



Special Public Budget Session of February 10, 2026

Santa Cruz Port Commission MINUTES

Commission Members Present:

Reed Geisreiter Chair (*Via Zoom*)
Robert DeWitt Vice-chair
Bill Lee Commissioner
Stephen Reed Commissioner

Commission Members Absent:

Toby Goddard Commissioner

SPECIAL PUBLIC BUDGET SESSION – 5:30 PM

Vice-chair DeWitt 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. Oral Communication
2. Review of Draft FY27 Budget and 5-Year Capital Improvement Plan

Discussion: Port Director MacLaurie presented the FY27 Draft Budget and stated that the budget approach for FY27 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 FY26 budget projections:

- FY26 operating revenues are projected to exceed budget by approximately \$1,538,558 (12%), due to increases in the following categories:
 - Increased Dredge Reimbursement (\$105,000)
 - Receipt of CalOES Reimbursement (\$1,400,000)
 - Increased Fuel Sales
- FY26 operating expenses are projected to exceed budget by approximately \$530,996 (4.5%), due to the following:
 - Launch Ramp Sinkhole Repair
 - Purchase of a Replacement Trash Compactor
 - Purchase of a Replacement Bucket Truck
- FY26 net income is projected at \$4,915,402. Net of depreciation and capitalized expenses, net income is projected to be positive overall.

Port Director MacLaurie reviewed the FY27 Salary and Benefit Costs and highlighted the following:

- Salary and Benefits are projected to increase 3.6%, primarily due to increases in the following categories:
 - Labor Contracts
 - CalPERS' Pension Costs, including a significant additional discretionary payment towards UAL.

Port Director MacLaurie reviewed the FY27 Dredge Operations budget. She stated that a \$120,000 contribution will increase available funding in the Dredge Fund (DF) to \$133,384.

Port Director MacLaurie stated that the draft FY27 budget proposes to allocate \$1,420,000 to the CIP (\$1,000,000 contribution from operating budget + reallocation of \$420,000 from previously allocated CIP projects). She reviewed the recommended FY27 Capital Improvement Program (CIP) funding:

- Harbor Security Upgrades – \$15,431
- Sanitary Sewer Lift Stations – \$364,538
- Pavement Repairs – \$430,141
- Pier Rehabilitation – \$19,821
- Building Restoration – \$232,354
- Restroom Building Rehabilitation – \$166,424
- Parking Pay Station – \$115,000
- 7th and Brommer Recon – \$50,191
- SH Revetment & Seawall – \$88,500
- Murray Street Bridge – \$3,152,650
- Aldo's Seawall Replacement - \$120,588
- Harborwide Refuse Study – \$13,000
- Embankment Assessment – \$9,306
- Fuel System Upgrades – \$12,123
- Twin Lakes Haul – \$1,100,000
- Floating Barge Purchase – \$140,670
- Storm Surge Recovery – \$700,096

In response to notification of reduced Surrendered and Abandoned Vessel Exchange (SAVE) grant funding, Commissioner Lee expressed support for allocating additional funds to the Marina Management operating budget. There was consensus among the Commission to allocate \$20,000 to the Marina Management operating budget to ensure adequate funding for abandoned vessel demolition and disposal.

Chair Geisreiter expressed support for continuing to increase annual funding to the CIP, noting that even a \$1,000,000 annual contribution may still be

insufficient to meet future infrastructure needs. He proposed increasing the annual CIP contribution goal from \$750,000 to \$1,000,000.

In response to a question posed by Chair Geisreiter, Port Director MacLaurie stated that the District has taken steps to proactively manage its CalPERS Unfunded Accrued Liability (UAL), including making annual payments instead of monthly. She recommended an additional discretionary payment of approximately \$214,000 toward the liability, and noted that making the additional discretionary payment could reduce long-term costs and save approximately \$1.2 million over a ten-year period.

A discussion ensued regarding the \$35,000 allocation to a trolley / transit vehicle to support harbor tenants during Murray Street Bridge construction. At the recommendation of Chair Geisreiter, there was a consensus among the Commission to broaden the purpose of the \$35,000 capital outlay item to a more encompassing "Harbor Tenant Vitality Fund" to be used for exploring and implementing measures to support harbor tenants and visitor access during bridge construction.

Port Director MacLaurie stated that the draft FY27 budget does not include a proposed marina fee increase. She stated that the Consumer Price Index (San Francisco-Oakland-Hayward) increase (CPI) for 2025 is 3%.

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 FY27 budget for review and action at the upcoming regular public session on February 24, 2026:

- 3% increase to marina fees.
- Broaden the purpose of the \$35,000 capital outlay item previously identified for a transit bus/shuttle to a more encompassing "Harbor Tenant Vitality Fund." This funding may be used to explore and implement measures to support harbor tenants and visitor access during Murray Street Bridge construction and related traffic impacts.
- Allocate an additional \$20,000 to Marina Management for abandoned vessel demolition and disposal.
- Allocate an additional \$50,000 to Barge Purchase Fund.
- Memorialize intent to increase the CIP contribution goal from \$750,000 to \$1,000,000 when practicable.

Vice-chair DeWitt adjourned the special public budget session at 6:26 pm.



Reed Geisreiter, Chair