

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

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March 12, 2025

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer
Sarah Flamm, Management Analyst

Subject: Consideration of Final Municipal Service Review Municipal Service Review for the San Mateo County Harbor District

Summary and Background

In 1985, San Mateo LAFCo first prepared comprehensive Sphere of Influence (SOI) studies and adopted SOIs for the County's cities and special districts. Subsequently, LAFCo reviewed and updated spheres on a three-year cycle. SOI updates focus on changes in service demand within the boundaries of cities and special districts. In 2003, in order to comply with the newly enacted CKH Act, LAFCo began the process of preparing SOI updates in conjunction with or following a Municipal Service Review (MSR). This is the third MSR study that San Mateo LAFCo has conducted on the San Mateo County Harbor District (SMCHD, the District) in the past 19 years.

The SMCHD is an independent district created in 1933 by a County election and governed by a five-member Board of Commissioners. The District's boundaries are contiguous with the County of San Mateo, encompassing approximately 449 square miles of land area and a population of 745,193 residents. SMCHD operates pursuant to Section 6000 et seq. of the California Harbor and Navigations Code and is one of 13 harbor or port districts in the State. The District operates Pillar Point Harbor in the unincorporated community of Princeton-by-the-Sea on the Pacific Ocean, as well as Oyster Point Marina/Park located on the San Francisco Bay in the City of South San Francisco.

Comments On and Updates to Final Municipal Service Review

San Mateo LAFCo staff received two comments on the Draft Municipal Service Review:

- On Feb. 12, an email was received from Gretchen Kelly, Manager of the County of San Mateo Airports. The email notes that the County is not in support of the potential

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proposal of the Harbor District taking over the operations of the Half Moon Bay Airport and San Carlos Airport. There have been no discussions between the County and the District regarding any change to operational responsibility for the County-owned airports. In the email, Ms. Kelly discusses that the County has successfully managed the two airport facilities for many years in accordance with Federal Aviation Administration (FAA) regulations, County policies, and the needs of our aviation and community stakeholders. She states that managing an airport requires specialized aviation expertise and adherence to complex regulatory frameworks distinct from those governing marinas and harbors. Ms. Kelly also notes that maintaining County oversight is in the best interest of airport users, local businesses, and the broader community and any potential changes will need stakeholder engagement and evaluation of any impacts.

- On Feb. 28, John Ullom, member of the public, submitted comments related to concerns regarding management of the District and deferred maintenance.

Current Key Issues

Key issues identified in compiling information on the San Mateo County Harbor District include:

- Since the District's latest LAFCo MSR/SOI study in 2015, the District has improved its financial transparency and budgeting practices.
- The District remains reliant on property tax revenue to cover its operating costs. The District has an ongoing focus on how to enhance its operating revenue stream, through the continued development of enterprise functions such as the operation of the harbors and leasing SMCHD property.
- While existing revenue is sufficient for ongoing operations and maintenance expenditures, 85% of the \$80 million in capital improvement projects that have been identified over the next five years are unfunded. Funding for these projects may require finding multiple funding sources such as grants, loans, and working capital/fund balance. While there are challenges with funding present and future capital projects, there are no ongoing concerns regarding the District's financial ability to provide services.
- Similar to prior studies, LAFCo finds that the assumption of SMCHD operations by a successor agency (or agencies) could offer the opportunity to achieve certain service efficiencies and cost savings due to economies of scale and eliminating duplicative elected offices and administrative functions. However, no proposal for a governance change has been submitted to LAFCo at this time.

Proposed Municipal Service Review Determinations and Recommendations

As required by California Government Code Section 56430, this Final MSR has seven determination areas and recommendations:

I. Growth and Population Determination

While the County will continue to grow in population, demand for Harbor District services and facilities is more heavily driven by other factors, such as weather conditions, fishing season prospects, and outdoor recreation trends. The projected population growth will not directly impact the District's service needs and demands.

Recommendation: None

II. Disadvantaged Unincorporated Communities Determination

The District's sphere and corporate boundaries are contiguous with the County. While there are disadvantaged unincorporated communities within the District's boundaries, services to these areas—such as water, sewer, and structural fire—are the responsibility of other agencies.

Recommendation: None

III. Capacity and Adequacy of Public Facilities and Services Determination

SMCHD has significant infrastructure and facility improvement needs due to wear and tear from heavy use, a harsh marine environment, and deferred maintenance and capital projects. The District's 2019 Strategic Plan and 2022 Master Plan indicate necessary repairs and capital improvements. The Plan details that at Pillar Point Harbor the Johnson Pier is in generally good condition while some support piers are in poor condition and will need to be replaced. The marina docks are 30-40 years old and need to be replaced. Buildings at Pillar Point are generally in fair condition. At Oyster Point Marina, several of the docks are in serious to critical condition and will require replacement within the next five years. The Fiscal Year 2024-25 Budget and Capital Improvement Plan identifies \$80 million in necessary capital improvement projects over the next five years. Per District staff, three of the ten projects in the Capital Improvement Plan are unfunded: the Johnson Pier Expansion Project, Replacement of Floating Docks, and a new Pillar Point Harbor Retail Building. Funding for these projects will require multiple sources including grants, loans, and working capital/fund balance. The \$80 million of identified projects does not include any improvements to the District's recently purchased property.

Recommendations:

1. SMCHD should update the 2019 Strategic Plan and 2022 Master Plan to align with the most recent Capital Improvement Plan. LAFCo encourages SMCHD to include a review of CIP projects, services provided by the District, and opportunities for enhancing operational revenue in the 2024 Strategic Plan.
2. The updated Strategic Plan and Master Plan should include a review of the current land purchases made by SMCHD and identify their potential future uses and how their development will be funded. Both Plans should also show how the purchasing of these parcels and their future development will align with the mission and services of the District.

IV. Financial Ability Determination

For five consecutive years, SMCHD has been recognized by the Government Finance Officers Association for transparent budget reporting, receiving the Distinguished Budget Presentation Award. This award recognizes the District's success in publishing a budget document that "meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device".

The SMCHD budget consistently exhibits a net operating shortfall due to operating costs exceeding enterprise revenues. For FY 2024-25, SMCHD projects \$15.3 million in total revenue.

Of that, \$10.6 million (69%) is non-operating revenue. This revenue is largely property tax and other tax revenue that is received by the District. These total revenues are sufficient to fully fund operations and partially fund some capital projects. The CIP currently identifies \$80 million in capital projects, with approximately 15% of the total capital improvement project costs funded as of August 2024. The District has typically funded capital projects with a mix of grants, cash, or on a “pay-as-you-go” basis. The cash for these projects has been from the fund balance resulting from revenues (enterprise and non-enterprise) exceeding operating costs. Recently, some of the fund balance has been utilized to purchase properties around the existing Pillar Point Harbor area, which has decreased the fund available for existing capital needs by \$6 million in FY 2024-25. Capital projects for these newly purchased properties have not yet been evaluated by the District.

The District’s July 2024 Policies Handbook contains finance and accounting policies for the District.¹ These policies are publicly available on the District website. The District has had no long-term debt since 2016. Outstanding liabilities include CalPERS and Other Post Employment Benefits (OPEB) costs.

Recommendations:

3. As part of the forthcoming updated Strategic Plan, SMCHD should evaluate potential funding sources for the existing projects identified in the Capital Improvement Plan.
4. SMCHD should evaluate the recently purchased properties and determine what potential uses will be developed on the properties, what the cost of those improvements will be, how they will be funded, and what priority these projects will be given compared to existing identified capital projects.

V. Shared Service and Facilities Determination

Through this MSR process, staff has not identified any new opportunities for shared facilities. The SMCHD currently partners with multiple agencies, including the City of South San Francisco and the San Mateo Resource Conservation District, on services and functions at the two harbor facilities.

Recommendation: None

VI. Accountability, Structure, and Efficiencies Determination

The District has taken a number of steps since the 2015 MSR to enhance transparency and address governance and operational efficiencies. In 2023, the District received the Transparency Certificate of Excellence from the Special District Leadership Foundation. This certificate highlights an agency’s commitment to government transparency requirements, including the completion of ethics training for commissioners, adherence to the Brown Act for public meetings, and filing and reporting on financial transactions to the State in a timely manner. As noted in this MSR, the District adopted a Strategic Plan in 2019, and is currently developing an update of this plan.

¹ [Table+of+Contents+With+Policies+2024_08_28.pdf \(smharbor.com\)](#)

There are at least two potential governance changes to the District that may produce greater efficiencies and cost savings: dissolution or altering District boundaries. No proposal for a change of governance has been submitted for either action since the 2006 MSR.

The District has communicated to San Mateo LAFCo staff that it is interested in assuming operational responsibilities for all county-owned ports (Coyote Point Marina, San Carlos Airport, and the Half Moon Bay Airport). San Mateo LAFCo is not aware of any formal communications between the County and the District on this matter.

If a proposal was to be submitted for this change to LAFCo, an analysis would need to be conducted regarding the fiscal ability of the Harbor District to provide the service, the operational capacity of the District to provide the service and the impacts to the County of San Mateo (who currently owns and operates the two airports) among other factors for review. This proposal would also take into consideration comments from the community and airport users. It would also likely require action by the County of San Mateo Board of Supervisors. Also, under California Harbors and Navigation Code Sections 6000-6110, the principal act under which the San Mateo County Harbor District was formed, the operation of an airport is not an allowed power of a harbor district. The San Mateo County Harbor District would need to submit a proposal to LAFCo that would reorganize the District into another type of special district that has the powers to operate both harbors and airports. This reorganization could require a countywide vote. The County, in comments submitted to LAFCo on February 12, 2025, stated their opposition to any proposal to have the Harbor District operate the two County airports.

Recommendations:

- 5) LAFCo supports the actions that SMCHD has made regarding transparency and encourages the District to continue these efforts.
- 6) The Harbor District, the City of South San Francisco, and the County of San Mateo should continue to confer and research issues and options affecting the feasibility of implementing these possible governance changes.

VII. Other Issues Determination

The District collaborates with several agencies, such as OneShoreline, U.S. Army Corps of Engineers, County of San Mateo, the City of Half Moon Bay and other special districts, on issues related to hazard mitigation and climate change. San Mateo LAFCo commends the District for the work they have undertaken in these areas.

Recommendation:

- 7) San Mateo LAFCo encourages SMCHD and all other agencies working on natural hazards mitigation and climate change related projects to continue to collaborate. As there are numerous projects either on-going or in the planning stage within the midcoast area, LAFCo would encourage all agencies involved in these projects to continue to share updates and communicate. The County of San Mateo could explore being an agency that hosts climate resiliency and hazard mitigation

information relating to the several projects that are occurring within the midcoast area.

Sphere of Influence Determinations

As required by State law, LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency as set forth in Government Code Section 56425(e) that addresses the following:

I. The present and planned land uses in the area, including agricultural and open-space lands.

The SMCHD is comprised of a wide range of land use designations, including tidelands, submerged lands, residential, commercial, industrial, open space, agricultural, and rural. The District boundaries contain land that is under the jurisdiction of the County of San Mateo, incorporated cities, the California Coastal Commission, the State of California through a tidelands grant, the San Francisco Bay Conservation and Development Commission, as well as other agencies that have land use review authority.

II. The present and probable need for public facilities and services in the area.

Some services provided by the SMCHD within District boundaries are also provided at varying levels by other public and private entities to include emergency response/maritime search and rescue. The Harbor District provides search-and-rescue security vessels stationed at Pillar Point and Oyster Point Marina. Bayside, the Harbor District is a partner in an active search-and-rescue network that includes the County of San Mateo Sheriff's Department, other marina operators, and several fire agencies. The Harbor District is the only public agency providing immediate on water emergency response for maritime events and emergencies on the San Mateo County coastline. Need for search-and-rescue and maritime assist services in this area is expected to continue.

III. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

SMCHD has significant infrastructure and facility improvement needs as a result of the wear and tear of heavy use, a harsh marine environment, and deferred maintenance and capital projects. At Pillar Point Harbor, some support piers are in poor condition and need to be replaced. The marina docks are 30-40 years old and need to be replaced. Buildings at Pillar Point are generally in fair condition. Several of the docks at Oyster Point Marina are in serious to critical condition and will require replacement within the next five years. Pillar Point Harbor has a 90-95 percent berth occupancy rate, and Oyster Point Marina has a 70-75 percent berth occupancy rate. Both facilities include visitor-serving opportunities.

IV. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

The District's boundaries are coterminous with San Mateo County, while operations are based out of two locations: Oyster Point in South San Francisco and Pillar Point in Half Moon Bay. These represent distinct communities with common social and economic interest in commercial and recreational fishing, boating, and visitor-serving facilities. Commercial fishing is an important industry to the County. Pillar Point Harbor's search-and-rescue and maritime assist capabilities benefit those who work, live, recreate, vacation, transit or visit the San Mateo County coastline. Oyster Point offers a venue for a commuter ferry. These services remain valuable to the area, whether they are provided by the current Harbor District or by a potential successor agency such as the County of San Mateo or the City of South San Francisco.

- V. For an update of a SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

No change to the SOI for the SMCHD is proposed at this time.

Public/Agency Involvement

San Mateo LAFCo submitted a request for data to the District, and on October 28, 2024, the District provided a response to this request. The information from the District's response has been incorporated into this report. Additional primary sources of information used in this MSR include the District's adopted plans, budgets, reports, and policies.

Environmental Review/CEQA

The MSR is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) under Section 15303, Class 6, which allows for the basic data collection, research, experimental management, and resource evaluation activities that do not result in a serious or major disturbance to an environmental resource. The MSR collects data for the purpose of evaluating municipal services provided by an agency. There are no land use changes or environmental impacts created by this study.

The MSR is also exempt from CEQA under section 15061(b)(3), the common sense provision, which states that CEQA applies only to projects which have the potential to cause a significant effect on the environment and where it is certain that the activity will have no possible significant effect on the environment, the activity is exempt from CEQA.

The MSR and SOI update will not have a significant effect on the environment as there are no land use changes associated with the documents.

Staff's Recommendation to Commission

1. Open the public hearing and accept public comment.
2. Accept the Final Municipal Service Review for the San Mateo County Harbor District.
3. Adopt the Municipal Service Review Determinations and Recommendations contained in this report.

Attachments

- A. Final Municipal Service Review for the San Mateo County Harbor District
- B. Resolution No. 1333 for the San Mateo County Harbor District Municipal Service Review
- C. MSR Areas of Determinations and Recommendations for the San Mateo County Harbor District
- D. Comment letter from Gretchen Kelly, County of San Mateo
- E. Comments from John Ullom



LOCAL AGENCY FORMATION COMMISSION

**Municipal Service Review and Sphere of Influence
Review for the San Mateo County Harbor District**

Final

Approved March 19, 2025

Municipal Service Review and Sphere of Influence Review for the San Mateo County Harbor District

SUBJECT AGENCY:

San Mateo County Harbor District

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**Municipal Service Review
and Sphere of Influence Review
San Mateo County Harbor District**

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EXECUTIVE SUMMARY

Section 1: MSR Overview

This report is a Municipal Service Review (MSR) and Sphere of Influence (SOI) review for the San Mateo County Harbor District (SMCHD). California Government Code Section 56430 requires that the Local Agency Formation Commissions (LAFcos) complete MSRs and SOI reviews on all cities and special districts. LAFco is an independent entity with jurisdiction over the boundaries of cities and special districts. An SOI is a plan for the boundaries of a city or special district. The MSR and SOI do not represent a proposal¹ for reorganization of agencies, but rather a State-mandated study of service provisions of an agency.

Once adopted, the service review determinations are considered in reviewing and updating the SOI pursuant to Section 56425. The SOI, which serves as the plan for boundaries of a special district, is discussed in the second part of this report. This State-mandated study is intended to identify municipal service delivery challenges and opportunities and provides an opportunity for the public and affected agencies to comment on city, county, or special district services and finance; and opportunities to share resources prior to LAFco adoption of required determinations.

