



Special Closed / Regular Public Session of September 27, 2011

## SANTA CRUZ HARBOR

*Gateway to the Monterey Bay  
National Marine Sanctuary*

**Santa Cruz Port Commission**

### **MINUTES**

#### *Members Present:*

Reed Geisreiter	Chairman	Toby Goddard	Commissioner
Dennis Smith	Vice-chairman	Jeff Martin	Commissioner
Bill Lee	Commissioner		

Chairman Geisreiter brought the special open portion of the closed session to order at 5:30 pm at the Harbor Office Conference Room, 135 5<sup>th</sup> Avenue, Santa Cruz, CA 95062.

#### **Special Public Session**

1. Oral Communication (No discussion during oral communication)
2. Announcement of Closed Session Pursuant to Government Code (Ralph M. Brown Act) Section 54957.6

Chairman Geisreiter announced that the Commission will meet in closed session to discuss agenda item # 3 (listed below).

#### **Special Closed Session**

3. Conference with Labor Negotiators  
Agency Designated Representatives: L. Ekers and T. Davis  
Employee Organization: Operating Engineers Local #3

#### **Special Public Session**

4. Action and Vote Disclosure after Closed Session Pursuant to Government Code (Ralph M. Brown Act) Section 54957.1

In open session, Chairman Geisreiter announced that the Commission took no reportable action in closed session on item #3.

Chairman Geisreiter adjourned the special open portion of the closed session at 6:50 pm.

#### **Regular Public Session**

Chairman Geisreiter brought the regular public session to order at 7:00 pm at the Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA 95062.

5. Pledge of Allegiance

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### 6. Oral Communication

Discussion: Dave Harrison, Local No. 3 Operating Engineers representative, spoke on behalf of the former dredge crew. Mr. Harrison read a petition that was circulated over the last month in support of fair labor negotiations between the District and the dredge crew. The petition generated 577 signatures. Mr. Harrison gave the signed petition to Chairman Geisreiter.

### CONSENT AGENDA

Vice-chairman Smith asked if the contract expiration date for items # 8 and #9 is June 30, 2012. Harbormaster Izenstark confirmed that if approved, both contracts will expire June 30, 2012.

Port Director Ekers requested that item #10 – Approval of Notice of Completion for Emergency Piling and Pile Replacement Project be pulled from the consent agenda.

Commissioner Goddard requested that item #11 – Approval of Notice of Completion for Emergency Replacement of U-dock be pulled from the consent agenda.

7. Approval of Minutes
  - a) Special Public and Public Portion of Closed Session of August 8, 2011
  - b) Regular Public and Public Portion of Closed Session of August 23, 2011
8. Approval of Resolution 11-11 – Authorizing the Port Director to Execute Documents Accepting a \$10,000 Vessel Turn-In Program Grant from the Department of Boating and Waterways.
9. Approval of Resolution 11-12 – Authorizing the Port Director to Execute Documents Accepting a \$12,500 Abandoned Watercraft Abatement Fund Grant from the Department of Boating and Waterways.
10. Approval of Notice of Completion for Emergency Piling and Pile Replacement Project (See “Regular Agenda” below)
11. Approval of Notice of Completion for Emergency Replacement of U-dock (See “Regular Agenda” below)
12. Denial of Claim – E. Grant (\$7,000)

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Martin to approve consent agenda items 7a, 7b, 8, 9, and 12.  
- *Motion carried unanimously.*

### REGULAR AGENDA

10. Approval of Notice of Completion for Emergency Piling and Pile Replacement Project

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Discussion: Port Director Ekers reported that in addition to approving a Notice of Completion, Associated Pacific Constructors, Inc. has requested a reduction in retention of funds from 10% to 5%. She explained that granting a reduction in retention is permitted under Public Contract Code, with proper approval from the Commission.

Port Director Ekers stated that \$72,000 is being held and Associated Pacific Constructors, Inc. has requested 5%, which would amount to approximately \$36,000 being released.

