



Regular Public Session of August 24, 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

**REGULAR PUBLIC SESSION – 7:00 PM**

Chairman Goddard convened the regular public session at 7:00 PM at the Santa Cruz Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA 95062.

1. Pledge of Allegiance
2. Oral Communication

Chairman Goddard introduced Interim Port Director Holland MacLaurie, and noted that recruitment for the Port Director position is scheduled to close on August 27, 2021.

On behalf of the Santa Cruz Yacht Club, audience member Robert Dewitt thanked staff and the Commission for their support in making the 29<sup>th</sup> Annual Day on the Bay Regatta event a success.

**CONSENT AGENDA**

3. Approval of Minutes
  - a) Special Closed Meeting of July 16, 2021
  - b) Special Closed & Regular Public Meeting of July 27, 2021
  - c) Special Closed Meeting of July 28, 2021
4. Approval of Sublease Agreement from Nexus Wealth Advisors – 365B Lake Avenue, South Office & Northeast Office (Tenant: Boxine USA)

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

**REGULAR AGENDA**

5. Review Draft FY21 Audited Financial Statement

Discussion: Interim Port Director MacLaurie introduced Kim Said of the auditing firm, Hutchinson and Bloodgood.

Ms. Said reviewed the draft FY21 audit and reported that the District received a clean, unmodified opinion in all respects for the audit year ending March 31, 2021. Ms. Said stated that the Port District did not adopt any new accounting policies in FY21.

Ms. Said highlighted the following:

- Operating income was \$396k, down approximately \$214k over the prior fiscal year. Contributing factors include:
  - Revenue decreased 3% primarily related to concession rent and parking (due to COVID-19 pandemic).
  - Expenses were within 1% of prior year. Various costs, such as fuel cost and professional fees, decreased.
  - Decreases were offset by depreciation expense.
- Overall decrease in non-operating revenue from prior year. Contributing factors include:
  - Decreased interest income primarily from LAIF
- Net cash flow increased \$921k in the current year. Contributing factors include:
  - Cash received from operations was \$2.9 million.
  - Cash used to pay down long-term debt was \$1.3 million.
- GASB 68 net pension liability increased over the prior year by \$336k. The deferred inflows and outflows both decreased from the prior year.
- GASB 75 net OPEB liability increased \$245k over the prior year.

A brief discussion ensued regarding the District's debt service ratio (DSR). Vice-chairman Geisreiter noted that despite COVID-19 related budget impacts, the District's DSR is favorable and exceeds the minimum 1.25 threshold.

The following items were discussed:

- Page 3: Consider adding additional information to the Management Discussion and Analysis to demonstrate the steps take by the Commission to address COVID-19 related impacts during the fiscal year.
- Consider adding the CalPERS Unfunded Accrued Liability reports for reference.

Interim Port Director MacLaurie stated that the following comments will be taken into consideration and any necessary corrections will be made prior to

the presentation of the final audit at the regular public session of September 28, 2021.

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

MOTION: Motion made by Commissioner Smith, seconded by Commissioner Gertler to approve cash and payroll disbursements for July 2021, in the amount of \$1,718,356.82.  
- *Motion carried unanimously.*

## **INFORMATION**

7. Port Director's Report

Special District Risk Management Authority ("SDRMA") Member Safety Inspection

Interim Port Director MacLaurie stated that the District's Workers' Compensation insurer, SDRMA, performed a routine inspection of the District's facilities and provided their final report which indicates the following safety policies are needed:

- Confined Space Training Program
- Lockout, Tagout Program

FY22 Energy & Water Appropriations Bill Earmark

Interim Port Director MacLaurie stated that the FY22 Energy & Water Appropriations bill was approved by the full Senate Appropriations Committee earlier this month. The bill included a \$540,000 earmark for the Port District's dredging operation. A thank you letter, signed by Chairman Goddard, was sent to Senator Padilla for his support, and a similar letter will be sent to Senator Feinstein.