San Mateo Local Agency Formation Commission

San Mateo Local Agency Formation Commission (LAFco or “the Commission”) is a State-mandated, independent commission with county-wide jurisdiction over the boundaries and organization of cities and special districts including annexations, detachments, incorporations, formations, and dissolutions. LAFco also has authority over extensions of service outside city or district boundaries, and activation or divestiture of special district powers. The purpose of the Commission includes discouraging urban sprawl, preserving open space and prime agricultural lands, planning for the efficient provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances. LAFco operates pursuant to The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) contained in California Government Code Sections 56000 and 57000. The Commission includes two members of the County Board of Supervisors, two city councilmembers from two of the County’s 20 cities, two special district board members from two of the 21 independent special districts, one member of the public, and four alternate members (county, city, special district, and public).

In 1985, San Mateo LAFco first prepared comprehensive SOI studies and adopted SOI’s for the County’s cities and special districts. Subsequently, LAFco reviewed and updated spheres on a three-year cycle. SOI updates focus on changes in service demand within the boundaries of cities and special districts. In 2003, in order to comply with the newly enacted CKH Act, LAFco began the process of preparing SOI updates/reviews in conjunction with or following a Municipal Service Reviews (MSR).

¹ An application for annexation may be submitted by 5 percent of the voters or landowners of territory proposed for annexation or by resolution of the District.

Local Government in San Mateo County

Municipal service providers in San Mateo County include the County of San Mateo, 20 cities, 21 independent special districts, six subsidiary districts governed by city councils, and 33 County-governed special districts. Independent special districts provide a limited set of services based on their enabling legislation (i.e., fire, water, sanitation, etc.), while cities generally provide a wider array of basic services including police, recreation programs, planning, street repair, and building inspection. The County, as a subdivision of the State, provides a vast array of services for all residents across its cities, special districts and subsidiary districts, including social services, public health protection, housing programs, property tax assessments, tax collection, elections, and public safety. The County also provides basic municipal services for residents who live in unincorporated areas who are not part of any city or special district. According to Census 2020 data, 63,205 of the County’s total 765,417 residents live in unincorporated areas.

Purpose of a Municipal Service Review

This Municipal Service Review (MSR) examines the San Mateo County Harbor District (SMCHD) and represents the third MSR completed for this District. San Mateo County Harbor District is a countywide independent special district with a SOI that is coterminous with the District’s boundaries.

LAFCo prepared this MSR based on SMCHD source documents that included Adopted Budgets, Basic Financial Reports and Audits, Capital Plans, Urban Water Management Plans, and Planning Documents, including the General Plan. Draft MSRs are first circulated to the District under study, as well as interested individuals and groups. The Final MSR will include comments on the circulation draft as well as LAFCo staff’s recommended determinations to be presented before the Commission for consideration during its public meeting. MSR determinations must be adopted before the Commission updates or amends a SOI.

Per Government Code Section 56430, LAFCo is required to include the following areas in the MSR determinations:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities² within or contiguous to the SOI.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.
4. Financial ability of agency to provide services.
5. Status of, and opportunities for shared facilities.

² “Disadvantaged community” means a community with an annual median household income that is less than 80 percent of the Statewide annual median household income. This area of determination does not apply to the study area.

6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by LAFCo policy.
 - a. Water Resiliency and Climate Change
 - b. Impact of Natural Hazards and Mitigation Planning

Per Government Code Section 56425, LAFCo is required to make five written determinations when establishing, amending, or updating a SOI for any local agency that address the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Disadvantaged Unincorporated Communities

In 2011, SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to “disadvantaged unincorporated communities,” including the addition of MSR determination #2 and SOI determination #5 listed above. Disadvantaged unincorporated communities, or “DUCs,” are inhabited, unincorporated territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income. San Mateo County Harbor District’s Sphere of Influence and corporate boundaries are contiguous with the County. While there are disadvantaged unincorporated communities within the District’s boundaries, services to these areas—such as water, sewer, and structural fire—are the responsibility of other agencies, and so an SOI determination in this regard is not applicable.

Section 2. Summary of Key Issues

This is the third MSR study conducted by San Mateo LAFCo for the San Mateo County Harbor District in the past 19 years. Since the latest 2015 study, the District has greatly improved its financial transparency and budgeting practices. The District remains reliant on property tax revenue to cover its operating costs. The District has an ongoing focus on how to enhance its operating revenue stream, through the continued development of enterprise functions such as the operation of the harbors and leasing SMCHD property. The District has enhanced its

collaboration with other agencies and organizations on projects relating to climate change mitigation and coastal erosion.

While existing revenue is sufficient for ongoing operations and maintenance expenditures, 85% of the \$80 million in capital improvement projects that have been identified over the next five years are unfunded. Funding for these projects may require finding multiple funding sources such as grants, loans, and Working Capital/Fund Balance. While there are challenges with funding both present and future capital projects, there are no ongoing concerns regarding the District’s financial ability to provide services.

Similar to prior studies, LAFCo finds that the assumption of SMCHD operations by a successor agency (or agencies) could offers the opportunity to achieve certain service efficiencies and cost savings due to economies of scale and eliminating duplicative elected offices and administrative functions. Although it may be possible to achieve longer-term efficiencies, stability and cost savings, in the short-term there would be transition costs associated with reorganization. A detailed Plan for Service would need to accompany any proposal for a governance change. This Plan would need to evaluate how service responsibility would be transferred, the benefits of the governance change, how pension liability would be addressed, the implementation and financing strategies for capital improvement projects, legacy costs, and staff transition. It is likely that the net benefits to County taxpayers and users following a reorganization would lag and not be measurable for several years.

The evaluation of alternative District governance options is solely a high-level review by LAFCo as part of this MSR. No proposal for a governance change has been submitted to LAFCo at this time. No action by LAFCo has been taken toward SMCHD other than the publication of this and previous studies. Changing the governance of SMCHD would require a separate application and action before the LAFCo Commission.

Section 3: Affected Agencies

County and Cities: All cities in San Mateo County.

School Districts: All school districts within San Mateo County.

Independent Special Districts: All special districts within San Mateo County.

Dependent Special Districts: All special districts within San Mateo County.

Section 4: San Mateo County Harbor District

Background and Overview

San Mateo County Harbor District (SMCHD) is one of 13 harbor or port districts in the State. The District operates Pillar Point Harbor in the unincorporated community of Princeton-by-the-Sea, on the Pacific Ocean, as well as Oyster Point Marina/Park located on the San Francisco Bay in the City of South San Francisco. The District was created with County-wide boundaries by a County election in 1933. It was originally formed to build a harbor at Redwood City, but the Great Depression intervened.

Pillar Point Harbor

In 1960, the State of California conveyed by statutory grant 1,235 acres of tidelands and submerged lands to the District upon condition that the harbor be developed in the unincorporated area of Princeton. A breakwater was built at Pillar Point for a harbor of refuge for the fishing fleet. The US Army Corps of Engineers began work on this breakwater after World War II and completed it in 1961. The Johnson Pier, docks, 369 berths, and the inner breakwater were built during the 1970s and 1980s. Pillar Point remains a major commercial and sport fishing harbor on California's central coast.

Oyster Point Marina

In 1977, the San Mateo County Harbor District (SMCHD) entered into a Joint Powers Agreement (JPA) with the City of South San Francisco and took over operation of Oyster Point Marina/Park from the City of South San Francisco. During the 1980s, SMCHD completed construction of docks and 589 berths, a new breakwater, and onshore facilities. The San Francisco Bay Area Water Emergency Transit Authority (WETA), a regional public transit agency, independently operates ferryboat services, currently offering connections between the East Bay from Oyster Point Marina.

Revenue

Implementation of Proposition 13 in 1978 resulted in SMCHD receiving a share of the 1 percent property tax countywide in perpetuity. In Fiscal Year 2024-25, this property tax revenue is approximately \$10 million. LAFCo's 2006 and 2015 MSR/SOI for SMCHD expressed concerns about the use of Countywide property tax to fund harbor and marina operations. However, this property tax revenue is essential to maintain SMCHD fiscal viability, and to address a broad range of maintenance and capital improvement needs. In addition, the SMCHD provides a range of non-enterprise services and facilities that benefit a broader public, but which are not revenue-generating activities, including parks, waterfront access, public piers, and emergency water rescue.

Formation and Statutory Authority

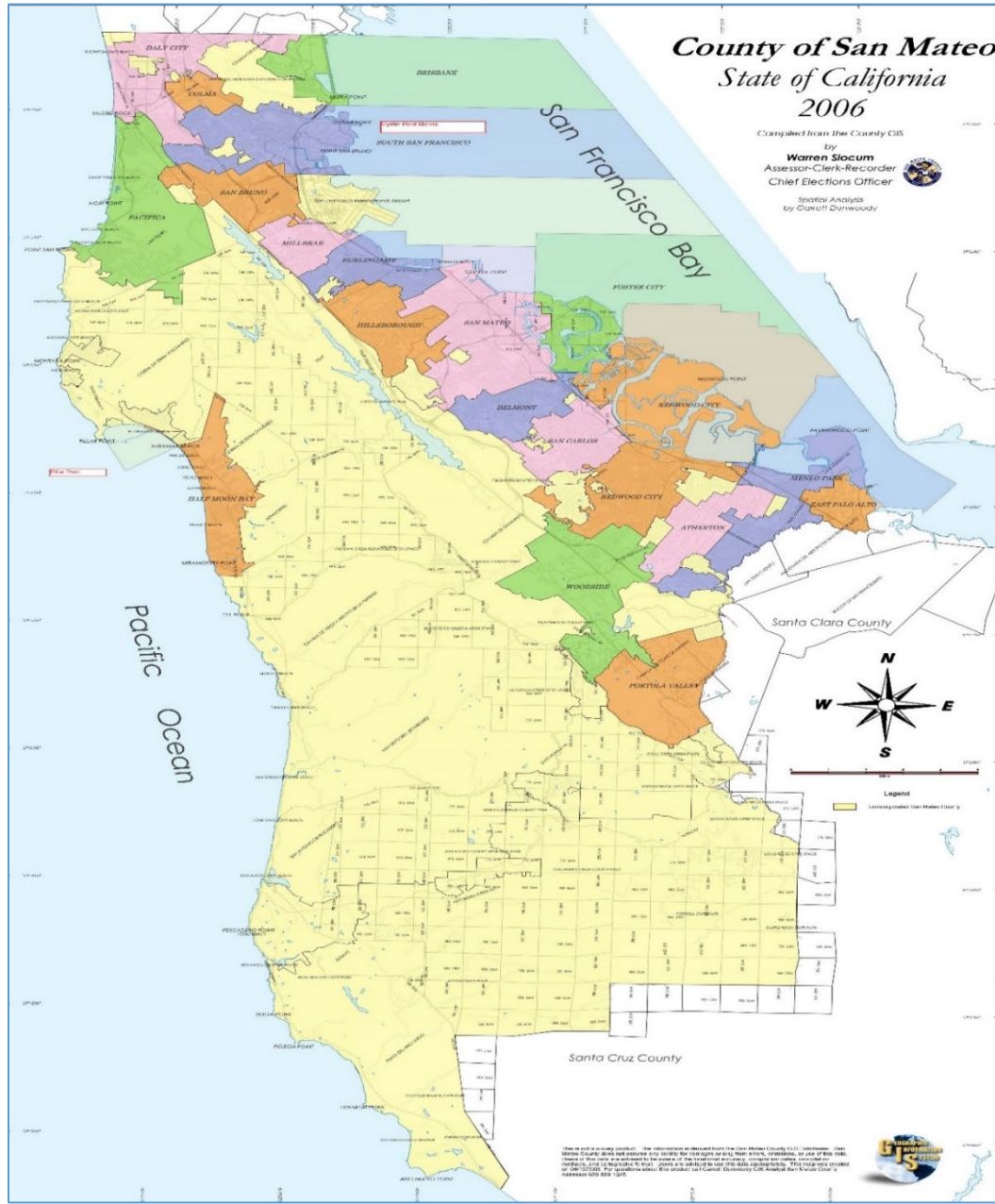
The SMCHD is an independent district governed by a five-member Board of Commissioners with countywide boundaries operating pursuant to Section 6000 et seq. of the California Harbor and Navigations Code. The SMCHD is thus empowered to acquire, construct, and maintain property related to the operation and development of ports and waterways; supervise seagoing vessels within its harbors; adopt any necessary police regulations for waterways; issue debt; collect charges for use of facilities; and plan for harbor district improvements.³

³ Harbor and Navigations Code Sec. 6075. Notwithstanding Section 6012: (a) A harbor district may acquire, construct, own, operate, control, or develop any and all harbor works or facilities within the limits of its established boundaries. No interest in lands may be acquired, either by lease, purchase, or the exercise of the power of eminent domain within any port district, chartered port, harbor improvement district, incorporated city, or recreational harbor district without the prior consent to the acquisition by resolution of the governing body of each district, port, or city in which the lands are located.

Boundaries and Service Area

The San Mateo County Harbor District encompasses approximately 449 square miles of land, 20 cities and unincorporated areas, and a population of 745,193 residents. Figure 1 shows the current District boundaries which correspond to the boundaries of San Mateo County. In addition to the SMCHD facilities at Pillar Point Harbor and at Oyster Point Marina, the County is served by eight other harbor and marina operations providing an additional 2,100 berths and related facilities.

Map of the San Mateo County Harbor District Boundaries



Inventory of Active Services

Government Code Section 56425 (i) and (j) requires that in conducting MSRs, LAFCo’s prepare an inventory of all authorized powers under a district’s enabling legislation and identify those powers that are active versus inactive. Government Code Section 56824.12 requires that before a District activates an inactive service or divests of an active service, it must first apply to LAFCo and obtain LAFCo approval. The SMCHD is providing the full set of services authorized by the enabling legislation, including recreational use of District facilities located at Pillar Point Harbor and Oyster Point Marina, under a Joint Powers Agreement with the City of South San Francisco as owner of the marina.

Pillar Point Harbor- Princeton-by-the-Sea

Enterprise activities:

- Commercial and sport fishing facilities, including fuel dock, ice-making facility, and a fish buying center for the public to purchase fresh fish off the boats from several vendors.
- Forty maintained moorings for private rent.
- One six-lane public small-craft launch ramp.
- One public hoist.
- Lease of premises: Rent-paying lease holders include three wholesale commercial fish buyers, a fuel dock, an ice facility, a bait and tackle shop, a surf shop, a kayak rental, a beach bar, three restaurants, and one recreational vehicle park. The District is responsible for maintaining building structures and exteriors. Lessees are responsible for the interior of the premises and any improvements.
- Issuance of commercial activity permits for sport fishing charter boats, retail fish sales, and retail fish “off the boat” sales.

Non-Enterprise Activities:

- Search and rescue services and vessel assists to all boaters.
- Harbor facility personnel are onsite 24 hours a day, 365 days per year. Personnel include trained search and rescue staff (SAR), vessels and SAR personal watercraft (PWC) for surf impact zone work.
- Law enforcement: Pillar Point Harbor staff enforces the California Harbors and Navigation Code and the County Harbor District Ordinance Code. The Harbor Patrol wears uniforms, and District patrol vehicles and vessels are marked accordingly.
- The District operates a waste oil collection facility available to boaters to help maintain water quality.
- The District contracts for garbage collection and operates a marine debris recycling facility.
- Recreational facilities available to the public include free parking, public restrooms, fishing piers, break walls, paths, shoreline access trails and beaches.

- Community Engagement: Outreach to local schools regarding ocean awareness and boating safety as well as educational tours to diverse groups including school children, Culinary Institute of American, World Federation of Fisherman, and environmental groups.
- Collaboration with federal, State and local environmental organizations⁴ on policy matters that relate to harbor users including sustainable fisheries, marine protected areas, harbor dredging issues, water quality, shoreline protection, and public access.

Oyster Point Marina/Park-South San Francisco

Enterprise Activities:

- Vessel berths.
- One two-lane public small craft launch ramp.
- Boat wash station.
- Leaseholders.
- Real Property Use Revocable Trusts.
- 41 live-board permits.
- Commercial Activity Permits: Charter fishing/passenger vessels, wind-surfing lessons, tour boats, private commercial ferries, sewage pump out service, and commercial diving.

