

SANTA CRUZ HARBOR

Gateway to the Monterey Bay
National Marine Sanctuary

Santa Cruz Port Commission
MINUTES

Special Public / Closed Session of July 26, 2011

Commission Members Present:

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

SPECIAL OPEN SESSION

Chairman Geisreiter brought the special public portion of the closed session to order at 6:00 pm at the Harbor Public Meeting Room, 365A Lake Avenue, Santa Cruz, CA.

1. Oral Communication (*There was 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 items #4 and #5 (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 OPEN SESSION

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

In open session at 6:48 pm, Chairman Geisreiter announced that the Commission took no reportable action in closed session on item #2.

5. Authorization for the Port Director to Enter into Agreements with TranSystems for Engineering Services for Tsunami Recovery Projects in Amounts Not to Exceed \$200,000

Discussion: Port Director Ekers explained that the V-dock contract with TranSystems did not include construction administration. She added that given the timing on design work versus multiple dock reconstruction contracts, which will be entered into in the future, she recommends establishing an authorization

that allows her to enter into engineering contracts with TranSystems. Port Director Ekers reported that U-dock engineering fees were approximately \$50,000, and construction cost was approximately \$1.1 million. She explained that V-dock engineering fees is anticipated to be higher than U-dock, because "V" requires demolition and vessel relocation, and has a more complex electrical system.

Port Director Ekers stated she anticipates the average engineering cost will be approximately \$65,000 per dock.

The Commission briefly discussed electrical metering of slips. It was noted that while meters are not currently being installed, the power centers can be specified that will accommodate them in the future.

MOTION: Motion made by Vice-chairman Smith, seconded by Commissioner Goddard, to authorize the Port Director to enter into agreements with TranSystems for engineering services for tsunami recovery projects in amounts not to exceed \$200,000.

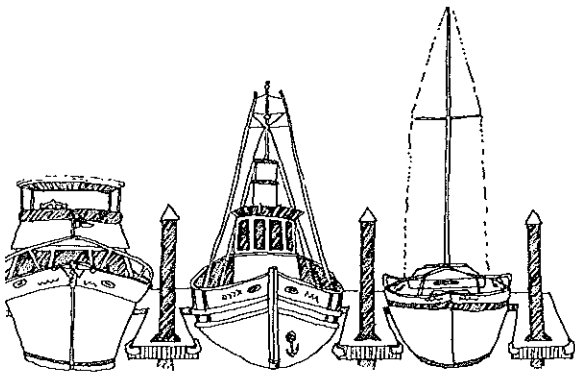
-Motion carried unanimously.

Chairman Geisreiter adjourned the special open portion of the closed session at 6:55 pm.

APPROVED:



Reed Geisreiter, Chairman



Regular Public Session of July 26, 2011

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Members Present:

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

Regular Public Session

1. Pledge of Allegiance
2. Oral Communication

Discussion: Chelsea Wagner, owner of Pacific Marine Salvage, Inc., stated that the purpose of her business is to clean oil spills, salvage vessels and perform tows. She stated that she wanted to clarify that towing alone will not make or break her business and she was not actively asking Harbormaster Izenstark for work within the harbor.

Ms. Wagner stated that she believes the District has an obligation to provide local workers / businesses with the opportunity to participate in tsunami-related cleanup. She asked the Commission to spearhead this issue.

Audience member Eileen Sundent reported there is graffiti on the jetty jacks. Maintenance Supervisor Fouts stated that crews are currently working to remove it.

Port Director Ekers announced that Matt Kerkes and Dan Hill, have both been promoted to the position of Supervising Maintenance Worker. Port Director Ekers also introduced Mike Hopper, a licensed civil engineer who is serving as interim Port Engineer, through County Workforce Investment Board National Emergency Grant.

Consent Agenda

Vice-chairman Smith requested that the approval of the June 28, 2011, minutes pulled from the consent agenda.

3. Approval of Minutes
 - a) Special Public and Public Portion of Closed Session of June 13, 2011
 - b) Special Public Portion of Closed Session and Regular public Session of June 28, 2011
4. Approval of O'Neill Sea Odyssey Subleases – 2222 East Cliff Drive
 - a) Suite 216 (Subtenant: E. Robbins, Brody & Cole / Dr. K. Cockerham, to Sublessee, A. Lipanovich, Estriatus Law)

b) Suite 234 (Surfrider Foundation)

5. Approval of Contract with Red Hills Environmental for Annual Maintenance and Tsunami-Related Sampling and Analysis Plan and Sediment Characterization Testing Services (NTE \$75,000)

MOTION: Motion made by Commissioner Martin, seconded by Vice-chairman Smith, to approve consent agenda items 3a, 4a, 4b and 5.
- *Motion carried unanimously*

Motion made by Commissioner Goddard, seconded by Commissioner Martin, to approve the minutes of the special public portion of closed session and regular public session of June 28, 2011.
- *Motion carried; Vice-chairman Smith ABSTAINED.*

Regular Agenda

6. Approval of First Amendment to Dry Storage Lease – Santa Cruz Yacht Club

Discussion: Port Director Ekers informed the Commission that this agreement would amend the existing dry storage lease with the Yacht Club. She reviewed two suggested additions to the lease amendment document as outlined in the staff report (pg. 20 agenda packet). She explained that because these additions were not part of the Port Commission's previous review, they are included in the staff report. If acceptable to the commission, the provisions would be incorporated into the lease amendment document.

