



Regular Public Session of June 28, 2011

## SANTA CRUZ HARBOR

*Gateway to the Monterey Bay  
National Marine Sanctuary*

**Santa Cruz Port Commission**  
**MINUTES**

### *Members Present:*

Reed Geisreiter	Chairman
Bill Lee	Commissioner
Toby Goddard	Commissioner
Jeff Martin	Commissioner

### *Members Absent*

Dennis Smith	Vice-chairman
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### **Special Public Session**

1. Oral Communication (*There was non discussion during 'Oral Communication'*)
2. Announcement of Closed Session Pursuant to Government Code (Ralph M. Brown Act) Section 54956.9

### **Special Closed Session**

3. Conference with Legal Counsel – Potential Litigation  
Number of Potential Cases: 1

### **Open Session**

Chairman Geisreiter brought the regular public session to order at 7:04 pm at the Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA 95062

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

Discussion: Chairman Geisreiter reported no reportable action was taken in closed session on item #3.

5. Pledge of Allegiance
6. Oral Communication

Discussion: Dave Harrison, Local No. 3 Operating Engineers representative, spoke on behalf of the dredge crew. Mr. Harrison stated that the dredge crew is currently in contract negotiations with the Port District, and asked if it is the District's intention to release or replace the current crew upon contract expiration. Mr. Harrison stated that the current contract proposal that has been presented to the dredge crew by District negotiators is unreasonable. Mr. Harrison stated that he feels it is the District's intention is to release or replace the current crew. He added that he is asking questions to make the

public aware of what is going on, noting that nothing happens at the Port District without Port Commission action.

**Consent Agenda**

Commissioner Martin requested that two changes be made to the Special Public Session minutes of May 17, 2011.

Commissioner Martin requested that in the second paragraph of page 2, in regard to the request for a letter of support for the Community Development Block Grant Application, it be noted that he is supportive of the installation of a sidewalk along Brommer Street Extension, leading into the north harbor, whether the proposed development project is approved or not.

Commissioner Martin requested that in the third paragraph of page 2, his question about whether relocating services currently provided at 7<sup>th</sup> and Brommer would be problematic, should be directed to staff rather than Mr. Dobson. He also requested that the minutes noted that staff confirmed relocation of these services would be problematic.

7. Approval of Minutes
  - a) Special Public Session of May 17, 2011
  - b) Regular Public Session of May 24, 2011
8. Approval of Resolution 11-09 – Election of Directors to the Special District Risk Management Authority Board “SDRMA”.
9. Authorize Port Director to Vote on Amendments to CSDA Bylaws.

MOTION: Motion made by Commissioner Goddard, to approve consent agenda items 7-9, with the amendments to the May 17 minutes requested by Commissioner Martin.

- *Motion carried; Vice-chairman Smith ABSENT.*

**Regular Agenda**

10. Consideration of Approval of Month-to-Month Lease – 2214 East Cliff Drive (Tenant: T. Ransom, TriShop Santa Cruz)

Discussion: Harbormaster Izenstark stated that Ms. Ransom has proposed to rent 2214 East Cliff Drive, for sales and rental of stand-up paddleboards, and stand-up paddleboard lessons.

Harbormaster Izenstark explained that the lease terms would be month-to-month, giving the District leeway if any issues arise.

Ms. Ransom stated that it is her goal to keep her participation numbers low, by limiting class sizes to no more than 6 to 8 students (possibly more in the

high season). Ms. Ransom explained that she does not intend to impact the harbor with paddleboard traffic. Her goal is to provide safe instruction for students and generate income for the harbor, in the form of parking revenue and increased visitorship, which will support other harbor concessions.

Harbormaster Izenstark stated that certain controversies do surround stand-up paddleboards within the harbor. He stated that the impact of additional paddleboard lessons in the harbor could be significant, but setting limits on the number of participants, as well as dictating approved launch locations and courses will minimize these risks.

Commissioner Goddard asked if the launch ramp would be used for the demonstration of new paddleboards. Harbormaster Izenstark stated that the launch ramp will not be used. All launching will occur at FF-dock ramp. The course will be from FF-dock to the north harbor. Harbormaster Izenstark suggested he be given the discretion to grant permission to use the launch ramp on days when it would have little impact on vessel traffic.

Ms. Ransom stated that she has no issues with using the FF-dock launch facility.

Commissioner Lee stated that he is supportive of business opportunities that bring visitors into the harbor.

Chairman Geisreiter asked how long the kiosk space has been vacant. Port Director Ekers responded that it has been vacant since September.

Chairman Geisreiter asked if there are any potential legal conflicts with other tenant leases that would prevent the Commission from allowing a competitive business. Port Director Ekers stated that there are no terms in any tenant leases that would restrict allowing a competing business.

Commissioner Goddard stated that he is supportive of harbor businesses that enable and allow access to coastal resources.

