

BY RON CHAN/THE CHRONICLE

*Boats + Buidy*

# Sailing's Rough Voyage

11-2-87 CHRON

*Down but not out,  
Northern California  
yacht builders work  
toward better times*

BY KIMBALL LIVINGSTON

**B**oatbuilding in a consumer society has its ups and downs. In Northern California — and especially in Santa Cruz — it's been a real roller coaster ride.

In the boom years of the 1970s, there were new boats, new products and few losers. Sailing ranks were swollen with first-time buyers.

But in the 1980s, more than one builder has demonstrated that the more boats you build, the more money you lose.

Pacific Boats, founded in 1978 by three former employees of boatbuilder Bill Lee, had a reported \$750,000 in orders in July yet had no money to meet its payroll. The company was taken over by principal creditors and is building again as Olson Boats with less space, fewer staff and suppliers who have learned to get their money up front.

North Coast Yachts, "had its biggest year in 1980," recalls Kim Desenberg. "About \$500,000. We also had our biggest losses. Now we've stopped building — not that we've sworn off, we can still take orders. But right now we're painting and repairing and finishing boats and trying to dig ourselves out of the hole we got into when we were in the boatbuilding business."

The largest builder in Northern California, Alsberg Brothers Boatworks, had been averaging a spectacular 106 percent annual growth, according to Terry Alsberg.

The company had produced a national magazine's "boat of the year." Then they came up short on a choke-chain of short-term debt. The company filed for Chapter 11 in July, found new financing and re-emerged as Express Boats with its creditors (including the IRS) asked to be patient for three years or so.

There's been enough bad news to make a person wonder if Northern California boatbuilding had been KO'd.

But the truth is that the boatbuilders are hunkered down, taking their losses and cutting losses. A few have found other staples. Most simply keep on doing what they know how to do, and love to do, which is build boats.

This is an industry that is notoriously

unbusinesslike, populated by people who get a kick out of sailing and creating the machines. But boats are primarily purchased as objects of love, and it's worthwhile to get them from loving hands. Of course, loving hands have to eat, too.

Sailboat sales have slowed nationwide. The National Marine Manufacturer's Association figures for 1986 showed 37,200 large and small sailboats sold that year versus 446,000 motorboats (including small outboards and the like). The booming 1970s left a wide selection of used boats on the market, and many 1987 buyers opt for the larger used boat over a new one. Builders are challenged from all sides.

"Labor's high," says Jim Gannon. "Rents are high. That's why you keep moving away from populated areas."

Gannon moved from the Bay Area to Rancho Cordoba, near Sacramento, two years ago and created American River Boatworks. He continues to produce a small number of Freya 39 cruising sloops, whose interiors are finished by a company in Washington.

