



Special Closed & Regular Public Session of September 25, 2018

**Santa Cruz Port Commission
MINUTES**

Commissioners Present:

Dennis Smith	Chairman
Stephen Reed	Vice-Chairman
Toby Goddard	Commissioner
Reed Geisreiter	Commissioner
Darren Gertler	Commissioner

SPECIAL PUBLIC SESSION – 5:30 PM

Chairman Smith brought the special public session to order at 5:30 PM at the Santa Cruz Harbor Office, 135 Fifth Avenue, Santa Cruz, CA 95062.

1. Oral Communication
2. Announcement of Closed Session Pursuant to Government Code (Ralph M. Brown Act) Section 54956.8, 54957.6.

At 5:31 PM, Chairman Smith announced the Commission will meet in closed session to discuss agenda items 3 and 4.

SPECIAL CLOSED SESSION

3. Conference with Real Property Negotiators
Agency Designated Representative: M. Olin
Negotiating Parties: 2222 East Cliff Drive (O'Neill Sea Odyssey)
Under Negotiation: Lease
4. Conference with Labor Negotiators
Agency Designated Representative: M. Olin
Employee Organization: Operating Engineers Local #3

SPECIAL PUBLIC SESSION

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

Chairman Smith announced that the Commission took no reportable action in closed session on items 3 and 4.

Chairman Smith adjourned the special open session following the closed meeting at 6:38 PM.

REGULAR PUBLIC SESSION – 7:00 PM

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

6. Pledge of Allegiance
7. Oral Communication

Todd Fraser of Bayside Marine expressed concern about security in the harbor, explaining that his business was recently burglarized by an unknown suspect late at night. He urged the Port District to reevaluate the use of First Alarm security guards during the night shift (12 AM to 6 AM), emphasizing that Harbor Patrol should be on duty at all hours. Audience member Thomas Whieldon agreed. Chairman Smith recommended that Mr. Fraser follow up with Harbormaster Marshall and Port Director Olin.

Commissioner Goddard stated that Harbormaster Marshall provides a crime report for the previous month in each agenda, so the incident Mr. Fraser is referring to will be included in next month's report. Vice-Chairman Reed stated that it is his belief that the monthly reports do not show an uptick of crime within the harbor.

Chairman Smith stated that he attended this year's annual California Marine Affairs and Navigation Conference (CMANC), and emphasized that it was a valuable and informative experience. Commissioner Goddard thanked Chairman Smith for attending.

CONSENT AGENDA

8. Approval of Minutes
 - a) Special Closed & Regular Public Session of August 28, 2018

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Geisreiter to approve the consent agenda.
- *Motion carried unanimously.*

REGULAR AGENDA

9. Consideration of Adopting a Differential Sublet Rate Between South Harbor and North Harbor

Discussion: Port Director Olin stated that the Policy-Operations Committee reviewed the Port District's sublease policy and fees at a public meeting on July 19, 2018. She stated that the committee did not recommend any changes be made to the sublet program and agreed that the sublease fee for the south harbor remain the same (currently 30% of slip rent). Port Director Olin stated that the committee directed staff to present a differential sublet fee for north harbor slips for consideration by the full Commission.

Port Director Olin stated that sublet fees have remained fairly static over time, but differential sublet fees have been established by the Commission in the past. Port Director Olin stated that if the sublet fee is reduced from 30% to 15% of slip rent for the north harbor, it is anticipated to reduce Port District revenue by approximately \$1,300 in FY19, and \$2,600 in FY20. She noted that sublet fees are not a significant source of revenue for the District (sublet fees are intended to offset administrative costs of the program).

Port Director Olin stated that a reduced rate may increase boating opportunities and utilization of the program in the north harbor.

A discussion ensued regarding the establishment of a differential sublet rate between the south harbor and north harbor.

Chairman Smith expressed his support for a reduced sublet fee for north harbor slips, emphasizing that lower fees may promote increased boating opportunities for the community and reduce the amount of delinquencies and unused slips in the north harbor.

Commissioner Goddard stated that he is willing to consider establishing a differential sublet fee for north harbor slips, with the hope that it will increase boating opportunities and utilization of the program in the north harbor. Commissioner Goddard noted that subleasing is voluntary, and payment arrangements are determined between the sublessor and sublessee.

Vice-Chairman Reed expressed his opinion that the partnership fee (currently 10% of slip rent per partnership vessel), is more of a deterrent to increased boating opportunities than the sublet fee. Commissioner Goddard stated that the Policy-Operations Committee reviewed the partnership fee at the public meeting of July 19, 2018, and the committee did not recommend any changes to the partnership fee. Port Director Olin stated that the committee recommended that the Commission consider whether to make any adjustments to the fee as part of the FY20 budget process.

Commissioner Geisreiter stated that he is supportive of establishing a reduced sublet rate for the north harbor to see if it spurs higher demand, and questioned if the Commission should establish a set period of time for the reduced rate to be effective. Commissioner Gertler agreed.

Vice-Chairman Reed suggested that the differential sublet rate be in effect for longer than one year in order for the Commission to better evaluate its impact on demand. Port Director Olin stated that the differential rate could be effective for two years, through FY20 (March 31, 2020).

Commissioner Geisreiter suggested that the motion include that the reduced sublet fee remain effective through March 31, 2020, at which time the Commission will consider whether to continue the reduced sublet rate.

There was consensus among the Commission to adopt a differential sublet fee for north harbor slips, effective through March 31, 2020.

