

Regular Public Session of January 25, 2011

SANTA CRUZ HARBOR Santa Cruz Port Commission
Gateway to the Monterey Bay
National Marine Sanctuary
MINUTES

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

REGULAR PUBLIC SESSION

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

1. Pledge of Allegiance
2. Oral Communication

Discussion: Chairman Geisreiter announced that Operating Engineers Local #3 representative, Dave Harrison, would like to speak during "Oral Communication," but he is running late. Chairman Geisreiter announced that time will be afforded to Mr. Harrison later in the meeting for this purpose. Chairman Geisreiter opened the meeting for public input.

Harbor dredge crew member Mark Wallin commented on the letter harbor staff received from Port Director Ekers a couple of weeks ago, which addressed staff's proposal for solving budgetary problems without raising slip fees. Mr. Wallin stated that the proposal to layoff maintenance and operations staff comes at a time when many entities are looking at cheap labor as a way to save money. He expressed his belief that such a move is not only troublesome for the families involved, but in the end may cost the District more and reduce the quality of service on work that needs to be done.

Commissioner Goddard complimented maintenance staff on a job well done completing "G" dock.

3. Written Correspondence
 - a) E-mail from L. Arrott, Scripps, to Port Commission
 - b) Letter from R. Stokes, Pajaro Valley Fire District, to Port Commission

Discussion: Port Director Ekers reported that she cast a vote on behalf of the District for LAFCO candidate, R. Stokes.

CONSENT AGENDA

4. Approval of Minutes
 - a) Special Public / Closed Session of December 14, 2010

MOTION: Motion made by Commissioner Goddard, seconded by Vice-chairman Smith, to approve the minutes of the special public and public portion of the closed session of December 14, 2010.
- Motion carried. Commissioners Geisreiter, Smith, Lee and Goddard voting YES;
Commissioner Martin ABSTAINED.

PRESENTATIONS

5. Presentation by the University of California Santa Cruz Sailing Program

Discussion: UCSC's Office of Physical Education, Recreation and Sports (OPERS) Executive Director Ryan Andrews and boating program coordinator Rusty Kignon gave a joint presentation on UCSC's boating program and budget. Student fees and class registration fees provide the bulk of program funding. Mr. Andrews reported that all programs at the university have experienced significant budget cuts and more are expected. He explained that while the program has run deficits in the past, they recently ended the year with a surplus of \$4,275. Mr. Andrews added that because the boating program is a community resource, they strive to maintain low fees and promote diversity.

In response to a question posed by Vice-chairman Smith, Mr. Kignon reported that fees range from \$50-\$60 for the dinghy/keelboat classes and summer programs range from \$160-\$200. Mr. Kignon stated they have worked to ensure the program is a success and not running deficits, because the boating program is just a line item on the university's overall budget.

Commissioner Goddard commented that he appreciates the partnership the harbor and boating program have shared, noting UCSC brings much activity to the harbor. He suggested that a link to UCSC's program be added to the harbor's website.

Commissioner Martin asked Mr. Kignon if it might be helpful for the Port Commission to write a letter of support to UCSC Administration, to show how much the boating program is appreciated. Mr. Kignon responded that a letter would be much appreciated.

6. Sea Scouts Bi-Annual Update

Discussion: Jim Bosso reported on the Sea Scouts' activities over the past 6 months. He reported that 18 new members bring the total participants in the program to 26.

2. Oral Communication *(Continued from Item #2 above)*

Discussion: Operating Engineers Local #3 dredging representative Dave Harrison discussed last year's labor negotiations and distributed a handout which roughly analyzes what he estimates are the District's cost for hiring a professional labor negotiator. Mr. Harrison estimated that if the District had agreed to the proposed \$1.32/hr increase for the crew last year, the cost to the District would have been approximately \$10,500, versus the \$17,500 spent for the negotiator. Mr. Harrison commented that the attorneys were the only winners, with the crew and the District both losing in the end.

Port Director Ekers responded that the figures culled from the monthly warrants do not reflect the cost of labor negotiations only, and that the cost related to labor negotiations was nowhere near the \$17,000 figure cited by Mr. Harrison. She added that there is also overhead on any labor increase which must be factored in, and explained that the Port District is looking at the sustainability of its operational costs to ensure that the District isn't simply squeaking by in the future.

REGULAR AGENDA

7. Approval of Rate Increase for Slip Licensee Parking Permits

Discussion: Harbormaster Izenstark reviewed past procedures and rate structures for slip licensee parking, and staff's proposal to increase fees for additional licensee parking permits and create a two-tiered fee structure, to ensure parking is preserved for customers. He reviewed the statistics included in the staff report, noting that of the 476 additional parking permits sold last year, 277 were not documented to any slip holder's account.

Harbormaster Izenstark discussed parking demand and impacts, reporting that the outrigger clubs, with 6 to 7 people per vessel, do impact parking in the southeast harbor area, and noted it is not uncommon for rack spaces to piggyback boat storage, paying a relatively low rate compared to slip space, while still getting the same privileges.