MOTION: Motion made by Commissioner Lee, seconded by Vice-chairman Smith to Approve the Notice of Completion for Emergency Piling and Pile Replacement Project, with an amendment to authorize a reduction in retention from 10% to 5%.  
- *Motion carried unanimously.*

11. Approval of Notice of Completion for Emergency Replacement of U-dock

Discussion: Commissioner Goddard noted that the reimbursement rate for U-dock appears to bring the District's cost share to more than 6.25%. He asked whether some costs are ineligible for reimbursement. Port Director Ekers and Port Engineer Hopper noted that there is 10% retention, and possibly some costs related to re-decking the brow pier that are the District's.

Administrative Services Manager Olin explained that two reimbursement requests have been submitted to date. She stated it's possible that the staff report is only referring to the most recent request and may not accurately reflect the total eligible reimbursements for this project.

Port Director Ekers stated that the information will be reviewed and an updated report will be given to the Commission.

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Lee to Approve the Notice of Completion for Emergency Replacement of U-dock.  
- *Motion carried unanimously.*

13. Approval of Resolution 11-13 – Authorizing the Port Director to Execute Loan Documents with the Department of Boating and Waterways for Tsunami-Related Improvements

Discussion: Port Director Ekers stated that in August, the Department of Boating and Waterways (DBAW) authorized the conversion of the District's \$2.5 million north harbor dock rebuild loan into an emergency loan to be used at the District's discretion for tsunami-related repairs.

Port Director Ekers reviewed loan summary and cash flow projections prepared by DBAW, which estimate District revenue and expenditures. She explained that the proforma is based on waiving the Port District's debt

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service by deferring payments this year. Port Director Ekers reported that \$1.1 million was budgeted this year for DBAW debt service payments. She explained that a decision will need to be made on whether to make the full payment, a partial payment, or defer payments this year. DBAW will adjust the spreadsheet accordingly.

Commissioner Goddard expressed his appreciation to staff for securing this loan. He stated that this funding will be essential for the rebuilding process and will assist the District if any cash flow issues arise.

Chairman Geisreiter agreed, but noted that in accepting this loan the District is modifying its indebtedness and the Commission does not yet have all of the details. He suggested that staff report back by providing a copy of the loan documents in a future public session packet. A discussion ensued about whether the Business-Finance Committee should be convened to review the documents. Chairman Geisreiter expressed his opinion that the Commission should approve the Resolution, with the caveat that loan documents are subject to committee review prior to execution.

**MOTION:** Motion made by Commissioner Martin, seconded by Vice-chairman Smith to approve Resolution 11-13, and instruct staff not to execute loan documents pending a review of loan documents by the Business-Finance Committee.  
- *Motion carried unanimously.*

### 14. Authorize the Port Director to Execute Services Agreement for Legal Representation (NTE \$50,000 annually)

**Discussion:** Port Director Ekers explained that the firm Burke, Williams, and Sorenson, LLP, has been representing the Port District since August 2010, at which time a \$25,000 contract for services was executed, under the authority of the Port Director. She explained that another \$25,000 contract for services could be executed to continue service; however obtaining Commission approval for a larger contract amount is more desirable.

Port Director Ekers explained that the District is not obligated to expend the entire \$50,000, but will only pay for services rendered. Port Director Ekers stated that over the last year there has been an increase in need for legal services to assist with personnel issues, review of tsunami-related contracts, complicated lease documents and labor negotiations. She stated that some of these costs are eligible for reimbursement by FEMA.

Commissioner Goddard asked if there is an expiration date for this contract. Port Director Ekers stated that a specific ending date is not stated, however the contract can remain in effect until the contract amount is amended, exhausted, or the relationship between the parties is ended.

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Commissioner Goddard requested that staff provide the Commission with a review of the District's financial standing of mid year. Port Director Ekers stated that a mid-year review will be provided.

Chairman Geisreiter stated that a correction on page 53 of the contract document needs to be made. He stated that the document should read Santa Cruz Port District, instead of Santa Cruz Harbor.