Non-Enterprise Activities:

- Search and Rescue (SAR): Oyster Point Harbor Patrol maintains a search and rescue/maritime capability during the hours of 7am and 7pm, 365 days per year.
- Law enforcement: Oyster Point Harbor staff enforce the California Harbors and Navigation Code and the District Ordinance Code. The Harbor Patrol wears uniforms, and District patrol vehicles and vessels are marked accordingly.
- Educational programs offered in local schools and community centers on ocean awareness, boating safety, environmental education and natural history in schools.
- Public park use: The San Francisco Conservation and Development Commission (BCDC) Bay Plan segment for South San Francisco designates most of Oyster Point for shoreline public park uses.

Prior Municipal Service Reviews and Current SOI

San Mateo LAFCo conducted Municipal Service Reviews (MSRs) on SMCHD in 2006 and 2015. Both of these MSRs reaffirmed the dissolution Sphere of Influence (SOI) designation that LAFCo adopted in 1977. The current LAFCo-adopted SOI for the Harbor District indicates that it be

⁴ Collaboration with organizations include the Gulf of the Farallones and Monterey Bay National Marine Sanctuaries, State Coastal Conservancy, Coastal Commission, San Mateo County, the nonprofits Save Our Shores and Heal the Bay, and the Princeton Citizens Advisory Committee

dissolved, and the County of San Mateo be established as successor agency to assume service and be successor to all Harbor District revenues, assets and liabilities. It is important to note that a SOI is regulatory in that a change of organization of any special district must be consistent with the District’s SOI. However, implementation of the SOI requires that an affected agency take action by applying to LAFCo for that change of organization. In the case of the Harbor District, the District itself, the County, or any city, district or school district could apply to LAFCo to implement the sphere. In addition, applications can be submitted by 25 percent of the registered voters or landowners in District boundaries. However, implementation of the SOI has not been taken, and the District has been administering services per usual despite the LAFCo dissolution verdict.

The 2006 MSR also recommended that a) the District review its financial and debt policies and practices related to capital projects, b) explore cost sharing agreements with other agencies, c) review funding for capital projects that do not have identified funding sources, and d) work on efforts to address rising operational costs.

The 2015 MSR highlighted several additional issues including a) the need for significant infrastructure and facility improvement, a result of wear and tear from heavy use and a harsh marine environment, b) deferred maintenance and capital projects, c) lack of an adopted capital improvement plan, d) lack of accounting system to track cost for enterprise versus non-enterprise expenses, and e) that the District’s elected Harbor Commissioners and Commission administration duplicated governance and administrative functions that the County already provides. The report notes that the District was in the midst of a transitional phase, particularly regarding General Manager staffing.

Since the 2015 MSR, SMCHD has adopted a Capital Improvement Plan, a Strategic Plan, a standards of conduct policy, and several financial policies. The District has also recruited and hired a General Manager with 30 years of maritime, search and rescue, and management experience. Furthermore, in 2021 the District implemented a new system that allows for automated and improved internal business processes, provides customers with an online payment portal, and increases security and information backup of District records and transactions.

Section 5: Municipal Service Review

The MSR determinations checked below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages. If most or all determinations are not significant, as indicated by “no” answers, the Commission may find that an MSR update is not warranted.

1) Growth and Population

Growth and population projections for the affected area.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?	X		
Will population changes have an impact on the subject agency’s service needs and demands?		X	
Will projected growth require a change in the agency’s service boundary?			X

Discussion

- a) Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?

As of 2020, the County of San Mateo is home to 764,442 residents. The Association of Bay Area Governments (ABAG), the agency responsible for forecasting population, housing and economic trends in the nine Bay Area counties, in coordination with the California Department of Housing and Community Development (HCD) estimates the housing need for the region and allocates a portion of projected need to every jurisdiction. In collaboration with Bay Area partner agencies, non-profit organizations, and residents, ABAG developed Plan Bay Area 2050. Plan Bay Area 2050 is a long-range regional plan that projects the population growth of each region throughout the Bay Area. Plan Bay Area 2050 anticipates that San Mateo County will increase its population by 48%, from 265,000 households in 2015 to 394,000 households in 2050. Actual growth will depend on future economic conditions, land use policies and other factors.

- b) Will the population changes have an impact on the subject agency’s service needs and demands?

Demand for SMCHD services and facilities is less influenced by the County’s population growth, as it is by other factors such as weather conditions, fishing season prospects, and outdoor recreation trends.

- c) Will projected growth require a change in the agency’s service boundary?

The District’s boundaries are countywide and will not be altered by growth within the County.

Growth and Population MSR Determination

While the County will continue to grow in population, demand for SMCHD services and facilities is more heavily driven by other factors, such as weather conditions, fishing season prospects,

and outdoor recreation trends. The projected population growth will not directly impact the District’s service needs and demands.

2) Disadvantaged Unincorporated Communities

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?			X
b) Are there any “inhabited unincorporated communities” within or adjacent to the subject agency’s sphere of influence that are considered “disadvantaged” (80% or less of the Statewide median household income)?			X
c) If “yes” to both a) and b), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community (if “no” to either a) or b), this question may be skipped)?			X

Discussion:

- a) Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?
SMCHD does not provide public services related to sewers, municipal and industrial water, or structural fire protection.
- b) Are there any inhabited unincorporated communities within or adjacent to the subject agency’s sphere of influence that are considered disadvantaged (80% or less of the statewide median household income)?
SMCHD boundaries are countywide. While there are disadvantaged unincorporated communities within the District’s boundaries, services to these areas—such as water, sewer, and structural fire—are provided by other agencies.
- c) If yes to both, is it feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community?
Not applicable.

Disadvantaged Unincorporated Communities MSR Determination

The District’s sphere and corporate boundaries are contiguous with the County. While there are disadvantaged unincorporated communities within the District’s boundaries, services to these areas—such as water, sewer, and structural fire—are the responsibility of other agencies.

3) Capacity and Adequacy of Public Facilities and Services

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?			X
b) Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth?			X
c) Are there any concerns regarding public services provided by the agency being considered adequate?			X
d) Are there any significant infrastructure needs or deficiencies to be addressed?		X	
e) Are there changes in State regulations on the horizon that will require significant facility and/or infrastructure upgrades?			X
f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency’s sphere of influence?			X

Discussion:

The SMCHD provides a range of harbor-related facilities and services to residents, visitors, and businesses. As described below, some of these services are revenue-generating enterprises, while others serve a broader public function that is typically not subject to fees and charges. Facilities are generally well-utilized. The high levels of use, combined with the sometimes harsh and corrosive maritime environment, place exceptional demands on the SMCHD for facility and infrastructure maintenance.

Pillar Point Harbor

Pillar Point Harbor is located adjacent to the unincorporated communities of Princeton and El Granada on Half Moon Bay approximately 25 miles south of the City of San Francisco. It is a 369-berth mixed-use harbor supporting commercial fishing fleet, recreational boating, kayaking and standup paddling boarding and other opportunities and public access.

In 1960, the State conveyed by statutory grant, 1,235 acres of tidelands and submerged lands to the District upon condition that the harbor be developed. The outer breakwater was completed in 1961 by the U.S. Army Corps of Engineers, with an extension added in 1967 to decrease the amount of wave energy coming through the entrance to the harbor. Also in 1961, the main concrete pier was built. Full buildout of the inner harbor was accomplished during the 1980s with the construction of the harbor’s floating docks and berths, along with a second, inner breakwater to provide further protection for the coastal fishing fleet.

Pillar Point Harbor also includes several support buildings. The age of structures varies; 1961 buildings include the fish buyer building, the Harbor Master’s building, certain restrooms, and “Tenant Row” buildings. The maintenance building was built in 1979, additional restrooms were built in 1982, the ice house was added in 1985, and restroom ramps were built in 1992.



Oyster Point Marina

Oyster Point Marina consists of a 408-berth recreational marina in the City of South San Francisco. It is owned by the City of South San Francisco and managed/operated by the District under a 2018 Agreement between the two agencies.

The west basin of the marina was originally constructed in the 1960s, north of the South San Francisco landfill. In 1977, the District assumed operational control over Oyster Point Marina under a 49-year Joint Powers Agreement. The agreement gave the District the authority to improve and complete construction of a recreational marina while retaining the berthing and other related fees. In the 1980s, the District replaced the original docks in the west basin and expanded the marina into the east basin with construction of a new breakwater. At highest available occupancy, the marina had 589 slips. The breakwater was modified in 2008, and Docks 9 and 10, with a combined total of 134 slips, were removed in late 2009 and early 2010 to make way for the San Francisco Bay Area Water Emergency Transportation Authority ferry terminal, which opened in 2012. In Fiscal Year 2012–13, the guest dock (Dock 8) and Dock 11 were replaced with concrete floating docks. Dock 8 accommodates side-tie only and is intended for temporary moorage as vessels check into the Marina. It is also being utilized by smaller privately operated commuter ferries. Dock 11 was reconfigured to avoid interference with the operational requirements of the Water Emergency Transit Authority ferry terminal and incorporates both side-tie and slips. This reconfiguration resulted in the loss of approximately 30 slips.



The District’s management of the Oyster Point Marina was originally documented and guided by a 1977 Joint Powers Agreement between the District and the City of South San Francisco. In 2018, the District and the City of South San Francisco negotiated and entered into a new agreement for the management of Oyster Pint Marina, which replaced the Joint Powers Agreement. The agreement is active for an initial 15-year period that automatically renews for two 10-year periods unless either party provides official notice of nonrenewal. The first term is set to expire on December 28, 2033.

According to District staff, the Harbor District has initiated discussions with the City of South San Francisco to address updates to the 2018 Agreement. One major amendment to the agreement would relate to the timeline for capital improvement projects. Under the current agreement, the District is required to replace Docks 12, 13, and 14 by December 31, 2024. This is an unrealistic deadline based on the substantial and unforeseen increase in construction costs. In 2018, (pre COVID-19), when the agreement was entered into, both the City and District estimated the cost of the Dock Replacement Project to be less than \$5 million dollars. Following the design, engineering, and permitting of the project (post COVID 19), the new estimate is greater than \$18 million dollars, well beyond the District’s current budget. The COVID-19 pandemic produced shortages in labor and construction materials which increased costs on all aspects of the scheduled dock replacement project. Instead, to mitigate any risk associated with the floating docks and the expiration of their “useful life”, the District has implemented the Floating Dock Life Extension Project. The Project includes the inspection of and replacement of deck boards, inspection and renewal of internal brackets and crossmembers, and the repair or replacement of flotation.

Another amendment the District would propose to the 2018 Agreement relates to a 40,000 square foot retail building at Oyster Point. In 2017, the City and the Harbor District entered into an agreement that provided authority for the District to construct and lease the building, but the current Agreement will expire in 2026 and the District would like to extend this clause beyond 2026.

Commercial Fishing Facilities

Pillar Point Harbor offers commercial fishing facilities, including a fuel dock, ice-making facility, and commercial fish buying center. The public can purchase fresh fish off the boats from several vendors.

Commercial/Retail/Restaurant Leases

The District leases space to three wholesale fish buying operations on Johnson Pier at Pillar Point Harbor. The wholesalers purchase and unload salmon, halibut, rockfish, shellfish and bait directly from commercial fishermen. The SMCHD also owns buildings leased to restaurants, bait shops, and a surf shop. At Oyster Point Marina, the District leases a building to the Oyster Point Yacht Club.

Parks and Trails, Open Space and Public Access

Pillar Point Harbor offers two public access trails for walking, cycling, and jogging. The harbor also provides a public fishing area, public fishing pier, and fish cleaning area. Oyster Point Marina provides a public fishing pier with a fish cleaning station, and a 33-acre recreational green space with a picnic area and a swimming beach. The San Francisco Bay Trail runs through the site. Public parking is available at no charge at both Pillar Point Harbor and Oyster Point Marina.

Emergency Services and Search and Rescue

Harbor District staff perform a range of activities in support of safety of life at sea, at both Pillar Point Harbor and Oyster Point Marina, including:

- **Search and Rescue:** The Harbor District is routinely requested by the U.S. Coast Guard, Sheriff's Office, or Coastside Fire Protection District to respond to maritime emergencies. For each emergency that involves more than one agency, a unified command of the involved agencies involved in the active search and recovery of a known or suspected person in distress is established to ensure unity of effort.
- **First Responder Support:** The Harbor District provides waterside support of shoreside operations such as cliff rescues. The District also provides secondary rescue support for victims and rescuers. The U.S. Coast Guard and Harbor District train weekly on rescue helicopter operations, rescue swimmer deployment, and recovery operations. All qualified Deputy Harbormasters participate in emergency maritime response. Harbor Workers can volunteer to serve as boat crew on a rescue vessel but are not required.
- **Vessel Assists:** The Harbor District Patrol routinely deploys to assist vessels that have run out of fuel, have engine problems, cannot safely navigate into the harbor, are taking on water, or other issues that while not an emergency, do require assistance to make it back to shore safely. On one particularly busy Sunday, August 25, 2024, Oyster Point Marina Patrol staff were called out on five separate vessel assists.
- **Body Recovery/Evidence:** The Harbor District assists the San Mateo Coroner, Sheriff, and Coastside Fire Protection District with the recovery of victims or evidence located at sea or on remote beaches and coves inaccessible from land. Most recently, the Pillar Point Harbor Patrol was able to recover several pieces of an aircraft that crashed off the coast of Moss Beach, California. The Harbor Patrol was also able to recover and transport the victims of the crash to shore. In another case, the Harbor Patrol was asked to recover a victim washed ashore south of Cowell Ranch State Beach in a remote cove that was inaccessible from shore.
- **Transportation Assistance:** The Harbor District transports first responders (i.e., police, fire rescue, and paramedics) to the scene of a medical or maritime emergency.
- **Firefighting:** The Harbor District assists with waterside firefighting.

- **Persons in Distress:** The Harbor District helps novice windsurfers, kitesurfers, swimmers, surfers, kayakers, and standing boarders who are routinely caught off guard by weather conditions and require assistance returning to shore.

From 2019 through 2024, San Mateo County Harbor District executed a total of 425 search and rescue cases and 7,506 maritime assist cases, as shown in the tables below.

Pillar Point Harbor		
Year	Search and Rescue Launches	Vessel Assists, Agency Assists, Other
2019	97	634
2020	79	684
2021	85	926
2022	53	1,484
2023	44	1,127
2024	13	199

Oyster Point Marina		
Year	Search and Rescue Launches	Vsl Assists, Agency Assists, Other
2019	0	490
2020	0	602
2021	16	634
2022	36	455
2023	0	195
2024	2	76

The environments of oceanside Pillar Point Harbor and bayside Oyster Point Marina are drastically different, as are the available resources. In an effort to formalize the services provided and allocate appropriate resources, in August 2024, the Harbor District and Coastside Fire Protection District entered into a Memorandum of Understanding (MOU) defining roles and responsibilities for emergency maritime response. The Harbor District is initiating discussions with the San Mateo County Sheriff’s Office to negotiate a similar MOU.

- Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?

The tables below show the occupancy rates of the berths/slips at Pillar Point Harbor and Oyster Point Marina.

Pillar Point Harbor:

Pillar Point Harbor		
Year	Occupied of 399	Occupancy Rate
2019	399	100%
2020	395	99%
2021	391	98%
2022	379	95%
2023	367	92%
2024	359	90%

The 10% decline in occupancy rate at Pillar Point Harbor from 2019 to 2024 is attributed to the COVID-19 Pandemic, the restricted and closed fishing seasons, the District’s effort to reduce the number of unseaworthy, inoperable, or derelict vessels, and enforcement of slip agreements.

Tenants in violation of their slip agreement, i.e. missed monthly slip payments, are required to bring their accounts current. If a vessel owner fails to bring their account current, the slip agreement is voided, and the vessel owner is required to remove the vessel from District property.

