

July 14, 2015

Dear Martha Poyatos and LAFCo  
Commissioners,

My name is Mike McHenry, I'm a 71  
year old fisherman at Pillar Point  
Harbor. I'm also a fish buyer, and  
leaseholder on Johnson Pier.

I started fishing at the harbor before the  
breakwater and the pier were built. As  
time marched on, the pier was  
constructed and it was first run by the  
County, then it went to the Harbor  
District.

In those early years fishermen had a  
great relationship with Harbor District  
Staff and the Harbor Commission. Our Harbormasters were all sea faring people who knew the  
ocean like the back of their hand. They saved many lives and the fishermen back them up when  
needed.

The District changed about 20 years ago when a Harbor Commissioner who also served as the  
Treasurer of the Half Moon Bay Fishermen's Marketing Association embezzled over \$100,000  
from our association bank account. Fishermen were disgusted with the Harbor Commission at  
the time and they stopped paying attention to the board. As a result the Commissioners got  
bolder and bolder with no checks and balances in place. Our association melted away to nothing  
and the dark side of the harbor leadership emerged.

Three years ago, out of the blue the highest fish unloading fees on the West Coast, from San  
Diego to Seattle, were levied on Pillar Point Harbor Commercial Fishing businesses. In 2012 the  
Commissioners and the General Manager admitted the fees were high but refused to adjust them  
to be competitive with the rates in Moss Landing and San Francisco. These high fees are  
ultimately paid by fishermen unloading at Pillar Point Harbor and have resulted in driving  
business away from San Mateo County to other neighboring ports.

After Harbor Commissioners hurt our local fishing businesses I began to attend board meetings  
and contest the fees. In 2013 I observed newly elected Commissioner Sabrina Brennan being  
ridiculed by the old boys club on the board because she dared to ask questions.

I immediately formed a bond with Sabrina because of her integrity, and because she asked for  
fiscal responsibility and transparency. Our newly formed fishermen's association, The Half  
Moon Bay Seafood Marketing Association also sided with Sabrina, and needless to say this upset  
previous board members.



Then came the installation of an illegal new hoist on Johnson Pier for Three Captains fish buying business, with dock space included. A total of three fish buying businesses are located on Johnson Pier, and we all pay the same rent however the new hoist location and dock space was never offered to the other two fish buyers. It was clear to the fishermen at Pillar Point Harbor that Three Captains was receiving preferential treatment by the Harbormaster and General Manager. We were told to move our bait lockers and bin storage from the end of the pier to allow more room for Three Captains new hoist. The cost to the Harbor District was \$175,000.

The new Fishermen's Association and others asked Sabrina to look into this, which she did. At the time the old board and General Manager Peter Grenell would not even answer our questions. I also started checking into who paid what and I noticed that Three Captains fee payment schedule was in disarray and appeared to be short a considerable sum of money. It was odd that the fish buyer with the new hoist location appeared to be short paying fees.

In early 2013 the General Manager Peter Grenell slyly buried a sentence into all three fish buyers 42 page lease agreements, under the Use and Limitations section. The leases allowed the installation of a new hoist at the Harbormasters discretion, strangely Three Captains knew all about it, but the other two buyers were unaware of the new provision because the changes were never redlined in the draft leases.

When I started reading my new lease more carefully I noticed the General Manager had left out all the perimeters that designate the areas we operate within. This change was also not redlined in the draft lease agreements. The new leases changed 35 years of operations on Johnson Pier without any redlines in the draft agreements. Every fish unloading station on the West Coast of the US has well designated perimeters except Pillar Point Harbor. And now Three Captains is suing the Harbor District over the new hoist.

Those of us who felt burned, decided to campaign to unseat the board in the November 2014 election. We succeeded in electing Commissioners Mattusch and David. Thankfully Commissioners Jim Tucker and Will Holsinger, both notorious for voting to end videotaping and public access broadcasts of board meetings, were swept out.

After many high-fives the new board was seated. As expected it didn't take long before they realized what a mess was left behind. Not surprisingly longtime General Manager Peter Grenell bailed out just before the new Commissioners were seated. After 17 years of mismanagement he retired and left the sinking ship before his corrupt business practices were fully discovered, and his girl Friday, the human resources lady resigned.

Berth holders and fishermen are excited about our new board. We feel that dissolution at this time is foolish.

