

San Mateo County Harbor District Board of Harbor Commissioners Meeting Minutes

February 1, 2012
7:00 p.m.

Comfort Inn
2930 Cabrillo Highway
Half Moon Bay, Ca. 94019

Roll Call

Commissioners

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

Staff

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

x-absent

Public Comments/Questions — Duncan McLean, President of the Half Moon Bay Fishermen Association addressed rate increases. He stated that when the rates were increased he was away fishing and was unaware of the increase. He stated he returned back to the Harbor in September and hadn't budgeted for the increase. He stated that he was told that he could not make payments and that he had to pay the balance in full or he could leave the Harbor. He thought he was paid through the end of January, but wasn't. He stated that he filled out the paperwork for the Commercial Fisherman's discount and is asking for the discount to be retroactive and asked for leniency. He also stated that he has had to call upon the Harbor Patrol for assistance and is appreciative of the help he received.

Staff Recognition- Grenell recognized Lead Maintenance Specialist Merlo for his outstanding work as liaison with Power Engineering, contractors for the Water Emergency Transit Authority (WETA). He stated that his efforts are appreciated by all.

New Business

- 1 **TITLE:** **Commission Committee Assignments**
 REPORT: Tucker, Board of Harbor Commissioners
 PROPOSED ACTION: To be determined

Tucker stated that there are no changes to the 2011 Commission Committees and will remain the same for 2012. Campbell stated she would like to have a Coastal Trail Committee and would like Tucker to assign someone to be on the committee with her. He stated that Commissioner Bernardo will be on the committee with her. Bernardo accepted.

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calendar are approved by one motion unless a Commissioner requests at the beginning of the meeting that an item be withdrawn or transferred to the regular agenda.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

- 2 **TITLE:** **Minutes of Meeting January 18, 2012**
 REPORT: Draft minutes
 PROPOSED ACTION: Approval

Action: Motion by Parravano, second by Bernardo to approve the minutes. The motion passed.

Ayes: 3
Nays: 0
Abstention: 1 (Campbell)
Absent: 1 (Padreddii)

Public Hearing - None

New Business

- 3 **TITLE:** **Information Item: New Leases for Fish Buyers Premises
 at Pillar Point Harbor**
 REPORT: Grenell, Memo, Attachments
 PROPOSED ACTION: No action required

Parravano recused himself because he is conducting business with one of the Lessees.

Grenell stated that this item responds to a suggestion made by a speaker at the previous Board meeting. It was suggested that it would be beneficial to all interested parties if there was an

opportunity to receive information from the Harbor District about the lease process as well as give the Commission an opportunity to hear from the public. Grenell summarized the process and started with some background information: There are three firms working on the Johnson Pier at Pillar Point Harbor through District leases: Pillar Point Seafood, Three Captains Sea Products, and Morning Star Fisheries. He stated each firm's lease covered a foot print of about 800 square feet. He stated that there is a diagram on the back table. All three leaseholds operate out of the same building. He stated that each of the three leases expire March 1, 2012 and each lease does not include a renewal or extension beyond the one extension that each of the three lessees exercised some years ago. Grenell stated that this process is not a bid process. He stated that Section 72 of the Harbors and Navigation Code states that the District would have to submit a public notice, receive bids and then accept the highest bid. He stated again that the District is not using a bid process. He stated that the Department of Boating and Waterways is allowing the District to use Section 72.2 which is a different process. A public notice has been issued, and it's a request for proposals. Once proposals are received, they will be reviewed and a public hearing will be announced and held by the Commission. A decision does not have to be made at that public hearing. The Commission may take time to discuss and hold conversations with the proposers. Then another public hearing(s) will be held and a decision would be announced. Grenell stated that there are five interested parties and all five have been given the public notice, an application form and a sample lease.

Duncan McLean spoke for the Fishermen's Association and said they are looking at forming a community fishing association. He said Pillar Point Harbor is a wonderful place to fish from and it is a community. They want to see it remain.

Bernardo asked what the turnaround time would be for the Department of Boating and Waterways to approve the leases. Grenell stated it could be as soon as two weeks and up to a few weeks. Bernardo asked for an explanation for the addition of the fee for off-loading fish and if this was to added to the minimal rent and if it was to bring us in alignment with other harbors. Grenell stated that it is not unusual to seek revenue this way. He stated that the existing leases have language in them about off loading fees, however it is permissive, discretionary language and historically the District has not collected off-loading fees.

Campbell asked if a sample lease has been made available to all interested parties. Grenell stated that it was given to all interested parties. Campbell asked if any comments have been received back and if comments are allowed at this point. Grenell stated that yes, comments are welcome and questions received have been asked and answered.