Several boats, both recreational and commercial, were found to be unseaworthy or derelict. To remain in a slip, a boat is required to be operational. Several vessel owners with inoperable boats elected to surrender their vessels to the District for removal under the California Surrendered and Abandoned Vessel Exchange (SAVE) Program at no cost to the vessel owner or District.

In 2023 and 2024, the commercial crab season has been significantly reduced and the salmon season has been canceled all together. As a result, some commercial fishing vessels have shifted ports to areas unaffected by the closures (i.e. Oregon, Washington, and Alaska). Other commercial fishing vessels have simply been removed from the water and stored, awaiting the next fishing season.

The COVID-19 pandemic also forced some commercial passenger vessels (charter boats) and fishers to cease operations all together.

As of August 1, 2024, Pillar Point Harbor had a waiting list of 54 vessel owners seeking regular slips and 15 requests for liveaboard permits. Of the 54 people on the waiting list, 27 are waiting for 30-foot slips and the other 27 are commercial fishers requesting a better slip (location) and/or waiting for crab and/or salmon season to open.

Oyster Point Marina

Oyster Point Marina		
Year	Occupied of 398	Occupancy Rate
2019	310	78%
2020	306	77%
2021	295	74%
2022	283	71%
2023	318	80%
2024	310	78%

The occupancy rate at Oyster Point Marina has improved since 2022 due to two main factors. First, the Oyster Point Redevelopment Project is coming to conclusion, reducing the restrictions, dust, and inconvenience to the Marina tenants/users caused by the construction. The second factor relates to the closure of Oyster Cove Marina, a separate private marina located on Oyster Point. Many of the tenants of Oyster Cove applied for and were accepted to Oyster Point Marina and have remained.

Oyster Point Marina/Park has also benefited from significant improvements to tenant and visitor serving amenities (i.e. restrooms and showers), improved landscaping, and improved access. These improvements have assisted in the retention of slip tenants.

Of note, in 2023 a private owner closed Oyster Cove Marina. Multiple vessels at Oyster Cove were liveaboards, providing much needed housing for the owners. Oyster Point Marina was already at the maximum 10% capacity for liveaboards as set by the Bay Area Conservation and Development Commission (BCDC) which prevented the District from accepting additional liveaboard vessels. However, to prevent the vessel owners from becoming un-housed, the Harbor District worked with the City of South San Francisco and the Bay Conservation and Development Commission (BCDC) to temporarily accept the liveaboard vessels under emergency circumstances. Each of the accepted vessel owners have now earned liveaboard status at Oyster Point or have moved to alternative housing shoreside. Oyster Point Marina is now back at 10% occupancy rate for liveaboard permits.

Oyster Point Marina has a waiting list of 2 vessel owners seeking a regular slip and 53 on the waiting list for liveaboard permits.

- b) Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth?

The District is in the process of updating its 2022 Strategic Plan.

- c) Are there any concerns regarding the public services provided by the agency being considered adequate?

LAFCo staff does not have any concerns regarding the adequacy of the public services being delivered by the SMCHD.

- d) Are there any significant infrastructure needs or deficiencies to be addressed?

In 2022, the District adopted a Master Plan which guides future capital improvement project and land development. This Plan includes an assessment of the existing harbor facilities and proposed future capital projects. The Plan details that at Pillar Point Harbor the Johnson Pier is in generally good condition while some support piers are in poor condition and will need to be replaced. The marina docks are 30-40 years old and need to be replaced. Buildings at Pillar Point are generally in fair condition. At Oyster Point Marina, several of the docks are in serious to critical condition and will require replacement within the next five years. The District has a Capital Improvement Plan (CIP) for Fiscal Year 2024-25, and will be reevaluating District facilities in the FY 2025-26 CIP. Currently, the FY 2024-25 Budget notes that there is \$80 million in identified capital improvement projects over the next five years. Per District staff, several projects in the CIP are unfunded; Johnson Pier Expansion Project, Replacement of Floating Docks, and a new Pillar Point Harbor Retail Building. Funding for these projects may require multiple funding sources to include grants, loans, and Working Capital/Fund Balance.

In 2023, the District was awarded a \$400,000 Boat launching Facilities grant from California State Parks for the design and engineering of the Pillar Point Harbor Launch Ramp. The project will include the construction of restrooms, outdoor showers, bike racks, seating, recycling center, dog waste station, and fish cleaning station. In September 2024, the California Ocean Protection Project awarded the District a \$2.9 million grant for a restoration project at Surfers Beach. The District has recently purchased several properties in the area around Pillar Point Harbor which are currently undeveloped and will require unprogrammed funds to be used for development.

- e) Are there changes in State regulations on the horizon that will require significant facility and/or infrastructure upgrades?

Per the District, one potential California Assembly Bill that would impact the District is AB 2916. This legislation would require that an overwater structure that contains, or a block or float that contains or is comprised of, expanded polystyrene or other plastic foam, sold or installed before January 1, 2026, and that is repaired or maintained on or after that date, be fitted with a shell made of aluminum, concrete, steel or plastic. If passed into law, AB 2916 could have a negative fiscal impact on the Harbor District in the maintenance or replacement of the floating docks at both Pillar Point Harbor and Oyster Point Marina. Currently this bill is being held in committee. However, this potential impact is not expected to be substantial.

- f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency's sphere of influence? Not applicable.

Capacity and Adequacy of Public Facilities and Services MSR Determination

SMCHD has significant infrastructure and facility improvement needs as a result of the wear and tear of heavy use, a harsh marine environment, and deferred maintenance and capital projects. The District’s 2019 Strategic Plan and 2022 Master Plan indicate necessary repairs and capital improvements. The Plan details that at Pillar Point Harbor the Johnson Pier is in generally good condition while some support piers are in poor condition and will need to be replaced. The marina docks are 30-40 years old and need to be replaced. Buildings at Pillar Point are generally in fair condition. At Oyster Point Marina, several of the docks are in serious to critical condition and will require replacement within the next five years. The Fiscal Year 2024-25 Budget and Capital Improvement Plan identifies \$80 million in necessary capital improvement projects over the next five years. Per District staff, several projects in the Capital Improvement Plan are unfunded: the Johnson Pier Expansion Project, Replacement of Floating Docks, and a new Pillar Point Harbor Retail Building. Funding for these projects may require multiple sources including grants, loans, and Working Capital/Fund Balance. The \$80 million of identified projects does not include any improvements to the District’s recently purchased property.

Recommendations:

- 1) SMCHD should update the 2019 Strategic Plan and 2022 Master Plan to align with the most recent Capital Improvement Plan. LAFCo encourages SMCHD to include a review of CIP projects, services provided by the District, and opportunities for enhancing operational revenue in the 2024 Strategic Plan.

- 2) The updated Strategic Plan and Master Plan should include a review of the current land purchases made by SMCHD and identify their potential future uses and how their development will be funded. Both Plans should also show how the purchasing of these parcels and their future development will align with the mission and services of the District.

4) Financial Ability

Financial ability of agencies to provide service	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?			X
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?			X

c) Is the organization’s rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?		X	
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?		X	
e) Is the organization lacking financial policies that ensure its continued financial accountability and stability?			X
f) Is the organization’s debt at an unmanageable level?			X

Discussion:

a) Does the District routinely engage in budgeting practices that may indicate poor financial management such as overspending its revenue, failing to commission independent audits, or adopted its budget late?

For five consecutive years, SMCHD has been recognized by the Government Finance Officers Association for transparent budget reporting, receiving the Distinguished Budget Presentation Award. This award recognizes the District’s success in publishing a budget document that “meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device”.

In accordance with the Harbors and Navigation Code Section 6062, the District has hired a certified public accountant to conduct annual audits of its finances, each year from 2016 through 2023. All audit reports are publicly available on the District’s website. In 2023, the District switched from hiring Maze & Associates Accounting Corporation to Nigro & Nigro PC to conduct the audits. There have been no notable discrepancies or audit findings in the past five years.

Funds

The District is comprised of three departments: Administration, Pillar Point Harbor, and Oyster Point Marina. All departments share one fund, the Enterprise Fund.

Non-Operating Revenue

For Fiscal Year 2024-25, SMCHD projects \$15.3 million in total revenue. Of that, \$10.6 million (69%) is non-operating revenue. This revenue is largely property tax and other tax revenue that is received by the District. Implementation of Proposition 13 in 1978 resulted in SMCHD receiving a share of the 1 percent property tax countywide. The SMCHD receives a share of all property tax growth from all properties in San Mateo County. The percentage of non-operating revenue to operating revenue has continued to increase. The 2015 LAFCo MSR notes that in

previous years, property taxes represented 55 percent to 60 percent of revenue, while in the FY 2024-25 Budget, property taxes represented 69 percent of total revenue.

All San Mateo County property tax revenue is managed by the Administration department and is shown as revenue in the budget in Administration department funds. This revenue is also used by Pillar Point Harbor department and Oyster Point Marina department to cover both of their operating deficits. The commercial and enterprise activity at Pillar Point Harbor and Oyster Point Marina includes fees collected for berth rent, use of boat launch ramp, and leased property rents. However, these fees and rents do not cover operating costs which primarily include ocean/maritime search and rescue, salaries and benefits, repairs and maintenance of facilities, contract services, and utilities. The District faces other costs, such as biennial elections (totaling \$900,000 in FY 2024-25), legal costs associated with claim settlements (approximately \$300,000 in both FY 2021-22 and FY 2022-23) and bad debts (approximately \$100,000 in each of the past three years).

For each of the past five years, the District’s total revenue has exceeded its actual and projected spending. The District’s primary revenue source is Property Tax Revenue from San Mateo County property owners (over 65% of total revenue), followed by commercial activity generated by the District (approximately 30% of total revenue).

The District has maintained a net positive position: for each of the past five years, the District’s total revenue has exceeded its actual and projected spending. The net difference is used to fund reserves and pay for capital improvement projects.

San Mateo County Harbor District Net Expenditures

	FY 2020-21 (Actual)	FY 2021-22 (Actual)	FY 2022-23 (Actual, unaudited)	FY 2023-24 (Projected)	FY 2024-25 (Projected)
Expenditures	\$11,313,339	\$7,658,065	\$10,957,110	\$10,789,000	\$11,631,000
Revenues	\$13,326,698	\$14,249,000	\$15,052,822	\$14,647,000	\$15,287,000
Net	\$2,013,359	\$6,590,935	\$4,095,712	\$3,858,000	\$3,656,000

The District states that it intends to enhance its commercial activity revenue stream. In 2022, the District sold surplus parcels of land. In January 2024, the District purchased several parcels of land surrounding Pillar Point Harbor for \$8.7 million. Development of these properties will be discussed in the District’s upcoming Strategic Plan. The last time the Strategic Plan was updated was in 2019. This January 2024 purchase decreased the amount of working capital/Fund Balance available for capital projects.

Capital Improvement Projects

The Capital Improvement Plan (CIP) Budget is a five-year plan adopted by the District Harbor Commission on an annual basis. In each of the past five years, the cost of identified capital improvement projects has exceeded the working capital balance available to fund them. The FY 2024-25 budget identifies \$80 million in capital improvement projects over the next five years.

As of August 2024, approximately 15% of the total capital improvement project costs are funded. Of the ten projects, three are unfunded: The Johnson Pier Expansion Project (\$39 million), Replacement of Floating Docks (\$18 million), and the new Pillar Point Harbor Retail Building (\$12 million). The District plans to seek grants and may consider loans in an attempt to increase its working capital to fund these projects.

The Capital Improvement Projects cost estimates include \$200,000 in General Manager Projects that are within the GM’s authority of below \$50,000 individually.

Under the District’s 2018 agreement with the City of South San Francisco, the District is required to replace Docks 12, 13, and 14 by December 31, 2024. The District has determined this is unrealistic given that the estimated project cost has increased from \$5 million in 2018 to \$18 million in 2024, due to the rise in construction costs. Instead, the District has extended the life of the existing docks by replacing deck boards, brackets, and flotation as needed. The replacement project is on hold, and the 2018 agreement with the City of South San Francisco may be updated in the near future.

The District has received grant funds every year including a \$40,518 grant from the Ocean Protection Council Grant in FY 2021-22, a \$298,000 grant from the Metropolitan Transportation Commission, a \$400,000 grant from the California Division of Boating and Waterways, and a \$2.9 million grant from the Ocean Protection Council in FY 2024-25.

Estimated Working Capital Balance to Fund CIP

FY 2020-21 (Budget)	FY 2021-22 (Budget)	FY 2022-23 (Budget)	FY 2023-24 (Budget)	FY 2024-25 (Budget)
\$15,511,000	\$18,765,613	\$12,207,064	\$15,030,442	\$9,610,000

The District has purchased several properties around Pillar Point Harbor over the last few years. The District purchased a parcel at the corner of Avenue Portola and Obispo Road in El Granada with the intent of constructing a new administrative building. However, the District also purchased 504 Avenue Alhambra, which it chose instead for its new administrative office, and now the other parcel is considered to be surplus.

Other recently purchased parcels are located adjacent to Highway 1. Per SMCHD, the land is envisioned as future expansion of the Harbor and will be discussed in the 2024 District Strategic Plan that is being developed.

Other Post Employment Benefits (OPEB)

The District ended the OPEB program in 2009 and only employees that were hired prior to July 1, 2009 are eligible to participate. Currently there are 6 employees and 11 retirees that are eligible. OPEB benefits are administered on a pay as you go basis. If excess funds become available, the District may consider setting aside funds in a trust account. Employees hired prior to July 1, 2009, who meet service time eligibility rules, are entitled to continue the individual’s and dependent’s then existing health, dental, and vision benefits, and life insurance. These

benefits may only be collected for a period that is equal to half of the time the individual was employed by the District.

The District provides post-retirement health care, vision care, dental care and life insurance benefits, in accordance with the Board of Harbor Commissioners employee benefit resolutions, to all employees who retire from the District and meet the age and years of service requirements as specified in such resolutions.

CalPERS

On June 30, 2020, the District reported a net pension liability (NPL) of \$2,698,394 compared to June 30, 2019 NPL of \$4,831,495. The decrease was due to a request from a past Board President and current Commissioner to make a pre-payment of the District’s long-term liability of \$2,300,000.

The District participates in two benefit formulas, 2.5% at 55 for Classic Members and 2.0% at 62 for PEPRAs. Payments for the employer’s share are as follows: The District pays the contribution amount in a lump sum at the beginning of each fiscal year saving the District approximately \$10,000 per year.

Audited Financial Statements and the Unfunded Liability (UAL) described above is from CalPERS Actuarial Report. Additional contributions are not being considered at this time. CalPERS unfunded liabilities are amortized over a 15-year period for the Classic Pool and a 20-year period for PEPRAs. Paying the actuarial contributions would pay the Unfunded Liability within these time periods. Currently, the District anticipates that the Unfunded Liabilities will be paid according to the amortization schedule. In the future, the District may revisit this issue if surplus funds become available.

- b) Is the organization lacking adequate reserves to protect against unexpected events or upcoming significant costs?

District policy is to maintain a reserve of 25% of the Operating Budget Appropriations plus 50% of Election Cost Appropriations. For FY 2024-25, the reserve amount is \$4,357,750, exceeding the actual minimum required reserves.

SMC Harbor District Minimum Required Reserves

	FY 2020-21 (Budget)	FY 2021-22 (Budget)	FY 2022-23 (Budget)	FY 2023-24 (Budget)	FY 2024-25 (Budget)
Minimum Required Reserves	\$3,115,250	\$2,385,250	\$3,068,500	\$2,697,250	\$3,357,750

The District's working capital balance is used to fund the capital improvement program as well as unforeseen and unexpected emergencies, disasters and other events. The District’s reserves are set at an appropriate level to address potential unforeseen or unexpected emergencies but are insufficient to meet unfunded projects approved in the capital improvement program.

The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts.

- c) Is the City’s rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?

