



Special Closed and Regular Public Session of June 22, 2021

**Santa Cruz Port Commission
MINUTES**

Commission Members Present:

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 Santa Cruz Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA 95062.

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
Property: 497 Lake Avenue
Agency Designated Representative: M. Olin
Negotiating Parties: D. McDermott
Under Negotiation: Potential Acquisition
4. Conference with Legal Counsel – Anticipated Litigation (2 Cases)

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 7:02 PM. He announced the special session will be re-adjourned at the conclusion of tonight's regular public session (365 A Lake Avenue).

REGULAR PUBLIC SESSION – 7:00 PM

Chairman Goddard convened the regular public session at 7:06 PM at the Santa Cruz Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA 95062.

6. Pledge of Allegiance
7. Oral Communication

Commissioner Reed expressed his satisfaction that the District's water taxi program resumed operation on June 19, 2021, in the new vessel.

Commission Smith requested that agenda item 11 be moved to the beginning of the meeting for discussion / action.

CONSENT AGENDA

8. Approval of Minutes
 - a) Special Closed & Regular Public Meeting of May 25, 2021

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

REGULAR AGENDA

11. Approval of Ordinance 21-06 and Lease for Johnny's Harborside Restaurant – 493B Lake Avenue (*Discussed out of order*)

Discussion: Port Director Olin stated that the Commission met in closed session twice last year to discuss the terms of a new lease for Johnny's Harborside Restaurant. She highlighted the lease terms outlined in the staff report as follows:

- Term: 10 years, commencing September 1, 2021
- Options: 2, 5-year options
- Base Rent: Initially \$7,500/month; adjusted on September 1, 2022, to \$8,500/month; adjusted September 1, 2023, to \$9,000/month. Thereafter, commencing April 1, 2025, base rent shall be adjusted annually by CPI (SF-Oak-Hayward). In no event shall the Base Rent for any year be less than the Base Rent for the preceding year
- Percentage Rent: 6.5% of gross income

Port Director Olin added that the proposed lease includes a provision to allow the tenant to construct a second story dining deck on the west side of the building. She stated that the tenant may be eligible to receive a 10-year rent credit (not to exceed \$175,000), and noted that minimum revenue generation is required to qualify, as outlined in the lease.

In response to a question posed by Commissioner Gertler, Port Director Olin stated that prior to deck construction, the tenant will be required to submit plans and specifications for Port District approval, and obtain written consent/approval from the downstairs' fishery tenant.

Mr. Dan Agostinis, co-owner of Johnny's Harborside, expressed his appreciation to Port District staff and the Commission for their support and effort in putting together the new lease terms, including the provision to allow for future construction of an outdoor dining deck.

MOTION: Motion made by Vice-chairman Geisreiter, seconded by Commissioner Reed to approve Ordinance 21-06, awarding a 10-year lease with 2, 5-year options to Johnny's Harborside restaurant located at 493B Lake Avenue, Santa Cruz, CA, commencing September 1, 2021.
- *Motion carried unanimously.*

9. Approval of Resolution 21-01 – Authorizing the Port Director to Execute the Memorandum of Understanding between the City of Santa Cruz and the Santa Cruz Port District for the Murray Street Bridge Seismic Retrofit / Barrier Replacement Project

Discussion: Port Director Olin stated that in order for the City of Santa Cruz to secure critical state and federal funding for the Murray Street Bridge Seismic Retrofit / Barrier Replacement Project, the Memorandum of Understanding (MOU) with the Port District must be entered into by June 30, 2021. She added that the City Council met today to approve the MOU, and authorized the City Manager to approve minor modifications, as needed.

Port Director Olin stated that Port District Counsel Barbara Choi negotiated with the City's attorney to develop mutually acceptable MOU language that addresses responsibilities and identifies reimbursable expenses to the Port District.

Port Director Olin stated that the City and its consultants are preparing additional documents for District review, including temporary and permanent construction easements, as well as a project appraisal.

Vice-chairman Geisreiter stated that it will be imperative for the Port District to contract with an outside consultant to complete its own independent review of the appraisal when complete. Commissioner Smith agreed.

Vice-chairman Geisreiter requested that staff ensures the City understands its responsibility for developing and implementing a robust community outreach plan, including hosting a public forum to provide a project overview and discuss construction impacts with the harbor community.

Audience member Jean Brocklebank expressed support for having the City perform public outreach and education.

MOTION: Motion made by Vice-chairman Geisreiter, seconded by Commissioner Gertler to approve Resolution 21-01, accepting the Memorandum of Understanding (“MOU”) between the City of Santa Cruz and the Santa Cruz Port District for the Murray Street Bridge Seismic Retrofit / Barrier Replacement Project and authorizing the Port Director to execute the final MOU and approve minor amendment(s) in a form acceptable to Port District counsel, and modification(s) to draft Exhibits A, B, and C as may be necessary; and direct staff to initiate an independent, third-party review of the appraisal.
- *Motion carried unanimously.*

10. Review Site Plan Concepts for Port District Owned Property at 1025 7th Avenue

Discussion: Port Director Olin introduced Angie Hershberger of Mesi-Miller Engineering (MME) to present the revised design concepts for the District-owned property on the northwest corner of 7th and Brommer.

Ms. Hershberger stated that original design concepts were presented to the Commission on March 23, 2021. She stated that MME took that input and revised the concepts to make the facility more user-friendly by including angled parking, wider access aisles, improved circulation, and three optional overflow trailer rig spaces inside the dry storage yard (as shown on Option C6).

