



Special Public Budget Session of February 6, 2024

**Santa Cruz Port Commission
MINUTES**

Commission Members Present:

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

SPECIAL PUBLIC BUDGET SESSION – 5:30 PM

Chair Reed convened the special public budget session at 5:30 PM at the Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA (hybrid meeting platform).

1. Pledge of Allegiance
2. Oral Communication
3. Presentation by Mesiti-Miller Engineering – Westside Seawall Condition Assessment

Discussion: Dale Hendsbee of Mesiti-Miller Engineering, Inc. (MME), provided a condition assessment and preliminary engineering options for the Westside Seawall Replacement. Mr. Hendsbee highlighted the following:

Structure Overview

- The seawall was constructed circa 1963.
- The existing seawall is 1,240 feet in length.
- The seawall consists of a row of 3/8 inch thick, uncoated PZ-27 Steel Sheet Piles with a reinforced concrete pile cap.
- The sheet piles are restrained by steel tie rods spaced at 9 feet on-center.
- The steel tie rods connect the seawall to buried concrete panels (deadmen) located at a distance of 50 feet behind the sheet pile wall.
- The original seawall was expected to have a 20-year lifespan – it has now endured more than 60 years in the harbor.

Sheet Pile Condition

- Wall thickness was tested at eight locations with ultrasonic thickness gauge.
- Original thickness of steel sheet piles was 3/8" (0.375 inches).
- Based on average corrosion measurements, approximately 1/8" of steel has been lost to corrosion over 60 years (35% loss of thickness).

- Severe levels of corrosion are indicated by having 30% or greater loss of thickness.
- Several holes were found in the sheet piles near the mudline.

Pile Cap Condition

- Condition varies from completely undamaged with no evidence of corrosion or spalling (almost like new condition) to significantly damaged with numerous cracks, splits, and spalls.
- Pile cap was seriously damaged by the Loma Prieta earthquake of 1989.
- Rust stains are visible which indicates the reinforcing steel is corroding.

Tie Rod Condition

- A detailed examination was not conducted as part of the study
- There have been several studies of tie rods over the years which have found mild to severe corrosion.
- The tie rods are critical for the support of the sea wall. The loss of a tie rod could lead to progressive failure of the wall.

Mr. Hendsbee stated that the general conclusion is that the seawall has reached the end of its useful service life and will require replacement in the near future. Replacement options, including installing a new wall in front or behind the existing wall, were discussed.

There was a consensus among the Commission to advance this critical project and proceed with developing preliminary designs for replacement.

4. Review of Draft FY25 Budget and 5-Year Capital Improvement Plan

Discussion: Audience member Linda Wilshusen requested that as part of CIP deliberations, the Commission consider designating an additional public restroom in the northwest harbor.

Port Director MacLaurie presented the FY25 Draft Budget and stated that the budget approach for FY25 focuses on the following:

- Presenting a balanced budget that meets debt service requirements.
- Maintaining a conservative approach to budgeted revenues.
- Funding approved labor contracts and pension related costs.
- Funding the Capital Improvement Program (CIP) at a level satisfactory to achieve a balanced budget.

Port Director MacLaurie highlighted the following FY24 budget projections:

- FY24 operating revenues are projected to exceed budget by approximately \$1,042,508 (9%), due to increases in the following categories:
 - Increased Interest Earnings (\$650,000)
 - Receipt of Easement Funds for the Murray Street Bridge Seismic Retrofit Project (\$348,000)
- FY24 operating expenses are projected to be less than budgeted by approximately \$107,497 (1%), due to the following
 - Reduction in Salaries (vacancy in the Administrative Services Department)
 - Reduction in Fuel Expenses
 - Increased Insurance Premiums
- FY24 net income is projected at -\$2,443,201. Net of depreciation and capitalized expenses, net income is projected to be positive overall.

Port Director MacLaurie reviewed the FY25 Salary and Benefit Costs and highlighted the following:

- Salary and Benefits are projected to increase 3%, primarily due to increases in the following categories:
 - Labor Contracts
 - CalPERS' Pension Costs
 - Addition of one provisional Harbor Maintenance Worker

Port Director MacLaurie reviewed the FY25 Dredge Operations budget. She stated that a \$152,000 contribution will increase available funding in the Dredge Fund (DF) to \$279,757.

Port Director MacLaurie reviewed the Port District's fund balances and current financial position, noting that the amount of unrestricted cash on hand available for operations, emergencies, and improvements is approximately \$9,592,837.

Port Director MacLaurie stated that the draft FY25 budget proposes to allocate \$1,095,000 to the CIP (\$750,000 contribution from operating budget + reallocation of \$345,000 from the Unallocated CIP). She reviewed the recommended FY25 Capital Improvement Program (CIP) funding:

- Harbor Security Upgrades - \$12,000
- Sanitary Sewer Lift Stations - \$20,000
- Piling Replacement - \$50,000
- Pavement Repairs - \$215,000
- Pier Rehabilitation - \$5,000
- Building Restoration - \$125,000
- Restroom Building Rehabilitation - \$18,000

- West Jetty Walkway - \$20,000
- SH Revetment & Seawall - \$80,000
- Aldo's Seawall Replacement - \$50,000
- Embankment Assessment - \$10,000
- Fuel System Upgrades - \$25,000
- NH Transformer - \$355,000
- 2222 EC Deck Replacement - Close Out
- Twin Lakes Haul - \$110,000

Commissioner Geisreiter expressed support for continuing to increase funding to the CIP, noting that the CIP funding goal should total at least \$1,000,000 annually to meet future funding needs.

Port Director MacLaurie stated that the draft FY25 budget does not include a proposed marina fee increase. She stated that the Consumer Price Index (San Francisco-Oakland-Hayward) increase (CPI) for 2023 is 2.6%. A discussion ensued about the implementation of a slip fee increase.

A discussion ensued regarding the implementation of a marina fee increase.

There was consensus among the Commission to direct staff to incorporate the following items into the FY25 budget for review and action at the upcoming regular public session on February 27, 2024:

- 3% increase to marina fees.
- 3% increase to the Small (6 Pak) Charter Fee (fee increases from \$125 x passenger capacity /12-months to \$128.75 x passenger capacity / 12-months).

Chair Reed adjourned the special public budget session at 7:21 pm.



Stephen Reed, Chair