A review of berth fees shows that they are keeping up with the cost-of-living index for the San Francisco Bay Area, while maintaining high occupancy rates. The following tables show the slip size and rates for each facility:

Pillar Point Harbor

	FY 2021-22		FY 2022-23		FY 2023-24		FY 2024-25		Slips
	Docks D-H	Docks A-C	Docks D-H	Docks A-C	Docks D-H	Docks A-C	Docks D-H	Docks A-C	
30"	\$316	\$340	\$326	\$351	\$335	\$361	\$347	\$374	82
35"	\$364	\$389	\$375	\$401	\$286	\$412	\$400	\$427	74
40"	\$415	\$437	\$428	\$451	\$440	\$464	\$456	\$481	64
45"	\$469	\$492	\$484	\$508	\$498	\$522	\$516	\$541	50
50"	\$511	\$534	\$527	\$551	\$542	\$566	\$562	\$587	61
55"	\$560	\$584	\$578	\$603	\$594	\$620	\$616	\$643	12
65"	\$658	\$679	\$679	\$701	\$698	\$721	\$724	\$748	31
65" +	\$11/foot	\$11/foot	\$11/foot	\$11/foot	\$12/foot	\$12/foot	\$12/foot	\$12/foot	
Side Ties									9
End Ties									16
Total									399

Oyster Point Marina

	FY 2021-22		FY 2022-23		FY 2023-24		FY 2024-25		Slips
	Single	Double	Single	Double	Single	Double	Single	Double	
26"	N/A	\$244	N/A	\$252	N/A	\$259	N/A	\$269	31
30"	\$269	\$280	\$278	\$289	\$286	\$297	\$297	\$308	164
35"	\$323	\$335	\$333	\$346	\$342	\$356	\$355	\$369	86
40"	\$372	\$384	\$384	\$396	\$395	\$407	\$410	\$422	10
45"	\$415	\$432	\$428	\$446	\$440	\$458	\$456	\$475	55
50"	\$463	\$481	\$478	\$496	\$491	\$510	\$509	\$529	18
55"	N/A	\$529	N/A	\$546	N/A	\$561	N/A	\$582	1
60"	\$554	\$579	\$572	\$598	\$588	\$615	\$610	\$638	33
65"	\$9/foot	\$9/foot	\$10/foot	\$10/foot	\$10/foot	\$10/foot	\$11/foot	\$11/foot	
65" +	\$9/foot	\$9/foot	\$10/foot	\$10/foot	\$10/foot	\$10/foot	\$11/foot	\$11/foot	
Total									398

In 2024, Operating Revenue is budgeted to increase by 5.9% due to a projected inflationary increase in fees by 3.7%, and an anticipated increase in lease revenue from the Pillar Point Harbor retail center.

Lease amounts are based on market value. As each lease is developed (initial and renewal), the District contracts with a third-party licensed property appraiser to obtain the current market value. Each lease is then set at or above market value. The District provided the example of one particular lessee in which it recently negotiated an increase in the base lease payment from \$2,500 per month to \$15,800 per month.

The leases for four of the five leased spaces in the commercial building at Pillar Point have been recently renegotiated, all at or above market value.

d) Is the agency unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?

The District has funded a significant portion of the approved Capital Improvement Plan over the past several years to include the West Trail Living Shoreline Project, Publish Fishing Pier, Piling Repairs, Harbormaster Building ADA Update, Tenant Row ADA Restroom, Surfers Beach Restroom and Greenspace Project, Oyster Point Marina Electrical Upgrade, Pillar Point Harbor Launch Ramp Dredging, and the Coastal Trail Extension. The Harbor District has also approved funding for the Oyster Point Entrance Ramp Replacement Project, the Johnson Pier Electrical Upgrade, the Surfers Beach Replenishment Pilot Project, the Pillar Point Harbor Dredge Project, the Pillar Point Harbor Eelgrass Mitigation Project, and the Design Engineering, and Permitting of the Pillar Point Launch Ramp and Restroom Project. The District is currently unable to fully fund the large unfunded capital improvement projects include the requirement to replace the floating docks at Oyster Point Marina, per its agreement with the City of South San Francisco in 2018.

Summary of 5-year historical & proposed budget year expenditures and FTE Authority

	FY 2020-21 (Budget)	FY 2021-22 (Budget)	FY 2022-23 (Budget)	FY 2023-24 (Budget)	FY 2024-25 (Budget)
SMC Harbor District	\$10,203,000	\$9,812,000	\$10,784,000	\$10,789,000	\$11,631,000
FTE Count	41	41	44	44	44

The District’s budget increased by \$1,428,000 or 14% from the adopted budget in FY 2020-21 to the final project in FY 2024-25. The District’s FTE count increased by 3 FTE, or 7 percent, from the adopted budget in FY 2020-21 to the final budget in FY 2024-25. As of FY 2024-24, the Administration division consists of five elected Harbor Commissioners and 10.6 full time positions. Oyster Point has 13 FTE, Pillar Point has 20.4 FTE.

e) Is the agency lacking financial policies that ensure its continued financial accountability and stability?

The District’s July 2024 Policies handbook contains finance and accounting policies for the District.⁵ These policies are publicly available on the District website.

⁵ [Table+of+Contents+With+Policies+2024_08_28.pdf \(smharbor.com\)](#)

In July 2023, the District received the “Transparency Certificate of Excellence” from the Special District Leadership Foundation (SDLF) in recognition of its outstanding efforts to promote transparency and good governance.⁶

g) Is the agency’s debt at an unmanageable level?

The District has no long-term debt since 2016. Outstanding liabilities include CalPERS and OPEB costs.

Financial Ability MSR Determination

For five consecutive years, SMCHD has been recognized by the Government Finance Officers Association for transparent budget reporting, receiving the Distinguished Budget Presentation Award. This award recognizes the District’s success in publishing a budget document that “meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device”.

The SMCHD budget consistently exhibits a net operating shortfall due to operating costs exceeding enterprise revenues. For FY 2024-25, SMCHD projects \$15.3 million in total revenue. Of that, \$10.6 million (69%) is non-operating revenue. This revenue is largely property tax and other tax revenue that is received by the District. These total revenues are sufficient to fully fund operations and partially fund some capital projects. The CIP currently identifies \$80 million in capital projects, with approximately 15% of the total capital improvement project costs funded as of August 2024. The District has typically funded capital projects with a mix of grants, cash or on a “pay-as-you-go” basis. The cash for these projects has been sourced from the fund balance resulting from total revenues (enterprise and non-enterprise) exceeding operating costs. Recently, some of the fund balance has been utilized to purchase properties around the existing Pillar Point Harbor area, which has decreased the fund available for existing capital needs by \$6 million in FY 2024-25. Capital projects for these newly purchased properties have not yet been evaluated by the District.

The District’s July 2024 Policies Handbook contains finance and accounting policies for the District.⁷ These policies are publicly available on the District website. The District has had no long-term debt since 2016. Outstanding liabilities include CalPERS and Other Post Employment Benefits (OPEB) costs.

Recommendations

3) As part of the forthcoming updated Strategic Plan, SMCHD should evaluate potential funding sources for the existing projects identified in the Capital Improvement Plan.

4) SMCHD should evaluate the recently purchased properties and determine what potential uses will be developed on the properties, what the cost of those improvements will be, how they will be funded, and what priority these projects will be given compared to existing identified capital projects.

⁶ [Transparency Certificate of Excellence](#)

⁷ [Table-of+Contents+With+Policies+2024_08_28.pdf \(smharbor.com\)](#)

5) Shared Service and Facilities

Status of, and opportunities for, shared facilities	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Is the agency currently sharing services or facilities with other organizations? If so, describe the status of such efforts.	X		
b) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?			X
c) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?		X	

a) Is the agency currently sharing services or facilities with other organizations?

The District currently leases office space to the Granada Community Services District. The Harbor District recently purchased the office complex located at 504 Avenue Alhambra for use as the District’s Administrative Office. Unused office space is leased to governmental and commercial tenants.

As noted previously, SMCHD and the City of South San Francisco have an agreement for the operation and management of the Oyster Point Marina. The District has characterized the relationship between the City and SMCHD as positive and cooperative. The District has not explored alternatives to the current management of Oyster Point Marina.

The City and District participate on the Oyster Point Joint Liaison Committee, which is comprised of two City Councilmembers from the City of South San Francisco and two Commissioners from SMCHD. The Oyster Point Joint Liaison Committee last met on August 28, 2024.

The City and District have worked together to share maintenance tasks at Oyster Point Marina. Overnight security staffing at Oyster Point Marina was canceled in part due to the fact it was duplicative of a service already being provided by South San Francisco Police Department.

The SMCHD has obtained the services of and partnered with the San Mateo Resource Conservation District to help identify sources of pollutants in Pillar Point Harbor through the Pillar Point Harbor Water Quality Assistance project and the First Flush program, which involves volunteers monitoring and reporting on the levels of a variety of pollutants such as bacteria, nutrients, and metals during the first significant rain storm. In 2021, the State

Water Board developed and approved a plan to reduce bacteria pollution in the Pillar Point Harbor area.⁸

b) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?

LAFCo staff has not identified other opportunities that SMCHD could engage in to share costs and/or reduce duplication of resources, facilities, or infrastructure.

c) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?

See discussion under 6d-f.

Shared Services MSR Determination

Through this MSR process, staff has not identified any new opportunities for shared facilities. The SMCHD currently partners with multiple agencies, including the City of South San Francisco and the San Mateo Resource Conservation District, related to services and functions at the two harbor facilities.

⁸ [Pillar Point Harbor and Venice Beach Bacteria TMDL](https://www.waterboards.ca.gov/sanfranciscobay/water_issues/programs/TMDLs/PPH_TMDL.html),
https://www.waterboards.ca.gov/sanfranciscobay/water_issues/programs/TMDLs/PPH_TMDL.html

6) Accountability, Structure, and Efficiencies

Accountability for community service needs, including governmental structure and operational efficiencies	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?			X
b) Are there any issues with staff turnover or operational efficiencies?			X
c) Is there a lack of regular audits, adopted budgets and public access to these documents?			X
d) Are there any recommended changes to the organization’s governance structure that will increase accountability and efficiency?			X
e) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?		X	
f) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?		X	

Discussion:

The Board of Commissioners is the elected body that oversees all SMCHD operations and provides policy leadership. The Board acts as the legislative arm of the District. Each Commissioner serves a staggered four-year term and is provided a monthly salary of \$600, per State law. Commissioners are also eligible for reimbursements for any and actual necessary expenses related to Commission actions. The District recently adopted an updated policy regarding reimbursement for Commissioners. Until recently, Commissioners were elected at-large. However, in 2018, a change to the California Voting Rights Act required SMCHD to switch to District elections. The first District elections were held 2020 for Districts 1 and 4. District elections for Districts 2, 3 and 5 occurred in November 2022.

- a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?

The San Mateo County Harbor District meets in person at the District Offices located at 504 Avenue Alhambra, 2nd floor, El Granada CA 94018 on the 3rd Wednesday of every month at

10am. Regular meetings are also accessible to the public by Zoom. Recording of the meetings are available on the District’s website.

Agendas, agenda packets and meeting presentations are posted to the SMCHD website at least 72 hours prior to meeting dates.

According to the District, SMCHD received an allegation of Brown Act violation regarding an item at the June 4, 2020 Special Meeting. The District responded to the allegation by reconsidering the item at a subsequent meeting. No additional action was taken by any party or agency related to this issue.

SMCHD notes that it is in compliance with the Public Records Act and no violations have been reported. LAFCo staff is not aware of compliance issues with a public records request. In 2023, the District received the Transparency Certificate of Excellence from the Special District Leadership Foundation. This certificate highlights an agency’s commitment to government transparency requirements, including the completion of ethics training for commissioners, adherence to the Brown Act for public meetings, and the filing and reporting for financial transactions and reports to the State in a timely manner.

The District’s website includes information regarding financial documents including budgets and audits, wage and compensation data, archived meeting minutes, and currently adopted policies on reserves financial transactions, conflict of interest, and ethics code.

b) Are there issues with staff turnover or operational efficiencies?

According to the District, there have not been challenges regarding staff turnover. Over half of the 32 operational employees have been with the District for longer than five years. Top positions in the Administrative department have been staffed by the same individuals for several years. The General Manager has been in his current position since 2019.

c) Is there a lack of regular audits, adopted budgets, and public access to these documents?

The SMCHD regularly prepares an annual budget and contracts with an accounting firm to conduct annual audits, both of which are presented to the Board of Commissions at a public hearing and are published on the District’s website. Past budget and audit documents are available on the District’s website as well.

d-f) Changes in governance structure?

The 2006 and 2015 San Mateo LAFCo MSR’s mentioned several alternative SMCHD governance options. These potential changes included dissolution of SMCHD or altering the boundaries of the District. Neither governance alternative has occurred, and the ongoing study and discussion of these options does not impact the day-to-day operations of the District. These two potential governance options are summarized below:

I. Dissolution with the County of San Mateo as Long-Term Successor/JPA with City of South San Francisco

The County could assume all of the assets, liabilities and operational responsibilities of the Oyster Point Marina and Pillar Point Harbor. All revenues would accrue to the County to

fund expenditures. The County’s Board of Supervisors ultimately would have authority over the facilities to which it is the successor. The Board could create an appointed body to advise it on operational and policy issues.

The County would assume responsibility for Pillar Point Harbor, and could utilize existing staff for operations. The County of San Mateo Parks Department currently operates Coyote Point Marina and consequently has experience managing these types of facilities, as well as administrative staff that could be augmented as necessary to handle additional workload.

The County could assign responsibility for Oyster Point Marina to the City of South San Francisco through a new JPA, and allocate property tax sufficient to pay for Oyster Point Marina operations, capital improvements and applicable share of debt service. This amount could be adjusted annually as costs adjust during transition, efficiencies are achieved, and revenues change.

The City of South San Francisco would be responsible for maintaining parks and open space at Oyster Point Marina as they currently do in other areas of the City, and could utilize existing Oyster Point Marina staff to manage and operate the marina facilities. Currently, City administrative staff could be augmented as necessary to handle administrative tasks including financial accounting.

Potential Cost Savings

The assumption of SMCHD operations by a successor agency (or agencies) offers the opportunity to achieve certain service efficiencies and cost savings due to economies of scale and eliminating duplicative elected offices and administrative functions. This would eliminate some existing Harbor Commission expenses, such as election costs. The cost associated with holding elections is the greatest potential savings of a successor agency. The Fiscal Year 2024-25 Budget projects election costs of \$900,000 in alternating years. The majority of these election costs could be shared with the other County entities also holding elections. The exact magnitude of other administrative savings, if any, would depend upon the ability of the successor agency to manage increased workload before adding staff.

Transition Issues and Costs

Although it may be possible to achieve longer-term efficiencies, stability, and cost savings, in the short-term there would be transition costs associated with reorganization. A detailed Plan for Service would need to accompany any proposal for a governance change. This Plan would need to evaluate how service responsibility would be transferred, the benefits of the governance change, how pension liability would be addressed, the implementation and financing strategies for capital improvement projects, legacy costs, and staff transition. It is likely that the net benefits to County taxpayers and users following a reorganization would lag and not be measurable for several years.

II. Alternative Boundaries

The current boundaries of the SMCHD could be reduced if it is determined that the SMCHD

primarily serves and area that is less than Countywide. However, depending on the extent of the boundary reduction, property taxes would correspondingly be reduced. Unless there are equal reductions in current SMCHD expenditures and liabilities, the reduced property tax may be inadequate to fund operations and provide for needed capital improvements.

The District, in turn, has communicated to San Mateo LAFCo staff that it is interested in assuming operational responsibilities for all county-owned ports (Coyote Point Marina, San Carlos Airport, and the Half Moon Bay Airport). San Mateo LAFCo is not aware of any formal communications between the County and the District on this matter. LAFCo has not conducted an analysis regarding any future expansion of services by SMCHD.

