



Special Closed and Regular Public Session of September 22, 2020

**Santa Cruz Port Commission
MINUTES**

Commission Members Present (via teleconference):

Stephen Reed	Chairman
Toby Goddard	Vice-chairman
Dennis Smith	Commissioner
Darren Gertler	Commissioner
Reed Geisreiter	Commissioner

SPECIAL PUBLIC SESSION – 4:30 PM

Chairman Reed convened the special public session at 4:30 PM via teleconference at the Santa Cruz Harbor Conference Room, 135 5th Avenue, Santa Cruz, CA 95062.

1. Oral Communication
2. Announcement of Closed Session Pursuant to Government Code (Ralph M. Brown Act) Section 54956.8

At 4:30 PM, Chairman Reed announced the Commission will meet in closed session to discuss agenda items 3 and 4.

SPECIAL CLOSED SESSION

3. Conference with Real Property Negotiators
Agency Designated Representative: M. Olin
Negotiating Parties: Verizon
Under Negotiation: Lease
4. Conference with Real Property Negotiators
Agency Designated Representative: M. Olin
Negotiating Parties: Santa Cruz County Redevelopment Successor Agency
Property: 7th and Brommer – 3 Parcels on Southwest Corner
Under Negotiation: Potential Acquisition

SPECIAL PUBLIC SESSION

5. Action and Vote Disclosure after Closed Session Pursuant to Government Code (Ralph M. Brown Act) Section 54957.1

Chairman Reed announced that the Commission took no reportable action in closed session on items 3 and 4.

Chairman Reed adjourned the special open session following the closed meeting at 6:51 PM.

REGULAR PUBLIC SESSION – 7:00 PM

Chairman Reed convened the regular public session at 7:00 PM via teleconference at the Santa Cruz Harbor Conference Room, 135 5th Avenue, Santa Cruz, CA 95062.

6. Pledge of Allegiance
7. Oral Communication

Chairman Reed stated that the Commission took no reportable action in closed session on agenda items 3 and 4.

Commissioner Smith stated that while he is supportive of the District's emergency response efforts related to the CZU Lightning Complex fire, financial impacts and revenue losses to the RV Park remain unknown. He stated that it is his opinion that future consideration of emergency response measures should be more deliberative.

CONSENT AGENDA

8. Approval of Minutes
 - a) Regular Public Session of August 25, 2020
 - b) Special Emergency Meeting of August 25, 2020

MOTION: Motion made by Commissioner Smith, seconded by Commissioner Geisreiter to approve the consent agenda item 8.

- *Motion carried unanimously by roll call.*
 - *Reed: YES*
 - *Goddard: YES*
 - *Smith: YES*
 - *Gertler: YES*
 - *Geisreiter: YES*

REGULAR AGENDA

9. Approval of Vessel Insurance Policy Enforcement Measures

Discussion: Port Director Olin stated the Policy and Operations Committee met on September 10, 2020, to discuss the implementation of enforcement measures for the Port District's vessel insurance policy which went into effect January 1, 2019.

Port Director Olin stated that since the policy was adopted, staff has worked to familiarize individuals with the provisions of the policy and has been successful in achieving compliance from most slip renters. To achieve full compliance, progressive enforcement mechanisms are needed.

Harbormaster Anderson highlighted the following progressive enforcement measures proposed for implementation:

- Effective January 1, 2021 (and each year thereafter), slip renters would be required to present their insurance declaration page

(demonstrating minimum policy requirements) in order to pick up annual parking stickers. Insurance cards or binders would not be accepted, as they do not contain the necessary policy information.

- Effective April 1, 2021, impose a monthly uninsured vessel fee of \$75 on slip licensees who do not have a current insurance certificate on file with the District. For those slip renters with expired certificates, the penalty would be assessed 60 days after policy expiration. The penalty would be applied for no more than 12 months before initiating the slip revocation process (see Measure 3). For slip licensees with commercial fishing vessels, the Harbormaster would have discretion to extend the penalty period beyond 12 months, on a case-by-case basis.
- Effective April 1, 2022, utilize the slip revocation process after reasonable efforts have been made to gain compliance.

In response to a question posed by Commissioner Gertler regarding “uninsurable” vessels, Harbormaster Anderson stated that almost any vessel can be insured, but at a cost.

There was consensus among the Commission to support the proposed enforcement measures. Commissioner Smith emphasized the importance of providing ample notification and outreach to marina customers.

Vice-chairman Goddard agreed, noting the Policy and Operations Committee meeting discussion stressed the importance of outreach, which will minimize frustration for customers.

