



Special Public Budget Session of February 6, 2025

## Santa Cruz Port Commission MINUTES

### *Commission Members Present:*

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

### *Commission Members Absent:*

Stephen Reed      Commissioner

### **SPECIAL PUBLIC BUDGET SESSION – 5:30 PM**

Chair Goddard 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 FY26 Budget and 5-Year Capital Improvement Plan

Discussion: Port Director MacLaurie presented the FY26 Draft Budget and stated that the budget approach for FY26 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 FY25 budget projections:

- FY25 operating revenues are projected to exceed budget by approximately \$800,843 (6%), due to increases in the following categories:
  - Increased Interest Earnings (\$200,000)
  - Receipt of Federal Emergency Management Agency (FEMA) Reimbursement (\$630,000)
- FY25 operating expenses are projected to exceed budget by approximately \$1,982,123 (44%), due to the following
  - Surge Recovery
  - Increased Insurance Premiums
- FY25 net income is projected at - \$3,750,000. Net of depreciation and capitalized expenses, net income is projected to be positive overall.

Port Director MacLaurie reviewed the FY26 Salary and Benefit Costs and highlighted the following:

- Salary and Benefits are projected to increase 6%, primarily due to increases in the following categories:
  - Labor Contracts
  - CalPERS' Pension Costs

Port Director MacLaurie reviewed the FY26 Dredge Operations budget. She stated that a \$145,000 contribution will increase available funding in the Dredge Fund (DF) to \$283,205.

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 \$11,861,758.

Port Director MacLaurie stated that the draft FY26 budget proposes to allocate \$1,490,984 to the CIP (\$750,000 contribution from operating budget + \$100,000 from the Election Fund + reallocation of \$640,984 from previously allocated CIP projects). She reviewed the recommended FY26 Capital Improvement Program (CIP) funding:

- CF Marine Services Center – Close Out
- Harbor Security Upgrades – \$12,867
- Sanitary Sewer Lift Stations – \$364,538
- Pavement Repairs – \$80,141
- Pier Rehabilitation – \$254,411
- Building Restoration – \$268,519
- Restroom Building Rehabilitation – \$316,424
- Sidewalk & Plaza Restoration – Close Out
- Storm Drain System – Close Out
- Water & Sewer System – Close Out
- Parking Pay Station – \$15,000
- Aeration System Upgrade – Close Out
- Ice Machine – Close Out
- 7<sup>th</sup> and Brommer Recon – \$66,069
- SH Revetment & Seawall – \$73,500
- Murray Street Bridge – \$6,786,479
- Aldo's Seawall Replacement - \$143,088
- Harborwide Refuse Study – \$5,000
- Embankment Assessment – \$39,566
- Fuel System Upgrades – \$32,643
- NH Transformer – Close Out
- Twin Lakes Haul – \$400,000
- Floating Barge Purchase – \$30,670
- Storm Surge Recovery – \$762,887

In response to a question posed by Vice-chair Geisreiter, Port Director MacLaurie stated that the Port District's \$1.5 million transfer from the Reserve Fund (funds utilized to cover unanticipated storm surge expenditures) is recorded on the Debt Service Ratio (DSR) sheet as "Additional Revenue" to reflect that sufficient cash on hand was available to cover the unanticipated expenses. She noted that confirmation from PNC Bank (PNC) regarding the acceptability of how the Reserve Fund contribution is shown remains pending. If PNC accepts the inclusion of the "Additional Revenue" as part of the DSR calculation, then the Port District will comply with the required DSR covenant. If PNC does not agree, the Port District will not meet the required DSR covenant. Commission Geisreiter requested that final confirmation from PNC be presented at the February 25, 2025, meeting.

In regard to the Capital Improvement Plan, Commissioner Lee expressed support for allocating additional funds to the Floating Barge Purchase Fund (F048). There was consensus among the Commission to allocate \$50,000 from the Storm Surge Recovery Fund (F049) to the Floating Barge Purchase Fund (F048).

Vice-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. Chair Goddard agreed and highlighted the importance of continuing to allocate additional funds to Building Restoration (F011) and Pavement Repairs (F006).

