



Special Closed, Public Hearing, and Regular Public Session of April 25, 2023

**Santa Cruz Port Commission
MINUTES**

Commission Members Present:

Darren Gertler	Chair
Stephen Reed	Vice-chair
Dennis Smith	Commissioner (<i>via Zoom</i>)
Toby Goddard	Commissioner
Reed Geisreiter	Commissioner

SPECIAL PUBLIC SESSION – 5:00 PM

Chair Gertler convened the special public session at 5:00 PM at the Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA (hybrid meeting platform).

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

At 5:00 PM, Chair Gertler announced that the Commission will meet in closed session to discuss agenda items 3 and 4.

SPECIAL CLOSED SESSION

3. Conference with Real Property Negotiators
Property: 616 Atlantic Avenue
Agency Designated Representative: H. MacLaurie
Negotiating Parties: None
Under Negotiation: Lease Terms
4. Conference with Real Property Negotiators
Property: 2210 East Cliff Drive
Agency Designated Representative: H. MacLaurie
Negotiating Parties: Sea Eagle, LP
Under Negotiation: Lease Terms

SPECIAL PUBLIC SESSION

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

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

Chair Gertler adjourned the special open session following the closed meeting at 6:35 PM.

PUBLIC HEARING – 7:00 PM

Chair Gertler convened the public hearing at 7:00 PM at the Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA (hybrid meeting platform).

6. Public Hearing to Receive Input on the Port District's Transition to District-Based Elections for its Commissioners Pursuant to Elections Code §10010.

Port Director MacLaurie stated that this is the third of four public hearings required as part of the Port District's redistricting process. She introduced the District's contracted demographer, Douglas Johnson, President of National Demographics Corporation.

Mr. Johnson provided a comprehensive overview of the four proposed draft maps (Green, Orange, Tan, and Yellow). At the conclusion of his presentation, public input was solicited, but no feedback was received.

A discussion ensued regarding the likes and dislikes of each of the draft maps. The Commission expressed the following:

- Chair Gertler expressed support for draft maps in which all five divisions touch the harbor (Tan).
- Vice-chair Reed expressed support for draft maps that respect voters' choices and maintain continuity in office (Orange, Tan, & Yellow).
- Commissioner Goddard expressed support for the maps that were more highly compact (Green & Yellow).
- Commissioner Smith expressed concern for how the public may perceive maps in which the divisions boundaries are less compact (Tan & Orange).

Mr. Johnson stated that modified draft maps will be prepared and posted on the District's website prior to the next public hearing on May 23, 2023. He stated that a final map may be selected at that hearing for adoption as the official Port Commission District Map.

REGULAR PUBLIC SESSION

Chair Gertler convened the regular public session following the public hearing at the Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz CA (hybrid meeting platform).

7. Pledge of Allegiance
8. Oral Communication

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

CONSENT AGENDA

9. Approval of Minutes
 - a) Public Hearing of March 6, 2023
 - b) Special Closed, Public Hearing, & Regular Public Meeting of March 28, 2023

Port Director MacLaurie stated that a correction to the minutes of March 28, 2023, will be made to reflect that Chair Gertler (not Geisreiter) announced that the Commissioner took no reportable action in closed session on item 3.

13. Authorization to Dispose of Surplus Property – Toyo Pump

There was consensus among the Commission to move Item 13, Authorization to Dispose of Surplus Property – Toyo Pump, to the consent agenda for approval.

MOTION: Motion made by Commissioner Smith, seconded by Vice-chair Reed to approve consent agenda items 9 and 13.
- *Motion carried unanimously.*

REGULAR AGENDA

10. Review of FY24 Budget Impacts and Responses Relative to the 2023 Salmon Season Closure

Discussion: Port Director MacLaurie reviewed the proposed FY24 budget impacts and requested that the Commission provide guidance on the following:

- Proposed revenue projections and expense reductions in response to the closure.
- Potential considerations or relief measures for commercial fishers, charter operators, and/or marine-related landside tenants.
- Preference for establishing a monthly or quarterly review of budgetary impacts.

Executive Director of the Monterey Bay Fisheries Trust, Melissa Mahoney, requested that the Commission consider and support mitigation measures, like deferred payment plans, to support the commercial fishers impacted by this closure. She stated that the process for commercial fishers to obtain disaster relief funding may take months, so having a viable payment plan option available would be beneficial.

