



Special Closed and Regular Public Session of April 27, 2021

**Santa Cruz Port Commission
MINUTES**

Commission Members Present (via teleconference):

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

SPECIAL PUBLIC SESSION – 5:30 PM

Chairman Goddard convened the special public session at 5:30 PM via teleconference.

1. Oral Communication
2. Announcement of Closed Session Pursuant to Government Code (Ralph M. Brown Act) Section 54956.8 and 54956.9(d)(2)

At 5:30 PM, Chairman Goddard 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
Property: 616 Atlantic Avenue (Aldo's Restaurant)
Under Negotiation: Lease
4. Conference with Legal Counsel – Anticipated Litigation
Significant Exposure to Litigation (1 Potential Case)

SPECIAL PUBLIC SESSION

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

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

Chairman Goddard adjourned the special open session following the closed meeting at 6:35 PM.

REGULAR PUBLIC SESSION – 7:00 PM

Chairman Goddard convened the regular public session at 7:00 PM via teleconference.

6. Pledge of Allegiance
7. Oral Communication

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

Chairman Goddard stated that tonight's meeting is being dedicated to the memory of Ed Larson.

Commissioner Smith stated that he has fielded numerous compliments from the boating community regarding the dredge crew's hard work maintaining the entrance channel depths. He expressed his gratitude to the crew for a successful dredge season.

Commissioner Smith suggested that staff work to identify possible solutions to reduce clutter on gangways and docks and ensure dock gates are securely closed and not left propped open.

CONSENT AGENDA

8. Approval of Minutes
 - a) Special Closed & Regular Public Meeting of March 23, 2021
9. Approval of Sublease Agreement from O'Neill Sea Odyssey – 2222 E. Cliff Drive, Suite 200 (Tenant: State Farm Insurance)

MOTION: Motion made by Commissioner Smith, seconded by Vice-chairman Geisreiter to approve the consent agenda.

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

REGULAR AGENDA

10. Mutual Agreement to Terminate Lease dated January 1, 2020, between Santa Cruz Port District and A & I Olivieri, Inc., for 616 Atlantic Avenue, Santa Cruz

Discussion: Port Director Olin briefly recapped the background included in the staff report which caused Aldo's to vacate their former restaurant on Atlantic Avenue in June 2016 due to damage and deterioration of the seawall. Port Director Olin

explained that staff has worked with Aldo's owner, Mauro Olivieri, since that time to facilitate continuance of the restaurant operation at its temporary location on Mariner Park Lawn, and entered into a new lease agreement for a new restaurant to be constructed atop the seawall.

Port Director Olin reported that the Port District has granted Mr. Olivieri two extensions on the deadline for providing evidence of financing, and has offered a third extension in the form of a lease amendment. She reported that Mr. Olivieri has determined that the financing offered is not adequate to meet his needs for construction of the restaurant and he has declined to sign the lease amendment document.

Port Director Olin reported that as a result, the Port District and Mauro Olivieri have tentatively agreed to mutually terminate the lease for Atlantic Avenue. In the meantime, Aldo's will continue to operate the restaurant on Mariner Park Lawn on a month-to-month basis until the City's zoning permit expires or until a new restaurant opens at 616 Atlantic Avenue.

Port Director Olin stated that while she is disappointed at the outcome after so much effort she thanked Mr. Olivieri for how hard he worked to try and make this a reality, and for maintaining a professional and congenial working relationship despite hitting some very rough patches along the way.

MOTION: Motion made by Commissioner Reed, seconded by Commissioner Gertler to approve the letter mutually agreeing to terminate the Lease dated January 1, 2020, between Santa Cruz Port District and A & I Olivieri, Inc., for 616 Atlantic Avenue, Santa Cruz; and, authorize the Port Director to execute any additional documents as may be reasonably required in connection with the termination of the 2020 Lease, including but not limited to a document terminating/rescinding the recorded Memorandum of Lease.

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

11. Consideration of Application for 6-Pak Charter Operation (Joe and Raina Stoops)

Discussion: Harbormaster Anderson requested that the Commission consider authorization of a second charter operation for Joe and Raina Stoops. He stated that due to COVID-19, the Stoops' eco-charter business, which was approved by the Commission in 2017, has been negatively impacted. To offset financial losses associated with COVID-19, the Stoops' are requesting approval for a 6-pak fishing charter from their commercial slip in the south harbor.

