving the first pay-out on April 17, 2012.

### **9 Human Resources Manager – Harris**

Bernardo asked Harris when the new Harbor Master would begin. Harris stated that the offer letter will be sent tomorrow and she was hoping he would begin by April 16, 2012.

## **Operations**

### **10 Oyster Point Marina/Park - White**

Nothing further to add to written report.

### **11 Pillar Point Harbor – Draper**

Nothing further to add to written report.

## **Board of Harbor Commissioners**

### **12 A. Committee Reports**

None.

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.**

**Action:** Motion by Padreddii, second by Parravano to adjourn to closed session. The motion passed unanimously at 8:05 p.m.

## **Closed Session**

- 13 TITLE: Conference with Legal Counsel: Anticipated Litigation Pursuant to Government Code §54956.9(b), One Case**
- 14 TITLE: Conference with Real Property Negotiator Peter Grenell: Pursuant to Government Code Section §54956.8**  
**PROPERTY: Half Moon Bay Sportfishing, Parcel 4, Concessionaires Building, Pillar Point Harbor, El Granada, APN 047-083-060**  
**NEGOTIATING PARTIES: San Mateo County Harbor District, Half Moon Bay Sportfishing**  
**UNDER NEGOTIATION: Lease Price, Terms and Conditions**
- 15 TITLE: Conference with Real Property Negotiator Peter Grenell: Pursuant to Government Code Section §54956.8**  
**PROPERTY: Pillar Point Seafood, Area 3, Johnson Pier, Pillar Point Harbor, El Granada, APN 047-083-060: Three Captains Sea Products, Inc., Area 2, Johnson Pier, Pillar Point Harbor, El Granada, APN 047-083-060: Morning Star Fisheries, Area 1, Johnson Pier, Pillar Point Harbor, El Granada, APN 047-083-060**  
**NEGOTIATING PARTIES: San Mateo County Harbor District, Pillar Point Seafood, Three Captains Sea Products, Inc., Morning Star Fisheries**  
**UNDER NEGOTIATION: Lease Price, Terms and Conditions**

There was no reportable action from Closed Session.

# Adjournment

**Action:** Motion by Padreddii, second by Bernardo to adjourn the meeting. The motion passed unanimously at 9:49 p.m.

The next scheduled meeting will be held on April 4, 2012 at the Comfort Inn, 2930 Cabrillo Highway, Half Moon Bay at 7:00 p.m.

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Debbie Nixon  
Deputy Secretary

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James Tucker  
President