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| 4 | TITLE: | Mid Year Budget Review for Period Ending December 31, 2011 |
| | REPORT: | Frederick, Budget Review |
| | PROPOSED ACTION: | To be determined |

Frederick stated that the Mid-Year Budget Review is to give an understanding where the District is in regarding to meeting the budget for the first half of the year. Frederick stated that when preparing the budget, it was anticipated that there was a possibility that we would need to take monies from the reserves, but she now anticipates a small increase in reserves. She stated that there are several things that factor into this, primarily a onetime allocation from the county in property taxes called excess ERAF. The schools didn't need all the property tax that was obligated to them. She stated in terms of expenses, we are below budget in nearly every area except for the OPEB expense (Other Post Employment Benefits). Some employees are entitled to receive their health care premiums paid upon retirement for a certain number of years based on how long they have worked for the District. She stated that with this expense, it cannot be determined who will need it and how much it is going to cost.

Tucker asked Frederick to explain what ERAF is. Frederick stated that under Proposition 91, the state guarantees a certain amount per student for the school districts. Portions of property taxes are set aside for this and they also receive normal property taxes. In San Mateo County many of the schools are able to get their Proposition 91 minimums met by the regular property taxes so the excess that was held aside in case they were not met was then released back to the jurisdictions.

Campbell asked when ERAF was implemented. Grenell stated he believed it was in 1992 under Governor Wilson. Campbell stated that special districts and all cities [and counties] have monies taken out of their coffers for that fund.

Bill Kehoe stated that he could not locate the FY2011/12 budget on the District web site. He asked if he could get a copy. He stated that he was confused as to why these monies were returned to the District because he is consistently receiving mailings from the local schools asking for donations. He asked who decides on returning the ERAF money. Frederick stated that this is set up by the State Department of Finance and they determine how much each district receives to meet the minimums. The minimums are often met, but to have an outstanding school district additional funds are needed. Grenell stated that every year a letter is received from the San Mateo County Controller with an estimate of what the ERAF is going to take. Then later on, if there is an excess, it is returned. Kehoe asked who determines the amount. Frederick states that the State sets the threshold and the County does all the calculations.

Bernardo asked what our reserves are at any given time. Frederick stated the total (restricted and unrestricted) is about \$12 million. This includes a Department of Boating and Waterways-required restricted reserve of approximately \$1.5 million. Tucker stated that reserves are accounted for like projects and the DBAW payment.

Action: Motion by Campbell, second by Bernardo to accept the mid-year budget review. The motion passed.

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

- 5 TITLE: **Coastside Fishing Club Proposal to Moor Seasonal Net Pens in Pillar Point Harbor for Release of Juvenile Salmon**
REPORT: Grenell, Memo, Attachments
PROPOSED ACTION: Approve the Coastside Fishing Club proposal to moor seasonal net pens in Pillar Point Harbor

Grenell stated that this project has come before the Commission some years ago from the Coastside Fishing Club. There was a conceptual approval by the Commission and then a lot of homework that needed to be done to finish the project. He stated that implementation is now possible and we were approached again. The Department of Fish and Game for several years has tried to enhance the sustainability of the Chinook Salmon runs. He stated that one of the problems has been in the Sacramento River, where the young Salmon coming down the river have a gauntlet of hazards to survive. Fish and Game is trying to avoid these hazards by trucking the young smolts around the delta and lower Sacramento. It was determined that Pillar Point Harbor would be able to accommodate salmon pens. He explained what would happen is that the Department of Fish and Game would come and put the young salmon into a couple of pens that would be temporarily moored in the Harbor in April and May each year. The fish would be there for up to a few weeks to acclimatize and then they would be released into the ocean and head back to the Sacramento River. When they are released the pens would then be removed from the Harbor until the following year.

Campbell said that the report states that the salmon are released in three weeks and there are two pens with about 60,000 smolts in each. She asked if the pens would then be filled again. Grenell stated that there would be more than one cycle. Campbell asked if this would cause any pollution. Grenell said that if it did, it would be the responsibility of the Coastside Fishing Club to clean it up.

Marc Gorelnik from the Coastside Fishing Club stated that the purpose of the project is to increase the population of the Chinook salmon for commercial and recreational fishermen. He stated that this project will benefit the users of the harbor. He stated that this is an effort to address the other failures in state government dealing with water policies. Gorelnik stated that for the first year, they are anticipating three deliveries of 60,000 smolts each and for the second year they are anticipating seven deliveries. After the two years, the project will be reevaluated by the state.