Port Director MacLaurie stated that the draft FY26 budget does not include a proposed marina fee increase. She stated that the Consumer Price Index (San Francisco-Oakland-Hayward) increase (CPI) for 2024 is 2.4%.

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 FY26 budget for review and action at the upcoming regular public session on February 25, 2025:

- 5% increase to marina fees with associated revenue allocated to the Storm Surge Recovery Fund (F049).
- 5% increase to the Small (6 Pak) Charter Fee (fee increases from \$128.75 x passenger capacity /12-months to \$135.19 x passenger capacity / 12-months).
- Increase to the RV Parking Fees (fee increase from \$65 / night + \$3 / flat rate booking fee to \$75 / night + \$6 / flat rate booking fee).
- Increase to Concession Parking Lot: Before 4 PM (after 2.5 hours) Fee (fee increases from \$5.25 / hour to \$5.50 / hour).
- Increase to Concession Parking Lot: Lost Ticket Fee (fee increases from \$40 / ticket to \$45 / ticket).
- Addition of Event Permit Application Fee (less than 14 days) – \$150

- Increase to Temporary Non-Secure Trailer Storage (fee increases from \$75 / month to \$100 / month).

### 3. Approval of Design Services for North Harbor Dock Replacements – G-Dock and X-Dock

Discussion: Port Director MacLaurie stated that in an effort to expedite the repair of G-Dock and X-Dock, which were damaged in the storm surge event on December 23, 2024, a proposed contract for design services with TranSystems is being presented for approval.

In response to a question posed by Commissioner Lee, Port Director MacLaurie stated that an in-kind replacement of G and X Docks is planned to expedite repairs and preserve potential reimbursement eligibility from CalOES in the event a disaster declaration is made (i.e., CalOES will only reimburse for in-kind replacement, no betterments).

Commissioner Lee expressed support for conducting design work that incorporates a harbor resonance study and explores options for potential dock reconfiguration to mitigate impacts in the event of another significant surge event.

Port Director MacLaurie stated that as part of the proposed contract, TranSystems will perform a wave study (wavelength, wave height, period, etc.) to assist in guiding design criteria and performance expectations for the new docks. Additionally, she noted that grant funding opportunities can be explored for future resonance studies.

MOTION: Motion made by Commissioner DeWitt, seconded by Vice-chair Geisreiter to authorize the Port Director to execute an agreement with TranSystems for design, engineering, cost estimating, and construction support services for the replacement of G-Dock and X-Dock.

- *Motion carried. Commissioners Goddard, Geisreiter, and DeWitt voting YES. Commissioner Lee voting No. Commissioner Reed ABSENT.*

### 4. Award of Contract for Engineering Dive Inspection

Discussion: Port Director MacLaurie stated that the proposed dive work will ensure a comprehensive evaluation of marine infrastructure below the waterline (i.e., pile condition, float condition, etc.).

MOTION: Motion made by Vice-chair Geisreiter, seconded by Commissioner DeWitt to authorize the Port Director to execute an agreement with Moffatt & Nichol for engineering dive inspection services.

- *Motion carried. Commissioner Reed ABSENT.*

### 5. Award of Contract for Murray Street Bridge Project Construction Administration Services (*There was no discussion on this agenda item*)

MOTION: Motion made by Commissioner Lee, seconded by Commissioner DeWitt to authorize the Port Director to execute a contract with civil engineer Mike Hopper in the amount of \$85,000.  
- *Motion carried. Commissioner Reed ABSENT.*

6. Award of Contract for Elevator Modernization Project – 493 Lake Avenue (*There was no discussion on this agenda item*)

MOTION: Motion made by Vice-chair Geisreiter, seconded by Commissioner DeWitt to authorize the Port Director to execute contract documents with Kraemer Elevator Load Testing and authorize a not-to-exceed amount of \$75,000 for the Elevator Modernization Project.  
- *Motion carried. Commissioner Reed ABSENT.*

Chair Goddard adjourned the special public budget session at 7:50 pm.



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Toby Goddard, Chair