Vice-commodore Emberson stated that he is supportive of the staff recommendations and thanked staff for their support.

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Martin to approve the first amendment to dry storage lease with Santa Cruz Yacht Club as modified by the staff report.
- *Motion carried unanimously.*

7. Approval of Resolution 11-10 – Award of Contract for the Emergency Demolition and Replacement of V-1 and V-2 Dock

Discussion: Port Director Ekers stated that the title of the agenda item should read Award of Contract for the Demolition and Reconstruction of V-1 and V-2 Dock. She stated that this project was handled through regular bidding procedures and was not bid out as an emergency project.

Port Director Ekers reported that two bids were received for this project. Associated Pacific Constructors, who is currently driving piles in the harbor, was the low bidder. The second bid came from Bellingham Marine, who is currently installing U-dock. After review and confirmation of background

material, Port Director Ekers recommends awarding the contract to Associated Pacific Constructors.

Commissioner Goddard questioned whether there will be noticeable differences between docks, if each one is manufactured by a different contractor. Port Director Ekers stated that TranSystems is overseeing all projects, which will reduce differences and ensure compliance.

MOTION: Motion made by Vice-chairman Smith, seconded by Commissioner Goddard to approve Resolution 11-10 – Award of Contract for the Demolition and Reconstruction of V-1 and V-2 dock to Associated Pacific Constructors.
- *Motion carried unanimously.*

8. Action to Impose the Port District's last, Best and Final Offer to Operating Engineers Local 3 (OE3), Pursuant to Government Code Section 3505.4

Discussion: Port Director Ekers reviewed the dates she and counsel Tim Davis met with OE3 representatives to negotiate labor contract, as outlined in the staff report. She reported that the Port District's last, best and final offer is detailed in the staff report on page 30 of the agenda packet.

Port Director Ekers stated that the current proposal will reduce the Port District's costs associated with dredging by twenty to forty percent, or \$125,000 in the first year of full implementation. She stated that aside from a budgetary standpoint, this proposal will allow the Port District to gain more operational control over dredging activities.

Dave Harrison, Local No. 3 Operating Engineers representative, spoke on behalf of the dredge crew. Mr. Harrison stated that he is surprised to see the District awarding contracts and promoting employees, all while trying to eliminate the dredge crew to reduce costs.

Mr. Harrison claimed that the numbers shown in the staff report, in regard to dredge crew cost increases are embellished. He stated that the increase from 2001-2011 was not 55%, and said the dredge crew received, on average, an increase of 3.6% annually. He pointed out that this annual increase is slightly higher than CPI, but was slightly less than what other Bay Area dredge crews received.

Mr. Harrison questioned the way negotiations were handled by the Port District. He stated that offers were submitted by each side, however negotiations did not arise from those offers. Mr. Harrison asked the Commission to direct staff to negotiate further, in good faith, with OE3.

Commissioner Goddard stated that he is supportive of the staff recommendation to impose the last, best and final offer to OE3. He stated that from a financial and operational standpoint, this arrangement will

benefit the harbor. Commissioner Goddard did acknowledge the dredge crew's excellent safety record over the years.

MOTION: Motion made by Commissioner Lee, seconded by Vice-chairman Smith to impose the last, best and final offer to Operating Engineers Local 3 (OE3), pursuant to Government Code Section 3505.4.
- *Motion carried unanimously.*

9. Rescind the 2009 Aquarius Boat Works Lease and Approve Terms of New Month-to-Month Lease

Discussion: Port Director Ekers reported that terms of the proposed month-to-month lease were discussed in closed session and documents were given to Mr. Ebel, owner of Aquarius Boat Works, for review.

Mr. Ebel stated that he is confused, and commented that the Port Commission previously was supportive of granting a long term lease. He stated that in 2009, he was awarded a 15-year lease and has a letter from Port Director Smith congratulating him on his long term lease with the District. He explained that the inclusion of renewal options, with provisions for renegotiation of rates and terms, conflicts with his need to have predictable expenses, and finance and capitalize equipment needed for the operation.