Duncan McLean spoke and expressed how exciting this project is. He stated that studies have shown that fish migrate back to where they were penned. He stated that this is a

wonderful opportunity to educate the public as well. He stated that everyone will benefit from this project.

Bernardo stated that the staff report recommended waiving the fee and requirements for the permit and he agreed with that recommendation because this project will benefit the public and community and environment. He stated that he is aware that staff is working on a Special Event Policy and wanted to know how this particular project would fall in line with that policy. Grenell stated that staff is hard at work crafting a policy and is working with counsel. He stated that staff is in the midst of gathering information. He stated that one main concern is that the policy does not violate constitutional rights of assembly. He stated that the goal is to create an equitable, visible, and predictable rate structure. Grenell stated that different events will have different impacts on the Harbor and its staff. He stated that he is planning on bringing a draft policy to the Commission in the next couple of months.

Parravano thanked Gorelnik and McLean for their comments. He stated that this project is a very critical part of restoring the salmon. He stated that McLean is the Salmon Troll Advisor for the entire state of California to a Federal Fisheries Management Council. He stated that when there was a decline in salmon a few years ago, his job became challenged. Parravano stated that salmon used to be born in the wild. During the 50's and 60's when there were a lot threats to the salmon because of diversions of the water flows, there was an agreement between various parties to implement hatcheries. He stated that there is presently a movement amongst some people to eliminate the hatcheries. He stated that he feels this movement is short-sighted and unfounded. He feels that having this project at Pillar Point Harbor will send a message to those who are against hatcheries, that they are needed. He supports this project very much.

Action: Motion by Campbell, second by Parravano to approve the Coastside Fishing Club proposal with a waiver of fees. The motion passed.

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

- 6 TITLE: Limited Commercial Activity Permit for American Legion Coastside Fireworks, July 4th 2012**
REPORT: Grenell, Memo, Application
PROPOSED ACTION: Approve conditionally Limited Commercial Activity Permit for American Legion Coastside Fireworks, July 4th 2012

Grenell stated that this item is the same as last year, except it is for this year. The conditions are that once the American Legion Coastside obtains all the pertinent permits, the District will then issue the permit.

Campbell asked what the insurance coverage is for this event. Grenell stated that on page four of the application, it states general liability coverage in an amount of \$1 million per occurrence and an aggregate of \$2 million.

Action: Motion by Campbell, second by Parravano to conditionally approve the Limited Commercial Activity Permit with a waiver of fees.

Grenell stated that on page two of the staff memo, line item number three would then be removed.

Campbell stated that she knows how hard the Legion works to make sure this event happens and thanked them for their hard work.

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

- 7 TITLE: **Clean Vessel Act Grant Application to Department of Boating and Waterways for Replacement of Pillar Point Harbor Pump Out Station**
REPORT: Grenell, Memo, Attachment
PROPOSED ACTION: Authorize General Manager to submit clean vessel act grant application for \$17,440.46. to the Department of Boating and Waterways

Grenell stated that this is to replace the existing pump-out facility at Pillar Point Harbor which is getting old. He stated that Draper has put together the proposal and deferred to him for more detail. Draper stated that this is not only replacement of the pump-out facility but also to replace the porta-potty pump-out. He stated that over the years, a lot of money has been spent on repairing them. He stated that this grant will cover 75% of the cost and the District's share is 25%. Campbell stated that in the past there was discussion about charging to use the pump-out facility. She asked Draper if he knew of any more discussion about that. Draper stated he had not heard, and stated that he felt if there was a charge to use the facility, that people would go around using it and dump directly into the Harbor. He stated it should be free of charge.

Sabrina Brennan thanked Draper for all the hard work he has done and she is very happy that there will be a new pump-out facility at the harbor. She encouraged the Commission to give boat owners an opportunity to use the facility free of charge. She strongly feels that this will encourage boat owners to use the facility more frequently which will in turn improve water quality.

Bernardo asked Draper what is the life cycle of a pump-out. Draper stated that it depends on the usage. He stated that a pump-out should last about ten years and the one at Pillar Point Harbor is twelve years old.

Bernardo stated that he understands the importance replacing the pump-out, but asked what the District is going to do to help educate the boaters and the community and get the word out. Draper stated that they are in the middle of doing vessel inspections and are telling all of those boaters about the new facility that will be installed. He stated that is being done on a one-on-one basis. He stated that there is also signage at the Fuel Dock.

