



Regular Public Session of May 22, 2018

**Santa Cruz Port Commission
MINUTES**

Commissioners Present:

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

Commissioners Absent:

Toby Goddard Commissioner

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.

1. Pledge of Allegiance
2. Oral Communication

Slip renter Ed Ekers expressed concern about the Port District's current fuel prices. Mr. Ekers stated that the State of California offers a gasoline tax refund program (if fuel is used for certain "off-highway" purposes), and suggested that information about this program be included in the harbor's newsletter. Chairman Smith recommended that Mr. Ekers forward information to staff.

CONSENT AGENDA

3. Approval of Minutes
 - a) Special Closed & Regular Public Session of April 24, 2018
4. Approval of O'Neill Sea Odyssey Sublease – 2222 East Cliff Drive, Suite 212
(Tenant: Public Consulting Group)
5. Approval of O'Neill Sea Odyssey Sublease – 2222 East Cliff Drive, Suite 234
(Tenant: Surfrider Foundation)
6. Approval of Month-to-Month Rental at Santa Cruz Harbor Boatyard
(Tenant: Joe and Raina Stoops)
7. Approval of Nexus Wealth Advisors' Sublease Agreement – 365 B Lake Avenue
(Tenant: S. Allen)

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

REGULAR AGENDA

8. Award Contract for 2018-19 Sediment Sampling and Analysis Plan Services

Discussion: Port Director Olin stated that a Request for Proposals (RFP) for sediment sampling and analysis plan services (SAP), and the development of a dredging plan for 2018-19, was advertised commencing May 2, 2018. She stated that one bid was received from Red Hills Environmental (RHE).

Port Director Olin stated that RHE has performed sediment sampling services for the Port District for a number of years and is familiar with the harbor's dredging operations and permitting requirements.

Port Director Olin stated that the total proposed contract cost is \$45,320, including a 10% contingency. She stated that the total project cost may range from \$13,600 to \$41,200, depending on sediment testing requirements.

Chairman Smith asked how long sediment test results are valid. Port Director Olin stated that permits require that entrance channel sediment be tested bi-annually. She stated that inner-harbor sediment test results are valid for up to three years (if there is no substantial change in depth).

MOTION: Motion made by Commissioner Geisreiter, seconded by Commissioner Gertler to award contract to Red Hills Environmental in the amount of \$41,200, plus a 10% contingency (\$4,120), for a total contract amount of \$45,320.

Discussion: Vice-Chairman Reed stated that though he understands the testing requirements set forth by the regulatory agencies, he is not supportive of the annual costs associated with the sediment sampling and analysis plan services, commenting that the SAP is not a worthwhile expenditure as sediment test results have historically remained the same each year.

MOTION: Motion made by Commissioner Geisreiter, seconded by Commissioner Gertler to award contract to Red Hills Environmental in the amount of \$41,200, plus a 10% contingency (\$4,120), for a total contract amount of \$45,320.

- *Motion carried. Commissioner Smith, Geisreiter, and Gertler voting YES. Vice-Chairman Reed voting NO. Commissioner Goddard ABSENT.*

9. Introduce Ordinance Section 316 – Vessel Insurance

Discussion: Port Director Olin stated the Policy-Operations Committee met on August 16, 2017, March 13, 2018, and again on April 26, 2018, to discuss the development of a vessel insurance policy and receive stakeholder input. Policy-Operations Committee members are Chairman Smith and Commissioner Goddard.

Port Director Olin stated that the committee has formulated a recommendation on draft ordinance language, a draft policy, and policy administration tools for review and consideration by the full Commission.

Port Director Olin stated that the proposed draft ordinance language is intended to be general in nature, to allow flexibility of application. She noted that all changes can be addressed on a policy level, rather than requiring an ordinance modification.

Port Director Olin highlighted the proposed policy requirements:

- Require slip renters to provide general Liability (Protection and Indemnity) vessel insurance coverage, including wreck removal and pollution coverage, with a minimum policy limit of \$300,000;
- Require vessel insurance policies to name the Port District as additional insured;
- Require subletters to carry insurance;
- Require that all vessel partners be listed on the policy;
- Request visiting vessels provide proof of insurance but do not require for berthing privileges.

Port Director Olin stated that the proposed vessel insurance policy is not applicable to:

- Dry Storage
- Rack Storage
- Catamaran Storage
- Launched Vessels
- Human-Powered Watercraft

Port Director Olin read the proposed ordinance aloud and stated that it will be advertised accordingly on three separate occasions and presented to the Commission for approval at the regular public session in June.