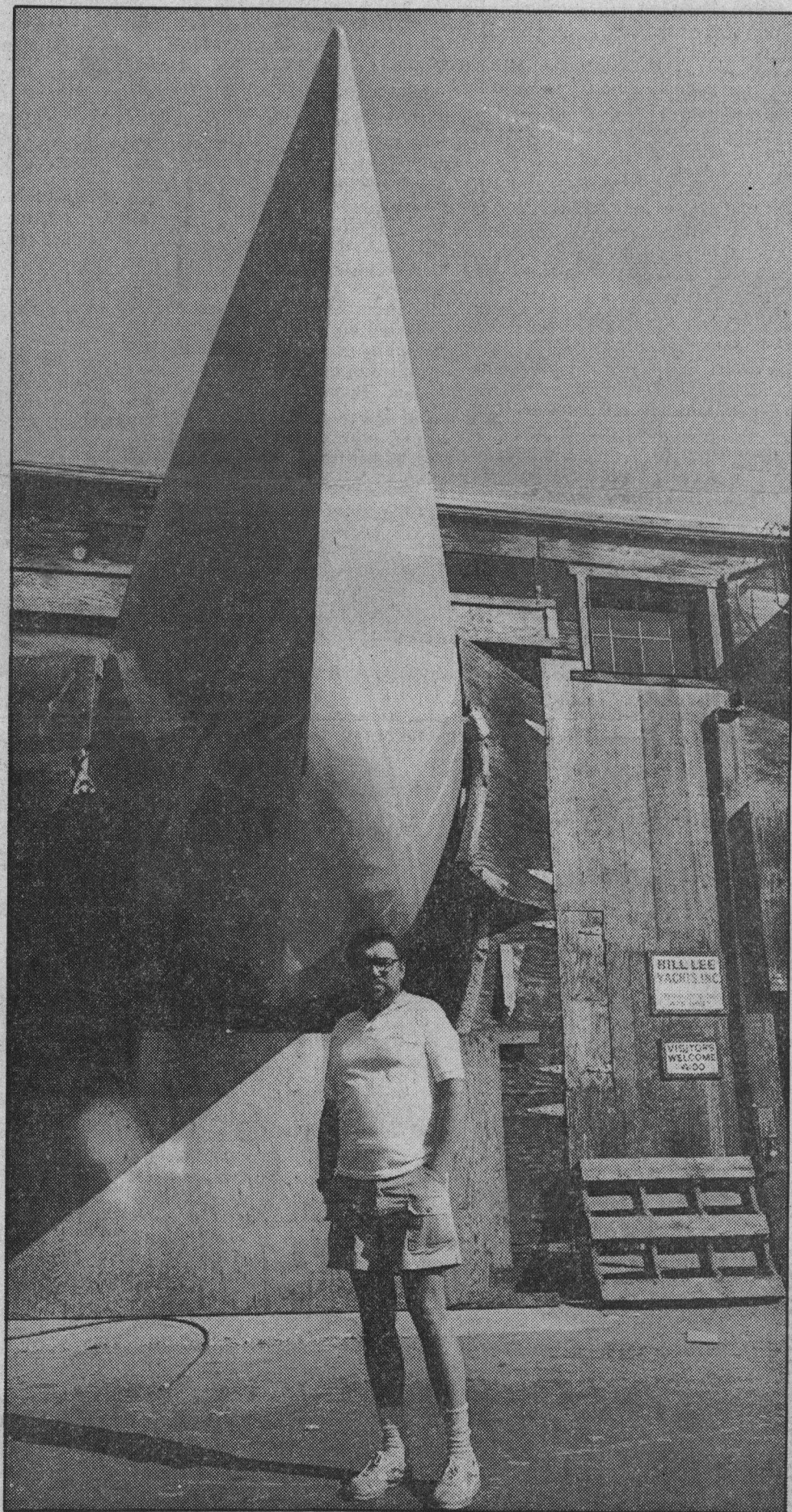
Designer Tom Wylie, whose boats were once made in Alameda by North Coast, now lives in Canyon. Wylie Boats, Inc. is close to finishing its first two boats through subcontractors. A 46-foot hull was built in Southern California, and the deck in Alameda.

Down in once-hot Santa Cruz, Ron Moore continues to build in fiberglass, but not for boats.

Moore, after turning out 154 Moore 24s (and five Moore 30s, which nearly ruined him on tooling costs), now produces aerodynamic add-ons for big rigs and Porsches. Moore said, "People used to point a finger at us for poor marketing and old production techniques. When things slowed down, they said that was our problem. But actually, I was an indicator."

These are the "new generation" builders who entered the game after the invention of deficit financing and the fiberglass production line.

More traditional builders such as Stone Boat Yard in Alameda rely on their repair



BY BRYAN MOSS/THE CHRONICLE

Boatbuilder Bill Lee stands in front of his factory in Aptos

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# Boatbuilders Try to Stay Afloat

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business for bread and butter. Stone's, however, is actively looking for wooden boat orders and is in the half-model stage with an order for an 80-foot schooner.

Elsewhere, boats are being modeled on computers, but, "we're better equipped to do things in a traditional way here," says the yard's new owner Bill Bodle. "We have a lot of old equipment and people who have been working with it a long time."

Sanford & Wood, in Richmond, has built in steel and wood, but also depends on repairs.

However, it's not the traditional builders or even the Bay Area

builders who've set the regional character of Northern California boatbuilding. The lusty, loose, free thinkers of Santa Cruz did that.

Santa Cruz is the birthplace of the ULDB, the ultralight displacement boat. "Fast is fun" was the theme as a network of Santa Cruz designers and builders developed one boat after another that flew in the face of tradition. And on the ocean, just flew.

Defined by a combination of light weight and "flat" planing surfaces aft, a ULDB comes into its own when the wind and waves are behind. Then it skims like a surfboard, blowing white water out the sides and averaging speeds previously unheard of. The handicap rules

punished them, but sailors liked to sail them, and rules are made to be broken.

The 1970s were the heyday in Santa Cruz. Moore, who, "grew up with hot rods and black music," could roll around town in his baseball cap with the gold wings and be in safe company. Everybody was laid back.