Campbell asked what happened to the pump-out boat that the District received years ago. Grenell stated that we still have the boat and it is operable; however an incident occurred where a patrolman hooked up the mechanism to the boat incorrectly which lead to that person being sprayed with waste material, there was a concern about Hepatitis, and the staff was then inoculated. He stated that this led to a concern with staff dealing with this task. Grenell stated that in doing the vessel inspection, it is found that most of the boats at the harbor are mobile and very few are inoperable.

Action: Motion by Parravano, second by Bernardo to authorize the General Manager to submit a clean vessel act grant application for \$17,440.46. The motion passed by a unanimous roll call vote.

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

- 8 TITLE: **Site Plan and Massing Studies for District Administration Office at Pillar Point Harbor Alternative Sites; Contract with Alex Bautista Design**
REPORT: Grenell, Memo, Attachment
PROPOSED ACTION: Authorize GM to execute a contract with Alex Bautista Design for site plans and massing studies in an amount not to exceed \$16,800.00

Grenell clarified that there was an amended staff memo on the back table which replaces the original item eight in the Board packet, and stated that the way to tell the difference between the two is the amount in the recommendation should be \$7,800, not \$16, 800.

Parravano, member of the committee, stated that they have been looking for a location to build the new administration office for the District. He stated that there have been two public meetings and at one of the meetings it was suggested that the area of parking lot B be considered as a location. He stated that on January 31, 2012, the committee met with Alex Bautista and received a proposal to initiate site work for parking lot B. He stated that the

committee recommends to the Commission authorizing a contract with Alex Bautista in an amount not to exceed \$7,800.00.

Tucker stated that the District has worked with Bautista in the past. He stated that he was impressed on how he conceived this site.

Campbell asked how many parking spaces are in parking lot B. Tucker stated about 32. Campbell stated that there are other locations on Perched Beach where they can be relocated. Campbell asked if the building would cover the view of the concessionaires building. Grenell stated it would not and offered to meet her there another time and show her. Grenell stated that this will be a multi-use building: not only will it be the administration office, but also the Gulf of the Farallones National Marine Sanctuary is interested in having a visitor center at the harbor.

Sabrina Brennan stated that she is happy that the Commission listened to the community and decided to look at other options rather than to build on Perched Beach. She asked what the status with Boating and Waterways was. It is her understanding that they were the reason why parking lot B was not able to be used. Campbell asked her who gave her that information. Grenell stated that the Department of Boating and Waterways has nothing to do with parking lot B. Brennan said that it was discussed at the last public meeting. Brennan asked if they paid for the parking lot. Grenell clarified that she is referring to parking lot C, also known as the upper parking lot. Brennan asked if he checked with the Department of Boating and Waterways to see if building on C lot would be an option. Grenell stated he did check and if the District wanted to build on the parking lot, then the Department's grant monies would need to be paid back to them, which totals \$1.5 million dollars. Brennan asked if this project went out to bid and if not than how was it decided to use Alex Bautista. She asked for clarification about Grenell's response to Campbell about adequate parking. She stated that she heard that additional parking would be put on perched beach. She asked if that was true. Grenell stated that the committee is still actively considering looking at perched beach for a multi-use development that would serve the District's needs as well as the community for recreation. He stated that any uses that are put in Pillar Point Harbor are going to need to meet County regulations no matter where they are. Brennan stated that there seem to be several plans and what the community is interested in is a comprehensive plan. She stated that the community would like to see the overall plans and how they all tie into each other. She reiterated that her concern is that this project hasn't gone out to bid and urged the Commission to choose the right firm.

Grenell clarified that the next step is not an architectural design or a full strategic plan, but to confirm the current view that Parking Lot B is an acceptable and preferable site. There will not be any building design. He stated that if the Commission agrees on that site, then a Request for Proposals (RFP) will be issued. He invited her and the public generally to the Harbor Commission's next Strategic Planning Finance and Priorities Workshop, which will be held March 7th in Princeton and will begin around 9:30 a.m.

Bill Kehoe stated that he attended the community meeting regarding building on Perched Beach and was attending the meeting to thank the Commission for not building, but now he hears that isn't the case. He stated that any type of building on Perched Beach is not what the community wants to see. He asked if the committee meetings are private or if the public can attend. Grenell stated that the Commission is not required by law to open those meetings to the public as they are two member committees. Kehoe requested that the Commission hold semi-annual meetings to allow the public to address concerns. Campbell stated that there is a Citizens Advisory Committee, which is comprised of a recreational boater, local fisherman, a concessionaire and a citizen is also invited to sit in at the meetings and addresses issues. Kehoe requested that a member from the Mid-Coast Community Counsel be added. Tucker stated that the request will be brought to the committee and they will decide.