Commissioner Smith expressed support for Option C5, but stated he does not support the three optional overflow spaces located inside the dry storage yard, as shown on Option C6.

Several audience members expressed concern regarding the potential conflict between pedestrian/bicycle traffic and vehicle traffic at the proposed entry and exit points along Brommer Street Extension. Additionally, audience member Jean Brocklebank stated that it is her hope that the Commission will consider alternative design concepts that allow the California Buckeye tree (currently located in the dry storage yard) to remain in place.

Vice-chairman Geisreiter stated that he is supportive of the design concepts C5 (7th and Brommer) and C9 (North Harbor Dry Storage). He recommended staff move forward with soliciting a design proposal from MME.

There was a consensus among the Port Commission to direct staff to solicit a proposal from MME for the development of construction documents and specifications for preferred options C5 and C9.

12. Award of Contract for Pavement Repairs (NTE \$200,000)

Discussion: Facilities Maintenance & Engineering (FME) Manager Wulf stated that staff initially identified areas in the north east and south west harbor in need of paving repairs.

In consideration of the pending Murray Street Bridge Seismic Retrofit project, which is anticipated to utilize portions of the south west harbor for staging, FME Wulf suggested eliminating 18,800 SF of paving repairs in the south west harbor and redirecting that square footage to the north east harbor (paving the main drive path extending along the northeast harbor (from U-Dock to the RV Area)).

Chairman Goddard expressed support for revising the proposed area to be paved.

In response to a question posed by Commissioner Smith, FME Wulf stated that the project is anticipated to last approximately 3-4 days.

MOTION: Motion made by Commissioner Smith, seconded by Vice-chairman Geisreiter to authorize the Port Director to execute the contract documents with Monterey Peninsula Engineering, Inc.; and authorize a not-to-exceed amount of \$199,034 for paving repairs from the Capital Improvement Project fund for the amount of the contract.

- *Motion carried unanimously.*

13. Approval of Resolution 21-02 – Suspending Emergency Authority Granted to the Port Director under the Coronavirus Emergency Declaration (*There was no discussion on this agenda item*)

MOTION: Motion made by Commissioner Reed, seconded by Commissioner Smith to approve Resolution 21-02 suspending emergency authority granted to the Santa Cruz Harbor Port Director under the Coronavirus emergency declaration.

- *Motion carried unanimously.*

14. California Special Districts Association 2021 Board of Directors Elections

Discussion: There was a consensus among the Port Commission to authorize the Port Director to vote for candidate Elaine Magner.

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

MOTION: Motion made by Vice-chairman Geisreiter, seconded by Commissioner Smith to approve cash and payroll disbursements for May 2021, in the amount of \$740,835.69.

- *Motion carried unanimously.*

INFORMATION

16. Port Director's Report

Lease for a Restaurant Business to be located at 616 Atlantic Avenue, Santa Cruz, CA

Port Director Olin stated that the Request for Proposals for a restaurant business to be located at 616 Atlantic Avenue is currently out to bid. Bids are due Friday, July 16, 2021, at 11:00 AM.

US Army Corps of Engineers – Dredging Reimbursement

Port Director Olin reported the Port District received \$140,000 from the U.S Army Corps of Engineers (USACE) for dredge expenses, bringing the total annual reimbursement to \$525,000. She reported that reprogramming \$525,000 reimbursement funding for calendar year 2021 is in process with USACE.

FY21 Audit

Port Director Olin stated that the Port District's FY21 audit field work will commence soon. Year-end documents have been submitted to the auditors, Hutchinson & Bloodgood, LLC. The draft audit will be presented to the full Commission in August.

Cancellation of COVID-19 Temporary Addendum to Lease – Outdoor Dining Area(s)

Port Director Olin reported that as of June 15, 2021, Governor Gavin Newsom terminated the executive orders that put into place the Stay Home Order and the Blueprint for a Safer Economy. She stated that on June 16, 2021, she provided a notice of termination for the COVID-19 temporary addenda to applicable restaurant tenants (Aldo's Harbor Restaurant; Café El Palomar; Crow's Nest). She confirmed that areas temporarily used for outdoor dining have been returned to their pre-existing condition.

17. Harbormaster's Report

Harbormaster Anderson reported that the District's water taxi program resumed operations on June 19, 2021, in the new vessel.

Harbormaster Anderson stated that last month's approximate value of Chinook Salmon landed at the Santa Cruz Harbor was \$1.5 million, exceeding the total for the prior year's entire season.

18. Facilities Maintenance & Engineering Report

Facilities Maintenance & Engineering (FME) Manager Wulf reported that dredge and maintenance staff are participating in on-site confined space training this week.

FME Manager Wulf stated that off-season maintenance continues on *Twin Lakes*. Crews recently replaced the worn impeller and packing.

19. Regional General Permit Update

Administrative Services Manager MacLaurie stated that communication continues with the California Regional Water Quality Control Board regarding proposed permit provisions.

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

- a) Comparative Seasonal Revenue Graphs

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

22. Harbor Patrol Incident Response Report – May 2021 *(There was no discussion on this agenda item)*

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

- a) Letter to State Senator Laird from Chairman Goddard
- b) Letter to City of Santa Cruz Mayor Donna Meyers from Chairman Goddard

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

Chairman Goddard adjourned the regular public session at 8:27 PM and announced that pursuant to Government Code (Ralph M. Brown Act) Section 54956.8 and 54956.9(d)(2), the Commission will meet in closed session to continue discussion on agenda items 3 and 4.

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 9:25 PM.



Toby Goddard, Chairman