# SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

ENFORCEMENT COMMITTEE MEETING

PARTIAL TRANSCRIPT - ITEMS 5 - 7

ONLINE/TELECONFERENCE MEETING
HOSTED BY THE SAN FRANCISCO BAY
CONSERVATION AND DEVELOPMENT COMMISSION
SAN FRANCISCO, CALIFORNIA

TUESDAY, MAY 30, 2023 1:00 P.M.

Reported by: John Cota

# APPEARANCES

#### Enforcement Committee

Marie Gilmore, Chair

Rebecca Eisen

Sanjay Ranchod

John Vasquez

### Counsel to the Committee

Shari Posner, Deputy Attorney General Office of the Attorney General

# BCDC Staff

Rachel Cohen, Enforcement Analyst

Adrienne Klein, Principal Enforcement Analyst

Margie Malan, Legal Secretary

Brent Plater, Lead Enforcement Attorney

Matthew Trujillo, Enforcement Policy Manager

# Respondent

Jillian Blanchard Rudder Law Group

Mali Richlen, Seaplane Investments, LLC Lou Vasquez, Seaplane Investments, LLC

#### Other Speakers/Presenters

Nikki Wood

Andrew Wait

# I N D E X

		Page
5.	Public Hearing and Vote on an Executive Director's Recommended Enforcement Decision, Including Proposed Civil Penalty Order Number CCD2022.003.00 (BCDC Enforcement Case ER2019.063.00)	40)
	Presentations BCDC Staff: Ms. Klein Respondent: Ms. Blanchard	11 25
	Committee Questions	36
	Opportunity for Public Comment Nikki Wood Andrew Wait	45 45 46
	Committee Discussion and Deliberation	36
	Motion and Vote on the Enforcement Committee's Recommendation  Motion  Vote	77 78
6.	Public Hearing and Vote on an Executive Director's Recommended Enforcement Decision, Including Proposed Cease and Desist and Civil Penalty Order Number CCD2023.002.00 (BCDC Enforcement Case ER2019.063.00)	78
	Motion and Vote to postpone the hearing to the Enforcement Committee meeting of June 21, 2023  Motion  Vote	88 89
7.	Adjournment	90
Certificates of Reporter/Transcriber		91

#### PROCEEDINGS

1:08 p.m.

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COMMITTEE CHAIR GILMORE: Okay. We are on to Item 5, a public hearing and a vote on a recommended enforcement decision to adopt a proposed Civil Penalty Order CCD2022.003.00 to impose a total of \$21,170 in administrative civil penalties on Seaplane Investment, LLC operating out of Mill Valley, Marin County. Following a hearing on the matters at issue, this Committee will vote on whether to adopt the Executive Director's recommended enforcement decision.

The record for this matter includes the Violation

Report and Complaint, the Respondents Statement of Defense,

the recommended Enforcement Decision and Proposed Order and
all other items identified by BCDC Regulation 11370.

So at this time, will the representative or representatives for the Respondent please identify yourself and your association with the Respondent, for the record.

MS. BLANCHARD: Yes, hello, Committee Members and Commissioners. This is Jillian Blanchard with Rudder Law Group. We represent Seaplane Investments, LLC, the Respondent for both Agenda Items 5 and 6. I also have here with me Mr. Lou Vasquez and Mali Richlen, who are both managers at Seaplane Investments and manage the site, for any questions.

CHAIR GILMORE: Okay, thank you very much. Okay.

So before we get started, a couple of ground rules.

One is, well, let me back up.

For the sake of hopefully ease, I am going to call this item, for shorthand, the "paper violations" (gestured air quotes), and the item number 6 the physical violations, okay.

And let me ask Respondents, how much time do you think you need to present your case on the paper violations?

You're muted.

MS. BLANCHARD: Apologies, thank you. The paper violations, I can do it, I can squeeze it in, although I'd like to have 15 minutes. I can squeeze it in in a shorter period if necessary, but 15 minutes would be great.

CHAIR GILMORE: Okay.

And Mr. Plater, how long do you think you need for your presentation on the paper violations?

MR. PLATER: Thank you, Chair Gilmore. Actually,

Adrienne is the lead on this case so she will be bringing

the -- presenting today on the cases.

CHAIR GILMORE: Okay, Adrienne?

MS. KLEIN: We have a partially combined presentation and I will endeavor to keep it to a total of 30 minutes.

CHAIR GILMORE: I would prefer to take them one at a time. Is it possible for you to split your presentation?

Because what I am considering is giving presenters 15 minutes on this item and we can talk about the timeframe for the next item when we get to it.

MS. KLEIN: I have a combined timeline of events and I was planning to present the nine violations and then do two separate sections for the defenses and the recommendations. Defenses, rebuttals and staff recommendations.

CHAIR GILMORE: Okay, let's -- so how about --

MS. KLEIN: (Overlapping).

CHAIR GILMORE: I'm sorry?

MS. KLEIN: Well, I don't think I can reorganize.

12 CHAIR GILMORE: You're breaking up. You're now

13 frozen.

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MS. POSNER: I just wanted to note, and Adrienne, that for the sake of an administrative record, if Adrienne had to, if the BCDC side had to present the timeline twice I think that would be okay. At the end of the day these are separate matters so they need separate records. So to the extent the staff can make an adjustment I think that is going to be what is needed for clarity of the record, Chair.

CHAIR GILMORE: Yes. I have no problem with you presenting a combined timeline and if you have to do it twice, that's fine. But I would really prefer to keep the

items separate to the paper violations versus the physical violations. Because the record is so voluminous, I'm afraid we are going to get lost.

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So how about if we for this first item, and we'll revisit it when we get to the second one. Everybody gets 15 minutes. Okay. So you are going to get 15 minutes to make your presentations to the Committee and presentations must be limited to responding to the evidence that is already part of the enforcement record and the policy implications of such evidence. So that's one thing.

And then the second thing is, I am sure everybody received in the middle of the holiday weekend a rather voluminous set of, of new materials. So at this point in time I want to ask Ms. Blanchard if there was anything in that set of materials that was recently discovered or could not have reasonably been discovered and presented to the Committee ahead of May 25?

MS. BLANCHARD: Thank you very much, Chair Gilmore, and sincere apologies. I myself did not want to have to file a letter on Saturday of a Memorial Day weekend. I did so because there were some claims raised for the very first time, some misstatements of fact in the record, recommended enforcement decision related to the six violations. There was also a public comment that was shown to us for the very first time as part of the agenda package from Edgcomb Law,

which was a letter, it was a set of two different letters received by staff in January and March of this year but we never received a copy of it until receiving the agenda package, both raising different claims.

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And so in order to clarify the record related to the misstatements of fact in the recommended enforcement decision, and these new letters that we were just seeing for the first time, we felt it necessary to provide highly relevant evidence in the form of the permit application submittal package. There has been some suggestion, I don't want to get too much into the substance.

CHAIR GILMORE: Yes, please don't because here's the thing. Just about all of that could have been submitted ahead of time and I am not inclined to have that particular set of materials become part of the record. One, because it is not timely, and two, because there is no way that it was reasonable to expect members of this Committee to not only read those documents but digest them. And so, no.

MS. BLANCHARD: And I am very sorry about that. And what I will do is I will highlight the most relevant pieces in my presentation.

CHAIR GILMORE: No, I am not letting, I am not letting the information come in. If it is information that was in your Statement of Defense --

MS. BLANCHARD: Yes.

CHAIR GILMORE: Yes, then you may speak to that.

MS. BLANCHARD: Well.

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CHAIR GILMORE: But nothing new that was in the May 25 letter. You may highlight things that were in your Statement of Defense and that's fine, that's perfectly acceptable.

MS. BLANCHARD: If I could just add one piece. The one critical piece is the permit application supplement that was filed on April of 2023. So it could not have been filed with the Statement of Defense because it was filed in April of 2023. We copied enforcement staff on it. We expected that they would include it in their recommended enforcement decision as part of talking about levels of compliance on the part of Seaplane Investments, but it was completely ignored. So it is critical that this commission understand what that permitting package includes and that's why we, in addition to providing --

CHAIR GILMORE: Okay, you are getting, you are getting too far into argument. I just wanted to set some ground rules, okay.

MS. BLANCHARD: Sure.

CHAIR GILMORE: So let's get on our way and get into the nuts and bolts. Because like I said, the record is very voluminous and I think you are going to have some questions from the Committee, all right.

MS. BLANCHARD: Sure. Sure.

CHAIR GILMORE: So I am going to invite our Principal Enforcement Analyst Adrienne Klein to give her presentation summarizing the Violation Report, Complaint and recommended Enforcement Decision. You have 15 minutes; and, Ms. Klein, please limit your presentation to issues of controversy.

MS. KLEIN: All right, my screen should be visible.

CHAIR GILMORE: Yes.

MS. KLEIN: Great. Good afternoon, Chair Gilmore.

Just one moment, please. Make sure I can drive. Okay.

Apologies. Going forward, not back. I'm not sure why I am having that problem. Okay, I've got it sorted, thank you for your patience. Okay.

Good afternoon, Chair Gilmore and Committee Members.

Today's public hearings will address nine violations

associated with BCDC case enforcement number ER2019.063.

Staff issued a Violation Report --

CHAIR GILMORE: Okay, Adrienne, you're frozen. You're still frozen.

MS. KLEIN: Margie, I am -- if you want to promote me to a Panelist, I joined on the phone. Let's see --

MS. MALAN: I'll do that. Okay, Adrienne, you are good to go.

MS. KLEIN: I'll have to get my microphone working. I don't think you can hear me on the computer.

CHAIR GILMORE: We can hear you.

MS. MALAN: Unmute, please.

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MS. KLEIN: Margie, can you mute me on the laptop so I am not in surround sound. Is this connection better?

CHAIR GILMORE: I think so. I am cautiously optimistic.

MS. MALAN: Yes, your phone is still muted. I can't control it on my end.

MS. KLEIN: I might have to -- I'll log out and come back in. It won't let me use my microphone. Difficulties.

11 You -- can you hear me?

12 CHAIR GILMORE: Yes.

MS. KLEIN: Can you see me?

14 CHAIR GILMORE: Yes.

MS. KLEIN: Okay, let's try that again, my apologies.

16 I can hear myself twice. Margie, can you --

MS. MALAN: We can hear you. Adrienne? Adrienne, we can see and hear you.

MS. KLEIN: Okay, so continuing on. We issued the second Violation Report and Complaint in July 2022 to resolve six unresolved violations. I'm sorry, first to resolve six violations and the second as a complaint for administrative penalties to resolve the penalty portion of three violations.

So we have got an outline. That will consolidate the

timeline of events and I'll separate the rest as best as possible.

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So this is a vicinity map to orient you to the site. The address is 240-242 Redwood Highway Frontage Road in an unincorporated area of Marin County.

This image shows the site looking to the northeast. The site contains a number of businesses and operations that will be described during the presentation. While some of these ground level uses and the associated fill appear to have been ongoing in 1965 versus seaplane flights, which are not part of these hearings, any changes to the ongoing uses and associated fill within BCDC's jurisdiction, including maintenance, that occurred after enactment of the McAteer-Petris Act, hereinafter referred to as the MPA, requires a BCDC permit or permit amendment. BCDC permits run with the land and new owners are responsible for resolving inherited violations in addition to violations they undertake themselves. New owners should, but in this case did not, contact BCDC as part of a due diligence review to ascertain site status in relation to the law and existing BCDC permits.