By the summer of '87, however, "they were trying to get away from ULDBs," says Buzz Ballenger. "Like any concept, it gets old."

Ballenger's mastmaking company supplied the building boom and the replacement market, grossing about \$500,000 annually. As a supplier to Pacific Boatworks, Ballenger became one of its biggest creditors, along with resin supplier Doug Austin. Now they own it, debt-free after bankruptcy proceedings, and, "It's worth a try."

Terry Alsberg, who also started with ULDBs, was steering into other markets. With his authentic counterculture credentials, a full head of curly hair and the largest — and most troubled — boatbuilding business in Northern California, Alsberg has taken the full ride. He figures his \$3 million dollar a year company is, "probably as big as all of Santa Cruz at its peak."

Alsberg, who once worked for Moore, has built 116 of the incredibly quick Express 27 ULDBs since the Carl Schumacher-designed prototype was launched in 1981. He has built 59 of the non-ULDB Express 37s that have opened a market "70 percent east of the Mississippi."

Through good times and bad, one thing that's never been in question is the quality of the product. Santa Cruz builders pride themselves on solid work, and Alsberg's standards are right up there.

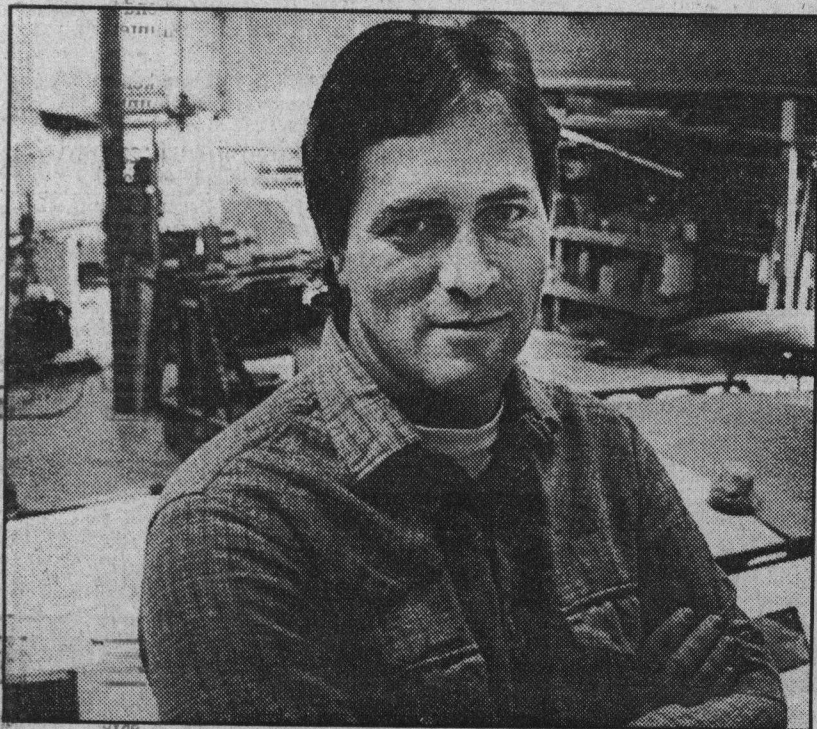
plained. "They don't go away. All the SC 27s we built 10 years ago are still around. There's no replacement market. Unless you have an expanding group of new owners, it doesn't take very many boats to keep the system working."

From their ULDB origins, Lee has seen "both Olson and Alsberg coming closer to a national average-type boat, and the national average coming closer to them."

In some of his SC 70s, Lee compromised downwind speed for better all-around performance. He isn't blindly holding to formulas of the past. The emphasis, however, is still on fast, on a machine that can set records.

"We're still out in left field somewhere," he said, "which is where we want to be."

— Kimball Livingston



BY BRYAN MOSS/THE CHRONICLE

Terry Alsberg, an owner of Express Boats in Santa Cruz

## The Creator of the 'Santa Cruz' Look

Bill Lee did not invent the Santa Cruz scene or the ultralight displacement boat. But for the outside world, he's come to represent Santa Cruz: creed, cult and style.

In 1977, Lee wore a magician's outfit to launch the first big ultralight — the 67-foot Merlin — then backed up the image by setting a Transpacific Yacht Race record with the boat. That record still stands.

Lee, who is likely to show up for work in Bermuda shorts and red socks, is neither a hippy sailor nor a blue-blazer yachtsman. He's gone his own way, always with an air of mischief that belies his steady output of ideas. He's satisfied now that, "I've had fun, built some good boats, and haven't ended up in Chapter 11."

