



TO: Port Commission

FROM: Marian Olin, Port Director

DATE: March 31, 2020

SUBJECT: COVID-19 RESPONSE MEASURES
A. Consideration / Approval of Resolution 20-03, Granting Emergency Authority to the Port Director
B. Review of COVID-19 Response Measures

A. CONSIDERATION / APPROVAL OF RESOLUTION 20-03

RECOMMENDATION: Approve Resolution 20-03

BACKGROUND

The Port Commission approved Resolution 20-02 at its emergency meeting on March 16, 2020, declaring an emergency at Santa Cruz Harbor due to Coronavirus (COVID-19) response measures. Resolution 20-03 is presented for approval (Attachment A), which grants emergency authority to the Port Director under the existing emergency declaration.

ANALYSIS

Resolution 20-03 grants the following emergency authority to the Port Director until terminated by the Santa Cruz Port District Commission and/or COVID-19 emergency restrictions and mandates are lifted by state and federal authorities:

1. Enter into contracts of up to \$50,000 (current authority is \$25,000) for identified priority / necessary projects;
2. Execute grant agreements to secure federal and/or state disaster assistance;
3. Make personnel decisions to the extent necessary to temporarily respond to the COVID-19 emergency including working hours, working conditions, and benefit decisions;
4. Temporarily change the location of Port Commission regular monthly meetings to an online format;
5. Make other decisions as necessary in the furtherance of public health.

IMPACT ON PORT DISTRICT RESOURCES

Contracting Authority: Increasing the Port Director's contracting authority is intended to facilitate completion of high priority projects previously identified and funded in the Capital Improvement Plan or required for facility maintenance and repair without undue delay; therefore, no additional costs to Port District resources from this provision are anticipated.

Grant Agreements: Any state and federal disaster assistance that may be available would provide funding to offset actual expenditures and/or losses associated with the COVID-19 emergency response. Any disaster assistance funding received would positively benefit Port District resources, regardless of any mandated local cost share (typically 10%).

Personnel Decisions: Necessary decisions will be made in consultation with the Port Commission chair and or Vice-chair and may involve temporarily expanding employee leave benefits and/or implementing laws mandated by state and local government, which have the potential to increase and/or decrease Port District personnel costs (such as the “Families First Coronavirus Response Act”). The extent to which personnel costs may increase or decrease is not yet determined, though the outlook over the next two-week period is that budgeted labor costs will not change.

Meeting Location: There are no identified costs associated with temporarily changing the location of the Port Commission’s monthly meetings to an online format.

B. REVIEW OF COVID-19 RESPONSE MEASURES

RECOMMENDATION: Provide guidance to staff on any additional response measures recommended for implementation.

BACKGROUND

The Port Commission adopted the FY21 budget in February 2020, before COVID-19 was broadly recognized in the United States as a pandemic and before associated response measures by federal, state and local government impacted the nation’s economy. The FY21 budget implements a 2.5% increase for landside leases and marina fees, and provides funding for labor and operating expenses, the dredge intermediate fund, the reserve fund and identified capital improvement projects in keeping with identified Port District goals and objectives identified in January 2020. The rate increases go into effect April 1, 2020.

Responses to the current public health emergency and shelter-in-place order are fluid, with government orders and assistance, and mandated labor laws changing on a daily, and sometimes hourly basis. As yet, no changes to the FY21 budget have been adopted or are currently proposed, though the Port District will likely face significant revenue losses as a result of restaurant closures and conversion to take-out service only, launch ramp closure, parking revenue losses, forgiveness of late fees, late payments, etc. The Port Commission will need to take a holistic view of its financial situation in the weeks and months ahead.

The shelter-in-place order required an assessment of essential and non-essential work at the harbor. That assessment resulted in all but three of the District’s part-time / hourly staff to be off the schedule. In consultation with District counsel, part-time / hourly employees were authorized to accrue up to 80 hours of negative sick leave balances through March 31, 2020, based on an

employee's typical schedule. New legislation effective April 1, 2020, mandates changes to the Family Medical Leave Act (FMLA) and provides Emergency Paid Sick Leave for eligible employees for specified reasons related to COVID-19 based on an employee's typical schedule and regular rate of pay. Staff will continue to work with counsel on implementation of these new requirements.

ANALYSIS

A number of slip renters and landside tenants have reached out to request rent forgiveness or other assistance. Requests received to date are appended as Attachment B, and an example of a typical response to these requests is appended as Attachment C.

As noted above, the situation is fluid, with government assistance and labor laws in flux. It seems likely that many small businesses and employees will see some form of relief through government and/or state subsidies, grants, expanded leave, disability and unemployment insurance and/or loans. It remains to be seen if the Port District will receive any disaster assistance funding or other relief. It also remains to be seen whether revenue losses would qualify for disaster assistance, especially losses governed by existing agreements (e.g., percent rent leases which may revert to base rent).