This aerial image has an overlay of the approximate locations of the two privately owned parcels, number 164 to the right and 167 to the left, with the street rights of way surrounding them. The docking facility is located on

Marin County property.

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I have got four slides to review the timeline of events.

Starting in August '73, the 1973 permit was issued to Commodore Marina, and that permit has been amended a total of four times.

In '74, Permittee recorded the restriction to dedicate the public access required by the permit in Marin County.

In '88, a permit was issued to Walter Landor for the helicopter operations, whereas the '73 permit pertains primarily to the activities on Parcel 167 and in the water.

Sometime before December '03, an unauthorized fuel tank was installed in the Yolo Street right-of-way, plus parking and seaplane storage and repairs in areas reserved for public access.

Sometime before 2008, an unauthorized helicopter landing pad and fill for walkways was placed on Parcel 164.

During three separate occasions in the 2000s, unauthorized expansions or repairs were made to the seaplane docking facility.

In 2019, BCDC received the first of two reports of unauthorized activities at the site and conducted a site visit the following month, just prior to the pandemic. We also issued a Notice of Violation to Commodore Marina and Seaplane Adventures, notifying them of the report we

received and outlining our understanding of the allegations at that time.

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After having conducted extensive file review between February and September, we issued a second letter outlining the permits requirements, our understanding of the onsite violations and providing recommendations on how to resolve them.

In 2020 and 2021 we received three letters from Respondent's former counsel, which provided some useful information but none of which resolved any of the violations.

We held a meeting initiated by us, virtual due to the pandemic, in July 2021, and selected the date of August 30 to receive an amendment application, which is still a way to resolve a majority of the violations.

That same month ownership transferred of both privately owned parcels from Commodore to Seaplane; and no application was received by August 30th or even before October 2021, on which date we issued a letter commencing a standardized fine clock, having now felt that by that time sufficient progress on voluntary resolution had been made. Our understanding of the violations in that -- at that time -- we cited five violations in that letter.

At the end of 2021 we received evidence that the houseboat remodeling project had been completed.

In January 2022 we received two permit assignment violations. Also that month we issued the Fourth Amendment to the '73 permit, which fully resolved the unauthorized work occurring at the marina between permit expiration and issuance of a retroactive extension of time to complete the houseboat remodeling project.

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We received a permit application, an abbreviated regionwide permit application, not a permit amendment application, in February 2028 (sic) and responded to that application at the end of March.

In the middle of March, two weeks after receiving the permit application, we received a report of unauthorized activities occurring at the site, i.e., construction of a new water access ramp. This violation is considered very egregious and the day after BCDC issued its first Executive Director Order to halt that work and require its removal and site restoration. That ED Order lasts for 90 days and was therefore reissued twice.

We, as I think I mentioned, responded to the application in February, in March.

In August of 2022, three paper violations had been resolved, subject to -- and were subject to standardized fines. We issued a letter asking for payment of those standardized fines.

In July we issued a Violation Report and Complaint for

the six unresolved violations.

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We received a timely Statement of Defense and waiver of the requirement to have the hearing within 60 days.

In September we reissued the ED Order for a second time and also a Final Notice requesting payment of the standardized fines to avoid commencement of a second formal enforcement proceeding.

We held a failed settlement conference on October 7 and issued a second complaint to resolve the three resolved violations in October.

We also received a timely-filed Statement of Defense for that complaint.

We had scheduled to hold these public hearings in December of 2022 but postponed those hearings until today to undertake settlement negotiations, which took place during this winter and unfortunately failed.

That completes the timeline and now  $I^{\prime}ll$  summarize the two permits.

In the Bay the 1973 permit authorizes fill placement for a bulkhead and that fill is shown in the smaller of the two hatched areas near the houseboats; fill placement on Block 167, Yolo and Parepa Streets, for landscaped public access and landscaping to improve shoreline appearance; construction of a berm around the heliport landing pad on Block 164; and reconstruction of an existing 11 houseboat

marina.

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In the shoreline band the '73 permit authorizes placement of fill in the larger of the two hatched areas to raise the grade for project landscaping; landscaped public access and auto circulation. And note that that filled area goes all the way back to the line of Bolinas Street here. So these areas are to be used for public access, not private uses. The permit also authorized office building renovation for continued office use; construction of 17 parking places on Parepa Street; and much or all of the fill authorized to elevate the low-lying site has been washed away over time by frequent tidal inundation.

Within the stippled area on this image, which is the dedicated public access area, the permit requires an eight-foot-wide all-weather pathway suitable for pedestrian and bicycle use, leading from the Marin County bike path along the site to the northeast edge of the property. The permit requires landscaping, parking for the general public, and as mentioned, it should be used only for public access purposes. And on the heliport pad, for flight control purposes only.

The two photos on the left show extensive erosion of and tidal inundation on the required public access pathway on Parepa Street and a failure to maintain the site to prevent or address these erosive conditions. The photo on

the right shows the path near Yolo Street in decent condition, but without any public shore signs.

So this first photo on the left is looking from the Bay, back toward the office building, and you can see the path is eroded to the point of being gone and the tidal marsh vegetation is growing in as a result of the erosion of shoreline protection here that has not been maintained.

The middle photo shows flooding and tidal mud brought in along the pathway surface.

The 1985 permit authorizes repair of a tidal flap gate.

And in the shoreline band, placement of aggregate to protect the heliport landing pad from flooding, installation of a fuel storage tank and fuel containment area, paving and fill placement.

Both permits include commencement and completion dates. And though permits run with the land, they also require preparation of a permit assignment form to transfer the rights and obligations of each permit from the seller to the purchaser.

I will now describe the three resolved violations, relevant because they were subject to standardized fines that Respondent failed to pay by October 26, 2022, forfeiting its opportunity to resolve the penalties by paying 12,300 in standardized fines, and resulting in

issuance of a complaint for penalties of a larger amount.

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Violations 1 and 2 occurred between August 20, 2021, which is 30 days following the July 21, 2021 property purchase date, and January 6, 2022, the date staff approved the two permit assignment forms. The fully executed permit assignment forms resulted in resolution of the violations on January 6, 2022, but accrued standardized fines were not paid between August 2 and October 26.

Violation 3 occurred between August 31, 2021, the date of expiration of the 1973 permit, and January 25, 2022, the date of issuance of the Fourth Amendment to that permit.

That amendment resulted in resolution of the violation, but accrued standardized fines were not paid, also between August 2 and October 26.

I had planned to describe the unresolved violations but I could now proceed to the defenses for these three resolved violations. That is what you would like me to do, Chair Gilmore?

CHAIR GILMORE: Yes, please.

MS. KLEIN: So the Item 5 defenses for the three resolved violations are:

Defense 1: The requirement to complete a permit assignment form at the time of property transfer is enforceable and needs to happen as soon as possible after transfer. Respondent argues that because the permit

condition does not include a due date, they never need to comply with it. They are incorrect and the complaint gives a 30 day grace period for penalty assessment from the date of transfer to submittal and approval of the assignment form.

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Defense 2: Respondent did not provide two completed assignment forms, nor halt houseboat remodeling work, nor submit a filed request to extend the permit completion date within 35 days of receiving the October 2021 letter that initiated standardized fines. By the time Respondent had filed the compliant documents in January 2022 they had accrued standardized fines. Partial resolution of a violation within the 35-day grace period means that standardized fines will accrue and be owed.

Defense 3: For 147 days between August 31, '21, the expiration date of the 1973 permit, and January 25, 2022, the date of issuance of the Fourth Amendment that retroactively extended the completion date of that '73 permit, Respondent conducted unauthorized houseboat remodeling work. Respondent claims that BCDC claims that the project was completed too late, i.e., after permit expiration, and too early before extending the completion date. Both conditions are true and Respondent conducted unauthorized work.

Defense 4: The penalty portion in a formal

enforcement proceeding is from the date the violation began, to the date of resolution. Whereas the penalty period in the standardized fine process commences upon issuance of the letter that starts a standardized fine clock to the date of resolution of the violation or violations. The standardized fine time period is less than the total duration of each violation and also includes a 35-day time -- grace time period, pardon me. Therefore, the number of days Respondent is subject to daily penalties has changed from 87 to 136 days for the assignment violations, and from 109 to 147 days for the houseboat remodeling and relocation project. Respondent falsely argues that the fines should be dismissed because staff lengthened the duration of each violation. As noted, the actual duration of each of the two -- of each of the three violations has not changed, but the days subject to administrative penalties now covers the entire period of each violation.

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Defense 5: Respondent incorrectly argues that the issuance of the Complaint eight months after Staff notified Respondent that the violations had been resolved, increased the penalty. In fact, the timing favored Respondent, giving them more time to resolve the penalty portion of the violations with standardized fines than if the Complaint had been issued sooner.

Defense 6: BCDC staff issued three letters pertaining to the standardized fines. First in October '21 that commences the standardized fine clock, second in August '22 informing Respondent to pay the accrued \$12,300 in standardized fines within 30 days, and third, in September 2022, a final warning letter to pay the standardized fines within 35 days of that September letter to avoid the commencement of a formal enforcement proceeding.

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On October 1, 2022, BCDC's enforcement regulations were updated. Citing these newly adopted regulations that were inapplicable to the communications issued and procedures applied prior to their adoption, Respondent falsely claims that it was improperly noticed of its option to appeal standardized fines and/or never afforded a proper opportunity to appeal the fines, and therefore that the Complaint and associated fines should be dismissed. Respondent is incorrect, it was properly noticed and penalties are appropriate.

Defense 7: The Complaint meets the legal standards of the law and regulations. It cites the actions that constitute the McAteer-Petris and permit violations. Respondent incorrectly argues that the complaint fails to do so and should therefore be dismissed.

Defense 8: There is one owner of the property and that single owner is responsible for resolving the

unresolved violations and paying administrative penalties for them.

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Defense 9: BCDC permits run with the land and Respondent is responsible for the site conditions as they existed at time of transfer, whether or not Respondent was aware of the inherited violations. In Leslie Salt vs. BCDC the California Court of Appeals found that the McAteer-Petris Act holds landowners strictly liable for unauthorized fill placed by third persons on their property. The court determined that strict liability, and this is a quote, "is an appropriate and traditional consequence of the possession and control of land, and more than justified because of important public policy objectives the MPA is designed to achieve." End quote. Therefore, Respondent's defense that it is not responsible for inherited violations is not substantiated and Respondent has a legal obligation to resolve each of them. Further, Aaron Singer, owner and operator of Seaplane Adventures, has been a constant figure at the site. Formerly as a tenant of Commodore Marina and now as an owning partner of Seaplane Investment, LLC as of July '21, as shown in this slide, which lists his name in first position as a 21% interest owner.

And also in this slide, where he has signed.

Further, Build, Inc. and Lou Vasquez have at least one

BCDC permit and have knowledge of the BCDC regulatory requirements.

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So the staff recommendation for these three resolved violations is to pay a \$21,170 administrative civil penalty within 30 days of order issuance. That would be two \$5,440 penalties for two failures to provide a permit assignment form required by Standard Condition IV.C of the '73 permit and IV.E of the '85 permit, between August 2021 and January 3, 2022.

And a \$10,290 penalty for failure to complete a houseboat remodeling and relocation project prior to permit expiration and continuing work with an expired permit between August '21 and January '22.

And that concludes the Item 5 presentation.

CHAIR GILMORE: Thank you, Adrienne.