Action: Motion by Campbell, second by Parravano to authorize the general manager to execute a contract with Alex Bautista Design in an amount not to exceed \$7,800.00. The motion passed unanimously by a roll call vote.

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

- 9** TITLE: **Quarterly Investment Balances As Of December 31, 2011**
REPORT: Frederick, Quarterly Investment Balances
PROPOSED ACTION: Accept quarterly investment balances

Action: Motion by Parravano, second by Campbell to accept the quarterly investment balances report. The motion passed.

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

- 10** TITLE: **Bills and Claims in the Amount of \$226,301.70**
REPORT: Bills and Claims Detailed Summary
PROPOSED ACTION: Approval of bills and claims for payment and a transfer in the amount of \$226,301.70 to cover payment of bills and claims

Action: Motion by Bernardo, second by Parravano to approve the bills and claims. The motion passed unanimously by a roll call vote.

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

Reports for Possible Discussion/Action Administration and Finance

11 General Manager - Grenell

Bernardo thanked Grenell for the updates regarding security cameras at Pillar Point Harbor and on the Harbor Commission video recording. He also asked if Grenell has heard how the card keys system is working out at the RV Lot. Grenell stated that he knows the system is up and running, but hasn't heard anything else yet.

12 Director of Finance - Frederick

Nothing further to add to written report.

13 Human Resources Manager – Harris

Bernardo asked what the timeline for hiring a Harbor Master was. Harris stated that they are gathering outside people for the interview panel and hope to have an item on the agenda late March or early April.

Operations

14 Oyster Point Marina/Park – White

Nothing further to add to written report.

15 Pillar Point Harbor – Draper

Nothing further to add to written report.

Board of Harbor Commissioners

16 A. Committee Reports

Perched Beach/New Berths Committee (Parravano, Tucker)

Parravano stated that he was an alternate for Campbell on the Post Office Lot Committee. He stated that he, Tucker, Grenell, Fire Commissioner Alifano and Liddell met and spoke of a possible property trade in the future. The Fire District is looking to build a new fire station. No decisions were made at the 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.

Campbell stated that it was nice to be back.

Tucker stated that there are two public speaker forms regarding closed session item 17.

Knier wanted to reiterate information from the letter that was sent to the General Manager and Commission. She stated that the lease structure for Ketch Joanne's is not in tune with the current market. She stated that Ketch Joanne is the highest rent paying business on the coast and it is not sustainable. Knier proposed to go to a flat rate which will allow them to do tenant improvements.

Campbell asked Grenell if the District is responsible for the interior of the building or the electrical. Grenell stated that we are only responsible to bring power to the building and have nothing to do with the inside, only the exterior.

Albert Dunne stated that the recapturing of improvements of the business and improvements to the building is becoming hard.

Action: Motion by Parravano, second by Bernardo to adjourn to closed session. The motion passed unanimously at 8:40 p.m.

Closed Session

- 17 TITLE: **Conference with Real Property Negotiator Peter Grenell:
Pursuant to Government Code Section §54956.8**
- PROPERTY: **Ketch Joanne Restaurant/Harbor Bar Lease, Parcel 3,
Concessionaires Building, Pillar Point Harbor, El
Granada, APN 047-083-060**
- NEGOTIATING
PARTIES: San Mateo County Harbor District, Ketch Joanne
Restaurant/Harbor Bar
- UNDER
NEGOTIATION: Lease Price, Terms and Conditions

- 18 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
- 19 TITLE: **Conference with Real Property Negotiator Peter Grenell:
Pursuant to Government Code Section §54956.8**
PROPERTY: **Pillar Point Harbor Fish Buyers Building Leases, Johnson
REPORT: Pier, Pillar Point Harbor, Princeton, San Mateo County,
APN 047-083-060**
NEGOTIATING
PARTIES: Pillar Point Seafood, Three Captains Sea Products,
Morningstar Fisheries, and San Mateo County Harbor District
UNDER
NEGOTIATION: Lease Price, Terms and Conditions

Action: Motion by Bernardo, second by Campbell to adjourn to open session. The motion passed unanimously at 9:24 p.m.

Open Session, Continued

There was no reportable action from closed session.

Adjournment

Action: Motion by Campbell, second by Bernardo to adjourn the meeting. The motion passed unanimously at 9:25 p.m.

The next scheduled meeting will be held on February 15, 2012 at the Municipal Services Building, 333 Arroyo Drive, South San Francisco at 7:00 p.m.

Debbie Nixon
Deputy Secretary

James Tucker
President