MOTION: Motion made by Commissioner Geisreiter, seconded by Vice-Chairman Reed to adopt a differential sublet rate between the south harbor and north harbor, reducing the monthly sublet fee from 30% of slip rent to 15% for north harbor slips, effective through March 31, 2020.
- *Motion carried unanimously.*

10. Acceptance of Final FY18 Audited Financial Statement

Discussion: Port Director Olin presented the final FY18 audited financial statement, noting that the only variance from the draft audit, which was presented in August, is a modification to more clearly reflect the District's non-cash pension liability (now shown as separate line items on pages 15 and 17 of the audit). She added that a reclassification of FY17 statements for presentation purposes is shown on page 20.

Port Director Olin stated that the District's debt service ratio for FY18 will be presented at next month's meeting.

Chairman Smith thanked staff for their efforts with the audit.

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Gertler to accept the FY18 audited financial statement.
- *Motion carried unanimously.*

11. Approval of Cash / Payroll Disbursements – August 2018

Discussion: Commissioner Goddard commented that he is looking forward to seeing the completed half model of *Twin Lakes*. Port Director Olin stated that she will present the completed model to the Commission during her report.

MOTION: Motion made by Commissioner Geisreiter, seconded by Vice-Chairman Reed to approve the Cash / Payroll Disbursements for August 2018, in the amount of \$682,592.70.
- *Motion carried unanimously.*

INFORMATION

12. Port Director's Report

Sea Scouts' Bi-Annual Report

Port Director Olin distributed the Sea Scouts' Bi-Annual Report, which was provided by the new Scoutmaster, Kevin Melrose. She invited Commissioners to attend a memorial service for Jim Bosso, the previous, long-time Scoutmaster who recently passed away.

Twin Lakes Half Model

Port Director Olin presented Carl Ruhne's completed half model of *Twin Lakes* to the Commission.

Dauntless

Port Director Olin stated that major overhaul work was completed on the District's workboat, *Dauntless*, and distributed photos to the Commission. She thanked the dredge crew, facilities crew and contractors who assisted in the effort.

She stated that *Dauntless* was splashed on Monday, September 24, 2018, in preparation for 2018-19 dredging operations.

USACE Funding

Port Director Olin stated that the Port District has requested reimbursement from the U.S. Army Corps of Engineers (USACE), for FY18 dredging operations and FY17 shortfall funding.

Port Director Olin stated that she is currently drafting a letter to Congressman Panetta requesting his support for FY19 funding.

Cal OES / FEMA Disaster Recovery Grant

Port Director Olin stated that the Port District received approximately \$93,026 in grant funding from CalOES / FEMA for north harbor dredge related expenses related to the January 2017 storms. Additionally, the disaster recovery grant will cover approximately 30% of costs for 2018-19 north harbor dredging expenses.

Port District Recruitment

Port Director Olin introduced and welcomed three employees to their new positions at the harbor:

- Brenda Ramos, *Facilities Coordinator*
- Matt Blaz, *Harbor Dredge Worker*
- Steven Tandoi, *Harbor Dredge Worker*

California Marine Affairs and Navigation Conference (CMANC)

Port Director Olin stated that the California Marine Affairs and Navigation Conference (CMANC) was held September 12 - 14, 2018, in Oakland, California. She stated that the event was well-attended and productive. She distributed USACE's criteria for FY19 work plan funding that was discussed at the conference.

O'Neill Sea Odyssey Education Center

Port Director Olin stated that she attended a ceremony held on September 15, 2018, naming O'Neill Sea Odyssey's education center, located at 2222 East Cliff Drive, in honor of Jack O'Neill and Harry Hind.

Aldo's Seawall Replacement Project

Port Director Olin stated that she anticipates that a Request for Proposals (RFP) for the project will be advertised in January or February 2019, with construction anticipated to commence sometime in the June to November 2019 permitted work window. She reported that negotiations with Aldo's on a new lease are ongoing.

13. Harbormaster's Report

Commissioner Goddard asked for additional information about an incident during the 26th Annual Day on the Bay Regatta, in which a sailing vessel participating in the event was reportedly cited by the U.S. Coast Guard, while transiting the harbor entrance channel. Harbormaster Marshall stated that she will follow up about the incident. Port Director Olin added that the Port District has an ordinance in place that allows sailing vessels to tack in the channel as long as they do not cause another vessel to give way.

Commissioner Gertler commented that he recently had a positive interaction with the U.S. Coast Guard, noting that they were very professional and provided valuable information.

14. Facilities Maintenance & Engineering Manager's (FME) Report

Vice-Chairman Reed thanked crews for their hard work on the dock gate fabrication project.

15. Review of Delinquent Accounts *(There was no discussion on this agenda item)*

16. Review of Financial Reports *(There was no discussion on this agenda item)*

a) Comparative Seasonal Revenue Graphs

17. Crime / Incident / Citation Report – August 2018.

In response to a question posed by Commissioner Goddard, Harbormaster Marshall explained that a vehicle side-swiped a bicyclist at the roundabout on East Cliff Drive and 5th Avenue. She stated that there were no injuries, but the vehicle hit the bicycle pedal. Chairman Smith questioned the direction of traffic during the accident. Harbormaster Marshall stated that she will follow up.

Commissioner Goddard asked for additional information about the incident on August 31, 2018, in which *Almar* unintentionally collided with a tender on the end-tie of Q-Dock. Harbormaster Marshall stated that heavy winds caused *Almar* to bump the tender, and there were no injuries or visible damage.

18. Written Correspondence *(There was no discussion on this agenda item)*

a) Letter from M. Cubillas to Santa Cruz Port District Commission

19. Port Commission Review Calendar / Follow-Up Items *(There was no discussion on this agenda item)*

Chairman Smith adjourned the regular public session at 8:00 pm.

A handwritten signature in black ink, appearing to be 'DS', written over a horizontal line.

Dennis Smith, Chairman