Next, I am going to invite the Respondent's attorney, Ms. Blanchard, to present your side. I am going to remind you of the time limit. And please stick to the relevant violations or the proposed Order and pay particular attention to where there are items in controversy.

MS. BLANCHARD: Absolutely. Thank you very much,
Commissioner Gilmore. Committee Members, I am going to try
to share my screen here. There we go. Can everyone see
that?

CHAIR GILMORE: Yes.

MS. BLANCHARD: Okay, great. I will get started.

Okay. So as mentioned, I am Jillian Blanchard with Rudder

Law Group and I will be talking to you in this agenda item

about the three resolved paper violations.

Main points to keep in mind. I am going to try and focus on the areas of controversy. But there are a number of facts that we need clarified for the record that we believe the Commission would take into great consideration, as would a reviewing court, so we will make them as clear as we can and as fast as we can here.

Seaplane Investments is a wholly separate entity from Seaplane Adventures, first and foremost, and they have been diligently trying to comply with what we view to be a moving ball of compliance since purchasing the property in July of 2021. I note that a good deal of the timeline that was referenced before took place in advance of July of 2021. I'll cover that in the six violations; as you call them, Commissioner Gilmore, the physical violations. That is how I refer to them as well.

So the three allegations here have had zero impact on the Bay. They have been fully resolved for over a year and a half. And as you all know, Commissioners, BCDC is not authorized to levy either standardized fines or civil penalties for violations that did not take place. So it is imperative at this, the very first opportunity to have

Seaplane Investments' rights adjudicated, that you,

Commissioners, look to determine whether any violations
took place in the first instance.

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I do not want to go into too much detail. Adrienne provided a lot of chronology. I'd like to highlight a few important dates that were missed in the timeline provided by BCDC staff.

First and foremost, on April 16, 2021, before Seaplane Investments took ownership, BCDC issued its extension for the relocation of Houseboat number 11 to Mr. Harold Hedelman, who owns the houseboat. That was expired on August 31.

And then in July, as you heard, Seaplane Investments took ownership.

On August 9, Harold Hedelman, the same party who received the previous extension, requested another extension, three weeks in advance of that deadline of August 31.

Unfortunately, BCDC staff did not respond to that request.

The only response they did provide was on October 8, 2021, which this is a very important fact that can be proved on the record. This is the first point of contact from BCDC to Seaplane Investments, was on October 8, 2021. And in that letter they suggested that the houseboat

extension request was not valid, even though it had been submitted by the previous party who received the previous extension from BCDC.

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On October -- here is the most important date that staff failed to mention in their presentation. On October 28, less than a month after receiving the very first notice from BCDC. So in 20 days. Seaplane Investments ran around, got the permit assignment form from Mr. Price, the previous owner, which was no mean feat, and filed two permit assignment forms with BCDC, one for the 1985 permit, one for the 1973 permit, within 20 days. They also filed pictures showing the houseboat relocation as complete and asked what additional retroactive authorization they might need because they had already filed an extension request on August 9.

There was a request for additional information from BCDC staff, additional paperwork in the form of an Operating Agreement. And notably, it is interesting just mentioning something that staff just brought up, this idea that Mr. Singer has such a big role to play in Seaplane Investments. In fact, BCDC did not accept Aaron Singer's signature on the permit assignment form and asked -- one of the things that went back and forth between October and December of 2022 was the request to have Mr. Vasquez, Lou Vasquez, sign the permit assignment form because Mr. Singer

owns 4% of the Seaplane Investments, LLC. What you were looking at was an LLC Operating Agreement related to a management company that is partial owner. I don't want to get into the weeds there, but the point being that Lou Vasquez is the Managing Member.

And then it was all resolved on January 6 according to BCDC.

And then also importantly, on January 25, BCDC, this is really critical, they issued the after-the-fact authorization for the houseboat relocation and made it retroactive to the very valid August 9 Hedelman request.

The rest of this chronology is in the Statement of Defense.

I just want to highlight here the August 2 letter. Nowhere in that letter is the word appeal used, which is a requirement for adequate notice. It was not. They were not notified that they had the opportunity to appeal these underlying violations, nor that an appeal period would be closed if they did not respond making an appeal request.

The remaining chronology is here as well. But I want to just highlight a couple of things that become relevant, not just for these three violations, but for the six violations that we will be talking about in a minute. Which is, the very, very confusing communication between BCDC and Seaplane Investments during this time.

They received the July Violation Report at the end of July that did not include any of the three paper violations. Four days later they got the August 2 letter saying now that standardized fines were due for three different violations that were under the same enforcement number without any reference to the July Violation Report. And then while they are busy filing their Statement of Defense, their previous practitioner, Mr. John Sharp, filed the Statement of Defense but he was confused as to whether or not it was covering everything or not and he specifically reserved the right in that Statement of Defense to file additional evidence because he was getting conflicting messages from staff.

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Indeed, on September 6, BCDC's Enforcement Manager, Mr. Trujillo, contacted Mr. Sharp and asked them to delay the hearing to reach a resolution for all nine violations. So here Seaplane Investments feels like they are getting, they are moving forward with some form of settlement, recognizing that they may need to file additional evidence if things aren't resolved. And in the midst of that they receive a final warning letter related to the three violations. So it was highly confusing.

And I have to admit myself, even working with BCDC in over 20 years, productively with your staff, I was highly confused by the communication between Seaplane and BCDC as

to whether they were working with them on permitting, whether they were issuing violations, whether they were related to six violations or three violations, whether they were delaying a hearing, whether an appeal period was closing, it was really, really complicated.

And yet we tried in earnest to work with staff on a settlement because this property owner is the first property owner that BCDC has probably seen in decades that really wants compliance on this site. That is a primary objective for Seaplane Investments. As Ms. Klein mentioned, Lou Vasquez is a Managing Member and he is very familiar with what needs to be done. He has helped to build a 17 acre park on the waterfront in South San Francisco and he only wants to improve the public access here as well. But we are repeatedly being diverted to defend Seaplane Investments' rights by these violations.

So let's look at the violations because rather than being able to reach a settlement that might have involved some fines here, we now are being forced to adjudicate the rights to say, did a violation occur?

And when you review, as you know, Commissioners, whether a permit condition was violated, actual permit language is key. Here is the 1985 actual permit language related to the assignment of permits. The very first sentence is what you need to read. "The rights derived

from this amended permit are assignable..." This is a permissive allowance only, it is not an affirmative duty on either Mr. Price, the permittee, or Seaplane Investments, the transferee.

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However, we recognize the value and need for permits to run with the land, which is another one of the requirements. And we also recognize, as someone who works with you a lot, that of course you have revised this language in the permits that you issue today. You have made it really clear that assignment is required within a certain period of time, and it is because these conditions were permissive only and they were unclear. So we are not, as staff suggests, saying that assignment is not necessary. We are only saying that the language in this permit does not justify an actual violation having occurred.

And the most important piece to understand is that even if this had been required, Seaplane Investments filed a permit assignment form within 20 days of receiving its very first notice from BCDC. They are not saying it wasn't required. They are not even trying not to comply. They did their due diligence to try and comply within 20 days.

BCDC asked for additional information. They filed that additional information, and things were resolved on January 3. But that cannot be levied as an actual violation based on this permit condition language. But

Seaplane Investments is being charged over \$5,000 for no actual violation.

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Very similarly, when you look at the permit from 1973. Again, the Commission, as you know, and a reviewing court, will look directly at this permit condition language to see, was there an actual violation. That's what matters here in adjudicating these rights.

And here we will acknowledge this is a much more affirmative condition in that it at least says that assignment is absolutely required. And again, for the record, I want to be clear, Seaplane Investments has never claimed that they are not going to accept permit assignment, in fact, they worked quickly to make it happen. All we are saying is that the language here does not justify an assessment of fines or penalties. Because what happened for the '73 permit, while this is an affirmative requirement, there is absolutely nowhere written that there is a 30-day deadline within which the permit assignment must be completed. It just doesn't exist. And as you know, Commissioners, staff is not authorized to add in language into the permit conditions themselves.

So also importantly, a permit assignment form was filed within 20 days of receiving the first notice so permit assignment is complete. There is no violation there. A soon as permit assignment was done, actually,

Seaplane Investments, as we'll talk about in the next hearing, immediately filed a permit application to address what they saw and understood to be any potential feature on the property that required after-the-fact authorization. So they are in no way suggesting that they don't need to comply. In fact, all they want to do is compliance. They are just constantly being battered by unlawful violations. Here, they were being charged 5,000.

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I want to talk really quickly about the houseboat violation, although I mentioned it a bit in the chronology. Because we believe that the August 9 houseboat extension request that BCDC never responded to is a critical piece of missing information in their timeline. It was a valid request sent three weeks before the expiration date. were in the middle of completing the houseboat construction. And as you know, it can cause additional impacts to the Bay to stop a construction project like that that is pretty small, that can be done quickly, that waiting for BCDC staff to respond. We understand that staff is extraordinarily busy, which is why we give one another grace when I work with permitting staff a lot on these things, which is why we are so surprised that there is such an aggressive stance being taken on this houseboat violation. And the report says that there has been a failure to request an extension. That is patently false

and it is proven by BCDC's own correspondence in which they issued a houseboat extension, retroactive back to this very valid August 9 request. And for this they are being charged over \$10,000.

We also want to note the previous owner, Mr. Price, received three different houseboat authorizations. Could not complete the project in over five years. Seaplane Investments took charge of the property and completed the project within months. And then asked -- had filed the valid extension request and worked things out with BCDC within months, and then filed a very valid permit application for what it believed to be unauthorized features, which we'll talk about in the next hearing.

MS. MALAN: Two minutes remaining.

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MS. BLANCHARD: Thank you. I will tell you that unlawful issuance of fines cannot be supported by the Commission or by a reviewing court. And courts would look very harshly on the fact that there are unclean hands in this case in that BCDC delayed the response to the houseboat extension request.

Due process concerns are key here. Nowhere in any of the correspondence is the word appeal used or being told that a window will be closing. Instead, they were told that you can have your rights adjudicated in an enforcement hearing and they asked -- they were asked to delay that

hearing and this is the first time they are having the right to adjudicate the underlying violations.

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These are some of the claims that are made in the recommended Enforcement Decision that we want to have clarified for the record.

Respondent was not slow to complete paperwork. That's false and provable in the record. On October 8 from the first notice, they received from BCDC they responded in 20 days and then they repeatedly responded to additional information requests, reaching resolution on January 3. The nature and extent of the harm caused is minor.

I want to just say quickly, we see a very clear solution here. Fairly adjudicate Seaplane's rights. These permit conditions weren't violated so you must dismiss these, but work with us on compliance and improvements in the six violations. Because that is all Seaplane Investments is looking for here, fair adjudication, fairness in due process and a public policy of promoting compliance and protecting Bay resources, because you have a willing property owner who for the first time in decades can bring this site into compliance.

MS. MALAN: Forty seconds.

MS. BLANCHARD: Thank you. The only thing I want to note in the timing is that Ms. Klein was not cut off at a certain time, she went farther than 15 minutes. However, I

am done. I will take any of your questions and I very much appreciate your time.

CHAIR GILMORE: Thank you.

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All right, Committee Members. I'm sure there are questions. Who wants to go first? Anybody? Commissioner Eisen.