Pamela Myers, president of the outrigger canoe club, expressed concern that this is a new issue for them – canoe club members had understood they could purchase permits without restriction. Ms. Myers stated that with the high demand for parking in the harbor during the summer, it would be extremely difficult for club members to park without a permit. She stated that while an increase to \$50 per permit may be acceptable, she feels that the \$100 proposed is outrageous.

Eileen Sundet expressed concern that the proposed fee increase would triple parking permit costs and provide nothing in return. She noted that there are numerous vacancies in the north harbor, and plenty of parking, so an increase to \$100 per parking permit does not seem justified.

Commissioner Martin suggested that perhaps permit sales should be restricted to vehicles registered in slip renter's name only.

Vice-chairman Smith commented that he is a proponent of the parking placards which were formerly used, and suggested that with less leniency in voiding citations, placards could still work. Harbormaster Izenstark explained that affixing the parking sticker to the vehicle works well for staff, noting that the placards were prone to abuse. He explained that the primary purpose of the parking program is to ensure parking availability for customers.

Commissioner Lee provided perspective on how the parking program originated, explaining that its only objective was to protect parking for slip renters. Commissioner Lee stated that in his view, not voiding citations runs against the purpose of the program, which is to serve paying customers. He suggested that the parking permit rate proposal needs a closer look, and suggested further study of Commissioner Martin's suggestion to only issue parking permits to vehicles registered to slip licensees.

Commissioner Goddard discussed the competing conflicts for parking, and suggested that a solution may be to issue a certain number of permits per space category, with the second permit costing \$50, and additional permits costing \$100/each. Chairman Geisreiter questioned whether this would address Harbormaster Izenstark's concerns about sales of

permits not associated with slip licenses. Harbormaster Izenstark expressed his belief that this is a workable solution, noting the price is a deterrent and meters are an option for licensee's guests.

Chairman Geisreiter suggested that staff improve its tracking of parking permit sales.

MOTION: Motion made by Commissioner Goddard to move the staff recommendation with the following modification: first additional permit for all categories costs \$50; any additional permits costs \$100/each.

Discussion: Vice-chairman Smith suggested that staff also study the overall parking plan; develop recommended policies and procedures and look at formalizing policies on issues such as voiding citations.

Commissioner Goddard restated his motion. Commissioner Lee seconded the motion.

Vice-chairman Smith questioned whether the motion requires any proof of registration or other accountability. Harbormaster Izenstark clarified that permits will only be sold to the slip licensee of record. Commissioner Lee noted that there are issues raised by requiring proof of registration, such as the ability of a licensee to purchase permits for a son, daughter or partner, that won't be solved tonight. Chairman Geisreiter stated he does not support the proof of registration issue at this point, and suggested it be discussed in 2012.

Chairman Geisreiter called for a vote on the motion.
- Motion carried unanimously.

Chairman Geisreiter called for a short recess.

8. Presentation of Draft FY 12 Budget

Discussion: Chairman Geisreiter explained that no action will be taken by the Commission on the budget tonight, nor will the budget be deliberated. A study session on the budget is scheduled for Tuesday, February 8, 2011, at 7 pm. Port Director Ekers stated that the goal is to adopt the budget two weeks after the study session, at the regular February meeting.

Port Director Ekers stated that draft FY 12 budget is the first step in updating account processing and explained it is envisioned that the system will evolve over time. The draft budget is in line with the Port District's mission statement and meets goals and objectives established in November 2010. The budget has a renewed emphasis on infrastructure. Revenue projections are essentially the same as 2010. Port Director Ekers reported that CPI in 2010 was approximately 1.5%. CPI has not been factored into any revenue projection other than concession income.

Port Director Ekers reported that 2010 revenues are on track to exceed budget projections by approximately \$300,000, offset by increased expenses anticipated to meet or exceed that amount. Port Director Ekers reported that the FY 2012 budget takes a fresh start, not carrying over expenses or inventory unless the funds are encumbered in that year.

Port Director Ekers reviewed infrastructure improvements and repair completed in FY 11, and election cost savings achieved in 2010, \$30,000 of which were redirected to the new Capital Improvement Plan "CIP" and \$30,000 for an assessment and preliminary engineering work on the sanitary sewer lift stations. Port Director Ekers reported that the first priority of the CIP is to complete a thorough inspection and inventory the harbor and its systems.

Port Director Ekers reported that personnel overhead costs are 79%, which make it challenging to continue to provide services at the same level. She explained that overhead is largely driven by CalPERS' employer costs which will be 29.1% in 2011, and anticipated to be 30% or higher in 2012. Port Director Ekers noted that the employee labor contract provides for employees to share the employer CalPERS cost over 29%. She added that health insurance costs are expected to reach the District cap, with employees paying the remaining share in what is projected to be a cost increase of 17%. Port Director Ekers stated that her objective is to contain costs, citing the current \$2.4 million in labor costs, and deep personnel cuts experienced at other agencies.

Port Director Ekers reviewed the new "program-based" budget format. She explained that this budget format provides transparency for customers, by revealing the costs of various programs and services. Department managers have estimated labor needs for each program. Labor costs based on those estimates have been attributed to the various programs. The actual costs at year's end will provide baseline data for future budgets.