Chair Gertler expressed support for the proposed relief measures for commercial fishers, charter operators, and marine-related landside tenants facing financial hardship due to the salmon season closure. Commissioner Geisreiter agreed.

Commissioner Geisreiter expressed support for announcing and extending the relief measures, like the payment plan option, to as many eligible customers as possible. He recommended that the repayment terms under the proposed payment plan be extended to a minimum of 18 months to provide greater benefit to those impacted by the closure. Commissioner Smith agreed.

There was consensus among the Commission to modify the terms of the proposed payment plan as follows:

- Allow a repayment period of 18 months (rather than 12 months)
- 50% of base rent or slip rent only for the first 6 months of the plan (rather than 3 months)
- 100% of base rent, plus a prorated portion of the balance forward for the remaining term of payment plan.

In response to a question posed by Port Director MacLaurie, the Commission expressed support for reviewing future budgetary impacts on a monthly basis.

MOTION: Motion made by Commissioner Geisreiter, seconded by Vice-chair Reed to authorize a standardized payment plan option with the terms listed above, for commercial fishers, charter operators, and marine-related landside tenants facing financial hardship due to the salmon season closure.
- *Motion carried unanimously.*

11. Consider Purchasing Excess Liability Insurance Coverage

Discussion: Port Director MacLaurie stated that the District has historically carried \$16 million in general and excess liability insurance coverage. She stated that in FY24, it is not feasible to achieve the same \$16 million coverage limit without exceeding the \$1,129,765 insurance budget by approximately \$330,000.

Port Director MacLaurie stated that the Commission may wish to consider purchasing a 1st excess layer or a 1st and 2nd excess layer to increase coverage above the current \$5 million limit. The following three options were discussed:

Option 1: Purchase the \$6 million 1st Excess Layer for \$254,000, raising coverage limits to \$11 million (taxes and fees apply).

Option 2: Purchase the \$6 million 1st Excess Layer and \$5 million 2nd Excess Layer for \$329,500, raising coverage limits to \$16 million (taxes and fees apply).

Option 3: Mix and match options from the tables referenced in the staff report to reach desired coverage limits, while balancing costs (firm quotes needed to finalize pricing).

Commissioner Geisreiter stated that it is his opinion that the Port District should have at least \$10 million in general liability coverage. He stated that \$16 million would be ideal, but may not be practical given the current premium costs. Commissioner Goddard agreed.

There was consensus among the Commission to direct staff to bind a \$5 million 1st Excess Layer (\$10 million in total coverage) in an amount not-to-exceed \$250,000.

MOTION: Motion made by Commissioner Geisreiter, seconded by Commissioner Smith to authorize the Port Director to purchase a \$5 million 1st Excess Layer policy in an amount not to exceed \$250,000, and amend the FY24 budget and approve an appropriation from the General Fund for the cost of the excess liability coverage.
- *Motion carried unanimously.*

12. Review and Approval of Port District Charter Fees & Public Benefit Discount

Discussion: Port Director MacLaurie stated that a Business / Finance Committee meeting was held on March 31, 2023, to review information related to harbor charter fees. She stated that in addition to reviewing the charter fee schedule, the Committee performed an initial review of the District's public service discount, which is granted to various operators in recognition of the public benefit their programs provide.

The Business / Finance Committee recommended the following modification to the charter fee structure:

Small Charters (6 passengers or less):

- Increase the flat rate of \$119 to \$125 and impose an annual adjustment to the rate commensurate with the annual increase to marina fees beginning in FY25.

Mid-Range Charters (7 – 48 passengers):

- Eliminate the mid-range charter fee structure and assess operators with a passenger rating of 7 to 48 a \$2 per passenger fee, identical to the fees assessed for large charter operators (base fee may apply).
- Assess the proposed \$2 per passenger fee to all new and existing mid-range charter operators, regardless of when the charter was approved to operate.

Large Charters (49+ passengers):

The Business / Finance Committee did not recommend a modification to the fee structure for large charter operators, but did recommend the following:

- Assess the \$2 per passenger fee to one previously exempted large charter operator (Stagnaro Charters - *Velocity*).

There was consensus among the Commission to adopt the Business / Finance Committee recommendations above for modifying the charter fee structures.