COMMISSIONER EISEN: I just want to understand what Ms. Blanchard just said about the 1 and 2 fines. If I understand it, our position is that the owner should have filed, the new owner should have filed a permit assignment. And that because the language of the permits did not specifically say that that must be done within 30 days, it was permissible for the permit assignment to be filed after 30 days. Is that, is that a fair summary of what your defense is?

MS. BLANCHARD: If I may, Commissioner Eisen, thank you for your question. It's essentially a fair assessment. What it is, what we are saying is that permit assignment is important and necessary; and in the case of the '73 assignment, it was required. But nowhere in either of the two permits does it say that it must be completed within 30 days. And since permit assignment was completed within months of transfer of ownership, there is no underlying violation here.

COMMISSIONER EISEN: Okay, good, I think I did

understand that.

And so then my next question, Adrienne, what I think I just heard is that we did not respond at all to this, I am trying to keep all my dates straight, this August 9 request for an extension. That that was ignored but later acknowledged in the January 25, 2022 documents where we retroactively allowed for the extension back to August 9, 2021. Can you just clarify whether or not we did respond to that August 9, 2021 request for an extension?

MS. KLEIN: I cannot. It is in the record but I don't recall.

COMMISSIONER EISEN: Okay.

MS. KLEIN: That was not work that I did.

I don't agree with Ms. Blanchard. BCDC included a copy of the regulations outlining the appeal process in its October 8 letter. So Ms. Blanchard stated that she was not notified of the appeal procedures under the regulations. That's not accurate. She herself stated that the paperwork submitted within 35 days was incomplete and did not comply with the assignment requirements and was later submitted.

We take a different position that the assignment -there was more than 30 days granted. There was time prior
to issuance of that October 8, 2021 letter and we didn't
receive a voluntarily submitted assignment form, we only
started to receive that paperwork after we commenced

standardized fines. I believe, although I am not 100 percent sure, that Ms. Blanchard may be conflating the Third Amendment with the Fourth Amendment for the extension of time to complete the houseboat project. It was very protracted but I believe that the fourth request was extended. And staff appears to have made a mistake and issued the Third Amendment to the houseboat owner, not the operator, but that was corrected with the Fourth Amendment.

COMMISSIONER EISEN: Okay. I am not sure, I am not sure I understand yet. The position I think Ms. Blanchard took was that there was a specific request for an extension on August 9, 2021 that we did not respond to until much, much later. That's what I am trying to learn. Is that an accurate statement?

MS. KLEIN: I'm sorry, I don't know the answer at this moment, I would have to pull up the Violation Report and look at the record.

COMMISSIONER EISEN: Okay.

CHAIR GILMORE: Anybody else have other questions?

COMMISSIONER VASQUEZ: This is, John. This is a lot of stuff to go through.

CHAIR GILMORE: Yes.

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COMMISSIONER VASQUEZ: You know, it's almost like, who do we believe? In fairness to both sides, I would certainly like a little more opportunity to think about all

this and at least, you know. Because questions are now coming up and I am not even sure how to ask the question.

CHAIR GILMORE: Yes. Fair enough.

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I have a question for staff. Somebody, I forget whether it was Ms. Blanchard, said something about -- this goes back to the assignment. I think, Adrienne, you said that there was an incomplete assignment and then it didn't get resolved until January. Okay. So can you walk me through the steps of the incomplete assignment, what was wrong with it. Because my recollection is that they attempted to file the paperwork for the assignment within the same month that they got the letter. So what -- can you expound on the circumstances around the incomplete assignment?

MS. KLEIN: Sure. There is a form that ideally seller and purchaser both complete. And in addition to -- and that form was submitted within the 35 days of October 8. But what we didn't receive until sometime later was the Operating Agreement, the ownership interest that was necessary as part of the documentation to affirm who was the new owner. So that documentation is almost more important than the form itself.

CHAIR GILMORE: Got it, okay. So you were missing -- so they actually signed the assignment form and then later realized that they needed to submit, or staff told them

that they needed to submit an Operating Agreement, and that was not submitted until, let's say, January or late December.

MS. KLEIN: Correct. But we did inform Respondent that both pieces, both information, both pieces of information were necessary to fully comply with the permit requirement. That was outlined in the October 8 letter.

CHAIR GILMORE: Okay, all right. And then the houseboat. So we've got, I guess, the owner of the houseboat asking for a permit extension before the permit expired, right? There is nothing in the record as to what happened to that request. The permit expired at the end of August. And what the expectation was was that the owner should have stopped work on the houseboat but they didn't. They went on and completed the project and then sometime later asked for a permit extension; is that correct?

(No audible response.)

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CHAIR GILMORE: Okay. So the question that I have is, if the permit was going to expire at the end of August and the new permit retroactively approved the work, why didn't the new permit go back to the date when the old permit would have expired, but instead it goes back to the date when there was a request for a permit extension?

MS. KLEIN: I did not make that decision. I think the relevant point here, not to get lost in the weeds, is that

the permittee failed to apply in advance of permit expiration for an extension of completion time, continued work with an expired permit, and completed the project with an expired permit. BCDC did Respondent a favor by issuing a retroactive approval to grant an extension of completion time. And the only reason that fines accrued is because that all took place more slowly than the 35 days after October 8, 2021.

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CHAIR GILMORE: Am I the only one here who has a problem with the fact that the person doing the construction attempted to apply for a permit before the permit expired? I mean, clearly they were in the wrong for once the permit expired continuing the work, I get that. But if they asked three weeks before the permit expired and there was, for whatever reason, no response from BCDC, am I the only one that has a problem with that?

COMMISSIONER EISEN: You are not.

CHAIR GILMORE: Commissioner Eisen.

COMMISSIONER EISEN: I have a question, and I know we can't get into details about it, but I gather there were settlement discussions. Were there separate discussions on the three resolved issues and different settlement discussion on the six unresolved, or was there one whole discussion about all nine of them, which didn't resolve all the issues and therefore we are here at this hearing rather

than back in settlement discussions?

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Because it seems to me that the issue of the three resolved violations should be easily settled, you know. Reasonable minds can come together on that if, in fact, they were -- maybe not on the six unresolved, we haven't heard anything about that yet. But at least as to those three you would think that some resolution could be reached. I just don't know if an effort was made to separate them in that way.

MS. BLANCHARD: Commissioner Gilmore, may I respond to that?

CHAIR GILMORE: Please.

MS. BLANCHARD: Okay. Absolutely, Commissioner Eisen, they were treated as one whole to try and resolve the entire thing. That is all Seaplane Investments has been wanting to do is to reach a settlement that won't cause bankruptcy but will allow compliance on the site. So without divulging privileged settlement conversations, of course, I can tell you that we were, even though we believe these fines to be unauthorized, we were willing to agree to a certain amount of fines in the whole to be able to resolve all of the violations and to move forward on the focus of compliance. Unfortunately, staff -- we don't need to get into the details, but we were unable to reach a number that that was sufficient for staff.

CHAIR GILMORE: Thank you.

MR. TRUJILLO: And I can --

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CHAIR GILMORE: Any other?

MR. TRUJILLO: I can --

CHAIR GILMORE: Please.

MR. TRUJILLO: -- speak to -- again, I don't -- I need to be very careful about getting into the details. But to I guess the second part of Commissioner Eisen's question. Well, yes, we did attempt to tackle the entire issue and resolve the entire case as being one case with two different components. Even within those discussions there was discussion about how to address the standardized fine issue discretely.

CHAIR GILMORE: Okay, thank you.

Any other Commissioner comments?

COMMISSIONER RANCHOD: This is on a different aspect of the issues here. Commissioner, Chair Gilmore, you said earlier we weren't going to consider material that was submitted late, some numbers that we received this morning, actually. Because there was a reference in there to the financial standing of --

CHAIR GILMORE: Yes, let's not get into that.

COMMISSIONER RANCHOD: Right. So I don't want to get into that but I want to ask a clarifying question, which is, was there information in the record prior to any new

submittal by Respondent to counsel here about the financial standing of Seaplane Investments, LLC?

CHAIR GILMORE: My recollection, and somebody can correct me, was that there was not financial information other than the stated that they would not have an ability to pay the fines. It was a statement.

MS. KLEIN: That is correct.

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MS. BLANCHARD: May I address that point just to clarify, a statement of fact?

10 CHAIR GILMORE: Yes. Be very careful about your May
11 25 submittal because that's not coming in.

MS. BLANCHARD: I 100 percent acknowledge that. We did submit the profit and loss statement to staff that was then again attached to the May 25 that we are not talking about, but that profit and loss statement should be in the record.

COMMISSIONER RANCHOD: When do you believe that was submitted?

MS. BLANCHARD: It was between December and March in discussions with staff.

21 COMMISSIONER RANCHOD: Thank you.

CHAIR GILMORE: Oh, wait a minute. So that was part of the settlement negotiations.

MS. BLANCHARD: But it was not confidential. It was made public.

CHAIR GILMORE: Okay, thank you for that.

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MS. KLEIN: But that would be late-submitted evidence.

CHAIR GILMORE: This is true. All right.

Commissioner discussions. Oh, Shari, please.

MS. POSNER: I am not sure. I just want to remind you about the public part of the hearing. And I don't know if you want to do deliberations or if you want the public hearing.

CHAIR GILMORE: Thank you. Thank you for that very timely reminder. Okay. Before we get to deliberations are there any public comments?

MS. MALAN: Chair Gilmore, no public comments.

13 CHAIR GILMORE: Okay, thank you.

MS. MALAN: Actually, sorry about that, there is one,
Nikki Wood.

MS. WOOD: Hi, my name is Nikki Wood and I have been a resident --

MS. MALAN: You have three minutes.

MS. WOOD: Okay. I have been a resident of Marin for 20 years and I own a business here. If you enforce this Order you will be forcing historic seaplane operations to rip out an essential safety feature and essentially close down. Seaplane is, it is probably the only seaplane operations of its kind on the West Coast and it has been around since 1947. It promotes recreation over the Bay and

brings tourism dollars to the county. The property owners are willing to comply so why would you charge them excessive fines that will prevent them from complying? That's like the opposite of your mission. It'll hurt Bay resources and the public trust and recreation on the Bay.

The owner didn't cause any of the violations so why are they being treated like they did? I support the dismissal of all violations and urge the Commission to work on permitting -- on a permitting approach with a property owner who by all accounts wants to work with the BCDC to comply. That's it. Thank you.

MS. MALAN: Thank you.

CHAIR GILMORE: Thank you very much.

Okay. And Margie, just for the record can you -- I just want to state that we have received numerous written public comments on this item as well as the next item and they have been posted to the BCDC website. So I am just trying to make our court reporter's job a little easier.

John.

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MS. MALAN: Chair Gilmore, we have one more public comment.

22 CHAIR GILMORE: Oh, okay. Hang on, John. Go ahead.

MS. MALAN: Andrew.

MR. WAIT: Hi, my name is Andrew Wait, I have been a Marin resident for about 30 years and a Bay Area resident

for over 40 years. You know, I do appreciate the Commission's mission. I am a happy, grateful user of the Bay and I have seen over the last 40 years huge improvements in the environmental state of the Bay.

I am trying to resolve two things in my mind. Number one is, the Bay isn't being damaged by any of this. A huge amount of time, energy and money is being spent on something that sort of isn't in direct alignment with the mission of this, of your organization.

But what I also see, and I've seen it for 30 years now, is a pattern of harassment of this particular business. Usually, there's a kind of a dark organization in the background that I don't understand like Edgcomb Law. Like I don't know what -- who they are or what their goal is other than to get these guys shut down.