Mr. Stoops thanked the Commission for their consideration and stated that the proposed charter operation will help offset some financial losses and ensure his vessel, *Taylor Gene*, remains viable despite a shortened commercial salmon season.

Commissioner Smith stated that parking impacts are always a primary concern when reviewing and considering charter applications. He stated that the Commission recently rescinded a charter permit from the proposed area of operation due to non operability, so he views this proposal as filling that slot. He expressed support for approving the proposed charter operation and encouraged Mr. Stoops to request his customers carpool or utilize remote parking. Commissioner Gertler agreed.

MOTION: Motion made by Commissioner Gertler, seconded by Commissioner Smith to authorize an additional charter operation (6-pak) for Joe and Raina Stoops of *Chartle Charters*.

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

12. Approval of FY22 Fee Schedule

Discussion: Port Director Olin recommended approval of the proposed FY22 fee schedule. She stated that the Commission reviews the fee schedule on an annual basis and makes periodic adjustments to user fees. She stated that fees were not reviewed or adjusted in FY21 due to COVID-19.

Commissioner Reed expressed support for the FY22 fee schedule as proposed.

MOTION: Motion made by Commissioner Reed, seconded by Commissioner Smith to approve the FY22 fee schedule and authorize the Port Director to waive or adjust fees as deemed appropriate.

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

13. Approval of FY22 Boatyard Fee Schedule

Discussion: Port Director Olin recommended approval of the proposed FY22 boatyard fee schedule. She stated that the proposed adjustments bring fees more in line with the services being provided.

A brief discussion ensued regarding the Pressure Wash for Trailerable Vessel fee. Commissioner Smith expressed his opinion that the proposed fee (\$4.00/ft., \$100 minimum fee) is exorbitant and suggested staff consider an alternative proposal.

There was consensus among the Commission to have staff further evaluate the Pressure Wash for Trailerable Vessel fee and bring back an alternate fee proposal for approval at the next regular public session.

14. COVID Response Measures Quarterly Report

Discussion: Port Director Olin stated that a year ago at the regular session of April 28, 2020, the Port Commission reviewed and approved proposed FY21 budget adjustments in response to impacts related to COVID-19, which included various expense reductions and funding reallocations to be reviewed quarterly by the Port Commission.

Port Director Olin highlighted that this is a very preliminary year-end review and noted the following:

- Increased revenue in the following categories:
 - Slip rent
 - Launch revenue
 - Visitor berthing
- Significant revenue loss in the following categories:
 - RV Park
 - Concession rent
 - Parking
- Overall, revenue is 3% under budget, but expenditure savings of more than twice what was proposed helped offset the revenue loss.

Port Director Olin reported future quarterly reports will return to a standard format.

15. Approval of Cash / Payroll Disbursements – March 2021 (*There was no discussion on this agenda item*)

MOTION: Motion made by Commissioner Smith, seconded by Vice-chairman Geisreiter to approve cash and payroll disbursements for March 2021 in the amount of \$556,290.94.

- *Motion carried unanimously by roll call vote.*
 - *Geisreiter: YES*
 - *Gertler: YES*

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

INFORMATION

16. Port Director's Report

Pacific Gas & Electric (PG&E) Temporary Construction Easement Compensation

Port Director Olin stated that she was contacted by a PG&E representative requesting additional information on the Port District's claim for \$25,000 in unpaid temporary construction easement money that was filed in 2019 after PG&E's bankruptcy filing. She stated that receipt of payment is still pending/unknown, though if received, the unanticipated revenue could partially offset the increased cost of this year's insurance (see below).

Lockton Insurance Renewals

Port Director Olin stated that the District bound insurance coverage on April 1, 2021, with the overall cost exceeding budget by \$22,000. Port Director Olin discussed the various factors impacting this year's premiums.

US Army Corps of Engineers – Dredging Reimbursement

Port Director Olin stated that the US Army Corps of Engineers (USACE) has completed review of the District's 5-year audited dredge expenses, resulting in an increase to the annual dredging reimbursement level from \$385,000 to \$525,000.