Vice-Chairman Reed asked if it is feasible to charge an “uninsured vessel” fee to slip renters who are unable to provide proof of insurance, including visiting vessels. Port Director Olin stated that a surcharge may help offset costs associated with a potential claim/loss, but will not extend coverage under the District’s policy. She noted that staff will have more clarity on the number of uninsured vessels after the policy is implemented.

Commissioner Geisreiter asked if the proposed vessel insurance policy is applicable to Santa Cruz Yacht Club Dry Storage. Port Director Olin stated that Santa Cruz Yacht Club Dry Storage requires dry storage slip renters to maintain insurance in their dry storage agreement, but does not require renters to provide proof of insurance. She confirmed that Santa Cruz Yacht Club Dry Storage slip renters are excluded from the requirement per the

policy proposal, noting that other dry storage slip renters (i.e. North Harbor Dry Storage and Twin Fountains), are also excluded. Administrative Services Manager Mac Laurie added that Santa Cruz Yacht Club is required to maintain \$1 million in liability insurance, naming the Port District as additional insured, per its lease agreement.

Port Director Olin stated that the proposed ordinance will be effective August 1, 2018, and slip renters will be required to provide proof of insurance by January 1, 2019. Port Director Olin stated that an interim compliance report will be presented to the Commission in Fall 2019, which will allow staff the opportunity to evaluate best practices and determine if any administrative changes are necessary. She noted that enforcement action will be delayed until after the interim Commission review is performed.

Port Director Olin stated that the purpose of tonight's meeting is to introduce the proposed ordinance and policy and receive Commission authorization to begin legal advertisement of the proposed ordinance per the Harbors and Navigation Code section 6309.2. She stated that a public hearing will be held at the regular public session of June 26, 2018, to consider adoption of Ordinance 316 – Vessel Insurance.

Chairman Smith stated that he is supportive of legal advertisement of the ordinance as written. Chairman Smith also expressed support for the proposed ordinance and policy on behalf of Commissioner Goddard, who could not be in attendance at tonight's meeting.

Commissioner Reed thanked the Policy-Operations Committee and staff for their time and hard work throughout the development of a vessel insurance policy. Commissioner Reed stated that he is supportive of advertising Ordinance 316 – Vessel Insurance Policy. Commissioner Geisreiter agreed.

MOTION: Motion made by Vice-Chairman Reed, seconded by Commissioner Geisreiter to authorize legal advertisement of Ordinance 316 – Vessel Insurance.
- *Motion carried. Commissioner Goddard ABSENT.*

10. Approval of Easements for PG&E's Gas Pipeline Replacement Project

Discussion: Port Director Olin stated that staff and Port District counsel, Bill McClure, have been working with PG&E to develop easement agreements necessary to facilitate a PG&E pipeline replacement in the north harbor.

Port Director Olin recommended approval of the following PG&E easements:

1. Permanent Easement LD 2311-01-2854
2. Confirmation Easement LD 2311-01-2856
3. Confirm Quitclaim Easement LD 2311-01-2855

Port Director Olin stated that PG&E has accepted the Port District's counter offer and will pay \$94,271.00 for a new permanent easement (LD 2311-01-2854) for a new landside pipeline in the northwest harbor.

Port Director Olin requested that the Commission authorize her to sign the easement documents, if approved.

Port Director Olin stated that a temporary construction easement for installation of the new pipeline on the harbor's west side is also needed. The temporary construction easement is expected to be presented to the Commission for approval at the regular public session in June.

In response to a question posed by Chairman Smith, Port Director Olin stated that PG&E anticipates the work will be completed in approximately two months. She noted that PG&E will be required to pay the District accordingly if work extends beyond the contract deadline.

Commissioner Geisreiter stated that he is supportive of approval of the PG&E easements and suggested that the motion include authorization for the Port Director to sign the documents.

MOTION: Motion made by Commissioner Geisreiter, seconded by Vice-Chairman Reed to approve and authorize the Port Director to sign the following PG&E easements:

1. Proposed Easement LD 2311-01-2854
 2. Confirmation Easement LD 2311-01-2856
 3. Quitclaim Easement LD 2311-01-2855
- *Motion carried. Commissioner Goddard ABSENT.*

11. Approval of Cash / Payroll Disbursements – April 2018

MOTION: Motion made by Commissioner Gertler, seconded by Vice-Chairman Reed to approve the Cash / Payroll Disbursements for April 2018, in the amount of \$958,187.48.