Port Director Ekers reviewed:

- Infrastructure needs;
- Budget report format, including status of DBAW loan funding and employee count which would reduce the full-time employee count from 21.7 to 19.7 full-time equivalents (FTE's);
- Proposed restructuring of Facilities / Maintenance Department to reduce by two FTE's. Port Director Ekers indicated she and maintenance personnel need to discuss how to reorganize positions in the new structure, but the reduced FTE count is included in the budget as a placeholder;
- Dredging, which has been effectively managed by Administrative Services Manager Olin and assisted by consultant, Brian Foss and dredge foreman Jim Riley, has worked this year, but is not an optimal long-term solution. Port Director Ekers recommends hiring a port engineer, and preserving permitting within Administration.

Port Director Ekers expressed her sincere hope that the reduced FTE count can be achieved through voluntary retirements / vacancies.

Commissioner Goddard commented that he appreciates the new format, but would like to be able to review the supporting detail, if possible. Port Director Ekers explained that she had not planned on presenting the supporting detail because the program-based budget results in a very complex detail sheet that currently exceeds 100 pages. She noted it is a public document, however, and will share it.

Crow's Nest proprietor, Chuck Maier, also commented that he would like to review a detailed breakdown of line item costs, if possible. Port Director Ekers reiterated that the detail is a public document, which she can make available online.

Harbor maintenance employee Sandy Tucker discussed the history of maintenance department staffing, and personnel problems experienced over time. He stated that it was always difficult to find and retain high quality employees who are as talented as the current crew. Mr. Tucker noted that significant time and money has been invested in this crew, and the potential of losing these employees is a concern to all who will remain. Mr. Tucker explained that he has had a long-term personal involvement and interest in the harbor, and retired or not, he cares about its ongoing evolution.

Harbor maintenance employee Matt Kerkes discussed his hope that with time he would have been able to move up in the organization, versus being laid off. He also discussed concerns that if crew size is reduced, their ability to respond to some emergency repairs and maintenance issues will be compromised because some situations require a response by 3 or more crewmembers. Mr. Kerkes also discussed efficiencies the crew has developed over time, and the rapid pace at which new dock construction is accomplished.

The Commission took no action on the draft budget.

9. Approval of Cash / Payroll Disbursements – December 2010

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Martin, to approve the cash / payroll disbursements for December 2010, in the amount of \$357,324.27.
- Motion carried unanimously.

INFORMATION

10. Port Director's Report

Port Director Ekers reported as follows:

C-MANC, Marina del Rey: Port Director Ekers reported that this meeting was largely preparatory to meetings scheduled for March in Washington, DC. She stated it may be necessary to move the March 22 Port Commission meeting, to allow for travel and attendance at the C-MANC Washington Week meetings. Chairman Geisreiter stated he would like to attend if authorized by the Commission. Commissioners were unanimously supportive of Chairman Geisreiter's attendance.

Corps of Engineers Cooperative Agreement on Dredging: Draft of final economic report has been received from the Corps – the report provides for an annual appropriation to the Port District of approximately \$600,000, and includes a provision for inflationary adjustments. It is unlikely that this amount will be included in the President's budget, however, and legislators have pledged to oppose all earmarks this year.

Dredging Update: Administrative Services Manager Olin reported that north harbor dredging is scheduled for Feb 7–14, ending earlier if possible. "Squirt" will be launched and mobilized on February 1. One extra crewmember will be brought on for this project to monitor the booster pump, increasing efficiency of the operation.

Administrative Services Manager Olin reported that under the revised Monterey Bay Unified Air Pollution Control District protocol, which is based on a 10 ppb rolling average, dredging was shut-down

due to protocol exceedence 12 of 25 days. The new protocol prevented a shut-down on only 3 days this season. When protocol shut-downs do occur, dredging operations have been able to resume using the offshore pipeline, though there is concern that capacity is limited because the amount of material disposed in the area has created a shallow, offshore plain.

11. Employee Count *(There was no discussion of the "Employee Count.")*
12. Harbormaster's Report *(There was no discussion of the "Harbormaster's Report.")*
13. Delinquent Accounts Over 90 Days

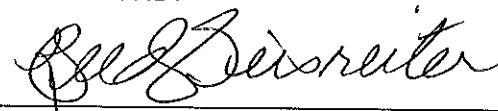
Discussion: Harbormaster Izenstark explained that while efforts continue to collect accounts more than 90 days past due, they are accounted for as anticipated bad debt on quarterly statements. He reported he will change the term "uncollectible" on future reports.

14. Comparative Seasonal Revenue Graphs *(There was no discussion of the "Seasonal Revenue Graphs.")*
15. Crime / Incident / Citation Report (December 2010) *(There was no discussion of the "Crime / Incident Report.")*
16. Review 2010 Calendar Year Slip Turnover Statistics

Discussion: Commissioner Goddard commented that the "A," "B," and "C" end-tie slip program appears to be working – the slips are fully occupied and the waiting list is short.

Chairman Geisreiter adjourned the regular public session at 9:34 pm.

APPROVED:



Reed Geisreiter, Chairman

mo