Seawall Replacement Project – Accessway Improvements

Port Director Olin stated that the California Coastal Commission has authorized a time extension for the completion of Accessway Improvements associated with the Seawall Replacement Project. Completion of accessway improvements will now run concurrent with restaurant construction/completion (which was anticipated to be completed by January 2023).

California Special District Association (CSDA) Membership

Port Director Olin stated that the District has renewed its annual membership for CSDA as it is a requirement of the District's workers' compensation insurer, Special District Risk Management Authority (SDRMA).

Murray Street Bridge Retrofit Project

Port Director Olin stated that she has requested a meeting with City representatives to continue discussions regarding the proposed Murray Street Bridge Seismic Retrofit Project. She stated that project information provided by the City remains largely unchanged from 2012 discussions, but noted that further review of the appraisal report and memorandum of understanding will be necessary to ensure the Port District is made whole for its costs associated with the project.

Vice-chairman Geisreiter stated that it will be beneficial for the Port District to conduct its own independent review of the appraisal report.

17. Harbormaster's Report

Harbormaster Anderson stated that since the vessel insurance policy enforcement measures were approved by the Commission at the regular public meeting of September 22, 2020, total compliance has increased from approximately 41% to 87%. He stated that on April 1, 2021, the \$75 uninsured vessel fee was assessed and half of the customers who were assessed the fee have since come into compliance.

In response to a question posed by Vice-chairman Geisreiter, Harbormaster Anderson confirmed that the remaining 13% of customers who are not in compliance comprise of uninsured, underinsured, or expired certificates. Harbormaster Anderson stated that he is working with a small handful of customers who have reported obstacles obtaining adequate vessel insurance.

Commissioner Smith stated that Monterey Bay Salmon and Trout Project have a couple of events planned in May to release Chinook salmon smolts into the ocean environment from the Santa Cruz Municipal Wharf and the Monterey Municipal Wharf.

18. Facilities Maintenance & Engineering Report

Facilities Maintenance & Engineering Manager (FME) Wulf stated that the dredge crew has done a great job the year maintaining harbor entrance depths. He stated the crew is finishing the 2020-21 dredging season by focusing on deepening the area just outside the harbor's entrance.

FME Wulf stated that crews continue to identify and repair water leaks on the west side of the harbor.

FME Wulf stated that the gangway project is delayed until the pressure-treated lumber needed becomes available. The current lead time is approximately 8 weeks.

A brief discussion ensued regarding disposal of pressure treated lumber. Harbormaster Anderson stated that the Buena Vista Landfill may begin accepting pressure treated lumber for disposal in the near future.

19. Financial Reports

- a) Comparative Seasonal Revenue Graphs
- b) Preliminary Year-End Budget Report as of March 31, 2021
- c) Employee Count as of March 31, 2021
- d) Quarterly Fuel Sales Report
- e) Quarterly Boatyard Report
- f) Quarterly Concession Percentage Rent Report
- g) LAIF Statement & PMIA/LAIF Performance Report

Port Director Olin highlighted the following:

- Quarterly Fuel Dock Report: Net income is \$21,000 higher than projected in the prior year's report. Though we purchased and sold less fuel, we were able to maintain profitability.
 - Concession income suffered as a result of COVID-19:
 - Crow's Nest paid minimum base rent for a total of 4 months (percent rent generated decreased from prior year and is estimated at \$167,000).
 - Johnny's Harborside paid only base rent all year (no percent rent was generated during FY21).
 - Café El Palomar generated only nominal percent rent (\$1,200 v. \$34, 000 last year).
 - Aldo's generated \$16,895 in percentage rent despite intermittent closures, which is more than the percent rent reported in the prior year.
20. Delinquent Account Reporting (*There was no discussion on this agenda item*)
21. Harbor Patrol Incident Response Report – February 2021 (*There was no discussion on this agenda item*)
22. Written Correspondence (*There was no discussion on this agenda item*)
 - a) Letter to Congressman Panetta from Chairman Goddard
 - b) Letter to Pacific Fishery Management Council from Monterey Bay Harbors
23. Port Commission Review Calendar / Follow-Up Items (*There was no discussion on this agenda item*)

Chairman Goddard adjourned the regular public session at 7:45 PM.



Toby Goddard, Chairman