So I appreciate what you are trying to do. But listening to this process, it feels to me like there's -- everyone would be served by negotiating in good faith, by getting off of this weird use of semantics to replacing or repairing that ramp, and to some degree, some recognition that all small businesses that we rely on for the quality of life of our community are fragile financially, and throwing huge six figure fines at them is damaging to everything. For example, they contribute about 170,000 to local and state budgets and are a productive employer of 15

people and are a net plus for our community. So I think anything you guys can do to realign with your mission and with the support of an organization that has been around in good faith, providing a great service for 45 years, is what everybody wants out of this. Thank you.

MS. MALAN: Thank you very much.

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Chair Gilmore, that's all we have.

CHAIR GILMORE: Okay, thank you, Margie.

John, I think I saw you with your hand up.

COMMISSIONER VASQUEZ: Yes. This question is, I'm sorry, to Shari. If we were to postpone any action and set another hearing date and ask everybody to go back and maybe put their thinking caps on, could that information that was being requested to be part of the record, could it come back to us at that time?

MS. POSNER: So I think there is no way to actually -if you are asking me could you, quote, continue the hearing
and leave it open, I don't think you can. You could send
it back to the staff to try and work things out and if they
can't work things out, come back. In terms of --

COMMISSIONER VASQUEZ: What --

MS. POSNER: In terms of evidence, I do think it would still be considered late evidence. Obviously, it is certainly stuff that could be considered if there were settlement discussions, which is a sort of different animal

than the enforcement hearing procedures. Did that make sense?

COMMISSIONER VASQUEZ: Yes, it does. Thank you.

CHAIR GILMORE: Committee Members, I have to tell you,

I am feeling uncomfortable about some of this, particularly
the houseboat issue. Yes.

Oh, Ms. Klein.

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MS. KLEIN: Thank you, Chair Gilmore. I was taking a moment to look at the record relating to that issue so I have the -- let me lower my hand here. I have the extension of time pulled up. I don't understand the concern that is being raised by Ms. Blanchard. We issued two -- is there an allegation that there is a gap in time? So each time extension states, it is issued on a certain date and it states the new completion date of the permit. Yes, I am just unclear on what the issue is. We extended the completion date from August 31, 2021 to October 31, 2021.

CHAIR GILMORE: Okay. Well, so I will talk about what my issue is. My issue with that is, if indeed the owner of the houseboat had applied for a permit extension before the permit actually expired, and had BCDC either worked -- well, had worked on it and extended the permit, the amount of timing for the fines would not have been as long or there may not have been any fines if the permit had been

extended before the original permit expired. That is my problem.

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MS. KLEIN: Well, my recollection is that that initial -- so we didn't include that record as part of this complaint, we included the extensions of time looking forward. It would have been an incomplete complaint and we would have responded with the additional information that was required and we wouldn't have received it and work would have continued past the expiration date with an unfiled application.

CHAIR GILMORE: Wait, wait, wait back up, you just confused me. Say that again and say it slowly.

MS. KLEIN: Again, I am going from memory, I am not looking at the record. But normally, applicants don't submit a filed application on the first go-round. They make the request and usually something is missing; and we will let them know what that is. And once we get the remainder of the information we are able to file and act on the request. So perhaps we didn't get a fee associated with that request for an extension of time. Again, I don't have that information in front of me.

CHAIR GILMORE: So I think the conjecture here is the request for the extension of time on August 8 or 9 or whatever it was, was incomplete. And then at some point in time in the future it became complete and staff acted on it

and then retroactively extended the permit. But I think everybody agrees here that work should have stopped once the permit expired and it didn't. Okay.

Ms. Blanchard.

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MS. BLANCHARD: Thank you, Chair Gilmore. I just want to correct for the record because I have the exhibits to the Violation Report handy in front of me. There was no request after the August 9 extension request. There was no subsequent notification from BCDC to the -- either Mr. Hedelman or Seaplane Investments or Mr. Price, the permittee at the time, to say that that was inaccurate. is not -- the BCDC Commission, of course you know, is not authorized to levy a violation for conjecture as to whether or not we could have resolved that violation. We were not given the opportunity to resolve any concerns about that houseboat extension request. And there was no additional information filed in October or November to further support that August 9 request. All that was filed were pictures to show that the construction had been completed. That's all on the record for folks to see. And it was only until January 25 that staff then retroactively approved that authorization back to August 9, but no additional corrections were made to that extension request.

CHAIR GILMORE: Ms. Klein.

MS. KLEIN: Thank you. You will recall that we did

not receive the Operating Agreement until December or January, and that Operating Agreement was a document that was necessary not only for the permit assignment, but also to file this fourth request for an extension of completion time, as complete. So until we received that the application was incomplete. And we did notify Respondent that this documentation was necessary and missing to file the application as complete.

CHAIR GILMORE: Thank you.

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MS. BLANCHARD: I don't want to go back and forth but I would love to clarify that.

CHAIR GILMORE: Wait, hold on. Shari Posner, please.

MS. POSNER: Thank you, Chair Gilmore. I just want to ask that whoever is speaking, particularly either the staff, BCDC staff or the Respondent, to please say the full date of whatever they are talking about. I mean, month and year, at least. Because this does cover, arcs over numerous years and for sake of the record, it is confusing if someone says December and January and you don't know what years you are straddling.

CHAIR GILMORE: Thank you. Commissioner Eisen, I thought I saw you with your hand up.

COMMISSIONER EISEN: Yes. I was going to say I feel similarly about this issue to Commissioner Vasquez. I feel like I could ask more coherent and competent questions if I

had -- I think timelines are extraordinarily helpful and I appreciate the two timelines that we have seen. But having an integrated timeline that the parties can indicate what they agree on and what they don't agree on for us to study between now and maybe a continued hearing date so that we can really hone in on the, as you put it originally, the disputed issues, as opposed to the undisputed issues.

So for example, I know that the ownership changed, or I think I heard that the ownership changed on July 21, '21. I think July 21, 2021. But that something else occurred in July 2021. think Adrienne mentioned that the BCDC asked for a meeting to discuss the permit amendment. So I am not sure where those two dates fit vis-à-vis each other. So having some kind of a integrated timeline that both sides could work on together and indicate their areas of dispute also might facilitate conversation that could lead to a resolution. A resolution or more coherent hearing, either of which would be better than where we sit today, I think.

CHAIR GILMORE: Yes. Shari.

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MS. POSNER: I just want to remind the Committee and the Chair that I don't think there is a way to leave the hearing open so the options are, you know, to either send it back and see if it can come back. If there is no ability to resolve it. But I am not sure -- otherwise it comes back for a new hearing, I guess is what I am saying.

I think that the options are basically what are listed at the end of the recommended Enforcement Decision. To accept the recommended Decision, to decline the recommended Decision, or to accept it with some conditions. If the Enforcement Committee decides that they feel like this is something the parties can try to work on to resolve, I know in the past that has happened in other proceedings and that seems like that's another, that's another option. I just wanted to clarify that.

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CHAIR GILMORE: I appreciate that, actually, and -okay, this is going to sound -- so on this item and also on
the next item, which we haven't even begun to discuss, I
think my preference would be, one, to send the parties back
to see if they could work out some sort of a settlement on
that. If the settlement negotiations fail, if I heard
Shari correctly, then it comes back as a new hearing. And
if it does come back, I think Rebecca's suggestion of the
timeline that the parties could work on with areas of
agreement, or actually just disagreement, would be very
helpful to this Committee.

The other question that I have for Shari is that if this -- if we send it back to staff and settlement negotiations fail and it comes back as a new hearing, the record is still the record that we have you here today; is that correct?

MS. POSNER: That's correct.

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CHAIR GILMORE: Okay. All right. Thank you.

So that's sort of what I am thinking about. What do Committee Members think?

COMMISSIONER EISEN: I like it.

CHAIR GILMORE: John, I see your hand up, I'm sorry.

COMMISSIONER VASQUEZ: Thank you, Marie. You and I have been on this Committee for a while and we know if we are not really clear in our recommendations or have concerns and we push it forward to the entire Commission, then generally they are going to be somewhat confused. And we have seen a couple of them where they have come back three times. I actually voted as a Commissioner not to send it back to us because I thought we had done the work. I would like to be very confident and clear about any decision I would want to move forward. So I think I agree with you in that. If we send it back and bring it back as

CHAIR GILMORE: Okay, thank you. Sanjay.

a new, a new hearing, that would be the best.

COMMISSIONER RANCHOD: Yes, I was going to say that the record for this is pretty voluminous. Even for somebody who is an attorney this is difficult to comprehend and piece together, especially when there appear to still be disputed aspects of the facts. So I think to the extent that we ask the parties to resume discussions to try to

resolve these, these issues, it would be helpful if there can be agreement on a statement of facts and a comprehensive timeline so that everybody is clear about what occurred when, and try to narrow the issues in dispute and focus on those allegations where there really has been demonstrable impact.

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I do want to say I can tell that staff has done a tremendous amount of work on these matters and it is confusing, and the timeline dates back beyond when current folks were involved, in many instances, so that makes it difficult. And I appreciate all the time that's gone into this in working this up for the Committee's consideration today. So I know people have been working hard on this.

And I appreciate the intent of both sides to try to reach an agreement here. That's not always the case when we have enforcement matters. Sometimes it is not clear that the Respondent is interested in, in ultimately remedying the situation and in doing right by what we need for the Bay.

So I think I would support your direction, Chair Gilmore, to ask the parties to continue to work on this and see if they can narrow the issues. At least narrow the issues, even if they are not able to fully resolve them, so that when it comes back to this Committee we can be more clear about what we feel comfortable and confident in

recommending to the full Commission.

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CHAIR GILMORE: Thank you, Sanjay, I appreciate that. And I don't want staff to think that our sending it back means that you did not prepare an adequate record, because I think you guys did an incredible amount of work on it and it shows. I think the problem that we are having here is that staff works with this day in and day out and it is like a second language to you. It is not to us and that makes it very, very difficult. And I think John was right when he made the comment about, if we are having this much trouble trying to piece together what is going on, it is going to be twice as bad before the entire Commission. And I would really want to be in the position that whatever this Committee recommends to the full Commission, we can stand behind it and explain why we did what we did, because people are going to want to know. Brent.

MR. PLATER: Thank you for that, it is very helpful advice on how we can present this and make it more clear for you and also for the Commission. One possible additional way we can do that is perhaps narrow the areas for these three violations that we need to discuss with the Respondent. What I am hearing so far is that the Committee members have concerns about Violation 3, which deals with the houseboat remodeling and the possibility that there was some, potentially some delay in BCDC responding to the

application for extension of time for the permit.

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But I have not heard the same concerns for the Violation 1 and Violation 2, that's for the two violations where the permit assignment form for the two different permits that apply in this case, did not, were not submitted to us in a timely fashion. I thought that Adrienne had addressed the concerns initially raised by explaining how we need both a signature and also some evidence to document that the person signing the form is in fact authorized to make that representation on behalf of the new owners. So if that, if that is the case, then perhaps those two violations can be resolved today and the third one can return for additional consideration. If that is not the case, if there is some additional clarity that you need us to provide on those two violations, that would be a welcome, a welcomed instruction.

CHAIR GILMORE: Rebecca.

