



Business / Finance Committee Meeting of March 31, 2023

Santa Cruz Port Commission
Business / Finance Committee Meeting
MINUTES

Committee Members Present:
Dennis Smith, Committee-chair
Reed Geisreiter, Commissioner

Staff Present:
Holland MacLaurie, Port Director
Christine Bouchard Admin. Serv. Mgr.
Blake Anderson, Harbormaster
Renee Ghisletta, Admin. Assistant

SPECIAL PUBLIC SESSION – 12:30 PM

Committee-Chair Smith called the special public session to order at 12:30 PM at the Harbor Public Meeting Room; 365 A Lake Avenue, Santa Cruz, CA (hybrid meeting platform).

1. Oral Communication
2. Review of Port District Charter Fees & Public Benefit Discount

Discussion: Port Director MacLaurie stated that the last time the Commission reviewed the charter fee schedule was in 2020, and at that time the Commission recommended a future comprehensive review of the District's charter fee schedule and public benefit discount be performed by the Business / Finance Committee.

The Committee received public input from various charter operators regarding the financial impacts on their operation associated with any proposed adjustment to charter fees.

Port Director MacLaurie stated that a flat rate of \$119 is used as the basis for calculating the current small and mid-range charter fees. She stated that this fee was last adjusted in 2010, from \$115.

A discussion ensued regarding adjustments to the various charter fee categories and other items:

Small Charters (6 passengers or less):

There was consensus among the Committee that the flat rate used as the basis for calculating the small charter fee (currently \$119) should be increased.

Committee-chair Smith proposed increasing the flat rate from \$119 to \$140. Commissioner Geisreiter stated that a more modest increase may be appropriate, and suggested \$125. Additionally, Commissioner Geisreiter

stated that it may be beneficial to increase the flat rate on an annual basis commensurate with the marine fee increase. Committee-chair Smith agreed.

The Business / Finance Committee recommended the following modification to the fee structure for small charters:

- Increase the flat rate of \$119 to \$125 and impose an annual adjustment to the rate commensurate with the annual increase to marina fees beginning in FY25.

Mid-Range Charters (7 – 48 passengers):

Commissioner Geisreiter stated that development of the fee calculation for the mid-range charter category was relatively arbitrary. He expressed support for eliminating the mid-range charter fee structure and assessing new and current operators with a passenger rating of 7 to 48 a \$2 per passenger fee, identical to the fees assessed for large charter operators.

A discussion ensued regarding impacts to current mid-range charter operators.

Raina Stoops of Chartle Charter stated that she is not opposed to transitioning to the \$2 per passenger fee structure and acknowledged that the monthly reporting requirements are amenable.

Business / Finance Committee recommended the following modifications to the fee structure for mid-range charters:

- Eliminate the mid-range charter fee structure and assess operators with a passenger rating of 7 to 48 a \$2 per passenger fee, identical to the fees assessed for large charter operators (base fee may apply).
- Assess the proposed \$2 per passenger fee to all new and existing mid-range charter operators, regardless of when the charter was approved to operate.

Large Charters (49+ passengers):

Representatives of Chardonnay Sailing Charters LLC (“Chardonnay”) expressed their appreciation to the Committee for taking time to review the current charter fee structure. Representative Kris Reyes stated that he is hopeful that the Committee’s review will highlight and help resolve inequities that currently exist between the two permitted large charter operations (Chardonnay and O’Neill Yacht Charters).

On behalf of Chardonnay, representative Bill Lee gave an overview of Chardonnay’s charter operations and recommended the Committee consider renegotiating terms of Chardonnay’s lease agreement to eliminate the \$2,000 per month base fee.

A discussion ensued regarding previously negotiated terms of the Lease between Santa Cruz Port District and Chardonnay Sailing Charters, LLC.

Committee-chair Smith recommended Chardonnay continue the discussion with staff at a later date, as the Committee is not permitted to negotiate lease terms for individual operations. Port Director MacLaurie stated that she will contact Chardonnay to continue discussions at a later date.

There was no formal recommendation from the Committee to alter or adjust fees for large charter operators.

Public Benefit Discount:

Port Director MacLaurie stated that there are currently four operators approved to utilize the harbor under a modified rent structure in recognition of the public benefit provided by their program. She stated that O'Neill Sea Odyssey (OSO) and Sea Scouts currently receive a 100% discount, while UCSC and Santa Cruz Sailing Foundation receive a 50% discount.

Port Director MacLaurie stated that the Committee may wish to consider reviewing the current discount rates which are applied to each program and propose any necessary modifications to the full Commission for consideration.

Commissioner Geisreiter expressed support for applying a standardized discount rate to new and current operators. He proposed establishing a standardized discount rate of 50% for new and current operators, noting that current operators can be transitioned to a 50% discount over a set period of time (i.e., five years).

Committee-chair Smith stated that standardizing the discount rate for future/new operators may be beneficial. He stated that he is not supportive of modifying the discount rate for current operators, and noted that it is his belief that adjusting the discount rate for OSO and Sea Scouts from 100% to 50% will have significant financial ramifications for each program.

Tracey Weiss, Executive Director for OSO, expressed her appreciation for the long-standing partnership between the Port District and OSO. She provided an overview of the OSO program and highlighted the importance of introducing future generations to boating and marine related activities. She stated that adjusting the discount rate would create a substantial financial hardship to the program.

Commissioner Geisreiter thanked Ms. Weiss for her comments and agreed that the Port District and OSO have a long standing, mutually beneficial relationship.

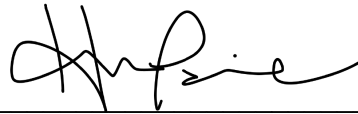
Commissioner Geisreiter stated that he is supportive of deferring this item (without a formal recommendation) to the full Commission to allow for additional discussion and deliberation. He stated that the full Commission can consider the following:

- Feasibility of implementing a standardized public benefit discount rate for new and current operators.
- Grandfathering the existing discount rate for OSO and Sea Scouts.

Launch Ramp Charter Approvals

A brief discussion ensued regarding the approval process for launch ramp charter operations. There was consensus among the Committee to maintain the current approval process, which requires launch ramp charter applications to be reviewed and approved by the Port Commission.

Committee-Chair Smith adjourned the special public committee meeting at 1:32 PM.



Holland MacLaurie, Port Director

Note: the following charter operators were present at the Business / Finance Meeting:

Chardonnay Sailing Charters / Pacific Yachting & Sailing
Chartle Charters / Sea Spirit
Monterey Bay Charters
O'Neill Yacht Charters / O'Neill Sea Odyssey
Chardonnay / Pacific Yachting & Sailing
Santa Cruz Coastal Charters
Waypoint Sport Fishing