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Lee to approve the month-to-month lease for 2214 East Cliff Drive (Tenant: T. Ransom, TriShop Santa Cruz).  
- *Motion carried, Vice-chairman Smith ABSENT*

11. Approval of Modification to "Port Commission Policies / Procedures Manual," Adding Section 2090, "Port Director Performance Evaluation Policy"

Discussion: Commissioner Goddard stated that the Commission does not currently have a policy in place to evaluate the Port Director. He stated that the proposed policy encourages the Commission, as a whole, to participate in the process and allow for open dialogue between the Port Director and Commissioners.

Commissioner Goddard informed the Commission that this policy is modeled after California Special Districts Association guidelines and modified to fit the Port District's needs. He explained that the draft policy in the agenda packet is slightly different than the proposed final version, in terms of the format and minor language changes confirming that personnel matters are conducted in closed session.

Commissioner Goddard stated that the evaluation process will take place in closed session and as part of the review, a performance evaluation form will be used.

Chairman Geisreiter thanked Commissioner Goddard for researching and developing the policy.

MOTION: Motion made by Commissioner Lee, seconded by Commissioner Martin to approve the modification to "Port Commission Policies / Procedures Manual," adding Section 2090, "Port Director Performance Evaluation Policy".  
- *Motion carried, Vice-chairman Smith ABSENT.*

12. Authorize Port Director to Execute an Exclusive Negotiation Agreement with the County of Santa Cruz

Discussion Port Director Ekers informed the Commission that District Counsel did not have a chance to review the draft agreement in time for this meeting. She stated that Mr. Dobson, Economic Development Manager for the County of Santa Cruz Redevelopment Agency (RDA), is available to field questions.

Mr. Dobson thanked the staff and the Commission for considering this agreement. Mr. Dobson explained that this project may be put in jeopardy, depending upon the outcome of the State Legislature's budget decisions, expected later this evening.

Because there are so many unknowns at this point, Mr. Dobson suggested several possible modifications to any action which would provide the Port District with flexibility in the timeline for executing an agreement, and perhaps the capability to add milestone language relating to joint use of the property.

Commissioner Lee stated that he supports the agreement. He stated that the Port District is agreeing to negotiation, and nothing more.

Commissioner Goddard expressed his concern about acting on an agreement where the language has not been fully defined. Commissioner Goddard stated that he is supportive of the project, but is uncomfortable authorizing an unperfected agreement.

Chairman Geisreiter stated that he supports keeping the land within the RDA and is supportive of allowing the Port Director the authority to execute the agreement.

**MOTION:** Motion made by Commissioner Lee, seconded by Commissioner Goddard to authorize the Port Director to execute an Exclusive Negotiation Agreement with Santa Cruz County for planning, development and use of properties located at 7<sup>th</sup> Avenue and Brommer Street for a 3 to 5-year term. The Port Director is authorized to approve the addition of appropriate "milestone-related" language, as reviewed and approved by District Counsel. The Port Director is further notified that time is of the essence and is urged to execute an agreement with the County before the State of California budget is signed, if possible.

- *Motion carried, Commissioner Goddard voting NO, Vice-chairman Smith ABSENT*

13. Update on Tsunami Recovery Activities.

**Discussion:** Port Director Ekers reported on the following tsunami-related items:

- o The "Tsunami Recovery" section of the District's website is receiving positive feedback.
- o Cost estimates for dock repair have been presented to FEMA. FEMA will create project worksheets for each project.
- o Crews are continuing to perform emergency repair work, as needed. Port Director Ekers stated that our crews are not able to spot every defect within the harbor, so it is appreciated when the public brings maintenance discrepancies to staff's attention.

14. Approval of Cash / Payroll Disbursements – May, 2011

**MOTION:** Motion made by Commissioner Goddard, seconded by Commissioner Lee to approve the cash / payroll disbursements for May 2011, in the amount of \$776,336.70.

- *Motion carried, Vice-chairmanr Smith ABSENT*

15. Port Director's Report

Port Director Ekers reported as follows:

Supervising Maintenance Worker: The first phase of interviews has been completed for the Supervising Maintenance Worker position. Second phase of interviews will begin soon, with the appointment of 2 positions taking place in early July. Port Director Ekers informed the Commission that these 2 positions were approved and accounted for in the budget.

Temporary Port Engineer: The Port District will hire a temporary Port Engineer, who will be responsible for construction management activities, bidding projects, and inspection of work. The candidate selected for this position will be arriving in mid-July. Port Director Ekers explained that the National Emergency Grant will fund this position for 3 months,

and in addition, will fund a 12 person crew that will be responsible for a variety of tasks around the harbor. These positions will be made available through the County Workforce Investment Board.

Department of Boating and Waterways: The \$2.5 million Department of Boating and Waterways loan for north harbor rebuild, has been converted into an emergency advance loan to be used at the discretion of the District for tsunami-related repairs. Staff from the Department of Boating and Waterways will be coming to the harbor for a tour in the near future.

Commissioner Goddard thanked staff for their effort on getting this loan converted. He stated that this loan will be helpful in financing the District's portion of reconstruction work.

Comerica Line-of-Credit: The \$2 million line of credit has been approved. Loan documents need to be executed and notarized, which will be done in the coming week. Port Director Ekers stressed that having funds available will allow the District to move forward with awarding bids for future projects.