- *Motion carried. Commissioner Goddard ABSENT.*

INFORMATION

12. Update on the Development of *Pappy* Park

Chairman Smith stated that an ad hoc committee has been formed for the sole purpose of finding a suitable location and identifying design concepts for *Pappy*. Committee members are Chairman Smith and Vice-Chairman Reed.

Chairman Smith stated that the committee considered various sites in the southeast harbor and developed the following site options for consideration:

- Sloped landscaped area between the concession and the launch ramp parking lots;
- Same as Area 1, but shifted east;
- East Side Information Kiosk in the concession parking lot.

A discussion ensued regarding the proposed site options for *Pappy Park*. Vice-Chairman Reed stated that it is his hope that the park be highly visible, accessible and secure. He added that he would like *Pappy* to remain operational for special events at the harbor.

In response to a question posed by slip renter Ed Ekers, Port Director Olin explained that the purpose of this agenda item is to receive preliminary input from the Commission and members of the public. The ad hoc committee will continue its work to develop a recommendation. She explained that any action to implement recommendations will be considered by the Commission in public session, to ensure stakeholder involvement.

Commissioner Geisreiter stated that he is excited about this unique opportunity and supportive of the development of *Pappy Park*, but expressed his opinion that additional site options should be explored.

Chairman Smith stated that the committee will continue to review possible site options for *Pappy Park*. He stated that the committee welcomes any input from Commissioners, staff and the public throughout this process.

13. Port Director's Report

Aldo's Seawall Project

Port Director Olin reported that an Incidental Harassment Authorization (IHA) for the Aldo's Seawall Project will be requested. She stated that project construction cannot begin until the IHA and other permits are attained (permitting process generally takes four to six months).

In response to a question posed by Vice-Chairman Reed, Port Director Olin stated that representatives from Mesiti-Miller Engineering and EcoSystems West will provide a project update (including information about the permitting process), at the regular public session of June 26, 2018. She stated that for all practical purposes this will push back construction of the seawall to 2019.

345 Lake Avenue, Suites F and G

Port Director Olin stated that Clean Oceans International (current tenant at 333 Lake Avenue, Suites D and G), has expressed interest in changing office suites and moving to the recently vacated space at 345 Lake Avenue, Suites F and G. She anticipates that approval of this month-to-month lease agreement will be presented to the full Commission at the regular public session in June.

Twin Lakes Beachfront Project Update

Port Director Olin stated that the County anticipates that two-way traffic on East Cliff Drive will be restored (with temporary traffic markers), on Friday, June 22, 2018.

U.S. Army Corps of Engineers Work Plan

Port Director Olin stated that the U.S. Army Corps of Engineers' FY 18 Work Plan and the status of the Port District's reimbursement for dredging will be published in the next few days.

Hydraulic Boom Truck

Port Director Olin stated that the District's hydraulic boom truck's lift has failed. She stated that staff plans to purchase a replacement boom truck using \$25,000 of funding available in the FY19 budget intended for replacement of a grounds vehicle.

Dock Gate Installation

Port Director Olin stated that maintenance crews will be installing new aluminum dock gates on the southeast side of the harbor (L-Dock through S-Dock), beginning Tuesday, May 29, 2018. She stated that maintenance crews anticipate that this phased installation of dock gates will be completed by the end of June.

14. Harbormaster's Report

In response to a question posed by Chairman Smith, Harbormaster Marshall confirmed that the Port District was awarded nearly \$3,500 in judgments from two small claims court cases.

15. Facilities Maintenance & Engineering Manager's (FME) Report *(There was no discussion on this agenda item)*

16. Delinquent Account Reporting *(There was no discussion on this agenda item)*

17. Review of Financial Reports

a) Comparative Seasonal Revenue Graphs

Port Director Olin noted that parking revenue is lower in April 2018. Staff will continue to monitor the trend.

18. Sea Scouts' Bi-Annual Report

Port Director Olin introduced the new Sea Scout program directors, Kevin Melrose and Ken Kohler. Mr. Melrose and Mr. Kohler provided an update on the Sea Scout program.

The Commission thanked Mr. Melrose and Mr. Kohler for their contribution.

19. Crime / Incident / Citation Report – April 2018 *(There was no discussion on this agenda item)*

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

- a) Letter from Congressman Panetta to Honorable M. Mulvaney
- b) Letter from B. O'Neill and D. Haifley to Port Commission

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

Chairman Smith adjourned the regular public session at 8:06 pm.



Dennis Smith, Chairman