MOTION: Motion made by Commissioner Smith, seconded by Vice-chairman Goddard to adopt the recommendations of the Policy and Operations Committee amending the vessel insurance policy to include enforcement measures.

- *Motion carried unanimously by roll call.*

- *Reed:* YES
- *Goddard:* YES
- *Smith:* YES
- *Gertler:* YES
- *Geisreiter:* YES

10. Approval of Sole Source Acquisition for Replacement Water Taxi Vessel (\$80,000)

Discussion: Port Director Olin stated that in April 2020, the Port District received the Coast Guard’s determination that the water taxi program was not subject to requirements of 46 CFR Subchapter T for Small Passenger Vessels and water taxi service could resume normal operations. She stated that despite the determination, operations did not resume because the District’s current water taxi vessel is 53-years old and has reached the end of its service life. She stated that Harbormaster Anderson has done extensive research to identify a suitable replacement vessel.

Harbormaster Anderson stated that there are very few manufacturers of commercial-grade pontoon boats that would be suitable for the District’s water taxi operation. He stated that after extensive research, staff has determined Fiesta Marine Products is a suitable manufacturer for this specialized vessel. He noted that the City of Santa Cruz did similar research

for their Loch Lomond vessel and came to the same conclusion. A sole source acquisition is recommended.

Harbormaster Anderson stated that the quote provided by Fiesta Marine, including tax and shipping, exceeds budget by \$5,000. Rather than sacrificing the integrity of the vessel to meet the \$75,000 budget, staff is requesting an additional \$5,000 in funding to ensure delivery of a fully functional and safe vessel.

A brief discussion ensued regarding vessel specifications and alternative shipping options. Harbormaster Anderson stated that staff would continue to research the most cost-effective shipping options during the 3-4 month construction process of the new vessel.

Commissioner Geisreiter expressed support for sole source acquisition of the new vessel. Chairman Reed agreed.

MOTION: Motion made by Vice-chairman Goddard, seconded by Commissioner Smith to approve the sole source acquisition of a replacement water taxi vessel from Fiesta Marine Products; authorize the Port Director to execute the contract; and allocate \$5,000 in additional project funding from unreserved cash for a total not-to-exceed purchase of \$80,000.

- *Motion carried unanimously by roll call.*

- *Reed: YES*
- *Goddard: YES*
- *Smith: YES*
- *Gertler: YES*
- *Geisreiter: YES*

11. Approval of Amendment to Port Commission Policies / Procedures Manual Adding Section 2130, Roles and Responsibilities of the Port Commission in Human-Resources

Discussion: Port Director Olin stated the Policy and Operations Committee met on September 10, 2020, to review a proposed new section for the Port Commission Policies and Procedures Manual, which defines the primary roles and responsibilities of the Commission in human resource-related matters.

Port Director Olin stated that Port District Counsel Tim Davis reviewed the proposed policy and is supportive of its adoption. Counsel Davis noted it does not expand or change any policies in the District's current personnel handbook, which is important.

Commissioner Smith thanked the committee for their thorough review and expressed support for the amendment.

MOTION: Motion made by Vice-chairman Goddard, seconded by Chairman Reed to approve amendment, adding Section 2130, Roles and Responsibilities of the Port Commission in Human Resources, to the Port Commission Policies/Procedures Manual.

- *Motion carried unanimously by roll call.*

- *Reed: YES*
- *Goddard: YES*

- *Smith: YES*
- *Gertler: YES*
- *Geisreiter: YES*

12. Acceptance of Final FY20 Audited Financial Statement

Discussion: Port Director Olin presented the final FY20 audited financial statement, noting one minor change to Note 8 based on input received from the Commission during a review of the draft audit in August. She stated that Note 8 was amended to clarify that docks (berths) are available for slip licensing as a means of revenue generation and not held for District use.

Port Director Olin summarized the FY20 audit by reporting revenue was 6.5% higher than FY19, and expenses (net of non-cash items like depreciation) were 5% higher than FY19. In terms of the budget, she reported that year-end revenue exceeded budget projections by 6% and expenses overall were 10% lower than budget.

Port Director Olin reported that there was a decrease in net cash flow FY19-20, primarily related to loan and capital improvement expenditures on large infrastructure projects. She reported that the District's net position increased 3%, or \$860,637 over FY19.

Port Director Olin reported that the District's debt service ratio based on audit results will be presented to the Commission next month.

MOTION: Motion made by Commissioner Gertler, seconded by Commissioner Smith to accept the FY20 audited financial statement.