If a proposal was to be submitted for this change to LAFCo, an analysis would need to be conducted regarding the fiscal ability of the Harbor District to provide the service, the operational capacity of the District to provide the service and the impacts to the County of San Mateo (who currently owns and operates the two airports) among other factors for review. This proposal would also take into consideration comments from the community and airport users. It would also likely require action by the County of San Mateo Board of Supervisors. Also, under California Harbors and Navigation Code Sections 6000-6110, the principal act under which the San Mateo County Harbor District was formed, the operation of an airport is not an allowed power of a harbor district. The San Mateo County Harbor District would need to submit a proposal to LAFCo that would reorganize the District into another type of special district that has the powers to operate both harbors and airports. This reorganization could require a countywide vote.

In response to comment from the District related to the two County airports, Gretchen Kelly, Manager of the County of San Mateo Airports submitted an email to LAFCo stating that the County is not in support of the potential proposal of the Harbor District taking over the operations of the Half Moon Bay Airport and San Carlos Airport. There have been no discussions between the County and the District regarding any change to operational responsibility for the County-owned airports. In the email, Ms. Kelly discusses that the County has successfully managed the two airport facilities for many years in accordance with Federal Aviation Administration (FAA) regulations, County policies, and the needs of our aviation and community stakeholders. She states that managing an airport requires specialized aviation expertise and adherence to complex regulatory frameworks distinct from those governing marinas and harbors. Ms. Kelly also notes that maintaining County oversight is in the best interest of airport users, local businesses, and the broader community and any potential changes will need stakeholder engagement and evaluation of any impacts.

As noted previously in this section, the evaluation of alternative District governance options is solely a high-level review by LAFCo as part of this MSR/SOI. No proposal for a governance change has been submitted to LAFCo at this time. No action by LAFCo has been taken toward SMCHD other than the publication of this and previous studies. Changing the governance of SMCHD would require a separate application and action before the LAFCo Commission

Accountability, Structure, and Efficiencies MSR Determination

The District has taken a number of steps since the 2015 MSR to enhance transparency and address governance and operational efficiencies. In 2023, the District received the Transparency Certificate of Excellence from the Special District Leadership Foundation. This certificate highlights an agency’s commitment to government transparency requirements, including the completion of ethics training for commissioners, adherence to the Brown Act for public meetings, and filing and reporting on financial transactions to the State in a timely manner. As noted in this MSR, the District adopted a Strategic Plan in 2019, and is currently developing an update of this plan.

There are at least two potential governance changes to the District that may produce greater efficiencies and cost savings: dissolution or altering District boundaries. No proposal for a change of governance has been submitted for either action since the 2006 MSR.

Recommendations

- 5) LAFCo supports the actions that SMCHD has made regarding transparency and encourages the District to continue these efforts.
- 6) The Harbor District, the City of South San Francisco and the County of San Mateo should continue to confer and research issues and options affecting the feasibility of implementing these possible governance changes.

7) Other

Any other matter related to effective or efficient service delivery, as required by commission policy.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?			X
b) Water Resiliency and Climate Change			
i) Does the organization support a governance model that enhances and provides a more robust water supply capacity?		X	
ii) Does the organization support multi-agency collaboration and a governance model that provide risk reduction solutions that address sea level rise and other measures to adapt to climate change?	X		
c) Natural Hazards and Mitigation Planning			
i) Has the agency planned for how natural hazards may impact service delivery?	X		

ii) Does the organization support multi-agency collaboration and a governance model that provides risk reduction for all natural hazards?	X		
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a) Other service delivery issues that can be resolved by the MSR/SOI process.

LAFCo staff did not identify any other service delivery issues that can be resolved by the MSR/SOI process.

b) Water Resiliency and Climate Change

SMCHD has worked in partnership with OneShoreline⁹, San Mateo County, Caltrans, the U.S. Army Corps of Engineers (ACOE), and the City of Half Moon Bay to address sea level rise and coastal erosion. In 2023, the Harbor District coordinated with OneShoreline to act as the lead agency in making a request to the ACOE under the Corps Continuing Authorities Program to address the coastal erosion at Princeton by the Sea. The Harbor District and ACOE are now entering the second phase of the project, identifying and comparing potential solutions. During this phase, the Harbor District will coordinate with the public and all affected agencies including the Granada Community Services District to address:

- Reestablishing the beach to serve as a nature based protective zone for Princeton by the Sea; and,
- Disrupting the counterclockwise current created by the installation of the breakwater. This current is the cause of the excessive erosion and disappearance of the original beach at Princeton by the Sea. The project will prevent the current from stripping the beach of sand in the future.

The Harbor District has also been working with Congresswoman Anna Eshoo to include Sea Level Rise/Coastal Erosion in Northern Half Moon Bay in the Water Resources Development Act of 2024 (WRDA 2024). On July 22, 2024, the WRDA 2024 was approved by the House of Representative with a vote of 359 to 13. It has passed the Senate and is expected to be signed into law prior to the end of the year given the WRDA bill has strong bipartisan support and has passed every two years for the past several years without incident.

There are several other agencies that are conducting environmental studies and projects within the area of Pillar Point Harbor, including:

- Plan Princeton – A project by the County of San Mateo intended to a) make a comprehensive update to the policies, plans, and standards regulating the Princeton study area (west of and including Highway 1, between Pillar Point Harbor and Moss Beach); b) to review coastal access, recreation, research, and education opportunities; c) support and expand coastal-dependent and coastal-related uses; and, d) identify

⁹ OneShoreline refers to the San Mateo County Flood and Sea Level Rise Resiliency District. It is an independent government agency devoted to securing funds and planning for the long-term resilience of the area, building solutions to mitigate the climate change impacts of sea level rise, flooding and coastal erosion. <https://oneshoreline.org>

effective strategies for protecting the community from sea level rise, among other hazards.

- Mirada Road – A project by the County of San Mateo to repair portions of Mirada Road that were damaged by recent storm events and wave action.
- 2018 San Mateo County Sea Level Rise Vulnerability Assessment – A project by the County of San Mateo that reviewed how sea level rise will affect San Mateo County residents, businesses, and the services and infrastructure along the San Mateo County coast and bay shorelands.
- Pillar Point Harbor Area Shoreline Management Study – A study by OneShoreline regarding shoreline management approach for the northern Half Moon Bay shoreline from Mavericks Beach to the Mirada Road bridge.
- Surfer’s Beach and Highway 1— San Mateo County, Caltrans, and Half Moon Bay collaborated on a project constructed in 2016 to protect the highway from erosion at Surfers’ Beach, connect a 400-foot section of the Coastal Trail, and add a stairway down to the beach over the newly installed 175-foot section of rock slope protection. The Coastal Development Permit for the coastal armoring is temporary, for a 10-year period, to allow time for Caltrans to implement a long-term solution to protect the highway from erosion, which included a requirement to study moving the alignment of Highway 1.

c) Natural Hazards and Mitigation Planning

SMCHD participated in the 2021 Local Hazard Mitigation Plan (LHMP), along with the County and other San Mateo County cities. The Plan assessed hazard vulnerabilities and identified opportunities for mitigation to reduce the level of injury, property damage and community disruption that could occur in manmade and natural disasters.

SMCHD staff and consultants have worked to integrate and address resilience against natural hazards such as storm, waves, sea level rise, and flooding, in the planning for all infrastructure, capital improvement, and restoration projects at Pillar Point Harbor, Oyster Point Marina, and other District-owned properties. An assessment of the impacts of sea level rise on harbor facilities was conducted as part of the 2022 Master Plan.

The District has also implemented projects that specifically address existing issues that are caused by natural hazards. For example, the West Trail Living Shoreline Project was recently completed in spring of 2022. The West Trail is a very popular walking path located along the western edge of Pillar Point Harbor connecting the West Point Avenue parking lot to the Pillar Point outer harbor and Mavericks Beach. The living shoreline project uses a nature-based design to address chronic coastal erosion over the past few decades, resulting in degradation of the trail, and creating hazardous conditions for users as well as limiting access for emergency response. This project was designed to accommodate future sea level rise and will provide protection for many decades into the future.

Another project that is specifically being designed to address impact of natural hazards is the Surfers Beach Restoration Pilot Project. The District is currently in the final stages of planning for the Surfers Beach Restoration Pilot Project, another nature -based coastal resilience project. This project, being planned for Summer 2025, will address two major issues being caused by natural hazards: shoaling of sediment inside Pillar Point Harbor as well as extreme coastal erosion issues at Surfers Beach just outside of the Harbor. By placing clean sand that has been trapped inside the Harbor’s breakwaters in a berm along Surfers Beach, the District is addressing the impacts of sedimentation inside the harbor and erosion and hazards to beach access at Surfers Beach.

The Princeton by the Sea Shoreline Project also directly addresses sea level rise. The project will re-establish a living shoreline (the beach) along the Princeton shoreline that will provide a natural barrier to sea level rise and coastal erosion.

Finally, the Northern Half Moon Bay Sea Level Rise Project being addressed by WRDA 2024 as discussed above will address sea level rise from Pillar Point south to Miramar.

In addition to the above, the District has:

- Contracted with a professional consultant to conduct a Tsunami and Sea Level Rise vulnerability assessment.
- Replaced all articulating pins for all access ramps from land and Piers to docks to ensure safe range of motion during a tsunami event.
- Replaced all flex hoses and flanges for the extreme range during tsunami and king tide events.
- Trained staff on the Emergency Response Plan and the protocol for Public and Marina safety for near shore as well as long warning tsunamis.
- Assisted in the development of the San Mateo County Tsunami Warning and Preparedness Plan.
- Raised dock landings at Oyster Point Marina to a higher elevation.
- Posted Emergency Assembly Points and Tsunami Evacuation routes at key places throughout properties.
- Raised shoreline elevation through the Bay Trail Shoreline Project.

Of note, during the January 15, 2022 tsunami, the highwater rose four to five feet above normal hightide with no damage being reported within the harbor. Santa Cruz Harbor suffered over \$6 million in costs to repair damage caused by the same tsunami.

In order to address potential fire dangers, the District has:

- Placed hillside fire watch cameras at Pillar Point Harbor.
- Conducted ongoing removal of loose combustible vegetation, tree trimmings, fallen branches, etc. to harden landscape against potential fires.

- Assist and support community organizations (e.g. Coastside Emergency Response Teams, local schools, and the California Division of Boating and Waterways) in emergency response and educational efforts so the public knows how to respond to all natural hazards.
- Employed a Training Officer who coordinates all staff rescue training and public education to ensure staff are prepared to assist in protecting the public and quickly react to all natural hazards, then in aftermath, assist in mitigation and recovery.
- Maintain emergency response vehicles and vessels in always ready condition and stored emergency response equipment, supplies, generators.

Other Issues MSR Determination

SMCHD collaborates with several agencies, such as OneShoreline, U.S. Army Corps of Engineers, County of San Mateo, and other special districts, related to hazard mitigation and climate change. San Mateo LAFCo commends the District for the work they have undertaken in these areas.

Recommendation

- 7) San Mateo LAFCo encourages SMCHD and all other agencies working on natural hazards mitigation and climate change related projects to continue to collaborate. As there are numerous projects either ongoing or in the planning stage within the midcoast area, LAFCo would encourage all agencies involved in these projects to continue to share updates and communicate. The County of San Mateo could explore being an agency that hosts climate resiliency and hazard mitigation information relating to the several projects that are occurring within the midcoast area.

Section 6. Sphere of Influence Review

Determinations

Government Code Section 56425 requires the San Mateo LAFCo make determinations concerning land use, present and probable need for public facilities and services in the area, capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide, and existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency. These include the following determinations:

1. **The present and planned land uses in the area, including agricultural and open space lands.**

The SMCHD is comprised of a wide range of land use designations, including tidelands, submerged lands, residential, commercial, industrial, open space, agricultural, and rural. The District boundaries contain land that is under the jurisdiction of the County of San Mateo, the City of Half Moon Bay, incorporated cities, the California Coastal

Commission, the California Water Board, the State of California through a tidelands grant, the San Francisco Bay Conservation and Development Commission, as well as other agencies that have land use review authority.

2. The present and probable need for public facilities and services in the area.

Some services provided by the SMCHD are also provided at varying levels by other public and private entities to include emergency response/maritime search and rescue. The Harbor District provides search-and-rescue vessels stationed at Pillar Point and Oyster Point Marina. Bayside, the Harbor District is a partner in a search-and-rescue network that includes the County of San Mateo Sheriff's Department, other marina operators, and several fire agencies. The Harbor District is the only public agency providing immediate on water emergency response for maritime events and emergencies on the San Mateo County coastline. Need for search-and rescue and maritime assist services in this area is expected to continue.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

SMCHD has significant infrastructure and facility improvement needs as a result of the wear and tear of heavy use, a harsh marine environment, and deferred maintenance and capital projects. At Pillar Point Harbor, some support piers are in poor condition and need to be replaced. The marina docks are 30-40 years old and need to be replaced. Buildings at Pillar Point are generally in fair condition. Several of the docks at Oyster Point Marina are in serious to critical condition and will require replacement within the next five years. Pillar Point Harbor has a 90-95 percent berth occupancy rate, and Oyster Point Marina has a 70-75 percent berth occupancy rate. Both facilities include visitor-serving opportunities.

4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

San Mateo County Harbor District's boundaries are coterminous with San Mateo County, operating out of two locations: Oyster Point in South San Francisco and Pillar Point in Half Moon Bay. These represent distinct communities with common social and economic interest in commercial and recreational fishing, boating, and visitor-serving facilities. Commercial fishing is an important industry to the County. Pillar Point Harbor's search-and-rescue and maritime assist capabilities benefit those who work, live, recreate, vacation, transit or visit the San Mateo County coastline. Oyster Point offers a venue for a commuter ferry. These services remain valuable to the area, whether they are provided by the current Harbor District or by a potential successor agency such as the County of San Mateo or the City of South San Francisco.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural

fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Not applicable.

On the basis of the Municipal Service Review:

Staff has reviewed the agency’s Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency’s SOI is recommended and SOI determinations HAVE NOT been made.

Staff has reviewed the agency’s Sphere of Influence and recommends that a SOI Update IS NECESSARY in accordance with Government Code Section 56425(g). Therefore, A CHANGE to the agency’s SOI is recommended and SOI determinations HAVE been made and are included in this MSR/SOI study.

Appendix A. San Mateo County Harbor District Fact Sheet

General Manager: James B. Pruett

Mailing Address: P.O. Box 1449, El Granada, CA 94018

Physical Address: 504 Avenue Alhambra, 2nd Floor, El Granada, California 94018

Email Address: jpruett@smharbor.com

Phone Number: (650) 583-4400

Date of Formation: 1933

District Commissioners:

Commissioners	Term Expiration Date
Bill Zemke, District 1	December 2028
George W. Domurat, District 2	December 2026
Kathryn V. Slater-Carter (Vice President), District 3	December 2026
Tom Mattusch (President), District 4	December 2028
Virginia Chang Kiraly, District 5	December 2028

Compensation: Harbor Commissioners receive a monthly salary of \$600

Public Meetings: Commission meetings are held in person at the District Offices located at 504 Avenue Alhambra, 2nd floor, El Granada CA 94018 on the 3rd Wednesday of every month at 10am. Regular meetings are also accessible to the public by Zoom. Recording of the meetings are available on the District’s website.

Services Provided: Harbor-related services as well as search-and-rescue.

Agency staff: 44 FTE

Area Served: Countywide, 449 square miles of land area

Population: 745,193 residents

Sphere of Influence: Dissolution (Zero)

FY 2024-25 Budget: \$11.6M

Appendix B. References

October 28, 2024 email correspondence with attachments received by LAFCo Staff in response to request for information from San Mateo County Harbor District staff.

