



Special Public Budget Session of February 15, 2022

**Santa Cruz Port Commission
MINUTES**

Commission Members Present (via teleconference):

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

SPECIAL PUBLIC BUDGET SESSION – 7:00 PM

Chairman Geisreiter brought the special public budget session to order at 7:00 PM via teleconference.

1. Pledge of Allegiance
2. Oral Communication
3. Review of Draft FY23 Budget and 5-Year Capital Improvement Plan

Discussion: Port Director MacLaurie presented the FY23 Draft Budget and stated that the budget approach for FY23 focuses on the following:

- Presenting a balanced budget that meets debt service requirements
- Maintaining a conservative approach to budgeted revenues
- Funding approved labor contracts
- Addressing residual impacts from the COVID-19 pandemic
- Funding the Capital Improvement Program (CIP) at a level satisfactory to achieve a balanced budget (current funding level is less than stated goal).
- Assessing needs for tsunami recovery efforts.

Port Director MacLaurie highlighted the following current FY22 budget projections:

- FY22 operating revenues are projected to exceed budget by approximately \$925,000, due to increases in the following categories:
 - Parking Revenue
 - Launch Fees
 - Visitor Berthing
 - Boatyard
 - Concession Income

- FY22 operating expenses are projected to exceed budget by approximately 4%, due to increases in the following categories:
 - Tsunami Expenses
 - Legal Consultation
 - CVRA Transition
 - Fuel Expense (offset by additional fuel sales/revenue)
 - Interest Expense
- Net income loss in FY22 is projected at -\$717,306; however, net of depreciation / capitalized expenses, reconciled net income is projected to be positive overall.

Port Director MacLaurie reviewed the FY23 Salary and Benefit Costs and highlighted the following:

- Salary and Benefits are projected to increase 9.8%, primarily due to increases in the following categories:
 - Labor Contracts
 - Reintroduction of the Parking Coordinator Position
 - CalPERS' Pension Costs

Port Director MacLaurie reviewed the FY23 Dredge Operations budget. She stated that a \$177,151 contribution will increase available funding in the Dredge Intermediate Fund (DIF) to \$207,000. She stated that this funding will be utilized for the following expenditures:

- *Twin Lakes*: Replacement of the snorkel elbow; replacement of the Christmas Tree lifting system, and spare parts
- *Dauntless*: Replacement of the rudder shaft, replacement of the cab roof, and electrical system rewiring
- Other miscellaneous dredge systems and equipment

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 \$8,408,504 (includes \$525,000 in US Army Corps of Engineers' (USACE) work plan funding for 2021).

Port Director MacLaurie reviewed recommended FY23 Capital Improvement Projects funding:

- Harbor Security Upgrades - \$12,000
- Piling Replacement - \$20,000
- Pavement Repairs - \$35,000
- Pier Rehabilitation - \$120,000
- Minor Building Restoration Projects - \$20,000
- Restroom Building Rehabilitation - \$100,000

- Parking Upgrades - \$35,000
- Parking Pay Station - \$15,000
- 7th & Brommer - \$25,000
- SH Revetment & Seawall - \$20,000
- Boatyard Marine Ways Inspection & Upgrades - \$8,000
- Fuel System Upgrades - \$40,000
- Tsunami Related Projects - \$50,000

Port Director MacLaurie stated that the draft FY23 budget proposes to allocate \$260,000 in new funding to the CIP, which is less than the historical minimum contribution of \$500,000. To achieve a minimum contribution of \$500,000, the FY23 budget proposes to utilize \$240,000 in existing Unallocated CIP project funds.

The Commission discussed the proposed contribution to the Capital Improvement Program (CIP), Reserve Fund, and Dredge Intermediate Fund (DIF).

Commissioner Goddard expressed support for increasing funding to the CIP, noting that the CIP funding goal should be at least \$750,000 (or more) to meet funding requirements for the extensive list of future projects. Chairman Geisreiter agreed.

Port Director MacLaurie stated that the draft FY23 budget does not include a proposed marina fee increase. She stated that the Consumer Price Index (San Francisco-Oakland-Hayward) increase (CPI) for 2021 is 4.2%. A discussion ensued about the implementation of a slip fee increase.

Vice-chairman Gertler stated that he is supportive of a modest marina fee increase of 2%, but noted that increasing the rate by CPI (4.2%) is too high.

Commissioner Smith stated that he is supportive of a 3% marina fee increase. Commissioner Reed agreed.

Commissioner Goddard stated that he is supportive of a 4% marina increase. Chairman Geisreiter agreed.

There was consensus among the Commission to direct staff to include a 3.2% slip rent increase in the final FY23 budget.

A discussion ensued regarding the Port District's partnership fees. There was consensus among the Commission to continue the sliding scale partnership fee.

There was consensus among the Commission to direct staff to incorporate the following items into the FY23 budget for review and action at the regular public session on February 22, 2022:

- Add language to the staff report recommendation approving the addition of 1 new FTE position (Parking Coordinator)
- 3.2% marina fee increase
- Provide additional CIP funding for priority projects including paving repairs, building / restroom rehabilitation, lift stations assessment, and improvements at the north harbor and 7th & Brommer (District-owned) dry storage areas
- Provide additional DIF funding for semi-permanent work area canopy
- Perform a mid-year (November) CIP review for project status and funding updates.

Chairman Geisreiter adjourned the special public budget session at approximately 8:10 pm.



Reed Geisreiter, Chairman