

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

**May 2, 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
Linda Noeske, District Counsel

Public Comments/Questions-

Jim Anderson, Pillar Point commercial fisherman, stated that he spoke with Keet Nerhan regarding grant money for upgrades to the ice machine, but with the restrictions on the amount of fish allowed to catch there is not interest to fund the upgrades. Anderson said he asked about a contingency plan in case the machine breaks or too many fish are caught and right now there is no back up plan.

Anderson also informed the Board that partial funding from NOAA has been received for the Genetic Stock Identification (GSI) project and this will start in approximately one week. This will entail taking samples of the salmon fish stock to identify the location of the stock and where the parents of the fish are from. Anderson concluded by requesting assistance from the Harbor Patrol with the fishermen's Port liaison to leave a sample kit or GPS at the Harbormaster office.

Campbell requested staff give her a copy of the lease with Keet Nerhan to see if there is language that states he is supposed to keep the ice machine in operation.

Lundie stated that others ports use “pre-slushed” ice machines and asked Andersen what his view is of these machines. Andersen said he knows of a few harbors that use these and love them.

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calendar are approved by one motion unless a Commissioner requests at the beginning of the meeting that an item be withdrawn or transferred to the regular agenda.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 <i>Special Meeting April 18, 2007</i> |
| | REPORT: | Draft minutes |
| | PROPOSED ACTION: | Approval |
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| 2 | TITLE: | Minutes of Meeting April 18, 2007 |
| | REPORT: | Draft minutes |
| | PROPOSED ACTION: | Approval |

Action: Motion by Campbell, second by Parravano to approve the Items 1 and 2. The motion passed.

Ayes: 5
Nays: 0

Public Hearing –

- | | | |
|----------|----------------------------------|---|
| 3 | TITLE: | To Adopt the Preliminary FY 2007-08, Operating and Capital Budget, to Set the Public Hearing Date of June 20, 2007 for Fixing the Final Budget, and Authorize a Public Notice to That Effect Pursuant to Harbors and Navigation Code §6093.1 |
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| A. | Declare Meeting Open: | President James Tucker |
| B. | Report of Notice Given: | Grenell |
| C. | Staff Report and Recommendation: | Resolution 10-07
Preliminary Budget |
| D. | Public Testimony: | |
| E. | Harbor Commission | |

Questions:

F. Close Public Testimony: President James Tucker

G. Commission Deliberation:

H. Recommended

Commission Action: Adopt Resolution 10-07 Adopting the Preliminary
FY 2007-08 Budget and Authorizing Publication
of Public Notice

Grenell stated that proper notice has been given. He added that staff is preparing to set up another tenant meeting at the Half Moon Bay Yacht Club sometime this month.

Tucker explained to the public that this item is on the Agenda as a procedural notice only.

Action: Motion by Padreddii, second by Parravano to approve item 3. The motion passed.

Ayes: 5

Nays: 0

**4 TITLE: West Basin Dredging: Negative Declaration and
Notice of Determination**

A. Declare Meeting Open: President James Tucker

B. Report of Notice Given: Grenell

C. Staff Report and

Recommendation: Adopt Resolution 11-07 and to Make Finding of No
Significant Impact, Certify Negative Declaration and
Authorize Filing of A Notice of Determination

D. Public Testimony:

E. Harbor Commission

Questions:

F. Close Public Testimony: President James Tucker

G. Commission Deliberation:

H. Recommended

Commission Action: Adopt Resolution 11-07 and Make Finding of No
Significant Impact, Certify Negative Declaration and
Authorize Filing of a Notice of Determination

Grenell informed the Board that proper notice has been given.

Padreddii asked if the dredging is for the ferry terminal service.

Grenell said that the portion to dredge from six feet to eight feet is for the ferry terminal service which is to be reimbursed by the Water Transit Authority.

Action: Motion by Lundie, second by Parravano to approve item 4. The motion passed.