RESOLUTION NO. 1333

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SAN MATEO
MAKING DETERMINATIONS PURSUANT TO GOVERNMENT CODE
SECTION 56430 FOR THE SAN MATEO COUNTY HARBOR DISTRICT**

RESOLVED, by the Local Agency Formation Commission of the County of San Mateo, State of California, that:

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, set forth in Government Code Section 56000 et seq., governs the organization and reorganization of cities and special districts by local agency formation commissions established in each county, as defined and specified in Government Code Section 56000 et seq.,

WHEREAS, Government Code Section 56425 et seq. requires the Local Agency Formation Commission (LAFCo or Commission) to develop and determine the sphere of influence of each local governmental agency within the County; and

WHEREAS, the Commission conducted a Municipal Service Review pursuant to Government Code Section 56430 for the San Mateo County Harbor District;

WHEREAS, the Executive Officer prepared a written report of the Municipal Service Review that was provided to the Commission and affected agencies; and

WHEREAS, the Executive Officer set a public hearing date for March 19, 2025 for the consideration of the final Municipal Service Review and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on March 19, 2025; and

WHEREAS, a public hearing by this Commission was held on the report and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to the proposal and the Executive Officer's report; and

WHEREAS, the Commission is required pursuant to Government Code Section 56430 to make statement of written determinations with regards to certain factors; and

WHEREAS, the Commission is required pursuant to Government Code Section 56425 and local

Commission policy to make statement of written determinations with regards to the following factors:

1. The present and planned land uses in the area, including agricultural and open-space lands.

The SMCHD is comprised of a wide range of land use designations, including tidelands, submerged lands, residential, commercial, industrial, open space, agricultural, and rural. The District boundaries contain land that is under the jurisdiction of the County of San Mateo, incorporated cities, the California Coastal Commission, the State of California through a tidelands grant, the San Francisco Bay Conservation and Development Commission, as well as other agencies that have land use review authority.

2. The present and probable need for public facilities and services in the area.

Some services provided by the SMCHD within District boundaries are also provided at varying levels by other public and private entities to include emergency response/maritime search and rescue. The Harbor District provides search-and-rescue security vessels stationed at Pillar Point and Oyster Point Marina. Bayside, the Harbor District is a partner in an active search-and-rescue network that includes the County of San Mateo Sheriff's Department, other marina operators, and several fire agencies. The Harbor District is the only public agency providing immediate on water emergency response for maritime events and emergencies on the San Mateo County coastline. Need for search-and rescue and maritime assist services in this area is expected to continue.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

SMCHD has significant infrastructure and facility improvement needs as a result of the wear and tear of heavy use, a harsh marine environment, and deferred maintenance and capital projects. At Pillar Point Harbor, some support piers are in poor condition and need to be replaced. The marina docks are 30-40 years old and need to be replaced. Buildings at Pillar Point are generally in fair condition. Several of the docks at Oyster Point Marina are in serious to critical condition and will require replacement within the next five years. Pillar Point Harbor has a 90-95 percent berth occupancy rate, and Oyster Point Marina has a 70-75 percent berth occupancy rate. Both facilities include visitor-serving opportunities.

4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

The District's boundaries are coterminous with San Mateo County, while operations are based out of two locations: Oyster Point in South San Francisco and Pillar Point in Half Moon Bay. These represent distinct communities with common social and economic interest in commercial and recreational fishing, boating, and visitor-serving facilities. Commercial fishing is an important industry to the County. Pillar Point Harbor's search-and-rescue and maritime assist capabilities benefit those who work, live, recreate, vacation, transit or visit the San Mateo County coastline. Oyster Point offers a venue for a commuter ferry. These services remain valuable to the area, whether they are provided by the current Harbor District or by a potential successor agency such as the County of San Mateo or the City of South San Francisco.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that

occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

No change to the SOI for the SMCHD is proposed at this time.

WHEREAS, based on the results of the MSR, staff has determined that the SOI for the San Mateo County Harbor District does not need to be updated at this time; and

WHEREAS, the Municipal Service Review is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) under Section 15303, Class 6, which allows for basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. The Municipal Service Review collects data for the purpose of evaluating municipal services provided by an agency. There are no land use changes or environmental impacts created by this study.

The Municipal Service Review also is exempt from CEQA under the section 15061(b)(3), the common-sense provision, which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment and where it is certain that the activity will have no possible significant effect on the environment, the activity is exempt from CEQA; and

NOW, THEREFORE, the Local Agency Formation Commission of the County of San Mateo DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. By Resolution, the Commission accepts the Executive Officer's Report dated March 19, 2025, Final Municipal Service Review for the San Mateo County Harbor District, and all written comments and attachments incorporated herein and contained in attached "Exhibit A."

Section 2. By Motion, the Commission adopts the Municipal Service Review determinations set forth in "Exhibit B" which is attached and hereby incorporated by reference.

Exhibit B

Municipal Service Review (MSR) Areas of Determination and Recommendations for
the San Mateo County Harbor District**Areas of Determinations and Recommendations****Growth and population projections for the affected area.***Determination*

While the County will continue to grow in population, demand for SMCHD services and facilities is more heavily driven by other factors, such as weather conditions, fishing season prospects, and outdoor recreation trends. The projected population growth will not directly impact the District's service needs and demands.

Recommendation: None

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI.*Determination*

The District's sphere and corporate boundaries are contiguous with the County. While there are disadvantaged unincorporated communities within the District's boundaries, services to these areas—such as water, sewer, and structural fire—are the responsibility of other agencies.

Recommendation: None

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.*Determination*

SMCHD has significant infrastructure and facility improvement needs as a result of the wear and tear of heavy use, a harsh marine environment, and deferred maintenance and capital projects. The District's 2019 Strategic Plan and 2022 Master Plan indicate necessary repairs and capital improvements. The Plan details that at Pillar Point Harbor the Johnson Pier is in generally good condition while some support piers are in poor condition and will need to be replaced. The marina docks are 30-40 years old and need to be replaced. Buildings at Pillar Point are generally in fair condition. At Oyster Point Marina, several of the docks are in serious to critical condition and will require replacement within the next five years. The Fiscal Year 2024-25 Budget and Capital Improvement Plan identifies \$80 million in necessary capital improvement projects over the next five years. Per District staff, several projects in the Capital Improvement Plan are unfunded: the Johnson Pier Expansion Project, Replacement of Floating Docks, and a new Pillar Point Harbor Retail Building. Funding for these projects may require multiple sources including grants, loans, and Working Capital/Fund Balance. The \$80 million of identified projects does not include any improvements to the District's recently purchased property.

Recommendations:

1. SMCHD should update the 2019 Strategic Plan and 2022 Master Plan to align with the most recent Capital Improvement Plan. LAFCo encourages SMCHD to include a review of CIP projects, services provided by the District, and opportunities for enhancing operational revenue in the 2024 Strategic Plan.
2. The updated Strategic Plan and Master Plan should include a review of the current land purchases made by SMCHD and identify their potential future uses and how their development will be funded. Both Plans should also show how the purchasing of these parcels and their future development will align with the mission and services of the District.

Financial ability of agency to provide services.*Determination*

For five consecutive years, SMCHD has been recognized by the Government Finance Officers Association for transparent budget reporting, receiving the Distinguished Budget Presentation Award. This award recognizes the District's success in publishing a budget document that "meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device".

The SMCHD budget consistently exhibits a net operating shortfall due to operating costs exceeding enterprise revenues. For FY 2024-25, SMCHD projects \$15.3 million in total revenue. Of that, \$10.6 million (69%) is non-operating revenue. This revenue is largely property tax and other tax revenue that is received by the District. These total revenues are sufficient to fully fund operations and partially fund some capital projects. The CIP currently identifies \$80 million in capital projects, with approximately 15% of the total capital improvement project costs funded as of August 2024. The District has typically funded capital projects with a mix of grants, cash or on a "pay-as-you-go" basis. The cash for these projects has been sourced from the fund balance resulting from total revenues (enterprise and non-enterprise) exceeding operating costs. Recently, some of the fund balance has been utilized to purchase properties around the existing Pillar Point Harbor area, which has decreased the fund available for existing capital needs by \$6 million in FY 2024-25. Capital projects for these newly purchased properties have not yet been evaluated by the District.

The District's July 2024 Policies Handbook contains finance and accounting policies for the District. These policies are publicly available on the District website. The District has had no long-term debt since 2016. Outstanding liabilities include CalPERS and Other Post Employment Benefits (OPEB) costs.

Recommendations:

3. As part of the forthcoming updated Strategic Plan, SMCHD should evaluate potential funding sources for the existing projects identified in the Capital Improvement Plan.
4. SMCHD should evaluate the recently purchased properties and determine what potential uses will be developed on the properties, what the cost of those

improvements will be, how they will be funded, and what priority these projects will be given compared to existing identified capital projects.

Status of, and opportunities for, shared facilities.

Determination

Through this MSR process, staff has not identified any new opportunities for shared facilities. The SMCHD currently partners with multiple agencies, including the City of South San Francisco and the San Mateo Resource Conservation District, related to services and functions at the two harbor facilities.

Recommendation: None

Accountability for community service needs, including governmental structure and operational efficiencies.

Determination

The District has taken a number of steps since the 2015 MSR to enhance transparency and address governance and operational efficiencies. In 2023, the District received the Transparency Certificate of Excellence from the Special District Leadership Foundation. This certificate highlights an agency's commitment to government transparency requirements, including the completion of ethics training for commissioners, adherence to the Brown Act for public meetings, and filing and reporting on financial transactions to the State in a timely manner. As noted in this MSR, the District adopted a Strategic Plan in 2019, and is currently developing an update of this plan.

There are at least two potential governance changes to the District that may produce greater efficiencies and cost savings: dissolution or altering District boundaries. No proposal for a change of governance has been submitted for either action since the 2006 MSR.

The District has communicated to San Mateo LAFCo staff that it is interested in assuming operational responsibilities for all county-owned ports (Coyote Point Marina, San Carlos Airport, and the Half Moon Bay Airport). San Mateo LAFCo is not aware of any formal communications between the County and the District on this matter.

If a proposal was to be submitted for this change to LAFCo, an analysis would need to be conducted regarding the fiscal ability of the Harbor District to provide the service, the operational capacity of the District to provide the service and the impacts to the County of San Mateo (who currently owns and operates the two airports) among other factors for review. This proposal would also take into consideration comments from the community and airport users. It would also likely require action by the County of San Mateo Board of Supervisors. Also, under California Harbors and Navigation Code Sections 6000-6110, the principal act under which the San Mateo County Harbor District was formed, the operation of an airport is not an allowed power of a harbor district. The San Mateo County Harbor District would need to submit a proposal to LAFCo that would reorganize the District into another type of special district that has the powers to operate both harbors and airports. This reorganization could require a

countywide vote. The County, in comments submitted to LAFCo on February 12, 2025, stated their opposition to any proposal to have the Harbor District operate the two County airports.

Recommendations

5. LAFCo supports the actions that SMCHD has made regarding transparency and encourages the District to continue these efforts.
6. The Harbor District, the City of South San Francisco and the County of San Mateo should continue to confer and research issues and options affecting the feasibility of implementing these possible governance changes. The City of Millbrae ensures that public meetings are accessible and well-publicized. LAFCo staff is not aware of any failures to comply with disclosure laws or the Brown Act. The City prepares and adopts and annual budget, and annual independent audits are reviewed at a City Council meeting. LAFCo staff does not recommend any changes to the City's governmental structure or operations that will increase accountability and efficiency.
7. San Mateo LAFCo encourages the District to explore ways for the District to allow public comment from remote attendees at Board meetings to enhance transparency and public engagement.

Any other matter related to effective or efficient service delivery, as required by LAFCo policy including the following:

i. Water Resiliency and Climate Change

ii. Impact of Natural Hazards and Mitigation Planning

Determination

SMCHD collaborates with several agencies, such as OneShoreline, U.S. Army Corps of Engineers, County of San Mateo, and other special districts, related to hazard mitigation and climate change. San Mateo LAFCo commends the District for the work they have undertaken in these areas.

Recommendation:

8. San Mateo LAFCo encourages SMCHD and all other agencies working on natural hazards mitigation and climate change related projects to continue to collaborate. As there are numerous projects either ongoing or in the planning stage within the midcoast area, LAFCo would encourage all agencies involved in these projects to continue to share updates and communicate. The County of San Mateo could explore being an agency that hosts climate resiliency and hazard mitigation information relating to the several projects that are occurring within the midcoast area.

From: [Gretchen Kelly](#)
To: [Rob Bartoli](#)
Cc: [Ann Stillman](#)
Subject: Airport comments on the Harbor District MSR
Date: Wednesday, February 12, 2025 3:10:29 PM

Mr. Bartoli,

We appreciate the opportunity to provide our perspective regarding the Harbor District MSR and expressed interest in assuming operational responsibilities for County-owned airports.

We do not support the proposal for the Harbor District to take over the operations of Half Moon Bay Airport and San Carlos Airport. To date, there have been no discussions between the County and the District on this matter, and we were not consulted prior to their communication with LAFCo.

The County has successfully managed these airports for many years, ensuring their operations align with Federal Aviation Administration (FAA) regulations, County policies, and the needs of our aviation and community stakeholders. Both airports serve critical roles in supporting emergency services, general aviation, economic development, and regional transportation infrastructure. Managing an airport requires specialized aviation expertise and adherence to complex regulatory frameworks distinct from those governing marinas and harbors.

We believe that maintaining County oversight is in the best interest of airport users, local businesses, and the broader community. Any significant changes to governance or management should involve thorough stakeholder engagement and a careful evaluation of potential impacts.

The County remains committed to the continued safe and efficient management of the Half Moon Bay and San Carlos Airports. We appreciate your time and consideration on this matter. Please feel free to contact me with any questions.

Thank you,
Gretchen

Gretchen Kelly (she/her)
Manager, County of San Mateo Airports
650.573.3700 | gkelly@smcgov.org

From: [REDACTED]
To: [Rob Bartoli](#); [Sarah Flamm](#)
Cc: [Debbie Ruddock](#); [Ray Mueller](#); [CEO SMCSUPSPEIER](#)
Subject: SMHD Review - Please Include
Date: Friday, February 28, 2025 6:28:47 AM
Attachments: [9.23.21-Financial.pdf](#)
[9.23.21.Johnson Pier.pdf](#)

Attached are two documents from a Harbor District Special Committee hearing held in September of 2021.

If you take the time to read them, you will see why the Harbor District is failing its primary role.

50 years of bad management has led to a situation where deferred maintenance has added up to over 50 million dollars. Unless something drastically changes with the leadership of the district, critical infrastructure will fail. There is no reason to think otherwise. Just read these two small reports and you will see.

Thanks!

John Ullom



Staff Report

TO: Revenue and Income Committee
FROM: Julie van Hoff, Director of Administrative Services
THRU: James B. Pruet, General Manager
DATE: September 23, 2021
SUBJECT: Debt Financing for Capital Improvement Projects

Issue/Topic:

Analysis and Review of Debt Financing for Capital Improvement Projects

Recommendation:

Review information provided and consider possible recommendation to the Board of Harbor Commissioners for consideration.

Policy Implications:

4.3.2 Debt Policy

Fiscal Implications/Budget Status

Staff's recommendation would result in an update to the Final Adopted 2021/22 Budget Document.

Background

The Harbor District Board adopted the Final Operating Budget and the 5-year Capital Improvement Plan (CIP) on June 16, 2021. The following projects are approved and funded under the Adopted 5-year CIP:

1. Tenant Row/Ketch Joanne Tenant Row Restrooms:	\$803,005
2. RV Park Restroom and Greenspace Improvements:	\$1,301,215
3. Oyster Point Marina Survey Docks:	\$100,000
4. Oyster Point Marina Replace Docks 12, 13 & 14:	\$6,536,800
5. Surfers Beach Restoration/Harbor Dredge Project:	\$3,815,380
6. West Trail Shoreline Protection:	\$3,666,857
7. Enterprise Planning Resource System:	\$861,392
8. Replacement of Vessels and Vehicles:	\$1,349,626
9. Master Plan:	\$383,109
10. Construction of Administration Building:	\$2,180,000
11. Oyster Point Marina Replace Navigational Aids:	<u>\$282,396</u>
Total:	\$21,279,780

SUBJECT: Debt Financing for Capital Improvement Projects

The 5-year CIP also approved the following projects pending funds:

1. Pillar Point Harbor Replace Dock G, F or E:	\$9,600,000
2. Johnson Pier Reconfiguration, H-Dock & Fuel Dock Replacement:	\$15,461,701
3. Pillar Point Harbor Parking Lot Improvements:	\$680,000
4. OPM West Basin Access Ramps for Docks 1 through 6:	\$1,308,922
5. Pillar Point Harbor Launch Ramp Restroom/ Boat Wash:	\$1,700,000
6. Pillar Point Habitat Restoration:	\$400,000
7. Pillar Point Coastal Trail Improvement:	\$200,000
8. Oyster Point Marina 40,000 Square Foot Parcel Building:	\$2,100,000
9. Signage/Wayfinding Program:	<u>\$100,000</u>
Total:	\$31,550,623

The Budget provides for an estimated \$9,326,035 in available Working Capital at the end of five years. The Actual 2020/21 Working Capital Balance was \$2,723,806 above the budgeted projection resulting in \$12,049,841 available to plan for funding of capital projects.