Don Horsley's recent public statements in support of an appointed board are ludicrous. It appears some poor losers are putting pressure on the Board of Supervisor. Politically appointed representatives who lack wildlife credentials are the reason why the State Fish and Wildlife

Commission is nearly defunct. Why would we want somebody from Hillsborough to represent a harbor?

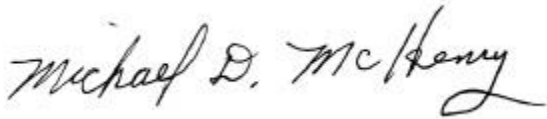
With an appointed board we would wind up with the same old Commissioners who were voted out. We haven't forgotten who gave the deceitful past General Manager a raise last year before he retired in a 4-1 vote.

Give this board a chance.

One more election and the new board will be a well oiled machine. If the voters had not spoken we would still be grounded on the dark side.

LAFCo, you have looked into all the problems at the Harbor District and none of them were created by the new Commissioners.

Respectfully,

A handwritten signature in cursive script that reads "Michael D. McHenry". The signature is written in black ink and is positioned above the printed name.

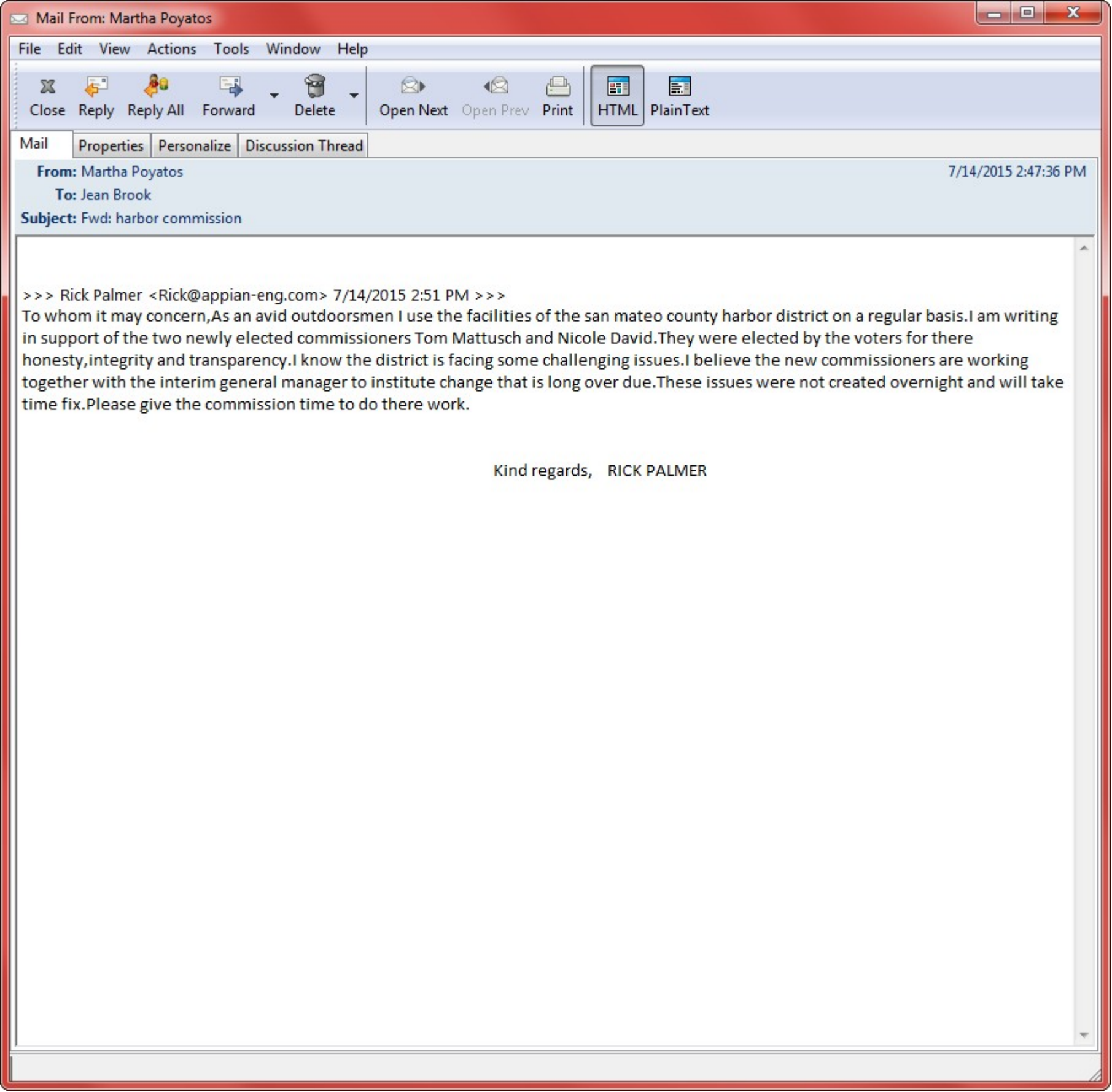
Michael D. McHenry

Merva W (60-foot fishing vessel built in 1971)

Pillar Point Seafood

223 San Clemente Rd., Half Moon Bay, CA

Half Moon Bay Seafood Marketing Association



**From:** Martha Poyatos 7/14/2015 2:47:36 PM  
**To:** Jean Brook  
**Subject:** Fwd: harbor commission

>>> Rick Palmer <Rick@appian-eng.com> 7/14/2015 2:51 PM >>>  
To whom it may concern,As an avid outdoorsmen I use the facilities of the san mateo county harbor district on a regular basis.I am writing in support of the two newly elected commissioners Tom Mattusch and Nicole David.They were elected by the voters for there honesty,integrity and transparency.I know the district is facing some challenging issues.I believe the new commissioners are working together with the interim general manager to institute change that is long over due.These issues were not created overnight and will take time fix.Please give the commission time to do there work.

Kind regards, RICK PALMER

July 15, 2015

Kathryn Slater-Carter  
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San Mateo County Local Agency Formation Commission  
455 County Center  
Redwood City, CA 94063

Re: Municipal Service Review of San Mateo County Harbor District

Dear Commissioners,

Please include this letter in the record of the deliberations concerning the future of the San Mateo County Harbor District (SMCHD).

I am current and past president of the San Mateo County Special District Association and a member of Montara Water Water and Sanitary District. My comments are mine and do not represent the position of either agency.

I request that the decision from the hearing today be to leave the sphere of influence of the SMCo Harbor District intact. As was done for the San Mateo County Mosquito Abatement District in 2012 – for the same reasons: It will jeopardize service to important resources of San Mateo County.