Ayes: 5
Nays: 0

Continued Business

- 5 TITLE: **Preliminary Budget Including Multi-Year Rates and Fees Schedule**
REPORT: Preliminary Budget, Proposed Draft Multi-Year Rates and Fees Schedule
PROPOSED ACTION: To Be Determined

Grenell informed the Board that staff intends to bring suggested changes in the budget to reduce expenditures back to the Board before the June 20, 2007 meeting where it will be finalized.

Lundie and Parravano recused themselves due to a potential conflict of interest and left the room at 7:14 p.m.

Kevin Jensen, user of Pillar Point Harbor, stated that he works for a company that has businesses all over the world, and they do not penalize one office when the other isn't doing well. He said it would be ridiculous to penalize Pillar Point Harbor because Oyster Point Marina/Park isn't doing very well. He asked the Board to leave the rates and fees at Pillar Point Harbor alone and see what they can do to repair management and Oyster Point Marina/Park.

Bob Newcomb filled out a speaker card but passed.

Carmie Newcomb, Pillar Point Harbor user, stated that it is great that the rates have been lowered since the last meeting but asked that the Board still take a look at their expenses. She added that there is a lot of room there and it needs to be looked at. Newcomb asked if she could send a list of documents to staff to present at the tenants meeting. Tucker informed Newcomb to contact Grenell. Newcomb concluded by stating that she really thinks the expenses is where to go, not the rates and revenues.

Francis Young, Pillar Point Harbor tenant, stated that the proposed rates and fees that were handed out are confusing. He said Oyster Point shows the actual cost for the size of the boat, but Pillar Point shows only the increase.

Tucker said staff will clean it up for the next meeting.

Schnapp stated that the Harbors charge for their berths differently.

Francis concluded that he is pleased to see that the rates and fees have gone down, but if they continue to be intolerable then he will have to move.

Guy Gilchrest, longtime user of both Harbor District facilities, stated that he has not been happy with the proposed rate increases and requested copies of the budget from the last several years, which he has received. Gilchrest did some research and said some cost cutting can be done at the management level. He questioned why the District has a five year lease agreement at \$64,000 a year for the Administration office. He felt that was a bit exorbitant. Gilchrest added that the staff running the Harbors are getting the “bread crumbs” after all the other money is being spent and he thinks they are doing a good job. Gilchrest concluded that he will send some notes to the Harbormasters and an overall questionnaire to staff and the Board.

Michele Marcy-Weber, stated that the revisions are promising. She spoke on behalf of a group of Pillar Point Harbor users. She informed the Board what they as a group can live with: a 4.5% slip increase, the cost of living plus the additional 2%. She added that they feel strongly that the live aboard fees should stay the same at a \$30 increase as voted on last year. Marcy-Weber added that they will not agree to an increase in administrative fees. She concluded that they would like the Board to come back to them with some solutions.

Tucker reminded the audience that the budget will not be voted on tonight, this is just for public comment and deliberations. The budget will be finalized on June 20, 2007.

Johnson informed the Board that if rates and fees are put off until June 20th they will not take effect until the next billing cycle in August.

Grenell said that historically, the Board has finalized the rates and fees during the first meeting in June in order for the billing to take effect in July; in this case the rates and fees will be finalized on June 6, 2007.

Jack Gross, Pillar Point Harbor user and member of the Coastside Fishing Club, said he views Pillar Point Harbor like a State park, something that should be used and enjoyed by the public. Gross said when he read the report in the Half Moon Bay Review last year that LAFCo declared the Harbor District Commission had zero sphere of influence he actually felt bad, especially because the Harbor Patrol work hard and represent the Commission well. He added that when he heard of the proposed rate increase he was very alarmed, and if it goes through he would do everything in his power to make sure the Commissioner's do not get re-elected. Gross said that the Harbor users have a zero sphere of influence, they have no say in the rate increases and he feels powerless. He said he doesn't mind paying more, but right now they are getting less. He applauded the Board for dropping the rates, but whatever the turn out is he is a San Mateo County voter and intends to use that to the best of his ability.