COMMISSIONER EISEN: Yes, I do have questions about 1 and 2, that is why I asked whether the argument was that the permit language itself is not clear as to what exactly is needed when there is a transfer of ownership. And that it is certainly is not clear about how much time needs to elapse between when the ownership transfers and that new permit amendment is filed. So I do have questions about that, whether that can be clarified. It doesn't -- it is

not so much a timeline question as an interpretation of the permit language. I think that what was pointed out to us is that the language in terms of the transfer is different in the two permits that are before us and that the second one is clearer than the first. But -- or maybe it was the first one that was clearer than the second. But neither of them say, you have X number of days.

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If the staff said to the owner, now that there is a change in ownership you have X days to do this, and they didn't do it within that timeframe, that's another, that's another matter. But if they were supposed to know from reading the permit that they had 30 days, the permit doesn't, in fact, have that language in it. So I do have some questions about those things that maybe could get clarified or resolved or narrowed down in a conversation between the parties.

MR. PLATER: That's very helpful, Commissioner Eisen. And if I may, just to let you know how we have been thinking about it so that we can further narrow down the next steps to make sure that you understand how we were thinking about it and you can give us some additional direction as needed. As we read these assignment requirements in these permits, they do not have a date that says you must do it within X number of days after the transfer occurs and so that can be read in one of two ways.

It could be read to, well, you can do it when you get around to it as the new owner, which is more or less what we hear from the Respondent at the moment, we did it in a couple of months, that should be good enough. Or the other way you can read about it is that it applies immediately. That as soon as the transfer occurs without the assignment form being submitted, it is a violation immediately. Right? Those are the, those are the boundaries of how you could think about it.

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And so what we did in this case in trying to calculate those violations was split that difference. Where we said, all right, if you count the permit assignment form as being, that permit assignment term is being violated immediately upon transfer without submission of the form, but then give them 30 days for free. This is why in the calculation we subtracted 30 days from the totality to give them the reasonable amount of time to come into compliance with that requirement. Then we calculate the penalty that way sort of to build in some, some accommodation for -- the most likely scenario is that people won't do it immediately upon transfer, it is something that's going to come out through subsequent disclosures or something like that.

So that is how we have been thinking about it is to, you know, essentially approach the penalty calculation on a daily basis in that way. Because the alternative, which

is, you know, is too amorphous. We will always have this debate where, you know, any subsequent return of an assignment form will be arguably consistent with a provision that just has no date and therefore can be whatever the Respondent thinks is the appropriate time.

CHAIR GILMORE: Adrienne.

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MS. KLEIN: Thank you, Chair Gilmore. Just wanted to remind you that Permittees never submitted an appeal of the standardized fines for these three resolved violations, or Respondent never submitted an appeal. All of these arguments could have been made and considered by the Executive Director and the Commission Chair as part of an appeal of the standardized fines. That process was completely un-availed of.

Property transfer took place on July 21st in the year of 2021, as everyone is aware. Staff did not issue our letter starting standardized fines -- July, August, September, October -- until almost three months later, October, early October of the year 2021.

The burden, I would say. So no due diligence call was made to BCDC at time of transfer or prior to transfer to ask for a compliance status on the permit, although we were actively engaged in enforcing the violations.

So when we issued the October letter starting the clock, Respondent -- and I looked at that October letter

today and we clearly outlined the documentation. And that is in your record, Complaint Exhibit, I believe, 2D or E or F, we specifically outlined the documentation required to complete the assignment process in very clear details. Commissioner Eisen, not all of the details are included in our permit conditions. But we — that's why we are here, that's what we do as the staff, we answer all those questions.

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Ms. Blanchard mentioned that staff is here to serve the permittees and the public and that is what we do. We don't want to bring items before you, we do everything we can to prevent coming to this stage. So I think those are the points I wanted to make.

CHAIR GILMORE: Okay. Ms. Blanchard.

MS. BLANCHARD: Thank you very much, Commissioner
Chair. I just wanted to clarify a couple of quick points
if it's helpful.

The notion of splitting the difference with respect to the 30 day requirement, it is a requirement under the law that the language be in the permit conditions, staff is not authorized to write that in.

But more importantly, it is very much the case that all of your permits coming out of your permitting analyst staff today does include a very clear 30 day requirement.

In fact, I'll be coming before you next month with a permit

that will be reviewed that has a very clear permit assignment clause that has a 30 day requirement and is very clear about what needs to be filed.

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The permit assignment form that was filed with staff on October 28 was signed by a member of the LLC who is authorized to sign on behalf of the LLC. BCDC asked for an Operating Agreement which we timely provided to establish that. But the permit assignment form was filed within 20 days and the Operating Agreement was filed within a couple weeks after that when we learned that they wanted additional information.

And the only other point I want to make in consideration of this is that Seaplane was trying to comply. They might need, as Ms. Klein said, they need guidance from staff to figure out, okay, what exact documents are we looking for because it is not in the condition.

But the other piece to keep in mind is that there are two parties. They needed to get the signed form from Mr. Price. And Mr. Price is not mentioned anywhere in any of these violations. And he ostensibly, according to staff, had the same affirmative duty to complete a permit assignment form. That's all I wanted to add. Thank you.

CHAIR GILMORE: Okay. Anybody else have anything that they want to say? Oh, Sanjay.

COMMISSIONER RANCHOD: Just following up on this point about the assignment forms. So, can somebody clarify for me what was the incomplete aspect of the assignment forms at the point that they were actually submitted for the first time?

CHAIR GILMORE: Adrienne?

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MS. KLEIN: The documentation showing ownership.

COMMISSIONER RANCHOD: And is that in --

MS. KLEIN: The Operating Agreement.

COMMISSIONER RANCHOD: So the Operating Agreement was not submitted with the, with the forms. And then that was subsequently provided a couple of weeks later, as counsel just stated.

MS. KLEIN: Weeks or more, I have to look at my timeline, but it was provided subsequently and after standardized fines; after the 35 day grace period had run.

MR. TRUJILLO: They resolved their violation on January 3, 2022 by submitting two executed permit assignment forms and the executed Operating Agreement. And by then they had accrued the two standardized fines of, well, 3,000 each for Violations 1 and 2, according to the letter that we had sent asking for standardized fines dated October 2, 2022. I mean, sorry, August 2, 2022.

CHAIR GILMORE: Okay. I have a question about permit amendments. So let's say somebody had a permit in 1975 to

build a dock. And they come to us again and they want to amend the permit because they need to do repairs and enlarge the dock. Okay. The attorney in me wants to know, what does that look like? Do you attach the original permit and then the amendment is specifically to what it is they want to do? I mean, or does the amendment give you an opportunity to go back and clean up language?

MS. KLEIN: Both.

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CHAIR GILMORE: So we just issued a permit in what was it, January? Well actually, late 2022 and I think in early 2023 and we left in the same language about timing and of assignments and things?

MS. KLEIN: Okay, I've got it, Commissioner Gilmore. We haven't issued an amendment in 2023, just to be clear. So the Fourth Amendment extending the completion time for the houseboat project was early -- was in the month of January in the year of 2022. No amendments have been issued since then. When we issue -- mostly, as you all know, when we issue amendments we update the in-line body text of the amendment. However, when we issue extensions of commencement and completion time, we issue a separate document. So it is a permit amendment, but it is not inline and therefore no changes to the existing permit language take place. We only change the start or completion date, whatever has been requested, and we make

clear what that change is. And then the next time we do a substantial update to the permit we incorporate that amendment, that extension of completion time in this case, to be specific.

MR. TRUJILLO: So to help you visualize, a time extension usually consists of maybe a page, maybe two pages stating, you applied for an extension on this date, we are granting that extension. This applies only to this timeline. And that's it. There is no, to answer your question, no copy attached of the full permit. It is a simple statement.

CHAIR GILMORE: Thank you. That was, that was very helpful. Once again, this is -- you guys deal with this every day and you would never think to ask yourself that question. But we don't and so I wanted to know what it looks like. Okay, so let's move on.

Anybody have anything else to say? Adrienne.

MS. KLEIN: May I point you to Exhibits 2B, C, D, and E of the Complaint? And on my screen those are on pages 40 through 44 about.

21 CHAIR GILMORE: Okay, why don't you keep talking while 22 we try to find it.

MS. KLEIN: I can put them up if that would be helpful.

CHAIR GILMORE: That would be very helpful.

MS. KLEIN: Okay. So, I could go up and show you the back end of the 1973 permit. So, I am just showing you the back of it now. You can see all this underlined text struck through and underlined. We are in the Standard Conditions section. This would have been removed text, newly added text, the standing text would not have been outlined.

CHAIR GILMORE: Got it.

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MS. KLEIN: And then here is the second extension of completion time.

CHAIR GILMORE: Got it.

MS. KLEIN: So, it is a stand-alone communication.

And the same is true for the Corrected Second Amendment,
the Third amendment and the Fourth Amendment.

CHAIR GILMORE: Great. Thank you, that was very helpful. And I thought I saw before you started sharing your screen that John had his hand up.

COMMISSIONER VASQUEZ: Yes, thank you. I am still a little confused about not having a timeline. I mean, Brent, you said that we assume there is a 30 day grace period, but how does the applicant know that?

MR. PLATER: So I should -- maybe I misspoke on the assumption. So the terms and conditions in the permit for a variety of reasons often aren't up to date, the most standard version that we have in our permitting department.

But the 30 days grace period, essentially, that we applied in this case for calculating penalties was to make it consonant with this process we have for -- this updated process we have for getting these assignment forms in. we were making it consistent with BCDC's existing practice by eliminating those extra 30 days of penalties when we made this penalty calculation. So there's a column in the Violation Report and Complaint that establishes that there were 136 days of violations, which -- and it spells out how it subtracts the 30 days following acquisition of the property, to help explicate that for you. And the record that we have had in the communications with the Respondents has also, we have been reflecting that throughout the entire process that this has been an ongoing concern, including the portion, the time period that we were trying to resolve it informally through the standardized fine process.

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CHAIR GILMORE: Can I just jump in here for a second?

COMMISSIONER VASQUEZ: Yes.

CHAIR GILMORE: I am not sure I heard the answer to John's question. I think he's talking about in the original instance, right, before the assignment is filed. Staff has this expectation that you are going to complete the assignment within 30 days. But how would the applicant know that or the new purchaser of the property? How would

they know that? Where would they find out that information?

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MR. PLATER: As I read our permits, and you know, I would appreciate direction on this, but as I read these terms, I read them as saying it is required immediately. As you are selling the property to another person you need to be processing these, these forms along with the sale and submitting them to BCDC. We don't read them as saying you have, the permit gives you an extra 30 days to do this or anything like that. It is required immediately, right.

Now, what we do provide when they come in to request the forms or to find out how they actually do this, is on those forms, we have a form that says, you know, submit the signature, the documentation, 30 days to do it, on that form. And so when we were -- none of that happened in this case. Like we were doing everything after the fact. And so to ensure we weren't providing additional penalties beyond what would have been imposed had they actually complied with the existing procedures that have these built in timeframes in them, we just subtracted 30 days from the total number of violations so we wouldn't have to argue about whether that was unduly penalizing the Respondents in this case to give them a similar kind of process.

So yes, that's how we read it. We read this term -- and I think that's similar with how we read most permit

terms. If there is no date specified it is due immediately, not whenever they want to get to it. Those are really the two options. And if it's -- and I think that's consistent with how we've read BCDC's permits from all kinds of terms and conditions that are -- that specify requirements without deadlines attached to them.