Taking the above into consideration and the critical need to complete several of the unfunded projects approved by the CIP, staff recommends, in addition to the already approved and funded projects, that the following projects and preliminary engineering/design services be funded over the next five years using the estimated \$12,049,841 in Working Capital Balance:

1. Johnson Pier Reconfiguration, H-Dock & Fuel Dock Replacement Engineering/design:	\$1,229,961*
2. Fuel Dock at PPH:	\$500,000
3. Pillar Point Harbor Launch Ramp Restroom/ Boat Wash: (estimate decreased)	\$700,000
4. Purchase of Admin Building: (additional amt.)	\$820,000
5. Oyster Point Marina West Basin Access Ramps for Docks 1 through 6:	\$1,308,922
6. Shoreline Rock Slope Protection (Master Plan addition)	\$750,000
7. Pillar Point Harbor Replace Dock G, F or E Engineering/design:	\$600,000
8. Pillar Point Harbor Parking Lot Improvements:	\$680,000
9. Pillar Point Habitat Restoration:	\$400,000
10. Pillar Point Coastal Trail Improvement:	\$200,000
11. Signage/Wayfinding Program:	\$100,000
12. West Shoreline Protection Project (additional amt.)	\$1,248,558
13. Oyster Point Marina 40,000 Square Foot Parcel Building:	<u>\$2,100,000</u>
Total:	\$10,637,441

* The General Manager has already approved the re-start of this contract to complete the design and engineering and is seeking Board approval.

Completing the design and engineering on projects 1, 7 is critical to pursuing funding (grants/debt).

SUBJECT: Debt Financing for Capital Improvement Projects

If the above projects are approved for funding, total expenditures are estimated to be \$1,412,400 less than the expected Working Capital.

The following projects are critical to the success and Safety of the District, but the District lacks the necessary Working Capital to complete them:

1. Replacement of Pillar Point Harbor Docks G, F, H:	\$9,000,000
2. Johnson Pier Reconfiguration, H-Dock & Fuel Dock:	\$18,000,000
3. Replacement of Docks 1 through 6 in the East Basin:	\$16,000,000
4. Replacement of Dock 7:	<u>\$2,800,000</u>
Total:	\$45,800,000

The first two listed projects are expected to meet the requirements for a 30-year bond issuance. Attached is a schedule assuming a 3.5% interest rate for \$27,000,000. Annual payments would be approximately \$1,455,000. With the current terms of the Operating Agreement between the District and City of South San Francisco, projects 3 and 4 will likely not be eligible for financing.

A project not yet addressed but has been raised on several occasions concerns Tenant Row at Pillar Point Harbor. The current building that currently has two restaurants, a surf shop, a bait and tackle shop, and an ice cream shop, has reached the end of its useful life and is in need of replacement. Estimated cost to replace the building is \$6,000,000 bringing the total funding need to \$51,800,000.

The Preliminary Budget five-year forecast shows that working capital available is \$450,000 in fiscal year 2024/25. In order for the District to qualify for the above debt service, it would have to increase revenues, decrease costs and/or secure grant funding for the difference between \$1,455,000 and \$450,000 or \$1,005,000 by fiscal year 2024/25. The District would be able to afford approximately \$8,350,000 debt issuance with the current forecasts.

Staff contacted the Division of Boating and Waterways for information regarding loans. The interest rate is 4.5%, there may not be any funding available for the loan this fiscal year, and Oyster Point Marina projects would not qualify. This is not recommended at this time.

To move forward with a debt issuance, staff recommends the following steps:

- 1) Complete Preliminary Engineering receive engineers construction estimates, and be within three months of obtaining all permits for the three projects listed above.
- 2) Then staff will issue an RFP for Bond Counsel and Financial Advisors. The Financial Advisors will help us through the preparation of an official statement, rating agency presentations, analysis of options, and placement of debt.
- 3) Issue debt as close to issuing bid documents as possible.

Summary/Recommendation:

Staff recommends that the Income and Revenue Committee provide recommendations to be considered by the Board.

Attachments:

- 1) Debt Payment Schedule
 - [Loan Calculator for Future](#)
 - [Loan Calculator Affordable](#)



Board of Harbor Commissioners

Virginia Chang Kiraly, President
Nancy Reyring, Vice President
Tom Mattusch, Treasurer
William Zemke, Secretary
Edmundo Larenas, Commissioner
James B. Pruett, General Manager
Trisha Ortiz, District Counsel

Staff Report In Support Of Revenue and Income Ad Hoc Committee

TO: SMCHD Revenue and Income Ad Hoc Committee

FROM: James B. Pruett, General Manager

DATE: September 23, 2021

SUBJ: Johnson Pier

Topic/Issues:

1. Recent History of Johnson Pier
2. General Manager's decision to restart the design and engineering phase of the Johnson Pier Reconfiguration Project
3. General Manager's decision to complete a structural investigation into the pilings of Johnson Pier

Recommendation:

Staff Recommendation to the Committee:

1. Forward for consideration by the full Board the following:
 - a. Approve the General Manager's decision to restart the design and engineering efforts in accordance to the original Professional Service Agreement executed on March 21, 2019,
 - b. Approve the placement of the Design and Engineering for the Johnson Pier/H-Dock Replacement to the "Approved and Funded" category under the 5-yr Capital Improvement Plan adding \$1,203,866 for reappropriation of Moffatt & Nichol contract. Approve increase in Capital Expenditure Appropriations of \$1,203,866 to be funded by available working capital balance.
 - c. Approve the General Manager's decision to execute Change Order #1, in the amount of \$28,200, to the Professional Service Agreement with Moffatt & Nichols to complete a structural investigation of the pilings of Johnson Pier. Approve increase in Capital Expenditure Appropriations of \$28,200 to be funded by available working capital balance.

SMCHD Policy 4.3.1: Purchasing and Procurement Policy:

Para. E: General Manager's Procurement Authority

1. The General Manager or his or her designee may award and execute agreements for equipment, supplies, materials, and services when the amount to be paid by the District does not exceed \$25,000, inclusive of any change orders.
2. The General Manager is authorized to approve change orders/amendments to contracts if the total contract value inclusive of the change order/amendment, does not exceed \$25,000, unless the Board has established a contract contingency and authorized the General Manager to approve change orders/amendments within that contingency. All other change orders/amendments must be approved by the Board of Harbor Commissioners.
3. Any changes in the General Manager's Procurement Authority may only be made by the Board.

SMCHD Policy 4.3.3: Emergency Expenditures:

The General Manager shall have the discretion to make the emergency expenditure decision and take other steps necessary to address the emergency concern. The General Manager shall make all reasonable attempts to first contact the President of the Board of Harbor Commissioners, or the Vice President of the Board if the President is unavailable, before deciding to proceed. The General Manager shall report to the Harbor Commission at the next scheduled Board Meeting as to the circumstances of the emergency expenditure.

Alignment with to District Strategic Plan:

District Vision: We provide excellent facilities and services for our commercial fishing fleet and advocate for sustainable practices to ensure thriving fisheries and ecosystems.

District Core Value: Accountability – We are accountable to the public and to future generations, and act with fiscal responsibility and transparency.

District Goals and Objectives:

Goal 3: Provide Excellent Customer Service

Goal 4: Enhance Public Safety

Goal 6: Ensure Good Governance and Administration

Goal 7: Ensure Fiscal Responsibility (Strong Finances and Financial Management)

Background/Discussion:

The RADM Sigval B. Johnson USCG (ret.) Pier (Johnson Pier), constructed in 1991, is the anchor of Pillar Point Harbor. However, it is well known that in its current configuration, the Pier does not meet the needs of the Harbor or its users. As stated in the 1991 Master Plan:

“Existing uses of the Pier conflict and create congestion and unsafe conditions at the shoreside area of the Inner Harbor. Fishing has been prohibited on the Pier to relieve congestion, and a fishing pier constructed at the east inner breakwater; however, further measures are still needed. Pedestrian visitors often enter commercial berths since access gates are unrestricted, thereby causing conflict with commercial fisherman. Parking on the Pier, by commercial fishermen accessing berths, constricts to one lane and limits truck access to the pierhead to one truck at a time. The configuration of the existing pierhead poses limitations for fish buying located there. Overcrowded building space, inadequate work area, and inadequate boat and truck docking space, cause operational delays for fish buying operations since all buyers cannot operate simultaneously. Turning and back-up space for large trucks is inadequate, resulting in the awkward and somewhat dangerous activity of backing each truck the length of the pier to reach the pierhead. Trucks, waiting in the parking lot to access the pier, block access to the existing boat launch ramp and create a potential liability problem”

See Pillar Point Harbor Master Plan and Urban Waterfront Restoration Plan dated November 19, 1991, pages 5 and 6.

In 2021, 30 years later, the problem statement quoted above from the 1991 Plan is still applicable to Johnson Pier. The District has relocated the original launch ramp, clearing up the pier entrance area, however, overcrowding and the limited area on the pier remains the same.

Activity on the Pier has significantly increased, especially when you consider the number of visitors the Harbor receives for off the boat sales and sightseeing. Adding to the congestion is the fact that trucks and equipment operated by the fishermen today are much larger than those in 1991, taking up even more room on the pier.

On December 19, 2018, recognizing that Johnson Pier needed major renovations and reconfiguration, the Board authorized the issuance of a Request for Proposal seeking qualified design/engineering firms to further gain community input and finalize the design for the Johnson Pier Reconfiguration Project. In March 20, 2019, the Board approved to combine the Johnson Pier Project with the H Dock Replacement Project to gain the benefits of economy of scale. The Board further authorized the Interim General Manager to execute a Work Directive amendment for an amount not-to-exceed \$1,318,000 to combine H-Dock Project with the Johnson Pier Reconfiguration Project for design, engineering, permitting and construction management for both adjacent projects.

On March 21, 2019, the Interim General Manager executed the Work Directive for Johnson Pier/H-Dock Projects.

During the development of the 2020/2021 Operational Budget/5-yr Capital Improvement Plan, it was noted the District had multiple Capital Improvement Projects underway or planned, but lacked the funding to execute all the projects at once. The total identified need for funding was \$48 million and the funds certain to be available were about \$14.5

million. To enable the District to focus on and complete projects with available funding, projects had to be prioritized.

Staff, using the following considerations, developed an initial list of projects recommended for funding:

1. Is the project required by legal obligations or other agreements?
2. Does the project have high public or environmental benefit?
3. Does the project enhance safety or provide district-wide benefits?, and
4. Cost of the project.

A Public Virtual Community Forum was held May 14, 2020, to review staff's recommendation and to seek public and stakeholder input.

On July 24, 2020, after considering staff's recommendation and input provided at the May 14, 2020 Community Forum, the Board adopted the 2020/2021 Capital Improvement Plan as follows:

Approved and funded Capital Improvement Projects:

- 1) Tenant Row/Ketch Joanne Tenant Row Restrooms
- 2) RV Park Restroom and Greenspace Improvements
- 3) Oyster Point Marina Survey Docks 1-6
- 4) Oyster Point Marina Replace Docks 12, 13 & 14
- 5) Surfers Beach Restoration/Harbor Dredge Project
- 6) West Trail Shoreline Protection
- 7) Enterprise Planning Resource System
- 8) Replacement of Vessels and Vehicles
- 9) Master Plan

Approved, but unfunded projects:

- 1) Pillar Point Harbor Replace Dock G, F or E
- 2) Johnson Pier Reconfiguration, H-Dock & Fuel Dock Replacement**
- 3) Pillar Point Harbor Parking Lot Improvements
- 4) Pillar Point Harbor Launch Ramp Restroom/ Boat Wash
- 5) Pillar Point Habitat Restoration
- 6) Pillar Point Coastal Trail Improvement
- 7) Oyster Point Marina 40,000 Square Foot Building
- 8) Construction of Administration Building
- 9) Signage/Wayfinding Program

Johnson Pier Reconfiguration, H-dock & Fuel Dock Replacement was selected by the Board to be placed on hold pending the identification of funding. With respect to the four listed considerations, the project did have a high public benefit and would enhance safety. But, it was not required by law, and the cost of the project was greater than the available funding.

On May 19, 2021, taking into consideration the current configuration of Johnson Pier, the multiple uses of the Pier, and public input, the Board approved the Johnson Pier Operational and Safety Plan. The plan significantly improves the safety on the Pier while allowing operations to continue. It significantly limited parking on the Pier, dictates how larger trucks may access and park on the pier, and prohibits un-authorized personnel from accessing the pier terminus when loading and unloading operations are taking place. However, this is only a temporary measure to improve the safety and operational capabilities of Johnson Pier. Major modification to the Pier are needed to meet the needs of the Harbor.

In May 2021, as part of the Master Plan Development, a survey was conducted with respect to the material condition of Johnson Pier. GHD, the consultant conducting the survey, found some of the reinforced concrete beams (or bents) supporting portions of the deck at the end of the pier were noted to be in “poor” condition due to overstressing by excessive loading, and one pile under Fish Buyer Building noted to be in “poor” condition.



It is believed that the overstressing has been caused by the stacking/storing of fish totes and the off-loading of fish via forklift onto semi-trucks.

To address the issues identified with the concrete pilings supporting Johnson Pier, the General Manager, on August 25, 2021, executed a change order to an existing contract in the amount of \$28,200. This authorization is above the General Manager's

procurement/contracting authority pursuant to SHMCHD Policy 4.3.1 (Purchasing and Procurement). However, given the condition of the pilings, the General Manger determined that the issue was time critical to ensure safety of the pier and exercised the authority given to the General Manager under Policy SMCHD Policy 4.3.3 (Emergency Expenditures). As required by Policy 4.3.3, the emergency expenditure requires post approval from the Harbor Board.

Additional Action Taken by the General Manager: On June 28, 2021, the General Manager authorized funding to resume for the Design and Engineering for the Johnson Pier Expansion/H-Dock Replacement Project for the purpose of qualifying for grants which may cover permitting costs, NEPA, and 35% design and engineering costs. To qualify for some grants, the project must be shovel ready will design and permitting complete. Because the project was placed on hold in the budgeting process, the decision to restart the design and engineering needs board approval and the Design and Engineering Phase be moved into the Approved and Funded portion of the Capital Improvement Plan.

Recommendation:

Staff Recommendation to the Committee:

1. Forward for consideration by the full Board the following:
 - a. Approve the General Manager's decision to restart the design and engineering efforts in accordance with the original Professional Service Agreement executed on March 21, 2019,
 - b. Approve the placement of the Design and Engineering for the Johnson Pier/H-Dock Replacement to the "Approved and Funded" category under the 5-yr Capital Improvement Plan adding \$1,203,866 for reappropriation of Moffatt & Nichol contract. Approve increase in Capital Expenditure Appropriations of \$1,203,866 to be funded by available working capital balance.
 - c. Approve the General Manager's decision to execute Change Order #1, in the amount of \$28,200, to the Professional Service Agreement with Moffatt & Nichols to complete a structural investigation of the pilings of Johnson Pier. Approve increase in Capital Expenditure Appropriations of \$28,200 to be funded by available working capital balance.

Attachments:

- 1) [History of Johnson Pier 2017 – 2021](#)