Campbell stated that she has heard the members of the public “loud and clear” and she too felt the initial proposal was excessive. She added that she has spent several hours with staff to get the rates and fees down to 10%. Campbell feels that there are a lot of areas where the District can cut expenditures, which staff is working on now, line item by line item. Campbell added that she has argued to keep the base monthly fee at \$30 and the launch ramp fees at \$10. She

has also suggested lowering the overnight RV parking a few dollars in good faith. Campbell concluded that when the final budget comes to the Board for vote on June 20th, that if management has not looked at every possible way to cut costs she will not vote; however she will support a 10% increase if staff is able to show every possible way to reduce expenditures by the June 20th meeting.

Padreddii complimented the public for the great attitudes they have had here tonight, and he said it shows the District has good people in the Harbor. He added that he concurs with everything Campbell had to say. Padreddii concluded that employees want raises and the Board has not given them and they are doing everything they can to increase revenue and keep cost increases minimal.

Tucker said he supports Campbell and Padreddii and reminded everyone that staff is currently underway with a time and motion study. A lot of what will be done with the budget will be a result of input from the study. He added that the hiring freeze is still in effect and the Board is doing what they can to cut expenses. Expenses have been cut by 20% over the last three years. Tucker said that he attended both tenant meetings in March and told the public that their voice does count and the Board does listen to what they have to say. Tucker concluded that he appreciates the way the people have handled themselves.

Johnson said since so many people are concerned with Oyster Point and its fiscal stability he did some research in the financial statements for the last 12 years. He handed out a list of operating revenue versus operating cost for Oyster Point and Pillar Point. Johnson said that Oyster Point's performance to the budget is not as negative as it is perceived. Johnson concluded that his overall goal is to have operating revenue meet operating expenses.

No action was taken.

6 TITLE:	License Agreement with Francesco Carruba for Right of Entry to Parcel 5, Lessees' Building, Pillar Point Harbor
REPORT:	Memo, Attachments
PROPOSED ACTION:	Approve and Authorize General Manager to Execute License Agreement with Francesco Carruba for Right of Entry to Parcel 5, Lessees' Building, Pillar Point Harbor

Grenell informed the Board that the lease terms have already been approved by both the Board and the Department of Boating and Waterways. Staff is working with Legal Counsel on putting final edits on the Lease document. Grenell said this License would give Carruba right of entry to the premises to begin clean up and set up before final approval of the Lease at the next meeting.

Campbell said this goes against what she has learned in Real Estate practice. She asked why the lease can't be signed now and give Carrubba a couple months of leeway while he gets it together.

Grenell said the lease document has just been reviewed and finalized by Counsel in the last couple of days and it must be signed off by DBAW. The Lease will be brought before the Board on May 16th.

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

Ayes: 4

Nays: 0

Abstention: 1 (Campbell)

7 TITLE: Lease Terms with Half Moon Bay Kayak Company for Premises at Perched Beach, Pillar Point Harbor
REPORT: Proposal, Memo and Attachments
PROPOSED ACTION: Approve Lease Terms with Half Moon Bay Kayak Company for Premises at Perched Beach, Pillar Point Harbor and Authorize General Manager to Execute Lease Agreement Conditioned Upon Prior Approval of DBAW

Grenell informed the Board that he has received a request from Half Moon Bay Kayak Company for a modest expansion to their existing operation. The expansion would entail another tent to open up space to sell retail kayak supplies and a small office. Grenell said the owners understand that the District needs flexibility in terms of their location.

Grenell said a Lease document will be prepared to bring before the Board. This item is on the Agenda to get a sense from the Board on whether this is feasible.

Tucker said that the Kayak business is a great asset to the District and they appreciate it but the District needs to find a permanent location for the Company. He added that another tent-like structure in the Harbor is not what he is in favor of.

Grenell said that finding permanent space for the Kayak Company will take time and asked what to do in the mean time.