MOTION: Motion made by Vice-chairman Smith, seconded by Commissioner Lee to authorize the Port Director to execute services agreement for legal representation (NTE \$50,000 annually).  
- *Motion carried unanimously.*

15. Authorize the Port Commission Chairman to Send a Veto Request Letter to Governor Jerry Brown Regarding Senate Bill 293

Discussion: Port Director Ekers informed the Commission that this letter is being drafted at the request of California Special Districts Association (CSDA), in an attempt to have Governor Brown veto Senate Bill 293, which would decrease retention limits from 10% to 5%. She explained that lowering the retention rate would bind the District on smaller projects, and eliminate flexibility, leading her to support the veto.

MOTION: Motion made by Commissioner Lee, seconded by Vice-chairman Smith to authorize the Port Commission Chairman to send a veto request letter to Governor Jerry Brown regarding Senate Bill 293.  
- *Motion carried unanimously.*

16. Approval of Cash / Payroll Disbursements – August 2011

Discussion: Commissioner Goddard asked if warrant # 34867 – “Legal Consultation” is a recoverable cost from the tenant. Port Director Ekers explained that because the lease documents were reviewed by counsel at the request of the District, the costs are not the tenant's responsibility.

MOTION: Motion made by Commissioner Martin, seconded by Commissioner Goddard to approve the cash / payroll disbursements for August 2011, in the amount of \$641,714.30  
- *Motion carried unanimously.*

17. Port Director's Report

Port Director Ekers reported as follows:

Comerica Loan - A \$500,000 draw on the Comerica line-of-credit was made to make payments to Bellingham Marine and Associated Pacific Constructors.

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Fuel Line Repairs- The County of Santa Cruz is requiring the District make necessary repairs to the underground fuel lines. The County has given the District until March to make the repairs. Estimated cost for the project is approximately \$110,000.

Electrical Service to West Jetty- Electrical service running the length of the west jetty, servicing the lighthouse was torn off of the concrete slabs during the last episode of high surf. Facilities Manager Fouts has obtained quotes that range from \$21,000 to \$50,000 for repairs. He is researching responsibility for the electrical service with the Coast Guard.

### 18. Harbormaster's Report

Harbormaster Izenstark reported as follows:

Crow's Nest Breakfast- The Crow's Nest Restaurant is now open for breakfast.

Chairman Geisreiter asked if there has been any feedback from other harbor concessionaires regarding service hours or parking. Harbormaster Izenstark reported that he has not heard from any tenants. Port Director Ekers stated that one other harbor concessionaire expressed support of the breakfast venture.

### 19. Facilities Report

Discussion: On behalf of members of the rowing club at the rowing facility at FF-dock, Commissioner Goddard asked Facilities Manager Fouts if the missing piling that is located near the outflow will be replaced. Facilities Manager Fouts stated that the pile will most likely be replaced and one additional pile will be added.

### 20. Port Engineer's Report

Port Engineer Hopper reported as follows:

V-dock Demolition- Demolition of V-1 finger has begun. The dock itself is approximately 80% demolished. He reported that a trip to Paso Robles is planned to tour the construction yard where the docks are being assembled.

Fishery Dock- Vice-chairman Smith asked if any progress is being made on the fishery dock. Port Engineer Hopper stated that TranSystems is moving forward with designs.

21. Delinquent Accounts over 90 and 120 Days – (There was no discussion on this agenda item).
22. Comparative Seasonal Revenue Graphs – (There was no discussion on this agenda item).
23. Crime/ Incident / Citation Report (August 2011) – (There was no discussion on this agenda item).
24. Written Correspondence – (There was no discussion on this agenda item).
  - a) Letter from J. Curland to Port Director Ekers
  - b) Email from M. Sherwood, to Port District Staff

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c) Letter from M. Cubillas, Big Brothers Big Sisters, to Port Commission

25. Port Commission Review Calendar – (There was no discussion on this agenda item).

26. Follow-Up Items – (There was no discussion on this agenda item).

Chairman Geisreiter adjourned the regular public session at 7:52 PM.

APPROVED:

A handwritten signature in cursive script, appearing to read "Reed Geisreiter", is written above a horizontal line.

Reed Geisreiter, Chairman