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MR. TRUJILLO: And I would like to add something to that explanation, if I may. Brent is 100 percent correct. But kind of moving on from that when it comes to this idea around this specific instance of violation. When it was determined that this was a violation, they didn't comply with at least the spirit of the permit, we sent out the 35 day letter. And the 35 day letter is just that, it gives Respondents notice that within 35 days they need to take corrective action to correct a violation of a permit, the law, what have you. And if you can do that within 35 days then you will not be charged a fine. So that letter was sent stating that very thing on October 8, 2021. It went into great detail as to what they needed to do to resolve this violation, to correct this problem that was identified, and they had 35 days as they, you know, it is built into the regulations as a grace period, I call it, to provide us that before fines even kicked in.

When they failed to do that within the 35 days they racked up a fine. A standard fine as outlined in the

letter but also outlined in the regulations. And when they failed or when they refused to pay that standardized fine then we had to issue the Violation Report and Complaint which essentially takes the matter out of the 35 day letter kind of territory, takes it out of standardized fine territory, and it now becomes part of a violation that we, like any other violation that is part of an order, where we apply the standard of, you know, laid out in the McAteer-Petris Act.

But in terms of notice, they had plenty of notice to get this done. They had a period of not just 30 but 35 days to resolve this. They didn't do it at the 35 days. When they finally did do it, it wasn't -- the fines hadn't maxed out. They had not provided -- and then they refused to pay the fine, sorry. They had racked up a fine of, as I had mentioned before, \$3,000 per violation, which is standard, because of the date that the violation was ultimately resolved, and they refused to pay that. And that's why we are here. Because when somebody refuses to pay a standardized fine we have to collect through an order. That's what this is.

22 CHAIR GILMORE: Okay.

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COMMISSIONER VASQUEZ: Thank you, Matthew.

24 CHAIR GILMORE: Rebecca.

COMMISSIONER EISEN: Okay, I just want to be clear in

understanding what Brent and Matthew just said. So the ownership on this property changed on July 21, 2021. So I think what you are saying, Brent, is that what we would expect is that this assignment be filed essentially then, July 21, 2021. And it wasn't and we ultimately sent a letter on October 8, 2021 saying, you have 35 days to get this permit assignment completed and this is what you need to put in it to make sure it is completed. And then in that 35 days following October 8, 2021 those documents were not filed.

MR. TRUJILLO: Correct.

COMMISSIONER EISEN: Since they were not filed within the 35 days we go back to where we could have filed, we could have started running the penalties, and that made the start date on the penalties 30 days after July 21, 2021 when the ownership changed. So on August 31 the penalties began to accrue because they didn't take advantage of the 35, you know, get out of jail free card that we gave them. Is that, is all of that accurate?

MR. TRUJILLO: Up to the point where I believe you said, we go back to. So how the standardized fines work is it's broken out into kind of spans of days. So at day 36, because 35 days is the grace period, at day 36 fines kick in. Between day 36 and say day, I think 60, there's a set fine. And then between 60 and 90 or 95 there's another set

fine. And then after 125 days then we are able to abandon the standardized fine process and take them forward. We did not do that. We gave them -- in fact we didn't have to because they were able to settle it all by January 3, which put them, I believe, in the 60 day range and that's how we assessed a fine of \$3,000 because that's what the regulation said. So we sent them a letter. Go ahead.

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COMMISSIONER EISEN: Just tell me what the start date is on the fine that we are assessing. What is the start date?

MS. KLEIN: Yes, 30 days after July 21, year 2021. So we -- one correction or adjustment I would make to how you phrased that last piece that you said, Commissioner Eisen, was that it is not that they accrued, it's that we were following the provisions of the law that outlines that there should be penalties for each day a violation occurs or persists. And we knocked off 30 days and started, and calculated the duration of that violation, at which we assessed, I believe, a daily penalty of \$40. Which, ironically, is possibly less than the per-day penalty for the standardized fines period but the duration is longer so the total comes out higher.

COMMISSIONER EISEN: So 8/31/2021 is the start date that we are calculating the penalties from?

MR. PLATER: I believe it's --

MS. KLEIN: Give or take a day. Sorry, Brent.

MR. PLATER: August 20, 2021, which is 30 days after July 21, 2021.

COMMISSIONER EISEN: Got it. Got it.

MR. PLATER: The date they acquired the property.

COMMISSIONER EISEN: Okay.

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CHAIR GILMORE: Ms. Blanchard.

MS. BLANCHARD: Yes. I appreciate the conversation and the attempts to clarify the facts. I'd like to just make a couple things clear that I've just looked up in the record. And by the way, I commiserate with you, Commissioners, on how confusing the timeline is because it was very confusing to Seaplane Investments in trying to comply.

One, there was an issue with Mr. Plater saying that these are implied requirements. As I am sure you know, Commissioners, it is unlawful to levy fines on implied requirements. But more importantly, the suggestion that Seaplane was not trying to comply in earnest or did not comply in earnest is not correct.

The October 28 submittal included a signed permit assignment form. To which I have in my records and can share this with you, Ms. Klein responded saying, you needed to provide the Operating Agreement as well. Which Mr. Sharp their previous counsel provided on November 1,

within the 35 day period. So if that was the big concern, it was complied with.

So then they asked -- they reviewed the Operating

Agreement it took them some time to do that, and then they

asked to have someone else sign the permit assignment form.

Which is BCDC's prerogative, but it is not something that

should be levied against Seaplane Investments, who was

trying to diligently comply.

In January we received emails to say everything was absolutely resolved.

And it was not until August, after the concern about the seaplane ramp, that we received a letter saying that standardized fines would now apply, when we thought they were completely resolved.

The other piece I want to add in here is this question about whether or not the appeal period closed. Even if they had been given adequate notice, which they had not, the word appeal was never included in the notifications.

Mr. Trujillo had called Mr. Sharp and asked him at the beginning of September, during this appeal period (gestured air quotes), to waive the hearing requirement to work out resolutions. So if you are a rational practitioner trying to defend your Respondent you might think, okay, great, we'll work out settlement. There's no reason to file some sort of reservation for an appeal here. It's very

understandable that nothing additional was filed because there was a request to waive the enforcement hearing where such rights would be adjudicated. These are just important facts that I want to make sure are in your consideration as we work through these things. But we are very happy to work out a statement of facts with BCDC staff that you can review, if that would be helpful.

CHAIR GILMORE: That would be very helpful. Okay. I get the sense, we are going to have to make a motion on this. One is to send the matter to staff for settlement talks. If that is not successful, then it comes back to us with exactly the record that we have today. And we have requested a mutual timeline and we want the issues of disagreement narrowed down and specific so we could, we could hone in on those specific issues. Did I leave anything out? John.

COMMISSIONER VASQUEZ: Is this one just for 5 or does it include 6?

CHAIR GILMORE: Yes, I am going to make, I am going to make the same motion for 6.

COMMISSIONER VASQUEZ: Okay.

CHAIR GILMORE: But I think I have to open the public hearing for that one.

24 COMMISSIONER VASQUEZ: Yes, all right.

CHAIR GILMORE: Rebecca.

COMMISSIONER EISEN: And I think it is also important for us to have some discussion on 6 because if we have the same motion for 6, I think it will be helpful to staff and Respondent to know what our issues are on 6 as well.

CHAIR GILMORE: Exactly, exactly. All right. So I guess I'll make that motion. Does somebody want to second it?

COMMISSIONER EISEN: (Raised hand).

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CHAIR GILMORE: Okay, Rebecca is seconding that. And we are going to have to take a roll call vote; so, Margie.

COMMISSIONER RANCHOD: Can someone recite the motion we are voting on?

THE REPORTER: Thank you, Commissioner Ranchod. This is the reporter. I was going to say, Madam Chair, could you try to be as concise as you can as to what your motion actually is? I know it's difficult but it would help me out tremendously, thank you.

CHAIR GILMORE: Okay. Sending the matter back to staff and Respondents to see if they can resolve the issues. If that fails, it comes back to us with exactly the evidence before us today. No new evidence. The parties are going to, I guess the word is negotiate or stipulate a timeline, and they are going to narrow down issues of disagreement.

THE REPORTER: And that motion was seconded by

Commissioner Eisen?

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2 CHAIR GILMORE: Yes.

COMMISSIONER VASQUEZ: Yes.

THE REPORTER: Thank you so much.

CHAIR GILMORE: Okay, Margie.

MS. MALAN: Commissioner Eisen?

COMMISSIONER EISEN: Yes.

MS. MALAN: Commissioner Vasquez?

COMMISSIONER VASQUEZ: Yes.

10 MS. MALAN: Commissioner Ranchod?

11 COMMISSIONER RANCHOD: Yes.

12 MS. MALAN: Chair Gilmore?

CHAIR GILMORE: Yes. Okay, thank you very much. That

hearing and a vote on a recommended enforcement decision to

14 was Item 5. All right.

Now we are on to Item number 6, which is a public

17 adopt a proposed Cease and Desist and Civil Penalty Order

18 CCD2023.002.00 to address the permit violations and

19 unauthorized development in the Bay and 100 foot shoreline

20 | band jurisdictions at 240-242 Redwood Highway Frontage

21 Road, Mill Valley, in Marin County. And vote whether to

22 adopt a recommended enforcement decision proposed by the

23 Executive Director, which includes a proposed Cease and

24 Desist and Civil Penalty Order to require remedial actions

25 at the site and payment of \$180,000 in administrative

liability.

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The record for this matter includes the Violation

Report and Complaint, Respondent's Statement of Defense,

the recommended Enforcement Decision and proposed Order and
all other items identified by BCDC Regulation 11370.

And just for the record, will the representative for the Respondent please identify yourself and your relationship to the Respondent. Thank you.

MS. BLANCHARD: Certainly. Good afternoon,

Commissioner Chair and Committee Members. This is Jillian

Blanchard with Rudder Law Group representing Seaplane

Investments, LLC for Item number 6. I also have with me

Lou Vasquez and Mali Richlen, two Managing Members of the

Seaplane Investments site.

CHAIR GILMORE: Okay, do we think that we can do the presentations in 15 minutes, Ms. Blanchard, for this one?

MS. BLANCHARD: I would love to tell you yes but there is a lot here as you might imagine. I can do my level best but there's a lot of contested issues to cover.

CHAIR GILMORE: Okay. Let's, let's start with 20.

Ms. Klein, you get 20 also. And I am going to ask you,
once again, both sides, to limit the presentations to the
evidence that is already made part of the enforcement
record and the policy implications of that evidence. I am
going to now invite Principal Enforcement Analyst Adrienne

Klein to give her presentation, which is going to summarize the Violation Report, the Complaint and recommended Enforcement Decision.

MS. MALAN: Chair Gilmore?

CHAIR GILMORE: Yes.

MS. MALAN: Pardon me, but Shari has her hand up.

CHAIR GILMORE: Oh, I'm sorry, I can't see it. Shari.

MS. POSNER: Hi, Chair Gilmore. I just wanted to make sure. We are now -- the meeting was scheduled for 1:00 to 3:00, we are at 3:15, and I am just concerned about whether

11 or not you will be able to have, complete what you are

12 trying to complete and not end up with half of a hearing.

13 I realize there could be a result that was similar to in

14 the first hearing. But nonetheless, I don't know if you

15 know how long your quorum will last, I guess is what I'm

16 asking?

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17 CHAIR GILMORE: That is a very good question. Does
18 anybody have -- Commission Members, Committee Members, I'm
19 sorry, does anybody have time limits?