Pile Replacement Update: Pile replacement has slowed in the north harbor. Shorter 50' piles have been ordered for the project. Pile replacement work is approximately 75% complete.

U-dock Update: U-dock is progressing, with fabrication of materials taking place offsite. Permits have been pulled from the county and layouts and materials have been approved. Fabrication of the docks will be approximately 25% complete by the week of July 11. Port District staff will perform an onsite factory inspection.

V-dock Update: The V-dock construction project will be placed out for bid this Friday, July 1, 2011.

PG&E Gas Main Update: As a follow-up, it has been determined that the gas main that runs through the harbor is inspected every four months. More details are being gathered as to the method of inspection.

AGWA Position: The candidate who was set to take on the position of AGWA coordinator has decided not to accept the position. The District is working with the Resource Conservation District to see if they will be able to absorb the role, or if a new candidate should be hired.

30 Year Employment Anniversary: Port Director Ekers congratulated Curt Olin, who has been an employee of the District for 30 years.

Dredging Update: Administrative Services Manager Olin reported that due to recent amendments in the State of California harbor Craft rules, the Port District's compliance date with the state's Air Toxic Control Measure for diesel particulate matter emissions will be extended to December 31, 2014. She explained that this means the District's existing compliance agreement with Monterey Bay Unified Air Pollution Control District (MBUAPCD) will be null and void, ending the requirement to use biodiesel fuel in "Seabright." Commissioner Goddard questioned whether the 80-hour operating restriction on "Squirt" will also be lifted. Administrative Services Manager Olin stated she would research this further, but expressed her belief that it is likely this will no longer be a requirement. She stated that MBUAPCD staff is researching how to memorialize these changes in writing.

## 16. Harbormaster's Report

Harbormaster Izenstark reported as follows:

Salmon and Trout Project: The Monterey Bay Salmon and Trout Project has concluded their operations for the year, and the pen has been removed from the launch ramp.

Visitor Fee Increases: Visitor fees increases have been implemented. Harbormaster Izenstark reported that there has been very little negative response to the fee increase.

Tsunami Hazard Mitigation: Harbormaster Izenstark reported that he and Commissioner Lee participated in an interagency meeting to discuss tsunami hazard mitigation. Commissioner Lee reported that the meeting was very informative, and the goal is to include the Port District in grant applications to receive grant funds.

Almar Patrol Boat: Repairs on the Almar patrol boat have been completed and the boat is scheduled to be back in service mid-July.

Fuel Prices: Harbormaster Izenstark informed the Commission that fuel prices are based on the last load that is received. Commissioner Martin question whether this will subject the Port District to criticism, noting this is the approach used by the last fuel operator. Harbormaster Izenstark stated that overall, response to the Port District's fuel operation has been positive. Fuel dock hours will be adjusted from 6 am – 12 pm to 9 am –3 pm on weekdays.

Water Taxi Hours: The hours of operation for the water taxi will be adjusted, beginning July 1, 2011. The taxi will begin operating at 11 am, instead of 10 am.

17. Delinquent Accounts over 90 and 120 days. *(There was no discussion of Delinquent Accounts)*
18. Comparative Seasonal Revenue Graphs. *(There was no discussion of Comparative Seasonal Revenue Graphs)*
19. Crime / Incident / Citation Report (May 2011)

Commissioner Goddard asked for the details on the May 21, 2011, theft. Harbormaster Izenstark reported that a harbor concessionaire filed a report of a missing black box, which contained cash, jewelry, diamonds and a camera.

20. Facilities Manager Report *(There was no discussion of Facilities Manager Report)*
21. Written Correspondence
  - a) Notice from J. Chiang, California state Controller, to Port Director
  - b) Letter to Chairman M. Stone, County of Santa Cruz, from Chairman Geisreiter
  - c) Letter from S. Wait, Coastal Systems Consulting, to Port commission
  - d) E-mail from S. Ortiz to Port Commission
  - e) Letter to M. Kraft, Pacific yachting and Sailing, Inc., to Port commission
  - f) Stop Notices for Unpaid Wages, Pacific Marine Salvage Employees (A. Munda / A. Munda / E. Krilanovich)

Discussion: Chelsea Wagner, owner of Pacific marine Salvage, Inc., stated that she and Marc Kraft of Pacific Yachting and Sailing, Ltd, have been discussing their shared concern that the Port Commission is not acting in the best interest of small harbor businesses. Ms. Wagner stated it is her intention to attend Port

Commission meetings to ensure the Commission acts in the best interest of its concessionaires.

Ms. Wagner also discussed issues related to a dispute she has with Associated Pacific Constructors, the contractor for the emergency pile replacement project. Port Director Ekers noted that the matter is a dispute between a subcontractor and contractor that does not directly involve the Port District, though the Port District is the steward of funds for any stop notices issued.

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

Chairman Geisreiter adjourned the regular public session at 8:22 pm.

APPROVED:



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Reed Geisreiter, Chairman