Lundie said that the previous proposal from the Kayak Company had a plan for a modular building and asked why that is not happening. Grenell said there were too many issues and financial implications with the County. Lundie said he has no problem with the tent as long as the owners understand that if the 71-berth project gets reactivated they will have to relocate.

Parravano felt that the tent was not compatible with the design and plan for the Harbor. He added that the New Development Committee (Campbell & Parravano) is trying to establish a policy on looking at leases based on square footage.

Campbell asked Grenell if the Kayak Company is keeping track of all the people going out on kayak rides and are they paying the District a percentage of that. Grenell said yes and

suggested hearing more from Douglas Connor and Chris Manchester, owners of Half Moon Bay Kayak Company, who were both present.

Padreddii said that the picture of the proposed additional tent that the Kayak Company put before the Board looks like an eye sore and feels that it would be a detraction to the whole Harbor.

Douglas Connor stated that they do pay a percentage fee on all rentals, classes and trips to the District. He said that the new addition would look exactly as the existing tent now and they intend to redo the tops of both tents.

Tucker asked Connor to convince the Board that he should get the new tent and things will work out.

Connor said their long term goal is to have a permanent space, but they do not want to put off their business plan until then.

Tucker requested the Half Moon Bay Kayak Company furnish the District with a financial statement. He asked Connor if his business is profitable.

Chris Manchester said that they have doubled their revenue and that is without retail services.

Tucker asked when they would put new tops on the tents. Connor said three to six weeks upon approval.

Tucker said he would like to put this item off until the District receives a financial statement. Campbell asked that the Kayak Company submit a new proposal to the Board with a structure that they can handle.

Action: Motion by Campbell, second by Lundie to move this item to the next agenda. The motion passed.

Ayes: 5

Nays: 0

8 TITLE:	License Agreement and Commercial Activity Permit for California Abalone Company: Doug Hayes
REPORT:	Memo, Letter, Resolution 12-07, Lease Amendment, CAP
PROPOSED ACTION:	To Be Determined

Grenell informed the Board that Hayes has asked for reinstatement of his expired license and a commercial activity permit (CAP) to sell retail abalone off his boat at Pillar Point Harbor. He informed the Board that Hayes is in the audience.

Tucker asked Hayes if he understands and complies with the Board's revised terms and conditions.

Hayes said he is confused as to why the terms and conditions have been revised. He thought he was negotiating with the District and its proposal but he now perceives that the Board wants him to "get out" of the Harbor and doesn't understand why.

Hayes said the abalone concept was originally the District's idea. He was the only person who hung in and got all of the permits and spent a lot of his money working towards achieving this concept. He doesn't understand that if the District clearly needs revenue why they wouldn't want to work with him on this as the District would receive a percentage of sales.

Tucker explained to Hayes that he failed to meet certain criteria and deadlines. He said the suggestions that were given to Hayes from staff to get it straightened out were not adhered to. Tucker said the Board directed staff to put together a new proposal to salvage what is left of Hayes' business.

Tucker asked if Hayes agrees with the new terms and conditions set forth. Hayes said he would like to go back to the conditions that were written to him on December 7, 2006. Tucker explained that legally the conditions that were given to him in December were not met and are no longer an option. He concluded that the new offer, given in April of 2007, is what is proposed and must be accepted to reinstate his license and be given a CAP.

Hayes said the new conditions state that he has to be out after five years.

Tucker said that can be extended with the agreement of both parties.

Hayes said he doesn't like the restriction that there is no option in his agreement that allows him to expand.

Campbell stated that Hayes had said at the previous meeting that the last thing he would ever do is expand his operation to anything more than it is now. Hayes said it is just unusual not to have that opportunity. He added that it would have been better to include "you can not expand without prior Harbor Commission approval."

Campbell said the Board "took it to heart" when Hayes said several times at the last meeting that he had no intention of expanding his operations.

Tucker asked Hayes if the agreement were amended to say that he can't expand without prior approval of the Board and that he can not have more than five years without the consent of both parties, would he agree to it. Hayes said yes.