20 COMMISSIONER VASQUEZ: This is John, I do, I have to leave at 4:00.

22 CHAIR GILMORE: Okay. Anybody else?

COMMISSIONER RANCHOD: I have a hard stop at 3:45, I'm

24 sorry.

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CHAIR GILMORE: Okay, so we will be losing quorum.

Shari, what do you suggest we do?

MS. POSNER: Again, I don't believe there is any really provision in the regulations for having half a hearing or continuing an open hearing. So I guess it is probably best to continue the hearing but I don't see why you couldn't do that with direction to -- whatever direction the body would like to give to the parties on when this matter comes back. It just seems to me that it would be very unlikely. It sounds like there could be close to an hour of presentations, and that doesn't even include questions, public comment and deliberations. So sorry about that.

CHAIR GILMORE: No, good point. We could continue this and have it come back to do what we just did with Item 5. Because I think it is going to be helpful for staff -- and see, this is difficult, though. Because if we continue this, staff, I think it will be difficult for both sides to enter into robust discussions because they will not have had our input on this. But maybe I'm wrong. Does the staff or the Respondent's attorney want to weigh in on that?

- MS. KLEIN: My presentation -- oh, apologies.
- 23 CHAIR GILMORE: No, go ahead.
- 24 MS. KLEIN: It should be no more than ten-ish minutes.
- 25 I just have to summarize the six violations, the defenses

and the rebuttals.

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CHAIR GILMORE: Ms. Blanchard? Oh, she already said she's -- okay, never mind. Brent.

MR. PLATER: I just do want to note that we have tried to resolve this once before so we have some sense of where the difficulties will lie in trying a second time. So, you know, I wouldn't say that I am particularly hopeful that the outcome would be any different but perhaps there will be a way in between that we can at least put together something that helps the Committee Members understand more precisely which issues are, in fact, contested and relevant to the arguments we are presenting to you.

CHAIR GILMORE: So I take that to mean that you are in favor of continuing this item to another date. Is that what I am hearing?

MR. PLATER: Well, of course I would prefer it to be resolved in our favor right now but what I am hearing is that's not an option --

CHAIR GILMORE: Correct.

MR. PLATER: -- because of the time limits on quorum. So given that we will potentially lose quorum, you know, we could schedule a follow-up, you know, with some time built in to try and build some clarity between the staff and the Respondent on the specific facts that we agree upon and try to isolate the issues more concretely for you.

CHAIR GILMORE: Well, I would suggest that you follow the blueprint that we laid out in the last item, you know, the consolidated timeline and agreed upon statement of facts. Ms. Blanchard.

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MS. BLANCHARD: Yes. I just want to flag for the record, I want to make sure that Seaplane Investments' rights are fairly adjudicated. I definitely hear the time constraints and respect that significantly and I appreciate you taking the time already. I don't feel as pessimistic as Mr. Plater about the opportunity to discuss with, particularly Mr. Scharff, some opportunities for settlement. I think if the Commissioners were able to give us some direction on certain things it might be helpful.

One in particular that we'd like some direction on because our complaint, as you'd hear, is really with respect to unauthorized fines. We have absolutely no problem with permit compliance, timelines for compliance, and everything that is required to bring that site into compliance. I just want that to be very, very clear. So if the direction from the Commission could be to staff that that is the focus, instead of potentially bankrupting a small company with unauthorized fines when they didn't commit any of these violations, that would absolutely move the needle and let us work towards a very clear opportunity for compliance that would protect Bay resources.

CHAIR GILMORE: That is a very lawyer-like statement. (Laughter.) I commend you. Matthew.

MR. TRUJILLO: Yes, just wanted to lend my support to, I guess, Brent's position, in that I think a continuance is best given the circumstances.

CHAIR GILMORE: Okay. Shari.

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MS. POSNER: I was just going to say, I think, Chair Gilmore, it would be helpful if, because we have sort of introduced the item so I think if you want to make a motion similar to the motion. I mean, I realize there may be more discussion. When the time comes in saying, there should be a motion.

CHAIR GILMORE: Yes, yes, I figured that. I am just trying to kind of get a sense of what staff wants and next steps before I make a motion. John.

COMMISSIONER VASQUEZ: This question is to Shari. We have started to discuss Item 6 but we haven't opened the public hearing yet, I don't think so.

CHAIR GILMORE: Not yet.

COMMISSIONER VASQUEZ: So can we continue this to another date, and maybe one before the whole group meets, again over all this? Say maybe next week if we, if we can find a time very quickly to hear it so that we have an opportunity to have a couple, well, the last one lasted a couple hours, to speak on this one. It is just a single

item itself.

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MS. POSNER: So I am going to try and unpack that, Commissioner Vasquez.

COMMISSIONER VASQUEZ: All right, thank you.

MS. POSNER: I think that we did introduce the item but I don't think that actual presentations have been made.

COMMISSIONER VASQUEZ: Correct.

MS. POSNER: There has been some, a little back and forth that one could say was argumentative by both sides, but I don't think that the presentations have been made. So I do think that if someone wanted to entertain a motion of some kind that would be a continuance, I think that we are not in the middle of the hearing proper and that really the public wouldn't have much to comment on, substantively speaking, because there haven't been presentations made.

In terms of timing, I personally can't, obviously, comment on/speak to that. But it sounds to me what you are saying is you would like to have the parties present and then provide some guidance and then have them -- I am trying to understand the process that you are envisioning, as opposed to giving them more time than a week. And I guess that's, again, up to the Committee. To me, I think that it's up -- however, you guys fashion it and whatever works for people's schedules and make sense to get the productive kind of result you would like.

COMMISSIONER VASQUEZ: Yes. We didn't give a time for 5. I am saying that we bring this one back for a scheduled meeting, just the item itself. We can then give our input. They have plenty of time then to do the presentation, we have plenty of time for discussion. And if, if the kinds of things we are looking for are similar to Item 5, we find that in Item 6, then staff and the Applicant have an opportunity to kind of work all that together. Rather than -- I'd rather push it off a little farther but I want to have this hearing as soon as possible so that there is some guidance to Item 6 itself like we did with Item 5. I hope that makes sense.

- MS. POSNER: Yes, I mean --
- 14 CHAIR GILMORE: Shari, you're muted.
- MS. POSNER: You are asking me from a procedural standpoint would that be an option?
- 17 COMMISSIONER VASQUEZ: Yes.

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- MS. POSNER: That would be an option. I think you

  just need to decide which option you are going to go down

  as a Committee.
- 21 COMMISSIONER VASQUEZ: Okay.
- 22 CHAIR GILMORE: Sanjay.
- COMMISSIONER RANCHOD: I believe we have the next
  Enforcement Committee hearing scheduled for June 8. I
  don't know if we can continue this to that agenda or if

there is a procedural hiccup with that, but that could be one option, it is not too far out. I think it also would give the parties some time to reconsider their positions on the open issues. And if, as it has been inferred, one of the big issues here to making further progress and resolving the items in this matter is, in fact, the penalty amount, in the context of confidential settlement discussions the parties can — the Respondent can provide more information about their financial status and I think staff can take into account the sense of the Committee here and the discussions we have had over the last two hours. But could somebody clarify whether that is an option procedurally to continue this hearing to the Eighth?

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MR. TRUJILLO: Yes, I can. But, Commissioner Eisen, if you would prefer to speak before I --

COMMISSIONER EISEN: The only thing I have to say is that I have already let Margie know that June 8 is probably not going to work for me because of some surgery. As long as we have a quorum I guess you could proceed without my input, although I would, you know, like, especially since I have heard everything so far, to be able to participate, if possible.

MR. TRUJILLO: So that's what I was going to say.

June 8, we have learned as of today, we don't have a

quorum. There is also the consideration of proper notice.

Now the regulations do say that notice of a further hearing can be given at this hearing. But in order to do that we would need a very specific date and time, otherwise we would be, we would have to send the notice in writing ten days prior to any hearing.

CHAIR GILMORE: Okay. Since June 8 we do not have a quorum, what about June 21? It is our next regularly -- the meeting after June 8.

MR. TRUJILLO: We do have a quorum for that date and we have two items on the agenda, both briefings, at least tentatively. We have to coordinate because -- sorry, those items were originally meant to go on the 8th, now we are looking at putting them on the 21st, but we could probably push those off if need be.

CHAIR GILMORE: Okay. So let's do this. Let us continue this item, this is Item number 6, to our June 21st meeting. John, you're --

COMMISSIONER VASQUEZ: Is that a motion?

19 CHAIR GILMORE: Yes, that will be a motion.

COMMISSIONER VASQUEZ: I'll second it.

21 CHAIR GILMORE: Okay, motion by Gilmore, seconded by

Vasquez. We will need a roll call vote for this.

MS. MALAN: Commissioner Eisen?

THE REPORTER: Madam Chair?

25 CHAIR GILMORE: Yes.

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THE REPORTER: I have two dates here. I heard June 24th and then you just mentioned June 21st. I am not clear on that.

CHAIR GILMORE: It is June 21st. If I said the 24th I misspoke because that's a Saturday and none of us are going to be here on Saturday.

THE REPORTER: Okay, thank you.

COMMISSIONER EISEN: And is that a 9:30 or a 1:00

o'clock meeting?

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MR. TRUJILLO: That is the 9:30 regularly scheduled meeting.

CHAIR GILMORE: Thank you for that. So the motion is to continue this item to June 21st at our regularly scheduled time of 9:30. And that was my motion.

15 COMMISSIONER VASQUEZ: And that was my second.

16 CHAIR GILMORE: Yes. And Commissioner Vasquez
17 seconded.

So, Margie, can you call the roll, please?

MS. MALAN: Commissioner Eisen?

20 COMMISSIONER EISEN: Yes.

21 MS. MALAN: Commissioner Vasquez?

22 COMMISSIONER VASQUEZ: Yes.

23 MS. MALAN: Commissioner Ranchod?

24 COMMISSIONER RANCHOD: Yes.

MS. MALAN: Chair Gilmore?

1 CHAIR GILMORE: Yes. 2 Okay, so we have officially continued this item. 3 right, so that is it for us today. I want to just thank 4 staff and Respondent's counsel. The record on this is 5 voluminous. I think everybody did their best to make it as 6 coherent as possible. I just want to thank all of you for your efforts and we will see you on the 21st. 8 Let's see. I need a motion and a second to adjourn 9 the meeting. COMMISSIONER RANCHOD: So moved. 10 11 COMMISSIONER EISEN: Vasquez --12 CHAIR GILMORE: Vasquez moves, Eisen seconds. All in 13 favor. 14 (Show of hands and ayes.) 15 CHAIR GILMORE: Motion carries unanimously. Thank 16 you, everyone. We are now adjourned. 17 (Thereupon, the Enforcement Committee meeting was 18 adjourned at 3:29 p.m.) 19 --000--

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## CERTIFICATE OF REPORTER

I, JOHN COTA, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing San Francisco Bay Conservation and Development Commission Enforcement Committee meeting and that it was thereafter transcribed.

I further certify that I am not of counsel or attorney for any of the parties to said Committee meeting, or in any way interested in the outcome of said matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of June, 2023.

\_ ′

JOHN COTA

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I, RAMONA COTA, a Certified Electronic Reporter and Transcriber, certify that the foregoing is a correct transcript, to the best of my ability, from the electronic recording of the proceedings in the above-entitled matter.

June 12, 2023

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