Commissioner Lee stated that he is supportive of a long-term lease for the boat yard; however, he has an issue with there not being a fully executed lease document, leaving both tenant and landlord unaware of responsibilities and terms. Commissioner Lee stated that the option of a month-to-month lease will allow time to develop a longer term solution.

Port Director Ekers elaborated on the current issue with the Aquarius lease. She stated that in 2009, the Commission did award Mr. Ebel a long-term lease, which he never signed. Because it was never signed, it never took effect. She stated that there is substantial risk to both landlord and tenant without a complete definition of terms for both parties.

Commissioner Lee advised Mr. Ebel to consider this a temporary arrangement until a longer term solution can be reached. He stated that there is no intention of interrupting the boat yard operation.

Chairman Geisreiter stated that it is a necessity to have a fully functioning boat yard in the harbor. He stated that there is confusion between both parties as to what the current lease terms are. The need for clarity is important.

Commissioner Goddard expressed to Mr. Ebel that the proposed conditions for a month-to-month lease do not include ill intentions. He stated that

during discussion, the Commission was coming from a cooperative standpoint to resolve the issue.

MOTION: Motion made by Vice-chairman Smith, seconded by Commissioner Lee to rescind the 2009 Aquarius Boat Works lease and direct staff to notify Aquarius Boat Works of the new terms to take effect September 1, 2011.
- *Motion carried unanimously.*

10. Approval of Cash / Payroll Disbursements – June, 2011

Discussion: Chairman Geireiter asked for details on warrant #34474 -- East Deck Repairs for Crow's Nest.

Port Director Ekers explained that the Port District has a cost share with the tenant for building repairs. This repair was needed to fix a leaking roof.

MOTION: Motion made by Vice-chairman Smith, seconded by Commissioner Martin to approve the cash / payroll disbursements for June 2011, in the amount of \$892,797.94
- *Motion carried unanimously.*

11. Port Director's Report

Port Director Ekers reported as follows:

U-dock Updated: The first pieces of U-dock have arrived and are being placed in the water. Port Director Ekers asked interim Port Engineer Hopper to elaborate further. Port Engineer Hopper informed the Commission that electrical and plumbing work is taking place. Once work is complete on supply lines, back flow and fire service taps, decking will be finished. He also reported that finger docks will be delivered and put in the water on Monday.

Commissioner Goddard asked if the remaining piles at U-dock, that appear to be damaged will be replaced. Port Director Ekers explained that previous engineering reports showed other piles to be a priority for the nine non-emergency pile project. She stated that she does not believe the remaining piles at U-dock are unstable, and replacing those piles will not occur due to budget and permit issues.

Quarterly Report: Port Director Ekers stated that a draft quarterly report is available at this time. She stated that the District is currently switching accounting software, which made it difficult to obtain a fully accurate and meaningful report. Once the data is put into the program, another report will be generated for Commission review.

12. Harbormaster's Report

Harbormaster Izenstark reported as follows:

Café El Palomar Anniversary Event: Any additional Port District staffing required for the event will be paid for by Café El Palomar.

Patrol Boat Update: The Almar patrol boat is fully repaired and back in service.

13. Employee Count *(There was no discussion of Employee Count)*
14. Delinquent Accounts over 90 and 120 days *(There was no discussion of delinquent accounts over 90 and 120 days)*
15. Comparative Seasonal Revenue Graphs *(There was no discussion of comparative seasonal revenue graphs)*
16. Crime / Incident / Citation Report – June 2011 *(There was no discussion of Crime / Incident / Citation Report)*
17. Facilities Manager Report *(There was no discussion of Facilities Manager Report)*
18. Sea Scouts Bi-Annual Report *(There was no discussion of Sea Scouts Bi-Annual Report)*
19. Written Correspondence
 - a) Letter from S. Frye, to Port Commission
 - b) Email from A. Smith, Monterey Bay Salmon and Trout Project, to Harbormaster Izenstark
 - c) Letter from B. Berthiaume, Foundation for Fair Contracting, to Port Director Ekers
 - d) Letter from Port Director Ekers, to B. Berthiaume, Foundation for Fair Contracting.

Discussion: Chelsea Wagner, owner of Pacific marine Salvage, Inc., informed the Commission that a hearing in Sacramento will discuss the topic of whether the activity of moving vessels requires prevailing wages.

20. Port Commission Review Calendar *(There was no discussion of Port Commission Review Calendar)*
21. Follow-Up Items *(There was no discussion of Follow-Up Items.)*

Discussion: Commissioner Goddard asked that the Monterey Bay Unified Air Pollution Control District be contacted to obtain documentation in writing about the District's status under the new harbor craft rules.

Administrative Services Manager Olin reported that she has been in contact with the regulators, and they are currently trying to decide what they can give the District in writing.

Chairman Geisreiter adjourned the regular public session at 8:04 pm.

APPROVED:



Reed Geisreiter, Chairman