Lee's 10,000 square-foot, chicken-coop-like company building,

high on a hill in Soquel has been busy turning out boats since 1973. The atmosphere is a far cry from the factories in the flats, where Express and Olson boats are manufactured.

Lee's shop really was a chicken coop — once. Rent is cheap, the mood is easy, and there's a big, sunny wood deck with chairs and flowers. No fancy chairs. Nothing you can hurt if there's a splotch of resin on your pants.

Lee, however, went for the big boat market, and it's kept him alive. While 30-footers are tough to sell, there's a steady, small market for 50 and 70-foot boats.

In 1974 Lee started a production run of 140 Santa Cruz 27s. When sales slowed, he sold the tooling.

"Boats aren't like cars," he ex-

## NORTHERN CALIFORNIA BOATBUILDERS

### A CONDENSED HISTORY

■ **Alsberg Brothers Boatworks** — Santa Cruz. Started 1981. Claims \$2.8 million in 1986. Reorganized under Chapter 11 in 1987. Now operating as Express Boats.

■ **American River Boatworks** — Rancho Cordoba. Started 1985, continuing owner's former lines; since then built two Sonoma 30s and three unfinished kits for Freya 39s.

■ **Bill Lee Yachts** — Soquel. Founded 1973. Has built record-setting custom boats, 140 Santa Cruz 27s, 12 SC 40s, 28 SC 50s and eight SC 70s. One 50 and one 70 currently in production.

■ **C&B Marine** — Watsonville. Started 1973. Formerly in Santa Cruz. Formerly builders of custom wood boats, also eight Tiffany Jane cruisers in fiberglass. Out of sailboats. Now developing a prototype sportfisher.

■ **Millimeter Marine** — San Rafael. Founded 1983. Built 327 miniature, one-person replicas of America's Cup racers. No building now in San Rafael. Continued production through an East Coast licensee.

■ **Moore Sailboats** — Santa Cruz. Started 1966. Produced 40 Moore 24s in 1981, one in 1987.

■ **North Coast Yachts** — Alameda. Under present owner since 1978. Has built two Hawkfarms, 16 Wylie 34s and 63 Wabbits. Built three Wabbits in 1986, no boats in 1987.

■ **Olson Boats** — Santa Cruz. Formerly Pacific Boatworks. Founded 1978. Filed Chapter 7, was turned over to creditors in 1987.

■ **Performance Sailcraft, Inc.** — San Rafael. Founded 1970. Built 11,000 Lasers and 299 J-24s. Shut down 1981.

■ **Sanford & Wood** — Richmond. Founded 1981. Builds a small number of custom boats in steel and cold molded wood.

■ **Stone Boat Yard** — Alameda. Founded 1953. Builder of many wood yachts. None recently. One on order.

■ **Wylie Yachts** — Canyon. Founded 1987. Subcontracting orders for custom boats. Two in 1987.

— Kimball Livingston

## ■ FISHING

### Drought Forces the Closure Of Some North Coast Streams

Fall is the time of year when salmon and steelhead trout return to their home streams. They gather offshore, traveling in close, until their delicate olfactory senses detect the precise chemical mix of the outflowing waters of their home streams.

Then they seek to swim upstream. This year, however, due to months of drought and late winter rains, the streams are not yet ready to receive them.

On October 15, the mainstem Eel River was supposed to be flowing at 300 cubic feet per second (cfs). Only 100 was recorded, forcing officials to close the river to all fishing from the Van Duzen down to the mouth.

The problem with low flows is that salmon and steelhead are unable to move upriver to spawn, and they crowd in pools downstream, waiting for more rain to fall. This makes the fish vulnerable to both legal and illegal fishing.

At midnight last Saturday, the following stretches of North Coast streams were scheduled to join the Eel in closure:

■ Van Duzen — from river mouth to Highway 36 bridge

■ Mad — from mouth to North Fork Mad.

■ Mattole — from mouth to Honeydew Creek.

■ Redwood Creek — from mouth to Prairie Creek.

■ Smith — Mainstem, from mouth to Patrick Creek; South Fork, from mouth to Jones Creek; North Fork, from mouth to Stoney Creek.

The closures mean no fishing at all is permitted for any species, and anyone so much as wetting a line will be subject to apprehension by Department of Fish & Game wardens.

For an up-to-date report, call this recorded message at the Fish & Game office in Eureka, (707) 442-9033.

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