How this unprecedented health emergency may impact the District's FY21 work plan funding from the U.S. Army Corps of Engineers for dredging operations and maintenance, or state grant funding, is unknown at this time.

To summarize, while there may be a number of options that the Port Commission may wish to consider, such as suspending, delaying or lowering fee increases scheduled to go into effect, the impact of such measures need to be evaluated in the context of the entire budget. As noted above, it is not yet known if the Port District will be eligible for any disaster assistance for mandated expenditures or revenue losses. Staff is actively participating in training to learn more about new benefit and leave requirements, and staff is working with counsel on implementation of these new measures. More will be known about the financial impacts in the weeks ahead.

In the coming weeks, staff will analyze the District's FY21 budget utilizing various revenue and expense scenarios for review by the Commission at a future meeting, and present options for cutting expenditures and re-allocating fund balance contributions in response to anticipated revenue losses. In the meantime, staff will do what it can to preserve capital by implementing a hiring freeze for non-essential workers, and delaying non-essential capital improvement projects not currently underway.

Santa Cruz Port District
Resolution 20-03

**DECLARATION OF EMERGENCY AUTHORITY GRANTED TO
THE SANTA CRUZ HARBOR PORT DIRECTOR
UNDER THE CORONAVIRUS (COVID-19) EMERGENCY DECLARATION**

April 2, 2020

On the motion of Commissioner _____
Seconded by Commissioner _____

A declaration of emergency authority is granted to the Santa Cruz Harbor Port Director by the Santa Cruz Port District Commission.

WHEREAS, the Santa Cruz Port District Commission does hereby declare:

- I. That the Harbor Commission, by Resolution 20-02, declared a local emergency at its special meeting on March 16, 2020 based on a condition of extreme peril to the health and safety of persons and property within Santa Cruz Harbor caused by the coronavirus (COVID-19) pandemic commencing in late-2019, and continuing to the present with no end to the local emergency identified at this time.
- II. That the conditions of extreme peril to the health and safety of persons and property is a global pandemic impacting Santa Cruz Harbor; and,
- III. That the emergency will cause Santa Cruz Harbor to seek public assistance including all levels of state and federal aid; and
- IV. That the aforesaid conditions of extreme peril necessitate the vesting of broad authority in the Port Director to act on behalf of the Port to respond to the rapidly changing health and safety concerns during the continuance of this local emergency.

It is further declared that the broadened authority vested in the Port Director shall remain in effect until the local emergency declared in Resolution 20-02 is terminated by the Santa Cruz Port District Commission and/or COVID-19 emergency restrictions and mandates are lifted by state and federal authorities.

NOW, THEREFORE, BE IT RESOLVED the Santa Cruz Port District Commission, under special meeting provisions of the Brown Act as approved by the Governor of the State of California in Executive Orders N 25-20 and N-29-20 (and applicable successor orders), does declare that since a local emergency now exists throughout Santa Cruz Harbor, IT IS FURTHER PROCLAIMED AND ORDERED that during the existence of said local emergency, the Port Director shall have authority to:

- A. In consultation with the Port Commission Chair and/or Vice-Chair, enter into contracts of up to \$50,000 for identified priority capital improvement projects and necessary services on behalf of the Port District without receiving preauthorization of the Santa Cruz Port District Commission.
- B. Execute grant agreements to secure federal and state grants or disaster assistance on behalf of the Port District without receiving preauthorization of the Santa Cruz Port District Commission.
- C. Make personnel decisions on behalf of the Port District to the extent necessary to temporarily respond to the COVID-19 emergency, including work hours, working conditions, and benefit

decisions. Fiscal impacts under this section shall be reviewed with, and/or approved in consultation with, the Santa Cruz Port District Commission Chair or Vice-Chair.

D. Change the location of the Santa Cruz Port District Commission's regular monthly meetings to an online web conferencing platform which is accessible to the public, or otherwise in compliance with applicable state and local orders and rules.

E. Make decisions as necessary in the furtherance of public health and safety interests.

The Port Director shall provide regular updates to the Santa Cruz Port District Commission regarding any exercise of her emergency authority relating to any and all of the above-identified matters, as appropriate.

Except as otherwise provided herein, the powers, functions and duties of the Port Director of Santa Cruz Port District shall be those prescribed by State law, and by ordinances and resolutions of the Santa Cruz Port District approved by the Santa Cruz Port District Commission.

PASSED AND ADOPTED, by the Santa Cruz Port District Commission this 2nd day of April, at a special meeting of the Commission, by the following vote:

AYES:

NOES:

ABSENT:

Approved by:

Steve Reed, Chairman
Santa Cruz Port District Commission