SMCHD is far more than the sum of its parts – just as is each city, and even each county. SMCHD is charged exclusively with maintaining Pillar Point Harbor and has an agreement with South San Francisco to manage Oyster Point. Running the two harbors are its only task. It has no competing interests for funds or staff resources. As such each of the two harbors work for what they are required to do, as described in the MSR.

The governing board membership changed only 6 months ago. The general manager resigned leaving a collection of serious problems, only a few of which were described in the 2014 Grand Jury Report that requested this MSR. The president of the board has been seated only since May 26, 2015.

It is as if, when SMCHD is finally, after many years of an inattentive board and a general manager who hid the issues from the unquestioning board, is taking control of the governance of the district that LAFCo is considering the first steps to dissolving this very necessary agency.

In a similar situation, in which Half Moon Bay was near bankruptcy, I do not recall San Mateo County asking to have the City dissolved. Nor was dissolution proposed for Mid Peninsula Water District when it suffered the embezzlement of hundreds of thousands of dollars.

The rationale given in the MSR for making the sphere of influence zero can be applied to any district, city or county. There is always a larger agency that can do the same functions. But can it do them as well? Perhaps, but probably not with the same attention to the specific concerns and needs of the population that each agency serves. It is my observation that the more tasks an agency must fulfill the less effective it becomes at each one of them.

Years ago, when I expressed my concern over the County allowing urban density development on the Midcoast without providing the necessary urban services I was told: "The County cannot provide urban services in the unincorporated areas." Indeed, the sanitary district in El Granada has just reorganized to provide simple parks services to that community – even though the County has a large parks department. In Montara and Moss Beach the sanitary district, through the work of our citizens, solved our water shortage – even though the County has several water districts and controls all well drilling permits.

The Grand Jury, at the request of citizens made a scathing report about the mismanagement and bad governance practices of the previous SMCHD board and management. The public elected a new majority to the SMCHD commission. The LAFCo MSR has made some strong recommendations. Good governance is to respect the vote of the public and for the cities and county to lead by example rather than kick the district as it is seeking to become an effective agency protecting and promoting our harbors.

Sincerely,

Kathryn Slater-Carter