Dredge Permit

Interim Port Director MacLaurie stated the District's 10-year dredge permit with both the U.S. Army Corps of Engineers and California Regional Water Quality Control Board is set to expire at the conclusion of the upcoming dredge season on April 30, 2022. She stated that applications have been submitted to both regulatory agencies for a new 10-year permit. She confirmed that the authorizations from the California Coastal Commission and the Monterey Bay National Marine Sanctuary remain valid for another 7 years

Regional General Permit ("RGP")

Interim Port Director MacLaurie stated that the RGP application process is moving along, and on August 19, 2021, the District's submitted its certification request to the California Regional Water Quality Control Board, which indicated permit provisions will be issued within 2 weeks. The U.S. Army Corps of Engineers' authorization will follow.

Johnny's Harborside Restaurant

Interim Port Director MacLaurie stated that Johnny's Harborside Restaurant has received their zoning permit for the proposed deck addition. She stated that Mesiti-Miller Engineering is developing design plans for the deck.

Crow's Nest Restaurant Takeout Window

Interim Port Director MacLaurie stated that work to install a new takeout window at the Crow's Nest Restaurant is underway. She stated that the lease addendum authorizing the construction of the window has been fully executed.

Senior Deputy Harbormaster ("DHM") Don Kinnamon Retirement

Interim Port Director MacLaurie stated that after 31 years of service, Senior DHM Kinnamon has announced his retirement, effective October 2, 2021. She reported that recruitment for the Senior DHM position is currently underway.

7<sup>th</sup> and Brommer – Mesiti-Miller Engineering ("MME")

Interim Port Director MacLaurie stated that MME has submitted a proposal for work associated with the reconfiguration of the north harbor dry storage lots. The proposal is currently being reviewed and will likely be presented for approval at the regular public session in September.

8. Harbormaster's Report

In response to a question posed by Commissioner Reed, Interim Port Director MacLaurie stated that there were no significant incidents reported during the unsanctioned "Santa Cruz Ride Out" event on August 21, 2021. Deputy Harbormaster Hill stated that the event brought a large crowd to the harbor, and one harbor concessionaire requested the assistance of Harbor Patrol to help clear crowds from their interior space.

9. Facilities Maintenance & Engineering Report

Facilities Maintenance & Engineering (FME) Manager Wulf reported that crews completed installation of new dock gangways on the south east side of the harbor on August 17, 2021. He stated that the old gangways will be surplus in accordance with current policies.

In response to a question posed by Commissioner Gertler, FME Manager Wulf stated that the amount of electricity used by the District's dock aerators is significant. He stated that the use of the aerators has been minimal this year (2-3 days).

FME Manager Wulf stated that he is currently working to obtain a formal evaluation of the District's lift stations in an effort to develop a plan for repairs. A brief discussion ensued regarding the feasibility of enlisting assistance from the City, since the lift stations serve many City residents along the south west side of the harbor.

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

11. Sea Scouts' Bi-Annual Report

In response to a question posed by Commissioner Reed, staff confirmed that the Sea Scouts' new vessel *Bosso* is insured in accordance with the District's vessel insurance policy and that USCG small passenger vessel requirements do not apply, as the vessel is not used for chartering.

12. Financial Reports *(There was no discussion on this agenda item)*  
a) Comparative Seasonal Revenue Graphs

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

14. Harbor Patrol Incident Response Report – July 2021

In response to a question posed by Commissioner Reed, Interim Port Director MacLaurie confirmed the delivery date of the new patrol vessel is anticipated in December 2021.

15. Written Correspondence  
a) Email to Port Commission from G. Stearns

Audience member G. Stearns thanked the Port Commission and staff for their efforts in resolving his request.

16. Port Commission Review Calendar / Follow-Up Items

Chairman Goddard recommended the Commission discuss calendaring the following items at its next regular public session:

- Comprehensive review of charter fees
- Public benefit discount policy).

Chairman Goddard adjourned the regular public session at 8:04 PM.



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Toby Goddard, Chairman