Public Benefit Discount:

Port Director MacLaurie stated that the Business / Finance Committee did not make a formal recommendation to address discrepancies that currently exist between programs receiving the public benefit discount (i.e., some programs receive a 100% discount, while others receive 50%). She stated that the Business / Finance Committee deferred the item (without a formal recommendation) to the full Commission to allow for additional discussion and deliberation on the following:

- Feasibility of implementing a standardized discount rate of 50% for new and current operators.
- Grandfathering the existing discount rate for OSO and Sea Scouts.

Executive Director of O'Neill Sea Odyssey (OSO), Tracey Weiss, encouraged the Commission to examine each public benefit program as a separate entity and to consider the number and range of individuals served by each program.

Commissioner Goddard expressed support for moving toward a standardized public benefit discount of 50% for new and current operators. He proposed that current operators (OSO and Sea Scouts) be transitioned to a 50% discount over time (i.e., five years). Additionally, he stated that in his opinion, it is not unreasonable to seek some form of payment from programs utilizing harbor facilities. Commissioner Geisreiter agreed.

Commissioner Smith expressed concern that moving from a 100% discount to 50% discount for programs like OSO and Sea Scouts will have significant and detrimental financial ramifications for each program. He expressed support for applying a standardized 50% discount to all new operators and grandfathering the current 100% discount to OSO and Sea Scouts. Chair Gertler agreed.

Vice-chair Reed stated that the application of the public benefit discount (i.e., 50% and 100%) has been approved by varying Commissions over the Port District's history. He expressed support for addressing the discrepancies that

currently exist between programs and moving toward a standardized 50% discount for new and current operators.

- MOTION: Motion made by Commissioner Geisreiter, seconded by Vice-chair Reed to:
- 1) Adopt the Business / Finance Committee recommendations for modifying the charter fee structure; and,
 - 2) Adopt a standardized discount rate of 50% for new and current public benefit programs, with current operators (OSO and Sea Scouts) being transitioned from a 100% discount to 50% discount over the next five years, commencing in FY25.
- *Motion carried. Commissioners Geisreiter, Reed, and Goddard voting YES. Commissioners Gertler and Smith voting NO.*

13. Authorization to Dispose of Surplus Property – Toyo Pump (*Moved to consent agenda for approval*)

14. Approval of Cash / Payroll Disbursements – March 2023 (*There was no discussion on this agenda item*)

- MOTION: Motion made by Commissioner Geisreiter, seconded by Vice-chair Reed to approve cash and payroll disbursements for March 2023, in the amount of \$685,183.07.
- *Motion carried unanimously.*

INFORMATION

15. Port Director's Report

Port Director MacLaurie stated that an extension to the dredge season through May 15, 2023, is anticipated to be granted by the end of the week.

Commissioner Goddard expressed his appreciation to the dredge crew for their hard work in addressing the shoaling and maintaining the entrance channel following the onslaught of relentless winter storms (in particular the storm of January 5, 2023).

16. Harbormaster's Report (*There was no discussion on this agenda item*)


17. Facilities Maintenance & Engineering Manager's Report

Facilities Maintenance Engineering Manager Wulf stated that following paving projects are scheduled to be completed in the next 2 weeks:

- ADA Path of Travel Improvements in the Concession Parking Lot – Commenced April 16, 2023 (duration 2 weeks)
- Pavement Repairs at Fishery Pier – Scheduled May 2, 2023 (duration 2 days)
- Storm-Damaged Pavement Repairs at 493 Lake Avenue – Schedule May 8, 2023 (duration 2 days)

18. Financial Reports (*There was no discussion on this agenda item*)
 - a) Comparative Seasonal Revenue Graph
 - b) Employee Count as of March 31, 2023
 - c) Quarterly Budget Report as of March 31, 2023
 - d) Quarterly Fuel Sales Report as of March 31, 2023
 - e) Quarterly Boatyard Report as of March 31, 2023
 - f) Quarterly Concession Percentage Rent Performance Report
 - g) LAIF Statement & PMIA / LAIF Performance Report
19. Delinquent Account Reporting (*There was no discussion on this agenda item*)
20. Harbor Patrol Incident Response Report – March 2023 (*There was no discussion on this agenda item*)
21. Written Correspondence (*There was no discussion on this agenda item*)
 - a) State of California Federal Fishery Disaster Request
22. Port Commission Review Calendar / Follow-Up Items

Chair Gertler adjourned the regular public session at 9:28 PM.



Darren Gertler, Chair