Lundie stated that if Hayes puts everything he has into growing the abalone and marketing them correctly and makes every effort to fit in with the other enterprises at Pillar Point then he

will have a very good chance at an extension. He added that he does have concerns with an expansion and would rather that he did not expand.

Hayes said he feels he fits in now as he pays his slip fees on time and gets along with his fellow tenants and the Harbor patrol. Hayes asked the Board if he can pay 50% of the license fee now and the other 50% within 60 days. The Board agreed.

Grenell informed the Board that it was the Board's original intent back in the 1990's to have Hayes sell wholesale. He said Hayes apparently had no intention of selling wholesale and wanted to make sure that he is now prepared to do this as it would provide the District with additional revenue.

Hayes said he had no experience selling abalone and wanted to start off with his boat selling retail to get "his feet wet", then would start wholesale.

Action: Motion by Padreddii, second by Campbell to approve License Agreement and Commercial Activity Permit for California Abalone Company: Doug Hayes amended to say five year extension subject to agreement by both parties and no expansion with prior Harbor Commission approval.

Ayes: 3

Nays: 1 (Parravano)

Abstention: 1 (Lundie)

9 TITLE:	Placement of <i>F/V Irene</i> at Pillar Point Harbor: Extension of Haul Out Period
REPORT:	Letter
PROPOSED ACTION:	Approve Extension of Haul Out Period for Six (6) Months

Grenell informed the Board that a request for an extension has been made to finish repair work on the *F/V Irene* at Pillar Point Harbor. Grenell and Temko recommended a 6 month extension.

Lundie stated that this job has attracted a lot of volunteers and has become a tourist attraction. He added that the Parsons have done a fine job.

Parravano stated that he appreciates the work and the exposure this repair job has done for the Harbor. He added that he took a group of students for a tour at the Harbor and they were all fascinated with the wooden boat.

Campbell agreed with Parravano and thanked Leland and Cecily Parsons for their work. Leland thanked the Board and informed them that they are welcome to volunteer at any time.

Nays: 0

Reports for Possible Discussion/Action

Administration and Finance

13 General Manager - Grenell

Grenell informed the Board that he spent the day in Sacramento attending the Board of Directors meeting of CMANC to strategize dealing with re-authorization of the Marine Sanctuary Act concerning dredging and fisheries as related to Pillar Point Harbor.

Campbell asked Grenell if any responses for the Pillar Point Harbor lessees' building Concept Design have been received. Grenell said he has received one and a site tour is scheduled for May 9th at 11:00 a.m.

14 Director of Finance - Schnapp

Schnapp informed the Board that at the previous meeting she spoke with several tenants who said they would be sending in a list of questions and she has not received any to date.

15 Human Resources Manager - Wilkerson

Nothing further to add to written report.

Operations

16 Oyster Point Marina/Park - Johnson

Nothing further to add to written report.

17 Pillar Point Harbor – Temko

Nothing further to add to written report.

Board of Harbor Commissioners

18 A. Committee Reports

Campbell informed the Board that the docks at Oyster Point need repair and something needs to be done. She asked that the Board think about how much the District should spend to do this.

Johnson informed the Board that the Business Plan includes a program for the replacement of docks which will start in approximately two years. He added that Oyster Point staff has been working closely with Pillar Point staff on research for the potential purchase of pressure-treated wood for the docks.

Tucker questioned concrete docks versus wooden docks. Johnson said there is potential for concrete walkways. Johnson will bring a comparison report to the Commission at the next meeting.

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.

Tucker requested that an item for performance evaluation of the General Manager be put on closed session for May 16th. This item will be a discussion item only.

Adjournment

Action: Motion by Parravano second by Campbell to adjourn the meeting. The motion passed unanimously at 8:47 p.m.

APPROVED BY:

James Tucker

James Tucker
President

ATTESTED BY:

Theresa N. Hayes

Theresa N. Hayes
Deputy Secretary