- *Motion carried unanimously by roll call.*
 - *Reed: YES*
 - *Goddard: YES*
 - *Smith: YES*
 - *Gertler: YES*
 - *Geisreiter: YES*

13. Approval of Cash / Payroll Disbursements – August 2020

Discussion: In response to questions posed by the Commission, staff provided additional information on the following warrants:

- Warrant # 53883 – 413 Lake Avenue Flooring Deposit
Budgeted FY21 expense, to replace worn/damaged flooring for Kayak Connection, Suite 101/102.

MOTION: Motion made by Chairman Reed, seconded by Commissioner Gertler to approve the cash and payroll disbursements for August 2020, in an amount of \$661,446.36.

- *Motion carried unanimously by roll call.*
 - *Reed: YES*
 - *Goddard: YES*
 - *Smith: YES*
 - *Gertler: YES*
 - *Geisreiter: YES*

14. Port Director's Report

FEMA Disaster Assistance Grant

Port Director Olin stated that the District's application for the FEMA Disaster Assistance Grant has been submitted, and noted that all COVID-19 related expenses to date may not be reimbursable. She stated that beginning September 30, 2020, the District will suspend additional sanitization services (\$200/day) and remove the hand-washing station located at the Boatyard (fishery restroom may be utilized).

Aldo's Seawall Replacement Project

Port Director Olin stated that the Coastal Commission has authorized a time extension for submittal of final restaurant building plans for the Aldo's Seawall and Restaurant Replacement Project (CDP 3-18-0841) to December 31, 2022.

CZU Lightning Complex Fire Emergency Response

Port Director Olin provided the following updates regarding the Port District's CZU Lightning Complex fire emergency response:

- Demand for RV space by evacuees is not as high or sustained as originally anticipated
- RV host has canceled 87 reservations through the first week of October, totaling 352 visitor nights at \$52/night (\$18,304)
- 11 slip licensees have reported living aboard their vessel during the evacuation (18 individuals in total) – all have returned home
- Santa Cruz County Emergency Operations Center (EOC) has closed all shelter locations except for the Santa Cruz County Fairgrounds and one hotel.

Santa Cruz Yacht Club Paving Project

Port Director Olin stated that the Santa Cruz Yacht Club (SCYC) will be repaving their dry storage yard on October 5, 2020. She stated that SCYC has agreed to repair a portion of pavement near the boat rinse area, which is located outside the yard. SCYC board members have questioned whether the club should bear the full cost of that repair. Port Director Olin stated that a resolution is currently being negotiated.

Twin Lakes Hull Survey

Port Director Olin stated that the Port District's dredge consultant, Ancil Taylor, has recommended that *Twin Lakes* be hauled next summer (5-year schedule). Port Director Olin stated that haul and transport costs will be significant, but noted that major hull repairs are not anticipated.

Commissioner Smith questioned whether an ultrasound of the hull could be performed in lieu of a costly survey haul. Facilities Maintenance and Engineering Manager Kerkes stated that in an effort to protect the District's investment, he is supportive of proceeding with the haulout.

USACE Reimbursement - Dredging

Port Director Olin stated that the Port District has received reimbursement from the U.S. Army Corps of Engineers (Corps) for Quarters 1 and 2, totaling \$192,500. She stated that quarters 3 and 4 will be billed on January 2, 2021.

15. Harbormaster's Report

In response to a question posed by Vice-chairman Goddard, Harbormaster Anderson stated that Harbor Patrol has seen an increase in boating activity this year during the COVID-19 pandemic. He stated that Harbor Patrol will continue to monitor the main channel and educate boaters using human-powered watercraft on vessel traffic protocols within the harbor.

16. Facilities Maintenance & Engineering Manager's (FME) Report

FME Kerkes thanked the Port Commission for their role in making the Santa Cruz Harbor RV Park available to CZU Lightning Complex fire evacuees.

In response to a question posed by Chairman Reed, FME Kerkes stated that the Boatyard Marine Ways lumber has been ordered, and delivery is anticipated next week. He stated that project completion will take approximately 2-3 days.

17. Bi-Annual Slip Vacancy Report / Waiting List Statistics (*There was no discussion on this agenda item*)

18. Financial Reports (*There was no discussion on this agenda item*)

a) Comparative Seasonal Revenue Graphs

19. Delinquent Account Reporting (*There was no discussion on this agenda item*)

20. Harbor Patrol Incident Response Report – June 2020 (*There was no discussion on this agenda item*)

21. Written Correspondence (*There was no discussion on this agenda item*)

a) Letter from Chairman Reed to Monterey Bay National Marine Sanctuary

b) Letter from Tess Fitzgerald to Port Commission

22. Port Commission Review Calendar / Follow-Up Items (*There was no discussion on this agenda item*)

Chairman Reed adjourned the regular public session at 8:17 PM.



Toby Goddard, Vice-Chairman